

SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, DC 20549
 FORM 10-Q

X Quarterly report pursuant to Section 13 or 15(d) of the Securities
 Exchange Act of 1934 for the quarterly period ended June 30, 1997.

Transition report pursuant to Section 13 or 15(d) of the Securities
 Exchange Act of 1934 for the transition period from ___ to ___.

Commission File Number O-8092

OXIS INTERNATIONAL, INC.

A Delaware corporation
 I.R.S. Employer Identification No. 94-1620407
 6040 N. Cutter Circle, Suite 317
 Portland, OR 97217
 Telephone: (503) 283-3911

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 X NO

At June 30, 1997, the issuer had outstanding the indicated number of shares of common stock: 25,461,376

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

<TABLE>
 <CAPTION>

	Three Months Ended June 30		Six Months Ended June 30	
	1997	1996	1997	1996
<S>	<C>	<C>	<C>	<C>
Revenues:				
Product sales	\$ 717,000	\$ 1,200,000	\$ 1,844,000	\$ 2,537,000
Royalties and license fees	24,000	28,000	59,000	58,000
Total revenues	741,000	1,228,000	1,903,000	2,595,000
Costs and expenses:				
Cost of sales	472,000	652,000	1,244,000	1,577,000
Research and development	883,000	1,179,000	1,989,000	2,361,000
Selling, general and administrative	728,000	881,000	1,332,000	1,626,000
Total costs and expenses	2,083,000	2,712,000	4,565,000	5,564,000
Operating loss	(1,342,000)	(1,484,000)	(2,662,000)	(2,969,000)
Interest income	20,000	13,000	23,000	21,000
Interest expense	(42,000)	(48,000)	(72,000)	(117,000)

Net loss	\$(1,364,000)	\$(1,519,000)	\$(2,711,000)	\$(3,065,000)
Net loss per share	\$ (.07)	\$ (.12)	\$ (.16)	\$ (.25)
Weighted average number of shares used in computation	19,884,092	12,204,520	17,012,334	12,164,472

</TABLE>

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<TABLE>
<CAPTION>

CONSOLIDATED BALANCE SHEETS

	June 30, 1997	December 31, 1996
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,188,000	\$ 422,000
Accounts receivable	589,000	861,000
Inventories	491,000	591,000
Prepaid and other	265,000	191,000
Total current assets	5,533,000	2,065,000
Property and equipment, net	1,264,000	1,327,000
Assets under capital leases, net	--	309,000
Technology for developed products and custom assays, net	3,424,000	3,782,000
Other assets	269,000	514,000
Total assets	\$10,490,000	\$7,997,000

</TABLE>

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<TABLE>
<CAPTION>

CONSOLIDATED BALANCE SHEETS

	June 30, 1997	December 31, 1996
	(Unaudited)	
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes payable	\$ 1,143,000	\$ 1,221,000
Accounts payable	751,000	1,386,000
Customer deposits	273,000	132,000
Accrued liabilities	667,000	655,000
Current portion of long-term obligations	17,000	76,000
Total current liabilities	2,851,000	3,470,000
Other liabilities	--	2,000
Shareholders' equity:		
Preferred stock - \$.01 par value; 15,000,000 shares authorized:		

Series B - 642,583 shares issued and outstanding (liquidation preference of \$1,500,000)	6,000	6,000
Series C - 1,021,697 shares issued and outstanding at June 30, 1997	10,000	17,000
Series D - 1,150 shares issued and outstanding at June 30, 1997	--	--
Series E - 960 shares issued and outstanding at June 30, 1997	--	--
Common stock - \$.50 par value; 50,000,000 shares authorized; 25,461,376 shares issued and outstanding at June 30, 1997	12,731,000	6,895,000
Additional paid in capital	30,941,000	30,706,000
Accumulated deficit	(35,734,000)	(33,023,000)
Accumulated translation adjustments	(315,000)	(76,000)
	-----	-----
Total shareholders' equity	7,639,000	4,525,000
	-----	-----
Total liabilities and shareholders' equity	\$ 10,490,000	\$ 7,997,000

</TABLE>

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<TABLE>

<CAPTION>

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

<S>

<C>

<C>

Six Months Ended
June 30,

1997 1996

Cash flows from operating activities:

Net loss	\$(2,711,000)	\$(3,065,000)
Adjustments to reconcile net loss to cash provided by (used for) operating activities:		
Depreciation and amortization	702,000	712,000
Changes in assets and liabilities:		
Accounts receivable	260,000	201,000
Inventories	94,000	227,000
Other current assets	(76,000)	141,000
Accounts payable	(595,000)	(240,000)
Customer deposits	142,000	(125,000)
Accrued liabilities	44,000	27,000
	-----	-----
Net cash used for operating activities	(2,140,000)	(2,122,000)

Cash flows from investing activities:

Purchases of equipment	(17,000)	(24,000)
Other, net	(7,000)	59,000
	-----	-----

Net cash provided by (used for) investing activities (24,000) 35,000

Cash flows from financing activities:

Proceeds from issuance of short-term notes	872,000	65,000
Proceeds from issuance of stock, net of related cost	6,240,000	3,205,000
Repayment of short-term borrowings	(950,000)	(619,000)
Repayment of long-term debt and capital lease obligations	(58,000)	(162,000)
	-----	-----

Net cash provided by financing activities 6,104,000 2,489,000

Effect of exchange rate changes on cash (174,000) --

Net increase in cash and cash equivalents 3,766,000 402,000

Cash and cash equivalents - beginning of period	422,000	727,000
	-----	-----
Cash and cash equivalents - end of period	\$ 4,188,000	\$ 1,129,000
	=====	=====

</TABLE>

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CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. FINANCIAL STATEMENTS AND CONDENSED NOTES

The unaudited consolidated financial statements, which have been prepared in accordance with the instructions to Form 10-Q, do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. All adjustments considered necessary by management for a fair presentation have been included. Operating results for interim periods are not necessarily indicative of the results that may be expected for the full year.

An annual report (Form 10-K) has been filed with the Securities and Exchange Commission ("Commission") for the year ended December 31, 1996. That report contains, among other information, a description of the Company's business, audited financial statements, notes to the financial statements, the report of the independent auditors and management's discussion and analysis of results of operations and financial condition. Readers of this report are presumed to be familiar with that annual report.

NEW ACCOUNTING PRONOUNCEMENTS ISSUED BUT NOT ADOPTED

In June 1997, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 130, Reporting

Comprehensive Income. SFAS No. 130 establishes standards for reporting and

display of comprehensive income and its components (revenues, expenses, gains, and losses) in a full set of general-purpose financial statements.

This Statement requires that all items that are required to be recognized under accounting standards as components of comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements. This Statement is effective for fiscal years beginning after December 15, 1997. Management has not assessed whether its adoption will have a material effect on its financial position or results of operations.

In June 1997, FASB issued SFAS No. 131, Disclosures about Segments of an

Enterprise and Related Information. SFAS No. 131 establishes standards for

the way that public enterprises report information about operating segments in annual financial statements and requires that those enterprises report selected information about operating segments in interim financial reports issued to shareholders. It also establishes standards for related disclosures about products and services, geographic areas, and major customers. This Statement is effective for fiscal years beginning after December 15, 1997. Management has not assessed whether its adoption will have a material effect on its financial position or results of operations.

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2. INVENTORIES

Inventories are stated at the lower of cost or market. Cost has been determined by using the first-in, first-out and specific identification methods. Inventories at June 30, 1997 and December 31, 1996, consisted of the following:

<TABLE>

<CAPTION>

June 30,	December 31,
1997	1996

<S>	<C>	<C>
Raw materials	\$128,000	\$148,000
Work in process	175,000	200,000
Finished goods	188,000	243,000
	-----	-----
Total	<u>\$491,000</u>	<u>\$591,000</u>

</TABLE>

3. NOTES PAYABLE

During March and April 1997 the Company borrowed \$808,000 from certain shareholders pursuant to issuance of short-term unsecured promissory notes with a 3% origination fee and bearing interest at an annual rate of 8%. All of the notes were due in May 1997. The majority of the noteholders are indebted to the Company under the terms of an indemnification agreement. Payment of the notes has been deferred pending the outcome of ongoing discussions with representatives of the noteholders.

4. SHAREHOLDERS' EQUITY

On May 20, 1997, the Company issued 9,000,000 shares of its common stock pursuant to an underwriting agreement with certain underwriters in France. The underwriters purchased the stock at a price of 4.60 French francs per share (an aggregate of \$7,328,000). The newly-issued shares have been listed on the French stock market, Le Nouveau Marche, and on the NASDAQ National Market System.

During the first six months of 1997, 625,460 shares of Series C Preferred Stock, 500 shares of Series D Preferred Stock and 1,240 shares of Series E Preferred Stock were converted into an aggregate of 2,670,640 shares of common stock.

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5. PENDING ACQUISITION

In July 1997 the Company entered into a letter of intent to acquire 100% of the capital stock of Innovative Medical Systems Corporation ("IMS"). IMS, located near Philadelphia, Pennsylvania, is a privately-held company which specializes in the development, engineering and manufacture of instruments for the biomedical industry. The acquisition is subject to negotiating and entering into a definitive purchase agreement, the approval of the boards of directors of OXIS and IMS, and the satisfactory completion of OXIS' due diligence investigation.

6. EARNINGS PER SHARE

In February 1997, the Financial Accounting Standards Board issued SFAS No. 128, "Earnings per Share." SFAS 128 changes the standards for computing and presenting earnings per share ("EPS") and supersedes APB Opinion No. 15, "Earnings per Share." SFAS 128 simplifies the standards for computing earnings per share and makes them comparable to international EPS standards. It replaces the presentation of primary EPS with a presentation of basic EPS. It also requires dual presentation of basic and diluted EPS on the face of the income statement for all entities with complex capital structures and requires a reconciliation of the numerator and denominator of the basic EPS computation to the numerator and denominator of the diluted EPS computation. SFAS 128 is effective for financial statements issued for periods ended after December 15, 1997, including interim periods; earlier application is not permitted. This Statement requires restatement of all prior-period EPS data presented. Earnings per share reported for the six-month periods ended June 30, 1996 and 1997 are not affected as a result of adopting SFAS 128 due to the Company's losses.

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FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The Company's working capital increased during the first half of 1997 from a deficit of \$1,405,000 at December 31, 1996 to positive working capital of \$2,682,000 at June 30, 1997. This increase in the Company's working capital resulted primarily from the issuance of common stock (net proceeds of \$6,240,000), offset by the effect of the net loss for the first half of 1997 (\$2,711,000 less non-cash charges of \$702,000).

Cash and cash equivalents increased from \$422,000 at December 31, 1996 to \$4,188,000 at June 30, 1997.

The Company expects to continue to report losses in 1997 as the level of expenses is expected to continue to exceed revenues. To continue operations in accordance with its current plans, the Company must raise additional capital during the remainder of 1997. Although the Company has continued to raise additional funds through private placements and a public offering (described below), it cannot predict the sources, terms, amount, form, and/or availability of additional capital to fund its operations to the end of the current year. Failure to raise such additional capital would cause the Company to severely curtail or cease operations.

The Company can give no assurances as to when and if its revenues will exceed its expenses. While the Company believes that its new products and technologies show considerable promise, its ability to realize significant revenues therefrom is dependent upon the Company's success in developing business alliances with biotechnology and/or pharmaceutical companies that have the required resources to develop and market certain of these products. There is no assurance that the Company's effort to develop such business alliances will be successful.

During March and April 1997, the Company has raised \$808,000 through the issuance of short-term notes to certain of its shareholders.

On May 20, 1997, the Company issued 9,000,000 shares of its common stock pursuant to an underwriting agreement with certain underwriters in France. The underwriters purchased the stock at a price of 4.60 French francs per share (an aggregate of \$7,328,000). The newly-issued shares have been listed on the French stock market, Le Nouveau Marche, and on the NASDAQ National Market System.

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RESULTS OF OPERATIONS - THREE MONTHS ENDED JUNE 30, 1997 COMPARED WITH THREE MONTHS ENDED JUNE 30, 1996

REVENUES

The Company's product sales for the quarters ended June 30, 1997 and 1996 were as follows:

<TABLE>

<CAPTION>

<S>	1997 <C>	1996 <C>
Diagnostic and research assays	\$611,000	\$ 524,000
Bovine superoxide dismutase (bSOD) for research and human use	3,000	613,000
Palosein(R) (bSOD for veterinary use)	77,000	63,000
Other	26,000	--
	-----	-----
	\$717,000	\$1,200,000
	=====	=====

</TABLE>

Sales of the Company's diagnostic and research assays increased from

\$524,000 in the second quarter of 1996 to \$611,000 in the second quarter of 1997. This increase of \$87,000 consists primarily of increases in the sales of the Company's therapeutic drug monitoring assays (\$57,000) and assays for measures of oxidative stress (\$27,000). Increases in sales of therapeutic drug monitoring assays in the second quarter of 1997 were primarily to distributors in Europe and Japan.

Sales of bulk bSOD for research and human use decreased by \$610,000 in the second quarter of 1997 as compared to the second quarter of 1996. The Company's sales of bulk bSOD in 1996 and 1997 have been almost entirely to the Company's Spanish licensee. No shipments were made to the Spanish licensee in the second quarter of 1997, but shipments are scheduled in the third and fourth quarters. Future sales of bulk bSOD continue to be largely dependent on the needs of the Company's Spanish licensee. The Company expects its orders for 1997 from the Spanish licensee to be less than those for 1996. The Company's sales of bulk bSOD beyond 1997 are uncertain and difficult to predict and no assurances can be given with respect thereto.

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COSTS AND EXPENSES

Cost of sales was 54% of product sales for the second quarter of 1996 and 66% for the second quarter of 1997. Cost of sales of diagnostic and research assays declined from 86% of the related sales in the second quarter of 1996 to 72% in the second quarter of 1997, following the consolidation of the Company's manufacturing operations into one location in the third quarter of 1996. Cost of assay sales in both the second quarter of 1996 and the second quarter of 1997 include approximately \$180,000 in amortization of purchase adjustments relating to 1994 business acquisitions. Excluding such amortization the cost of diagnostic and research assays for the second quarter of 1997 was approximately 41% of the related sales. The average cost of sales for the second quarter of 1996 was lower than the second quarter of 1997 due to a sale of bSOD with a lower than normal cost in the second quarter of 1996.

Research and development expenses decreased from \$1,179,000 in the second quarter of 1996 to \$883,000 in the second quarter of 1997. The decrease in research and development expenses resulted from cost reductions in the second quarter of 1997 compared to the second quarter of 1996 of (1) \$36,000 in research and development costs of the Company's French subsidiary, (2) \$59,000 in costs of the former Therox operations (the former Therox laboratory facility was closed in May 1996), (3) \$75,000 in research and development costs at the Company's Portland, Oregon facility, and (4) \$126,000 in expenses for outside development contracts primarily relating to the preclinical development work and clinical trials on the Company's glutathione peroxidase mimics program.

Selling, general and administrative expenses decreased from \$881,000 in the second quarter of 1996 to \$728,000 in the second quarter of 1997. The decrease is primarily the result of a decrease of \$128,000 in the general and administrative expenses of the Company's French subsidiary. In the third quarter of 1996 all of the Company's manufacturing operations were consolidated in the United States and the French subsidiary became a research facility. In connection with this restructuring, two administrative positions have been eliminated and certain other costs which were previously charged to administrative expenses are now being classified as research and development costs. The Company also experienced reductions in smaller amounts at its Portland, Oregon headquarters. The cost reductions were offset by an increase of \$55,000 in foreign exchange losses in the second quarter of 1997 as compared to the second quarter of 1996.

INTEREST INCOME AND EXPENSE

Interest income increased by \$7,000 and interest expense decreased by \$6,000 in the second quarter of 1997 as compared with the second quarter of 1996, primarily due to a reduction in interest-bearing obligations and an increase in funds available for short-term investments following the sale of common stock in May.

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NET LOSS

The Company continued to experience losses in the second quarter of 1997. The second quarter 1997 loss of \$1,364,000 (\$.07 per share) was \$155,000 less than the \$1,519,000 (\$.12 per share) loss for the first quarter of 1996. The reduction in the net loss is primarily due to the decreased research and development and selling, general and administrative expenses, offset by a decline in product sales and gross margin from product sales.

The Company plans to continue to invest in research and development activities and incur marketing, sales and administrative expenses in amounts greater than its anticipated near-term product margins, and, as a result, expects to incur a substantial net loss for 1997.

RESULTS OF OPERATIONS - SIX MONTHS ENDED JUNE 30, 1997 COMPARED WITH SIX MONTHS ENDED JUNE 30, 1996

REVENUES

The Company's product sales for the six-month periods ended June 30, 1997 and 1996 were as follows:

<TABLE>

<CAPTION>

<S>	1997 <C>	1996 <C>
Diagnostic and research assays	\$1,159,000	\$1,163,000
Bovine superoxide dismutase (bSOD) for research and human use	415,000	1,233,000
Palosein(R) (bSOD for veterinary use)	231,000	141,000
Other	39,000	--
	-----	-----
	\$1,844,000	\$2,537,000
	=====	=====

</TABLE>

Sales of bSOD in 1996 and 1997 have been almost entirely to the Company's Spanish licensee. The reduction in bSOD sales for the first six months of 1997 compared to 1996 is primarily the result of a reduction in volume of product delivered to the Spanish licensee. The increase in Palosein/(R)/ sales is attributable to a substantial sale in the first quarter of 1997 to a distributor in Germany.

COSTS AND EXPENSES

Cost of sales as a percent of product sales increased from 62% in the first half of 1996 to 67% in the first half of 1997. Cost of sales of diagnostic and research assays declined from 82% of the related sales for the first half of 1996 to 69% for the first half of 1997, following the consolidation of the Company's manufacturing operations into one location in the third quarter of 1996. Cost of sales for the first six months of 1996 was lower than for the first six months of 1997 due largely to a sale of bSOD with a lower than normal cost in the second quarter of 1996. Cost of sales in both the first six months of 1996 and 1997 include approximately \$360,000 in amortization of purchase adjustments relating to 1994 business acquisitions. Excluding such amortization, cost of sales would have been approximately 48% of product sales for the first half of both 1996 and 1997.

Research and development expenses decreased by \$372,000 from \$2,361,000 for the first half of 1996 to \$1,989,000 for the first half of 1997. The decrease in research and development expenses resulted from cost reductions in the first half of 1997 compared to the first half of 1996 of (1)

\$131,000 in costs of the Company's French subsidiary, (2) \$147,000 in costs of the former Therox operations, and (3) \$139,000 in research and development costs at the Company's Portland, Oregon facility.

Selling, general and administrative expenses decreased from \$1,626,000 for the first six months of 1996 to \$1,332,000 for the first six months of 1997, a decrease of \$294,000. The decrease was primarily due to a reduction of \$272,000 in general and administrative expenses of the Company's French subsidiary. Smaller cost reductions in general and administrative expenses at the Company's Portland, Oregon headquarters were offset by an increase of \$28,000 in foreign exchange losses.

INTEREST EXPENSE

Interest expense decreased by \$45,000 in the first six months of 1997 as compared to the first six months of 1996, due to a reduction in interest-bearing obligations.

NET LOSS

The Company's loss for the first six months of 1997 was \$2,711,000 (\$.16 per share) compared to a loss of \$3,065,000 (\$.25 per share) for the first six months of 1996. The decrease in the net loss is primarily due to reductions in research and development expenses (\$372,000) and selling general and administrative expenses (\$294,000), offset by reduced profit margins on product sales (\$360,000)

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PART II. OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At the Company's 1997 Annual Meeting of Stockholders held on May 9, 1997 ("1997 Stockholders Meeting"), the Company's stockholders elected the following persons to the Company's Board of Directors:

<TABLE>
<CAPTION>

Name	Common	Series B	Series B	Series C	Series C	WITHHELD*
	Common shares FOR	shares WITHHELD	Preferred FOR*	Preferred WITHHELD*	Preferred FOR*	
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Anna D. Barker, Ph.D.	11,640,828	477,927	642,583	0	801,482	0
Timothy G. Biro	11,087,129	1,031,626	428,389	214,194	801,482	0
Brenda D. Gavin	11,636,828	481,927	642,583	0	801,482	0
Stuart S. Lang	11,642,828	475,927	642,583	0	801,482	0
James D. McCamant	11,641,788	476,967	642,583	0	801,482	0
David A. Needham, Ph.D.	11,642,828	475,927	642,583	0	801,482	0
Ray R. Rogers	11,612,450	506,305	642,583	0	801,482	0
A.R. Sitaraman	11,691,988	426,767	642,583	0	801,482	0

</TABLE>

* In equivalent common votes.

At the 1997 Stockholders Meeting, the stockholders also approved (1) an amendment of the Company's 1994 Stock Incentive Plan (as described in greater detail in the Proxy Statement dated April 10, 1997) to increase the number of shares of common stock available for issuance thereunder by 2,000,000 shares, to an aggregate of 4,200,000 shares (8,004,720 common shares, Series B Preferred shares with 642,583 equivalent common votes and Series C Preferred shares with 801,482 equivalent common votes voting for; 692,080 common shares voting against; 171,336 common shares abstaining; and 3,250,619 broker non-votes) and (2) an amendment of the Company's Restated Certificate of Incorporation to increase the authorized number of shares of OXIS common stock from 40,000,000 shares to 50,000,000 shares (11,731,565 common shares, Series B Preferred shares with 642,583 equivalent common votes and Series C Preferred with 801,482 equivalent common votes voting for; 257,562 common shares voting against; and 129,628 common shares

abstaining.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits - See Exhibit Index on page 15.

(b) Reports on Form 8-K.

The Company filed with the Commission Reports on Form 8-K on April 17, April 29 and June 2, 1997 which report matters relating to the sale of common stock in a underwritten public offering in France.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

OXIS International, Inc.

August 11, 1997 By /s/ Anna D. Barker

Anna D. Barker, Ph.D.
President and Chief Executive Officer

August 11, 1997 By /s/ Jon S. Pitcher

Jon S. Pitcher
Chief Financial Officer

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EXHIBIT INDEX

Exhibit Number	Description of Document	Page Number
10(a)	Underwriting agreement	
10(b)	Listing advisor--market making agreement	
27(a)	Financial data schedule	
-----	-----	----

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OXIS INTERNATIONAL, INC.

ADMISSION TO LISTING
ON THE NOUVEAU MARCHE

UNDERWRITING AGREEMENT
UNDERWRITING AGREEMENT

BETWEEN:

- - - - -

OXIS INTERNATIONAL, INC. ("the Company")
represented by Mr. Ray R. Rogers
on the one hand

AND

- - -

CREDIT LYONNAIS ("Credit Lyonnais" or "the Underwriter")
represented by Mr. Pierre Walter
on the other hand

(THE COMPANY AND CREDIT LYONNAIS ARE HEREAFTER
DESIGNATED COLLECTIVELY "THE PARTIES"
AND INDIVIDUALLY A "PARTY")

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WHEREAS:

1. The Company and Credit Lyonnais concluded on 15 October 1996 a contract (the "Management Agreement") whereby the former has instructed the latter to prepare, syndicate and complete the admission to listing of its common stock on the Nouveau Marche of the Paris Bourse (hereafter the "Admission").

2. The Company and Credit Lyonnais have jointly filed an application for such Admission to listing of the shares of the Company with Societe du Nouveau Marche.

3. In accordance with the Company's Certificate of Incorporation, the authorized share capital of the Company consists, as at the date of signature of this Agreement, of 40 million shares of common stock with a par value of USD 0.50 and of 15 million shares of preferred stock with a par value of USD 0.01.

The capital issued and outstanding as at March 10, 1997 consists of 14,439,992 shares of common stock with a par value of USD 0.50 and 642,583 shares of Series B Preferred Stock, 1,262,543 shares of Series C Preferred Stock, 1,550 shares of Series D Preferred Stock, and 2,220 shares of Series E Preferred Stock.

In accordance with resolutions passed by the Board of Directors on January 22, 1997 and May 2, 1997, the issuance and sale of up to an aggregate of 11,500,000 shares of common stock of the Company with a par value of USD 0.50 to be subscribed for in cash with no preferential subscription rights for shareholders, was approved by the Company. For purposes of this Agreement, 9,000,000 of such shares are referred to as the "New Shares" and up to 1,350,000 of such shares are referred to as the "Additional Shares" (as further defined below) and collectively, the New Shares and Additional Shares are referred to as the "Shares".

4. The Admission will be effected by selling and issuing to the public, outside the United States of America, the New Shares and Additional Shares of the Company as approved by the Company's Board of Directors.

After issue, the Shares and the old shares of the Company's common stock will carry the same rights, in accordance with the provisions of the Company's Certificate of Incorporation.

The Shares, entirely fungible (except for the limitations set forth in Article 4, hereof), will be listed on the same line in the Nouveau Marche listing.

5. The Underwriter and the Company previously agreed to negotiate and establish in good faith the price of the Shares to be sold in the Placement (the "Placement Price") by the close of business in Paris on May 12, 1997. The definitive Placement Price has now been established and is agreed to be FF 4.60 (Four French Francs and Sixty Centimes).

6. The purpose of this Agreement is to define the terms and conditions of the Placement. Except as provided in Article 6 below, this Agreement supersedes and replaces all prior agreements with respect to the subject matter hereof.

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WHEREBY THE FOLLOWING HAS BEEN AGREED

Article 1 - Management

Credit Lyonnais will manage the Placement and carry out the related administrative tasks, including without limitation, the determination of allocations to participants in the syndicate.

Article 2 - Sale of securities

In furtherance of the aforementioned Placement, the Company hereby agrees to sell and issue to the Underwriter the New Shares and the Additional Shares at the Placement Price, as provided herein.

Article 3 - Underwriting and placing the New Shares

The Underwriter hereby agrees with the Company that it will cause 9,000,000 New Shares to be subscribed for or, failing this, will itself subscribe for any such New Shares not subscribed for during the Placement at the Placement Price.

Article 4 - Placing restrictions.

The Shares thus proposed for Placement hereunder have not been registered under the terms of the US Securities Act of 1933 (as amended, the "Securities Act"), and may not be offered, sold or delivered either directly or indirectly in the United States of America or to any US person (as defined in Regulation S promulgated in connection with the Securities Act), unless the said Shares have been registered under the Securities Act, or unless an exemption from the registration requirements of the Securities Act is applicable. The Underwriter will ensure that all offering materials and documents (including any advertisements) used by them in connection with the Placement will contain the statement set forth in the immediately preceding sentence.

Furthermore, the Underwriter will not offer or sell the Shares for a

period of 40 days running from the date of closure of the Placement in the United States or to a US person.

The Underwriter agrees that the Shares to be offered and sold in the proposed Placement will not be offered to any person in the United States of America, and at the time any buy order for the shares is originated, the buyer will be outside the United States of America, or the Underwriter will reasonably believe that such buyer is outside the United States of America. In addition, the Underwriter agrees that all offers and sales of the Shares during the 40-day period following the date of the closing of the Placement shall be made in accordance with the provisions of Rule 903 or 904 of Regulation S; pursuant to registration of the Shares under the Securities Act; or pursuant to an available exemption from the registration requirements of the Securities Act. In connection with the Placement, the Underwriter agrees not to engage in "directed selling efforts: as such term is defined in Regulation S. The Underwriter also agrees that with respect to

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sale of shares during such 40-day period to distributors (as defined in Regulation S), dealers as defined by Section 2(12) of the Securities Act) or a person receiving a selling concession, fee or other remuneration in respect of the Shares sold, they will send a confirmation or other notice to the purchaser stating that the purchaser is subject to the same restriction on offers and sales that apply to the Underwriter as set forth in this Article 4.

The Underwriter agrees to ensure that any intermediary or distributor (as defined in Regulation S) it may involve in the Placement complies with all of the foregoing commitments set forth in this Article 4 and will obtain such commitments in writing from all such intermediaries or distributors.

Article 5 - Green shoe clause

During the period between the date of this Agreement and thirty (30) calendar days after the first date of trading in the Company's Shares on the Nouveau Marche (hereafter the "Listing"), Credit Lyonnais will have the option to make an over-allotment as part of the Placement procedure.

To enable Credit Lyonnais to cover any such over-allotments, the Company agrees to carry out an additional issue of new shares of common stock in order to make available to Credit Lyonnais, at the latter's express request and as a supplement, 1,350,000 new shares of the common stock of the Company (the "Additional Shares").

Credit Lyonnais may take up this option by giving notice in writing to the Company within a maximum period of thirty (30) calendar days after the Listing, in which case the Additional Shares will be purchased pursuant to the same terms and conditions as the New Shares.

Article 6 - Fees and commissions

In consideration for the services provided by the Underwriter in connection with the Underwriting and Placement of the Shares, the Company will pay the Underwriter:

- a placement commission of 2.5% (before tax) of the proceeds obtained by multiplying the Placement Price by the number of the Shares, including any Additional Shares (the "Gross Issue Proceeds"); and
- an underwriting fee of 2.5% (before tax) of the Gross Issue Proceeds.

The provisions contained in this Article 6 supersede all prior agreements and understandings (and in particular Article 3.2 of the Management Agreement) of the Parties with respect to the subject matter hereof, except that (a) in consideration of the interventions by Credit Lyonnais regarding the introduction, the Company shall also pay Credit Lyonnais a fee equal to 2% of the Gross Issue Proceeds (less FF 250,000 which has previously been paid by the Company to Credit Lyonnais) as provided in Article 3.1 of the Management Agreement, and (b) the

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Company shall continue to be liable for and shall pay the other fees and costs contemplated by Article 3.3 of the Management Agreement.

The fees and commissions payable to the Underwriter as provided in this Article 6 represent the gross payment to be made by the Company, inclusive of Value Added Tax payable in France, if any.

Article 7 - Payment of the proceeds of subscription of the Shares

Payment for the Shares subscribed will be made to the Company, or in its name, by transfer to such account on behalf of the Company as the Company shall notify to Credit Lyonnais prior to the date of payment. Such payment will be made in exchange for a certificate of the delivery of the shares subscribed for the benefit of French American Banking Corporation, the New York correspondent of the SICOVAM, by the organization responsible for managing the Company's shares.

The funds will be paid by Credit Lyonnais at the latest three (3) business days after the end of the Placement period (the Placement period shall end on May 14, 1997), and, if Credit Lyonnais has invoked the green shoe clause in full or in part, three (3) business days after notification of the exercise of this option.

The commissions referred to in Article 6 above will be deducted from the payment(s) made by Credit Lyonnais.

Article 8 - Commitment of the Company

The Company agrees that, for a period of twelve (12) months from this day (the "Blocking Period"), it will not without the prior written agreement of Credit Lyonnais carry out or decide to carry out an issue, offer or sale, whether direct or indirect, of shares or any other securities giving access to the capital of the Company, other than the New Shares and Additional Shares, provided, however, such written agreement will not be required with respect to shares offered or issued in connection with the following transactions: conversion of issued and outstanding shares of preferred stock, mergers, acquisitions, strategic alliances, licensing arrangements, stock options, co-development agreements and similar transactions.

The Company undertakes to ensure that no company which is or will be affiliated to it may issue securities that make it possible to obtain, directly or indirectly, the shares of the common stock of the Company by redemption, exchange or in any other way so that the purposes of the immediately preceding paragraph are defeated.

Article 9 - Other Commitments of Credit Lyonnais

Credit Lyonnais agrees to abide by all applicable laws and regulations in conducting the Placement in France and in any other jurisdiction in which it places the Shares.

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Article 10 - Term

This Agreement will come into force on this day, and will terminate at the end of the Blocking Period defined in Article 8 above.

Notwithstanding the above provision, Credit Lyonnais may, after consulting the Company, terminate this Agreement with respect to its continuing obligations hereunder by registered letter with return receipt (demande d'avis de reception) prior to the Listing, if any of the following events occur, and are so significant that they would render impossible or seriously and adversely compromise the Listing or the delivery of the Shares:

- (a) a political, economic or financial event (including an act of war) in France or abroad,
- (b) an event affecting the situation (whether financial or otherwise) of the Company, as such situation is described in the information

documents on which the Commission des Operations de Bourse (COB) issued its visa,

(c) a change in exchange rates or foreign exchange controls, or a modification affecting the tax regime applicable to the Company, to the shares of the Company, to the transfer of these shares, or to Credit Lyonnais,

(d) an event that has a materially adverse impact on the equity market of the Paris Bourse, the New York Stock Exchange or Nasdaq.

In the event of such termination, the Parties will be released from all obligations arising from this Agreement, and no indemnity will be due from the Parties.

Notwithstanding the foregoing, the Company will however be required to reimburse Credit Lyonnais all cost and expenses incurred by the latter in pursuit of the operations covered by this Agreement, and all costs and expenses contemplated by Article 3.3 of the Management Agreement.

Article 11 - Regulatory condition

If the Listing does not take place on or before 30 June 1997, this Agreement will be terminated ipso jure without any Party being able to claim any indemnity, provided that the failure to obtain the Listing or consummate the Placement is not due to a Party's breach of the terms of this Agreement.

The Company will however be required to reimburse Credit Lyonnais all costs and expenses incurred by the latter in pursuit of the operations by this Agreement, and all costs and expenses contemplated by Article 3.3 of the Management Agreement.

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Article 12 - Confidentiality

The Parties agree that this Agreement and the information it contains are strictly confidential, and that, unless required by law (including, without limitation, the Securities Act) or executive rules or for judicial or administrative purposes, the terms of this Agreement and this information must not be disclosed in any manner to third parties without the consent of the Parties.

Article 13 - Notifications

Any notice or other communication required or permitted to be given hereunder shall not be valid unless delivered in person, transmitted by telecopy or similar means of recorded electronic communication or sent by international courier service or by registered mail, charges prepaid, addressed as follows:

(i) if to the Company

Oxis International, Inc.
6040 N. Cutter Circle, Suite 317
Portland, OR 97217-3935
USA

Tel: 00 1 503 283 3911
Fax: 00 1 503 283 4058

(ii) if to Credit Lyonnais

Credit Lyonnais
Direction des Marches d' Actions (DMA)
81 rue de Richelieu
75002 Paris
France

Tel: 01 42 95 70 00
Fax: 01 42 95 13 43

Any such notice or other communication shall be deemed to have been given and received on the day on which such notice is actually received by the addressee.

Any Party may at any time change its address for service from time to time by giving notice to the other Party in accordance with this Article 13.

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Article 14 - Applicable law and jurisdiction

This Agreement will be governed by and interpreted in accordance with French law.

Any dispute arising from this Agreement, its results or consequences will be submitted to the Tribunal de Commerce de Paris (Paris Commercial Court).

Signed May , 1997

in the same number of copies as Parties

OXIS INTERNATIONAL, INC. CREDIT LYONNAIS

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OXIS INTERNATIONAL, INC.

ADMISSION TO LISTING
ON THE NOUVEAU MARCHE

LISTING ADVISOR - MARKET MAKING AGREEMENT
LISTING ADVISOR - MARKET MAKING AGREEMENT

BETWEEN:

OXIS INTERNATIONAL, INC.
represented by Mr. Ray R. Rogers

("the Company")
firstly

AND
- - -

Mr. Ray R. Rogers

Dr. Anna D. Barker

("the Shareholders")
secondly

AND:
- - - -

Credit Lyonnais
represented by Mr.

("CL" or "ITM")
thirdly

(THE COMPANY, THE SHAREHOLDERS AND THE ITM ARE HEREAFTER
DESIGNATED COLLECTIVELY "THE PARTIES"
AND INDIVIDUALLY A "PARTY")

WHEREAS:

1. The Company and Credit Lyonnais concluded on 15 October 1996 a contract whereby the former has instructed the latter to prepare, syndicate and complete the admission to listing of its common stock on the Nouveau Marche of the Paris Bourse (hereinafter the "Admission").
2. The Company and Credit Lyonnais have jointly filed an application for such Admission to listing of the shares of the Company with Societe du Nouveau Marche.

3. The shares will be placed and underwritten (the "Placement") in France and abroad outside of the United States of America in accordance with the procedure set out in article 3.2.3 of the Operating Regulations of the Nouveau Marche. For this purpose, the Company, Credit Lyonnais and Nomura International have today signed an Underwriting Agreement.

The purpose of this agreement is to define the respective obligations of the Parties as regards the making of a market in respect of the Company's shares.

WHEREBY THE FOLLOWING HAS BEEN AGREED

ARTICLE 1. DESIGNATION OF THE LISTING ADVISOR - MARKET MAKER

1.1. The Company instructs Credit Lyonnais, which was officially authorized as a Listing Advisor - Market Maker on the Nouveau Marche on 14 February 1996, and which accepts the task proposed, to make a market in respect of the Company's shares of common stock from the date of Admission to listing on the Nouveau Marche and until the end of a period of three (3) years (the "Period") running from the same date.

1.2. Credit Lyonnais agrees to act as market maker for the shares of the Company on the conditions stated in this agreement and in accordance with the Operating Regulations of the Nouveau Marche and the instructions relating thereto.

ARTICLE 2. - AVAILABILITY OF SHARES, SALES MANDATE

2.1. To enable Credit Lyonnais to make a market in respect of the Company's shares during the Period, on the conditions stated in the Operating Regulations of the Nouveau Marche and the instructions relating thereto,

(i) in the event that the Shareholders request the return of their Shares supplied to Credit Lyonnais pursuant to the terms of Article 2.1(ii) hereof, the Company agrees to carry out after the date of Admission to listing on the Nouveau Marche an additional issue of new shares of common stock in order to make available to Credit Lyonnais 150,000 new shares of common stock of the Company (the "Company's Shares") during the period from the completion of the above-mentioned additional issue of the Company's shares of common stock and until the end of a period

of three years (the "Second Period"); the Parties acknowledge that such shares may only be issued after a registration statement registering the offer and sale of such shares has been declared effective by the U.S. Securities and Exchange Commission (the "Effective Date"); and

(ii) the Shareholders agree from the date commencing 40 days after the Admission to listing on the Nouveau Marche and until they request the return of their Shares and the registration statement covering the Company's Shares has been declared effective on the Effective Date (the "First Period"), on the conditions defined in this agreement, to place in trust with Credit Lyonnais 150,000 shares of common stock of the Company (hereinafter the "Shares of the Shareholders") in the following proportions:

Shareholders	Quantity
Ray R. Rogers	75,000
Anna D. Barker	75,000

The Company's Shares and the Shares of the Shareholders will hereafter be designated as the "Shares". The Shares of the Shareholders shall be removed from trust if other shares of the Company's common stock owned by other shareholders are substituted for such Shares and such other shareholders enter into this agreement.

2.2. The Shareholders during the First Period or the Company during the Second Period irrevocably grants to Credit Lyonnais the powers and authority required for selling during the respective periods, on its behalf and for its account, at a price to be determined by Credit Lyonnais in its reasonable discretion, all or part of the Shares, for the purposes contemplated by this

agreement only.

2.3.1. To cover the sales made under the terms of this mandate during the Second Period, the Company irrevocably agrees to have transferred to France for this purpose the number of shares requested by the ITM representing shares covered by those sales, at the latest 3 business days after the request by the ITM to such account opened in the name or for the benefit of Credit Lyonnais (hereafter "CLSC").

2.3.2. To cover the sales made under the terms of this mandate during the First Period, the Shareholders hereby irrevocably agree to the transfer of the Shares of the Shareholders to such account opened in the name or for the benefit of Credit Lyonnais (or CLSC) (subject to the terms of this Agreement) as the ITM may designate. All sales of the Shares of the Shareholders made by Credit Lyonnais during the First Period shall be made pro-rata with the proportions set forth in Section 2.1 above. Immediately upon the expiration of the First Period any Shares of the Shareholders which have not been sold by Credit Lyonnais during the First Period will be returned to the Shareholders pro-rata with the proportions set forth in Section 2.1 above.

2.3.3. The mandates conferred above by the Company and by each Shareholder on Credit Lyonnais include the power to execute all deeds, enter into all commitments, sign all documents, receive the selling price of the Shares and in general take all necessary actions.

2.3.4. Decisions to sell all or part of the Shares will be taken at the discretion of Credit Lyonnais consistent with the terms of this agreement. All decisions to sell the Shares (including, without limitation, the timing of such sales and the price and quantity of the Shares to be sold) shall be made exclusively by Credit Lyonnais without any consultation with or prior notice to, the Shareholders or the Company. All voting rights of the Shares of the selling Shareholders shall, to the extent practicable, be retained by the Shareholders until such time as said Shares have been sold by Credit Lyonnais.

2.3.5. The Company agrees to retain during the Second Period the quantity of Shares covered by the commitment, less those shares already delivered at the request of CLSC. To the extent the Shareholders' Shares are sold by Credit Lyonnais during the First Period, the Company shall not be required to supply Company Shares during the Second Period.

ARTICLE 3. - COMMITMENTS OF THE LISTING ADVISOR - MARKET MAKER

Notwithstanding the terms of Article 1.1 of this agreement, Credit Lyonnais agrees from today onwards to:

- . assist the Company in drawing up the information documents required for Admission and take necessary steps to verify that the prospectus does not include any contradiction or inaccuracies with regard to material points in relation to information collected for the Admission;
- . publish a financial analyzer's report on the Company at the time of its Admission and at the close of the fiscal years 1997 through 1999.

ARTICLE 4. - DUTY OF THE COMPANY AND THE SELLING SHAREHOLDERS TO PROVIDE INFORMATION

The Company will provide Credit Lyonnais with copies of the annual and quarterly interim accounts established during the Period as soon as they are available.

ARTICLE 5. - DUTY OF CREDIT LYONNAIS

Credit Lyonnais agrees to inform the Shareholders during the First Period and the Company during the Second Period of any sales contemplated within two (2) business days subsequent to their completion.

Credit Lyonnais agrees to deliver the proceeds of the sale of the Shares made available to it by the Shareholders or by the Company to an account designated by such shareholder concerned or by the Company promptly in

accordance with prevailing market practice after the completion of the sale. Credit Lyonnais will be entitled to charge normal brokerage commissions and related charges on the sale of the Shares.

Credit Lyonnais agrees as a listing advisor market maker to abide by all applicable French laws and regulations. In particular Credit Lyonnais agrees to use the Shares made available to it by the Shareholders or the Company only for the purpose of ensuring the liquidity of the shares.

ARTICLE 6. - TERM

This agreement will come into force on this day and will terminate at the end of the Period, it being understood that the Shareholders will cease to be party to this agreement as soon as the additional issue of the Company's shares of common stock as described in Article 2.1 above is completed.

Notwithstanding the preceding provisions, this agreement will be terminated ipso jure on the date at which Credit Lyonnais ceases, in agreement with the Company and the Societe du Nouveau Marche, to make a market in respect of the Company's shares.

ARTICLE 7. - REGULATORY CONDITIONS

If the listing has not taken place on or before 31 December 1997, this agreement will be terminated ipso jure without either Party being able to claim any Indemnity thereby, provided that the failure to obtain the listing or consummate the Placement is not due to a party's breach of the terms of this agreement.

ARTICLE 8. - CONFIDENTIALITY

The Parties agree that this agreement and the information it contains are strictly confidential, and that, unless required by law or executive roles or for judicial or administrative purposes, the terms of this agreement and this information must not be disclosed in any manner to third parties without the consent of the Company, Credit Lyonnais and a majority of the selling Shareholders.

ARTICLE 9. - NOTIFICATION

Any notice or other communications required or permitted to be given hereunder shall not be valid unless delivered in person, transmitted by telecopy or similar means of recorded electronic communication or sent by international courier or by registered mail, charges prepaid, addressed as follows:

- (i) if to the Company

Oxis International, Inc.
6040 N. Cutter Circle, Suite 317
Portland, OR 97217-3935
USA

Tel: 00 1 503 283 3911
Fax: 00 1 503 283 4058

- (ii) if to the Shareholders

To their attention, in care of the Company as provided above.

- (iii) if to Credit Lyonnais

Credit Lyonnais
Direction des Marchés d'Actions (DMA)
81 rue de Richelieu
75002 Paris
France

Tel: 01 42 95 70 00
Fax: 01 42 95.13.43

Any such notice or other communication shall be deemed to have been

given and received on the day on which such notice is actually received by the addressee.

Any party may at any time change its address for service from time to time by giving notice to the other party in accordance with this Article 9.

ARTICLE 10. - APPLICABLE LAW AND JURISDICTION

This agreement will be governed by and interpreted in accordance with French law.

Any dispute arising from this agreement, its results or consequences will be submitted to the Tribunal de Commerce de Paris (Paris commercial court).

Signed in Paris, May , 1997

in the same number of copies as parties

Oxis International, Inc. Credit Lyonnais

Ray R. Rogers Anna D. Barker

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