

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This Addendum hereby alters and amends the Product Supply Agreement (“Supply Agreement”), originally made and entered into on March 17, 2015, by and between RUAG Ammotec AG, (individually “RUAG AG”), RUAG Ammotec USA, Inc., a (individually “RUAG USA”) (collectively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

WHEREAS, on January 21, 2018 RUAG made it known to PRIME that it wishes to continue supporting PRIME in an effort to assist PRIME in continuing as a going concern so that PRIME will continue to purchase ammunition products from RUAG, and

WHEREAS, This addendum removes the sales volume amounts from Section 4(a) of the Supply Agreement, and

WHEREAS, RUAG agrees to extend PRIME the existing value of the remaining inventory of the current 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, and

WHEREAS, PRIME agrees to pay 2.5% annual interest on the inventory in quarterly payments, calculated on the value of the remaining year-end-inventory amount every year due no later than the last Thursday of each calendar quarter, and

WHEREAS, RUAG agrees to grant PRIME extended payment terms on existing inventory goods (Appendix A) which are due December 15th each year. PRIME agrees to a minimum Sales goal of existing Inventory for

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

WHEREAS, RUAG has always the right to check the physical inventory in PRIME’s location. 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 agreed prices. The main amount, up to each annual sales goal, is due at agreed payment terms, 11% (FET) is due immediately and must be remitted to RUAG within 5 business days. Amounts sold over the annual sales goal (less applicable FET) will roll into the next year.

WHEREAS, PRIME will not face 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

WHEREAS, In lieu of default, if PRIME does not meet 100% of the annual payments and 100% of the quarterly interest payments or 100% of the monthly FET-payments in this agreement,

immediately upon missing any payment by more than 5 business days, 20% of PRIME's ownership will be placed into an escrow controlled by RUAG, and

WHEREAS, another 15% of PRIME's ownership (35% in total) will be placed into an escrow if PRIME missing any due payments for more than 35 business days, and

WHEREAS, another 16% of PRIME's ownership (51% in total) will be placed into an escrow if PRIME missing any due payments for more than 65 business days, and

WHEREAS, PRIME will have the option (said option to expire on February 1, 2022) to pay any amount up to and including the full penalty amount equal to the escrowed percentage of PRIME's ownership to release any and/or all of the escrowed amounts back to PRIME based on a company evaluation of 10 Mio. USD, and

WHEREAS, A RUAG Representative may take a seat on PRIME's Board of Directors, and

WHEREAS, the amount of funds that must be deposited upon the ordering of replacement inventory of existing and new products is determined upon the sales history of the products outlined in Appendix D, and


WHEREAS, 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

WHEREAS, PRIME's brand must remain owned by PRIME as long as the RUAG share is below 50%.

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

PRIME AMMUNITION LLC

RUAG AMMOTEC USA, INC.

By: 
Name: James G. O'Shaughnessy
Title: CEO
Date: April 17, 2018

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 D

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.