

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

**FORM 10-K/A**

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

For the fiscal year ended December 31, 2015

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.)

100 South Ashley Drive, Suite 600  
Tampa, FL 33602  
(Address of principal executive offices) (Zip code)

(800) 304-9888  
(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

Accelerated filer

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

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, 2015, the last business day of the registrant's most recently completed fiscal year, was approximately \$13.1 million. As of March 27, 2016, there were 21,517,221 shares of the registrant's common stock, \$0.001 par value, issued and outstanding.

## EXPLANATORY NOTE

GT Biopharma, Inc., formerly known as Oxis International, Inc, (the “**Company**”) is filing this Amendment No. 1 to its Annual Report on Form 10-K for its fiscal year ended December 31, 2015, as filed with the Securities and Exchange Commission on March 30, 2016 (the “**Original December 2015 Form 10-K**”), primarily to correct an error related to the non-cash calculation of warranty liabilities.

**Actual Changes in the Original December 2015 Form 10-K.** The actual changes in the Original December Form 10-K included in this Amendment No. 1 are amendments that include: **(a)** amended and restated Consolidated Balance Sheet as of December 31, 2015, **(b)** amended and restated Consolidated Statement of Operations for the year ended December 31, 2015, **(c)** amended and restated Consolidated Statement of Stockholders’ deficit for the year ended December 31, 2015, **(d)** amended and restated Consolidated Statement of Cash Flows for the year ended December 31, 2015, and **(e)** an amended Note 1 with the addition of Note 7.

Notwithstanding that there are no changes in most of the Notes to the Consolidated Financial Statements included in this Amendment No. 1, a complete Form 10-K document including a complete set of the Consolidated Financial Statements (together with all of the Notes from the Original December 2015 10-K) has been included in this Amendment No. 1, for convenient reference.

In addition, see additional amended filings of the Company for relevant subsequent events.

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## Table of Contents

PART I		
Item 1.	Business	2
Item 1A.	Risk Factors	8
Item 1B.	Unresolved Staff Comments	8
Item 2.	Properties	8
Item 3.	Legal Proceedings	8
Item 4.	Mine Safety Disclosures	8
PART II		
Item 5.	Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	8
Item 6.	Selected Financial Data	10
Item 7.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	10
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	14
Item 8.	Financial Statements and Supplementary Data	14
Item 9.	Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	14
Item 9A.	Controls and Procedures	15
Item 9B.	Other Information	16
PART III		
Item 10.	Directors, Executive Officers and Corporate Governance	16
Item 11.	Executive Compensation	18
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	19
Item 13.	Certain Relationships and Related Transactions, and Director Independence	21
Item 14.	Principal Accounting Fees and Services	21
PART IV		
Item 15.	Exhibits, Financial Statement Schedules	23

## 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

##### Overview

OXIS International, Inc., through its wholly owned subsidiary Oxis Biotech, Inc, is an immuno-oncology company with a robust technology platform consisting of bispecific and trispecific scFv constructs, full-length antibodies, proprietary drug payloads, proprietary antibody-drug linkers, dual-drug payload antibody-drug conjugates (ADCs), bispecific targeted ADCs, and NK cell and T-cell antibody directed cell-mediated cytotoxic (ADDCs) agents.

##### OXS-1550

OXS-1550 is a bispecific scFv recombinant fusion protein-drug conjugate composed of the variable regions of the heavy and light chains of anti-CD19 and anti-CD22 antibodies and a modified form of diphtheria toxin as its cytotoxic drug payload. CD19 is a membrane glycoprotein present on the surface of all stages of B-lymphocyte development, and is also expressed on most B-cell mature lymphoma cells and leukemia cells. CD22 is a glycoprotein expressed on B-lineage lymphoid precursors, including precursor acute lymphoblastic leukemia, and often is co-expressed with CD19 on mature B-cell malignancies such as lymphoma.

OXS-1550 targets cancer cells expressing the CD19 receptor or CD22 receptor or both receptors. When OXS-1550 binds to cancer cells, the cancer cells internalize OXS-1550, and are killed due to the action of drug's cytotoxic diphtheria toxin payload. OXS-1550 has demonstrated success in a Phase 1 human clinical trial in patients with relapsed/refractory B-cell lymphoma or leukemia.

## **p62/SQSTM1 (Sequestosome-1) Inhibitor Drug Development Program**

In humans, the p62/SQSTM1 protein is encoded by the SQSTM1 gene. The p62/SQSTM1 protein is a multifunctional protein involved in autophagy, cell signaling, tumorigenesis, and plays an important role at the crossroad between autophagy and cancer. Cell-cell interactions between multiple myeloma cells and bone marrow stromal cells activate signaling pathways that result in enhanced multiple myeloma cell growth, osteoclast formation, and inhibition of osteoblast differentiation.

Multiple myeloma remains an incurable malignancy with systematic morbidity and a median survival of 3-5 years. Multiple myeloma is characterized by aberrant proliferation of terminally differentiated plasma cells and impairment in apoptosis capacity. Due to the interactions between myeloma cells and cells of the bone marrow microenvironment, the osteolytic bone disease associated with myeloma is inextricably linked with tumor progression. High incidence of bone metastasis in multiple myeloma patients is frequently associated with severe bone pain and pathological bone fracture. Activated osteoclast levels and suppressed osteoblast levels are thought to play a role in multiple myeloma associated osteolytic bone disease.

While a diverse spectrum of novel agents has shown therapeutic potential for the treatment of multiple myeloma including bortezomib, lenalidomide and arsenic trioxide, high relapse rates and drug resistance continue to plague these therapies. Thus, novel targets and new therapeutics for the treatment of multiple myeloma are of critical importance for improved patient outcomes.

It has been demonstrated that the ZZ domain of the p62/SQSTM1 protein is responsible for increased multiple myeloma cell growth and associated osteoclast mediated bone disease. Dr. Xiang-Qun Xie and colleagues at ID4 Pharma LLC have developed novel chemical compounds (e.g., OXS-4235) which inhibit osteoclastic bone destruction in multiple myeloma. Oxis Biotech has exclusively licensed rights to OXS-4135 and other compounds for the treatment of multiple myeloma and associated osteolytic bone disease.

## **Triple-Negative Breast Cancer Drug Development Program OXS-2175**

OXS-2175 is a small molecule therapeutic candidate which has shown promise in early-stage preclinical *in vitro* and *in vivo* models of triple-negative breast cancer. Oxis Biotech is investigating OXS-2175 formulated as an infusible therapy, and as part of an ADC infusible therapy for the treatment of triple-negative breast cancer.

## **Therapeutic Antibody-Drug Conjugates Drug Development Program**

Antibody-drug conjugates (ADCs) are a new class of highly potent biopharmaceutical drugs designed as a targeted therapy for the treatment of cancer. By combining the unique targeting capabilities of monoclonal antibodies with the cancer-killing ability of cytotoxic drugs, antibody-drug conjugates allow sensitive discrimination between healthy and diseased tissue.

## **Markets**

### Triple-Negative Breast Cancer (TNBC)

According to the American Cancer Society there were approximately 231,840 new cases of invasive breast cancer last year in the USA and 40,290 deaths from breast cancer during the same period. Women represent 99% of all breast cancer patients. Breast cancer is treated by various combinations of surgery, radiation therapy, chemotherapy, and hormone therapy. TNBC is a type of breast cancer characterized by breast cancer cells that do not express estrogen receptors, progesterone receptors, or large amounts of HER2/neu protein. Approximately 10% - 20% percent of invasive breast cancers are diagnosed as triple-negative breast cancers. TNBC is more likely to affect younger people, African Americans or Hispanics, and those with a BRCA1 gene mutation.<sup>2</sup> TNBC is insensitive to many of the most effective therapies available for the treatment of breast cancer including the HER2-directed therapy Herceptin® (trastuzumab), and endocrine therapies such as tamoxifen or the aromatase inhibitors. The relapse and survival rates of TNBC patients are shorter than for patients with other types of breast cancer.

## Multiple Myeloma

Multiple myeloma is a type of cancer that forms in white blood cells, and affects about 26,850 people annually in the USA causing about 11,240 deaths per year. Multiple myeloma causes cancer cells to accumulate in the bone marrow, where they crowd out healthy blood cells. Multiple myeloma is also characterized by destructive lytic bone lesions (rounded, punched-out areas of bone), diffuse osteoporosis, bone pain, and the production of abnormal proteins which accumulate in the urine. Anemia is also present in most multiple myeloma patients at the time of diagnosis and during follow-up. Anemia in multiple myeloma is multifactorial, and is secondary to bone marrow replacement by malignant plasma cells, chronic inflammation, relative erythropoietin deficiency, and vitamin deficiency. Plasma cell leukemia, a condition in which plasma cells comprise greater than 20% of peripheral leukocytes, is typically a terminal stage of multiple myeloma and is associated with short survival.

## **Manufacturing**

We do not currently own or operate manufacturing facilities for the production of clinical or commercial quantities of any of our product candidates. We rely on a small number of third-party manufacturers to produce our compounds, and expect to continue to do so to meet the preclinical and clinical requirements of our potential product candidates as well as for all of our commercial needs. We do not have long-term agreements with any of these third parties. We require in our manufacturing and processing agreements that all third-party contract manufacturers and processors produce active pharmaceutical ingredients, or API, and finished products in accordance with the FDA's current Good Manufacturing Practices, or cGMP, and all other applicable laws and regulations. We maintain confidentiality agreements with potential and existing manufacturers in order to protect our proprietary rights related to our drug candidates.

## **Patents and Trademarks**

**ID4 Pharma, LLC License Agreement.** Pursuant to a patent license agreement with ID4 Pharma LLC, dated January 2, 2015 (the "ID4 License Agreement"), we received an exclusive, worldwide license to certain intellectual property, including intellectual property related to treating a p62-mediated disease (e.g., multiple myeloma). The terms of this license require us to pay ID4 Pharma royalties equal to three percent (3%) of net sales of products and twenty-five percent royalty of net sublicensing revenues. The license will expire upon expiration of the last patent contained in the licensed patent rights, unless terminated earlier. We may terminate the licensing agreement with ID4 Pharma by providing ID4 Pharma with a 30 day written notice.

Oxis shall pay the following cash amounts to ID4 upon the attainment of the following milestones:

- (i) filing of an investigational new drug application with a competent regulatory authority anywhere in the world -- \$50,000;
- (ii) Initiation of Phase I Human Clinical Trial -- \$50,000;
- (iii) Initiation of Phase II Human Clinical Trial -- \$100,000;
- (iv) Initiation of pivotal Phase III Human Clinical Trial -- \$250,000; and
- (v) Receipt of the first marketing approval -- \$250,000

The following is a list of the pending patent applications that we licensed from ID4 Pharma under our License Agreement:

Pat./Pub. No.	Title	Country	Status
U.S. Patent Application USSN 14/237,494	P62-zz chemical inhibitor	US	Pending
China Patent Application CN201280048718	P62-zz chemical inhibitor	China	Pending

*MultiCell Immunotherapeutics, Inc. (MCIT) License Agreement.* Oxis licensed exclusive rights to three antibody-drug conjugates (ADCs) that MCIT will prepare for further evaluation by Oxis as prospective therapeutics for the treatment of triple-negative breast cancer, and multiple myeloma and associated osteolytic bone disease. Under the terms of the agreement, MCIT will develop three ADC product candidates which contain Oxis' lead drug candidates OXS-2175 and OXS-4235. Oxis paid MCIT a license fee of \$500,000 and will reimburse MCIT up to \$1.125 million for its development costs to make the three ADCs exclusively licensed to Oxis. Assuming all clinical development milestones are achieved and manufacturing rights to the three ADCs purchased, Oxis will pay MCIT an additional sum of \$22.75 million and pay a royalty of 3% of net yearly worldwide sales upon marketing approval of the ADCs.

MCIT's ADC platform technology is based on unique multivalent, cleavable linkers that allow drugs tethered to the antibody to be released intracellularly or extracellularly upon binding of the antibody to the target cell. Additionally, the MCIT's ADC technology platform allows multiple drugs to be attached per targeting antibody, and to release the drugs in their original form without modification of the drug.

*Daniel A. Vallera, Ph.D. License Agreement.* Oxis executed an exclusive worldwide license agreement with Daniel A. Vallera, Ph.D. and his associate (jointly "Dr. Vallera"), to further develop and commercialize DT2219ARL (OXS-1550), a novel therapy for the treatment of various human cancers. Under the terms of the agreement, OXIS receives exclusive rights to conduct research and to develop, make, use, sell, and import DT2219ARL worldwide for the treatment of any disease, state or condition in humans. OXIS shall own all permits, licenses, authorizations, registrations and regulatory approvals required or granted by any governmental authority anywhere in the world that is responsible for the regulation of products such as DT2219ARL, including without limitation the Food and Drug Administration in the United States and the European Agency for the Evaluation of Medicinal Products in the European Union. Under the agreement, Dr. Vallera will receive an upfront license fee, royalty fees, and certain milestone payments.

The following is a list of the pending patent applications that we licensed from D under our License Agreement:

Pat./Pub. No.	Title	Country	Status
U.S. Patent Application USSN 13/256,812	Methods and compositions for bi-specific targeting of cd19/cd22	US	Pending

### Competition

The biotechnology and pharmaceutical industries are subject to rapid technological change. Competition from domestic and foreign biotechnology companies, large pharmaceutical companies and other institutions is intense and expected to increase. A number of companies are pursuing the development of pharmaceuticals in our targeted areas. According to the Pharmaceutical Manufacturers Research Association, at the end of 2015 there were 168 drugs in development for the treatment of breast cancer, and there were 135 drugs in development for the treatment of lymphomas (blood cell cancers including multiple myeloma).

## Government Regulation

### *United States*

Our research and development activities and the future manufacturing and marketing of any products we develop are subject to significant regulation by numerous government authorities in the United States and other countries. In the United States, the Federal Food, Drug and Cosmetic Act and the Public Health Service Act govern the testing, manufacture, safety, efficacy, labeling, storage, record keeping, approval, advertising and promotion, and distribution of our drug candidates and any products we may develop. In addition, this regulatory framework is subject to changes that may adversely affect approval, delay an application or require additional expenditures.

The steps required before a pharmaceutical compound may be marketed in the United States include: preclinical laboratory and animal testing; submission of an IND to the FDA, which must become effective before clinical trials may commence; conducting adequate and well-controlled clinical trials to establish the safety and efficacy of the drug; submission of a New Drug Application, or NDA, or Biologics License Application, or BLA, to the FDA; satisfactory completion of an FDA pre-approval inspection of the manufacturing facilities to assess compliance with cGMP; and FDA approval of the NDA or BLA prior to any commercial sale or shipment of the drug. In addition to obtaining FDA approval for each product, each drug-manufacturing establishment used must be registered with the FDA and be operated in conformity with cGMP. Drug product manufacturing facilities may also be subject to state and local regulatory requirements.

Preclinical testing includes laboratory evaluation of product chemistry and animal studies to assess the safety and efficacy of the product and its formulation. The results of preclinical testing are submitted to the FDA as part of an IND, and, unless the FDA objects, the IND becomes effective 30 days following its receipt by the FDA.

Clinical trials involve administration of the study drug to healthy volunteers and to patients diagnosed with the condition for which the study drug is being tested under the supervision of qualified clinical investigators. Clinical trials are conducted in accordance with protocols that detail the objectives of the study, the parameters to be used to monitor safety and the efficacy criteria to be evaluated. Each protocol is submitted to the FDA as part of the IND. Each clinical trial is conducted under the auspices of an independent Institutional Review Board, or IRB, in the United States, or Ethics Committee, or EC, outside the United States, for each trial site. The IRB or EC considers, among other matters, ethical factors and the safety of human clinical trial subjects.

Clinical trials are typically conducted in three sequential phases, but the phases may overlap or be repeated. In Phase 1 clinical trials, the drug is initially introduced into healthy human subjects or patients and is tested for adverse effects, dosage tolerance, pharmacokinetics, and clinical pharmacology. Phase 2 clinical trials involve the testing of a limited patient population in order to characterize the actions of the drug in targeted indications, in order to determine drug tolerance and optimal dosage and to identify possible adverse side effects and safety risks. When a compound appears to be effective at a specific dosage and have an acceptable safety profile in Phase 2 clinical trials, Phase 3 clinical trials are undertaken to further evaluate and confirm clinical efficacy and safety within an expanded patient population at multiple clinical trial sites. The FDA reviews the clinical plans and monitors the results of the trials and may discontinue the trials at any time if significant safety issues arise. Similarly, an IRB or EC may suspend or terminate a trial at a study site that is not being conducted in accordance with the IRB or EC's requirements or that has been associated with unexpected serious harm to subjects.

The results of preclinical testing and clinical trials are submitted to the FDA for marketing approval in the form of an NDA or BLA. The submission of an NDA or BLA also requires the payment of user fees, but a waiver of the fees may be obtained under specified circumstances. The testing and approval process is likely to require substantial time, effort and resources and there can be no assurance that any approval will be granted on a timely basis, if at all, or that conditions of any approval, such as warnings, contraindications, or scope of indications will not materially impact the potential market acceptance and profitability of the drug product. Data obtained from clinical trials are not always conclusive, and the FDA may interpret data differently than we interpret the same data. The FDA may refer the application to an advisory committee for review, evaluation and recommendation as to whether the application should be approved and under what conditions. The FDA is not bound by the recommendations of an advisory committee, but it generally follows such recommendations. The approval process is affected by a number of factors, including the severity of the disease, the availability of alternative treatments and the risks and benefits of the product demonstrated in clinical trials.



Additional preclinical testing or clinical trials may be requested during the FDA review period and may delay any marketing approval. After FDA approval for the initial indications, further clinical trials may be necessary to gain approval for the use of the product for additional indications. In addition, after approval, certain types of changes to the approved product, such as manufacturing changes, are subject to further FDA review and approval. The FDA mandates that adverse effects be reported to the FDA, and the regulatory agency may also require post-marketing testing to continue monitoring for expected and unexpected adverse effects, which can involve significant expense. Adverse effects observed during the commercial use of a drug product or which arise in the course of post-marketing studies can result in the need for labeling revisions, including additional warnings and contraindications; and if the findings significantly alter the risk/benefit assessment, the potential withdrawal of the drug from the market.

Among the conditions for FDA approval is the requirement that the prospective manufacturer's quality control and manufacturing procedures conform to the FDA's cGMP requirements. Domestic manufacturing facilities are subject to biannual FDA inspections and foreign manufacturing facilities are subject to periodic inspections by the FDA or foreign regulatory authorities. If the FDA finds that a company is not operating in compliance with cGMPs, the continued availability of the product can be interrupted until compliance is achieved; and if the deficiencies are not corrected within a reasonable time frame, the drug could be withdrawn from the market. In addition, the FDA strictly regulates labeling, advertising and promotion of drugs. Failure to conform to requirements relating to licensing, manufacturing and promoting drug products can result in informal or formal sanctions, including warning letters, injunctions, seizures, civil and criminal penalties, adverse publicity and withdrawal of approval.

### ***Foreign***

We are also subject to numerous and varying foreign regulatory requirements governing the design and conduct of clinical trials and marketing approval for pharmaceutical products to be marketed outside of the United States. The approval process varies among countries and regions and can involve additional testing; and the time required to obtain approval may differ from that required to obtain FDA approval.

The steps to obtain approval to market a pharmaceutical compound in the European Union include: preclinical laboratory and animal testing; conducting adequate and well-controlled clinical trials to establish safety and efficacy; submission of a Marketing Authorization Application, or MAA; and the issuance of a product marketing license by the European Commission prior to any commercial sale or shipment of drug. In addition to obtaining a product marketing license for each product, each drug manufacturing establishment must be registered with the European Medicines Agency, or EMA, must operate in conformity with European good manufacturing practice and must pass inspections by the European health authorities.

Upon receiving the MAA, the Committee for Human Medicinal Products, or CHMP, a division of the EMA, will review the MAA and may respond with a list of questions or objections. Answers to questions posed by the CHMP may require additional tests to be conducted. Responses to the list of questions or objections must be provided to and deemed sufficient by the CHMP within a defined time frame. Ultimately, a representative from each of the European Member States will vote whether to approve the MAA.

Foreign regulatory approval processes include all of the risks associated with obtaining FDA approval, and approval by the FDA does not ensure approval by the health authorities of any other country.

### **Employees**

As of December 31, 2015, we had two employees, the chief executive officer and chief financial officer of the company. 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 100 South Ashley Drive, Suite 600, Tampa, FL 33602. It is leased on an annual basis at the rate of \$1,209 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.

In May, 2015, Aaion Partners Inc, a consulting firm, filed a breach of contract action against the Company in the Superior Court of California County of Los Angeles, Case No: BC581098. The lawsuit seeks payment under a consulting agreement. In July, 2015, the Company filed a cross-claim against Aaion Partners Inc. for breach of contract and tort claims. In December 2015, we settle this claim for \$150,000 in cash and 11,429 shares of restricted common stock.

**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 January 2015, our common stock is quoted on the OTCQB 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 OTCQB 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 OTCQB 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.

<b>YEAR</b>	<b>PERIOD</b>	<b>HIGH</b>	<b>LOW</b>
Fiscal Year 2014	First Quarter	2.50	0.75
	Second Quarter	0.80	3.25
	Third Quarter	6.25	1.25
	Fourth Quarter	7.50	2.50
Fiscal Year 2015	First Quarter	13.50	5.13
	Second Quarter	11.78	5.03
	Third Quarter	6.23	3.50
	Fourth Quarter	5.23	2.93

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 December 31, 2015, 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. We conducted limited operations, and had limited revenues from these products in 2013 and in 2014. In July 2014, we began pursuing the acquisition of novel therapeutics from various educational and research institutions.

As shown in the accompanying consolidated financial statements, the Company has incurred an accumulated deficit of \$145,636,000 through December 31, 2015. On a consolidated basis, the Company had cash and cash equivalents of \$47,000 at December 31, 2015. 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**

#### *License Agreements*

Pursuant to a patent license agreement with the ID4, dated December 31, 2015, we received a non-exclusive, worldwide license to certain intellectual property, including intellectual property related to treating a p62-mediated disease (e.g., multiple myeloma).

On March 10, 2015, Oxis licensed exclusive rights to three antibody-drug conjugates (ADCs) that MCIT will prepare for further evaluation by Oxis as prospective therapeutics for the treatment of triple-negative breast cancer, and multiple myeloma and associated osteolytic bone disease. Under the terms of the agreement, MCIT will develop three ADC product candidates which contain Oxis’ lead drug candidates OXS-2175 and OXS-4235.

Oxis executed an exclusive worldwide license agreement with Daniel A. Vallera, Ph.D. and his associate (jointly "Dr. Vallera"), to further develop and commercialize DT2219ARL (OXS-1550), a novel therapy for the treatment of various human cancers. Under the terms of the agreement, OXIS receives exclusive rights to conduct research and to develop, make, use, sell, and import DT2219ARL worldwide for the treatment of any disease, state or condition in humans. OXIS shall own all permits, licenses, authorizations, registrations and regulatory approvals required or granted by any governmental authority anywhere in the world that is responsible for the regulation of products such as DT2219ARL, including without limitation the Food and Drug Administration in the United States and the European Agency for the Evaluation of Medicinal Products in the European Union. Under the agreement, Dr. Vallera will receive an upfront license fee, royalty fees, and certain milestone payments.

## Financing

On July 24, 2014, the Company entered into a securities purchase agreement with ten accredited investors to sell 10% convertible debentures, with an exercise price of \$1.75, with an initial principal balance of \$1,250,000 and warrants to acquire up to 714,286 shares of the Company's common stock at an exercise price of \$2.50 per share.

On October 15, 2014, the Company entered into a securities purchase agreement with three accredited investors to sell 10% convertible debentures, with an exercise price of \$2.50, with an initial principal balance of \$1,250,000 and warrants to acquire up to 400,000 shares of the Company's common stock at an exercise price of \$5.00 per share.

On February 23, 2015, the Company entered into a securities purchase agreement with ten accredited investors to sell 10% convertible debentures, with and an exercise price of \$6.25, with an initial principal balance of \$2,350,000 and warrants to acquire up to 376,000 shares of the Company's common stock at an exercise price of \$7.50 per share.

Effective July 2015, the Company entered into a securities purchase agreement with three accredited investors to sell 10% convertible debentures, with and an exercise price of \$5.00, with an initial principal balance of \$550,000 and warrants to acquire up to 111,765 shares of the Company's common stock at an exercise price of \$6.25 per share.

Effective October 2015, the Company entered into a securities purchase agreement with three accredited investors to sell 10% convertible debentures, with and an exercise price of \$2.50, with an initial principal balance of \$500,000 and warrants to acquire up to 200,000 shares of the Company's common stock at an exercise price of \$2.50 per share.

Effective November 2015, the Company entered into a securities purchase agreement with two accredited investors to sell 10% convertible debentures, with and an exercise price of \$2.50, with an initial principal balance of \$100,000 and warrants to acquire up to 80,000 shares of the Company's common stock at an exercise price of \$2.50 per share.

Effective December 2015, the Company entered into a securities purchase agreement with two accredited investors to sell 10% convertible debentures, with and an exercise price of \$1.25, with an initial principal balance of \$350,000 and warrants to acquire up to 280,000 shares of the Company's common stock at an exercise price of \$1.25 per share.

In December 2015, the Company agreed to an adjustment as negotiated to enable inducement of further financing of the Company. Pursuant to the anti-dilution provisions in all the convertible instruments, the conversion price of certain convertible instruments is now \$1.25 (with the exception of the conversion price of the October 2006 Debenture which is already priced at the lesser of \$1.25 and 60% of the average of the lowest three trading prices occurring at any time during the 20 trading days preceding conversion).

## Results of Operations

### Revenues

The following table presents the changes in revenues from fiscal 2014 to fiscal 2015:

	<u>2015</u>	<u>2014</u>	<u>Decrease from 2014 Amount</u>
Product revenues	\$ -0-	\$ 28,000	\$ 28,000

We did not actively market any products in 2015 as we began the development of biotech products.

### *Cost of product revenues*

The following table presents the changes in cost of product revenues from fiscal 2014 to fiscal 2015:

	<u>2015</u>	<u>2014</u>	<u>Decrease from 2014 Amount</u>
Cost of product revenues	\$ -0-	\$ 57,000	\$ 57,000

We did not actively market any products in 2015 as we began the development of biotech products.

### *Selling, general and administrative expenses*

Our selling, general and administrative expenses increased in fiscal 2015 by \$6,554,000 to \$8,954,000 compared to \$2,400,000 in fiscal 2014. The increase is primarily the result of an increase in stock based compensation, professional fees and consulting, professional and license fees, related to the development of our biotech products.

### *Change in value of warrant and derivative liabilities*

During the year ended December 31, 2015, we recorded income as a result of a decrease in the fair market value of outstanding warrants and beneficial conversion features of \$4,505,000, compared to an expense of \$15,963,000 during the year ended December 31, 2014. We recorded income as a result of a decrease in the fair market value of outstanding debt and equity securities accounted for as derivative liabilities.

### *Interest Expense*

Interest expense was \$17,039,000 compared to \$5,146,000 for the year ended December 31, 2015 and 2014, respectively. The increase of \$11,893,000 is due to additional notes payable and allonge agreements incurred in 2015.

### **Liquidity and Capital Resources**

As of December 31, 2015, we had cash and cash equivalents of \$47,000. This cash and cash equivalents is in part the result of the proceeds from borrowings in 2015. On the same day we had total current assets of \$54,000, and a working capital deficit of \$49,860,000. Based upon the cash position, it is necessary to raise additional capital by the end of the next quarter in order to continue to fund current operations. The Company is pursuing several alternatives to address this situation, including the raising of additional funding through equity or debt financings. In order to finance existing operations and pay current liabilities over the next twelve months, the Company will need to raise approximately \$4-5 million of capital.

### **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 2014 and 2013, we issued warrants to purchase 9,874,833 and 1,325,155 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 December 31, 2015.

**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, 2015. Based on that evaluation we have concluded that our disclosure controls and procedures were not effective as of December 31, 2015.

### **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, 2015, 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, 2015. 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, 2015.

As the company's operations increase, the company intends to hire additional employees in its accounting department. 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 March 15, 2015. 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.

<b>Name</b>	<b>Age</b>	<b>Position</b>
Anthony J. Cataldo	64	Chief Executive Officer and Chairman of the Board
Steven Weldon	40	Chief Financial Officer and Director

**Anthony J. Cataldo** was appointed to the Board of Directors on July 31, 2014 and he was appointed Chief Executive Officer on November 19, 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.

**Steven Weldon** was appointed to our Board of Directors in September, 2014 and as our President and 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 all of our executive officers and directors filed the required reports on a timely basis under Section 16(a).

**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, 2015 and 2014 of all persons who served as our principal executive officers and as our principal financial officer during the fiscal year ended December 31, 2015. No other executive officers received total annual compensation during the fiscal year ended December 31, 2015 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 <sup>(1)</sup> (\$)	Non-Equity Incentive Plan Compensation Earnings (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total
Anthony J. Cataldo, Chairman <sup>(2)</sup>	2015	\$ 216,000	\$ 134,000	\$ ----	\$ 102,535	\$ —	\$ —	\$ —	\$ 452,535
	2014	\$ 154,000	\$ —	\$ 402,291	\$ 139,079	\$ —	\$ —	\$ —	\$ 695,370
Kenneth Eaton, Chief Executive Officer (Principal Executive Officer) <sup>(3)</sup>	2015	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
	2014	\$ 224,560	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 224,560
Steven Weldon, Chief Financial Officer (Principal Financial Officer) <sup>(4)</sup>	2015	\$ 168,000	\$ —	\$ 197,845	\$ —	\$ —	\$ —	\$ —	\$ 365,845
	2014	\$ 25,500	\$ —	\$ 57,945	\$ —	\$ —	\$ —	\$ —	\$ 83,445

<sup>(1)</sup> 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.

<sup>(2)</sup> Mr. Cataldo served as our Chief Executive Officer from March 2009 to August 2011 and again in November 2014, and was appointed Chairman of the Board of Directors on July 25, 2014.

<sup>(3)</sup> Mr. Eaton was appointed Chief Executive Officer in November 2013 and resigned in November 2014.

<sup>(4)</sup> Mr. Weldon was appointed Chief Financial Officer on November 3, 2014.

**Employment Agreements**

The Company has entered into employment agreements with Anthony J. Cataldo and Steven Weldon. Pursuant to the agreements, Mr. Cataldo and Mr. Weldon receive annual salaries of \$216,000 and \$168,000 respectively, as well as bonuses under certain circumstances and as awarded by the Board of Directors. The term of employment under Mr. Cataldo’s agreement is for three years with a year to year renewal option thereafter. The term of employment under Mr. Weldon’s agreement is for two years with a year to year renewal option thereafter.

## Stock Option Grants

The following table sets forth information as of December 31, 2015, 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, 2015

Name	Option Awards		Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Stock Awards		Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable				Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)		
Anthony Cataldo	321,833	-	-	\$ 2.50	07/01/19				
Anthony Cataldo	321,833	-	-	\$ 5.00	07/01/19				
Anthony Cataldo	321,833	321,833	-	\$ 7.50	07/01/19				

## Director Compensation

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. There was not compensation paid to non-employee directors during fiscal 2015.

## 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 March 23, 2016 (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 March 23, 2016 there were 21,517,221 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 March 23, 2016 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 100 South Ashley Street, Suite 600, Tampa, FL 33602.

Name and Address of Beneficial Owner	Number of Shares of Common Stock Beneficially Owned	Percent of Shares of Outstanding Common Stock
<b>Security Ownership of Certain Beneficial Owners:</b>		
Bristol Investment Fund, Ltd.	2,080,347(1)	9.67%
Theorem Group, LLC (2)	2,096,480(2)	9.74%
Alpha Capital Anstalt	2,034,830(3)	9.46%
James W. Heavener	1,684,100(4)	7.83%
Adam Kasower	1,392,857(5)	6.47%
Red Mango Enterprises Ltd	1,120,000	5.21%
<b>Security Ownership of Management:</b>		
Anthony J. Cataldo	4,030,731	18.73%
Steven Weldon	601,610	2.8%
Executive officers and directors as a group — 2 persons	4,632,341	21.53%

- (1) As reported on SC 13G/A filed with the SEC on January 25, 2016. 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) As reported on SC 13D/A filed with the SEC on January 26, 2016. Anshuman Dube, manager of Theorem Group, LLC, has voting and investment control over the securities. Mr. Dube disclaims beneficial ownership of these securities.
- (3) As reported on SC 13G filed with the SEC on January 26, 2016 Konrad Ackermann, director of Alpha Capital Anstalt, has voting and investment control over the securities.
- (4) As reported on SC 13G filed with the SEC on February 9, 2016 James W. Heavener has voting and investment control over the securities.
- (5) As reported on SC 13G filed with the SEC on February 17, 2016 Adam Kasower has voting and investment control over the securities.

## Equity Compensation Plan Information

The following is a summary of our equity compensation plans at December 31, 2015:

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)	374,801	\$ 4.78	133,445
Equity compensation plans not approved by security holders	-	-	-
<b>Total</b>	<b>374,801</b>	<b>\$ 4.78</b>	<b>133,445</b>

(1) As of December 31, 2015, we had options issued and outstanding to purchase 967 shares of common stock under our 2003 Stock Incentive Plan, -0- shares of our common stock under the 2010 Plan and 373,833 shares of common stock under our 2014 Stock Incentive Plan.

### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

#### Director Independence

None of our two 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, 2014 and 2015. The Audit Committee appointed Seligson & Giannattasio, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015. 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 2014 and 2015 fiscal years.

	2015	2014
Audit Fees (1)	\$ 50,500	\$ 50,500
Audit-Related Fees (2)	-	-
Tax Fees (3)	-	-
All Other Fees	-	-
<b>Total</b>	<b>\$ 50,500</b>	<b>\$ 50,500</b>

- 
- (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 2015 and 2014 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**

<b>ExhibitNumber</b>	<b>Exhibit Description</b>	<b>Incorporated by Reference</b>			<b>Filed Herewith</b>
		<b>Form</b>	<b>Date</b>	<b>Number</b>	
<a href="#">3.1</a>	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	
<a href="#">3.2</a>	Certificate of Amendment to Amended and Restated Certificate of Incorporation of Oxis International, Inc.	10-K	03/31/11	3.2	
<a href="#">3.3</a>	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	
<a href="#">3.4</a>	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	
<a href="#">3.5</a>	Bylaws, as restated effective September 7, 1994 and as amended through April 29, 2003	10-QSB	08/13/03	3	
<a href="#">10.1</a>	Employment Agreement of Steven Weldon				X
<a href="#">10.2</a>	Employment Agreement of Anthony Cataldo				X
<a href="#">14.1</a>	Code of Ethics				X
<a href="#">21.1</a>	Subsidiaries of OXIS International, Inc.				X
<a href="#">31.1</a>	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.				X
<a href="#">31.2</a>	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
<a href="#">32.1</a>	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.				X
<a href="#">32.2</a>	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.

### GT Biopharma, Inc.

Dated: February 28, 2018

By: /s/ Shawn Cross

\_\_\_\_\_  
Shawn Cross  
Chief Executive Officer and Chairman of the  
Board

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/ Shawn Cross</u> Shawn Cross	Chief Executive Officer and Chairman of the Board	February 28, 2018
<u>/s/ Steven Weldon</u> Steven Weldon	Chief Financial Officer (Principal Financial Officer), and Director	February 28, 2018
<u>/s/ Dr. Kathleen Clarence-Smith</u> Dr. Kathleen Clarence-Smith	Vice Chairwoman and Director	February 28, 2018
<u>/s/Anthony J. Cataldo</u> Anthony J. Cataldo	Director	February 28, 2018
<u>/s/ Geoffrey Davis</u> Geoffrey Davis	Director	February 28, 2018

**OXIS INTERNATIONAL, INC. AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**

Contents

	<u>Page</u>
Report of Independent Registered Public Accounting Firm	
Seligson & Giannattasio, LLP	F-1
Consolidated Financial Statements	
Balance Sheets as of December 31, 2015 and 2014	F-2
Statements of Operations For Years Ended December 31, 2015 and 2014	F-3
Statement of Stockholders' Equity (Deficit) For Years Ended December 31, 2015 and 2014	F-4
Statements of Cash Flows For Years Ended December 31, 2015 and 2014	F-5
Notes To Consolidated Financial Statements	F-6

## 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, 2015 and 2014 and the related consolidated statements of operations, stockholders' deficit and cash flows for each of the two years in the period ended December 31, 2015. Oxis International, Inc. and subsidiaries' management is responsible for the consolidated financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

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, 2015 and 2014 and the consolidated results of their operations and their consolidated cash flows for each of the two years in the period ended December 31, 2015 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  
March 30, 2016, except for Note 7  
as to which the date is February 28, 2018

**OXIS International, Inc. and Subsidiaries**  
**December 31, 2015 and 2014**  
**Consolidated Balance Sheets**

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
	(As restated)	
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 47,000	\$ 855,000
Prepaid expenses	2,000	27,000
<b>Total Current Assets</b>	<b>49,000</b>	<b>882,000</b>
Fixed assets, net	5,000	6,000
<b>Total Other Assets</b>	<b>5,000</b>	<b>6,000</b>
<b>TOTAL ASSETS</b>	<b>\$ 54,000</b>	<b>\$ 888,000</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current Liabilities:		
Accounts payable	\$ 893,000	\$ 412,000
Accrued interest	2,391,000	2,025,000
Accrued expenses	4,326,000	3,085,000
Line of credit	31,000	28,000
Warrant liability	33,266,000	21,581,000
Settlement note payable	691,000	691,000
Demand notes payable, net of discount of \$-0- and \$-0-	452,000	252,000
Convertible debentures, net of discount of \$900,000 and \$-0-, current portion	6,820,000	1,207,000
Convertible debentures	1,039,000	547,000
<b>Total Current Liabilities</b>	<b>49,909,000</b>	<b>29,828,000</b>
Long term liabilities:		
Convertible debentures, net of discount of \$2,536,000 and \$2,302,000	714,000	634,000
<b>Total long term liabilities</b>	<b>714,000</b>	<b>634,000</b>
<b>Total liabilities</b>	<b>50,623,000</b>	<b>30,462,000</b>
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, 2015 and December 31, 2014, respectively	1,000	1,000
Series H - 25,000 and 25,000 shares issued and outstanding at December 31, 2015 and December 31, 2014, respectively	—	—
Series I - 1,666,667 shares issued and outstanding at December 31, 2015 and December 31, 2014, respectively	2,000	2,000
Common stock - \$0.001 par value; 2,400,000 shares authorized; and 2,400,000 and 2,366,588 shares issued and outstanding at December 31, 2015 and December 31, 2014, respectively	2,000	2,000
Additional paid-in capital	84,012,000	83,546,000
Accumulated deficit	(134,417,000)	(112,956,000)
Noncontrolling interest	(169,000)	(169,000)
<b>Total Stockholders' Deficit</b>	<b>(50,569,000)</b>	<b>(29,574,000)</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	<b>\$ 54,000</b>	<b>\$ 888,000</b>

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

**OXIS International, Inc. and Subsidiaries**  
**December 31, 2015 and 2014**  
**Statements of Operations**

	<b>December 31,</b>	
	<b>2015</b>	<b>2014</b>
	(As restated)	
Revenue:		
Product revenues	\$ -	\$ 28,000
License revenues	27,000	33,000
<b>TOTAL REVENUE</b>	<b>27,000</b>	<b>61,000</b>
Cost of Product Revenue	-	57,000
Gross profit	27,000	4,000
Operating Expenses:		
Research and development	1,000,000	-
Selling, general and administrative	7,954,000	2,400,000
Total operating expenses	8,954,000	2,400,000
Loss from Operations	(8,927,000)	(2,396,000)
Other income (expense)		
Change in value of warrant and derivative liabilities	4,505,000	(15,963,000)
Interest expense/income	(17,039,000)	(5,146,000)
Total Other Income (Expense)	(12,534,000)	(21,109,000)
Loss before minority interest and provision for income taxes	(21,461,000)	(23,505,000)
Less: Net loss attributable to the noncontrolling interests	0	16,000
Loss before provision for income taxes	(21,461,000)	(23,489,000)
Provision for income taxes	-	-
Net loss	(21,461,000)	(23,489,000)
Loss Per Share – basic and diluted	\$ (8.96)	\$ (10.09)
Weighted Average Shares Outstanding – basic and diluted	2,394,540	2,327,873

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, 2015 and 2014**

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit
	Shares	Amount	Shares	Amount		
<b>Balance at December 31, 2013</b>	1,787,897	\$ 3,000	2,291,936	\$ 2,000	\$3,281,000	\$89,467,000
Issuance of stock options					162,000	
Issuance of common stock for accrued expenses			74,652	-	103,000	
Net loss						(23,489,000)
<b>Balance at December 31, 2014</b>	<u>1,787,897</u>	<u>\$ 3,000</u>	<u>2,366,588</u>	<u>\$ 2,000</u>	<u>\$3,546,000</u>	<u>\$112,956,000</u>
Issuance of stock options					220,000	
Issuance of common stock for accrued expenses			33,412		246,000	
Net loss (as restated)						(21,461,000)
<b>Balance at December 31, 2015 (as restated)</b>	<u><u>1,787,897</u></u>	<u><u>\$ 3,000</u></u>	<u><u>2,400,000</u></u>	<u><u>\$ 2,000</u></u>	<u><u>\$4,012,000</u></u>	<u><u>\$134,417,000</u></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, 2015 and 2014**

	<b>2015</b>	<b>2016</b>
	(As restated)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$(21,461,000)	\$(23,489,000)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	2,000	-
Amortization of intangible assets	-	22,000
Stock compensation expense for options and warrants issued to employees and non-employees	3,761,000	2,630,000
Note Allonges	3,667,000	-
Amortization of debt discounts	2,494,000	2,759,000
Non-cash interest expense	9,840,000	2,764,000
Change in value of warrant and derivative liabilities	(3,865,000)	13,962,000
Note settlement	-	(176,000)
Changes in operating assets and liabilities:		
Inventory	-	42,000
Other assets	25,000	13,000
Accounts payable and accrued liabilities	880,000	(276,000)
Net cash used in operating activities	(4,657,000)	(1,749,000)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of fixed assets	(1,000)	(6,000)
Net cash used by investing activities	(1,000)	(6,000)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from notes payable	3,850,000	2,589,000
Repayment of note payable	-	(6,000)
Net cash provided by financing activities	3,850,000	2,583,000
Minority interest	-	(16,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(808,000)	812,000
CASH AND CASH EQUIVALENTS - Beginning of period	855,000	43,000
CASH AND CASH EQUIVALENTS - End of period	\$ 47,000	\$ 855,000

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



**OXIS International, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015**

**1. The Company and Summary of Significant Accounting Policies**

OXIS International, Inc. (collectively, "OXIS" or the "Company") is engaged in discovering, developing and commercializing novel therapeutics from our proprietary product platform in a broad range of disease areas. Currently, OXIS develops innovative drugs focused on the treatment of cancer. OXIS' lead drug candidate, OXS-2175, is a small molecule therapeutic candidate targeting the treatment of triple-negative breast cancer. In *in vitro* and *in vivo* models of TNBC, OXS-2175 demonstrated the ability to inhibit metastasis. OXIS' lead drug candidate, OXS-4235, also a small molecule therapeutic candidate, targets the treatment of multiple myeloma and associated osteolytic lesions. In *in vitro* and *in vivo* models of multiple myeloma, OXS-4235 demonstrated the ability to kill multiple myeloma cells, and decrease osteolytic lesions in bone. OXIS' lead drug candidate, OXS-1550, is a bispecific scFv recombinant fusion protein-drug conjugate composed of the variable regions of the heavy and light chains of anti-CD19 and anti-CD22 antibodies and a modified form of diphtheria toxin as its cytotoxic drug payload. OXS-1550 has demonstrated success in early human clinical trials in patients with relapsed/refractory B-cell lymphoma or leukemia.

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 \$134,417,000 through December 31, 2015. On a consolidated basis, the Company had cash and cash equivalents of \$47,000 at December 31, 2015. 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, 2015**

*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. There were no advertising expenses for the years ended December 31, 2015 and 2014, 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. The Company does not have balances in excess of this limit at December 31, 2015.

*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 52,000 and 321,833 shares of the Company's common stock to employees and directors during the year ended December 31, 2015 and 2014, 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 2015: expected volatility of 90%; average risk-free interest rate of 1.50% initial expected life of 5 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 \$221,000 and \$162,000 for the year ended December 31, 2015 and 2014, respectively.

**OXIS International, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015**

*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.

*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 in 12,525,721 in 2015 and 3,092,737 in 2014.

*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.

*Fixed Assets*

Fixed assets 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.

**OXIS International, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015**

- 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, 2015.

Description	Level 1	Level 2 (As restated)	Level 3
<b>Assets</b>	\$ —	\$ —	\$ —
<b>Liabilities</b>			
Warrant liability	—	33,266,000	—
Accrued expense		4,326,000	

*Research and Development*

Research and development costs are expensed as incurred and reported as research and development expense. Research and development costs totaling \$1,000,000 and \$-0- for the years ended December 31, 2015 and 2014, respectively.

*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.

**OXIS International, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015**

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.

*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.

**2. Patents**

	<b>December 30, 2015</b>	<b>December 31, 2014</b>
Capitalized patent costs	\$ 642,000	\$ 642,000
Accumulated amortization	(642,000)	(642,000)
	<u>\$ -</u>	<u>\$ -</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.

**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 \$2.50 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.

**OXIS International, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015**

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 July 2019, permit the holders to purchase 9,681 shares of common stock at an original exercise price of \$87.50 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 71,160 shares of the Company's common stock. During 2010, Bristol converted an additional \$401,000 of the principal amount of 2006 Debentures for 160,400 shares of the Company's common stock. During 2011, an additional \$605,000 of the principal amount of 2006 Debentures was converted into 242,000 shares of the Company's common stock. During 2012, an additional \$369,625 of the principal amount of 2006 Debentures was converted into 350,619 shares of the Company's common stock.

**OXIS International, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015**

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 was amortized over the term of the 2006 Debenture and the excess of \$1,674,000 was shown as financing costs in statement of operations.

The Company and Bristol entered into a Forbearance Agreement on December 3, 2015, pursuant to which Bristol agreed to refrain and forbear from exercising certain rights and remedies with respect the 2006 Debentures for three months. In exchange for the Forbearance Agreement, the Company issued an allonge in the amount of \$250,000 increasing the principal amount if the 2006 Debentures.

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 \$12.50 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 80,000 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 80,000 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 \$15.625 and \$18.75 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.

**OXIS International, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015**

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 106,800 shares of the Company's common stock. During 2011, 2009 Investors converted \$610,000 of the principal amount of 2009 Debentures for 48,800 shares of the Company's common stock. Accordingly, at December 31, 2015, \$55,000 in aggregate principal amount of 2009 Debentures remained outstanding.

The Company entered into a Forbearance Agreement on December 3, 2015, pursuant to which the remaining 2009 Debenture holder agreed to refrain and forbear from exercising certain rights and remedies with respect to the 2009 Debentures for three months. In exchange for the Forbearance Agreement, the Company issued an allonge in the amount of \$250,000 increasing the principal amount of the 2009 Debentures.

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 \$25.00 per share; and
- Warrants to purchase 20,000 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 \$37.50. During 2015, the exercise price was adjusted to \$1.25 and the exercise date was extended to June 2019.

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 \$12.50 per share; and
- Warrants to purchase 22,000 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 \$15.625 and \$18.75 for the Class A Warrants and the Class B Warrants, respectively, on a cash or cashless basis.



**OXIS International, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015**

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 \$12.50 per share; and
- Warrants to purchase 49,400 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 \$15.625 and \$18.75 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 \$2.50 (with the exception of the conversion price of the October 2006 Debenture which is already priced at the lesser of \$2.50 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 \$12.50 per share; and
- Warrants to purchase 22,000 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 \$15.625 and \$18.75 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 Theorem Capital LLC ("Theorem")) 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 Theorem 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 (111,327 shares at \$3.75 per share, of which 36,675 will be retained by Bristol and 74,652 will be issued to Theorem). 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 Theorem (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 \$2.50 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.

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.

**OXIS International, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015**

In 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 98,286 shares of the Company's common stock at an exercise price of \$2.50 per share.

In December, 2013, the Company entered into a convertible demand promissory note with an initial principal balance of \$189,662 convertible at \$1.75 per share and warrants to acquire up to 108,378 shares of the Company's common stock at an exercise price of \$2.50 per share.

In January, 2014, the Company entered into a securities purchase agreement with one accredited investor to sell 10% convertible debentures with an initial principal balance of \$50,000 and warrants to acquire up to 28,571 shares of the Company's common stock at an exercise price of \$2.50 per share.

In April, 2014, the Company entered into a securities purchase agreement with three accredited investors to sell 10% convertible debentures with an initial principal balance of \$49,000 and warrants to acquire up to 22,286 shares of the Company's common stock at an exercise price of \$2.50 per share.

In July 2014, 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 \$1.75 (with the exception of the conversion price of the October 2006 Debenture which is already priced at the lesser of \$1.75 and 60% of the average of the lowest three trading prices occurring at any time during the 20 trading days preceding conversion).

On July 24, 2014, the Company entered into a securities purchase agreement with ten accredited investors to sell 10% convertible debentures, with an exercise price of \$1.75, with an initial principal balance of \$1,250,000 and warrants to acquire up to 714,286 shares of the Company's common stock at an exercise price of \$2.50 per share.

Also on July 24, 2014, the Company sold to Kenneth Eaton, the Company's Chief Executive Officer, a \$175,000 debenture, with an exercise price of \$1.75, as payment in full for all accrued and unpaid salary and fees owed to Mr. Eaton.

On October 15, 2014, the Company entered into a securities purchase agreement with three accredited investors to sell 10% convertible debentures, with an exercise price of \$2.50, with an initial principal balance of \$1,250,000 and warrants to acquire up to 400,000 shares of the Company's common stock at an exercise price of \$5.00 per share.

On February 23, 2015, the Company entered into a securities purchase agreement with ten accredited investors to sell 10% convertible debentures, with an exercise price of \$6.25, with an initial principal balance of \$2,350,000 and warrants to acquire up to 376,000 shares of the Company's common stock at an exercise price of \$7.50 per share.

Effective July 2015, the Company entered into a securities purchase agreement with three accredited investors to sell 10% convertible debentures, with an exercise price of \$5.00, with an initial principal balance of \$550,000 and warrants to acquire up to 111,765 shares of the Company's common stock at an exercise price of \$6.25 per share.

Effective October 2015, the Company entered into a securities purchase agreement with three accredited investors to sell 10% convertible debentures, with an exercise price of \$2.50, with an initial principal balance of \$500,000 and warrants to acquire up to 200,000 shares of the Company's common stock at an exercise price of \$2.50 per share.

Effective November 2015, the Company entered into a securities purchase agreement with two accredited investors to sell 10% convertible debentures, with an exercise price of \$2.50, with an initial principal balance of \$100,000 and warrants to acquire up to 80,000 shares of the Company's common stock at an exercise price of \$2.50 per share.

Effective December 2015, the Company entered into a securities purchase agreement with two accredited investors to sell 10% convertible debentures, with and an exercise price of \$1.25, with an initial principal balance of \$350,000 and warrants to acquire up to 280,000 shares of the Company's common stock at an exercise price of \$1.25 per share.

**OXIS International, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015**

In December 2015, the Company agreed to an adjustment as negotiated to enable inducement of further financing of the Company. Pursuant to the anti-dilution provisions in all the convertible instruments, the conversion price of certain convertible instruments is now \$1.25 (with the exception of the conversion price of the October 2006 Debenture which is already priced at the lesser of \$1.25 and 60% of the average of the lowest three trading prices occurring at any time during the 20 trading days preceding conversion).

*Allonges*

On August 18, 2015, the Company entered into a settlement agreement with three noteholders. In accordance with the July 24, 2014 Security Purchase Agreements, The Company was required to establish and maintain a reserve of shares of its common stock from its duly authorized shares of Common Stock for issuance in an amount equal to 150% of a required minimum by December 21, 2014 which did not occur. As compensation for the default, the Company issued allonges to the noteholders for a total of \$812,500, increasing the principal amount of the convertible notes.

On October 7, 2015, the Company entered into a settlement agreement with two noteholders. In accordance with the July 24, 2014 Security Purchase Agreements, The Company was required to establish and maintain a reserve of shares of its common stock from its duly authorized shares of Common Stock for issuance in an amount equal to 150% of a required minimum by December 21, 2014 which did not occur. As compensation for the default, the Company issued allonges to the noteholders for a total of \$537,500, increasing the principal amount of the convertible notes.

On November 5, 2015, the Company entered into a Second Settlement Agreement with three noteholders. On August 18, 2015 the Company entered into a Settlement Agreement that required the Company to increase its authorized shares to not less 8,000,000 shares and reserve 150% of the number of shares of its Common Stock no later than the earlier of (1) two days after Oxis obtaining all corporate and regulatory approvals necessary to increase it authorized shares; or (2) September 30, 2015 which did not occur. As compensation for the default, the Company issued additional allonges to the noteholders for a total of \$837,500, increasing the principal amount of the convertible notes.

On Dec 5, 2015, the Company entered into a Second Settlement Agreement with three noteholders. On October 7, 2015 the Company entered into a Settlement Agreement that required the Company to increase its authorized shares to not less than 8,000,000 shares and reserve 150% of the number of shares of its Common Stock no later than the earlier of (1) two days after Oxis obtaining all corporate and regulatory approvals necessary to increase it authorized shares; or (2) September 30, 2015 which did not occur. As compensation for the default, the Company issued additional allonges to the noteholders for a total of \$537,500, increasing the principal amount of the convertible notes.

*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.

**OXIS International, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015**

Simultaneously with the issuance of the 2009 Theorem Note, the Company issued Theorem a seven-year warrant (the "2009 Theorem Warrant") to purchase 12,550 shares of common stock of the Company at a price equal to the lower of (i) \$2.50 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 9,600 shares of the Company's common stock. In January 2010, Net Capital converted the remaining \$7,375 of principal amount for an additional 2,950 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 \$12.50 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 1,255 shares of the Company's common stock at a per share exercise price of \$15.625, 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 1,255 shares of the Company's common stock at a per share exercise price of \$18.75. 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 \$12.50 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 1,255 shares of the Company's common stock at a per share exercise price of \$15.625, 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 1,255 shares of the Company's common stock at a per share exercise price of \$18.75. 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.

**OXIS International, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015**

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 \$12.50.

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 1,255 shares of the Company's common stock at a per share exercise price of \$15.625, 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 1,255 shares of the Company's common stock at a per share exercise price of \$18.75. 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 \$12.50 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 1,255 shares of common stock of the Company at a per share exercise price of \$15.625, 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 1,255 shares of common stock of the Company at a per share exercise price of \$18.75. 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 \$12.50 per share.

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 40,000 shares of common stock of the Company at a per share exercise price of \$15.625, 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 40,000 shares of common stock of the Company at a per share exercise price of \$18.75. 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.

**OXIS International, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015**

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 was 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 266.67 shares of its common stock for each \$1,000 of Loans made. Accordingly, on December 7, 2012, the Company issued 84,000 shares of its common stock. Assuming the entire amounts of Loans permitted under the Loan Agreement are borrowed, the Company will issue 93,334 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.

*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 1,200 additional shares of Common Stock at a share price of \$30.00. 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. These warrants expired in October 2015. There is \$31,000 due on this credit line at December 31, 2015.

**OXIS International, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015**

*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.

**OXIS International, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015**

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 \$7.50. OXIS has also agreed to issue to engage:BDR a warrant to purchase up to 20,000 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 \$7.50 per share. This joint venture ceased operations in 2014.

#### **4. Stockholders' Equity**

##### *Common Stock*

On May 8, 2015, the Company obtained stockholder consent for the approval of an amendment to our certificate of incorporation to effect a reverse stock split of the Company's common stock at a ratio to be determined by the Board prior to the effective time of the amendment (the "Effective Time") of not less than one-for-fifty and not more than one-for-two hundred fifty and the approval of an amendment to our certificate of incorporation to set the number of authorized shares of common stock the Company shall authority to issue following the reverse stock split in an amount to be determined by the Board prior to the Effective Time.

The Company filed the amended certificate of incorporation with the State of Delaware on December 16, 2015. The Company effected a reverse stock split of the Company's common stock at a ratio of one-for-two hundred fifty and set the number of authorized shares of common stock the Company shall have authority to issue following the reverse stock split in an amount of 150,000,000. The effect of the reverse stock split has been reflected retroactively for all disclosures.

##### *Stock Issuances*

In January 2015, the Company agreed to issue 39,657 shares of common stock as a price protection to a note holder that originally converted notes at a price of \$2.50 and continues to hold these shares. These additional shares would have been issued if the conversion shares price was \$1.75. As of December 31, 2015, 33,142 shares of common stock have been issued and \$247,000 of interest expense was recorded for this issuance.

##### *Preferred Stock*

The 96,230 shares of Series C preferred stock are convertible into 111 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 \$3,000.00. 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, 2015.



**OXIS International, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015**

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").

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 \$2.50 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).

**OXIS International, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015**

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 6,667 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.

*Common Stock Warrants*

Warrant transactions for the years ended December 31, 2015 and 2014 are as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, December 31, 2013:	2,364,183	\$ 5.00
Granted	1,325,155	3.25
Forfeited	(1,037,240)	2.50
Exercised	-	
Outstanding at December 31, 2014:	2,652,098	\$ 2.50
Granted	9,874,823	1.25
Forfeited	(1,200)	30.00
Exercised	-	
Outstanding at December 31, 2015	12,525,721	\$ 1.25
Exercisable warrants:		
December 31, 2014	2,652,098	\$ 2.50
December 31, 2015	12,525,721	\$ 1.25

**OXIS International, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015**

*Consulting Agreements*

On December 29, 2014, the Company issued 120,000 warrants to a consultant for services rendered. The warrants were valued at \$601,000 and were recorded as an expense in the Statement of Operations for the year ended December 31, 2014.

On October 1, 2015, the Company issued 120,000 warrants to a consultant for services rendered. The warrants were valued at \$448,000 and were recorded as an expense in the Statement of Operations for the year ended December 31, 2015.

*Stock Options*

The Company reserved 400,000 shares of its common stock at December 31, 2014 for issuance under the 2014 Stock Incentive Plan (the "2014 Plan"). The 2014 Plan, approval by stockholders in May 2015, 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, 2015, 133,445 shares of common stock were available for grant and options to purchase 266,555 shares of common stock are outstanding under the 2014 Plan.

The Company has no shares of its common stock at December 31, 2015 to issue 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, 2015, options to purchase 600 shares of common stock are outstanding under the 2010 Plan.

The Company has no shares of its common stock reserved at December 31, 2014 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, 2015, options to purchase 967 shares of common stock are outstanding under the 2003 Plan.

In addition, the Company has reserved 2,000 shares of its common stock for issuance outside of its stock incentive plans. At December 31, 2015, options to purchase 2,000 shares of common stock are outstanding outside of its stock incentive plans.

The following table summarizes stock option transactions for the years ended December 31, 2015 and 2014:

	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
Outstanding, December 31, 2013	117,110	\$ 15.00
Granted	321,833	5.00
Exercised	-	
Expired	(112,903)	22.50
Outstanding, December 31, 2014	326,040	\$ 15.00
Granted	52,000	3.29
Exercised	-	
Expired	(3,240)	61.00
Outstanding, December 31, 2015	374,800	\$ 4.88
<b>Exercisable Options:</b>		
December 31, 2014	111,485	\$ 15.00
December 31, 2015	270,762	\$ 4.88

**OXIS International, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015**

The weighted-average fair value of options granted was \$1,829,000 and \$1,609,000 in 2015 and 2014, respectively.

The following table summarizes information about all outstanding and exercisable stock options at December 31, 2015:

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
\$ 2.50 to \$7.50	373,833	3.34	\$ 4.76	266,555	\$ 3.66
\$ 7.51 to \$50.00	908	.85	50.00	908	50.00
\$ 50.01 to \$67.50	59	.71	65.54	59	62.54
	<u>374,800</u>			<u>267,522</u>	

**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,	
	2015	2014
Deferred tax assets:		
Federal net operating loss carryforward	\$ 15,400,000	\$ 14,481,000
Other	1,028,000	871,000
Patent amortization	(13,000)	(15,000)
Deferred tax assets before valuation	16,415,000	15,337,000
Valuation allowance	(16,415,000)	(15,337,000)
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. The valuation allowance increased by \$1,078,000 during the year ended December 31, 2015.

*Tax Carryforward*

At December 31, 2015, the Company had net operating loss carryforwards of approximately \$35,800,000 to reduce United States federal taxable income in future years. These carryforwards expire through 2035.

**OXIS International, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015**

The Company is no longer subject to U.S. and state tax examinations for years ending before the fiscal year ended December 31, 2011. Management does not believe there will be any material changes in our unrecognized tax positions over the next twelve months.

The Company's policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. There was no accrued interest or penalties associated with any unrecognized tax benefits, nor was any interest expense recognized during the years ended December 31, 2015 and 2014.

**6. Subsequent Events**

In January 2016, the Company entered into a securities purchase agreement with one accredited investor to sell 10% convertible debentures, with an exercise price of \$1.25, with an initial principal balance of \$100,000 and warrants to acquire up to 80,000 shares of the Company's common stock at an exercise price of \$1.25 per share.

Restructuring Agreements

Effective January 8, 2016, Company entered into agreements to effect the restructuring (the "Restructuring") of certain unregistered debt and equity securities of the Company that will result in an issuance of up to 28,389,193 shares of common stock of the Company (the "Common Stock"). In connection with the Restructuring, the Company entered into a note conversion agreement (the "Conversion Agreement"), a warrant exercise agreement (the "Exercise Agreement") and a preferred stock exchange agreement (the "Exchange Agreement" and, collectively with the Conversion Agreement and the Exercise Agreement, the "Restructuring Agreements"), pursuant to which the Company and certain of the Company's creditors and investors have agreed that (i) certain outstanding debt of the Company (collectively, the "Debt") will be converted into shares of Common Stock; (ii) certain outstanding warrants to purchase shares of capital stock of the Company (collectively, the "Warrants") will be exercised on a cashless basis for shares of Common Stock; and (iii) certain outstanding shares of Series H Convertible Preferred Stock of the Company (the "Series H Preferred Stock") and Series I Convertible Preferred Stock of the Company (the "Series I Preferred Stock" and together with the Series H Preferred Stock, the "Preferred Stock") will be exchanged for shares of Common Stock. The Conversion Agreement, Exercise Agreement and Exchange Agreement and the transactions contemplated thereby are described in further detail below.

Under the Conversion Agreement, certain creditors of the Company holding an aggregate of approximately \$15,056,000 (including accrued interest and penalties) of outstanding Debt have agreed to convert all such outstanding Debt into shares of Common Stock at a conversion price of \$1.25 per share upon successful completion by the Company of a \$6 million financing.

In addition, under the Exercise Agreement, certain investors together holding warrants to purchase 12,269,240 shares of capital stock of the Company exchanged such warrants and received one share of Common Stock in exchange for each share of capital stock of the Company underlying the warrants.

Finally, under the Exchange Agreement, certain investors together holding 25,000 shares of Series H Preferred Stock and 1,666,667 shares of Series I Preferred Stock have agreed to convert all such shares of Preferred Stock into an aggregate of 4,075,000 shares of Common Stock upon successful completion by the Company of a \$6 million financing.

The Restructuring Agreements terminated the notes, the warrants, and any anti-dilution protection thereunder. In addition, all creditor and investor parties to the Restructuring Agreements provided a waiver of any and all past defaults and breaches under the Notes, Warrants and Preferred Stock, in consideration of the shares issued pursuant to the Restructuring Agreements.

**OXIS International, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015**

**Common Stock**

The Company has issued an aggregate of 12,397,040 shares of common stock to a total of 29 persons or entities in exchange of the cancellation of warrants on a cashless basis. The shares issued were exempt from the registration requirements of Section 5 of the Securities Act of 1933 (the "Act") pursuant to Section 4(2) of the Act since the shares were issued to persons or entities closely associated with the Company and there was no public offering of the shares.

The Company also issued an aggregate of 2,283,840 shares of common stock to a total of 15 persons as payment for consulting services provided to the Company. The average valuation of these shares was \$2.50 per share. These shares were also exempt from the registration requirements of Section 5 of the Act pursuant to Section 4(2) of the Act since the shares were also issued to persons closely associated with the Company and there was no public offering of the shares.

The Company also issued an aggregate of 4,612,341 shares of common stock to two executive officers of the Company in fulfillment of contractual rights held by the officers pursuant to their employment agreements. These shares were also exempt from the registration requirements of Section 5 of the Act pursuant to Section 4(2) of the Act since the shares were also issued to persons closely associated with the Company and there was no public offering of the shares.

**7. Restatement**

The Company's management determined that the Company needs to make adjustments to correct errors identified in the previously issued financial statements related to the non-cash calculation of warranty liabilities. The error affects the periods ending December 31, 2015, March 31, 2016, June 30, 2016, September 30, 2016 and December 31, 2016 financial statements.

As a result of the error, the Company will recognize a gain in the amount of \$11,265,000, which will increase the change in warrant liability and decrease the Warrant Liability by \$11,265,000 through December 31, 2015 and decrease the Change in Warrant Liability by \$11,265,000 through December 31, 2016.

This change had no net effect on cash flows from operations, investing or financing.

The following table presents the impact of the restatement adjustment on the Company's Consolidated Balance Sheets as of December 31, 2015.

Liabilities and Stockholders:	As previously reported	Effects of restatement/ reclassification	Restated
Warrant liability	\$ 44,531,000	\$ 33,266,000	\$(11,265,000)
Accumulated deficit	\$(145,682,000)	\$134,417,000	\$ 11,265,000

The following table presents the impact of the restatement adjustment on the Company's Consolidated Statement of Operations for the year ended December 31, 2015.

Liabilities and Stockholders:	As previously reported	Effects of restatement/ reclassification	Restated
Change in value of warrants and derivative liabilities	\$ (6,760,000)	\$ 4,505,000	\$ 11,265,000
Net loss	\$(32,726,000)	\$21,461,000	\$ 11,265,000
Loss per share – basic and diluted	\$ (13.67)	\$ (8.96)	\$ 4.71



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

I, Shawn Cross, certify that:

1. I have reviewed this report on Form 10-K of GT Biopharma, 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: February 28, 2018

By: /s/ Shawn Cross

Name: Shawn Cross

Title: Chief Executive Officer and Chairman of the Board (Principal Executive Officer)

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**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 GT Biopharma, 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: February 28, 2018

By: /s/ Steven Weldon

Name: Steven Weldon

Title: Chief Financial Officer and Director (Principal  
Financial Officer)

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**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, Shawn Cross, Chief Executive Officer of GT Biopharma, 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, 2015 (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: February 28, 2018

By: /s/ Shawn Cross

\_\_\_\_\_  
Name: Shawn Cross

Title: Chief Executive Officer and Chairman of  
the Board (Principal Executive Officer)

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**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 GT Biopharma, 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, 2015 (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: February 28, 2018

By: /s/ Steven Weldon

\_\_\_\_\_  
Name: Steven Weldon

Title: Chief Financial Officer and Director  
(Principal Financial Officer)

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