

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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2012

Commission File Number: 000-08092

OXIS INTERNATIONAL, INC.
(Exact name of Registrant as specified in its charter)

Delaware

(State of incorporation or organization)

94-1620407

(I.R.S. Employer Identification No.)

468 No. Camden Drive
Beverly Hills, California 90210
(Address of principal executive offices) (Zip code)

(310) 860-5184
(Registrant's telephone number including area code)

Securities registered pursuant to Section 12(b) of the Act: None.

Securities registered pursuant to section 12(g) of the Act:

Title of Securities

Common Stock, \$.001 Par Value

Exchanges on which Registered

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, accelerated filer or non-accelerated filer (See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act) (Check one).

Large accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the registrant's common stock, \$0.001 par value per share, of the registrant on June 30, 2012, the last business day of the registrant's most recently completed second fiscal quarter, was approximately \$10.9 million. As of November 12, 2014, there were 591,714,484 shares of the registrant's common stock, \$.001 par value, issued and outstanding.

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PART I

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This Report, including any documents which may be incorporated by reference into this Report, contains “Forward-Looking Statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are “Forward-Looking Statements” for purposes of these provisions, including our plans of operation, any projections of revenues or other financial items, any statements of the plans and objectives of management for future operations, any statements concerning proposed new products or services, any statements regarding future economic conditions or performance, and any statements of assumptions underlying any of the foregoing. All Forward-Looking Statements included in this document are made as of the date hereof and are based on information available to us as of such date. We assume no obligation to update any Forward-Looking Statement. In some cases, Forward-Looking Statements can be identified by the use of terminology such as “may,” “will,” “expects,” “plans,” “anticipates,” “intends,” “believes,” “estimates,” “potential,” or “continue,” or the negative thereof or other comparable terminology. Although we believe that the expectations reflected in the Forward-Looking Statements contained herein are reasonable, there can be no assurance that such expectations or any of the Forward-Looking Statements will prove to be correct, and actual results could differ materially from those projected or assumed in the Forward-Looking Statements. Future financial condition and results of operations, as well as any Forward-Looking Statements are subject to inherent risks and uncertainties, including any other factors referred to in our press releases and reports filed with the Securities and Exchange Commission. All subsequent Forward-Looking Statements attributable to the company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Additional factors that may have a direct bearing on our operating results are described under “Risk Factors” and elsewhere in this report.

Introductory Comment

Throughout this Annual Report on Form 10-K, the terms “OXIS,” “we,” “us,” “our,” “the company” and “our company” refer to OXIS International, Inc., a Delaware corporation formerly known as DDI Pharmaceuticals, Inc. and Diagnostic Data, Inc. together with our subsidiaries.

ITEM 1. BUSINESS

OXIS International, Inc. is engaged in the research, development and sale of products that counteract the harmful effects of “oxidative stress” and inflammation. Oxidative stress refers to the situations in which the body’s antioxidant and other defensive abilities to combat free radicals (a.k.a. highly reactive species of oxygen and nitrogen) are overwhelmed and normal healthy balance is lost. Our current finished product and finished product candidates include therapeutic nutraceutical products and cosmeceutical products. The Company also possesses intellectual property covering a number of proprietary compounds and formulations that may be out-licensed to biotech and pharmaceutical companies as drug candidates.

One current company focus is on products that incorporate the unique amino acid naturally occurring compound, L-Ergothioneine (“ERGO”), as a key component. ERGO is produced only by microorganisms in soil and is not synthesized by humans, animals or plants. We have spent approximately \$75 million in researching and developing ERGO, and now own a patented process to synthesize commercial quantities of ERGO in a highly stable form that is highly soluble and tasteless, making it suitable for use in combination with other nutraceuticals and botanicals in a wide variety of functional foods and beverages, and topical anti-aging products including lotions and creams. We refer to the ERGO that is produced and synthesized by means of our patented process as “EGT™”.

In addition to the company's current focus, a complimentary business opportunity has emerged in the form of cannabinoids and their impact on several types of diseases. Oxis Biotech, a wholly owned subsidiary, will address this specific sector.

Oxis Biotech is a biopharmaceutical company focused on discovering, developing and commercializing novel therapeutics from our intended proprietary cannabinoid product platform in a broad range of disease areas. We intend to develop CBD therapeutics through proven drug discovery and development processes, creating an intellectual property portfolio and utilizing our regulatory and manufacturing expertise. Our CBD program is intended to support the submission of a New Drug Application, or NDA, in cancer-related indications with the U.S. Food and Drug Administration, or FDA, and in other markets around the world. We plan to develop a deep pipeline of cannabinoid product candidates and seek patents available to us from several sources including the NIH.

Corporate History

We filed our original Articles of Incorporation with the Secretary of State of the State of California in 1965, under the name Diagnostic Data, Inc., and in 1972 filed a Certificate of Conversion with the Secretary of State of the State of Delaware to change the state of our incorporation to Delaware. In 1985, we changed our name to DDI Pharmaceuticals, Inc. In 1994, DDI Pharmaceuticals merged with International BioClinical, Inc. and Bioxytech S.A. and changed its name to OXIS International, Inc.

Business--Overview

OXIS' focus is on the development and sale/licensing of products and/or proprietary formulations that can be classified generally into four main business sectors:

1. Functional foods and functional beverages;
2. Personal care products, including skin care and cosmetic products;
3. Veterinary products for companion animals, livestock and performance animals such as race horses; and
4. Proprietary compounds that may be out-licensed to biotechnology and/or pharmaceutical companies.

We are working on establishing several marketing channels to commercialize our planned products. Our primary marketing initiative consists of an on-line global sales program. Other marketing channels may include non-traditional, direct to consumer channel (i.e. multi-level-marketing (MLM), infomercials, and direct-mail) as well as traditional channels of mass retail and specialty retail. We plan to develop products internally and seek complementary acquisitions that may provide additional products, expand our customer base and/or add to our distribution capabilities.

Science Background/Rationale

The following key points summarize the science background and rationale for our L-Ergothioneine ("ERGO") focused business.

Internally and externally generated free radicals and oxidative stress have been proven to contribute to disease and the deleterious effects of aging.

Free radicals (a.k.a. highly reactive species of oxygen and nitrogen) can damage the body when they exceed the body's natural defenses to counteract them. This condition is commonly referred to as "oxidative stress." These unstable molecules are produced continuously in the body as a result of oxygen metabolism and inflammatory reactions. Inflammation contributes to many disorders including most of the "itis" diseases and, most notably, arthritis. The body also encounters free radicals when exposed to sunlight, air pollution, pharmaceutical drugs, tobacco smoke, and following strenuous exercise. Free radicals can react with key organic substances such as lipids (fats), proteins and DNA in a process called "oxidation." Oxidative damage disturbs the function of biological molecules causing disease and a wide variety of physiological changes associated with premature aging and disease. By way of example, free radical damage to DNA has been associated with cancer, damage to lipids with atherosclerosis, damage to proteins with premature aging, and neurodegenerative diseases, such as Alzheimer's disease. All of the body's organ systems are susceptible to oxidative stress; the lungs, the brain, the eyes, the cardiovascular system, the skin, and the reproductive systems are especially vulnerable.

Antioxidants and other systems in the human body work to counteract the effects of oxidative stress.

The human body has a special intrinsic group of "defensive" antioxidant enzymes including superoxide dismutase, catalase and glutathione peroxidase that can act synergistically to neutralize oxidative stress. Antioxidants that are ingested either as components of the foods or as ingredients in dietary supplements also play an important role in reducing oxidative stress. These include well-known and widely consumed vitamins such as Vitamin C and Vitamin E. Other dietary antioxidants include beta-carotene (converted in the body to Vitamin A and found in red, orange, yellow and dark green vegetables, squash, carrots, sweet potatoes and pumpkins) and fruits, such as apricots and cantaloupes. In addition, certain dietary substances such as proanthocyanins, anthocyanins, polyphenols, flavonoids, and metal chelators can also reduce oxidative stress. These natural compounds exist in a variety of food products such as grains, fruits, vegetables, herbs, spices, teas, red wine and soybeans. For example, tomatoes are a particularly good source of lycopene, which is also believed to be an antioxidant.

The key concern is that the protective antioxidant systems of the body can be overwhelmed as a result of the stresses of aging, disease, exposure to environmental toxins and the day-to-day stresses of modern life. The consequence is a reduction in overall health and wellbeing, the development of disease and/or accelerated aging.

Our business focuses on this major health challenge with the goal of identifying and developing a number of naturally occurring substances that can be used by humans and animals as supplements to protect them from the harmful effects of oxidative stress. These supplements would bolster the effects produced by the body's own intrinsic defense mechanisms and amplify the helpful impact of the dietary intake of antioxidants and other helpful nutrients.

We believe that there is a rationale for focusing our efforts on naturally occurring protective substances since they are more likely to be both safe and efficacious. Many of these naturally occurring compounds promoting better health are contained in foods. In most cases, however, these foods cannot be consumed in sufficient quantities to obtain the health benefits of these naturally occurring substances. Thus, a key component of our business plan is providing these specific helpful compounds in sufficient quantities in the form of dietary supplements or "functional" foods that contain these compounds.

Our first group of products incorporates the amino acid L-Ergothioneine, and in particular our EGT™, as a key component.

ERGO is a naturally occurring, water soluble, amino acid antioxidant produced by microbes in the soil, where it is taken up by and most commonly found in (but not produced by) various species of mushrooms and grapes. It is also found in meats and dairy products as a result of the animal's consumption of ergothioneine-containing foods. Humans and most animals typically have low levels of ERGO since the amount of ERGO in the diet is typically very small.

Our intellectual property includes three patents that cover the synthesis of 99% pure L-Ergothioneine, EGT™, and the protective effect of ERGO on mitochondria and other critical body structures and functions. A significant number of peer-reviewed scientific papers published since the discovery of ERGO in 1909 indicate that ERGO is one of the most potent, multifaceted biological compounds with both appreciable antioxidant and other protective properties. ERGO acts by itself, or in concert with other natural compounds, to improve the body's own innate defenses against oxidative stress. Accordingly, Oxis focuses its efforts on developing products that deliver the benefits of ERGO taken by itself and in combination with other elements that support the body's health protective systems.

Our patented and proprietary manufacturing method produces ERGO in commercial quantities that are indistinguishable from its form found in and utilized by humans. ERGO exists in certain types of mushrooms, grapes, meats and dairy products. However, it is not commercially practical to extract ERGO from these natural sources and it is essentially impossible to ingest a diet that provides enough ERGO to take full advantage of its potential health benefits.

ERGO has a number of special properties that decrease oxidative stress and may be beneficial for reducing the risk of developing certain diseases, including age-related diseases, and for contributing to healthy aging.

ERGO has been known to science since the early 20th century and the efficacy of ERGO as a multi-faceted antioxidant is supported by extensive published peer-review scientific research. In particular, ERGO provides fundamental anti-inflammatory benefits, along with other potentially beneficial effects, as evidenced by its ability to inhibit multiple mechanisms that contribute to inflammation and oxidative stress. Some specific examples include the ability of ERGO to: (1) inhibit NF- κ B activation (a central mechanism for implementing inflammatory responses), (2) abolish the transcriptional activation of interleukin-8 (a pro-inflammatory cytokine chemical that attracts white blood cells into sites of inflammation, for example an arthritic joint), (3) reduce apoptosis (a mechanism by which cells self-terminate, which may be important in controlling inflammation and aging), (4) suppress the formation of peroxynitrite (a reactive nitrogen species that has many harmful effects, especially the damaging nitration of proteins seen in neurodegenerative and vascular disorders), and (5) decrease hydrogen peroxide formation and its many effects on pro-inflammatory signaling mechanisms. These multiple scientific observations support the multifaceted actions of ERGO and suggest the potential importance of having this broad reaching agent in optimal levels to achieve full health and combat aging and disease. Several leading scientific authorities have opined that ERGO may well be an unrecognized essential nutrient.

A good example of the protective effect of ERGO has been demonstrated in studies of amyloid beta (A β) which is the major component of senile plaques - the brain lesion that commonly occurs and is considered to play a causal role in the development and progression of Alzheimer's disease.

The exact cause of the injury due to this amyloid molecule is of current interest in neurodegenerative disease research. A key finding is that ERGO may reduce this injury process that appears to involve oxidative stress damage to important brain constituents. Moreover, peer-reviewed, published scientific research shows that reactions involving α -amyloid peptides are associated with important neurotransmitter signaling deficits in the brains of patients with Alzheimer's disease. The conclusion that can be drawn is that ERGO protects the neurons of the brain against injury by reducing the damage caused by neurotoxins. We intend to continue to pursue the practical value of these and other observations about the potential wide ranging benefits of ERGO by conducting a basic and applied research strategy and collaborating with experts in academic institutions.

It is also significant that ERGO has been shown to possess properties that may be beneficial in maintaining overall health and reducing the risk of disease.

Some of these additional benefits of ERGO include its ability to:

1. Conserve the levels of and enhance the effectiveness of other antioxidants such as Vitamin E, Vitamin C and glutathione;
2. Increase respiration and the oxidation of fat (possibly contributing to increased energy and exercise capacity);

3. Protect mitochondria DNA from damage;
4. Protect against environmental ultraviolet radiation (likely to be important in protecting the eyes against cataract producing oxidative injury and the skin against pre-cancerous inflammation-related pathologies); and
5. Neutralize increased oxidative stress by providing an ROS (radical oxygen species) and RNS (radical nitrogen species) scavenging capacity that protects key molecules in the body.

The recent identification of an ERGO transporter-designated OCTN1 or ETT (a facilitator for moving ERGO into cells and maximizing its activities) suggests the physiological relevance of ERGO as a potential protective and possibly therapeutic agent. Although more needs to be learned about this intrinsic mechanism for localizing and using ERGO, the presence of a genetically-directed system dedicated to ERGO further suggests the potential importance of ERGO. Moreover, the ERGO transporter system has been suggested as potentially being of specific importance in considering possible therapeutic agent applications for chronic inflammatory diseases, such as Crohn's disease, ulcerative colitis, rheumatoid arthritis and Type I diabetes, as well as aging and other significant health processes.

Products

Our initial focus is to develop and sell products to the consumer products sector. We have sold small amounts of EGT™ as a component to selected commercial customers in the cosmetics industry for use in skin care products. We currently are developing certain skin care products that we expect to release in 4th quarter of 2014.

We are in the process of developing a broader line of cosmeceutical products containing ERGO, and plan in the future to develop, by ourselves or through third party alliances, functional foods and beverages. Our product/market strategy is based on the rapid development of innovative products for these consumer markets. Product development will be achieved by a team comprised of our executive leadership and outside firms that specialize in these fields.

Markets

The products that Oxis is developing and plans to sell address very large, but fragmented markets with a wide variety of products, producers and marketing channels. According to *Nutrition Business Journal*, the total retail natural products market amounted to approximately \$101.8 billion in retail sales in calendar 2008.

Oxis competes in: (1) the functional foods market with 2008 estimated retail sales of \$36.8 billion, and, (2) the personal care market with \$10.1 billion in estimated retail sales in 2008. Oxis also competes in the global anti-aging market, estimated at \$120 billion in 2010.

We also may enter the market for veterinary products, including both products for companion animal (such as dietary supplements and topical products) and products based on our prior experience with companies in reproductive science for horses, pigs and other livestock.

We may also enter the health care segment of the companion animal products segment, which is a very large target segment accounting for over \$6.8 billion in global sales, with the United States being the dominant market. The total global market for animal health products is estimated to be \$17.4 billion.

Finally, we believe that there are opportunities for us to out-license proprietary compounds to biotech and pharmaceutical companies as drug candidates. Oxis owns several patents that could cover viable drug candidates at this time and expects to add to its IP portfolio as it builds relationships with various researchers around the globe, especially those focusing on therapeutics employing ERGO. Oxis believes that several of its patents may be related to the potential use of ERGO in compounds having therapeutic value in the preservation of organs for transplantation and as a treatment to address the significant oxidation stress occurring after both stroke and heart attack.

Oxis owns one approved pharmaceutical product (trademarked as Palosein) for veterinary use and is evaluating the re-launch of this product. This drug would compete with several prescription drugs for veterinary use such as Adequan (Polysulfated Glycosaminoglycan - PSGAG Solution) and Rimadyl.

Marketing, Sales and Distribution

North American Marketing

Our immediate marketing and sales plan emphasizes close and direct contact with the consumer. This strategy stresses building a significant and enduring customer base and maximizing profits by eliminating one or more layers in certain distribution channels. This approach compares favorably with a traditional retail distribution strategy where the consumer relationship is with the retailer and manufacturer profits are lower in terms of both sales and profits.

Examples of methods to build direct consumer relationships include multi-level marketing, long and short-form television infomercials, long and short-form radio infomercials and direct mail programs. We plan to further evaluate all of these approaches for the distribution of our consumer products and utilize the approaches which best build and maintain consumer relationships and maximize our profits.

Research and Development

Ergo ARDS, LLC. We believe that EGT™ may have additional health benefits. Accordingly, in order to investigate such other health benefits and to develop other potential products, on June 29, 2011 we entered into a Joint Venture Agreement (“Joint Venture Agreement”) with John E. Repine, M.D. (“Dr. Repine”), a member of our advisory board. Under the terms of the Joint Venture Agreement, we formed a Delaware limited liability company, Ergo ARDS, LLC (the “ARDS Venture”), in which we hold a 60% membership interest and Dr. Repine holds a 40% membership interest. The ARDS Venture was formed to develop, acquire and market dietary supplements, cosmeceutical products, nutraceutical products, medical foods and pharmaceuticals using EGT™ for treating, diagnosing and preventing acute respiratory distress syndrome and other lung disorders (collectively “ARDS”).

Concurrently with the execution of the Joint Venture Agreement, Dr. Repine assigned his interest in the patent applications relating to the use of ERGO in treating ARDS (the “Assigned IP”) to the ARDS Venture. In consideration for the Assigned Interest, Dr. Repine was issued a 40% membership interest in the ARDS Venture.

Oxis will be responsible for supplying EGT™ to the ARDS Venture at no cost in connection with the ARDS Venture’s animal studies. Oxis will also pay all patent prosecution and maintenance costs relating to the Assigned IP. The ARDS Venture is required to make payments to Dr. Repine upon the achievement of certain milestones by the ARDS Venture. Any future payments to Dr. Repine shall be made based on the achievement of following milestones with respect to products to be commercialized using the Assigned IP:

The ARDS Venture shall pay the following cash amounts to Dr. Repine upon the attainment of the following milestones:

- (i) Licensing the Assigned IP to a pharmaceutical company -- \$1,000,000;
- (ii) Completion of Phase I Clinical Trial -- \$250,000;
- (iii) Completion of Phase II Clinical Trial -- \$1,000,000;
- (iv) Completion of pivotal Phase III Clinical Trial -- \$1,500,000; and
- (v) Receipt of FDA Marketing approval -- \$3,000,000

The ARDS Venture shall pay the following cash amounts to Dr. Repine upon the attainment of the following milestones:

(i) Licensing the Assigned IP to, or entering into a distribution agreement with, a nutraceutical or similar company -- \$100,000; and

(ii) Gross sales of products utilizing EGT™ in the field – 5% of annual gross sales by the ARDS Venture or any licensee or distributor (including Oxis).

Following the successful completion of the animal studies, Oxis and Dr. Repine will make a joint decision to commence human clinical trials. If the parties do not agree to proceed, the Joint Venture Agreement will terminate and the intellectual property belonging to the ARDS Venture will be assigned to the party that elected to proceed. In the event both parties agree to not proceed, the ARDS Venture will continue to hold the intellectual property. If the parties agree to proceed, Oxis will use its best efforts to raise \$3 million for the ARDS Venture. Once the \$3 million in funds have been successfully raised by Oxis, Oxis will no longer be responsible for paying the ARDS Venture's operating costs, including costs related to the ARDS Venture's intellectual property.

The ARDS Venture will be managed by Dr. Repine as Manager, who will also serve as the ARDS Venture's Chief Executive Officer and Treasurer. The ARDS Venture will also have a board of five members, consisting of Dr. Repine and a designee of Dr. Repine, and three designees of Oxis.

Research and Development Expenditures. Research and development expenditures for the year ended December 31, 2012 were \$0, compared to \$17,000 in 2011. These expenditures were incurred in connection with the testing and obtaining certification for ERGO related products.

Manufacturing

We have outsourced the manufacturing of ERGO and are working to reduce the cost of producing ERGO. We have had a multi-year relationship with our primary manufacturing source that manufactures ERGO according to our patented, proprietary process.

We plan to outsource the manufacture of all of our future products that we plan to sell through various channels into the marketplace. We believe there are a wide variety of companies that can efficiently and cost-effectively manufacture our products.

Patents and Trademarks

Oxis Patent Portfolio

Below is a list of patents and patent applications that serve as a base for new product development and are particularly relevant to our planned businesses. These patents and patent applications address the protective effect of ERGO on mitochondria, the ERGO manufacturing process, and the neuroprotectant methods and compositions of ERGO. Certain patents cover potential therapeutic drug candidates that we may out-license to biotech and pharmaceutical companies. In addition, we own certain other patents not directly related to our planned nutraceutical and cosmeceutical business that are not listed.

Oxis Ergothioneine Patents

U.S. Patent 6,103,746 issued August 8, 2000 entitled "Methods and Compositions for the Protection of Mitochondria" will expire on February 19, 2018.

Mexican Patent 211035 issued October 25, 2002 entitled "Methods and Compositions for the Protection of Mitochondria" will expire on February 19, 2018.

We have previously marketed the antioxidant ERGO to industry leaders in the cosmetics industry. One of these cosmetics industry leaders, The Estée Lauder Companies, challenged our patent rights. Last year we reached a settlement of the patent dispute with The Estée Lauder Companies, which settlement provided us with full title to two important ergothioneine method of use patents.

- ⌚ U.S. Patent 5,968,920 issued October 19, 1999 entitled “Novel Compounds having a Benzoisoelelen-Azoline and -Azine Structure, Method for Preparing Same and Therapeutic Uses Thereof” will expire on April 7, 2015.
- ⌚ U.S. Patent 6,093,532 issued July 25, 2000 entitled “Method for Storing a Biological Organ Transplant Graft Using a Benzoisoelelen-Azoline or -Azine Compound” will expire on April 7, 2015.
- ⌚ U.S. Patent 5,973,009 issued October 26, 1999 entitled “Aromatic Diselenides and Selenosulfides, their Preparation and their Uses, more Particularly their Therapeutic Use” will expire on December 23, 2017.
- ⌚ U.S. Patent 6,525,040 issued February 25, 2003 entitled “Cyclic Organoselenium Compounds, their Preparation and their Uses” will expire on December 23, 2017.

The foregoing patents can expire earlier if they are abandoned or are not adequately maintained. No assurance can be given that patents will be issued from any of the pending patent applications or that the scope of the coverage claimed in our patent applications will not be significantly reduced prior to any patent being issued.

Trademarks

We have a number of trademarks available for its use including: ErgoFlex™ Ergo-Plex™, ERGOLD™, Ergo-Max™, Ergo-Pur™, V[eye]tamin™, Immortal Energy™. We also own the non-EGT™ related trademark Palosein®.

Competition

The pharmaceutical, nutraceutical and the consumer products industries are highly competitive and require an ongoing, extensive search for technological innovation. They also require, among other things, the ability to effectively discover, develop, test and obtain regulatory approvals for products, as well as the ability to effectively commercialize, market and promote approved products, including communicating the effectiveness, safety and value of products to actual and prospective customers. Numerous companies are engaged in the development, manufacture and marketing of health care and personal care products competitive with those that we manufacture, develop and market. Many of our competitors have greater resources than we have. This enables them to, among other things, make greater research and development investments and spread their research and development costs, as well as their marketing and promotion costs, over a broader revenue base. Our competitors may also have comparable experience and expertise in obtaining marketing approvals from the FDA and other regulatory authorities. In addition to product development, testing, approval and promotion, other competitive factors in the pharmaceutical industry include industry consolidation, product quality and price, product technology, reputation, customer service and access to technical information.

Our primary initial target markets are: (1) functional foods and beverages, and (2) personal care product. The markets for our products are highly competitive. Our competitors include manufacturers and marketers of personal care and nutritional products, pharmaceutical companies and other direct selling organizations, many of which have a longer operating history and higher visibility, name recognition and financial resources than we do.

The leading functional foods and beverages companies are Monavie, Hain-Celestial, Pom, Wonderful, Hanson, Red Bull and Silk. Some apparently successful smaller companies include Lifeway and Honest Teas

The leading cosmetics companies are L’Oreal, Estee Lauder, NuSkin and Mary Kay. Some apparently successful smaller companies include Nature’s Gate and Dermalogica.

Our products in these segments will initially compete based on the potential health benefits of ERGO. However, we will also attempt to compete in these markets on the basis of quality, clinical data, and effective marketing campaigns, including direct-to-consumer advertising.

Government Regulation

The manufacturing, packaging, labeling, advertising, distribution and sale of our proposed nutraceutical and cosmeceutical products will be subject to extensive governmental regulation by numerous domestic and foreign governmental agencies and authorities, including the U.S. Food and Drug Administration (“FDA”), the Federal Trade Commission (“FTC”), the Consumer Product Safety Commission, the Department of Agriculture, State Attorneys General and other state regulatory agencies in the United States, and similar government agencies in each market in which we operate.

Our personal care products may be subject to various laws and regulations that regulate cosmetic products and set forth regulations for determining whether a product can be marketed as a “cosmetic” or requires further approval as an over-the-counter drug. In the United States, regulation of cosmetics is under the jurisdiction of the FDA. The Food, Drug and Cosmetic Act defines cosmetics by their intended use, as “articles intended to be rubbed, poured, sprinkled, or sprayed on, introduced into, or otherwise applied to the human body for cleansing, beautifying, promoting attractiveness, or altering the appearance.” Among the products included in this definition are skin moisturizers, perfumes, lipsticks, fingernail polishes, eye and facial makeup preparations, shampoos, permanent waves, hair colors, toothpastes and deodorants, as well as any material intended for use as a component of a cosmetic product. Conversely, a product will not be considered a cosmetic, but may be considered a drug if it is intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease, or is intended to affect the structure or any function of the body. A product’s intended use can be inferred from marketing or product claims.

Our nutraceutical business (functional foods and beverages products) may be subject to various regulations promulgated by government agencies in the markets in which we operate. We plan to market our nutritional products as conventional foods or dietary supplements. The FDA has jurisdiction over this regulatory area. Because these products are regulated under the Dietary Supplement and Health Education Act, we are generally not required to obtain regulatory approval prior to introducing a product into the United States market. None of this infringes, however, upon the FDA’s power to remove from the market any product it determines to be unsafe or an unapproved drug. Additionally, due to negative publicity associated with some supplements in the dietary supplements industry, there has been an increased movement in the United States and other markets to expand the regulation of dietary supplements, which could impose additional restrictions or requirements in the future. In general, the regulatory environment is becoming more complex with increasingly strict regulations each year.

Effective June 2008, the FDA established regulations to require current good manufacturing practices (cGMP) for dietary supplements. The regulations ensure that dietary supplements are produced in a quality manner, do not contain contaminants or impurities, and are accurately labeled. We may be subject to such regulations, which include requirements for establishing quality control procedures, designing and constructing manufacturing plants, and testing ingredients and finished products. The regulations also include requirements for record keeping and handling consumer product complaints. If dietary supplements contain contaminants or do not contain the type or quantity of dietary ingredient they are represented to contain, the FDA would consider those products to be adulterated or misbranded. Our business may also be subject to additional FDA regulations, such as those implementing an adverse event reporting system effective December 2007, which will require us to document and track adverse events and report serious adverse events, which are events involving hospitalization or death, associated with consumers’ use of our products. Compliance with these regulations is costly and may directly and indirectly increase the cost of manufacturing and selling our products.

Advertising and product claims regarding the efficacy of products are also regulated. Accordingly, these regulations can limit our ability to inform consumers of the full benefits of our products. For example, we will not be able to claim that any of our nutritional supplements will diagnose, cure, mitigate, treat or prevent any disease or health-related condition. The Dietary Supplement Health and Education Act permits substantiated, truthful and non-misleading statements of nutritional support to be made in labeling, such as statements describing general well-being resulting from consumption of a dietary ingredient or the role of a nutrient or dietary ingredient in affecting or maintaining a structure or a function of the body.

We do not anticipate that we will be directly involved in any regulation regarding our therapeutic compounds since we will be out-licensing these compounds to biotech and pharmaceutical companies that will be responsible for this aspect of our therapeutic business.

Employees

As of October 23, 2014, we had two employees, the chief executive officer of the company and the president of our subsidiary, Oxis Biotech. Many of our activities are out-sourced to consultants who provide services to us on a project basis. As business activities require and capital resources permit, we will hire additional employees to fulfill our company's needs.

ITEM 1A. RISK FACTORS

This company qualifies as a "smaller reporting company" as defined in 17 C.F.R. §229.10(f)(1), and is not required to provide information by this Item.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Our principal executive office is located at 468 N. Camden Drive, 2nd Fl., Beverly Hills, California 90210. It is leased on a month to month basis at the rate of \$245 per month. In the event this lease should be terminated, we believe the Company could locate equally favorable office space at a comparable price.

ITEM 3. LEGAL PROCEEDINGS

In March, 2014, Nexdius PTY LTD, a purported licensee of rights from ESLLC, filed a declaratory action against the Company in the United States District Court Central District of California, Case No: CV14-1770SH. The lawsuit disputed the Company's worldwide licensing rights to a vitamin D producing line of sun care and skin care products under a license from ESLLC. In May 2014, the Company filed a counterclaim against Nexdius PTY LTD. The Company also filed a claim against ESLLC for violating a non-circumvent agreement with the Company in relation to the Nexdius action. On October 24, 2014, the Company reached a satisfactory resolution with Nexdius PTY LTD and Exposure Scientific, LLC. For consideration of releasing Nexdius and Exposure Scientific from any further claims, the Company will receive a cash payment and perpetual royalty against all future product sales.

ITEM 4. MINE SAFETY DISCLOSURES

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Until May 2009, our common stock was traded on the OTC Bulletin Board ("OTCBB") under the symbol "OXIS." From May 20, 2009 until March 11, 2010, our common stock was traded on Pink OTC Markets Inc. trading platform under the symbol "OXIS." Since March 11, 2010, our common stock is again quoted on the OTCBB under the "OXIS" trading symbol.

Trading in our common stock has fluctuated greatly during the past year. Accordingly, the prices for our common stock quoted on the OTCBB or Pink OTC Markets Inc. may not necessarily be reliable indicators of the value of our common stock. The following table sets forth the high and low bid prices for shares of our common stock for the quarters noted, as reported on the OTCBB and the Pink OTC Markets Inc. The following price information reflects inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

| YEAR | PERIOD | HIGH | LOW |
|------------------|----------------|------|------|
| Fiscal Year 2011 | First Quarter | 0.15 | 0.08 |
| | Second Quarter | 0.14 | 0.08 |
| | Third Quarter | 0.10 | 0.03 |
| | Fourth Quarter | 0.06 | 0.03 |
| Fiscal Year 2012 | First Quarter | 0.05 | 0.02 |
| | Second Quarter | 0.04 | 0.03 |
| | Third Quarter | 0.03 | 0.01 |
| | Fourth Quarter | 0.03 | 0.01 |

Our common stock is also quoted on several European based exchanges including Berlin (OXI.BE), Frankfurt (OXI.DE), the Euronext (OXI.NX) and Paris, (OXI.PA). The foregoing trading prices exclude trading on these foreign stock markets.

Stockholders

As of October 23, 2014, there were 1,330 stockholders of record, which total does not include stockholders who hold their shares in “street name.” The transfer agent for our common stock is ComputerShare, whose address is 350 Indiana Street, Golden, CO 80401.

Dividends

We have not paid any dividends on our common stock to date and do not anticipate that we will pay dividends in the foreseeable future. Any payment of cash dividends on our common stock in the future will be dependent upon the amount of funds legally available, our earnings, if any, our financial condition, our anticipated capital requirements and other factors that the Board of Directors may think are relevant. However, we currently intend for the foreseeable future to follow a policy of retaining all of our earnings, if any, to finance the development and expansion of our business and, therefore, do not expect to pay any dividends on our common stock in the foreseeable future.

Equity Compensation Plan Information

The information included under the heading “Equity Compensation Plan Information” in Item 12 of Part III of this report, “Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.” is hereby incorporated by reference into this Item 5 of this report.

Recent Issuances of Unregistered Securities

We did not issue any unregistered securities during the fourth quarter of the fiscal year covered by this report.

Repurchase of Shares

We did not repurchase any shares during the fourth quarter of the fiscal year covered by this report.

ITEM 6. SELECTED FINANCIAL DATA

This company qualifies as a “smaller reporting company” as defined in 17 C.F.R. §229.10(f)(1), and is not required to provide information by this Item.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Until the end of 2008, we were engaged in the business of developing and selling clinical and research assay products and out-licensing certain therapeutic compounds addressing conditions and diseases associated with oxidative stress. During 2008, we lost our majority-owned subsidiary, BioCheck, Inc., which was engaged in the production of enzyme immunoassay diagnostic kits for clinical laboratories, and in December 2008 we sold substantially all of the assets of our research assay product line to Percipio Biosciences, Inc. Commencing in 2009, our focus shifted from the clinical and research assay business to developing and marketing nutraceutical products in the field of oxidative stress reduction, with a focus on products that include EGT™ as a component. As a result, since the beginning of 2009 we have been primarily involved in re-directing our business plan, on obtaining financing to fund our revised business plan, building a new management team, developing new products, establishing new manufacturing relationships, and otherwise implementing our new business strategy. We conducted limited operations, and had limited revenues in 2011 and in 2012.

As shown in the accompanying consolidated financial statements, we have incurred an accumulated deficit of \$88,966,000 through December 31, 2012. Our cash holdings at December 31, 2012 were \$123,000 and we had a working capital deficit of \$6,360,000. Because our lack of funds, we will have to raise additional capital in order to fund our selling, general and administrative, and research and development expenses. There are no assurances that we will be able to raise the funds necessary to maintain our operations or to implement our business plan. The consolidated financial statements included in this Annual Report do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event we cannot continue our operations.

Recent Developments

In November, 2011, the Company entered into a financing arrangement with several accredited investors (the “November 2011 Investors”), pursuant to which it sold various securities in consideration of a maximum aggregate purchase price of \$275,000 (the “November 2011 Financing”). In connection with the November 2011 Financing, the Company issued the following securities to the November 2011 Investors:

- 8% Convertible Debentures in the principal amount of \$275,000 due in two years, convertible into shares of the Company’s common stock at a per share conversion price equal to \$0.05 per share; and
- Warrants to purchase 5,500,000 of shares of the Company’s common stock. The Class A Warrants and Class B Warrants (collectively, the “Warrants”) are exercisable for up to five years from the date of issue at a per share exercise price equal to \$0.0625 and \$0.075 for the Class A Warrants and the Class B Warrants, respectively, on a cash or cashless basis.

In March, 2012, the Company entered into a financing arrangement with several accredited investors pursuant to which it sold various securities in consideration of a maximum aggregate purchase price of \$617,500 (the "March 2012 Financing"). In connection with the March 2012 Financing, the Company issued the following securities to the investors:

- 8% Convertible Debentures in the principal amount of \$617,500 due in two years, convertible into shares of the Company's common stock at a per share conversion price equal to \$0.05 per share; and
- Warrants to purchase 12,350,000 of shares of the Company's common stock. The Class A Warrants and Class B Warrants (collectively, the "March 2012 Warrants") are exercisable for up to five years from the date of issue at a per share exercise price equal to \$0.0625 and \$0.075 for the Class A Warrants and the Class B Warrants, respectively, on a cash or cashless basis.

In April 2012, the Company agreed to an adjustment as negotiated to enable inducement of further financing of the Company. Pursuant to the anti-dilution provisions in the convertible instruments, the conversion price of certain convertible instruments is now \$0.01 (with the exception of the conversion price of the October 2006 Debenture which is already priced at the lesser of \$0.01 and 60% of the average of the lowest three trading prices occurring at any time during the 20 trading days preceding conversion).

In May, 2012, the Company entered into a financing arrangement with several accredited investors pursuant to which it sold various securities in consideration of a maximum aggregate purchase price of \$275,000 (the "May 2012 Financing"). In connection with the May 2012 Financing, the Company issued the following securities to the investors:

- 8% Convertible Debentures in the principal amount of \$275,000 due May 2014, convertible into shares of the Company's common stock at a per share conversion price equal to \$0.05 per share; and
- Warrants to purchase 5,500,000 of shares of the Company's common stock. The Class A Warrants and Class B Warrants (collectively, the "May 2012 Warrants") are exercisable for up to five years from the date of issue at a per share exercise price equal to \$0.0625 and \$0.075 for the Class A Warrants and the Class B Warrants, respectively, on a cash or cashless basis.

On August 8, 2012, a Settlement Agreement and Mutual General Release ("Agreement") was made by and between OXIS and Bristol Investment Fund, Ltd., in order to settle certain claims regarding certain convertible debentures held by Bristol.

Pursuant to the Agreement, OXIS shall pay Bristol (half of which payment would redound to Merit Capital Limited ("Merit")) a total of \$1,119,778 as payment in full for the losses suffered and all costs incurred by Bristol in connection with the Transaction. Payment of such \$1,119,778 shall be made as follows: OXIS shall issue restricted common stock to each of Bristol and Merit, in an amount such that each Bristol and Merit shall hold no more than 9.99% of the outstanding shares of OXIS (including any shares that each may hold as of the date of issuance). The shares so issued represent \$417,475.65 of the \$1,119,778 payment (27,831,710 shares at \$0.015 per share, of which 9,168,750 will be retained by Bristol and 18,662,960 will be issued to Merit). The remaining balance of the payment shall be made in the form of two convertible promissory notes in the respective amounts of \$422,357.75 for Bristol and \$279,944.60 for Merit (collectively, the "Notes") with a maturity of December 1, 2017 having an 8% annual interest rate, with interest only accruing until January 1, 2013, and then level payments of \$3,750 each beginning January 1, 2013 until paid in full on December 1, 2017. In the event a default in the monthly payments on the Notes has occurred and is continuing each holder of the Notes shall be permitted to convert the unpaid principal and interest of the Notes into shares of OXIS at \$.01 cents per share. In the absence of such continuing default no conversion of the Notes will be permitted. OXIS will have the right to repay the Notes in full at any time without penalty.

On February 7, 2011 the Company entered into a convertible demand promissory note with Bristol pursuant to which Bristol purchased an aggregate principal amount of \$31,375 of convertible demand promissory notes for an aggregate purchase price of \$25,000 (the "February 2011 Bristol Note"). The February 2011 Bristol Note is convertible into shares of common stock of the Company at a price equal to \$0.05 per share.

Simultaneously with the issuance of the February 2011 Bristol Note, the Company issued Bristol a Series A Warrant (the "February 2011 Bristol Series A Warrants") to purchase 313,750 shares of the Company's common stock at a per share exercise price of \$0.0625, and a Series B Warrant (the "February 2011 Bristol Series B Warrants" and, together with the February 2011 Bristol Series A Warrants, the "February 2011 Bristol Warrants") to purchase 313,750 shares of the Company's common stock at a per share exercise price of \$0.075. The February 2011 Warrants are exercisable for up to seven years from the date of issue. The February 2011 Warrants may be exercised on a cashless basis if the shares of common stock underlying the February 2011 Warrants are not then registered pursuant to an effective registration statement. In the event the February 2011 Bristol Warrants are exercised on a cashless basis, the Company will not receive any proceeds.

On February 7, 2011 the Company entered into a convertible demand promissory note with Net Capital pursuant to which Net Capital purchased an aggregate principal amount of \$31,375 of convertible demand promissory notes for an aggregate purchase price of \$25,000 (the "February 2011 Net Capital Note"). The February 2011 Net Capital Note is convertible into shares of common stock of the Company at a price equal to \$0.05 per share. As of September, 2012, the February 2011 Net Capital Note had been converted into shares of the Company's common stock.

Simultaneously with the issuance of the February 2011 Net Capital Note, the Company issued Net Capital a Series A Warrant (the "February 2011 Net Capital Series A Warrants") to purchase 313,750 shares of the Company's common stock at a per share exercise price of \$0.0625, and a Series B Warrant (the "February 2011 Net Capital Series B Warrants" and, together with the February 2011 Net Capital Series A Warrants, the "February 2011 Net Capital Warrants") to purchase 313,750 shares of the Company's common stock at a per share exercise price of \$0.075. The February 2011 Net Capital Warrants are exercisable for up to seven years from the date of issue. The February 2011 Net Capital Warrants may be exercised on a cashless basis if the shares of common stock underlying the February 2011 Net Capital Warrants are not then registered pursuant to an effective registration statement. In the event the February 2011 Net Capital Warrants are exercised on a cashless basis, the Company will not receive any proceeds.

On March 4, 2011 the Company entered into a convertible demand promissory note with Bristol pursuant to which Bristol purchased an aggregate principal amount of \$31,375 of convertible demand promissory notes for an aggregate purchase price of \$25,000 (the "March 2011 Bristol Note"). The March 2011 Bristol Note is convertible at the option of the holder at any time into shares of common stock, at a price equal to \$0.05.

Simultaneously with the issuance of the March 2011 Bristol Note, the Company issued Bristol a Series A Warrant (the "March 2011 Bristol Series A Warrants") to purchase 313,750 shares of the Company's common stock at a per share exercise price of \$0.0625, and a Series B Warrant (the "March 2011 Bristol Series B Warrants" and, together with the March 2011 Bristol Series A Warrants, (the "March 2011 Bristol Warrants") to purchase 313,750 shares of the Company's common stock at a per share exercise price of \$0.075. The March 2011 Warrants are exercisable for up to seven years from the date of issue. The March 2011 Warrants may be exercised on a cashless basis if the shares of common stock underlying the March 2011 Warrants are not then registered pursuant to an effective registration statement. In the event the March 2011 Warrants are exercised on a cashless basis, the Company will not receive any proceeds.

On April 4, 2011 the Company entered into a convertible demand promissory note with Net Capital pursuant to which Net Capital purchased an aggregate principal amount of \$31,375 of convertible demand promissory notes for an aggregate purchase price of \$25,000 (the "April 2011 Net Capital Note"). The April 2011 Net Capital Note is convertible into shares of common stock of the Company, at a price equal to \$0.05 per share. As of September, 2012, the April 2011 Net Capital Note had been converted into shares of the Company's common stock.

Simultaneously with the issuance of the Net Capital Note, the Company issued Net Capital a Series A Warrant (the "April 2011 Net Capital Series A Warrants") to purchase 313,750 shares of common stock of the Company at a per share exercise price of \$0.0625, and a Series B Warrant (the "April 2011 Net Capital Series B Warrants" and, together with the April 2011 Net Capital Series A Warrants, the "April 2011 Net Capital Warrants") to purchase 313,750 shares of common stock of the Company at a per share exercise price of \$0.075. The April 2011 Net Capital Warrants are exercisable for up to seven years from the date of issue. The April 2011 Net Capital Warrants may be exercised on a cashless basis if the shares of common stock underlying the April 2011 Net Capital Warrants are not then registered pursuant to an effective registration statement. In the event the April 2011 Net Capital Warrants are exercised on a cashless basis, we will not receive any proceeds.

On October 26, 2011 the Company entered into a convertible demand promissory note with Theorem pursuant to which Theorem purchased an aggregate principal amount of \$200,000 of convertible demand promissory notes for an aggregate purchase price of \$157,217 (the "October 2011 Theorem Note"). The October 2011 Theorem Note is convertible into shares of common stock of the Company, at a price equal to \$0.05 per share. As of September, 2012, the October 2011 Theorem Capital Note had been converted into shares of the Company's common stock.

Simultaneously with the issuance of the October 2011 Theorem Note, the Company issued Theorem a Series A Warrant (the "October 2011 Series A Warrant") to purchase 10,000,000 shares of common stock of the Company at a per share exercise price of \$0.0625, and a Series B Warrant (the "October 2011 Series B Warrants" and, together with the October 2011 Series A Warrants, the "October 2011 Warrants") to purchase 10,000,000 shares of common stock of the Company at a per share exercise price of \$0.075. The October 2011 Warrants are exercisable for up to seven years from the date of issue. The October 2011 Warrants may be exercised on a cashless basis if the shares of common stock underlying the October 2011 Warrants are not then registered pursuant to an effective registration statement. In the event the October 2011 Warrants are exercised on a cashless basis, we will not receive any proceeds.

On December 7, 2012, the Company entered into, and made its initial \$315,000 borrowing under, a short-term loan agreement with two lenders pursuant to which it is permitted to borrow up to an aggregate of \$350,000. The loans made under the loan agreement are evidenced by the Company's notes and secured pursuant to a Security Agreement, that is junior to the Company's existing security arrangements under the Company's October 26, 2006 Debentures but cover the same assets of the Company.

Interest on the Notes is at the rate of 18% per annum, payable on the first day of each month until maturity on May 1, 2013. On April 1, 2013, the Company is required to pay 25.7143% of the Loan, with the remaining balance due on May 1, 2013.

The full principal amount of the Loans may be due upon default under the terms of the Loan Agreement, the Notes or the Security Agreement.

Under the Loan Agreement, the Company is required to issue 66,666.67 shares of its common stock for each \$1,000 of Loans made. Accordingly, on December 7, 2012, the Company issued 21,000,105 shares of its common stock. Assuming the entire amounts of Loans permitted under the Loan Agreement are borrowed, the Company will issue 23,333,334.5 shares in connection with the Loan Agreement.

In March 2013, the Company entered into, and made an additional \$35,000 borrowing under, a short-term loan agreement with two lenders the Company entered into in December 2012, pursuant to which it is permitted to borrow up to an aggregate of \$350,000. The loans made under the loan agreement are evidenced by the Company's notes and secured pursuant to a Security Agreement, that is junior to the Company's existing security arrangements under the Company's October 26, 2006 Debentures but cover the same assets of the Company.

Effective April, 2013 the Company entered into a securities purchase agreement with one accredited investor to sell 10% convertible debentures with an initial principal balance of \$75,000.

Effective October and November, 2013 , the Company entered into a securities purchase agreement with four accredited investors to sell 10% convertible debentures with an initial principal balance of \$172,000 and warrants to acquire up to 24,571,429 shares of the Company's common stock at an exercise price of \$0.01 per share.

Effective December, 2013, the Company entered into a convertible demand promissory note with an initial principal balance of \$189,662 convertible at \$.007 per share and warrants to acquire up to 27,094,571 shares of the Company's common stock at an exercise price of \$0.01 per share.

Effective July 24, 2014, the Company entered into a securities purchase agreement with ten accredited investors to sell 10% convertible debentures with an initial principal balance of \$1,250,000 and warrants to acquire up to 178,571,429 shares of the Company's common stock at an exercise price of \$0.01 per share.

Results of Operations

Revenues

In December 2010, we initiated a direct mail test market for ErgoFlex™, which generated \$342,000 and \$26,000 of revenues in fiscal 2012 and 2011, respectively. Following the test marketing of ErgoFlex™, we decided to market that product, and other products containing ERGO through an on-line marketing joint venture. Although we reached an agreement to establish that on-line marketing joint venture with engage:BDR in March 2011, we did not have the funds in 2011 to launch that sales effort and, as a result, did not have any further sales in 2011. The following table presents the changes in revenues from fiscal 2011 to fiscal 2012:

| | <u>2012</u> | <u>2011</u> | <u>Increase from 2011</u> | |
|------------------|-------------|-------------|---------------------------|----------|
| | | | <u>Amount</u> | <u>%</u> |
| Product revenues | \$ 342,000 | \$ 26,000 | \$ 316,000 | 1,215.4 |

Because we did not actively market any products until July 2012, we do not believe that the revenue data for 2012 and 2011 is meaningful or an indication of our future operations. Assuming that we are able to raise the capital needed, we plan to actively market our products in 2013 and to release at least one additional consumer product. Therefore, if we are adequately capitalized, revenues for 2013 are expected to significantly increase compared to the prior year.

Cost of product revenues

The following table presents the changes in cost of product revenues from fiscal 2011 to fiscal 2012:

| | <u>2012</u> | <u>2011</u> | <u>Increase from 2011</u> | |
|--------------------------|-------------|-------------|---------------------------|----------|
| | | | <u>Amount</u> | <u>%</u> |
| Cost of product revenues | \$ 94,000 | \$ 48,000 | \$ 46,000 | 95.8 |

Research and development expenses

Research and development expenditures for the year December 31, 2012 were \$0, compared to \$17,000 for the year ended December 31, 2011. These expenditures were incurred in connection with the testing and obtaining certification for EGT™ related to the release of ErgoFlex™.

Selling, general and administrative expenses

Our selling, general and administrative expenses decreased in fiscal 2012 by \$107,000 to \$3,362,000 compared to \$3,469,000 in fiscal 2011 primarily as a result of the fact that at the end of 2012, we only had one full-time officer/employee. However since we expect to more actively engage in operating activities in 2013, and since we expect to hire additional consultants and advisors in connection with the development and marketing of additional ERGO products, we anticipate that our selling, general and administrative expenses during the 2013 fiscal year will increase compared to fiscal 2012.

Change in value of warrant and derivative liabilities

During the year ended December 31, 2012, we recorded a gain as a result of a decrease in the fair market value of outstanding warrants and beneficial conversion features of \$94,000. During the year ended December 31, 2011, we recorded a loss as a result of an increase in the fair market value of these warrants of \$784,000. The increase is the result of the increase in the amount of warrants issued during fiscal 2011, primarily in connection with the issuance of new convertible debentures.

Interest Expense

Interest expense was \$1,653,000 compared to \$556,000 for the year ended December 31, 2012 and 2011, respectively. The increase is due to the interest on the additional convertible debentures in 2012.

Liquidity and Capital Resources

As of December 31, 2012, we had cash and cash equivalents of \$123,000. This cash and cash equivalents is in part the result of the proceeds from borrowings in December 2012. On the same day we had total current assets of \$202,000, and a working capital deficit of \$6,359,000. Our cash holdings as of the date of this Annual Report, are sufficient to fund our administrative expenses for the next 12 months. However, if we are successful in attracting certain assets for our subsidiary Oxis Biotech we expect our administrative expenses to approach \$5,000,000 on an annualized basis. In this event, we would seek an additional \$5,000,000 in funding in the 1st quarter of 2015 once our Biotech strategy becomes more certain. We would seek to obtain this additional funding through a private placement of convertible debentures with attached warrants to certain investors who have shown an interest in the Company in the past.

Critical Accounting Policies

We consider the following accounting policies to be critical given they involve estimates and judgments made by management and are important for our investors' understanding of our operating results and financial condition.

Basis of Consolidation

The consolidated financial statements contained in this report include the accounts of OXIS International, Inc. and its subsidiaries. All intercompany balances and transactions have been eliminated.

Revenue Recognition

Product Revenue

The Company manufactures, or has manufactured on a contract basis, fine chemicals and nutraceutical products, which are its primary products to be sold to customers. Revenue from the sale of its products, including shipping fees, will be recognized when title to the products is transferred to the customer which usually occurs upon shipment or delivery, depending upon the terms of the sales order and when collectability is reasonably assured. Revenue from sales to distributors of its products will be recognized, net of allowances, upon delivery of product to the distributors. According to the terms of individual distributor contracts, a distributor may return product up to a maximum amount and under certain conditions contained in its contract. Allowances are calculated based upon historical data, current economic conditions and the underlying contractual terms.

Long-Lived Assets

Our long-lived assets include property, plant and equipment, capitalized costs of filing patent applications and goodwill and other assets. We evaluate our long-lived assets for impairment in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Estimates of future cash flows and timing of events for evaluating long-lived assets for impairment are based upon management's judgment. If any of our intangible or long-lived assets are considered to be impaired, the amount of impairment to be recognized is the excess of the carrying amount of the assets over its fair value.

Applicable long-lived assets are amortized or depreciated over the shorter of their estimated useful lives, the estimated period that the assets will generate revenue, or the statutory or contractual term in the case of patents. Estimates of useful lives and periods of expected revenue generation are reviewed periodically for appropriateness and are based upon management's judgment. Goodwill and other assets are not amortized.

Certain Expenses and Liabilities

On an ongoing basis, management evaluates its estimates related to certain expenses and accrued liabilities. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates under different assumptions or conditions.

Derivative Financial Instruments

During the normal course of business, from time to time, we issue warrants as part of a debt or equity financing. We do not enter into any derivative contracts for speculative purposes. We recognize all derivatives as assets or liabilities measured at fair value with changes in fair value of derivatives reflected as current period income or loss unless the derivatives qualify for hedge accounting and are accounted for as such. During fiscal 2012 and 2011, we issued warrants to purchase 463,250,546 and 33,010,000 shares of common stock, respectively, in connection with equity transactions. In accordance with ASC Topic 815-40, "Derivatives and Hedging — Contracts in Entity's Own Stock" ("ASC 815-40"), the value of these warrants is required to be recorded as a liability, as the holders have an option to put the warrants back to us in certain events, as defined.

Inflation

We believe that inflation has not had a material adverse impact on our business or operating results during the periods presented.

Off-balance Sheet Arrangements

We have no off-balance sheet arrangements as of November 12, 2014.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

This company qualifies as a smaller reporting company, as defined in 17 C.F.R. §229.10(f) (1) and is not required to provide information by this Item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Please see the financial statements beginning on page F-1 located elsewhere in this annual report and incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our principal executive officer and principal financial officer evaluated the effectiveness of our “disclosure controls and procedures” (as such term is defined in Rules 13a-15(e) and 15d-15(e) of the United States Securities Exchange Act of 1934, as amended), as of December 31, 2012. Based on that evaluation we have concluded that our disclosure controls and procedures were not effective as of December 31, 2012.

Management’s Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934, as amended, as a process designed by, or under the supervision of, a company’s principal executive and principal financial officers and effected by a company’s board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company’s assets that could have a material effect on the financial statements.

All internal control systems, no matter how well designed, have inherent limitations and can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

As of December 31, 2012, management of the company conducted an assessment of the effectiveness of the company's internal control over financial reporting. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework. In the course of the assessment, material weaknesses were identified in the company's internal control over financial reporting.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

Management determined that fundamental elements of an effective control environment were missing or inadequate as of December 31, 2012. The most significant issues identified were: 1) lack of segregation of duties due to very small staff and significant reliance on outside consultants, and 2) risks of executive override also due to lack of established policies, and small employee staff. Based on the material weaknesses identified above, management has concluded that internal control over financial reporting was not effective as of December 31, 2012.

As the company's operations increase, the company intends to hire additional employees in its accounting department. On November 3, 2014, the company hired a new full-time CFO in connection with putting in place more comprehensive internal accounting controls. This annual report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting.

Changes in Internal Control over Financial Reporting

Other than as described above, no changes in our internal control over financial reporting were made during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following table sets forth the name, age and position held by each of our executive officers and directors as of November 12, 2014. Directors are elected for a period of one year and thereafter serve until the next annual meeting at which their successors are duly elected by the stockholders.

| Name | Age | Position |
|--------------------|------------|--------------------------------------|
| Anthony J. Cataldo | 63 | Chairman of the Board |
| Kenneth Eaton | 56 | Chief Executive Officer and Director |
| Steven Weldon | 38 | Chief Financial Officer and Director |

Anthony J. Cataldo was appointed to the Board of Directors on July 31, 2014. Most recently, From February 2011 to June 2013 Mr. Cataldo served as Chairman and CEO/ Founder of Genesis Biopharma, Inc. (Now known as Lion Biotechnologies, Inc. Trading symbol, LBIO) Mr. Cataldo created Lion/Genesis with the inclusion of assets purchase from the National Cancer Institute (NIH) for their novel treatment of Stage Four Cancer treatment for melanoma.

Mr. Cataldo also served as Chairman of the board of directors of Brand Partners Group, Inc., a provider of integrated products and services dedicated to providing financial services and traditional retail clients with turn-key environmental solutions, from October 2003 through August 2006.

Mr. Cataldo also served as non-executive co-chairman of the board of MultiCell Technologies, Inc., a supplier of functional, non-tumorigenic immortalized human hepatocytes from February 2005 through July 2006. Mr. Cataldo has also served as Executive Chairman of Calypte Biomedical Corporation, a publicly traded biotechnology company, involved in the development and sale of urine based HIV-1 screening tests from May 2001 through November 2004. Mr. Cataldo served as the Chief Executive Officer and Chairman of the Board of Directors of Miracle Entertainment, Inc., a Canadian film production company, from May 1999 through May 2002 where he was the executive producer or producer of several motion pictures. From August 1995 to December 1998, Mr. Cataldo served as President and Chairman of the Board of Senetek, PLC, a publicly traded biotechnology company involved in age-related therapies.

Kenneth Eaton was appointed to our Board of Directors on June 27, 2011 and in November 2013, became the CEO. Prior to joining Oxis, Mr. Keaton worked for 25 years in the development, distribution, and purchasing of general consumer products with extensive experiences both nationally and internationally, primarily with Wal-Mart.

In his 20 years with Wal-Mart, Ken led several different business units, ranging from operational administration and supply chain management to product branding and merchandise procurement, making his experience both comprehensive and multi-faceted. In 2001, Ken was asked to lead in the formation of Wal-Mart's division of Global Procurement. This sector was tasked with finding and developing off-shore consumer products for store shelves from food and apparel to traditional goods and seasonal products. It was under his leadership that his team was able to merge those strategies, procedures and policies into a dependable supply forecast. This has since resulted in a predictable and reliable supply for the past decade. The Global Procurement division operated 22 offices in 17 countries and was quickly recognized to be a valuable component as measured by margin enhancement, product quality improvements and surety of supply, propelling Wal-Mart's procurement and supply chain strategies. Mr. Eaton's final eight years with Wal-Mart were as Senior Vice-President of Global Procurement. In 2008 Ken, along with 2 other partners, formed Silverlink Holdings. Silverlink operates a consumer products company with distribution in North America, Asia and Europe. Ken also serves on the advisory board of Deem Inc., a leading SAAS procurement and supply platform, which focuses on bringing efficiencies to fragmented, under-supported markets.

Steven Weldon was appointed to our Board of Directors in September, 2014 and as our Chief Financial Officer in November, 2014. Mr. Weldon, has over 15 years of financial and accounting experience. The majority of his career has been focused on tax planning, preparation, and CFO consulting. Mr. Weldon's financial background includes experience in managerial, private accounting and planning. He has served on the board of several publicly traded companies as both, Chief Executive Officer and Chief Financial Officer. For several years, he taught accounting and tax courses to undergrad students at Florida Southern College. He received his Bachelor of Science degree and his Masters in Business Administration from Florida Southern College. Mr. Weldon was appointed as Chief Financial Officer and as a member of the board of directors of Growblox Sciences, Inc., a Delaware corporation in September 2005 and served in both positions until November 2014. Mr. Weldon also served as chief executive officer of Growblox Sciences from December 29, 2009, through May 2, 2011, and from April 18, 2012, through March 13, 2014.

Committees of the Board of Directors

Due to the small number of directors, at the present time the duties of an Audit Committee, Nominating and Governance Committee, and Compensation Committee are performed by the board of directors as a whole. At such time as we have more directors on our board of directors, these committees will be reconstituted.

Code of Ethics

A copy of the company's code of ethics is attached to this annual report as exhibit 99.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our executive officers and directors, and persons who own more than 10% of a registered class of the company's equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission ("SEC"). Executive officers, directors and greater than 10% stockholders are required by SEC regulations to furnish the company with copies of all Section 16(a) forms they file.

Based solely on its review of the copies of reporting forms received by the company, the company believes that the following Forms 3 and 4 for transactions effected in 2012 were filed later than is required under Section 16(a) of the Securities Exchange Act of 1934:

- David Saloff was late in filing one Form 4 in connection with a grant of 26,334,193 options to purchase our common stock on March 1, 2012. The Form 4 was filed on May 30, 2012.

ITEM 11. EXECUTIVE COMPENSATION SUMMARY COMPENSATION TABLE

The following table set forth certain information concerning the annual and long-term compensation for services rendered to us in all capacities for the fiscal years ended December 31, 2012 and 2011 of all persons who served as our principal executive officers and as our principal financial officer during the fiscal year ended December 31, 2012. No other executive officers received total annual compensation during the fiscal year ended December 31, 2012 in excess of \$100,000. The principal executive officer and the other named officers are collectively referred to as the "Named Executive Officers."

| Name and Principal Position | Year | Salary (\$) | Bonus (\$) | Stock Awards | Option Awards⁽¹⁾ (\$) | Non-Equity Incentive Plan Compensation Earnings (\$) | Nonqualified Deferred Compensation Earnings (\$) | All Other Compensation (\$) | Total |
|----------------------------------------------------------------------------------------------------|-------------|--------------------|-------------------|---------------------|-----------------------------------------|-------------------------------------------------------------|---------------------------------------------------------|------------------------------------|--------------|
| Anthony J. Cataldo, Chairman, Chief Executive Officer (Principal Executive Officer) ⁽²⁾ | 2012 | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — |
| | 2011 | \$128,000 | \$ — | \$255,000 | \$ — | \$ — | \$ — | \$ — | \$383,000 |
| Michael Handelman, Chief Financial Officer (Principal Financial Officer) ⁽³⁾ | 2012 | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — |
| | 2011 | \$77,000 | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$77,000 |
| David Saloff, Chief Executive Officer ⁽⁴⁾ | 2012 | \$117,500 | \$ — | \$ — | \$ 1,053,367 | \$ — | \$ — | \$ — | 1,170,868 |
| | 2011 | \$40,800 | \$ — | \$ — | \$98,723 | \$ — | \$ — | \$ — | \$ 139,523 |

(1) This column represents option awards computed in accordance with FASB ASC Topic 718, excluding the effect of estimated forfeitures related to service-based vesting conditions. For additional information on the valuation assumptions with respect to the option grants, refer to Note 1 of our financial statements in this Annual Report. These amounts do not correspond to the actual value that will be recognized by the named executives from these awards.

(2) Mr. Cataldo served as our Chief Executive Officer from March 2009 to August 2011.

(3) Mr. Handelman resigned his position as Chief Financial Officer on October 25, 2011.

(4) Mr. Saloff was appointed Chief Executive Officer on August 29, 2011 and Chairman of the Board on March 1, 2012. He resigned his position of CEO in November 2013 and his board position in July 2014.

Employment Agreements

The Company has entered into employment agreements with Kenneth Eaton and Anthony J. Cataldo (each an “Executive”). Pursuant to the agreements, each Executive receives an annual salary of \$216,000, bonuses as determined by the Board of Directors, an award of common stock equal to 5% of the fully diluted shares of the Company as of July 1, 2014, and an equal number of options to obtain common shares which vest over three years. The term of employment under the agreements is for three years with a year to year renewal option thereafter.

Stock Option Grants

The following table sets forth information as of December 31, 2012, concerning unexercised options, unvested stock and equity incentive plan awards for the executive officers named in the Summary Compensation Table.

OUTSTANDING EQUITY AWARDS AT YEAR ENDED DECEMBER 31, 2012

| Name | Option Awards | | | Stock Awards | | | | | |
|-------------------|---------------------------------------------------------------------|-----------------------------------------------------------------------|---------------------------------------------------------------------------------------|----------------------------|------------------------|-------------------------------------------------------------|--------------------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) Unexercisable | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) | Option Exercise Price (\$) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#) | Market Value of Shares or Units of Stock That Have Not Vested (\$) | Unearned Shares, Units or Rights That Have Not Vested (#) | Equity Incentive Plan Awards: Market or Payout Value of Shares, Units or Rights That Have Not Vested (\$) |
| Anthony Cataldo | — ⁽¹⁾ | — | — | | | | | | |
| Michael Handelman | 250,000 | — | — | \$ 0.17 | 3/1/2020 | | | | |
| David Saloff | 777,778 | — | — | \$ 0.09 | 6/30/2021 | | | | |
| David Saloff | 538,713 | — | — | \$ 0.0535 | 8/31/2021 | | | | |
| David Saloff | 13,167,097 | 13,167,096 ⁽²⁾ | — | \$ 0.04 | 3/1/2022 | | | | |

(1) All shares were forfeited on October 25, 2012, following Mr. Cataldo's resignation in October 2011.

(2) One-third vested on March 1, 2012. Remaining shares vest monthly over 36 months.

(3) Vests quarterly beginning November 30, 2011.

Director Compensation

Mr. Eaton, appointed a director on June 27, 2011, receives a quarterly payment of \$4,500 for his services on the Board of Directors of the Company.

Effective July 1, 2011 the Board of Directors adopted a new compensation plan pursuant to which it agreed to pay each member of its Board of Directors an annual base fee of \$30,000 for serving as a director, plus \$1,250 per month for serving on as the chairperson of any committee of the Board, plus \$500 per month for serving as a member of any committee of the Board. The annual base fee is paid in equal quarterly installments. In addition, as part of the Board's new compensation package, Mr. Eaton shall also receive a non-qualified stock option to purchase \$70,000 worth (\$70,000 divided by the stock price on the date of grant) of shares of Common Stock.

Beginning in January 2012, members of the Board of Directors are to receive \$3,000 per quarter either in cash or registered shares, plus an option to purchase 25,000 shares at the market price at the end of each quarter. The options will vest equally over a one year period.

The following table sets forth information concerning the compensation paid to each of our non-employee directors during fiscal 2012 for their services rendered as directors.

DIRECTOR COMPENSATION FOR FISCAL YEAR 2012

| Name | Fees Earned | Stock Awards | Option Awards ⁽¹⁾ | Non-Equity Incentive Plan Compensation | Nonqualified | All Other Compensation | Total |
|---------------|-----------------|--------------|------------------------------|----------------------------------------|--------------------------------|------------------------|-----------|
| | or Paid in Cash | | | | Deferred Compensation Earnings | | |
| Thomas Hoog | \$ 12,000 | | \$ 750 | | | | \$ 12,750 |
| Kenneth Eaton | \$ 12,000 | | \$ 750 | | | | \$ 12,750 |
| Total | \$ 24,000 | | \$ 1,500 | | | | \$ 25,500 |

(1) This column represents the aggregate grant date of option awards computed in accordance with FASB ASC Topic 718, excluding the effect of estimated forfeitures related to service-based vesting conditions. For additional information on the valuation assumptions with respect to the option grants, refer to Note 4 of our financial statements in this Annual Report. These amounts do not correspond to the actual value that will be recognized by the named directors from these awards.

2003 Stock Incentive Plan

We have adopted an equity incentive plan, the 2003 Stock Incentive Plan (the "2003 Plan"), pursuant to which we are authorized to grant options to purchase up to 3,000,000 shares of common stock to our employees, officers, directors and consultants. The number of shares of common stock issuable under the 2003 Plan increases by 300,000 every year on January 1, commencing in 2005. In 2006, with the approval of shareholders, the 2003 Plan was amended to increase the number of shares reserved for issuance from 3,600,000 shares to 5,600,000 shares. As a result, the number of shares of common stock that may be awarded under the 2003 Plan has increased from 3,000,000 to 7,400,000 as of January 1, 2012. Additionally, any options to purchase shares of common stock that are unexercised at the end of their respective terms or otherwise forfeited, become available under the 2003 Plan. Awards under the 2003 Plan may consist of both non-qualified options and options intended to qualify as "Incentive Stock Options" under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

The 2003 Plan is administered by our Board of Directors or a committee appointed by the Board (the "Committee"). If appointed by the Board, the committee would consist of at least two members of the Board whose members shall, from time to time, be appointed by the Board. The Committee has the authority to determine the persons to whom awards will be granted, the type of award to be granted, the number of awards to be granted, and the terms and provisions of stock options granted pursuant to the 2003 Plan. The 2003 Plan may be amended by our Board of Directors at any time.

The number of shares of common stock exercisable in any single year with respect to the options granted under the 2003 Plan cannot exceed 500,000. The 2003 Plan provides that the purchase price of each share of common stock subject to an incentive stock option may not be less than 100% of the fair market value (as such term is defined in the 2003 Plan) of a share of our common stock on the date of grant. No incentive stock option shall be exercisable later than the tenth anniversary of its grant. With respect to non-qualified stock options, the Committee shall determine the purchase price of each share of common, provided however, that the purchase price shall not be less than 85% of the fair market value of the common stock on the date of grant.

The 2003 Plan also provides for automatic nonqualified stock option grants for 30,000 shares of common stock to each outside director (as such term is defined in the 2003 Plan) upon his or her appointment to our Board of Directors. For each subsequent calendar year immediately after the year that such director was appointed to our Board of Director, the director receives additional nonqualified stock options to purchase 5,000 shares of common stock upon the conclusion of each regular annual meeting of stockholders. All such options granted to the outside directors terminate upon the earlier of the 10th anniversary of the date of grant, six months after the outside director is no longer a member of the Board of Directors for any reason other than death or disability or 12 months after the outside director is no longer a member of the Board of Directors by reason of death or disability.

The 2003 Plan also provides us with the ability to grant shares of common stock that are subject to certain transferability, forfeiture or other restrictions. The recipient of restricted stock grants, the type of restriction, the number of shares of restricted stock granted and other such provisions shall be determined by the Committee. The Board, in good faith and in its sole discretion, shall determine the fair market value with regards to awards of restricted stock.

The 2003 Plan provides that in the event of a merger or change of control, the outstanding stock options and stock awards will be subject to any such merger or reorganization agreement, which will provide for either: the continuation of the outstanding stock options and stock awards at the time, the assumption of the outstanding stock options and stock awards by the surviving company, the substitution of the outstanding stock options and stock awards under the 2003 Plan to those of the surviving company, the full acceleration of the outstanding stock options and stock awards to allow for exercise or settlement of the full value of the outstanding stock options and stock awards.

The Board may, at any time, alter, amend, suspend, discontinue, or terminate the 2003 Plan, and only to the extent required by applicable laws, regulations or rules will the Board seek stockholder approval

2010 Stock Incentive Plan

On October 29, 2010, our Board adopted the Oxis International, Inc. 2010 Equity Incentive Plan (the “2010 Plan”), and recommended that the adoption of the 2010 Plan be submitted for approval by our stockholders. Until the stockholders approve the 2010 Plan, we may make awards under the 2010 Plan, as long as the effectiveness of the awards is conditioned upon obtaining such stockholder approval. If stockholders do not approval this proposal, we will not implement the 2010 Plan, and any currently outstanding awards under the 2010 Plan will terminate and be of no further force or effect. A summary of the 2010 Plan is set forth below.

General. The 2010 Plan provides for awards of incentive stock options, non-statutory stock options, rights to acquire restricted stock, and stock appreciation rights, or SARs. Incentive stock options granted under the 2010 Plan are intended to qualify as “incentive stock options” within the meaning of Section 422 of the Code. Non-statutory stock options granted under the 2010 Plan are not intended to qualify as incentive stock options under the Code. See “Federal Income Tax Consequences” below for a discussion of the principal federal income tax consequences of awards under the 2010 Plan.

Purpose. Our Board adopted the 2010 Plan to provide a means by which employees, directors and consultants of the Company and its affiliates may be given an opportunity to benefit from increases in the value of our Common Stock, to assist in attracting and retaining the services of such persons, to bind the interests of eligible recipients more closely to the Company’s interests by offering them opportunities to acquire shares of our Common Stock and to afford such persons stock-based compensation opportunities that are competitive with those afforded by similar businesses. All of our employees, directors and consultants are eligible to participate in the 2010 Plan.

Administration. Unless it delegates administration to a committee as described below, our Board will administer the 2010 Plan. Subject to the provisions of the 2010 Plan, the Board has the power to construe and interpret the 2010 Plan, and to determine: (i) the fair value of Common Stock subject to awards issued under the 2010 Plan; (ii) the persons to whom and the dates on which awards will be granted; (iii) what types or combinations of types of awards will be granted; (iv) the number of shares of Common Stock to be subject to each award; (v) the time or times during the term of each award within which all or a portion of such award may be exercised; (vi) the exercise price or purchase price of each award; and (vii) the types of consideration permitted to exercise or purchase each award and other terms of the awards.

The Board has the power to delegate administration of the 2010 Plan to a committee composed of one or more directors. In the discretion of the Board, a committee may consist solely of “outside directors” or “non-employee directors” (as such terms are defined in the 2010 Plan).

Stock Subject to the 2010 Plan. Subject to the provisions of Sections 6.1.1 and 7.2 of the 2010 Plan relating to adjustments upon changes in our Common Stock, an aggregate of 22,500,000 shares of common stock have been reserved for issuance under the 2010 Plan.

If shares of Common Stock subject to an option or SAR granted under the 2010 Plan expire or otherwise terminate without being exercised (or exercised in full), such shares shall become available again for grants under the 2010 Plan. If shares of restricted stock awarded under the 2010 Plan are forfeited to the Company or repurchased by the Company, the number of shares forfeited or repurchased shall again be available under the 2010 Plan. Where the exercise price of an option granted under the 2010 Plan is paid by means of the optionee’s surrender of previously owned shares of common stock, or the Company’s withholding of shares otherwise issuable upon exercise of the option as may be permitted under the 2010 Plan, only the net number of shares issued and which remain outstanding in connection with such exercise shall be deemed “issued” and no longer available for issuance under the 2010 Plan.

Eligibility. Incentive stock options may be granted under the 2010 Plan only to employees of the Company and its affiliates. Employees, directors and consultants of the Company and its affiliates are eligible to receive all other types of awards under the 2010 Plan.

No incentive stock option may be granted under the 2010 Plan to any person who, at the time of the grant, owns (or is deemed to own) stock possessing more than 10% of the total combined voting power of the Company or any affiliate of the Company, unless the exercise price is at least 110% of the fair market value of the stock subject to the option on the date of grant and the term of the option does not exceed five years from the date of grant. In addition, no employee may be granted options under the 2010 Plan exercisable for more than 3,000,000 shares of common stock during any twelve-month period.

Terms of Options and SARs. Options and SARs may be granted under the 2010 Plan pursuant to stock option agreements and stock appreciation rights agreements, respectively. The following is a description of the permissible terms of options and SARs under the 2010 Plan. Individual grants of options and SARs may be more restrictive as to any or all of the permissible terms described below.

The exercise price of incentive stock options may not be less than the fair market value of the common stock subject to the option on the date of the grant and, in some cases (see “Eligibility” above), may not be less than 110% of such fair market value. The exercise price of nonstatutory options also may not be less than the fair market value of the common stock on the date of grant. The base value of a SAR may not be less than the fair market value of the common stock on the date of grant. The exercise price of options granted under the 2010 Plan must be paid either in cash at the time the option is exercised or, at the discretion of the Board, (i) by delivery of already-owned shares of our Common Stock, (ii) pursuant to a deferred payment arrangement, (iii) pursuant to a net exercise arrangement, or (iv) pursuant to a cashless exercise as permitted under applicable rules and regulations of the Securities and Exchange Commission.

In addition, the holder of a SAR is entitled to receive upon exercise of such SAR only shares of our Common Stock at a fair market value equal to the benefit to be received by the exercise.

Options granted under the 2010 Plan may be exercisable in cumulative increments, or “vest,” as determined by the Board. Our Board has the power to accelerate the time as of which an option may vest or be exercised.

To the extent provided by the terms of an option or SAR, a participant may satisfy any federal, state or local tax withholding obligation relating to the exercise of such option or SAR by a cash payment upon exercise, or in the discretion of our Board, by authorizing the Company to withhold a portion of the stock otherwise issuable to the participant, by delivering already-owned shares of our Common Stock or by a combination of these means.

The maximum term of options and SARs under the 2010 Plan is ten years, except that in certain cases (see “Eligibility” above) the maximum term is five years. Options and SARs awarded under the 2010 Plan generally will terminate three months after termination of the participant’s service; however, pursuant to the terms of the 2010 Plan, an a grantee’s employment shall not be deemed to terminate by reason of such grantee’s transfer from the Company to an affiliate of the Company, or vice versa, or sick leave, military leave or other leave of absence approved by our Board, if the period of any such leave does not exceed ninety (90) days or, if longer, if the grantee’s right to reemployment by the Company or any of its affiliate is guaranteed either contractually or by statute.

A recipient may not transfer an incentive stock option otherwise than by will or by the laws of descent and distribution. During the lifetime of the recipient, only the recipient may exercise an option or SAR. The Board may grant nonstatutory stock options and SARs that are transferable to the extent provided in the applicable written agreement.

Terms of Restricted Stock Awards. Restricted stock awards may be granted under the 2010 Plan pursuant to restricted stock purchase or grant agreements. No awards of restricted stock may be granted under the 2010 Plan after ten (10) years from the Board’s adoption of the 2010 Plan.

Our Board may issue shares of restricted stock under the 2010 Plan as a grant or for such consideration, including services, and, subject to the Sarbanes-Oxley Act of 2002, promissory notes, as determined in its sole discretion. If restricted stock under the 2010 Plan is issued pursuant to a purchase agreement, the purchase price must be paid either in cash at the time of purchase or, at the discretion of our Board, pursuant to any other form of legal consideration acceptable to the Board.

Shares of restricted stock acquired under a restricted stock purchase or grant agreement may, but need not, be subject to forfeiture to the Company or other restrictions that will lapse in accordance with a vesting schedule to be determined by our Board. In the event a recipient’s employment or service with the Company terminates, any or all of the shares of Common Stock held by such recipient that have not vested as of the date of termination under the terms of the restricted stock agreement may be forfeited to the Company in accordance with such restricted stock agreement.

Our Board may require any recipient of restricted stock to pay to the Company in cash upon demand amounts necessary to satisfy any applicable federal, state or local tax withholding requirements. If the recipient fails to pay the amount demanded, our Board may withhold that amount from other amounts payable by the Company to the recipient, including salary, subject to applicable law. With the consent of our Board in its sole discretion, a recipient may deliver shares of our common stock to the Company to satisfy this withholding obligation.

Rights to acquire shares of common stock under the restricted stock purchase or grant agreement shall be transferable by the recipient only upon such terms and conditions as are set forth in the restricted stock agreement, as the Board shall determine in its discretion, so long as shares of Common Stock awarded under the restricted stock agreement remains subject to the terms of the such agreement.

Adjustment Provisions. If any change is made to our outstanding shares of Common Stock without the Company’s receipt of consideration (whether through reorganization, stock dividend or stock split, or other specified change in the capital structure of the Company), appropriate adjustments may be made in the class and maximum number of shares of Common Stock subject to the 2010 Plan and outstanding awards. In that event, the 2010 Plan will be appropriately adjusted in the class and maximum number of shares of Common Stock subject to the 2010 Plan, and outstanding awards may be adjusted in the class, number of shares and price per share of Common Stock subject to such awards.

Effect of Certain Corporate Events. In the event of (i) a liquidation or dissolution of the Company, (ii) a merger or consolidation of the Company with or into another corporation or entity (other than a merger with a wholly-owned subsidiary), or (iii) a sale of all or substantially all of the assets of the Company, any surviving or acquiring corporation may assume awards outstanding under the 2010 Plan or may substitute similar awards. Unless the stock award agreement otherwise provides, in the event any surviving or acquiring corporation does not assume such awards or substitute similar awards, then the awards will terminate if not exercised at or prior to such event.

Duration, Amendment and Termination. The Board may suspend or terminate the 2010 Plan without stockholder approval or ratification at any time or from time to time. Unless sooner terminated, the 2010 Plan will terminate ten years from the date of its adoption by the Board, i.e., in October 2020.

The Board may also amend the 2010 Plan at any time, and from time to time. However, except as provided in Section 6.1.1 and 7.2 relating to adjustments upon changes in common stock, no amendment will be effective unless approved by our stockholders to the extent stockholder approval is necessary to preserve incentive stock option treatment for federal income tax purposes. Our Board may submit any other amendment to the 2010 Plan for stockholder approval if it concludes that stockholder approval is otherwise advisable.

Federal Income Tax Consequences of Plans

The following is a summary of the principal United States federal income tax consequences to the recipient and the Company with respect to participation in the 2003 Plan and 2010 Plan. This summary is not intended to be exhaustive, and does not discuss the income tax laws of any city, state or foreign jurisdiction in which a participant may reside.

Incentive Stock Options

There will be no federal income tax consequences to either us or the recipient upon the grant of an incentive stock option. Upon exercise of the option, the excess of the fair market value of the stock over the exercise price, or the “spread,” will be added to the alternative minimum tax base of the recipient unless a disqualifying disposition is made in the year of exercise. A disqualifying disposition is the sale of the stock prior to the expiration of two years from the date of grant and one year from the date of exercise. If the shares of common stock are disposed of in a disqualifying disposition, the recipient will realize taxable ordinary income in an amount equal to the spread at the time of exercise, and we will be entitled (subject to the requirement of reasonableness, the provisions of Section 162(m) of the Code and the satisfaction of a tax reporting obligation) to a federal income tax deduction equal to such amount. If the recipient sells the shares of common stock after the specified periods, the gain or loss on the sale of the shares will be long-term capital gain or loss and we will not be entitled to a federal income tax deduction.

Non-statutory Stock Options and Restricted Stock Awards

Non-statutory stock options granted under the 2003 Plan and 2010 Plan and restricted stock awards granted under the 2010 Plan generally have the following federal income tax consequences.

There are no tax consequences to the participant or us by reason of the grant. Upon acquisition of the stock, the recipient will recognize taxable ordinary income equal to the excess, if any, of the stock’s fair market value on the acquisition date over the purchase price. However, to the extent the stock is subject to “a substantial risk of forfeiture” (as defined in Section 83 of the Code), the taxable event will be delayed until the forfeiture provision lapses unless the recipient elects to be taxed on receipt of the stock by making a Section 83(b) election within 30 days of receipt of the stock. If such election is not made, the recipient generally will recognize income as and when the forfeiture provision lapses, and the income recognized will be based on the fair market value of the stock on such future date. On that date, the recipient’s holding period for purposes of determining the long-term or short-term nature of any capital gain or loss recognized on a subsequent disposition of the stock will begin. If a recipient makes a Section 83(b) election, the recipient will recognize ordinary income equal to the difference between the stock’s fair market value and the purchase price, if any, as of the date of receipt and the holding period for purposes of characterizing as long-term or short-term any subsequent gain or loss will begin at the date of receipt.

With respect to employees, we are generally required to withhold from regular wages or supplemental wage payments an amount based on the ordinary income recognized. Subject to the requirement of reasonableness, the provisions of Section 162(m) of the Code and the satisfaction of a tax reporting obligation, we will generally be entitled to a business expense deduction equal to the taxable ordinary income realized by the participant.

Upon disposition of the stock, the recipient will recognize a capital gain or loss equal to the difference between the selling price and the sum of the amount paid for such stock plus any amount recognized as ordinary income with respect to the stock. Such gain or loss will be long-term or short-term depending on whether the stock has been held for more than one year.

Stock Appreciation Rights or SARs granted under the 2010 Plan

A recipient receiving a stock appreciation right will not recognize income, and we will not be allowed a tax deduction, at the time the award is granted. When a recipient exercises the stock appreciation right, the fair market value of any shares of common stock received will be ordinary income to the recipient and will be allowed as a deduction to us for federal income tax purposes.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information regarding beneficial ownership of our common stock as of October 23, 2014 (a) by each person known by us to own beneficially 5% or more of any class of our common stock, (b) by each of our Named Executive Officers, (c) by each of our directors and (d) by all of our current executive officers and directors as a group. As of October 23, 2014 there were 591,714,484 shares of our common stock issued and outstanding. Shares of common stock subject to stock options and warrants that are currently exercisable or exercisable within 60 days of October 23, 2014 are deemed to be outstanding for the purpose of computing the percentage ownership of that person but are not treated as outstanding for the purpose of computing the percentage ownership of any other person. Unless indicated below, the persons and entities named in the table have sole voting and sole investment power with respect to all shares beneficially owned, subject to community property laws where applicable. Except as otherwise indicated, the address of each stockholder is c/o OXIS International, Inc. at 468 N. Camden Drive, 2nd Fl., Beverly Hills, California 90210.

| Name and Address of Beneficial Owner | Number of Shares of Common Stock Beneficially Owned | Percent of Shares of Outstanding Common Stock |
|---------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|-----------------------------------------------------------|
| Security Ownership of Certain Beneficial Owners: | | |
| Bristol Investment Fund, Ltd. Bristol Capital Advisors, LLC 10990 Wilshire Boulevard, Suite 1410 Los Angeles, CA 90024 | 31,974,050(1) | 5.1% |
| Theorem Group, LLC (2) 10880 Wilshire Blvd., Suite 950 Los Angeles, CA 90024 | 39,725,000(2) | 6.3% |
| Anshuman Dube c/o Theorem Group, LLC 10880 Wilshire Blvd., Suite 950 Los Angeles, CA 90024 | 39,725,000(3) | 6.3% |
| Security Ownership of Management: | | |
| Anthony J. Cataldo | 5,000,000 | * |
| Kenneth Eaton | 0 | * |
| Steven Weldon | 0 | * |
| Executive officers and directors as a group — 3 persons | 5,000,000 | * |

* Less than 1%.

- (1) As reported on SC 13G/A filed with the SEC on February 13, 2013. Paul Kessler, manager of Bristol Capital Advisors, LLC, the investment advisor to Bristol Investment Fund, Ltd., has voting and investment control over the securities held by Bristol Investment Fund, Ltd. Mr. Kessler disclaims beneficial ownership of these securities.
- (2) Represents 36,125,000 warrants to purchase common stock, including 10,000,000 Series A Warrants and 10,000,000 Series B Warrants; and 2,500,000 shares of Series H Convertible Preferred Stock. The foregoing shares of Series H Convertible Preferred Stock, the 0% Convertible Debenture and the Series A Warrant and Series B Warrant limit the ability of the holder thereof to convert such securities if, following such conversion, the holder and its affiliates would beneficially own more than 4.99% of the Company's then issued and outstanding shares of Common Stock. The Series H Convertible Preferred Stock entitles the holder thereof to a number of votes, without the foregoing 4.99% limitation, equal to (A) the number of shares of Common Stock that such share of preferred stock could, at such time, be converted into (B) multiplied by 100 (or, a voting power of 250,000,000 shares). The foregoing table includes the 2,500,000 shares the Series H Convertible Preferred Stock is convertible into, but does not include the effect of these 250,000,000 votes. Anshuman Dube, managing director of Theorem Group, LLC, has voting and investment control over the securities held by Theorem Group, LLC. Mr. Dube disclaims beneficial ownership of these securities.
- (3) The referenced securities are held by Theorem Group, LLC and are as described in note (2) immediately above. Anshuman Dube is the managing director of Theorem Group, LLC, has voting and investment control over securities held by Theorem Group, LLC and is therefore the beneficial owner of securities held by Theorem Group, LLC.

Equity Compensation Plan Information

The following is a summary of our equity compensation plans at December 31, 2012:

| Plan Category | Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a) | Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b) | Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c) |
|----------------------------------------------------------------|----------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|
| Equity compensation plans approved by security holders (1) | 39,590,080 | \$ 0.07 | (10,928,568) |
| Equity compensation plans not approved by security holders (2) | 500,000 | \$ 0.29 | — |
| Total | 40,090,980 | \$ 0.07 | (10,928,568) |

- (1) As of December 31, 2012, we had options issued and outstanding to purchase 3,306,282 shares of common stock under our 2003 Stock Incentive Plan and 61,000 shares of common stock under the 1994 Stock Incentive Plan. Our 1994 Stock Incentive Plan terminated on April 30, 2004 and no additional grants may be made under that plan. As approved by stockholders, we may grant additional options to purchase up to 2,203,465 shares of common stock under our 2003 Stock Incentive Plan as of December 31, 2012. The number of shares reserved for issuance pursuant to options under the 2003 Stock Incentive Plan was increased by 300,000 shares on January 1, 2012 pursuant to an evergreen provision in the stock option plan. On August 25, 2011, stockholders approved the 2010 Stock Incentive Plan. As of December 31, 2012, we had options issued and outstanding for the purchase of 36,223,698 shares of our common stock under the 2010 Plan. We may grant additional options to purchase up to (13,723,698) shares of common stock under our 2003 Stock Incentive Plan as of December 31, 2012.

- (2) We have reserved 500,000 shares of common stock for issuance outside of our stock incentive plans. At December 31, 2011, options to purchase 500,000 shares of common stock are outstanding outside of our stock incentive plans.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Director Independence

None of our three directors qualify as “independent directors” as defined by Item 407 of Regulation S-K.

We have elected to use the definition for “director independence” under the Nasdaq Stock Market’s listing standards, which defines an “independent director” as “a person other than an officer or employee of us or its subsidiaries or any other individual having a relationship, which in the opinion of our Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.” The definition further provides that, among others, employment of a director by us (or any parent or subsidiary of ours) at any time during the past three years is considered a bar to independence regardless of the determination of our Board of Directors.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Seligson & Giannattasio, LLP was our independent registered public accounting firm for the fiscal years ending December 31, 2011 and 2012. The Audit Committee appointed Seligson & Giannattasio, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012. The following table shows the fees that were paid or accrued by us for audit and other services provided by Seligson & Giannattasio, LLP for the 2011 and 2012 fiscal years.

| | 2011 | 2012 |
|------------------------|------------------|------------------|
| Audit Fees (1) | \$ 50,500 | \$ 50,500 |
| Audit-Related Fees (2) | — | — |
| Tax Fees (3) | — | — |
| All Other Fees | — | — |
| Total | \$ 50,500 | \$ 50,500 |

- (1) Audit fees represent fees for professional services provided in connection with the audit of our annual financial statements and the review of our financial statements included in our Form 10-Q quarterly reports and services that are normally provided in connection with statutory or regulatory filings for the 2011 and 2012 fiscal years.
- (2) Audit-related fees represent fees for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and not reported above under “Audit Fees.”
- (3) Tax fees represent fees for professional services related to tax compliance, tax advice and tax planning.

All audit related services, tax services and other services rendered by Seligson & Giannattasio, LLP were pre-approved by our Board of Directors or Audit Committee. The Audit Committee has adopted a pre-approval policy that provides for the pre-approval of all services performed for us by Seligson & Giannattasio, LLP. The policy authorizes the Audit Committee to delegate to one or more of its members pre-approval authority with respect to permitted services. Pursuant to this policy, the Board delegated such authority to the Chairman of the Audit Committee. All pre-approval decisions must be reported to the Audit Committee at its next meeting. The Audit Committee has concluded that the provision of the non-audit services listed above is compatible with maintaining the independence Seligson & Giannattasio, LLP.

ITEM 15.**EXHIBITS, FINANCIAL STATEMENT SCHEDULES**

The Company's financial statements and related notes thereto are listed and included in this Annual Report beginning on page F-1. The following documents are furnished as exhibits to this Annual Report on Form 10-K.

EXHIBIT INDEX

| Exhibit Number | Exhibit Description | Incorporated by Reference | | | Filed Herewith |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|----------|--------|----------------|
| | | Form | Date | Number | |
| 3.1 | Restated Certificate of Incorporation as filed in Delaware September 10, 1996 and as thereafter amended through March 1, 2002 | 10-KSB | 04/01/02 | 3.A | |
| 3.2 | Certificate of Amendment to Amended and Restated Certificate of Incorporation of Oxis International, Inc. | 10-K | 03/31/11 | 3.2 | |
| 3.3 | Certificate of Designation of Preferences, Rights and Limitations of Series H Convertible Preferred Stock of Oxis International, Inc., dated February 5, 2010 | 8-K | 2/16/10 | 3.1 | |
| 3.4 | Certificate of Designation of Preferences, Rights and Limitations of Series I Convertible Preferred Stock of Oxis International, Inc., dated March 18, 2011. | 10-K | 03/31/11 | 3.4 | |
| 3.5 | Bylaws, as restated effective September 7, 1994 and as amended through April 29, 2003 | 10-QSB | 08/13/03 | 3 | |
| 10.1 | Employment Agreement of Steven Weldon | 8-K | 11/10/14 | 10.1 | |
| 14.1 | Code of Ethics | | | | X |
| 21.1 | Subsidiaries of OXIS International, Inc. | | | | X |
| 31.1 | Certification of the Principal Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | | | | |
| 31.2 | Certification of the Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | | | | X |
| 32.1 | Certification of the Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. | | | | |
| 32.2 | Certification of the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. | | | | X |
| 101 | Interactive Data File | | | | X |

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: November 17, 2014

OXIS International, Inc.

By: /s/ Kenneth Eaton
Kenneth Eaton
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| <u>Name</u> | <u>Position</u> | <u>Date</u> |
|-----------------------------------------------------|--------------------------------------------------------------------|-------------------|
| <u>/s/ Kenneth Eaton</u> Kenneth Eaton | Chief Executive Officer (Principal Executive Officer) and Director | November 17, 2014 |
| <u>/s/ Anthony J. Cataldo</u> Anthony J. Cataldo | Chairman of the Board and President of Oxis Biotech | November 17, 2014 |
| <u>/s/ Steven Weldon</u> Steven Weldon | Chief Financial Officer (Principal Financial Officer) and Director | November 17, 2014 |

OXIS INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

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| Balance Sheets as of December 31, 2012 and 2011 | F-2 |
| Statements of Operations For Years Ended December 31, 2012 and 2011 | F-3 |
| Statement of Stockholders' Equity (Deficit) For Years Ended December 31, 2012 and 2011 | F-4 |
| Statements of Cash Flows For Years Ended December 31, 2012 and 2011 | F-5 |
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To The Board of Directors and Stockholders of
Oxis International, Inc.

We have audited the accompanying consolidated balance sheets of Oxis International, Inc. (the "Company") and subsidiaries as of December 31, 2012 and 2011 and the related consolidated statements of operations, changes in stockholders' deficit and cash flows for the two years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Oxis International, Inc. and subsidiaries as of December 31, 2012 and 2011 and the consolidated results of their operations and their consolidated cash flows for the two years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has incurred significant recurring losses. The realization of a major portion of its assets is dependent upon its ability to meet its future financing needs and the success of its future operations. These factors raise substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from this uncertainty.

/s/ Seligson & Giannattasio, LLP
Seligson & Giannattasio, LLP
White Plains, New York
November 17, 2014

OXIS International, Inc. and Subsidiaries
December 31, 2012 and 2011
Consolidated Balance Sheets

| | December 31, 2012 | December 31, 2011 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 123,000 | \$ 92,000 |
| Inventories | 59,000 | 12,000 |
| Prepaid expenses | 20,000 | — |
| Total Current Assets | 202,000 | 104,000 |
| Patents, net | 24,000 | 25,000 |
| Total Other Assets | 24,000 | 25,000 |
| TOTAL ASSETS | \$ 226,000 | \$ 129,000 |
| LIABILITIES AND STOCKHOLDERS' DEFICIT | | |
| Current Liabilities: | | |
| Accounts payable | \$ 878,000 | \$ 806,000 |
| Accrued interest | 1,253,000 | 1,598,000 |
| Accrued expenses | 1,173,000 | 607,000 |
| Line of credit | 27,000 | 25,000 |
| Warrant liability | 1,378,000 | 158,000 |
| Settlement note payable | 702,000 | — |
| Demand notes payable | 63,000 | 266,000 |
| Convertible debentures, net of discount of \$809,000 and \$54,000, current portion | 463,000 | 775,000 |
| Convertible debentures | 625,000 | 995,000 |
| Total Current Liabilities | 6,562,000 | 5,230,000 |
| Stockholders' Deficit: | | |
| Convertible preferred stock - \$0.001 par value; 15,000,000 shares authorized: | | |
| Series C - 96,230 and 96,230 shares issued and outstanding at December 31, 2012 and December 31, 2011, respectively | 1,000 | 1,000 |
| Series H - 25,000 and 25,000 shares issued and outstanding at December 31, 2012 and December 31, 2011, respectively | — | — |
| Series I - 1,666,667 shares issued and outstanding at December 31, 2012 and December 31, 2011, respectively | 2,000 | 2,000 |
| Common stock - \$0.001 par value; 600,000,000 shares authorized; and 500,573,746 and 269,299,838 shares issued and outstanding at December 31, 2012 and December 31, 2011, respectively | 501,000 | 269,000 |
| Additional paid-in capital | 82,216,000 | 78,422,000 |
| Accumulated deficit | (88,966,000) | (83,795,000) |
| Noncontrolling interest | (90,000) | — |
| Total Stockholders' Deficit | (6,336,000) | (5,101,000) |
| TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT | \$ 226,000 | \$ 129,000 |

The accompanying notes are an integral part of these consolidated financial statements.

OXIS International, Inc. and Subsidiaries
December 31, 2012 and 2011
Statements of Operations

| | December 31, | |
|---------------------------------------------------------------|---------------------|---------------|
| | 2012 | 2011 |
| Revenue: | | |
| Product revenues | \$ 342,000 | \$ 26,000 |
| License revenues | — | — |
| TOTAL REVENUE | 342,000 | 26,000 |
| Cost of Product Revenue | 94,000 | 48,000 |
| Gross profit (loss) | 248,000 | (22,000) |
| Operating Expenses: | | |
| Research and development | — | 17,000 |
| Selling expenses | 400,000 | 420,000 |
| Selling, general and administrative | 3,362,000 | 3,469,000 |
| Total operating expenses | 3,762,000 | 3,906,000 |
| Loss from Operations | (3,514,000) | (3,928,000) |
| Change in value of warrant and derivative liabilities | (94,000) | 784,000 |
| Interest expense/income | (1,653,000) | (556,000) |
| Total Other Income (Expense) | (1,747,000) | 228,000 |
| Loss before minority interest and provision for income taxes | (5,261,000) | (3,700,000) |
| Less: Net income attributable to the noncontrolling interests | 90,000 | — |
| Income (loss) before provision for income taxes | (5,171,000) | (3,700,000) |
| Provision for income taxes | — | — |
| Net loss | (5,171,000) | (3,700,000) |
| Loss Per Share – basic and diluted | \$ (0.01) | \$ (0.02) |
| Weighted Average Shares Outstanding – basic and diluted | 371,724,614 | 201,099,910 |

The accompanying notes are an integral part of these consolidated financial statements.

OXIS INTERNATIONAL, INC. AND SUBSIDIARIES
Consolidated Statement of Stockholders' Deficit
For the Years Ended December 31, 2012 and 2011

| | Preferred Stock | | Common Stock | | Additional Paid-in Capital | Accumulated Deficit |
|---------------------------------------|------------------|-----------------|--------------------|-------------------|----------------------------------|------------------------|
| | Shares | Amount | Shares | Amount | | |
| Balance, December 31, 2010 | 1,787,897 | \$ 3,000 | 149,571,976 | \$ 149,000 | \$ 74,474,000 | \$ (80,095,000) |
| Issuance of stock options | | | | | 307,000 | |
| Issuance of common stock for services | | | 18,210,498 | 18,000 | 2,355,000 | |
| Conversion of debt | | | 77,734,000 | 78,000 | 1,286,000 | |
| Exercise of warrants | | | 23,783,364 | 24,000 | | |
| Net loss | | | | | | (3,700,000) |
| Balance at December 31, 2011 | 1,787,897 | \$ 3,000 | 269,299,838 | \$ 269,000 | \$ 78,422,000 | \$ (83,795,000) |
| Issuance of stock options | | | | | 929,000 | |
| Issuance of common stock for services | | | 47,600,000 | 48,000 | 1,406,000 | |
| Conversion of debt | | | 170,340,575 | 171,000 | 1,472,000 | |
| Exercise of warrants | | | 13,333,333 | 13,000 | (13,000) | |
| Net loss | | | | | | (5,171,000) |
| Balance at December 31, 2012 | <u>1,787,897</u> | <u>\$ 3,000</u> | <u>500,573,746</u> | <u>\$ 501,000</u> | <u>\$ 82,216,000</u> | <u>\$ (88,966,000)</u> |

The accompanying notes are an integral part of these consolidated financial statements.

OXIS INTERNATIONAL, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2012 and 2011

| | <u>2012</u> | <u>2011</u> |
|-------------------------------------------------------------------------------------------|-------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net loss | \$ (5,171,000) | \$ (3,700,000) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Amortization of intangible assets | 3,000 | 23,000 |
| Stock compensation expense for options and warrants issued to employees and non-employees | 929,000 | 307,000 |
| Issuance of shares for services | 1,454,000 | 2,373,000 |
| Amortization of debt discounts | 40,000 | 284,000 |
| Change in value of warrant and derivative liabilities | 1,220,000 | (854,000) |
| Changes in operating assets and liabilities: | | |
| Inventory | (47,000) | (12,000) |
| Other assets | (20,000) | 83,000 |
| Accounts payable and accrued liabilities | 605,000 | 533,000 |
| Net cash used in operating activities | <u>(987,000)</u> | <u>(963,000)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Acquisition of fixed assets | (2,000) | — |
| Net cash used by investing activities | <u>(2,000)</u> | <u>—</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from exercise of stock options and warrants | — | 24,000 |
| Proceeds from notes payable | 930,000 | 977,000 |
| Repayment of note payable | — | — |
| Net cash provided by financing activities | <u>930,000</u> | <u>1,001,000</u> |
| Minority interest | 90,000 | — |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 31,000 | 38,000 |
| CASH AND CASH EQUIVALENTS - Beginning of period | 92,000 | 54,000 |
| CASH AND CASH EQUIVALENTS - End of period | <u>\$ 123,000</u> | <u>\$ 92,000</u> |

The accompanying notes are an integral part of these consolidated financial statements.

OXIS International, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2012

1. The Company and Summary of Significant Accounting Policies

OXIS International, Inc. (collectively, “OXIS” or the “Company”) is engaged in the research, development and sale of products that counteract the harmful effects of “oxidative stress” and inflammation. Oxidative stress refers to the situations in which the body’s antioxidant and other defensive abilities to combat free radicals (a.k.a. highly reactive species of oxygen and nitrogen) are overwhelmed and normal healthy balance is lost. The Company’s current finished product and finished product candidates include therapeutic nutraceutical products, cosmeceutical products, functional foods and functional beverages. The Company also possesses intellectual property covering a number of proprietary compounds and formulations that may be out-licensed to biotech and pharmaceutical companies as drug candidates. The Company’s primary focus currently is on products that incorporate the unique amino acid naturally occurring compound, L-Ergothioneine (“ERGO”), as a key component. Ergothioneine is produced only by microorganisms in soil and is not synthesized by humans, animals or plants. The Company has spent approximately \$75 million in researching and developing ERGO, and now owns a patented process to synthesize commercial quantities of ERGO in a highly stable form that is highly soluble and tasteless, making it suitable for use in combination with other nutraceuticals and botanicals in a wide variety of dietary supplements, functional foods and beverages, and topical anti-aging products including lotions and creams.

In 1965, the corporate predecessor of OXIS, Diagnostic Data, Inc. was incorporated in the State of California. Diagnostic Data changed its incorporation to the State of Delaware in 1972; and changed its name to DDI Pharmaceuticals, Inc. in 1985. In 1994, DDI Pharmaceuticals merged with International BioClinical, Inc. and Bioxytech S.A. and changed its name to OXIS International, Inc.

Going Concern

As shown in the accompanying consolidated financial statements, the Company has incurred an accumulated deficit of \$88,965,000 through December 31, 2012. On a consolidated basis, the Company had cash and cash equivalents of \$123,000 at December 31, 2012. The Company's plan is to raise additional capital until such time that the Company generates sufficient revenues to cover its cash flow needs and/or it achieves profitability. However, the Company cannot assure that it will accomplish this task and there are many factors that may prevent the Company from reaching its goal of profitability.

The current rate of cash usage raises substantial doubt about the Company’s ability to continue as a going concern, absent any sources of significant cash flows. In an effort to mitigate this near-term concern the Company intends to seek additional equity or debt financing to obtain sufficient funds to sustain operations. The Company plans to increase revenues by introducing new nutraceutical products primarily based on its ergothioneine assets. However, the Company cannot provide assurance that it will successfully obtain equity or debt or other financing, if any, sufficient to finance its goals or that the Company will generate future product related revenues. The Company’s financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event that the Company cannot continue in existence.

Accounts receivable

The Company carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections and current credit conditions.

OXIS International, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2012

Advertising and promotional fees

Advertising expenses consist primarily of costs incurred in the design, development, and printing of Company literature and marketing materials. The Company expenses all advertising expenditures as incurred. The Company's advertising expenses were \$400,000 and \$158,000 for the years ended December 31, 2012 and 2011, respectively.

Basis of Consolidation and Comprehensive Income

The accompanying consolidated financial statements include the accounts of OXIS International, Inc. and its subsidiaries. All intercompany balances and transactions have been eliminated. The Company's financial statements are prepared using the accrual method of accounting.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Concentrations of Credit Risk

The Company's cash and cash equivalents, marketable securities and accounts receivable are monitored for exposure to concentrations of credit risk. The Company maintains substantially all of its cash balances in a limited number of financial institutions. The balances are each insured by the Federal Deposit Insurance Corporation up to \$250,000. Through December 31, 2012, all balances in U.S. non-interest bearing accounts are fully insured. The Company had no balances in excess of this limit at December 31, 2012, although at times during the year, the Company may have exceeded the insured limits. Management monitors the amount of credit exposure related to accounts receivable on an ongoing basis and generally requires no collateral from customers. The Company maintains allowances for estimated probable losses, when applicable.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, restricted cash, accounts receivable, inventory, accounts payable and accrued expenses approximate fair value because of the short-term nature of these instruments. The fair value of debt is based upon current interest rates for debt instruments with comparable maturities and characteristics and approximates the carrying amount.

Stock Based Compensation to Employees

The Company accounts for its stock-based compensation for employees in accordance with Accounting Standards Codification ("ASC") 718. The Company recognizes in the statement of operations the grant-date fair value of stock options and other equity-based compensation issued to employees and non-employees over the related vesting period.

The Company granted stock options to purchase 26,384,193 and 4,452,717 shares of the Company's common stock to employees and directors during the year ended December 31, 2012 and 2011, respectively. The fair values of employee stock options are estimated for the calculation of the pro forma adjustments at the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions during 2012: expected volatility of 116%; average risk-free interest rate of 1.04% to 2.03%; initial expected life of 5 to 10 years; no expected dividend yield; and amortized over the vesting period of typically one to four years. The Company reported an expense for share-based compensation for its employees and directors of \$929,000 and \$303,000 for the year ended December 31, 2012 and 2011, respectively.

OXIS International, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2012

Stock Based Compensation to Other than Employees

The Company granted stock options to purchase 0 and 500,000 shares of the Company's common stock to non-employees during the year ended December 31, 2012 and 2011, respectively. The Company accounts for equity instruments issued in exchange for the receipt of goods or services from other than employees in accordance with ASC 718. Costs are measured at the estimated fair market value of the consideration received or the estimated fair value of the equity instruments issued, whichever is more reliably determinable. The value of equity instruments issued for consideration other than employee services is determined on the earlier of a performance commitment or completion of performance by the provider of goods or services. In the case of equity instruments issued to consultants, the fair value of the equity instrument is recognized over the term of the consulting agreement. The Company recognized \$0 and \$4,000 in share-based compensation expense for non-employees for the year ended December 31, 2012 and 2011, respectively.

Inventories

The Company states its inventories at the lower of cost or market. Cost has been determined by using the first-in, first-out method. The physical count of inventory takes place at the end of the year, and the Company makes estimates of inventory at interim dates. The Company periodically reviews its reserves for slow moving and obsolete inventory and believes that such reserves are adequate at December 31, 2012. Below is a summary of inventory at December 31, 2012 and 2011, respectively.

| | December 31, 2012 | December 31, 2011 |
|-----------------|------------------------------|------------------------------|
| Raw materials | \$ 0 | \$ 12,000 |
| Work in process | 0 | 0 |
| Finished goods | 59,000 | 0 |
| | <u>\$ 59,000</u> | <u>\$ 12,000</u> |

Impairment of Long Lived Assets

The Company's long-lived assets currently consist of capitalized patents. The Company evaluates its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If any of the Company's long-lived assets are considered to be impaired, the amount of impairment to be recognized is equal to the excess of the carrying amount of the assets over the fair value of the assets.

OXIS International, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2012

Income Taxes

The Company accounts for income taxes using the asset and liability approach, whereby deferred income tax assets and liabilities are recognized for the estimated future tax effects, based on current enacted tax laws, of temporary differences between financial and tax reporting for current and prior periods. Deferred tax assets are reduced, if necessary, by a valuation allowance if the corresponding future tax benefits may not be realized.

Net Income (Loss) per Share

Basic net income (loss) per share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period, plus the potential dilutive effect of common shares issuable upon exercise or conversion of outstanding stock options and warrants during the period. The weighted average number of potentially dilutive common shares excluded from the calculation of net income (loss) per share totaled 686,716,412 in 2012 and 225,840,307 in 2011.

Patents

Acquired patents are capitalized at their acquisition cost or fair value. The legal costs, patent registration fees and models and drawings required for filing patent applications are capitalized if they relate to commercially viable technologies. Commercially viable technologies are those technologies that are projected to generate future positive cash flows in the near term. Legal costs associated with patent applications that are not determined to be commercially viable are expensed as incurred. All research and development costs incurred in developing the patentable idea are expensed as incurred. Legal fees from the costs incurred in successful defense to the extent of an evident increase in the value of the patents are capitalized.

Capitalized cost for pending patents are amortized on a straight-line basis over the remaining twenty year legal life of each patent after the costs have been incurred. Once each patent is issued, capitalized costs are amortized on a straight-line basis over the shorter of the patent's remaining statutory life, estimated economic life or ten years.

Property, Plant and Equipment

Property, plant and equipment is stated at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, which are 3 to 10 years for machinery and equipment and the shorter of the lease term or estimated economic life for leasehold improvements.

Fair Value

The carrying amounts reported in the balance sheets for receivables and current liabilities each qualify as financial instruments and are a reasonable estimate of fair value because of the short period of time between the origination of such instruments and their expected realization and their current market rate of interest. The three levels are defined as follows:

- Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets. The Company's Level 1 assets include cash equivalents, primarily institutional money market funds, whose carrying value represents fair value because of their short-term maturities of the investments held by these funds.

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- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. The Company's Level 2 liabilities consist of liabilities arising from the issuance of convertible securities and in accordance with ASC 815-40: a warrant liability for detachable warrants, as well as an accrued derivative liability for the beneficial conversion feature. These liabilities are remeasured each reporting period. Fair value is determined using the Black-Scholes valuation model based on observable market inputs, such as share price data and a discount rate consistent with that of a government-issued security of a similar maturity.
- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following table represents the Company's assets and liabilities by level measured at fair value on a recurring basis at December 31, 2012.

| Description | Level 1 | Level 2 | Level 3 |
|--------------------|---------|-----------|---------|
| Assets | \$ — | \$ — | \$ — |
| Liabilities | | | |
| Warrant liability | — | 1,378,000 | — |

Recent Accounting Pronouncements

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2014-09 (ASU 2014-09), Revenue from Contracts with Customers. ASU 2014-09 will eliminate transaction- and industry-specific revenue recognition guidance under current U.S. GAAP and replace it with a principle based approach for determining revenue recognition. ASU 2014-09 will require that companies recognize revenue based on the value of transferred goods or services as they occur in the contract. The ASU also will require additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 is effective for reporting periods beginning after December 15, 2016, and early adoption is not permitted. Entities can transition to the standard either retrospectively or as a cumulative-effect adjustment as of the date of adoption. Management has not determined the effect of adopting ASU 2014-09 on our ongoing financial reporting.

In April 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-08, "Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360)." ASU 2014-08 amends the requirements for reporting discontinued operations and requires additional disclosures about discontinued operations. Under the new guidance, only disposals representing a strategic shift in operations or that have a major effect on the Company's operations and financial results should be presented as discontinued operations. This new accounting guidance is effective for annual periods beginning after December 15, 2014.

Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future financial statements.

Management does not believe that any recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the Company's financial position or results of operations.

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Research and Development

Research and development costs are expensed as incurred and reported as research and development expense.

Revenue Recognition

Product Revenue

The Company manufactures, or has manufactured on a contract basis, fine chemicals and nutraceutical products, which are its primary products to be sold to customers. Revenue from the sale of its products, including shipping fees, will be recognized when title to the products is transferred to the customer which usually occurs upon shipment or delivery, depending upon the terms of the sales order and when collectability is reasonably assured. Revenue from sales to distributors of its products will be recognized, net of allowances, upon delivery of product to the distributors. According to the terms of individual distributor contracts, a distributor may return product up to a maximum amount and under certain conditions contained in its contract. Allowances are calculated based upon historical data, current economic conditions and the underlying contractual terms.

License Revenue

License arrangements may consist of non-refundable upfront license fees, exclusive licensed rights to patented or patent pending technology, and various performance or sales milestones and future product royalty payments. Some of these arrangements are multiple element arrangements.

Non-refundable, up-front fees that are not contingent on any future performance by us, and require no consequential continuing involvement on our part, are recognized as revenue when the license term commences and the licensed data, technology and/or compound is delivered. We defer recognition of non-refundable upfront fees if we have continuing performance obligations without which the technology, right, product or service conveyed in conjunction with the non-refundable fee has no utility to the licensee that is separate and independent of our performance under the other elements of the arrangement. In addition, if we have continuing involvement through research and development services that are required because our know-how and expertise related to the technology is proprietary to us, or can only be performed by us, then such up-front fees are deferred and recognized over the period of continuing involvement.

Payments related to substantive, performance-based milestones in a research and development arrangement are recognized as revenue upon the achievement of the milestones as specified in the underlying agreements when they represent the culmination of the earnings process.

Segment Reporting

The Company operates in one reportable segment.

Use of Estimates

The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America, and have been consistently applied in the preparation of the financial statements. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities revenues and expenses and disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

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2. Patents

| | December 30, 2012 | December 31, 2011 |
|--------------------------|------------------------------|------------------------------|
| Capitalized patent costs | \$ 642,000 | \$ 640,000 |
| Accumulated amortization | (618,000) | (615,000) |
| | <u>\$ 24,000</u> | <u>\$ 25,000</u> |

Periodically, the Company reviews its patent portfolio and has determined that certain patent applications no longer possessed commercial viability or were abandoned since they were inconsistent with the Company's business development strategy.

The following table presents expected future amortization of patent costs as of December 31, 2012 that may change according to the Company's amortization policy upon additional patents being issued or allowed:

| | |
|------|-------|
| 2013 | 4,000 |
| 2014 | 4,000 |
| 2015 | 4,000 |
| 2016 | 4,000 |
| 2017 | 4,000 |

3. Debt

Convertible debentures

On October 25, 2006, the Company entered into a securities purchase agreement ("2006 Purchase Agreement") with four accredited investors (the "2006 Purchasers"). In conjunction with the signing of the 2006 Purchase Agreement, the Company issued secured convertible debentures ("2006 Debentures") and Series A, B, C, D, and E common stock warrants ("2006 Warrants") to the 2006 Purchasers, and the parties also entered into a security agreement (the "2006 Security Agreement") pursuant to which the Company agreed to grant the 2006 Purchasers, *pari passu*, a security interest in substantially all of the Company's assets.

Pursuant to the terms of the 2006 Purchase Agreement, the Company issued the 2006 Debentures in an aggregate principal amount of \$1,694,250 to the 2006 Purchasers. The 2006 Debentures are subject to an original issue discount of 20.318% resulting in proceeds to the Company of \$1,350,000 from the transaction. The 2006 Debentures were due on October 25, 2008. The 2006 Debentures are convertible, at the option of the 2006 Purchasers, at any time prior to payment in full, into shares of common stock of the Company. As a result of the full ratchet anti-dilution provision the current conversion price is \$0.01 per share (the "2006 Conversion Price"). Beginning on the first of the month beginning February 1, 2007, the Company was required to amortize the 2006 Debentures in equal installments on a monthly basis resulting in a complete repayment by the maturity date (the "Monthly Redemption Amounts"). The Monthly Redemption Amounts could have been paid in cash or in shares, subject to certain restrictions. If the Company chose to make any Monthly Redemption Amount payment in shares of common stock, the price per share would have been the lesser of the Conversion Price then in effect and 85% of the weighted average price for the 10-trading days prior to the due date of the Monthly Redemption Amount. The Company did not make any of the required monthly redemption payments.

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Pursuant to the provisions of the 2006 Debentures, such non-payment was an event of default and penalty interest has accrued on the unpaid redemption balance at an interest rate equal to the lower of 18% per annum and the maximum rate permitted by applicable law. In addition, each of the 2006 Purchasers has the right to accelerate the cash repayment of at least 130% of the outstanding principal amount of the 2006 Debenture (plus accrued but unpaid liquidated damages and interest) and to sell substantially all of the Company's assets pursuant to the provisions of the 2006 Security Agreement to satisfy any such unpaid balance. On June 6, 2008, the Company received notification from Bristol Investment Fund, Ltd ("Bristol"), that the collateral held under the 2006 Security Agreement would be sold to the highest qualified bidder on Thursday, June 19, 2008. On June 19, 2008, the Company received a Notice of Disposition of Collateral from Bristol in which Bristol notified the Company that Bristol, acting as the agent for itself and the three other 2006 Purchasers, purchased certain assets held as collateral under the 2006 Security Agreement. Bristol purchased 111,025 shares of common stock of BioCheck, Inc., the Company's majority owned subsidiary, on a credit bid of \$50,000, and Bristol also purchased 1,000 shares of the capital stock of OXIS Therapeutics, Inc., a wholly owned subsidiary of OXIS, for a credit bid of \$10,000. In December 2005, OXIS purchased the 111,025 shares of common stock of BioCheck, Inc. for \$3,060,000. After crediting the aggregate amount of \$60,000 to the aggregate amount due under the 2006 Debentures, plus fees and charges due through June 19, 2008, Bristol notified the Company that the Company remains obligated to the 2006 Purchasers in a deficiency in an aggregate amount of \$2,688,000 as of June 19, 2008. As a result of the disposition of the collateral, the Company recorded a net loss aggregating \$2,978,000.

Under the 2006 Purchase Agreement, the 2006 Purchasers also have a right of first refusal to participate in up to 100% of any future financing undertaken by the Company until the 2006 Debentures are no longer outstanding. In addition, the Company is also prohibited from effecting any subsequent financing involving a variable rate transaction until such time as no 2006 Purchaser holds any of the 2006 Debentures. Furthermore, so long as any 2006 Purchaser holds any of the securities issued under the 2006 Purchase Agreement, if the Company issues or sells any common stock or instruments convertible into common stock which a 2006 Purchaser reasonably believes is on terms more favorable to such investors than the terms pursuant to the 2006 Debentures or 2006 Warrants, the Company is obligated to permit such 2006 Purchaser the benefits of such better terms.

Of the 2006 Warrants issued by the Company to the 2006 Purchasers, only the Series A Warrants remain outstanding. The Series A Warrants, which now expire in October 2014, permit the holders to purchase 2,420,357 shares of common stock at an original exercise price of \$0.35 per share. Such exercise price is adjustable pursuant to a full ratchet anti-dilution provision and upon the occurrence of a stock split or a related event.

During 2009, Bristol converted \$177,900 of the principal amount of 2006 Debentures for 17,790,000 shares of the Company's common stock. During 2010, Bristol converted an additional \$401,000 of the principal amount of 2006 Debentures for 40,100,000 shares of the Company's common stock. During 2011, an additional \$605,000 of the principal amount of 2006 Debentures was converted into 60,500,000 shares of the Company's common stock. During 2012, an additional \$369,625 of the principal amount of 2006 Debentures was converted into 87,654,791 shares of the Company's common stock.

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The 2006 Debentures do not meet the definition of a “conventional convertible debt instrument” since they are not convertible into a fixed number of shares. The Monthly Redemption Amounts can be paid with common stock at a conversion price that is a percentage of the market price; therefore the number of shares that could be required to be delivered upon “net-share settlement” is essentially indeterminate. Therefore, the 2006 Debentures are considered “non-conventional,” which means that the conversion feature must be bifurcated from the debt and shown as a separate derivative liability. This beneficial conversion liability has been calculated to be \$690,000 on October 25, 2006. In addition, since the 2006 Debentures are convertible into an indeterminate number of shares of common stock, it is assumed that the Company could never have enough authorized and unissued shares to settle the conversion of the 2006 Warrants issues in this transaction into common stock. Therefore, the 2006 Warrants have a fair value of \$2,334,000 at October 25, 2006. The value of the 2006 Warrant was calculated using the Black-Scholes model using the following assumptions: Discount rate of 4.5%, volatility of 158% and expected term of 1 to 6 years. The fair value of the beneficial conversion feature and the 2006 Warrant liability will be adjusted to fair value on each balance sheet date with the change being shown as a component of net loss. The fair value of the beneficial conversion feature and the 2006 Warrants at the inception of the 2006 Debentures were \$690,000 and \$2,334,000, respectively.

The first \$1,350,000 of these discounts has been shown as a discount to the 2006 Debentures which will be amortized over the term of the 2006 Debenture and the excess of \$1,674,000 has been shown as financing costs in the accompanying statement of operations.

At December 31, 2012 and 2011, the Company determined the fair value of the 2006 Warrants was \$34,340 and \$39,000, respectively.

On October 1, 2009, the Company entered into a financing arrangement with several accredited investors (the “2009 Investors”), pursuant to which it sold various securities in consideration of a maximum aggregate purchase price of \$2,000,000 (the “2009 Financing”). In connection with the 2009 Financing, the Company issued the following securities to the 2009 Investors:

- 0% Convertible Debentures in the principal amount of \$2,000,000 due 24 months from the date of issuance (the “2009 Debentures”), convertible into shares of the Company’s common stock at a per share conversion price equal to \$0.05 per share;
- Series A warrant to purchase such number of shares of the Company’s common stock equal to 50% of the principal amount invested by each 2009 Investor (the “2009 Class A Warrants”) resulting in the issuance of Class A Warrants to purchase 20,000,000 shares of common stock of the Company.
- Series B warrant to purchase such number of shares of the Company’s common stock equal to 50% of the principal amount invested by each 2009 Investor (the “2009 Class B Warrants”) resulting in the issuance of Class B Warrants to purchase 20,000,000 shares of common stock of the Company.

The Class A Warrants and Class B Warrants (collectively, the “2009 Warrants”) are exercisable for up to five years from the date of issue at a per share exercise price equal to \$0.0625 and \$0.075 for the Class A Warrants and the Class B Warrants, respectively, on a cash or cashless basis. The 2009 Debentures and the 2009 Warrants are collectively referred to herein as the “2009 Securities”.

In connection with the sale of the 2009 Securities by the Company, the Company and Bristol entered a Standstill and Forbearance Agreement, pursuant to which Bristol agreed to refrain and forbear from exercising certain rights and remedies with respect to (i) the 2006 Debentures and (ii) certain demand notes (the “Bridge Notes”) issued by the Company on October 8, 2008, March 19, 2009, April 7, 2009, April 28, 2009, May 21, 2009 and June 25, 2009 and discussed under the caption “Demand Notes” below. In connection with the sale of the 2009 Securities by the Company, the Company and Bristol have also entered into a waiver agreement (the “Waiver Agreement”) pursuant to which Bristol waived certain rights with respect to the 2006 Debentures and Bridge Notes.

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The conversion price of the 2009 Debentures and the exercise price of the 2009 Warrants are subject to full ratchet anti-dilution adjustment in the event that the Company thereafter issues common stock or common stock equivalents at a price per share less than the conversion price or the exercise price, respectively, and to other normal and customary anti-dilution adjustment upon certain other events. So long as the 2009 Debentures are outstanding, if the Company effects a subsequent financing, the October 2009 Investors may elect, in their sole discretion, to exchange all or some of the October 2009 Debentures (but not the 2009 Warrants) for any securities or units issued in a subsequent financing on a \$1.00 for \$1.00 basis or to have any particular provisions of the subsequent financing legal documents apply to the documents utilized for the October 2009 Financing.

The Company also agreed that if it determines to prepare and file with the Commission a registration statement relating to an offering for its own account or the account of others, then it shall include the shares of common stock underlying the 2009 Securities on such registration statement. The 2009 Investors have contractually agreed to restrict their ability to convert the 2009 Debentures and exercise the 2009 Warrants and receive shares of our common stock such that the number of shares of the Company common stock held by a 2009 Investor and its affiliates after such conversion or exercise does not exceed 4.9% of the Company's then issued and outstanding shares of common stock.

During 2010, 2009 Investors converted \$1,335,000 of the principal amount of 2009 Debentures for 26,700,000 shares of the Company's common stock. During 2011, 2009 Investors converted \$610,000 of the principal amount of 2009 Debentures for 12,200,000 shares of the Company's common stock. Accordingly, at December 31, 2012, \$55,000 in aggregate principal amount of 2009 Debentures remained outstanding. In addition, as of December 31, 2012, 93,125,000 of the 2009 Class A Warrants and 118,875,000 of the 2009 Class B Warrants remained outstanding.

On June 1, 2011, the Company entered into a financing arrangement with several accredited investors (the "June 2011 Investors"), pursuant to which it sold various securities in consideration of a maximum aggregate purchase price of \$500,000 (the "June 2011 Financing"). In connection with the June 2011 Financing, the Company issued the following securities to the June 2011 Investors:

- 12% Convertible Debentures in the principal amount of \$500,000 due April 15, 2012, convertible into shares of the Company's common stock at a per share conversion price equal to \$0.10 per share; and
- Warrants to purchase 5,000,000 of shares of the Company's common stock. The warrants are exercisable, on a cash or cashless basis, for up to two years from the date of issue at a per share exercise price equal to \$0.15.

In November, 2011, the Company entered into a financing arrangement with several accredited investors (the "November 2011 Investors"), pursuant to which it sold various securities in consideration of a maximum aggregate purchase price of \$275,000 (the "November 2011 Financing"). In connection with the November 2011 Financing, the Company issued the following securities to the November 2011 Investors:

- 8% Convertible Debentures in the principal amount of \$275,000 due in two years, convertible into shares of the Company's common stock at a per share conversion price equal to \$0.05 per share; and
- Warrants to purchase 5,500,000 of shares of the Company's common stock. The Class A Warrants and Class B Warrants (collectively, the "Warrants") are exercisable for up to five years from the date of issue at a per share exercise price equal to \$0.0625 and \$0.075 for the Class A Warrants and the Class B Warrants, respectively, on a cash or cashless basis.

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In March, 2012, the Company entered into a financing arrangement with several accredited investors pursuant to which it sold various securities in consideration of a maximum aggregate purchase price of \$617,500 (the "March 2012 Financing"). In connection with the March 2012 Financing, the Company issued the following securities to the investors:

- 8% Convertible Debentures in the principal amount of \$617,500 due in two years, convertible into shares of the Company's common stock at a per share conversion price equal to \$0.05 per share; and
- Warrants to purchase 12,350,000 of shares of the Company's common stock. The Class A Warrants and Class B Warrants (collectively, the "March 2012 Warrants") are exercisable for up to five years from the date of issue at a per share exercise price equal to \$0.0625 and \$0.075 for the Class A Warrants and the Class B Warrants, respectively, on a cash or cashless basis.

In April 2012, the Company agreed to an adjustment as negotiated to enable inducement of further financing of the Company. Pursuant to the anti-dilution provisions in the convertible instruments, the conversion price of certain convertible instruments is now \$0.01 (with the exception of the conversion price of the October 2006 Debenture which is already priced at the lesser of \$0.01 and 60% of the average of the lowest three trading prices occurring at any time during the 20 trading days preceding conversion).

In May, 2012, the Company entered into a financing arrangement with several accredited investors pursuant to which it sold various securities in consideration of a maximum aggregate purchase price of \$275,000 (the "May 2012 Financing"). In connection with the May 2012 Financing, the Company issued the following securities to the investors:

- 8% Convertible Debentures in the principal amount of \$275,000 due May 2014, convertible into shares of the Company's common stock at a per share conversion price equal to \$0.05 per share; and
- Warrants to purchase 5,500,000 of shares of the Company's common stock. The Class A Warrants and Class B Warrants (collectively, the "May 2012 Warrants") are exercisable for up to five years from the date of issue at a per share exercise price equal to \$0.0625 and \$0.075 for the Class A Warrants and the Class B Warrants, respectively, on a cash or cashless basis.

On August 8, 2012, a Settlement Agreement and Mutual General Release ("Agreement") was made by and between OXIS and Bristol Investment Fund, Ltd., in order to settle certain claims regarding certain convertible debentures held by Bristol.

Pursuant to the Agreement, OXIS shall pay Bristol (half of which payment would redound to Merit Capital Limited ("Merit")) a total of \$1,119,778 as payment in full for the losses suffered and all costs incurred by Bristol in connection with the Transaction. Payment of such \$1,119,778 shall be made as follows: OXIS shall issue restricted common stock to each of Bristol and Merit, in an amount such that each Bristol and Merit shall hold no more than 9.99% of the outstanding shares of OXIS (including any shares that each may hold as of the date of issuance). The shares so issued represent \$417,475.65 of the \$1,119,778 payment (27,831,710 shares at \$0.015 per share, of which 9,168,750 will be retained by Bristol and 18,662,960 will be issued to Merit). The remaining balance of the payment shall be made in the form of two convertible promissory notes in the respective amounts of \$422,357.75 for Bristol and \$279,944.60 for Merit (collectively, the "Notes") with a maturity of December 1, 2017 having an 8% annual interest rate, with interest only accruing until January 1, 2013, and then level payments of \$3,750 each beginning January 1, 2013 until paid in full on December 1, 2017. In the event a default in the monthly payments on the Notes has occurred and is continuing each holder of the Notes shall be permitted to convert the unpaid principal and interest of the Notes into shares of OXIS at \$.01 cents per share. In the absence of such continuing default no conversion of the Notes will be permitted. OXIS will have the right to repay the Notes in full at any time without penalty.

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Demand Notes

On May 15, 2009, the Company entered into a convertible demand promissory note with Bristol Capital, LLC for certain consulting services totaling \$100,000. The note does not provide for any interest and is due upon demand by the holder. The note has been converted into common stock of the Company.

On June 22, 2009, the Company entered into a convertible demand promissory note with Theorem Group ("Theorem") pursuant to which Theorem purchased an aggregate principal amount of \$31,375 of convertible demand promissory notes for an aggregate purchase price of \$25,000 (the "2009 Theorem Note"). The 2009 Theorem Note was subsequently sold as described below.

Simultaneously with the issuance of the 2009 Theorem Note, the Company issued Theorem a seven-year warrant (the "2009 Theorem Warrant") to purchase 3,137,500 shares of common stock of the Company at a price equal to the lower of (i) \$0.01 and (ii) 60% of the average of the three (3) lowest trading prices occurring at any time during the 20 trading days preceding the issue date of the Theorem Note (the "Exercise Price"). The 2009 Theorem Warrant may be exercised on a cashless basis if the shares of common stock underlying the 2009 Theorem Warrant are not then registered pursuant to an effective registration statement. In the event the 2009 Theorem Warrant is exercised on a cashless basis, we will not receive any proceeds.

On December 1, 2009, Theorem sold the 2009 Theorem Note to Net Capital Partners, Inc. ("Net Capital"). In December 2009, Net Capital converted \$24,000 of the principal for 2,400,000 shares of the Company's common stock. In January 2010, Net Capital converted the remaining \$7,375 of principal amount for an additional 737,500 shares of the Company's common stock.

On February 7, 2011 the Company entered into a convertible demand promissory note with Bristol pursuant to which Bristol purchased an aggregate principal amount of \$31,375 of convertible demand promissory notes for an aggregate purchase price of \$25,000 (the "February 2011 Bristol Note"). The February 2011 Bristol Note is convertible into shares of common stock of the Company at a price equal to \$0.05 per share.

Simultaneously with the issuance of the February 2011 Bristol Note, the Company issued Bristol a Series A Warrant (the "February 2011 Bristol Series A Warrants") to purchase 313,750 shares of the Company's common stock at a per share exercise price of \$0.0625, and a Series B Warrant (the "February 2011 Bristol Series B Warrants" and, together with the February 2011 Bristol Series A Warrants, the "February 2011 Bristol Warrants") to purchase 313,750 shares of the Company's common stock at a per share exercise price of \$0.075. The February 2011 Warrants are exercisable for up to seven years from the date of issue. The February 2011 Warrants may be exercised on a cashless basis if the shares of common stock underlying the February 2011 Warrants are not then registered pursuant to an effective registration statement. In the event the February 2011 Bristol Warrants are exercised on a cashless basis, the Company will not receive any proceeds.

On February 7, 2011 the Company entered into a convertible demand promissory note with Net Capital pursuant to which Net Capital purchased an aggregate principal amount of \$31,375 of convertible demand promissory notes for an aggregate purchase price of \$25,000 (the "February 2011 Net Capital Note"). The February 2011 Net Capital Note is convertible into shares of common stock of the Company at a price equal to \$0.05 per share. As of September, 2012, the February 2011 Net Capital Note had been converted into shares of the Company's common stock.

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Simultaneously with the issuance of the February 2011 Net Capital Note, the Company issued Net Capital a Series A Warrant (the "February 2011 Net Capital Series A Warrants") to purchase 313,750 shares of the Company's common stock at a per share exercise price of \$0.0625, and a Series B Warrant (the "February 2011 Net Capital Series B Warrants" and, together with the February 2011 Net Capital Series A Warrants, the "February 2011 Net Capital Warrants") to purchase 313,750 shares of the Company's common stock at a per share exercise price of \$0.075. The February 2011 Net Capital Warrants are exercisable for up to seven years from the date of issue. The February 2011 Net Capital Warrants may be exercised on a cashless basis if the shares of common stock underlying the February 2011 Net Capital Warrants are not then registered pursuant to an effective registration statement. In the event the February 2011 Net Capital Warrants are exercised on a cashless basis, the Company will not receive any proceeds.

On March 4, 2011 the Company entered into a convertible demand promissory note with Bristol pursuant to which Bristol purchased an aggregate principal amount of \$31,375 of convertible demand promissory notes for an aggregate purchase price of \$25,000 (the "March 2011 Bristol Note"). The March 2011 Bristol Note is convertible at the option of the holder at any time into shares of common stock, at a price equal to \$0.05.

Simultaneously with the issuance of the March 2011 Bristol Note, the Company issued Bristol a Series A Warrant (the "March 2011 Bristol Series A Warrants") to purchase 313,750 shares of the Company's common stock at a per share exercise price of \$0.0625, and a Series B Warrant (the "March 2011 Bristol Series B Warrants" and, together with the March 2011 Bristol Series A Warrants, (the "March 2011 Bristol Warrants") to purchase 313,750 shares of the Company's common stock at a per share exercise price of \$0.075. The March 2011 Warrants are exercisable for up to seven years from the date of issue. The March 2011 Warrants may be exercised on a cashless basis if the shares of common stock underlying the March 2011 Warrants are not then registered pursuant to an effective registration statement. In the event the March 2011 Warrants are exercised on a cashless basis, the Company will not receive any proceeds.

On April 4, 2011 the Company entered into a convertible demand promissory note with Net Capital pursuant to which Net Capital purchased an aggregate principal amount of \$31,375 of convertible demand promissory notes for an aggregate purchase price of \$25,000 (the "April 2011 Net Capital Note"). The April 2011 Net Capital Note is convertible into shares of common stock of the Company, at a price equal to \$0.05 per share. As of September, 2012, the April 2011 Net Capital Note had been converted into shares of the Company's common stock.

Simultaneously with the issuance of the Net Capital Note, the Company issued Net Capital a Series A Warrant (the "April 2011 Net Capital Series A Warrants") to purchase 313,750 shares of common stock of the Company at a per share exercise price of \$0.0625, and a Series B Warrant (the "April 2011 Net Capital Series B Warrants" and, together with the April 2011 Net Capital Series A Warrants, the "April 2011 Net Capital Warrants") to purchase 313,750 shares of common stock of the Company at a per share exercise price of \$0.075. The April 2011 Net Capital Warrants are exercisable for up to seven years from the date of issue. The April 2011 Net Capital Warrants may be exercised on a cashless basis if the shares of common stock underlying the April 2011 Net Capital Warrants are not then registered pursuant to an effective registration statement. In the event the April 2011 Net Capital Warrants are exercised on a cashless basis, we will not receive any proceeds.

On October 26, 2011 the Company entered into a convertible demand promissory note with Theorem pursuant to which Theorem purchased an aggregate principal amount of \$200,000 of convertible demand promissory notes for an aggregate purchase price of \$157,217 (the "October 2011 Theorem Note"). The October 2011 Theorem Note is convertible into shares of common stock of the Company, at a price equal to \$0.05 per share. As of September, 2012, the October 2011 Theorem Capital Note had been converted into shares of the Company's common stock.

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Simultaneously with the issuance of the October 2011 Theorem Note, the Company issued Theorem a Series A Warrant (the "October 2011 Series A Warrant") to purchase 10,000,000 shares of common stock of the Company at a per share exercise price of \$0.0625, and a Series B Warrant (the "October 2011 Series B Warrants" and, together with the October 2011 Series A Warrants, the "October 2011 Warrants") to purchase 10,000,000 shares of common stock of the Company at a per share exercise price of \$0.075. The October 2011 Warrants are exercisable for up to seven years from the date of issue. The October 2011 Warrants may be exercised on a cashless basis if the shares of common stock underlying the October 2011 Warrants are not then registered pursuant to an effective registration statement. In the event the October 2011 Warrants are exercised on a cashless basis, we will not receive any proceeds.

All of the foregoing securities were issued in reliance upon an exemption from the registration requirements pursuant to Section 4(2) of the Securities Act of 1933, as amended.

On December 7, 2012, the Company entered into, and made its initial \$315,000 borrowing under, a short-term loan agreement with two lenders pursuant to which it is permitted to borrow up to an aggregate of \$350,000. The loans made under the loan agreement are evidence by the Company's notes and secured pursuant to a Security Agreement, that is junior to the Company's existing security arrangements under the Company's October 26, 2006 Debentures but cover the same assets of the Company.

Interest on the Notes is at the rate of 18% per annum, payable on the first day of each month until maturity on May 1, 2013. On April 1, 2013, the Company is required to pay 25.7143% of the Loan, with the remaining balance due on May 1, 2013.

The full principal amount of the Loans may be due upon default under the terms of the Loan Agreement, the Notes or the Security Agreement.

Under the Loan Agreement, the Company is required to issue 66,666.67 shares of its common stock for each \$1,000 of Loans made. Accordingly, on December 7, 2012, the Company issued 21,000,105 shares of its common stock. Assuming the entire amounts of Loans permitted under the Loan Agreement are borrowed, the Company will issue 23,333,334.5 shares in connection with the Loan Agreement.

Financing Agreement

On November 8, 2010, the Company entered into a financing arrangement with Gemini Pharmaceuticals, Inc., a product development and manufacturing partner of the Company, pursuant to which Gemini Pharmaceuticals made a \$250,000 strategic equity investment in the Company and agreed to make a \$750,000 purchase order line of credit facility available to the Company.

The aggregate amount of outstanding Advances available to the Company under the Line of Credit may not exceed \$750,000.00 at any time. The credit amounts available to the Company will be tiered, starting at \$250,000 and will ramp up to \$500,000 and then \$750,000 upon achievement of determined milestones. The Advances requested under the Line of Credit may only be used for purchases of products and inventory from Gemini Pharmaceuticals.

The outstanding principal of all Advances under the Line of Credit will bear interest at the rate of interest of prime plus 2 percent per annum.

In partial consideration of the commitment made by Gemini Pharmaceuticals under the Line of Credit, the Company has issued to Gemini, non-callable 5-year warrants to purchase 300,000 additional shares of Common Stock at a share price of \$0.12. The warrants contain a cashless exercise provision. The warrants vest as follows: 50% immediately, 25% when the credit line is increased to \$500,000, and the remaining 25% when the credit line is increased to \$750,000.

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Joint Ventures

In March 2011, the Company agreed to form a joint venture with engage:BDR, Inc., an on-line marketing company that offers both premium and placement-specific display marketing solutions and the ability to distribute campaigns through its own display platforms and channels. engage:BDR partners with most of comScore's top 1000 websites (globally) for the most advanced display marketing capabilities. Under the joint venture agreement, engage:BDR will provide a full range of online marketing services to the joint venture, including developing brand strategy, the design of all digital media and interfaces, online media planning and buying, leveraging and integrating social media, and customer analysis.

In March 2012 the Company signed a term sheet with engage:BDR that further evidences its arrangement and that permits both parties to commence operations under the arrangement. The parties contemplate that the existing binding arrangement will be evidenced by a formal limited liability company agreement that the parties are preparing. The following is a summary of the principal provisions of our joint venture arrangement (the "Joint Venture") with engage:BDR, Inc.:

A. The Company has agreed to grant the Joint Venture an exclusive license for the on-line marketing of products containing EGT™. The first product to be marketed and sold through the Joint Venture shall be OXIS' ErgoFlex™ product, which product was successfully test marketed in mail offering in late 2010 and early 2011. Additional OXIS products designated by the Company will be offered by the Joint Venture. If both parties agree, third party products may also be offered through the Joint Venture. However, nothing in the Joint Venture is intended to prohibit the Company from marketing, distributing and selling ErgoFlex™ or any of its other current or future products by means other than through online sales.

B. OXIS and engage:BDR have agreed to make the following contributions to the Joint Venture:

(a) OXIS will contribute up to \$240,000 during the first year following the formation of the Joint Venture. These funds will be provided if, when and as needed by the Joint Venture. OXIS' cash capital contribution will be used (i) to purchase ErgoFlex and other products from OXIS, at OXIS' cost, without any markup, (ii) to purchase website media inventory from engage:BDR, at engage:BDR's cost, plus a 15% administrative mark-up, and (iii) to fund the Joint Venture's other operating costs. engage:BDR has agreed to waive the 15% administrative mark-up through December 31, 2012.

(b) In addition to the cash, OXIS' contribution to the Joint Venture includes the exclusive license for the on-line marketing of any products created by OXIS which utilize its proprietary EGT™.

(c) engage:BDR, at its own cost and expense, is designing, developing and providing to the Joint Venture, on a turnkey basis, all online product offering systems and technologies, including website layouts, landing pages, graphic designs, display advertising, rich media, in-banner and in-stream video development. During the initial start-up phase of the Joint Venture, engage:BDR will, at its own cost and expense, also manage all day-to-day online activities of the Joint Venture. Cash from operations in excess of the amounts needed for its operations and for reasonable reserves, shall be distributed by the Joint Venture in the following order:

(a) First, to OXIS on a cumulative basis, an amount equal to the cash that OXIS contributed to the Joint Venture, and

(b) Thereafter, all excess net operating cash will be distributed 50.1% to OXIS and 49.9% to engage:BDR.

C. The administrative affairs of the Joint Venture shall be managed by a committee consisting of one representative of each Joint Venture member.

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As additional consideration for engage:BDR entering into the Joint Venture and for contributing its services in designing, developing and implementing the advertising platform, at the time that the Joint Venture operating agreement is signed, OXIS will grant engage:BDR a two-year option to purchase OXIS securities. The option shall entitle engage:BDR to purchase the type of securities sold by us in a future \$6,000,000 or more financing, on the same terms and conditions, and at the same price, as such securities are sold to third party investors in such financing. The number of such securities that engage:BDR may purchase upon the exercise of the option (determined by assuming all convertible securities are converted and all exercisable securities are exercised) shall be equal to 4.99% of the Company's common stock issued and outstanding on the date the Joint Venture agreement is signed. If the Company has not raised \$6,000,000 by December 31, 2012, commencing on that date, engage:BDR will have a two-year right to purchase OXIS' common stock at a price equal to \$.03. OXIS has also agreed to issue to engage:BDR a warrant to purchase up to 5,000,000 shares of its common stock if the Joint Venture, through engage:BDR efforts, attains certain revenue and profits targets. The warrant will have an exercise price of \$.03 per share.

On June 29, 2011 the Company entered into a Joint Venture Agreement ("Joint Venture Agreement") with John E. Repine, M.D. ("Dr. Repine"), a member of the Company's advisory board. Under the terms of the Joint Venture Agreement, the Company formed a Delaware limited liability company, Ergo ARDS, LLC (the "ARDS Venture"), in which the Company holds a 60% membership interest and Dr. Repine holds a 40% membership interest. The ARDS Venture was formed to develop, acquire and market dietary supplements, cosmeceutical products, nutraceutical products, medical foods and pharmaceuticals using EGTTM for treating, diagnosing and preventing acute respiratory distress syndrome and other lung disorders (collectively "ARDS").

Concurrently with the execution of the Joint Venture Agreement, Dr. Repine assigned his interest in the patent applications relating to the use of ERGO in treating ARDS (the "Assigned IP") to the ARDS Venture. In consideration for the Assigned Interest, Dr. Repine was issued a 40% membership interest in the ARDS Venture.

OXIS will be responsible for supplying EGTTM to the ARDS Venture at no cost in connection with the ARDS Venture's animal studies. OXIS will also pay all patent prosecution and maintenance costs relating to the Assigned IP. The ARDS Venture is required to make payments to Dr. Repine upon the achievement of certain milestones by the ARDS Venture. Any future payments to Dr. Repine shall be made based on the achievement of following milestones with respect to products to be commercialized using the Assigned IP:

- The ARDS Venture shall pay the following cash amounts to Dr. Repine upon the attainment of the following milestones:
 - (i) Licensing the Assigned IP to a pharmaceutical company -- \$1,000,000;
 - (ii) Completion of Phase I Clinical Trial -- \$250,000;
 - (iii) Completion of Phase II Clinical Trial -- \$1,000,000;
 - (iv) Completion of pivotal Phase III Clinical Trial -- \$1,500,000; and
 - (v) Receipt of FDA Marketing approval -- \$3,000,000
- The ARDS Venture shall pay the following cash amounts to Dr. Repine upon the attainment of the following milestones:
 - (i) Licensing the Assigned IP to, or entering into a distribution agreement with, a nutraceutical or similar company -- \$100,000; and
 - (ii) Gross sales of products utilizing EGTTM in the field – 5% of annual gross sales by the ARDS Venture or any licensee or distributor (including OXIS).

Following the successful completion of the animal studies, OXIS and Dr. Repine will make a joint decision to commence human clinical trials. If the parties do not agree to proceed, the Joint Venture Agreement will terminate and the intellectual property belonging to the ARDS Venture will be assigned to the party that elected to proceed. In the event both parties agree to not proceed, the ARDS Venture will continue to hold the intellectual property. If the parties agree to proceed, OXIS will use its best efforts to raise \$3 million for the ARDS Venture. Once the \$3 million in funds have been successfully raised by OXIS, OXIS will no longer be responsible for paying the ARDS Venture's operating costs, including costs related to the ARDS Venture's intellectual property.

The ARDS Venture will be managed by Dr. Repine as Manager, who will also serve as the ARDS Venture's Chief Executive Officer and Treasurer. The ARDS Venture will also have a board of five members, consisting of Dr. Repine and a designee of Dr. Repine, and three designees of OXIS.

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4. Stockholders' Equity

Common Stock

Under the Company's Second Amended and Restated Certificate of Incorporation, the Company was authorized to issue a total of 150,000,000 shares of Common Stock.

On January 5, 2011, the Company's Board of Directors approved an amendment to its Second Amended and Restated Certificate of Incorporation to increase the shares of Common Stock that are authorized for issuance by 450,000,000 shares, bringing the total number of common shares authorized for issuance to 600,000,000.

The approval of the Amendment required the consent of no less than at least a majority of the voting power of the Company. Theorem Group, LLC owns, in addition to other of our securities, 25,000 shares of Series H Convertible Preferred Stock. The Certificate of Designation of Preferences, Rights and Limitations of the Series H Convertible Preferred Stock provides that each outstanding share of Series H Convertible Preferred Stock entitles the holder thereof to a number of votes equal to (A) the number of shares of Common Stock that such share of preferred stock could, at such time, be converted into (B) multiplied by 100. The Series H Convertible Preferred Stock is currently convertible into 2,500,000 shares of Common Stock. Accordingly, Theorem Group, LLC has the voting power of 250,000,000 shares, which represents more than a majority of voting power of all of the Company's outstanding voting shares. Theorem Group, LLC approved the Amendment on January 5, 2011 by an action taken by written consent. The amendment was filed with the Delaware Secretary of State in February 2011.

Each share of common stock is entitled to one vote at the Company's annual meeting of stockholders.

During the year ended December 31, 2012 and 2011, the Company issued a total of 170,340,575 and 77,734,000 shares of common stock for debt conversion valued at \$1,643,000 and \$1,364,000, respectively.

During the year ended December 31, 2012 and 2011, the Company issued a total of 47,600,000 and 18,210,498 shares of common stock for the payment of services valued at \$1,454,000 and \$2,373,000, respectively.

Preferred Stock

The 96,230 shares of Series C preferred stock are convertible into 27,800 shares of the Company's common stock at the option of the holders at any time. The conversion ratio is based on the average closing bid price of the common stock for the fifteen consecutive trading days ending on the date immediately preceding the date notice of conversion is given, but cannot be less than .20 or more than .2889 common shares for each Series C preferred share. The conversion ratio may be adjusted under certain circumstances such as stock splits or stock dividends. The Company has the right to automatically convert the Series C preferred stock into common stock if the Company lists its shares of common stock on the Nasdaq National Market and the average closing bid price of the Company's common stock on the Nasdaq National Market for 15 consecutive trading days exceeds \$13.00. Each share of Series C preferred stock is entitled to the number of votes equal to .26 divided by the average closing bid price of the Company's common stock during the fifteen consecutive trading days immediately prior to the date such shares of Series C preferred stock were purchased. In the event of liquidation, the holders of the Series C preferred stock shall participate on an equal basis with the holders of the common stock (as if the Series C preferred stock had converted into common stock) in any distribution of any of the assets or surplus funds of the Company. The holders of Series C preferred stock are entitled to noncumulative dividends if and when declared by the Company's board of directors. No dividends to Series C preferred stockholders were issued or unpaid through December 31, 2012.

On December 4, 2008, the Company entered into and closed an Agreement (the "Bristol Agreement") with Bristol Investment Fund, Ltd. pursuant to which Bristol agreed to cancel the debt payable by the Company to Bristol in the amount of approximately \$20,000 in consideration of the Company issuing Bristol 25,000 shares of Series G Convertible Preferred Stock, which such shares carry a stated value equal to \$1.00 per share (the "Series G Stock").

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The Series G Stock is convertible, at any time at the option of the holder, into common shares of the Company based on a conversion price equal to the lesser of \$.01 or 60% of the average of the three lowest trading prices occurring at any time during the 20 trading days preceding the conversion. The Series G Stock, as amended, shall have voting rights on an as converted basis multiplied by 100.

In the event of any liquidation or winding up of the Company, the holders of Series G Stock will be entitled to receive, in preference to holders of common stock, an amount equal to the stated value plus interest of 15% per year.

The Series G Stock restricts the ability of the holder to convert the Series G Stock and receive shares of the Company's common stock such that the number of shares of the Company common stock held by Bristol and its affiliates after such conversion does not exceed 4.9% of the Company's then issued and outstanding shares of common stock.

The Series G Stock was previously referred to in an 8-K filed by the Company on December 10, 2008 in error as the "Series E Stock". Further, the Series G Stock initially incorrectly provided that it voted on an as converted basis multiplied by 10. This incorrectly reflected the intent of the Company and the holder.

On October 13, 2009 the Company was informed by Theorem Group, LLC that it had purchased all of the outstanding Series G Preferred Stock and Theorem gave notice to the Company that it intended to exercise its ability to vote on all shareholder matters utilizing the super voting privileges provided by the Series G Stock.

Effective February 10, 2010, the Company issued 25,000 shares of its new Series H Convertible Preferred Stock (the "Series H Preferred") to Theorem Group, LLC, a California limited liability company (the "Stockholder"), in exchange for the 25,000 shares of Series G Stock then owned by the Stockholder. The foregoing exchange was effected pursuant to that certain Exchange Agreement, dated February 10, 2010, between the Company and the Stockholder (the "Exchange Agreement").

The Certificate of Designation of the Series H Preferred is based on, and substantially similar to the form and substance of the Certificate of Designation of the Series G Preferred. Some of the corrections, changes and differences between the Certificate of Designation of the Series G Preferred and the Certificate of Designation of the Series H Preferred include the following:

- As previously disclosed, the holder of the Series H Preferred is entitled to vote with the common stock, and is entitled to a number of votes equal to (i) the number of shares of common stock it can convert into (without any restrictions or limitations on such conversion), (ii) multiplied by 100.
- The holder of the Series H Preferred cannot convert such preferred stock into shares of common stock if the holder and its affiliates after such conversion would own more than 9.9% of the Company's then issued and outstanding shares of common stock.
- The Series G Preferred contained a limitation that the holder of the Series G Preferred could not convert such preferred shares into more than 19.999% of the issued and outstanding shares of common stock without the approval of the stockholders if the rules of the principal market on which the common stock is traded would prohibit such a conversion. Since the rules of the Company's principal market did not require such a limitation, that provision has been deleted.

On November 8, 2010, Gemini Pharmaceuticals purchased 1,666,667 shares of the Company's Series I Preferred Stock, \$.001 par value, at a price of \$0.15 per share (\$250,000).

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As the holder of the Series I Preferred Stock, Gemini Pharmaceuticals will be entitled to receive, out of funds legally available, dividends in cash at the annual rate of 8.0% of the Preference Amount (\$0.15), when, as, and if declared by the Board. No dividends or other distributions shall be made with respect to any shares of junior stock until dividends in the same amount per share on the Series I Preferred Stock shall have been declared and paid or set apart during that fiscal year. Dividends on the Series I Preferred Stock shall not be cumulative and no right shall accrue to the Series I Preferred Stock by reason of the fact that the Company may fail to declare or pay dividends on the Series I Preferred Stock in the amount of the Dividend Rate per share or in any amount in any previous fiscal year of the Company, whether or not the earnings of the Company in that previous fiscal year were sufficient to pay such dividends in whole or in part.

Each share of Series I Preferred Stock shall entitle the holder thereof to such number of votes per share as shall equal the number of shares of Common Stock (rounded to the nearest whole number) into which such share of Series I Preferred Stock is then convertible.

Upon any liquidation of the Company, subject to the rights of any series of Preferred Stock that may from time to time come into existence, before any distribution or payment shall be made to the holders of any Junior Stock, the holders of the shares of Series I Preferred Stock then outstanding shall be entitled to receive and be paid out of the assets of the Company legally available for distribution to its stockholders liquidating distributions in cash or property at its fair market value as determined by the Board in the amount of \$0.15 per share (as adjusted for any stock dividends, combinations or splits with respect to such shares).

Shares of Series I Preferred Stock may, at the option of the holder thereof, be converted at any time or from time to time into fully paid and non-assessable shares of Common Stock. The number of shares of Common Stock which a holder of shares of Series I Preferred Stock shall be entitled to receive upon conversion of such shares shall be the product obtained by multiplying the Conversion Rate by the number of shares of Series I Preferred Stock being converted. Initially, the Series I Preferred Stock is convertible into 1,666,667 shares of common stock.

In the event that the per-share Market Price of the Common Stock over a period of 20 consecutive trading days is equal to at least 130% of the initial conversion price (130% of \$0.15), all outstanding shares of Series I Preferred Stock shall be converted automatically into the number of shares of Common Stock into which such shares of Series I Preferred Stock are then convertible without any further action by the holders of such shares and whether or not the certificates representing such shares of Series I Preferred Stock are surrendered to the Company or its transfer agent.

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Common Stock Warrants

Warrant transactions for the years ended December 31, 2012 and 2011 are as follows:

| | Number of Warrants | Weighted Average Exercise Price |
|---------------------------------------------------------|-------------------------------|------------------------------------------------|
| Outstanding, December 31, 2010: | 80,041,252 | \$ 0.07 |
| Granted | 33,010,000 | 0.04 |
| Forfeited | 3,666,636 | 0.08 |
| Exercised | 3,983,364 | 0.06 |
| Adjustment for warrants previously reported unexercised | (400,000) | 0.06 |
| Outstanding at December 31, 2011: | 105,001,252 | \$ 0.06 |
| Granted | 613,063,046 | 0.01 |
| Forfeited | 62,300,000 | 0.01 |
| Exercised | 20,000,000 | 0.01 |
| Outstanding at December 31, 2012 | 635,764,298 | 0.01 |
| Exercisable warrants: | | |
| December 31, 2011 | 104,851,252 | \$ 0.06 |
| December 31, 2012 | 635,764,298 | \$ 0.01 |

Stock Options

The Company has reserved 22,500,000 shares of its common stock at December 31, 2012 for issuance under the 2010 Stock Incentive Plan (the "2010 Plan"). The 2010 Plan, approved by stockholders at the 2011 annual meeting, permits the Company to grant stock options to acquire shares of the Company's common stock, award stock bonuses of the Company's common stock, and grant stock appreciation rights. At December 31, 2012, (13,723, 698) of common stock were available for grant and options to purchase 36,223,698 shares of common stock are outstanding under the 2010 Plan.

The Company has reserved 5,801,412 shares of its common stock at December 31, 2012 for issuance under the 2003 Stock Incentive Plan (the "2003 Plan"). The 2003 Plan, approved by stockholders at the 2003 annual meeting, permits the Company to grant stock options to acquire shares of the Company's common stock, award stock bonuses of the Company's common stock, and grant stock appreciation rights. At December 31, 2012, 2,795,130 shares of common stock were available for grant and options to purchase 3,306,282 shares of common stock are outstanding under the 2003 Plan.

The Company has reserved 61,000 shares of its common stock at December 31, 2012 for issuance pursuant to the future exercise of outstanding options granted under the 1994 Stock Incentive Plan (the "1994 Plan"). The 1994 Plan permitted the Company to grant stock options to acquire shares of the Company's common stock, award stock bonuses of the Company's common stock, and grant stock appreciation rights. This Plan expired on April 30, 2003 and no further issuances will occur. Options to purchase 61,000 shares of common stock are outstanding at December 31, 2012 under the 1994 Plan.

In addition, the Company has reserved 500,000 shares of its common stock for issuance outside of its stock incentive plans. At December 31, 2012, options to purchase 500,000 shares of common stock are outstanding outside of its stock incentive plans.

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The following table summarizes stock option transactions for the years ended December 31, 2012 and 2011:

| | Number of Options | Weighted Average Exercise Price |
|--------------------------------|----------------------|------------------------------------------|
| Outstanding, December 31, 2010 | 13,934,651 | \$ 0.15 |
| Granted | 4,952,717 | 0.07 |
| Exercised | - | |
| Expired | (2,808,389) | \$ 0.17 |
| Outstanding, December 31, 2011 | 16,078,979 | 0.19 |
| Granted | 27,984,193 | 0.04 |
| Exercised | - | |
| Expired | (3,972,192) | 0.17 |
| Outstanding, December 31, 2012 | 40,090,980 | \$ 0.07 |
| Exercisable Options: | | |
| December 31, 2011 | 12,274,829 | \$ 0.18 |
| December 31, 2012 | 25,843,052 | 0.09 |

The weighted-average fair value of options granted was \$2,973,240 and \$1,485,000 in 2012 and 2011, respectively.

The following table summarizes information about all outstanding and exercisable stock options at December 31, 2012:

| Range of Exercise Prices | Outstanding Options | | | Exercisable Options | |
|-----------------------------|----------------------|---------------------------------------------------|------------------------------------|----------------------|------------------------------------|
| | Number of Options | Weighted-Average Remaining Contractual Life | Weighted-Average Exercise Price | Number of Options | Weighted-Average Exercise Price |
| \$0.05 to \$0.09 | 32,436,910 | 8.93 | \$ 0.042 | 18,188,982 | \$ 0.045 |
| \$0.10 to \$0.15 | 1,506,500 | 2.69 | 0.125 | 1,506,500 | 0.125 |
| \$0.16 to \$0.29 | 4,868,158 | 5.56 | 0.192 | 4,868,158 | 0.192 |
| \$0.30 to \$0.59 | 1,279,412 | 0.49 | 0.392 | 1,279,412 | 0.392 |
| | <u>40,090,980</u> | | | <u>25,843,052</u> | |

Employment Agreements

In March 2010, the Company entered into one-year employment agreements with its then president and chief financial officer. The agreements renew automatically for up to four additional consecutive one year periods unless terminated by either party. Among other provisions, the agreements provide for base salaries of \$100,000 and \$54,000, respectively and provide for the granting of options to purchase up to 2,220,453 and 250,000 shares of common stock respectively.

In March 2010, the Company entered into a three-year employment agreement with its then chief executive officer. The agreement renews automatically for successive one year terms unless terminated by either party. Among other provisions, the agreements provides for a base salary of \$180,000, provides for an annual bonus to be determined by the Board of Directors and provides for the granting of options to purchase 6,704,081 shares of the Company's common stock, exercisable at \$0.17 per share.

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Advisory Agreements

The Company entered into a two-year Scientific Advisory Board Services Agreement with L. Stephen Coles on March 4, 2010. Mr. Coles receives an advisory fee for \$9,000 per quarter. Upon entering into the agreement, the Company granted Mr. Coles an initial option to purchase 250,000 shares of the Company's common stock under its 2003 Stock Incentive Plan. The options vest and become exercisable in four equal quarterly installments beginning June 4, 2010. Pursuant to the terms of the agreement, a second option to purchase 500,000 shares of the Company's common stock under our 2003 Stock Incentive Plan was granted on March 4, 2011.

The Company entered into a two-year Scientific Advisory Board Services Agreement with Rajan Shah on July 15, 2010. Mr. Shah receives an advisory fee for \$9,000 per quarter. Upon entering into the agreement, the Company granted Mr. Shah an initial option to purchase 250,000 shares of the Company's common stock under its 2003 Stock Incentive Plan. The options vest and become exercisable in four equal quarterly installments beginning October 15, 2010. Pursuant to the terms of the agreement, a second option to purchase 500,000 shares of the Company's common stock under its 2003 Stock Incentive Plan will be granted on July 15, 2011.

The Company entered into a two-year Advisory Board Services Agreement with Sandep Rahi on July 15, 2010. Mr. Raji receives an advisory fee for \$9,000 per quarter. Upon entering into the agreement, the Company granted Mr. Rahi an initial option to purchase 250,000 shares of the Company's common stock under its 2003 Stock Incentive Plan. The options vest and become exercisable in four equal quarterly installments beginning October 15, 2010. Pursuant to the terms of the agreement, a second option to purchase 500,000 shares of the Company's common stock under its 2003 Stock Incentive Plan will be granted on July 15, 2011.

Consulting Agreements

On January 1, 2011, we entered into a consulting agreement with Bristol Capital, LLC whereby Bristol will assist us in general corporate activities including but not limited to strategic and financial planning, management and business operations, final projections and investor relation materials. As compensation for these services, we issued 5,000,000 shares of our common stock. The term of the agreement is for six months unless terminated or extended in accordance with subsequent agreements between the parties.

On January 1, 2011, the Company entered into a consulting agreement with Piter Korompis, whereby Mr. Korompis will assist the company in general corporate activities including but not limited to strategic and financial planning, management and business operations, final projections and investor relation materials. As compensation for these services, the Company will issue 5,000,000 shares of common stock of the Company. The term of the agreement is for six months unless terminated or extended in accordance with subsequent agreements between the parties.

In connection with a joint venture agreement, the Company entered into a consulting agreement with John E. Repine, M.D. on June 28, 2011, whereby Dr. Repine will provide advisory services to OXIS and Ergo ARDS and serve as Ergo ARDS' Chief Executive Officer. OXIS' payments to Dr. Repine under the consulting agreement will be made in shares of OXIS common stock. OXIS agreed to issue shares of Common Stock to Dr. Repine as follows:

- On July 6, 2011 OXIS issued to Dr. Repine 2,777,778 shares of common stock (valued at \$250,000) for various services relating to the terms of the consulting agreement;
- OXIS agreed to issue to Dr. Repine additional shares of common stock valued at \$50,000 upon completion of the first animal study and Dr. Repine's delivery to Ergo ARDS of a summary presentation of the findings of the study; and
- OXIS agreed to issue Dr. Repine additional shares of common stock valued at \$100,000 upon the completion of such second animal study and Dr. Repine's delivery to Ergo ARDS of a summary presentation of the findings of the study.

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If the value of these shares decreases at the end of the 6-month period following the date of issuance of such shares, OXIS will be obligated to issue additional shares of common stock to Dr. Repine so that the market value of the shares previously issued to Dr. Repine on that date will equal to \$250,000, \$50,000 or \$100,000, as the case may be.

In March 2012, the Company entered into a consulting agreement with Dr. Tony Nakhla. Dr. Nakhla is a Board Certified Dermatologist, Dermatologic Surgeon, Medical Director of OC Skin Institute, and author of "The Skin Commandments: 10 Rules to Healthy, Beautiful Skin." The Company has engaged Dr. Nakhla to, among other things, (i) assist the Company in the development of new line of skin care products that incorporate EGT™, (ii) assist the Company in developing a marketing strategy for our new skin care products, (iii) act as a principal spokesperson for the Company's skin care products and as the exclusive medical spokesperson for skin care products, and (iv) in general raise public awareness about EGT™ and its health benefits. It is the Company's goal to jointly develop a line of skin care products with Dr. Nakhla, which skin care products contain ERGO and that are either branded with Dr. Nakhla or that are otherwise endorsed by him. The Company has agreed to give Dr. Nakhla a percentage of net profits, if any, that the Company generates from skin care products that the Company develops through his services and that bear his name in the label, or contain an endorsement from him on the product, on its packaging, or in any of the marketing materials. In addition, as a further incentive, the Company has also agreed to grant Dr. Nakhla warrants to purchase up to 4,000,000 shares of our common stock. The warrant will have an exercise price of \$0.02, and a term of ten years. The warrant will vest over a period of 36 months (as to 111,111 shares on the last day of each calendar month, and as to 111,115 on the last day of the 36th month) commencing with March 2012, provided that Dr. Nakhla is still providing services to the Company under the consulting agreement at the end of each such calendar month.

5. Income Taxes

Deferred Taxes

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, and operating losses and tax credit carryforwards. The significant components of net deferred income tax assets for the Company are:

| | December 31, | |
|-----------------------------------------|---------------------|---------------|
| | 2012 | 2011 |
| Deferred tax assets: | | |
| Federal net operating loss carryforward | \$ 13,493,553 | \$ 12,213,000 |
| Other | 538,936 | 687,000 |
| Patent amortization | (7,707) | (13,000) |
| Deferred tax assets before valuation | 14,024,782 | 12,887,000 |
| Valuation allowance | (14,024,782) | (12,887,000) |
| Net deferred income tax assets | <u>\$ —</u> | <u>\$ —</u> |

Generally accepted accounting principles requires that the tax benefit of net operating losses, temporary differences and credit carryforwards be recorded as an asset to the extent that management assesses that realization is "more likely than not." Realization of the future tax benefits is dependent on the Company's ability to generate sufficient taxable income within the carryforward period. Because of the Company's history of operating losses, management has provided a valuation allowance equal to its net deferred tax assets.

OXIS International, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2012

Tax Carryforward

At December 31, 2012, the Company had net operating loss carryforwards of approximately \$31,000,000 to reduce United States federal taxable income in future years. These carryforwards expire through 2032.

6. Subsequent Events

In March 2013, the Company entered into, and made an additional \$35,000 borrowing under, a short-term loan agreement with two lenders the Company entered into in December 2012, pursuant to which it is permitted to borrow up to an aggregate of \$350,000. The loans made under the loan agreement are evidenced by the Company's notes and secured pursuant to a Security Agreement, that is junior to the Company's existing security arrangements under the Company's October 26, 2006 Debentures but cover the same assets of the Company.

Effective April, 2013 the Company entered into a securities purchase agreement with one accredited investor to sell 10% convertible debentures with an initial principal balance of \$75,000.

Effective October and November, 2013, the Company entered into a securities purchase agreement with four accredited investors to sell 10% convertible debentures with an initial principal balance of \$172,000 and warrants to acquire up to 24,571,429 shares of the Company's common stock at an exercise price of \$0.01 per share.

Effective December, 2013, the Company entered into a convertible demand promissory note with an initial principal balance of \$189,662 convertible at \$.007 per share and warrants to acquire up to 27,094,571 shares of the Company's common stock at an exercise price of \$0.01 per share.

Effective July 24, 2014, the Company entered into a securities purchase agreement with ten accredited investors to sell 10% convertible debentures with an initial principal balance of \$1,250,000 and warrants to acquire up to 178,571,429 shares of the Company's common stock at an exercise price of \$0.01 per share.

Also effective July 24, 2014, the Company sold to Kenneth Eaton, the Company's Chief Executive Officer, a \$175,000 debenture as payment in full for all accrued and unpaid salary and fees owed to Mr. Eaton.

Effective July 25, 2014, Anshuman Dube and David Saloff resigned from their positions as members of the Board of Directors .

Also effective July 25, 2014, Anthony Cataldo was appointed to the Board as a new director and serves as the Chairman of the Board of Directors. Mr. Cataldo previously served as a director and as the Company's Chief Executive Officer from March 2009 to August 2011.

CODE OF CONDUCT AND ETHICS
FOR
OXIS INTERNATIONAL, INC.
(a Delaware corporation, the “Company”)

Introduction.

Oxis International, Inc. (the “Company”) will conduct its business honestly and ethically wherever we operate. This Code of Business Conduct and Ethics (this “Code”) covers a wide range of business practices and procedures. It does not cover every issue that may arise, but it sets out basic principles to guide all directors, officers and employees of the Company. All of our directors, officers and employees must conduct themselves accordingly and seek to avoid even the appearance of improper behavior. This Code should also be provided to and followed by the Company’s other agents and representatives, including consultants.

In accordance with applicable law and stock exchange regulations, this Code will be filed with the Securities and Exchange Commission (the “SEC”), posted on the Company’s website and/or otherwise made available for examination by our stockholders.

Honesty and Integrity.

Our business is based on mutual trust, honesty and integrity in all of our affairs, both internally and externally. This philosophy must be respected at all times. Each of us must be truthful in our business dealings with each other, and with our auditors, legal counsel, regulators and loan review and compliance staffs. Illegal, dishonest and fraudulent acts are grounds for termination. Making false statements or otherwise misleading internal or external auditors, attorneys, regulators or loan review and compliance personnel is prohibited. You must never withhold or fail to communicate fully information that is requested in connection with an appropriately authorized investigation or review. Any concealment of information is a violation of your employment agreement, which may result in termination of your employment with the Company and could constitute a criminal act.

Protecting Corporate Assets

You are responsible for safeguarding the assets of the Company. Company assets must not be used for personal benefit. The Company’s assets include, but are not limited to, all of its properties, including intellectual properties, business information, cash, and securities. Misappropriation of Company assets is a violation of your employment agreement, which may result in termination of your employment with the Company and could constitute a criminal act.

Accuracy of Company Records and Reports

The Company is committed to maintaining records, data and information that are accurate and complete so as to permit the Company to make timely and accurate disclosures to its regulators and to its stockholders. You are personally responsible for the integrity of the information, reports and records under your control. Records must be maintained in sufficient detail so as to reflect accurately the Company’s transactions and activities. Our financial statements must be prepared in accordance with generally accepted accounting principles (“GAAP”) and fairly present, in all material respects, the financial condition and results of the Company. To accomplish full, fair, and accurate reporting, you must ensure that financial reports issued by the Company are timely, accurate, understandable, and complete.

Compliance With Laws

The Company’s activities shall always be in full compliance with applicable laws and regulations. When such laws or regulations are ambiguous or difficult to interpret, you should seek advice from the Company’s outside legal counsel.

Conflicts Of Interest

You must conduct your private, business, and personal activities in a manner that avoids conflict with, or even the appearance of conflict with, your ability to act solely in the interests of the Company. A conflict of interest arises if you have interests of any nature that compromise your ability to act objectively and in the best interests of the Company. Conflicts can arise directly or through your family members or through business or other entities in which you or your family members have an interest. At no time may you, on behalf of the Company, transact personal business, the business of an immediate family member, or the business of a for profit entity in which you or a member of your immediate family has an interest (other than an interest not exceeding 1% in a publicly traded company (a "Permitted Public Company Interest")), with the Company. In all such situations, you must disqualify yourself from involvement with any transaction or relationship between that person and the Company.

Business Ventures with Customers

You may not enter into or participate with the Company's customers in business ventures without the approval of a majority of the Board of Directors of the Company, or an applicable committee thereof.

Acting as a Fiduciary

Officers may not assume the responsibility of executor, administrator, trustee, guardian, custodian, attorney-in-fact under a power of attorney, or any other fiduciary capacity (except with respect to matters involving direct family relationships) without the approval of a majority of the Board of Directors of the Company, or an applicable committee thereof.

Company Opportunities

You must not take for yourself any opportunity that belongs to the Company. Whenever the Company has been seeking a particular business opportunity, or the opportunity has been offered to the Company, or the Company's funds, facilities or personnel have been used in developing the opportunity, that opportunity rightfully belongs to the Company and not to its employees.

Investments in Customers or Suppliers

Because investments are an area in which conflicts of interest can very easily develop, you should obtain prior approval from a majority of the Board of Directors of the Company, or an applicable committee thereof, before investing directly or indirectly in the business of a customer or supplier of the Company, other than a Permitted Public Company Interest, as defined above. Under no circumstances should you acquire an equity interest in a company that is a customer or supplier at a price, which is more favorable than the price offered to the general public. If you own a direct or indirect interest in a business or other entity that becomes a customer or supplier, you should notify a majority of the Board of Directors of the Company, or an applicable committee thereof, as soon as the underlying facts are known to you.

Business Expenses

You must have all business-related expenses approved by the Chairman of the Board of Directors and the Chief Financial Officer of the Company. You must carefully observe expense account regulations and guidelines. Falsification of an expense account is considered to be a misappropriation of corporate funds and constitutes grounds for dismissal.

Gifts from Customers

You shall not solicit or accept for yourself, or for a third party, anything of value in return for, or in connection with, any business, service, or activity of the Company. You shall not accept a gift in circumstances in which it could appear that his or her business judgment was influenced by such gift. You shall not allow an immediate family member or business associate to accept a gift, services, loans or preferential treatment in exchange for a past, current, or future business relationship with the Company.

Disclosure of Potential Conflicts of Interest

You shall immediately disclose to a majority of disinterested members of the Board of Directors of the Company, or an applicable committee thereof, all situations that possess a potential for conflict of interest.

Political Donations

You are prohibited from making any contribution to political candidates on behalf of the Company. You also may not make any contributions of anything of value in connection with any federal, state or local candidate's election. The Company makes, and discloses fully, contributions in state and local elections for the purpose of supporting ballot propositions that are in the interests of the Company and its several constituencies. Any proposal for political contributions on behalf of the Company or a group of Company employees should be referred for approval to a majority of disinterested members of the Board of Directors of the Company, or an applicable committee thereof.

Confidential Information

You shall not use the Company's confidential and nonpublic information in any manner for personal advantage or to provide advantage to others.

Insider Trading

You must at all times comply with all laws and regulations concerning insider trading. In general, you are prohibited by applicable law from trading in the securities of any company while in possession of material, nonpublic information (also known as "inside information") regarding that company. This prohibition applies to the Company's securities as well as to the securities of other companies, including the Company's customers and suppliers, and to transactions for any account of the Company, client account or personal account. It is also illegal to "tip" or pass on inside information to any other person if you know or reasonably suspect that the person receiving such information from you will misuse such information by trading in securities or passing such information on further, even if you do not receive any monetary benefit.

Investment Prudence

You must not use your position at the Company to obtain leverage with respect to any investment, including investments in publicly traded securities, and should not accept preferential treatment of any kind based on your position with the Company in connection with your investments.

Cross - Selling Services/Tying Restrictions.

"Tying" arrangements, whereby customers are required to purchase or provide one product or service as a condition for another being made available, are unlawful in certain instances. You should consult the Company's outside legal counsel for advice on tying restrictions. The Company prohibits any such unlawful requirements.

Anti - Competitive Practices.

The Company is subject to complex laws (known as "antitrust laws") designed to preserve competition among enterprises and to protect consumers from unfair business arrangements and practices. You should avoid discussion of competitively sensitive topics, such as prices, pricing policies, costs and marketing strategies (except as reasonably required by your job duties).

Anti - Money Laundering Compliance.

Money laundering is the process of converting illegal proceeds so that funds are made to appear legitimate, and it is not limited to cash transactions. The Company is obligated by law to join with governments, international organizations and members of the financial services industry to help prevent money laundering. You must follow all of anti-money laundering policies and procedures.

Nondiscrimination.

The Company endeavors to make all decisions responsibly, constructively and equitably without bias as to race, color, creed, religion, national origin, sex, marital status, age, veteran's status or membership in any other protected class or receipt of public assistance. Failure to do so is against Company policy.

Misleading Statements.

You should make every effort not to make false or misleading remarks about suppliers, customers, or competitors, or their products and services.

Corporate Gifts to Others.

You must use care in connection with gifts to others. If a gift could be viewed as consideration for business, you should not make the gift.

Entertainment.

Legitimate entertainment of reasonable value is an accepted practice to the extent that it meets all standards of ethical business conduct and involves no element of concealment.

Other Remuneration.

In the conduct of the Company's business, no bribes, kickbacks or similar remuneration or consideration of any kind are to be given or offered to any individual or organization for any reason whatsoever.

Equal Employment Opportunity.

The Company is an equal opportunity employer and expects and you are expected to comply with all laws concerning discriminatory employment practices. Advancement at the Company is based on talent and performance. In addition, retaliation against individuals for raising claims of discrimination is prohibited.

Harassment and Intimidation.

The Company prohibits sexual or any other kind of harassment or intimidation by any employee or Director of the Company. Harassment, whether based on a person's race, gender, religion, national origin, disability, sexual orientation, or socioeconomic status, is completely inconsistent with our tradition of providing a respectful, professional workplace. You must never use company systems to transmit or receive electronic images or text of a sexual nature or containing ethnic slurs, racial epithets or any other material of a harassing.

SUBSIDIARIES OF OXIS INTERNATIONAL, INC.

As of December 31, 2012, the Company's subsidiaries were as follows:

| <u>Name</u> | <u>Jurisdiction of incorporation</u> |
|-----------------------------|--------------------------------------|
| OXIS Therapeutics, Inc. | Delaware |
| OXIS Isle of Man Limited | Isle of Man |
| Oxis Consumer Products, LLC | Delaware |

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT.

I, Kenneth Eaton, certify that:

1. I have reviewed this report on Form 10-K of OXIS International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 17, 2014

By: /s/ Kenneth Eaton
Name: Kenneth Eaton
Title: Chief Executive Officer (Principal
Executive Officer)

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT.

I, Steven Weldon, certify that:

1. I have reviewed this report on Form 10-K of OXIS International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 17, 2014

By: /s/ Steven Weldon

Name: Steven Weldon

Title: Chief Financial Officer (Principal
Financial Officer)

CERTIFICATION TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, I, Kenneth Eaton, Chief Executive Officer of OXIS International, Inc. (the “Company”), hereby certify that, to the best of my knowledge:

(i) the Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 2012 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: November 17, 2014

By: /s/ Kenneth Eaton

Name: Kenneth Eaton

Title: Chief Executive Officer (Principal
Executive Officer)

CERTIFICATION TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, I, Steven Weldon, Chief Financial Officer of OXIS International, Inc. (the "Company"), hereby certify that, to the best of my knowledge:

(i) the Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 2012 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: November 17, 2014

By: /s/ Steven Weldon

Name: Steven Weldon

Title: Chief Financial Officer (Principal
Financial Officer)