

**ADDENDUM TO SUPPLY AGREEMENT BY AND BETWEEN RUAG
AMMOTEC, AG, RUAG AMMOTEC USA, INC. AND CITIZENS
AMMUNITION, LLC**

This Addendum hereby alters and amends the Product Supply Agreement (“Supply Agreement”), originally made and entered into on March 17, 2015, by and between RUAG Ammotec AG, (individually “RUAG AG”), RUAG Ammotec USA, Inc., (individually “RUAG USA”) (collectively “RUAG”) and Citizens Ammunition LLC, DBA PRIME Ammunition (“PRIME”), with an effective date of April 1, 2015, as follows:

In an effort to assist in the continued corporate viability of PRIME, and in consideration of PRIME continuing to purchase ammunition products from RUAG, this addendum removes the sales volume amounts from Section 4(a) of the Supply Agreement.

RUAG further agrees to extend the payment terms for PRIME on the existing value of the remaining inventory in the Supply Agreement of \$2,476,692.88 as of December 21, 2017 (year-end-inventory), which is listed below in Appendix A, for a duration until February 1, 2021. In exchange, PRIME agrees to pay 2.5% annual interest, in quarterly payments, on the value of the remaining year-end-inventory as it stands on January 1st of that year, due no later than the last Thursday of each calendar quarter for every quarter until the inventory is sold in full.

In addition to the interest above, as further consideration for the extended payments terms, PRIME agrees to a minimum sales amount of existing and/or remaining inventory (“Minimum Sales Amount”) as follows:

2018 – 722,436 USD
2019 – 850,000 USD
2020 – 904,256 USD

The Minimum Sale Amount, must be met and the amounts paid by PRIME to RUAG on or before December 15th of each year between 2018 and 2020.

RUAG shall have the right to inspect the physical inventory in PRIME’s location immediately upon written notice. PRIME will report monthly (5 working days before end of month) the sales per product. Based on this RUAG will invoice this amount based on the agreed prices as stated in Appendix A. The main amount, up to each annual Minimum Sales Amount and an additional 11% for federal excise tax (FET), must be remitted to RUAG within 5 business days of RUAG’s issuance of an invoice to PRIME. Amounts sold by PRIME over the annual Minimum Sales Amount (less applicable FET) may roll into the next year.

PRIME will not incur any prepayment penalties for any or all amounts paid to RUAG on the inventory of the inventory financing ahead of schedule and the interest and inventory, and

In lieu of a default, if PRIME does not meet 100% of the annual Minimum Sales Amount payments, or 100% of the quarterly interest payments, or 100% of the monthly FET-payments, as required in this Agreement, immediately upon missing any payment deadline by more than 5 business days, 20% of PRIME’s ownership will be placed into an escrow controlled by RUAG.

Another 15% of PRIME's ownership (35% in total) will be placed into an escrow if PRIME misses any of the referenced due deadline payments for more than 35 business days after due. Another 16% of PRIME's ownership (51% in total) will be placed into an escrow if PRIME misses any referenced due deadline payments for more than 65 business days after due. If and when 51% of PRIME's ownership is escrowed and/or controlled by RUAG, RUAG shall have full decision-making authority for PRIME, including but not limited to all PRIME business and or corporate decisions.

PRIME will have the option (said option to expire on February 1, 2022) to pay all amounts owed to RUAG and overdue, including the full penalty amount equal to the escrowed percentage of PRIME's ownership controlled and/or held by RUAG multiplied by \$10 million USD. As a means of example, if 20% of PRIME's ownership is placed in escrow, the penalty will be \$2 million (20% x \$10 mil) to release all of the escrowed amounts back to PRIME.

At RUAG's sole discretion, upon execution of the Addendum, a RUAG representative may take a seat on PRIME's Board of Directors. RUAG can exercise the right to appoint one of its representatives to PRIME's Board of Directors at any point during the term of the Supply Agreement (as it may be extended and/or amended).

The amount of funds that must be deposited by PRIME upon the ordering of RUAG replacement inventory of existing and new products is determined upon the sales history of the products outlined in Appendix B, and

PRIME agrees to continue to raise capital and the senior management of RUAG agree to meet with properly prequalified potential PRIME investors, at PRIME's cost and at a time, place or method convenient to RUAG's senior management, and

PRIME's brand, including but not limited to all PRIME owned or controlled patents trademarks and other intellectual property (including _____trademark(s)), must remain owned by PRIME as long as the escrowed amount owned and/or controlled by RUAG share is less than 50%.

IN WITNESS WHEREOF, the parties hereto have caused this Addendum to Supply Agreement to be executed by their duly authorized representatives.

CITIZENS AMMUNITION LLC

RUAG AMMOTEC USA, INC.

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

APPENDIX A

Remaining Inventory of The Current Supply Agreement

Per Round	Product	Rounds	Cost
\$1.400	308	300,760	\$421,064.00
\$2.400	.338 Lapua	130,800	\$313,920.00
\$0.360	.223/55 gr	392,650	\$141,354.00
\$0.625	.223/77 gr	42,200	\$26,375.00
\$0.093	.22 A (Semi-auto)	2,776,500	\$258,214.50
\$0.093	.22 S (Subsonic)	-	\$0.00
\$0.090	.22 B (Bolt)	-	\$0.00
\$1.200	260	214,140	\$256,968.00
\$0.800	6.5 Creedmoor	371,420	\$297,136.00
\$0.280	45 FMJ	319,400	\$89,432.00
\$0.430	45 HP	205,150	\$88,214.50
\$0.310	9 X (Hexagon)	346,800	\$107,508.00
\$0.215	9 FMJ	179,350	\$38,560.25
\$0.250	40	361,550	\$90,387.50
\$0.530	12 B (Buckshot)	54,300	\$28,779.00
\$0.950	12 S (Slug)	136,375	\$129,556.25
\$0.863	300BLK	219,390	\$189,223.88
\$0.380	9mm JHP	-	\$0.00
		6,050,785	\$2,476,692.88

APPENDIX B

Down Payment Calculation for Replacement And New Products

- 0% down and 30 days to pay for products that have historically sold well and or sell well after being introduced as new products:
 - 6.5 Creedmoor
 - 9mm JHP
 - 9mm FMJ
 - .223 77gr
 - .223 55gr
 - Rime fire
 - Buckshot
- 50% down (due at start of production) and 30 days to pay for products that have historically not sold well or new products
- Exclusivity on new products will be negotiated on a case by case. Product management will decide to charge a one-time fee and reduced per-piece-pricing or include the one-time effort in the per-piece-pricing.