

# **Palatin Technologies, Inc.**

## **Compensation Committee Charter**

Effective October 1, 2013

### **Purpose**

The purpose of the Compensation Committee of Palatin Technologies, Inc. (the “Company”) is to assist the Board of Directors in fulfilling its oversight responsibilities relating to compensation of the Chief Executive Officer, other senior executive officers and certain other employees of the Company, including evaluating and approving their benefits, bonus, incentive compensation, severance, equity-based compensation, and other compensation arising from other programs of the Company.

### **Membership and Organization**

- The Compensation Committee shall consist of at least two members of the Board of Directors, as the Board shall determine from time to time.
- Each member shall be: (a) “independent” as that term is defined from time to time by the listing standards of the NYSE MKT LLC (the “NYSE MKT”); (b) a “non-employee director” as that term is defined under SEC Rule 16b-3; and, (c) an “outside director” as that term is defined for the purposes of the Internal Revenue Code, section 162(m).
- The members of the Committee are appointed annually by the Board, and serve until their successors are duly elected and qualified, or until their earlier death, resignation or removal, with or without cause, in the discretion of the Board. Unless a Chair is elected by the Board of Directors, the members of the Committee shall designate a Chair by a majority vote of the full Committee membership.
- The Committee may delegate its authority to a subcommittee or subcommittees.
- The Committee shall promptly inform the Board of the recommendations for actions to be taken or issues discussed at its meetings. This will generally take place at the Board meeting following a meeting of the Committee.

### **Responsibilities**

The Compensation Committee’s primary responsibilities include:

- Establishing on an annual basis performance goals and objectives for purposes of determining the compensation of the Company’s Chief Executive Officer and other senior executive officers, evaluating the performance of such officers in light of those goals and objectives, and setting the compensation level for those officers based on this evaluation. In determining the long-term incentive component of compensation, the Committee shall consider such factors as the Company’s performance and relative stockholder return, the value of similar incentive grants or awards to similar officers at

comparable companies, and the grants or awards given to the Company's Chief Executive Officer and other senior executive officers in past years. The Company's Chief Executive Officer may not be present during voting or deliberations regarding his compensation.

- Recommending to the Board the compensation for Board members (including retainer, committee and committee chair's fees, stock options and other similar items as appropriate).
- Reviewing the competitive position of, and making recommendations to the Board with respect to, the cash-based and equity-based compensation plans and other programs of the Company relating to compensation and benefits.
- Reviewing the financial performance and the operations of the Company's major benefit plans.
- Overseeing the administration of the Company's stock option plan, including making recommendations to the Board of Directors regarding the granting of options and/or other awards under the plans, and overseeing the administration of other executive incentive plans, and making recommendations to the Board of Directors regarding the participation of individual employees in those plans.
- Reviewing and making recommendations to the Board of Directors for the Company's Chief Executive Officer and other senior executive officers regarding: (a) employment agreements; (b) severance agreements; (c) change in control agreements/provisions; and, (d) any other material perquisites or other in-kind benefits.
- Providing the Compensation Committee Report for inclusion in the Company's annual report on Form 10-K or proxy statement that complies with the rules and regulations of the Securities and Exchange Commission, if such report is required.
- Overseeing risks relating to the Company's compensation policies, practices and procedures.
- In connection with any stockholder advisory vote on the frequency with which the Company shall hold a stockholder advisory vote on the compensation of the Company's named executive officers, reviewing and recommending for approval by the Board the frequency that should be recommended to the Company's stockholders.
- Reviewing and recommending for approval by the Board the frequency with which the Company should submit to the stockholders an advisory vote on the compensation of the Company's named executive officers, taking into account any prior stockholder advisory votes on such frequency.
- Reviewing the results of any stockholder advisory votes on the compensation of the Company's named executive officers and considering whether to make any adjustments to the Company's executive compensation policies and procedures.

- Reviewing and reassessing this Charter and submitting any suggested changes to the Board for review.

### **Meetings**

The Committee shall meet as often as the Committee or the Committee Chairperson determines, but not less frequently than annually. Any member of the Committee may call a meeting of the Committee upon written notice to each other member at least 48 hours prior to the meeting. Two members shall constitute a quorum. Attendance and participation in a meeting may take place by conference telephone or similar communications equipment such that all persons participating in the meeting can hear each other. Any action to be taken at any meeting of the Committee may be taken without a meeting, if all members of the Committee consent thereto in writing and such writing or writings are filed with the minutes of the Committee. A majority of the members present shall decide any question brought before the Committee.

### **Advisors**

The Committee shall have the exclusive authority, in its sole discretion and at the expense of the Company, to retain and/or obtain the advice of any compensation consultant, legal counsel or other adviser. Prior to retaining and/or receiving advice of any compensation consultant, legal counsel or other adviser (other than in-house legal counsel and any compensation consultant, legal counsel or other adviser whose role is limited to the activities for which no disclosure would be required under Item 407(e)(3)(iii) of Regulation S-K), the Compensation Committee shall assess such consultant's, counsel's or adviser's independence taking into consideration all relevant factors, including the factors set forth in the listing standards of the NYSE MKT. The Compensation Committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, legal counsel or other adviser retained by the Compensation Committee. The Company shall provide appropriate funding, as determined by the Compensation Committee, for payment of compensation to compensation consultants, legal counsel and/or any other advisers retained by the Compensation Committee.

### **Performance Review**

The performance of the Committee shall be evaluated annually by the Board of Directors.

### **General**

The Compensation Committee's responsibilities and powers as delegated by the Board of Directors are set forth in this Charter. These responsibilities and powers are set forth as a guide with the understanding that the Committee may diverge from this guide in accordance with applicable law. Unless the Committee member has knowledge that makes reliance unwarranted, the Committee members, in discharging their duties to the Company, may rely on information, opinions, reports, or statements, any of which may be written or oral, formal or informal, including financial statements, valuation reports, and other financial data, if prepared or presented by: (a) one or more officers or employees of the Company whom the Committee member believes in good faith to be reliable and competent in the matters presented; (b) legal counsel, independent auditors, or other persons as to matters which the Committee member believes in good faith to be within the professional or expert competence of such person; or, (c)

another committee of the Board of which the Committee member is not a member if the Committee member believes in good faith that such committee merits confidence.