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PRESS RELEASE

Oasmia Pharmaceutical proposes a new share issue of at most SEK 90 million with deviation from shareholders' preferential rights and a preferential rights issue of at most SEK 60 million of which 71% is underwritten to strengthen its financial position

The board of directors of Oasmia Pharmaceutical AB ("Oasmia") has decided to propose a new share issue of at most 3 000 000 shares with deviation from shareholders' preferential rights and a new share issue of at most 2 392 858 shares with preferential rights for the shareholders of Oasmia. The main objective is to strengthen the company's balance sheet, thereby securing the continued implementation of the company's clinical Phase III studies with Paclical® within human medicine and Paccal® Vet within veterinary medicine as well as pre-clinical studies for additional drug candidates in the product portfolio. The purpose is also to ensure the company's future commercial production. The Board will shortly give notice of an extraordinary general meeting.

SUMMARY

New share issue with deviation from shareholders' preferential rights

- The New share issue comprises at most 3 000 000 shares
- Eligible for subscription are, with deviation from shareholders' preferential rights, a limited number of investors and institutions. Subscriptions will be carried out on July 24, 2009 at the latest.
- The issue price amounts to SEK 30 per share. The basis for establishment of the price is an estimation of the share market value at the time of the issue. If the new share issue is fully subscribed, the share capital will increase by SEK 300 000. The company will receive SEK 90 000 000 in issue payment before deductions for issue expenses. The payment shall be made in cash on July 31, 2009 at the latest.
- The reason for the deviation from shareholders' preferential rights is that the company wishes to tie new, larger and more long-term investors to the company.
- The principal owner of the company, Oasmia SA, which holds about 71 % of the outstanding shares, have committed to voting for the proposed share issue.
- The share issue requires the resolution by the extraordinary general meeting which is expected to be held on July 8, 2009.

New share issue with preferential rights

- New share issue of at most 2 392 858 shares with preferential rights for the shareholders in Oasmia
- The preferential right for shareholders in Oasmia implies that fourteen (14) existing shares gives the right to subscribe for one (1) new share
- Subscription price of SEK 25 per new share. If the new share issue is fully subscribed the share capital will be increased with SEK 239 286. The company will raise SEK 59 821 450 in issue payment, before deductions for issue expenses.
- Planned subscription period August 5 – August 24, 2009
- 71% of the preferential rights issue is underwritten by Oasmia S.A by a commitment to subscribe for shares against payment through offset.
- The preferential rights issue requires the resolution by the extraordinary general meeting, which is expected to be held on July 8, 2009

BACKGROUND AND RATIONALE

Oasmia develops the next generation cancer drugs based on new formulations of existing drugs (taxanes) within human and veterinarian medicine. The broad product portfolio is focused on oncology with several candidates in clinical and pre-clinical phase. The drug candidates that are currently in Oasmia's product portfolio are all based on the XR-17 platform and are protected by patents and ongoing patent applications with a broad geographical coverage.

During 2004 and 2005, the first clinical studies for Paclical® within human medicine and Paccal® Vet within veterinarian medicine were initiated. The indications, which Oasmia's products are primarily intended to treat, are ovarian cancer for Paclical® and mastocytoma for Paccal® Vet. During 2006, Oasmia received SME status with the EMEA and Paclical® received orphan drug designation for treatment of ovarian cancer in the EU. During 2008 Paclical® and Paccal® Vet entered clinical Phase III. They are expected to receive market authorization during the autumn of 2011 and 2010 respectively.

Important milestones are the licensing and distribution agreements that Oasmia has entered into with Orion Corporation, Finland. The value of these agreements amounts to EUR 14 million plus royalties that Oasmia receives subject to future sales of Paclical® in the Nordic region and Paccal® Vet in the larger part of Europe. The objective is to sign corresponding licensing and distribution agreements for further indications and/or other geographical markets as well as for the company's other product candidates.

Apart from Paclical® within human medicine which is currently in clinical Phase III, the product portfolio contains the drug candidates Docecal®, Doxophos® and Carbomexx®, which all aim to treat cancer on humans. Apart from Paccal® Vet within veterinarian medicine which is also currently in clinical Phase III, the product portfolio contains the drug candidates Docecal® Vet, Doxophos® Vet and Carbomexx® Vet for treatment of various types of cancer on dogs.

The main objective of the preferential rights issue is to strengthen the company's balance sheet, thereby securing the continued implementation of the company's clinical phase III studies for Paclical® and Paccal® Vet as well as the pre-clinical studies for the additional drug candidates in the product portfolio. The purpose is also to ensure the future commercial production of the company.

TERMS OF THE NEW SHARE ISSUE WITH DEVIATION FROM SHAREHOLDERS PREFERENTIAL RIGHTS

The board of directors has decided to call for extraordinary general meeting with a proposed new share issue of at most 3 000 000 new shares with deviation from shareholders preferential rights.

Eligible for subscription are, with deviation from shareholders' preferential rights, a limited number of investors and institutions. Subscriptions will be carried out on July 24, 2009 at the latest.

The issue price amounts to SEK 30 per share. The basis for establishment of the price is an estimation of the share market value at the time of the issue. If the Extraordinary General Meeting makes a resolution according to the Board's proposal, the share capital of Oasmia will increase by at most SEK 300 000. The share issue will, if fully subscribed, provide the company with SEK 90 000 000 before deductions for issue expenses. The issue payment shall be made in cash on July 31, 2009 at the latest.

The reason for the deviation from shareholders' preferential rights is that the company wishes to tie new, larger and more long-term investors to the company.

The matter of the share issue according to the Board's proposal will be addressed at an Extraordinary General Meeting which is expected to be held on July 8, 2009. Notice of Extraordinary General Meeting is expected to be made on June 24, 2009. The complete proposal by the Board of Directors and other information about the preferential rights share issue will be available at Oasmia, two weeks before the Extraordinary General Meeting at the latest.

COMMITMENTS AND UNDERWRITING

The principal owner of the company, Oasmia SA, which holds about 71 % of the outstanding shares, have committed to voting for the proposed share issue.

TERMS OF THE PREFERENTIAL RIGHTS ISSUE

The Board of Directors have decided to give notice of an Extraordinary General Meeting with a proposal of a new share issue of at most 2 392 858 new shares with preferential rights for the shareholders in Oasmia. Every share in the company held on the record day entitles to one subscription right. This implies that fourteen (14) existing shares give the right to subscribe for one (1) new share in Oasmia to a price of SEK 25 per share. Based on the closing price of the share on June 18, 2009, the price corresponds to a discount of 30 %.

If the Extraordinary General Meeting makes a resolution according to the proposal of the Board, Oasmia's share capital will increase by at most SEK 239 286. The preferential rights issue will, if fully subscribed, provide Oasmia with SEK 59 821 450 before deductions for issue expenses. The issue payment must be made in cash, with the exception of the principal owner of Oasmia, Oasmia S.A, which is proposed to pay subscribed shares by offset of existing claims on the company.

Planned record day for participation in the preferential rights issue is July 31, 2009. The subscription period is planned to run from August 5, 2009 to August 24, 2009.

The matter of new share issue in accordance with the Board's proposal will be addressed at the Extraordinary General Meeting which is expected to be held on July 8, 2009. Notice of Extraordinary General Meeting is expected to be made on June 24, 2009. The complete proposal by the Board of Directors and other information about the preferential rights share issue will be available at Oasmia, two weeks before the Extraordinary General Meeting at the latest.

COMMITMENTS AND UNDERWRITING

The principal owner of the company, Oasmia SA, which holds about 71 % of the outstanding shares, have committed to voting for the proposed share issue at the Extraordinary General Meeting.

Oasmia SA has further committed to subscribe and pay for 1 698 928 shares in the preferential rights issue, corresponding to approximately 71% of the new issued shares, and to pay for these shares by setting-off a claim on Oasmia corresponding to 71% of the proceeds from the preferential rights issue.

Hence, the preferential rights issue is underwritten to about 71 %.

Application for listing on NASDAQ OMX

Oasmia has previously initiated a process of listing on NASDAQ OMX Stockholm's main list. The list change from NGM Equity to NASDAQ OMX Stockholm is carried out in order to offer private and institutional shareholders a more suitable place for trading in Oasmia's shares. Oasmia will as soon as possible announce further details and time plan of the list change.

Indicative time schedule for the preferential rights issue

June 24, 2009	Notice to the extraordinary general meeting is published
July 8, 2009	The extraordinary general meeting resolves on the board's proposal on the preferential rights issue
August 4, 2009	Estimated date for publishing of the prospectus regarding the preferential rights issue
July 24, 2009	Last day for subscription of the private placement
July 28, 2009	Last day of trading in the share including the right to participate in the preferential rights issue
June 23, 2009	Record date for participation in the preferential rights issue, i.e. shareholders registered as of this day in the share register of Oasmia (kept by Euroclear Sweden AB (previously VPC AB)) will receive subscription rights
June 26 – July 11, 2009	Trading in subscription rights
June 26 – July 16, 2009	Subscription period

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This press release does not constitute an offer of any securities issued by Oasmia. A prospectus relating to the preferential rights issue referred to in this press release will be prepared and filed with the Swedish Financial Supervisory Authority. After approval and registration of the prospectus by the Swedish Financial Supervisory Authority, the prospectus will be published and made available on inter alia Oasmia's website. The new share issue is not directed towards shareholders or other investors in the United States of America, Canada, Japan or Australia or other countries where participation would require further prospectuses, registration or other measures than those pursuant to Swedish law. No shares, interim shares, subscription rights or other securities of Oasmia have been or will be registered under the United States Securities Act of 1933, under the securities laws of any state of the United States or under any province law in Canada. Therefore, no new shares, interim shares, subscription rights or other securities issued by Oasmia may be offered or sold, renounced, taken up or delivered in the United States or Canada except pursuant to an exemption from registration.

This press release and any materials relating thereto may contain certain forward-looking statements. Forward-looking statements involve risk and uncertainty because they reflect the company's current expectations and assumptions as to future events and circumstances that may not prove accurate. A number of material factors could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including the risk and uncertainties to be set out in the prospectus.

Oasmia Pharmaceutical AB develops next generation cancer drugs based on new formulations of existing drugs (taxanes) within human and veterinarian medicine. The broad product portfolio is focused on oncology with several promising candidates in clinical and pre-clinical phase. Oasmia cooperates with leading universities and biotech companies in order to develop and optimize substances with a favorable security profile and improved efficacy. The company was founded in 1998 and has its headquarters in Uppsala. Oasmia is listed on NGM Equity and has approximately 55 employees. For more information visit www.oasmia.com.

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