



## NAMMO COMPOSITE SOLUTIONS LLC TERMS AND CONDITIONS OF PURCHASE

Acceptance of this Purchase Order by Seller on the terms and conditions hereof shall be evidenced by either Seller's written acceptance hereof or commencement of performance. The terms and conditions of this offer must be accepted by the Seller. Upon the failure of the Seller to acknowledge this purchase order in writing and agree to its terms the commencement of performance required by this offer shall be conclusive evidence of the Seller's approval of, and consent to, the terms and conditions of purchase herein contained.

These Terms and Conditions supersede all inconsistent printed terms on Seller's purchase order form, shipping order form or any other written document provided by Seller to Buyer. These terms may be varied only by a conspicuous written notation on the front of this form, or by an express provision of a separate agreement, but any such specific conspicuous written notation must be signed individually by an authorized agent of Buyer. A Purchase Order (PO) can be based on other conditions than those named herein when accepted by Nammo Composite Solutions (NCS) and included in the order or agreed upon in writing.

### 1. Conditions and Acceptance

- 1.1. The General Conditions of Purchase contained herein, in addition to the specific terms contained in each order, will apply exclusively for this agreement.
- 1.2. Should these conditions of purchase contradict the specific terms in the order, the latter terms will prevail.
- 1.3. A Purchase Order (PO) can be based on other conditions than those named herein when accepted by Nammo Composite Solutions LLC (NCS) and included in the order or agreed upon in writing.
- 1.4. The shipments of goods ordered hereunder or any part thereof shall be deemed a full acceptance of all the provisions of this Purchase Order. The Seller agrees to comply with all applicable Federal, State, and/or local laws, for eligibility to furnish articles, materials, and supplies for use on public or government contracts where material furnished is so used and to comply with all labor laws. This order shall be construed under the laws of the State of Utah and/or the laws of the United States of America. The Buyer does not bind nor purport to bind the Federal Government nor any officer of the Federal Government under this Purchase Order, but executes same as an independent contractor.
- 1.5. No waiver of a breach or of any provision of this order shall constitute a waiver of any other breach or of such provisions. The failure on the part of the Seller to comply with any of the terms herein shall constitute a breach of contract for which the Buyer may have such remedy as allowed by law or equity including, but not limited to cancellation, specific performance or damages and any of such remedies is deemed cumulative leaving the Buyer to pursue any and all remedies available for the breach thereof.
- 1.6. This constitutes the whole of the conditions, together with the additional conditions that may be attached hereto as acknowledged on the face hereof, on the issuance of this Purchase Order and cannot be altered except in writing by an officer or Buyer. No modification or change in, or departure from, the provisions of this order shall be valid or binding on the Buyer unless approved by Buyer in writing. Any failure of Seller to comply with any obligation, covenant, agreement or conditions herein may be expressly waived by Buyer, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of or estoppel with respect to, any subsequent failure.
- 1.7. The invalidity or unenforceability of any provision of these Terms and Conditions shall not affect the validity or enforceability of any other provision of these Terms and Conditions, which shall remain in full force and effect. All warranties shall be construed as conditions as well. Any applicable government articles, executive orders, regulations will be furnished with subcontract awards, upon request.

### 2. Quotations and Offers

- 2.1. The Supplier quotes to NCS free of charge. Any deviations from the inquiry documents must be clearly stated in the quotation.
- 2.2. NCS has the right to accept any of a number of quotations, or reject all of them.

### 3. Purchase Order (PO)

- 3.1. Only written Purchase Orders will be accepted and binding to NCS. Telephone orders and other oral orders must be confirmed in writing in order to be valid.
- 3.2. A PO received electronically is valid without signature.

### 4. PO Confirmation

- 4.1. The Supplier must return the PO Confirmation to NCS no later than one-week after receipt of the PO. Otherwise, NCS has the right to abandon the agreement.
- 4.2. If this Purchase Order specifies a Priority Rating and is certified for National Defense use under Defense Priorities and Allocation System (15 CFR 700), the Seller is required to follow the provisions of DPAS and all other applicable regulations and orders of the Business and Defense Services Administration in obtaining controlled materials and other products and materials needed to fill this Purchase Order:
  - 4.2.1. Supplier must accept or reject a rated order and transmit the acceptance or rejection (in writing or electronically) to the buyer placing the order within 15 working days after receipt of a "DO" rated order and 10 working days after receipt of a "DX" rated order.
  - 4.2.2. If the order is rejected, a supplier must provide the reasons for the rejection.
  - 4.2.3. If the supplier has accepted a rated order and subsequently finds that the shipment or performance will be delayed, the company must notify the buyer immediately, give the reasons for the delay, and advise of new shipment or performance date.
- 4.3. NCS's PO and acceptance of the PO Confirmation are binding only if the Supplier has accepted these General Conditions of Purchase and the specific terms included in the PO.
- 4.4. A PO that does not specify the price or the time of delivery must be replied with a PO Confirmation stating the missing information. NCS reserves the right to revoke this if the price or the time of delivery is not acceptable to NCS.
- 4.5. If the Supplier PO Confirmation deviates in price and/or time of delivery compared to NCS's PO, the agreement is valid when NCS accepts in writing the altered conditions.

### 5. Price

- 5.1. The price(s) in the PO must be firm, exclusive of VAT and/or other charges, duties or taxes.
- 5.2. Buyer shall not be liable for any federal, state or local taxes unless separately stated on this purchase order.
- 5.3. The price(s) include suitable transport, packaging and all-risk insurance up to the agreed point of delivery. See article 9.
- 5.4. For deliveries on account, NCS reserves the right to evaluate the invoiced price.

### 6. Terms of Payment

- 6.1. Goods purchased hereunder are subject to final inspection and acceptance at Buyer's plant, notwithstanding any other inspection, unless otherwise specifically stated on this order.
- 6.2. NCS's general terms of payment are 30 days net receipt of correct invoice and acceptance of final inspection.
- 6.3. When goods are delivered prior to the time of delivery stated in the PO, the terms of payment will start to run at the stated time of delivery.
- 6.4. Advanced payment is normally not accepted. If agreed upon, the Supplier must provide security to the satisfaction of NCS before any advanced payment will take place.
- 6.5. In the event of advanced payment, the goods will be the property of NCS as long as it is offset by the advanced payment amount.

### 7. Packing and Shipment

- 7.1. A packing list must apply to one PO only. If one shipment consists of several orders, separate packing lists must apply for each PO.

- 7.2. All goods must be marked in accordance with the packing list and the specific terms in the PO. The packing list must state NCS's PO number, name of the purchaser, transportation mode, marking of the goods, number of packages, contents, weight, date of shipment, lot number, and NCS's article-number (if given in the PO).
- 7.3. Deliveries shall be made as specified without charge for boxing, crating, cartage, or storage, unless otherwise specified. Goods shall be packed in accordance with good commercial practice to ensure against damage from weather and/or transportation. In addition, materials shall be suitably packed to secure lowest transportation costs, assure delivery of items in same condition as delivered to carrier, and to conform with the requirements of common carriers and any applicable specifications.

## 8. Invoice

- 8.1. The invoice must normally refer to one PO.
- 8.2. All invoices must be marked with the PO number, NCS's article-number (if given in the PO), the Supplier's article-number, unit and price according to the PO, currency, lot-number, name of the purchaser, and whether all the certificate requirements are met.
- 8.3. Invoices without the information stated in article 8.2 are considered incomplete and will be returned to the Supplier. Payment will be postponed according to article 6.1.
- 8.4. Originate invoices in duplicate showing shipping point, transportation mode, and mail direct to Accounts Payable. Invoices may also be submitted electronically to [NammoCompositeSolutions.AP@nammo.us](mailto:NammoCompositeSolutions.AP@nammo.us). Original bill of lading or expense bill must accompany any prepaid express or freight shipments, where merchandise is sold F.O.B. point of origin. Unless otherwise specified, merchandise price shall be F.O.B. Salt Lake City, Utah. Substitutions or changes shall not be allowed unless approved in writing. Payment period expressed within the Purchase Order are understood to be from date of invoice or date of acceptable goods receipt at NCS, whichever occurs last. Backorder will not be honored unless approved in writing. Any unauthorized over shipment or substitution of the described materials made by the Seller will entitle the Buyer to withhold payment. Any variance occurring between the Purchase Order and invoice regarding price or payment terms will entitle the Buyer to the most favourable of such terms or conditions.
- 8.5. If certificate requirements and/or other required documents are specified in the PO, these must be e-mailed separately to the purchaser. One copy of the documents required must accompany the goods. These documents are essential to the goods delivered, and the delivery will not be considered completed until the required documentation is received and approved.

## 9. Delivery

- 9.1. The goods must be properly packed and marked, and must be delivered at the time and place agreed upon. In case of transport damages, the Supplier will be held liable for any insufficient packing.
- 9.2. Unless otherwise agreed upon in writing, the latest edition of the INCOTERMS will apply.
- 9.3. If installation by the Supplier is agreed upon, or functional testing is a part of the delivery, the delivery is only considered completed when NCS has accepted the delivery in writing.
- 9.4. Deliveries not according to the quantity specified in the PO must not be made without the written approval from liable NCS purchaser.
- 9.5. Delivery shall be strictly in accordance with Buyer's delivery schedule. If Seller's deliveries fail to meet such schedule, Buyer without limiting its other remedies, may direct expedited routing and the difference between expedited routing and the order routing costs shall be paid by Seller. Material fabricated beyond Buyer's release is at Seller's risk. Seller shall not make material commitments or production arrangements in excess of the amount or in advance of the time necessary to meet Buyer's delivery schedule and unless otherwise specified herein no deliveries shall be made in advance of the Buyer's delivery schedule. When the Seller has reasons to believe that deliveries will not be made as scheduled, written notice setting forth the cause of the anticipated delay will be given immediately to Buyer.
- 9.6. If Seller's delay or default is caused by the delay or default of a subcontractor, such delay or default shall be excusable only if it arose out of causes beyond the control of both Seller and subcontractor and without the fault or negligence of either of them

and the supplies furnished were not obtainable from other sources in sufficient time to permit Seller to meet the required delivery schedule. If Seller fails to deliver as scheduled, Buyer may, at his discretion acquire items from such sources as may be necessary and Seller will be responsible for any costs incurred above and beyond the prices for the same items as contracted herein.

## 10. Quality Assurance -Inspection – Control

- 10.1. The Supplier must have a satisfactory quality assurance system suitable for the PO.
- 10.2. NCS, or its representative(s), or representatives for the customer/end user, must have the right at any time to make a reasonable investigation and inspection at the Supplier and/or their subcontractors facilities. This is to assure that the delivery is executed in accordance with the quality system agreed upon, and according to the specific PO. The Supplier is obliged to assist in carrying out such an inspection at no additional cost. NCS may also require access to all applicable records at any level of the supply chain involved in the contract.
- 10.3. If the audit discovers that the techniques are insufficient, or in any other way unsatisfactory, the Supplier must immediately carry out the necessary improvements or follow the directions of NCS's inspector. The Supplier will cover the cost of these improvements and inspections.
- 10.4. The quality assurance inspection does not relieve the Supplier from any risks and responsibilities concerning the execution of the PO.
- 10.5. NCS's incoming inspection by the quality control engineer will decide the contractual fitness of the goods at the delivery. See article 11.
- 10.6. When incoming inspection is performed at the Supplier's premises, the Supplier is required to notify NCS in writing in reasonable time before the inspection takes place.

## 11. Inspection and Payment

- 11.1. Goods purchased hereunder are subject to final inspection and acceptance at Buyer's plant, notwithstanding any other inspection, unless otherwise specifically stated on this order. The risk of loss of any materials or goods purchased hereunder shall pass to Buyer only upon Buyer's completion of its final inspection and Buyer's acceptance thereafter of the materials or goods. Neither compliance by Seller with instructions or suggestions by any employee of Buyer or Buyer's payment of Seller's invoice for any goods prior to final inspection shall be deemed an acceptance of the goods or a waiver of the right of inspection or any other right herein reserved, or relieved Seller of any obligation or liability under the terms and conditions of this purchase order.
- 11.2. Defective goods will be rejected by the Buyer and the aggregate unit prices thereof may be debited against the invoice covering the shipment in which such defective goods are rejected by Buyer, may be debited by Buyer against any other invoices of Seller to Buyer, or may be invoiced by Buyer to Seller for refund. Articles rejected will be held at Seller's risk and subject to Seller's disposal for a reasonable time and, if not disposed of by the Seller, will be sold or otherwise disposed of by the Buyer for the Seller's account.

## 12. Acceptance, Defects and Claims

- 12.1. Transfer of the title occurs when the goods have arrived at NCS's premises, and NCS has had the opportunity to inspect that the delivery is in accordance with the PO.
- 12.2. The delivery must meet the specifications in the PO, including the performance and consumption figures agreed upon, and must not have defects of any kind. Furthermore, the technical performance must conform to what modern techniques can require with reference to design and first class workmanship. Important spare parts must be available throughout the life of the goods, limited upwards to 10 years. NCS use and possible resale of the goods must not disagree with public regulation, legislation, third party patents or other immaterial privileges from the Supplier. If NCS has inspected the goods prior to delivery, or the Supplier has sent drawings, goods or samples for inspection, this does not limit the Supplier's responsibility for shipping according to the contractual obligation.
- 12.3. NCS must inspect received goods within reasonable time after delivery. NCS is not obliged to inspect the goods before it has arrived at the place of use, and not before the instalment is completed. NCS's obligation to inspect the goods applies similarly when the Supplier has completed the improvements.

- 12.4. NCS must submit a written complaint within reasonable time after a defect is discovered. The deadline for claims is 24 months after the delivery. For replaced or repaired parts, an equivalent period runs from the day the parts were replaced or repaired. The deadline for claims will not run as long as a machine is inoperative due to necessary improvements to meet the contractual obligations.
- 12.5. If defects occur within the deadline for claims, the Supplier must immediately, or later if the Supplier has a legitimate reason to demand such an extension, repair the defects. This must be done without any costs for NCS.
- 12.6. If the Supplier cannot perform what is necessary to meet the contractual obligations within reasonable time, NCS can itself or with help of others take the actions necessary at the cost and risk of the Supplier. The same rule applies if it will lead to considerable inconvenience for NCS to wait for the Supplier's replacement. In such cases, the Supplier must be notified immediately.
- 12.7. If the delivery has defects that are not fully repaired according to the rules above, NCS must be entitled to a deduction in price.
- 12.8. If the delivery has material defects that cannot be repaired within a reasonable time, NCS has the right to terminate the contract and demand to be reimbursed for its direct costs. The same rule applies if the delivery has material defects that are not repaired within reasonable time.
- 12.9. Any direct losses NCS incur due to defects must be compensated. If NCS incurs any indirect losses because of defects, NCS must be entitled to indemnification if the Supplier or someone the Supplier is responsible for has been negligent.

### 13. Late Deliveries / Penalties

- 13.1. The Supplier is required to notify NCS in writing immediately if there is any reason to believe that the time of delivery agreed upon cannot be met. Such notification must state the reason as well as the probable length of the delay. The Supplier is responsible for direct and indirect losses that NCS suffers and that could have been avoided if the Supplier had informed NCS in due time.
- 13.2. If the delivery has not taken place at the time agreed upon, NCS has the right to cancel or uphold the PO. Contracts customised for NCS based on NCS's specifications, which the Supplier cannot use in other ways without substantial losses can only be terminated by NCS if the delay constitutes a material breach of contract. When the maximum fine is reached after 9 weeks, the NCS may terminate notwithstanding the type of contract. If the goods have defects that make the goods not fit for the intended purpose, the rules for late deliveries apply.
- 13.3. When goods are delivered late, a fine equal to 0,15% of the total amount of the PO per weekday will be deducted until the delivery has taken place or NCS terminates the contract. The fine must nevertheless not exceed 8% of the total PO amount. The total PO amount is the amount in the main PO including all possible additional PO's marked with the same order number. The fine will not apply if the Supplier can prove that the late delivery is caused by force majeure. In case of a force majeure plead; a certified declaration must be presented. If the Supplier disregards this, the Supplier cannot use the plead as a reason for late deliveries in the future, and the fine applies *even* when force majeure reasons are factual.
- 13.4. If a partial delivery is agreed upon, NCS can deduct 1% per day of the value of the late delivery, limited upwards to 8% of the total amount of the PO.
- 13.5. Certificates and/or other documents specified in the PO are a part of the delivery. When late deliveries occur, article 13.3 applies.
- 13.6. Any direct losses NCS incurs due to delay can in lieu of the fine be compensation. The same applies to indirect losses if the Supplier or someone the Supplier is responsible for has been negligent.

### 14. Changes

- 14.1. Based on what the parties could reasonably expect at the time of the contract, NCS reserves the right to require quantitative and/or qualitative changes, or change the time of delivery.
- 14.2. Buyer reserves the right at any time to make changes in drawings, designs, or specifications as to any material and/or works covered by this order, shipping and packing instructions, the delivery schedule, quantities ordered, or place of delivery. In such event there will be made an equitable adjustment of price and time of performance, mutually satisfactory to the Buyer and Seller. Any claim by the Seller for adjustment under this clause must be submitted in writing to Buyer within thirty (30) days from the date

of advice to Seller by the Buyer of the notification of change. Where materials or parts are made obsolete or unusable as a result of a change and the cost thereof is included in the Seller's claim for adjustment, the Buyer shall have the right to prescribe the manner of disposition of such materials or parts.

- 14.3. The Supplier must be compensated for the additional work resulting from such changes, and for other direct costs incurred in accordance with the original profit and cost levels, which the price is based on. If such changes result in savings for the Supplier, these must be deducted from the price likewise, or the price must be adjusted.
- 14.4. Should the parties not agree on the amount added or deducted from the purchasing price due to these changes, the Supplier should implement the changes without waiting for the outcome of the dispute.
- 14.5. No charges will be allowed for any changes without the issuance of a formal written Purchase Order.

### 15. Warranties

- 15.1. The Supplier warrants against defects and deficiencies for a period of 24 months after the transfer of title (according to article 12), unless the warranty is extended according to article 15.4 below, or in accordance with other legislation.
- 15.2. Should defects or deficiencies occur or be proven within the warranty period, the Supplier must upon notice by the NCS correct these as soon as possible without any cost to NCS by:
  - a) Repair on site if possible, or
  - b) Repair on an assigned place, or
  - c) Replacement of delivery. This must be at the Supplier's cost and risk.
- 15.3. If the Supplier does not repair or replace the goods within reasonable time, NCS can correct or replace at the cost and risk of the Supplier. The same rule applies if NCS due to its time of delivery or other reasons cannot wait for the fulfilment of the contract by the Supplier. Repair or purchase from another company does not relieve the Supplier, and articles 15.1 and 15.2 apply in full.
- 15.4. When NCS has a claim according to article 12, the warranty will be extended to 24 months after NCS has accepted the repair or replacement or a purchase from another vendor has occurred according to article 12.
- 15.5. This warranty does not in any way limit NCS's right to enforce breach of contract based on other legislation.

### 16. Performance, Schedule and Delays

- 16.1. Time is of the essence with respect to performance and delivery by Seller. Without intent to limit any other remedies which may be available to Buyer at law or otherwise by reason of or as a result of failure or delay in performance or delivery by Seller, Seller specifically acknowledges that Buyer shall be entitled to be paid by Seller, or at Buyer's option to reduce any compensation or payment due at any time to Seller, for any costs, expenses, or damages incurred by Buyer by reason of or in any way as a result of Seller's failure or delay in performance or delivery, including without limitation any costs, expenses, or damages which Buyer is required or becomes obliged to pay to any customer of Buyer or any reduction in compensation or payment received from any customer of Buyer.
- 16.2. The delivery schedule, as shown on this Purchase Order, must be maintained. In the event of cancellations of and/or change in this order, the Buyer will not be responsible for any changes related to any fabrication accomplished in advance of the normal fabrication time required to meet the Purchase Order Schedule. The Buyer reserves the right to change the delivery schedule to meet NCS's requirements.
- 16.3. Contractor must promptly notify NCS about any shipment delay or inability to meet Purchase Order obligation, regardless of cause. Contractor will be liable to reimburse NCS for all incurred costs and damages caused by Purchase Order failure and delinquencies.

### 17. Overruns

NCS is not obligated for Purchase Order overrun shipments in excess of the specified purchased quantity and permissible variation thereof

### 18. Item Shelf Life

- 18.1. Product shipped to fulfil purchase order requirements must have a minimum of 75% useful shelf life at the time of item receipt.

Product which has less than 75% useful shelf life at the time of receipt will be rejected and returned at supplier expense.

- 18.2. Supplier must identify each item, package, or container of shelf life material with its cure or manufacture date, expiration date, and any special storage and handling conditions in addition to the standard identification requirements

#### **19. Drawings, Tool(s), and Machinery**

- 19.1. Any designs, sketches, drawings, blueprints, patterns, information, dies, molds, models, tools, gauges, materials, equipment, machinery or special appliances ("data, tooling and equipment") provided by Buyer to Seller or made or procured by Seller pursuant to or for the production of product covered by this order are and shall remain the exclusive property of the Buyer and Seller shall have no right, title or interest therein except the express limited right for the use of same as contemplated by this purchase order agreement. All drawings, specifications and data furnished by Buyer to Seller hereunder shall remain the property of Buyer and shall not be disclosed by Seller and shall be used by Seller only as and to the extent required for the performance of this order, unless the Buyer shall otherwise approve in writing.
- 19.2. Seller shall not license, sell, transfer, lease, encumber, or otherwise dispose of any data, tooling and equipment provided by Buyer or produced pursuant to this purchase order, or any interest therein, and any attempt to do so shall be null and void and of no force or effect. If requested by Buyer, Seller shall execute a UCC-1 Financing Statement recognizing Buyer's title to the data, tooling and equipment. Seller agrees that the data, tooling and equipment shall be used exclusively in the production for Buyer of products required by this order and Seller agrees to promptly return, upon request by the Buyer, all data, tooling and equipment and/or other materials provided by Buyer to Seller or produced in connection with this purchase order.
- 19.3. The Seller shall establish procedures for the adequate storage, maintenance and inspection of Buyer's data, tooling and equipment and shall maintain inspection records available to Buyer upon request. Upon completion of work by Seller under this order and upon Buyer's request, Seller shall promptly return to Buyer all drawings, specifications and other data furnished by Buyer in connection with referenced purchase order, together with all copies or reprints then in Seller's possession or control. Seller shall thereafter make no further use either directly or indirectly of any such drawings, specifications or data or of any information derived from, without Buyer's prior written consent.
- 19.4. **Government Authorization to Supplier**

To the extent authorized by the U.S. Government by direct contract with Seller for the manufacture of products for direct sale to the U.S. Government, and to the extent that such use will not interfere with Seller's performance of this or other orders from Buyer, in effect at the time the Seller enters into such direct contract with the government, or thereafter, and upon written notice to Buyer of such government authorization and the contract number, Seller shall have the right to use the data, tooling and equipment described above, which the government owns or has the right to use or the right to authorize others to use.

#### **20. Proprietary Information**

- 20.1. Seller recognizes that the data, tooling and equipment provided by Buyer under this Agreement may contain valuable Trade Secrets belonging to the Buyer. Seller also agrees that all Proprietary Information which comes into the Seller's possession is and remains the property of the Buyer. Such Proprietary Information shall be defined to mean any and all information obtained by the Seller or which comes to the Seller's attention in whatever form by whatever means in connection with Seller's performance under this Agreement including but not limited to technical, financial or other business information and any concepts or ideas related to the Buyer or its business, whether or not confidential, provided that Proprietary Information shall not include any information which is previously known to Seller or is in the public domain by reason other than a breach of this Agreement and provided further that Seller shall have the burden of proof concerning such exceptions. Seller shall take all reasonable steps necessary to protect Buyer's Trade Secrecy rights in the data, tooling and equipment, and any other such Proprietary Information including restricting access to the data, tooling and equipment to employees of Seller who have executed and delivered confidentiality and non-disclosure

agreements in the form satisfactory to Buyer. Neither Seller nor any of Seller's employees or agents shall be permitted to copy, reproduce, photograph, sketch or otherwise make duplicates or facsimiles of any of Buyer's data, tooling and equipment, documents or otherwise use any of the trade Secrets of Proprietary Information contained therein, unless the express prior written consent of Buyer is obtained.

- 20.2. Seller guarantees that the sale or use of the Seller's products will not infringe any U.S. or foreign patent and Seller shall save Buyer harmless from all judgments and decrees that may be entered against Buyer or Buyer's vendees, mediate or immediate in or against all costs and expenses that Buyer shall incur by reason of any infringement or claim thereof whether such infringement be direct or indirect by use of Seller's products with Seller's knowledge of its intended use. Seller covenants that it will, upon Buyer's request, at Seller's expense, defend or assist in the defense of any suit or action that may be brought against Buyer or Buyer's vendees, mediate or immediate in or against those selling or using Seller's products by reason of any infringement or claim thereof predicated upon the sale of Seller's products, or use thereof as above provided.

#### **21. Cancellation for Default**

- 21.1. Buyer shall have the right to cancel for default all or any of the undelivered portion of this order, if Seller does not make deliveries as specified in the delivery schedule or if Seller breaches any of the terms hereof including warranties of Seller, or if Seller becomes insolvent or commits an act of bankruptcy. In the event Buyer cancels this Purchase Order in whole or in part, Buyer may procure, upon such terms and in such manner as Buyer may deem appropriate, supplies or services similar to those cancelled and Seller shall be liable to Buyer for excess cost for such similar supplies or services; provided that Seller shall continue performance of this Purchase Order to the extent not cancelled under provisions of this clause. If it is determined, however, that Seller's failure to perform this order is due to unforeseeable causes beyond the control and without the fault or negligence of Seller (other than insolvency or an act of bankruptcy) such cancellations shall be entitled "Termination".
- 21.2. The rights and remedies of the Buyer provided in this clause shall not be inclusive and are in addition to other rights and remedies provided by law or under this Purchase Order.

#### **22. Cancellation for Convenience**

- 22.1. Buyer may terminate or cancel this order without cause, in whole or in part, without liability to the Buyer, if deliveries are not made at the time and in quantities specified, or in the event of a substantial breach of any other terms or conditions hereof;
- 22.2. Buyer also may terminate this order, in whole or in part, even though Seller is not in default hereunder and no breach hereof has occurred, by notice in writing at any time; such notice shall state the extent and effective date of termination and upon the receipt by Seller of such notice, Seller will, as and to the extent prescribed by the Buyer, stop work under this order and placement of further orders or subcontracts hereunder, terminate work under orders and subcontracts outstanding hereunder, and take any necessary action to protect property in the Seller's possession in which the Buyer has or may acquire an interest. If the parties cannot by negotiation agree within (60) days from the date of the termination notice, or within such further times as may be agreed by the parties, upon the amount of fair compensation to Seller for termination pursuant to the immediately preceding sentence (b), Buyer in addition to making prompt payment of amounts due for articles delivered or services completed in accordance with this contract prior to the effective date of termination will pay to Seller, in full settlement of all claims of Seller by reason of such termination, the following without duplication; (i) the contract price for goods or services completed in accordance with the contract and not previously paid for; (ii) actual costs incurred by Seller which are properly allocable or apportionable under recognized commercial accounting practices to the terminated portion of the contract, including liabilities to subcontractor which are so allocable, and excluding any charge for interest or materials which may be diverted to other orders, plus a reasonable profit on work actually done by Seller prior to such termination provided that the total settlement shall not exceed the contract price of goods included in the termination portion of the contract.

- 22.3. Termination by Buyer under this paragraph shall be without prejudice to any claims for damages or otherwise of Buyer against the Seller.
- 22.4. Buyer shall have the right to audit all elements of any termination claim and Seller agrees to make available to the Buyer at its request all books, records and papers relating thereto.
- 22.5. If the Supplier fails to take reasonable actions to minimize the costs incurred in relation to a cancelled order, the calculated amount to be paid must be reduced correspondingly in the final settlement.

### **23. Export Control**

- 23.1. Seller agrees that unless prior written authorization is obtained from the Department of State or Office of Export Administration, Department of Commerce, U.S. Government, or successor organizations, that Seller will not knowingly export or re-export, directly or indirectly, any technical data or the direct product of such technical data, acquired under this Agreement and then only with the prior written consent of the Buyer.
- 23.2. If data is provided to the Seller under this purchase order and such data is not marked with a NCSs Proprietary Notice, such data may be used in the performance of a U.S. Government Contract.

### **24. ITAR Restrictions**

- 24.1. This purchase order is not to be copied or transferred to unauthorized third parties. Information contained herein is subject to the Code of Federal Regulations, Chapter 22, International Traffic in Arms Regulations. This data may not be resold, diverted, transferred, trans-shipped, made available to a foreign national within the United States, or otherwise disposed of in any other country outside of its intended destination, either in original form or after being incorporated through an intermediate process into other data, without the prior written approval of the U.S. Department of State.

### **25. Force Majeure**

- 25.1. In the event that either Party's performance of its obligations under this Agreement must be prevented by Force Majeure, meaning any cause beyond its reasonable control, including without limitation act of God, acts of Government, shortage of material, accident, fire, delay or other disaster, provided that the effected Party must have used its reasonable efforts to avoid or remove the cause of such non-performance and to minimize the duration and negative affect of such non-performance, then such effected Party's performance must be excused and the time for performance must be extended for the period of delay or inability to perform due to such occurrence. The affected Party must continue performance under this Agreement using its reasonable efforts as soon as such cause is removed. The Party affected by a Force Majeure must notify the opposite Party of an actual or expected event without undue delay.
- 25.2. If a Force Majeure situation continues uninterrupted for a period of thirty (30) days or more, both Parties must be entitled to revoke the affected order by sending written notice of such to the other.

### **26. Responsibilities**

During the entire period of performance for this agreement, each party must be fully responsible for all HESS (Health, Environment, Safety & Security), as well as insurance coverage for their own staff, equipment and facilities. Subcontractors must meet all applicable NCS rules and regulations concerning insurance coverage and limits.

### **27. Property of NCS**

- 27.1. All documentation with reference to certificates, drawings, and instructions, e.g. specified in the PO, are a part of the delivery, and the property of NCS.
- 27.2. Drawings, product descriptions and other information that NCS has supplied to the Supplier are the property of NCS, and must not be given to a third party or used for other purposes than the contract between the Supplier and NCS.
- 27.3. For PO's where NCS pays the cost of tooling, the tooling will be the property of NCS. The Supplier must make a directory of the specific tooling included in the PO, and mark the tooling properly. The Supplier must not use these tools in production for a third party without the written consent of NCS.

### **28. Offsets**

The Supplier agrees on that the value of the PO may be used to satisfy any international offset obligations that NCS or NCS's customer may have with the Supplier's country. In addition, the Supplier agrees to identify and retain for NCS's use any rights to offset credits generated by its subcontractors arising out of or resulting from PO's from NCS. The Supplier must provide documentation in support of NCS's rights to offset credits.

### **29. Conflict Minerals**

Conflict minerals refer to tin, tantalum, tungsten and gold (commonly referred to as 3T&G), regardless of where they are sourced, processed or sold. The intent of these requirements is to further the goal of ending violent conflict in the Democratic Republic of the Congo (DRC) and in adjoining countries, which has been financed, in part, by the exploitation and trade of Conflict Minerals. NCS is committed to ethical business conduct and the responsible sourcing of conflict minerals through our global supply chain. NCS's Suppliers must practice responsible sourcing of materials, which will continue NCS's efforts to ensure a conflict-free supply chain to the extent reasonably practicable.

### **30. Counterfeit Parts Prevention**

- 30.1. Counterfeit parts shall not be delivered to or used in product intended for delivery to NCS. A counterfeit part is defined as: A part falsely represented in some manner, e.g. manufacturer, date code, lot code, reliability level, markings, material content, etc. The supplier shall be the Original Equipment Manufacturer (OEM) or Original Component Manufacturer (OCM) or purchase material directly from the OEM, OCM, their franchised distributor or approved independent vendors with proven history. The supplier is not authorized to deliver any material to NCS not procured from or manufactured by an OEM, OCM or authorized supplier. Any departure from a specified OCM/OEM or an authorized supplier in the part documentation shall require the supplier to obtain written approval from a NCS Buyer prior to delivery. The written approval must accompany the shipment along with other specified certifications. Any discovery of a delivery, usage or inclusion of counterfeit material by either the supplier or its subtiers shall make the supplier fully and financially responsible and accountable for any rework or corrective actions that may be required to remedy the use or inclusion of such parts including, but not limited to, long term warranty and replacement cost.
- 30.2. Suppliers will Implement and enforce a written Counterfeit Parts Prevention and Control Plan designed to preclude, detect, and remove any counterfeit parts from all deliveries to NCS. Suppliers will review AS5553 and other published standard for counterfeit component/parts avoidance, detection, migration and disposition, as best practice review and confirm internal procedures are appropriate and effective.

### **31. Confidentiality**

- 31.1. Sensitive information in descriptions, patterns, drawings, models and alike that the Supplier has received from NCS in connection with the execution of the delivery must remain confidential and not be copied or used for any other purposes than the execution of the contract. The Supplier is responsible for any loss that NCS may suffer because of breach of these obligations. If required, the Supplier must without delay return all documentation to NCS.
- 31.2. The Supplier must not take pictures or make copies on or of NCS's property without the written consent of NCS.
- 31.3. Without NCS's written consent, the Supplier must not issue any press release, publish, announce or in any way advertise in connection to the PO received.

### **32. Indemnification -Immaterial rights**

- 32.1. Supplier warrants that NCS can own, use and sell the goods delivered: patents or other immaterial rights do not prevent this.
- 32.2. Supplier must inform NCS if other parties demand the goods, or state that NCS cannot own, use or sell the goods.
- 32.3. The Supplier will keep NCS indemnified for all claims from a third party, including public charges and patents.
- 32.4. Any liability between NCS and the Supplier for indirect or consequential damages must be determined in a court of law. This clause applies to all NCS and the Supplier's employees, subcontractors, agents and contractors.
- 32.5. Seller guarantees that the sale or use of the Seller's products will not infringe any U.S. or foreign patent and Seller shall save Buyer harmless from all judgments and decrees that may be entered

against Buyer or Buyer's vendees, mediate or immediate in or against all costs and expenses that Buyer shall incur by reason of any infringement or claim thereof whether such infringement be direct or indirect by use of Seller's products with Seller's knowledge of its intended use. Seller covenants that it will, upon Buyer's request, at Seller's expense, defend or assist in the defence of any suit or action that may be brought against Buyer or Buyer's vendees, mediate or immediate in or against those selling or using Seller's products by reason of any infringement or claim thereof predicated upon the sale of Seller's products, or use thereof as above provided.

### **33. INSURANCE:**

- 33.1. The Seller is to adequately insure the Buyer's property while in his possession against all hazards. The Seller fully agrees to indemnify and protect Buyer against all liabilities, claims, injury demands or damages to any person or property occurring during performance of labor at Buyer's plant during the Purchase Order life.
- 33.2. Seller agrees to indemnify and save Buyer harmless from claims for death or injury to Seller or any of Seller's personnel arising while such personnel are on premises owned or controlled by Buyer in connection with the performance of this order, and Seller shall maintain Workman's Compensation Insurance and Employees Liability Insurance in the minimum amount of one hundred thousand (\$100,000) dollars covering all such personnel while on Buyer's premises.

### **34. Applicable Law and Legal Venue**

- 34.1. This agreement and any dispute arising out of the agreement must be resolved according to the laws Utah and shall be deemed to be made in and a contract of the State of Utah, without regard to its principles regarding conflict of laws. Buyer and Seller agree that any dispute arising out of or resulting from the transaction subject to these Terms and Conditions shall only be brought in a state or federal court located in the State of Utah and the parties agree to submit to the jurisdiction of such court.
- 34.2. Seller agrees to comply with all applicable Federal, State, and local laws and executive orders and regulations. Seller's invoices shall certify that goods covered thereby were produced in compliance with all applicable requirements to the Fair Labor Standards Act as amended and the regulations and orders of the U.S. Department of Labor.
- 34.3. Seller agrees to comply with all provisions of the Occupational Safety and Health Act of 1970. By acceptance of this order, Seller certifies that all goods supplied under this order will conform and comply with said act. Seller further agrees to indemnify and hold Buyer harmless for all damages assessed against Buyer as a result of Seller's failure to comply with said Federal, State or local laws or for failure of goods furnished under this order to so comply.

### **35. Mechanic's Lien and Idemnity**

- 35.1. If this order calls for work to be performed upon property owned or controlled by Buyer, it is agreed that:
- 35.1.1. Seller will keep the premises and work free and clear of all mechanics' liens, and agrees to furnish Buyer such affidavits and waivers as, in Buyer's opinion, are necessary or appropriate to ensure immunity from mechanic's liens arising from the performance of this order, all as a condition precedent to any payment by Buyer hereunder;
- 35.1.2. The work will remain at Seller's risk prior to written acceptance by Buyer and Seller will replace at his own expense all work damaged or destroyed by fire, force or violence of the elements or any other cause whatsoever;
- 35.1.3. Seller will indemnify, save harmless, and defend Buyer, its shareholders, officers, directors, agents, customers or users from all liability for loss, damage or injury to person or property, contamination of or adverse effect on the environment or natural resources, in any manner arising out of or incident to Seller's performance of this contract or any actions or claims which may arise from the use of Seller of the data, tooling and equipment provided by Buyer or produced under this order;
- 35.1.4. Seller will indemnify, save harmless, and defend Buyer from any and all claims, demands or suits made or brought against Buyer on account of any of the terms or provisions of any applicable Workmen's Compensation Law and will furnish Buyer with proper evidence that Seller is insured against all liability under such law.

### **36. Non-Assignment**

This order is placed upon the condition that Seller shall not assign it or any interest therein, including any payment due or to become due with respect there to, and any assignment or any attempt to assign shall be void without Buyer's prior written consent, and the Buyer shall be entitled at all times, to set off any amounts owing from the Seller to the Buyer against any amount due or owing Seller with respect to this order.

### **37. Set-Off**

Seller agrees that Buyer shall have the right to set-off against any amounts which may become payable by Buyer to Seller under this order or otherwise, any amount which Seller may owe to Buyer, whether arising under this order or otherwise.

### **38. Subcontracts**

Except for goods proprietary to Seller, no subcontracts hereunder shall be made by the Seller herein with any other party for furnishing any of the completed or substantially completed goods, any spare parts or work herein contracted for, without prior written consent of the Buyer and Buyer's approval as to source, which approval Buyer may withhold in its sole discretion.

### **39. Precedence of Contracted Documents**

- 39.1. In the event of an inconsistency between provisions of this contract, the inconsistency shall be resolved by giving precedence by the following order: Schedule (excluding the Specifications);
1. Terms and Conditions of the solicitation, if any
  2. General Provisions
  3. Other provisions of the contract, where attached or incorporated by reference
  4. The Specifications
- 39.2. The following order of precedence shall apply in the event of an inconsistency within the specifications: Technical Data Package List (TDPL) or exceptions to technical documents cited:
1. Drawings
  2. Detail Specification (including gage designs) for item(s) being procured
  3. Detail Specification for material or operations
  4. General Specification for class of items
  5. General Specification for class of material

### **40. Advertising**

Seller shall not, without first obtaining written consent of Buyer, in any manner advertise or publish or issue any news releases or make any public announcement or denial or confirmation of same concerning the fact that Seller has furnished or contracted to furnish the Buyer the articles herein mentioned or concerning work done by Seller hereunder. Notwithstanding the aforesaid restriction, Seller is authorized to provide any such information to the Government if requested to do so by the Government.

### **41. Notice of Labor Disputes**

Whenever any actual or potential labor disputes is delaying or threatens to delay the timely performance of this order, Seller shall immediately give notice thereof, including all relevant information with respect thereto to the Buyer.

### **42. Supplier Conduct Principles**

- 42.1. NCS's Supplier Conduct Principles state the requirement for best business practices, personal conduct and safe working conditions in the entire NCS supply chain and for all parties (entities and/or persons) that have a direct contractual relationship with and offer products and services to NCS.
- 42.2. The latest version of the NCS Supplier Conduct Principles is a part of this contract, and on the Nammo Group website, [www.Nammo.com](http://www.Nammo.com)

### **43. Government Funded Contracts**

Government funded contracts may have additional requirements.

### **44. Investment purchases**

When buying machinery and or equipment, the "Additions to general conditions of purchase" will apply in addition to these conditions.

**45. On-Site Contractor Background Checks**

Contractor background checks may be required prior to on-site visits at NCS. NCS will be responsible for these fees.

**46. Discrimination Prohibited**

This contractor and subcontractor shall abide by the requirements of 41 CFR sections 60-1.4(a), 60-300.5(a) and 60-741.5(a). These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities, and prohibit discrimination against all individuals based on their race, color, religion, sex, sexual orientation, gender identity or national origin. Moreover, these regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, protected veteran status or disability. This contractor and subcontractor shall abide by all provisions of Executive Order 13496 and all relevant rules, regulations, and orders in regard to Executive Order 13496 as found in 29 CFR Part 471, Appendix A to Subpart A.

**47. Retention of Documented Information**

The Seller shall retain Documented Information related to this contract in a state that is suitable for use and available when needed or requested. Documented information includes all documentation provided by Buyer to Seller or made or procured by Seller pursuant to or for the production of product covered by this order. Documented information shall be adequately stored and protected to prevent: loss of confidentiality, improper use, damage, or loss of data integrity/legibility. Electronic data shall also be protected from unauthorized or unintended change and loss due to corruption or physical damage. The Seller shall maintain documented processes for managing: distribution, access, retrieval, revision/change control, and use of Documented Information. Documented Information shall be retained for the maximum length of time indicated anywhere in the contract, but shall not be retained less than 10 years. Records must be available to NCS, their customer's, and regulatory authority's.

**48. Disposition of Disposal for Retained Records**

48.1. Upon expiration of all record retention requirements and no less than 3 years after payment of final invoice the seller may opt to destroy retained records related to this contract. All applicable contractual and/or regulatory record control requirements imposed by this contract shall be maintained until after record destruction is complete. Contractual and/or regulatory record control requirements shall be imposed on any 3rd party contracted to perform record control or destruction activities prior to disposal. Destroyed records may be disposed of IAW applicable regulatory recycling and/or waste stream guidelines.

48.2. Record destruction Requirements:

1. When possible, advance communication of intent to destroy retained records is advised; so that an assessment of opportunities and risks may be considered by both parties.
2. Paper records shall be cross-cut shredded, incinerated or otherwise destroyed beyond the possibility of recovery.
3. Electronic records may be deleted, but shall not be considered destroyed until all electronic media storage device(s) used to retain such data are either:
4. Destroyed by crushing, incineration, or pulverization, or
5. Wiped clean by degaussing or overwriting until all original data is certified erased without the possibility of recovery.

**49. Definitions**

Party or Parties = NCS (Buyer) and/or the Supplier (Seller)

NCS = Nammo Composite Solutions LLC

PO = Purchase Order

Subcontractor = A business which has a contract with a Supplier to provide some portion of the work or services on the Supplier's PO with NCS