



PROSPECTUS SUPPLEMENT NO. 2 DATED May 31, 2006

TO THE PROSPECTUS DATED APRIL 12, 2006

This Prospectus Supplement No. 2 supplements our Prospectus dated April 12, 2006 with the following attached documents:

A. Form 8-K Current Report dated May 31, 2006

The attached information modifies and supersedes, in part, the information in the prospectus. Any information that is modified or superseded in the prospectus shall not be deemed to constitute a part of the Prospectus except as modified or superseded by this Prospectus Supplement.

This Prospectus Supplement No. 2 should be read in conjunction with Prospectus No. 1 and the Prospectus, each of which are required to be delivered with this Prospectus Supplement.

INVESTING IN OUR COMMON STOCK INVOLVES A HIGH DEGREE OF RISK.
SEE "RISK FACTORS" BEGINNING ON PAGE 4 OF THE PROSPECTUS, AS
SUPPLEMENTED BY THIS PROSPECTUS SUPPLEMENT.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE
SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE
SECURITIES OR DETERMINED IF THIS PROSPECTUS SUPPLEMENT IS
TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A
CRIMINAL OFFENSE.

The date of this prospectus supplement is May 31, 2006.

INDEX TO FILINGS

Form 8-K Current Report of the registrant filed with the Securities and Exchange Commission on May 31, 2006

Annex
A

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

Form 8-K

Current Report
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date Of Report (Date Of Earliest Event Reported): 5/12/2006



(Exact Name of Registrant as Specified in its Charter)

Commission File Number: 0-8092

DE
(State or Other Jurisdiction of
Incorporation or Organization)

94-1620407
(I.R.S. Employer
Identification No.)

323 Vintage Park Drive, Suite B, Foster City, California 94404
(Address of Principal Executive Offices, Including Zip Code)

650 212-2568
(Registrant's Telephone Number, Including Area Code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)**
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act(17CFR240.14a-12)**
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act(17CFR240.14d-2(b))**
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act(17CFR240.13e-4(c))**

Item 1.01. Entry into a Material Definitive Agreement.

On May 12, 2006, OXIS International, Inc. ("OXIS") entered into an Engagement Letter with Ambient Advisors LLC. Gary M. Post, a member of the board of directors, is the manager of Ambient Advisors LLC.

Pursuant to the Engagement Letter, Ambient Advisors will provide certain services pertaining to strategic planning, investor communications and financing strategies or other projects at the request of the Chief Executive Officer of OXIS for a one year period, thereafter on a month to month basis. Ambient Advisors will receive monthly compensation in the amount of \$5,000. As part of the compensation under the Engagement Letter, OXIS granted Ambient Advisors a ten year common stock purchase warrant to purchase 108,000 shares of OXIS common stock at an exercise price of \$0.39 per share, with 9,000 warrant shares becoming exercisable each month over the term of the agreement.

The foregoing summary of the material terms of the Engagement Letter is qualified in its entirety by the text of the Engagement Letter attached as Exhibit 10.1 to this Current Report on Form 8-K and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

10.1 Engagement Letter between OXIS International, Inc. and Ambient Advisors, LLC dated May 12, 2006.

Signature(s)

Pursuant to the Requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the Undersigned hereunto duly authorized.

OXIS International, Inc.

Date: May 31, 2006

By: /s/ Michael D. Centron

Michael D. Centron
Vice President and Chief Financial Officer

Ambient Advisors, LLC

**100 North Crescent Drive
Suite 305
Beverly Hills, CA 90210
Tel 310-432-1750
Fax 310-432-1755**

May 12, 2006

Mr. Steven T. Guillen
OXIS INTERNATIONAL, INC.
323 Vintage Park Drive, Suite B
Foster City, CA 94404

Dear Steve:

This letter (the "Agreement") will confirm our understanding that OXIS INTERNATIONAL, INC. ("OXIS") has engaged Ambient Advisors, LLC (the "Advisor") to act as a financial and business advisor with respect to the services described in Section 1 of this Agreement.

Section 1. Services to be Rendered. The Advisor shall report to the CEO in providing advisory services in the following main areas:

- a) Assisting the CEO in developing and monitoring a strategic assessment and planning process,
 - b) Participating in the development and execution of a investor relations/communications programs including, but not limited to: assisting in developing investor presentations, planning and executing a press release strategy and reviewing and commenting on individual press releases,
 - c) Assisting in developing relationships with potential new investors,
 - d) Assisting in managing relationships with current key investors,
 - e) Advising on financing strategies, including approaches, terms and conditions, and timing,
 - f) Advising on retention of investment banking firm(s) and assisting in managing these relationships,
 - g) Providing other general advice related to the above matters as may reasonably be requested.
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OXIS and the Advisor may mutually agree on additional roles that the Advisor may perform outside the scope of this engagement, pursuant to separate agreement(s) regarding the Advisor, roles, responsibilities and compensation for these activities.

Section 2. Compensation. In consideration of the Advisor's services to be provided hereunder, the Advisor shall receive cash compensation of \$5,000 per month, payable in advance, and a warrant to purchase 108,000 shares of common stock vesting at the rate of 9,000 per month over the initial engagement term of 12 months. The warrant shall have a strike price of \$0.39 and shall be exercisable for a period of ten years from the date of issue. The warrants shall contain a cashless exercise option and other wise shall have terms and features customary for these types of securities.

Section 3. The Advisor's Expenses. The Company will reimburse the Advisor for all reasonable out-of-pocket expenses incurred by the Advisor in connection with the furnishing of services under this Agreement. This provision is not intended to include office supplies, but may include, but is not limited to, long distance phone charges and travel expenses. All travel billed to the Company shall be pre-approved by the CEO of the Company.

Section 4. Term of Engagement. This Agreement shall for a period of 12 months from the date hereof and continue month-to-month thereafter at the same compensation until either party gives 30 days notice to the other. However, this agreement may be terminated by OXIS after six months if OXIS can demonstrate that Advisor has failed to reasonably provide the services that are the subject of this agreement. Upon termination the Advisors will be paid any unpaid compensation or expenses as per Sections 2 and 3 herein. Upon any termination of this Agreement for any reason, the Advisor shall deliver to Oxis within 10 days from the effective date of termination of this Agreement:

- a) Any property of Company (including any tangible expression of the Company's Confidential Information (as defined below) in the possession or control of the Advisor; and
- b) All work products, whether finished or unfinished, prepared or produced by the Advisor for the benefit of Company under this Agreement.

Section 5 . Confidentiality. B y acceptance hereof, the Advisor expressly acknowledges that the list of OXIS's customers, its trade secrets, know-how, data, marketing techniques, trademark and other confidential information pertaining to the operations and business affairs of OXIS (the "Confidential Information") are valuable, special and unique assets of OXIS. The Advisor agrees that it shall not disclose any Confidential Information to any person, firm, corporation, association or other entity, for any reason or purpose whatsoever and that disclosure of Confidential Information would cause irreparable injury to OXIS.

For the purposes of this Agreement, Confidential Information shall not include information that (i) is or becomes generally available to the public other than as a result of a breach of this Agreement, (ii) was known to the receiving party prior to its disclosure hereunder, (iii) becomes known or available to the receiving party on a non-confidential basis and not in contravention of applicable law from a source (other than a party hereunder) which represents that it is entitled to disclose such Confidential Information, or (iv) is required to be disclosed by operation of law.

Notwithstanding the foregoing, if required pursuant to judicial or administrative subpoena or process or other legal obligation to disclose any Confidential Information, the Advisor may make such disclosure only to the extent required, in the opinion of counsel for the Advisor, to comply with such subpoena process or other obligation. The Advisor shall, as promptly as possible and in any event prior to the making of such disclosure, notify the Company of any such subpoena, process or obligation and shall cooperate with the Company in seeking a protective order or other means of protecting the confidentiality of the Confidential Information.

Section 6. Cooperation. OXIS shall furnish the Advisor with all information, data or documents that the Advisor shall reasonably deem appropriate in connection with its activities hereunder and shall provide the Advisor full access to OXIS's officers, employees and professional advisors. OXIS represents and warrants that all such information, data and documents shall be complete and correct in all material respects and shall not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading. OXIS recognizes and confirms that the Advisor does not assume responsibility for the accuracy or completeness of any such information, data or documents. OXIS agrees to inform the Advisor if any such information, data or documents becomes inaccurate, misleading or incomplete in any respect during the term of this engagement. The Advisor shall be entitled to rely on the accuracy and completeness of such information, data and documents, and the Advisor shall not be required to make an independent verification thereof.

Section 7. Notices. All notices and other communications which are required or permitted hereunder shall be in writing and shall be delivered personally or sent by air courier (e.g., Federal Express) or first class certified or registered mail, postage prepaid, return receipt requested to the following address:

If to the Advisor: If to the Company:

Gary M. Post	Steven T. Guillen
Ambient Advisors, LLC	President & CEO
100 North Crescent Drive	Oxis International, Inc.
Suite 305	323 Vintage Park Drive Suite B
Beverly Hills, CA 90210	Foster City, CA 94404



Either party may designate any other address to which notice shall be given, by giving written notice to the other of such change of address in the manner herein provided.

Section 8. Governing Law. This Agreement has been made in the State of California and shall be construed and governed in accordance with the laws thereof.

Section 9. Entire Agreement. This agreement contains the entire Agreement between the parties with respect to the rendering of the services described herein and may not be altered or modified, except in writing and signed by the party to be charged thereby and supersedes any and all previous Agreements between the parties with respect to the services.

Section 10. Severability. If any provision of this Agreement, or part thereof, is held to be unenforceable, the remainder of such provision of this Agreement, as the case may be, shall nevertheless remain in full force and effect.

Section 11. Assignment. This agreement may not be assigned by either of the parties hereto without the prior written consent of the other party, provided, however, that such prior written consent will not be necessary in the instance where the Company is merged with and into another entity or the transfer occurs in connection with sale of substantially all of the Company's assets.

Section 12. Execution in Counterparts. This agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original agreement, but all of which together shall constitute one and the same instrument.

Section 13. Headings, Interpretation of Syntax. The headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement. All references made and pronouns used herein shall be construed in the singular or plural, and in such gender, as the sense and circumstances

Section 14. Third Party Beneficiaries. This Agreement is intended solely for the benefit of the parties hereto and, with the exception of the rights and benefits conferred upon the Indemnified Parties by Section 6 of this Agreement, shall not be deemed or interpreted to confer any rights upon any third parties, including without limitation OXIS's shareholders.

Section 15. References to the Advisor or the Engagement. OXIS hereby agrees that the terms of this Agreement, as well as the fact that the Advisor has been engaged hereunder, shall not be publicly disclosed without the Advisor's prior written consent. Furthermore, OXIS shall provide drafts of any such press releases or other public communications referencing the Advisor or the engagement to the Advisor for its review and written approval a reasonable time in advance of any planned dissemination thereof.

If the foregoing terms meet with your approval, please indicate your acceptance by signing and returning the attached copy of this letter to us.

Very truly yours,

Ambient Advisors, LLC

By: /s/ Gary M. Post
Gary M. Post, Manager

AGREED TO AND ACCEPTED:

OXIS INTERNATIONAL, INC.

By: /s/ Steven Guillen
Steven Guillen
President and CEO