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## PRESS RELEASE

Oasmia Pharmaceutical AB announces a fully committed and underwritten rights issue of SEK 123 million

- New share issue of approximately SEK 123 million with preferential rights for the shareholders in Oasmia Pharmaceutical AB (publ) ("Oasmia" or the "Company") (the "Rights Issue").
- Every seven (7) shares in Oasmia entitle the holder to subscribe for three (3) new shares. The Rights Issue thereby entails an issue of not more than 24,531,699 new shares.
- The subscription price is set at SEK 5.00 per new share, which corresponds to a discount of approximately 17 per cent compared to the theoretical share price following the detachment of subscription rights<sup>1</sup>, based on Oasmia's closing share price on October 17, 2012.
- The Rights Issue is fully guaranteed by subscription and guarantee commitments from Oasmia's two main owners, Alceco International S.A. and Nexttobe AB.
- The proceeds from the Rights Issue will be used to cover costs in relation to the registration of Paccal<sup>®</sup> Vet and Paclical<sup>®</sup>, investments in production capacity, inventory build-up prior to the market launch of Paccal<sup>®</sup> Vet and Paclical<sup>®</sup> and for further clinical studies.

### Background and rationale

Oasmia develops a new generation of drugs within human and veterinary oncology. Product development aims to manufacture novel formulations based on well-established cytostatics which, compared to current alternatives, show improved properties, a reduced side-effect profile and an expanded therapeutic area. Product development is based on in-house research within nanotechnology and proprietary patents.

The two drug candidates closest to market launch are Paclical<sup>®</sup>, for the treatment of ovarian cancer in humans, and Paccal<sup>®</sup> Vet, for the treatment of mastocytoma (skin cancer) in dogs. Oasmia has submitted documentation to the FDA (Food and Drug Administration) for marketing approval of Paccal<sup>®</sup> Vet in the US and is currently running complementing studies to re-apply for marketing approval with the EMA (European Medicines Agency) in the EU. With respect to Paclical<sup>®</sup>, Oasmia has completed a clinical Phase III study and has applied for marketing approval in Russia as the first market. A positive response would permit Oasmia to sell the product in the entire CIS region.

During the next twelve months Oasmia expects to incur costs and investments in an amount slightly in excess of SEK 170 million.

1. Operational costs and investments slightly in excess of SEK 145 million, consisting of costs in relation to clinical studies, the registration of Paccal<sup>®</sup> Vet and Paclical<sup>®</sup> as well as the ramp-up of production facilities.
2. Investments in production equipment in the in-house facility in Uppsala and in Baxter's facility in Halle, Germany, of just below SEK 10 million.

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<sup>1</sup>The theoretical share price following the detachment of subscription rights based on Oasmia's closing share price on October 17, 2012, of SEK 6.50 amounts to SEK 6.05.

3. Inventory build-up in relation to the validation and launch of Paccal® Vet and Paclical® slightly in excess of SEK 15 million.

Oasmia has access to working capital of approximately SEK 40 million, consisting of cash and committed credit facilities. Consequently the existing working capital is not enough to cover the requirements for the next twelve months.

In the light of the above Oasmia's Board of Directors has decided to carry out a new issue of shares of approximately SEK 123 million, with preferential rights for the existing shareholders in Oasmia. Net proceeds to Oasmia following the deduction of transaction related costs will amount to SEK 118 million. Oasmia's two main shareholders, Alceco International S.A. and Nexttobe AB, have committed to subscribe and pay for their respective pro rata shares of the Rights Issue, and have entered into guarantee commitments for the remaining part of the Rights Issue. Consequently the Rights Issue is fully guaranteed by subscription and guarantee commitments.

In addition to available working capital and the proceeds from the Rights Issue, Oasmia expects to receive milestone payments from its business partners in an amount of almost SEK 20 million during the next twelve months.

The Board of Directors is of the opinion that the Company's current strategy and activities, in combination with a capital injection, will form the basis on which to realize the Company's potential. Based on the current cash position, committed credit facilities and expected milestone payments, in combination with the proceeds from the Rights Issue, the Board of Directors of Oasmia is of the opinion that the Company has access to sufficient financing to execute the plan for the next twelve months.

### The Rights Issue

On September 24, 2012, the Annual General Meeting in Oasmia authorized the Board of Directors of the Company to make, on one or more occasions until the next Annual General Meeting, with or without deviation from shareholders' preferential rights, new share issues of not more than 25,000,000 shares for cash payment and/or in kind or offset.

In the light of the planned investments in production capacity, inventory build-up prior to the market launch of Paccal® Vet and Paclical®, continued clinical studies regarding Oasmia's three other product candidates as well as general operational costs, the Board of Directors decided on October 17, 2012 to exercise the authorization from the Annual General Meeting and carry out the Rights Issue.

Shareholders in Oasmia will have preferential rights to the subscription of new shares in proportion to the number of shares held on the record date. Subscription may also be submitted without preferential rights. New shares that are subscribed for without the use of subscription rights will be allotted in line with a decision of the Board of Directors and in accordance with the order of priority as stated in the Board's decision on 17 October 2012 (as will be set forth in the issue prospectus).

Shareholders registered in the share ledger of Oasmia at the record date will receive one (1) subscription right for each share held. Seven (7) subscription rights entitle the holder to subscribe for three (3) new shares, which will result in a new issue of not more than 24,531,699 new shares, corresponding to an increase in the share capital of not more than SEK 2,453,169.90. The subscription price is SEK 5.00 per share, which brings total proceeds from the Rights Issue to approximately SEK 123 million before deduction of transaction related expenses.

The subscription price corresponds to a discount of around 17 percent compared to the theoretical share price following the detachment of subscription rights of SEK 6.05, based on Oasmia's closing share price on October 17, 2012, of SEK 6.50.

The record date for participation in the Rights Issue will be October 25, 2012. Subscription for new shares will take place during the subscription period which will run from October 26, 2012 until November 9, 2012. Trading in subscription rights will take place from October 26, 2012 until November 6, 2012. The Board of Directors is entitled to extend the subscription period as well as the period for trading in subscription rights.

#### Commitments and underwriting

Oasmia's largest shareholder, Alceco International S.A., holding around 46.3 percent of the shares and votes in the Company, and the second largest shareholder Nexttobe AB, holding around 10.1 percent of the shares and votes, have committed to subscribe and pay for their respective pro rata shares of the Rights Issue, corresponding to approximately SEK 69 million or 56.4 percent of the Rights Issue proceeds.

Alceco International S.A. and Nexttobe AB have also committed to subscribe and pay for any remaining parts of the Rights Issue that are not covered by commitments as described above and which are not subscribed for through subscription with or without preferential rights. The Rights Issue is therefore fully guaranteed by means of the subscription and guarantee commitments described above.

#### Indicative time table for the Rights Issue

October 22, 2012	Last day of trading in the shares including preferential rights to participate in the Rights Issue
October 23, 2012	First day of trading in the shares excluding preferential rights to participate in the Rights Issue
October 25, 2012	Record date for participation in the Rights Issue, i.e. shareholders who are registered in Oasmia's share ledger on this day will receive subscription rights for participation in the Rights Issue
October 25, 2012	Estimated date of publication of the prospectus
October 26 – November 6, 2012	Trading in subscription rights
October 26 – November 9, 2012	Subscription period
November 12, 2012	Announcement of preliminary outcome of the Rights Issue

#### Financial and legal advisors

Carnegie Investment Bank AB is financial advisor and Gernandt & Danielsson Advokatbyrå KB is legal advisor to Oasmia.

The information above has been made public in accordance with the Securities Market Act and/or the Financial Instruments Trading Act. The information was published 08.30 am on October 18, 2012.

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- (a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity meeting two or more of the following criteria: (1) a balance sheet total pursuant to the balance sheet equivalent to not less than EUR 20 million; (2) net turnover pursuant to the balance sheet equivalent to not less than EUR 40 million; and shareholders' equity pursuant to the balance sheet equivalent to not less than EUR 2 million; or
- (c) in any other circumstances, not requiring Oasmia to publish a prospectus as provided under Article 3(2) of the Prospectus Directive.

For the purposes hereof, the expression an "offer to the public of Shares or Rights" in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares or rights to be offered so as to enable an investor to decide to purchase any securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC as amended and includes any relevant implementing measure in each Relevant Member State.

Carnegie is acting for Oasmia and no one else in connection with the rights offering and will not be responsible to anyone other than Oasmia for providing the protections afforded to its clients or for providing advice in relation to the rights offering and/or any other matter referred to in this announcement.

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This press release contains forward-looking statements, which are statements related to future events. In this context, forward-looking statements often address Oasmia's expected future business and financial performance, and often contain words such as "expect", "anticipate", "intend", "plan", "believe", "seek", or

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"will". Forward-looking statements by their nature address matters that are, to different degrees, uncertain and can be influenced by many factors, including the behaviour of financial markets, fluctuations in interest and exchange rates, commodity and equity prices and the value of financial assets; the impact of regulation and regulatory, investigative and legal actions; strategic actions; and numerous other matters of national, regional and global scale, including those of a political, economic, business and competitive nature. These factors may cause Oasmia's actual future results to be materially different than those expressed in its forward-looking statements. Oasmia does not undertake to update its forward-looking statements.

You are advised to read this announcement and, once available, the prospectus and the information incorporated by reference therein, in their entirety for a further discussion of the factors that could affect the Oasmia' future performance and the industries in which it operates. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this announcement may not occur.

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