Form 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP
Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934
or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

1. Name and Address of Reporting Person

DESOUZA ERROL B

215 COLLEGE ROAD
PARAMUS NJ 07652

2. Issuer Name and Ticker or Trading Symbol

PALATIN TECHNOLOGIES INC [ PTN ]

3. Date of Earliest Transaction (Month/Day/Year)

07/01/2006

4. If Amendment, Date of Original Filed (Month/Day/Year)

6. Individual or Joint/Group Filing (Check Applicable Line)

X Form filed by One Reporting Person

5. Relationship of Reporting Person(s) to Issuer

(X) Director 10% Owner

Officer (give title below)

Other (specify below)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

<table>
<thead>
<tr>
<th>1. Title of Security (Instr. 3)</th>
<th>2. Transaction Date (Month/Day/Year)</th>
<th>3A. Deemed Execution Date, if any (Month/Day/Year)</th>
<th>3. Transaction Code (Instr. 8)</th>
<th>4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)</th>
<th>5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)</th>
<th>6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)</th>
<th>7. Nature of Indirect Beneficial Ownership (Instr. 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>stock option (right to buy)</td>
<td>07/01/2006</td>
<td></td>
<td></td>
<td>A</td>
<td>20,000</td>
<td>D</td>
<td>V</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Date Exercisable and Expiration Date

<table>
<thead>
<tr>
<th>Code</th>
<th>Amount of Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>D</td>
<td>20,000</td>
</tr>
</tbody>
</table>

Expiration Date

<table>
<thead>
<tr>
<th>Code</th>
<th>Date Exercisable</th>
<th>Expiration Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>D</td>
<td>07/01/2016</td>
<td>07/31/2006</td>
</tr>
</tbody>
</table>

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

<table>
<thead>
<tr>
<th>1. Title of Derivative Security (Instr. 3)</th>
<th>2. Conversion or Exercise Price of Derivative Security</th>
<th>3. Transaction Date (Month/Day/Year)</th>
<th>3A. Deemed Execution Date, if any (Month/Day/Year)</th>
<th>4. Transaction Code (Instr. 8)</th>
<th>5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)</th>
<th>6. Date Exercisable and Expiration Date (Month/Day/Year)</th>
<th>7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)</th>
<th>8. Price of Derivative Security Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)</th>
<th>9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)</th>
<th>10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)</th>
<th>11. Nature of Indirect Beneficial Ownership (Instr. 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>stock option (right to buy)</td>
<td>$2</td>
<td>07/01/2006</td>
<td></td>
<td>A</td>
<td>20,000</td>
<td>07/31/2006³</td>
<td>07/01/2016 common stock</td>
<td>20,000</td>
<td>0</td>
<td>20,000</td>
<td>D</td>
</tr>
</tbody>
</table>

Explanations of Responses:

1. The options vest at the rate of 1/12 of the shares per month on the last day of each month, starting July 31, 2006.

Errol De Souza 07/05/2006

** Signature of Reporting Person

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).


Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.