

**AMMO, Inc.**  
**Terms and Conditions of Sale**

The agreement between AMMO, Inc., its affiliates and subsidiaries (hereinafter, "AMMO") and each buyer of AMMO products (hereinafter, "you" or "buyer") shall consist of these Terms and Conditions and any descriptions set forth in any quotation and order acknowledgement forms of AMMO (the "Agreement"). Such Agreement shall constitute the complete and exclusive statement of terms and conditions of the sale of products from AMMO to you. No acceptance can be made by AMMO except by the Issuance of its order acknowledgment form. Acceptance by AMMO of your order is expressly made conditional on assent to these Terms and Conditions, either by written acknowledgment or by conduct by you that recognizes the existence of a contract with respect to the products described on AMMO's quotation or order acknowledgment to which these Terms and Conditions are incorporated in full by this reference. These Terms and Conditions also serve as notice of AMMO's objection to and rejection of any terms and conditions of purchase or sale included in your purchase order or other writing that are different from or in addition to these Terms and Conditions. Any terms and conditions in your purchase order or other writing that represents your offer are not a part of the agreement and shall not apply and have no legal force and effect.

- a. **Deliveries:** Subject to these Terms and Conditions, AMMO will ship the product as provided on the face of your purchase order (PO). AMMO will make reasonable efforts to conform with delivery dates. But in no event will AMMO be liable for delays resulting from causes beyond its reasonable control. Products furnished by AMMO to you hereunder will be within the limits and of the sizes published by AMMO, but subject to AMMO's standard tolerances for variations. AMMO reserves the right to ship overages or underages, weight, length, size and/or quantity in accordance with AMMO standard practices. You agree that variation in check weighing by up to 5% is a permissible variation from invoiced weights to account for differences in kind, type, location, accuracy of scales and possible errors of weighers.
- b. **Title, Risk of Loss:** Title and risk of loss shall pass to you when products are delivered to the freight-forwarder/carrier unless expressly agreed otherwise in writing by AMMO.
- c. **Price:** Unless otherwise specified by AMMO in writing in AMMO's quotation or order acknowledgement: (a) all prices, quotations, shipments and deliveries by AMMO are EX WORKS (as defined in Incoterms 2000) AMMO's plant unless expressly agreed otherwise in writing by AMMO; (b) all prices are subject to change without notice and all orders are accepted subject to AMMO's price in effect at the time of shipment; and (c) all transportation and other charges are for the account of Buyer, including any increase or decrease in such charges prior to shipment unless expressly agreed otherwise in writing by AMMO.
- d. **Custom Headstamp** You understand and agree that any order which specifies production with a custom head stamp is non-cancelable. Any proposed change to an order which include a custom head stamp must be approved in advance in writing by AMMO.
- e. **Shipping:** Unless otherwise set forth herein or in another writing between you and AMMO, prices are EX WORKS, AMMO's plant in Manitowoc, Wisconsin; Unless expressly agreed otherwise in writing by AMMO, prices include packaging. You are responsible for all other costs such as shipping and insurance unless expressly agreed otherwise in writing by AMMO.
- f. **Payment Terms:** For your convenience, AMMO invoices shall contain at least the PO number, item number, invoice quantity, unit of measure, unit price, and total invoice amount. If you fail to pay any invoice when due, or if the financial condition or credit of you as a buyer becomes unsatisfactory to AMMO, at its option and without affecting any other lawful remedy available, AMMO may change the terms of payment or suspend work and further deliveries, or both, until you provide security or other assurances of performance as demanded by AMMO, and a finance charge of 1.5% per month (or 0.05% per day) will automatically become applicable. The failure or refusal to provide such security or assurances within 5 business days after a request by AMMO will constitute a repudiation by you of the entire Agreement.
- g. **Warranty:** AMMO warrants that all products to be provided under the Agreement shall comply with the Specifications for such products, and shall be free from defects in material and workmanship for a period of (i) twelve (12) months from the date of your acceptance of the product, and AMMO shall provide repaired or replacement products, or any part or parts thereof, for any products found to be defective provided that you notify AMMO promptly, and in no event later than within thirty (30) calendar days after discovery by you of the defective product(s).

THE FOREGOING WARRANTIES ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING THOSE OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND SUCH WARRANTIES DO NOT APPLY IF THE PRODUCT HAS BEEN SUBJECT TO MISUSE, MISHANDLING, IMPROPER STORAGE OR NEGLIGENCE.

AMMO LIABILITY AS TO ITS PRODUCTS AND WITH RESPECT TO A CLAIM OF ANY KIND WILL BE LIMITED TO REPAIR OR REPLACEMENT OF PRODUCTS WHICH FAIL TO CONFORM TO OR FAIL TO PERFORM IN ACCORDANCE WITH THE PRODUCT WARRANTY SET FORTH ABOVE DURING THE WARRANTY PERIOD. IN NO EVENT SHALL AMMO BE LIABLE FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES.

- h. **Warranty Returns:** You must request return authorization in writing from AMMO prior to return of product for which a Warranty Claim is made. The request must contain at least the purchase order release number and piece identification number. AMMO shall have a maximum of ten (10) business days from your request to respond with recommended disposition. If no response is received, you are authorized to return such product(s) for repair or replacement without further notice. All products returned under Warranty Claim shall be subject to evaluation by AMMO; products found to have complied with the applicable Specification, or were subject to misuse, mishandling, improper storage or neglect, shall be treated as Non-Warranty Returns. AMMO shall reimburse you for all reasonable freight costs for product determined to have been properly submitted for a Warranty Claim.
- i. **Non-Warranty Returns:** You may request return authorization from AMMO prior to return of products for repair or replacement. Repairs shall be made at reasonable prices and lead times to be determined by the parties. Replacement shall be performed at the then-applicable prices for such product, and subject to a lead-time of no less than ninety (90) days, subject to the timely receipt of required raw materials by AMMO. You shall be responsible for all freight charges incurred for all Non-Warranty Returns of product to AMMO.

- i. **Changes:** You may change the applicable Specifications for product covered by the PO and these Terms and Conditions only upon advance written notice (the "Change Notice") to AMMO at least ninety (90) days prior to scheduled deliveries, and only upon written acceptance of such change by AMMO. AMMO shall respond promptly, but in no event more than sixty (60) days after receipt of a Change Notice. AMMO may condition its acceptance of a Change Notice upon your written acceptance of any applicable changes to these Terms and Conditions, including price, that AMMO reasonably determines necessary. Absent an agreement with respect to a Change Notice or your request to suspend performance of this PO until a mutually satisfactory agreement has been reached, or if any such suspension lasts for more than thirty (30) business days, AMMO will invoice you for the reasonable, and otherwise non-recoverable, costs incurred by AMMO for, or in connection with, its performance of such PO.
- j. **Force Majeure:** AMMO will not be liable for any delay or failure in performance of any order or in the delivery or shipment of products, or for any damages suffered by you by reason of such delay or failure, when such delay or failure is, directly or indirectly, caused by or in any manner arises from acts of God or of public enemies, fires, floods, explosions, accidents, epidemics, quarantine restrictions, riots, mobilizations, war, rebellion, revolutions, blockades, hostilities, governmental regulations, requirements, restrictions, interference or embargoes, strikes, lockouts, differences with workmen, inadequate transportation facilities, delays or interruptions in transportation, shortages of labor, fuel, raw materials, supplies or power, accidents to, breakdowns to or mechanical failure of plant machinery or equipment arising from any cause whatsoever or any other cause or causes (whether or not similar in nature to any of those hereinbefore specified) beyond AMMO's control. In no event will AMMO be liable for any special, indirect or consequential damages for delay in or failure of performance, whether or not excused by the foregoing.
- l. **Drawings:** Ownership of drawings, bills of material, tooling, flow diagrams, plot plans, details, specifications, and other data prepared by AMMO shall remain with AMMO unless expressly agreed to in advance and in writing by AMMO.
- m. **Interpretation/Choice of Law/Venue:** Any agreement between AMMO and you resulting from any quotation or order acknowledgement from AMMO or any purchase order from you shall be governed by and construed according to the laws of the State of Arizona (excluding its conflicts of law rules). The United Nations Convention of Contracts for the International Sale of Goods shall not apply to this Agreement. Any disputes arising hereunder shall be venued in the State and Federal courts located in Maricopa County, Arizona (Phoenix). The prevailing party in any such dispute shall be entitled to recover taxable costs, attorneys' fees and reasonable expenses incurred therein.
- n. **Waiver:** A waiver on the part of you or AMMO of any term, provision or condition of the Agreement shall not constitute a precedent nor bind either party hereto to a waiver of any succeeding breach of the same or other term, provision or condition of such Agreement.
- o. **Dispute Resolution:** If a dispute arises between parties which cannot be resolved by negotiation, you and AMMO consent to the jurisdiction of the State of Arizona and its courts for the purpose of resolving any and all controversies and claims between you and AMMO arising out of or relating to this Agreement or the underlying transaction. Any controversy or claim arising out of or relating to this Agreement or the underlying transaction shall be resolved in the Maricopa County Superior Court (Arizona) or in the United States District Court for the District of Arizona.
- p. **Relationship of the Parties:** The relationship between you and AMMO is that of independent contractors. Neither party will do anything which has the effect of creating an obligation by the other party to a third party. If one party breaches this commitment, it shall fully defend and indemnify the other party for all damages and costs arising from the breach.
- q. **Acceptance:** Unless accepted in writing by an executive officer of AMMO, any terms and conditions in your purchase order or related documentation which purported to add to, modify, supersede or otherwise alter these Terms and Conditions shall not be binding on AMMO nor have the effect, in construing any agreement resulting from your purchase order or related documentation, of canceling or otherwise leaving open any of the Terms or Conditions contained herein. The failure of AMMO to respond to any terms or conditions in your purchase order or related documentation, or the commencement by AMMO of any work relating to supply of product, shall not be construed as AMMO's assent to any additions to modifications, or alternations of the Terms and Conditions set forth herein.