



# AmmoCrypt

## Cryptocurrency of a Higher Caliber™

Physical Delivery Policy

Version 1.0

January 15, 2024

*(Prior Versions are Obsolete)*

## **ARTICLE I: DEFINITIONS**

In this Policy and all documents incorporated herein by reference, the following capitalized words have specific meanings which are defined within this Article. If the word appears in an uncapitalized manner, then the accepted literary definition shall apply.

- (a) **“Affiliate”** means, in relation to either Party, a direct or indirect subsidiary of the Party, a holding company of the Party, and any other subsidiary of that holding company. In the event of AmmoCrypt, Affiliate also includes any legal entity that is more than 25% beneficially owned by AmmoCrypt or an Affiliate. In the event the Party is a natural person, Affiliate includes any spouse, sibling, parent, or legal entity that is more than 25% beneficially owned by the Party or any Affiliate.
- (b) **“AmmoCrypt”** means collectively, Lavarient Holdings, Ltd., AmmoCrypt Holdings, LLC., and any Affiliates and Associates thereof.
- (c) **“AmmoCrypt Physical Reserves”** or **“Physical Reserves”** or **“Crypt”** means the quantity of Ammunition that is owned by AmmoCrypt and managed by a Custodian against which AmmoCrypt Token holders may exercise drawing rights for physical delivery of Ammunition through the permanent relinquishment of their AmmoCrypt Tokens.
- (d) **“AmmoCrypt Token”** means any digital asset issued by AmmoCrypt.
- (e) **“AmmoCrypt Kaliber Token”** means any AmmoCrypt Token that represents and is backed by one (1) round of physical ammunition of the corresponding caliber that is Readily Deliverable from the AmmoCrypt Physical Reserve.
- (f) **“AmmoCrypt Utility Token”** means an AmmoCrypt Token that has no asset backing but is used to perform certain useful and desirable functions within the AmmoCrypt Ecosystem. The **“YEET Token”** is type of AmmoCrypt Utility Token.
- (g) **“Ammunition”** means small arms ammunition that is held by the AmmoCrypt Physical Reserves against which AmmoCrypt Kaliber Tokens may be issued.
- (h) **“Associates”** means AmmoCrypt and each and every one of its Affiliates and Custodians and each of AmmoCrypt's and its Affiliates' and Custodians' shareholders, directors, officers, Affiliates, employees, contractors, agents, partners, insurers, and attorneys.
- (i) **“CCL”** means the Commerce Control List of the U.S. Department of Commerce Bureau of Industrial Security.

- (j) **“Custodian”** means the custodian(s) who have been contracted for management of the AmmoCrypt Physical Reserves.
- (k) **“CTF”** means counter-terrorist financing.
- (l) **“Defense Article”** means any item or technical data that is specifically designed, developed, configured, adapted, or modified for a military, missile, satellite, or other controlled use listed on the USML.
- (m) **“Digital Tokens”** means a digital representation of value that functions as (i) a medium of exchange; (ii) a unit of account; (iii) a store of value, and/or (iv) other similar digital representations of rights or assets, which is neither issued nor guaranteed by any country or jurisdiction, typically including blockchain-based assets or rights including sovereign cryptocurrency or virtual currency such as AmmoCrypt Tokens.
- (n) **“Digital Tokens Address”** means an alphanumeric identifier that represents a potential destination for a Digital Tokens transfer, which typically is associated with a user’s Digital Tokens Wallet. This definition also includes any registered domain name address (i.e., blockchain or Ethereum Name System, or similar) used to reduce the Digital Tokens Address to a convenient human-readable form.
- (o) **“Digital Tokens Wallet”** means a software application, hardware device, or other mechanism that provides a means for holding, storing, and transferring Digital Tokens, including a user’s Digital Tokens Address, Digital Tokens balance, and cryptographic keys.
- (p) **“Economic Sanctions”** means financial sanctions, trade embargoes, export or import controls, anti-boycott, and restrictive trade measures enacted, administered, enforced, or penalized by any applicable Laws, including those relating to AmmoCrypt or trade in Ammunition or Defense Articles.
- (q) **“Export”** means the delivery of goods to a destination outside of the United States of America.
- (r) **“Export Permit”** means a specific type of Government Approval authorizing the export of CCL or Defense Articles from their origin country to a foreign country of end-use.
- (s) **“FAET”** means Federal Ammunition Excise Tax, a type of excise tax that is charged to the U.S.-based manufacturers and importers of Ammunition, with few exceptions, based upon the value of the Ammunition at the time it is first placed into commerce.

**(t)** **“Fiat”** means the money or currency of any country or jurisdiction that is designated as legal tender, and circulated, customarily used, and accepted as a medium of exchange in the country or jurisdiction of issuance.

**(u)** **“FinCEN”** means the Financial Crimes Enforcement Network of the U.S. Department of the Treasury.

**(v)** **“FRA”** means the Financial Reporting Authority of the Cayman Islands; the FRA is the financial intelligence unit with the responsibility of receiving, requesting, analyzing and disseminating financial information concerning the proceeds of criminal conduct, money laundering and the financing of terrorism.

**(w)** **“Government”** means any national, federal, state, municipal, local, or foreign branch of government, including any department, agency, subdivision, bureau, commission, court, tribunal, arbitral body, or other governmental, government appointed, or quasi-governmental authority or component exercising executive, legislative, juridical, regulatory, or administrative powers, authority, or functions of or pertaining to a government instrumentality, including any parasternal company, or state-owned (majority or greater) or controlled business enterprise.

**(x)** **“Government Approval”** means any authorization, license, permit, consent, approval, franchise, concession, lease, ruling, certification, exemption, exception, filing or waiver by or with any Government necessary to conduct the business of either Party or the execution, delivery and performance of the Site Services or any transaction entered into under these Terms.

**(y)** **“Government Official”** means an officer or employee of any Government, a director, officer, or employee of any instrumentality of any Government, a candidate for public office, a political party or political party official, an officer or employee of a public international organization, and any Person who is acting in an official capacity for any of the foregoing, even if such Person is acting in that capacity temporarily and without compensation.

**(z)** **“Laws”** means all laws, statutes, orders, regulations, rules, treaties, and/or official obligations or requirements enacted, promulgated, issued, ratified, enforced, or administered by any Government that apply to you or the Site.

**(aa)** **“Losses”** means, collectively, any claim, application, loss, injury, delay, accident, cost, business interruption costs, or any other expenses (including attorneys’ fees or the costs of any claim or suit), including any incidental, direct, indirect, general, special, punitive, exemplary, or consequential damages, loss of goodwill or business profits, work stoppage, data loss, computer failure or malfunction, or any and all other commercial losses.

**(bb)** **“OFAC”** means Office of Foreign Assets Control of the U.S. Department of the Treasury.

**(cc) “Person”** includes an individual, association, partnership, corporation, company, other body corporate, trust, estate, and any form of organization, group, or entity (whether or not having separate legal personality).

**(dd) “Physical Delivery”** means the optional, user-initiated act of exchanging the appropriate quantity of AmmoCrypt Kaliber and Utility Tokens to create a unique, non-marketable, transaction-specific non-fungible token (“NFT”) that is then exchanged within the AmmoCrypt Ecosystem for the specified quantity of Ammunition from the AmmoCrypt Physical Reserve.

**(ee) “Prohibited Delivery Destination”** means any Prohibited Jurisdiction as well as any of: Afghanistan, Belarus, Burma, Cambodia, Central African Republic, China (PRC), Cyprus, Democratic Republic of the Congo, Haiti, Iraq, Lebanon, Libya, Somalia, Sudan, South Sudan, Yemen, Zimbabwe

**(ff) “Prohibited Jurisdiction”** means any of: The Cayman Islands, Cuba, Democratic People’s Republic of Korea (North Korea), Iran, Russia, Syria, Venezuela, or the following regions of Ukraine (i) Crimea, (ii) Donetsk, and (iii) Luhansk.

**(gg) “Prohibited Person”** means a citizen or resident of, Government or Government Official of, or Person in or subject to the jurisdiction of, any Prohibited Jurisdiction; and any Sanctioned Person.

**(hh) “Readily Deliverable”** means that portion of the AmmoCrypt Physical Reserve meeting any of the following conditions: (i) Is physically in the custody of the AmmoCrypt or its Custodian(s). (ii) Is in the possession of a common carrier (trucking company, steamship line, etc.) as evidenced by a bill of lading showing AmmoCrypt’s Custodian as consignee and is fully insured against loss or damage while in transit. (iii) Is under contract for delivery within 90 days from a supplier. (iv) Is otherwise considered serviceable and available for sale (IE: is not subject to damage, recall, or from lots otherwise not meeting acceptance criteria).

**(ii) “Sanctions List”** means the “Specially Designated Nationals and Blocked Persons” (“SDN”) List and the Non-SDN List, including the “Sectoral Sanctions Identifications List”, published by OFAC; the Section 311 Special Measures for Jurisdictions, Financial Institutions, or International Transactions of Primary Money Laundering Concern published by FinCEN; and, any other foreign terrorist organization or other sanctioned, restricted, or debarred party list published by the FRA, FIAU, or under Economic Sanctions, AML, or CTF Laws of or by Governments of the Cayman Islands, the United States and the United Nations.

**(jj) “Sanctioned Person”** refers to any Person or Digital Tokens Address that is: (i) specifically listed in any Sanctions List; (ii) directly or indirectly owned 50 percent or more by any Person or group of Persons in the aggregate, or a Digital Tokens Wallet associated with such Person or Persons, referred to in any Sanctions List, or Government or Government Official of any Prohibited Jurisdiction; or (iii) that is subject to any Government Approval or otherwise sanctioned, restricted, or penalized under applicable Economic Sanctions, AML, or CTF Laws.

**(kk) “Terms”** means these Terms and Conditions of Sale and Service, as they may be changed, amended, or updated from time to time, including any documents incorporated therein by reference.

**(ll) “United States” or “U.S.”** means the states of the United States and the District of Columbia.

**(mm) “U.S. Citizen or U.S. Resident”** includes any U.S. citizen, U.S. lawful permanent resident, individual who meets the “substantial presence” test described in section 7701(b)(3) of the U.S. Internal Revenue Code of 1986 (as amended), protected individual under section 1324b(a)(3) of the U.S. Immigration and Nationality Act, or individual who holds a passport issued by the United States Government.

**(nn) “USML”** means United States Munitions List which acts to designate categories and types of equipment as defense articles and associated technical data.

**(oo) “User Verification Token” or “UVT”** means a type of AmmoCrypt Token that is issued to authorized Ecosystem users upon passing “*know your customer*” procedures. The UVT contains a unique encrypted string and is locked to the user’s Digital Tokens Wallet, so that it cannot be used by any other parties other than the user to whom it was issued. The UVT is used to sign certain Ecosystem transactions as a higher-security alternative to username/password combinations.

**(pp) “YEET Token”** means a type of AmmoCrypt Utility Token with certain utility features that users may find desirable to perform within the AmmoCrypt Ecosystem; including the minting of new AmmoCrypt Kaliber Tokens, taking physical delivery of Ammunition, among other functions.

**(qq) “you” or “your”** means the user.

## **ARTICLE II: APPLICABILITY OF THIS POLICY**

**II.1** This Policy is incorporated by reference into the Terms and applies specifically to any request to redeem AmmoCrypt Tokens for Physical Delivery of Ammunition via ***AmmoCrypt.io***, as well as any other subdomains, websites, distributed, mobile, or Web3 applications (“Apps”), data feeds, advanced programming interfaces (“API”) provided by AmmoCrypt (collectively, the “Site”).

**ARTICLE III:  
MODIFICATIONS AND AMENDMENTS  
TO THIS POLICY**

**III.1** This Policy, the Terms, and/or any documents incorporated herein may be amended, changed, or updated by AmmoCrypt at any time and without prior notice to you. No consent of any Person is required for AmmoCrypt to issue any modification or amendment to this Policy or any documents incorporated herein.

**III.2** In the event that you do not agree to the resulting terms and conditions contained within any modifications or amendments to this Policy or any documents incorporated herein, your sole remedy is to discontinue use of the Site and Site Services, and sell or liquidate your holdings of AmmoCrypt Tokens via any means available to you.

**ARTICLE IV:  
AMMOCRYPT PHYSICAL DELIVERY  
GENERAL TERMS**

**IV.1** Each AmmoCrypt Kaliber Token represents a drawing right of one (1) round of Ammunition from the AmmoCrypt Physical Reserves that, when combined with the appropriate quantity of AmmoCrypt YEET Tokens, may be redeemed exclusively within the AmmoCrypt Ecosystem in exchange for the appropriate quantity and caliber of Ammunition.

**IV.2** Possession of AmmoCrypt Kaliber Tokens does not confer upon you rights of ownership of any portion of the Physical Reserves, nor does it guarantee that you will be able to take Physical Delivery of Ammunition. All requests to take Physical Delivery of Ammunition will be processed strictly in accordance with this Policy.

**IV.3** In addition to possessing the required quantity, you must undergo AmmoCrypt's automated "*know your customer*" process and receive a User Verification Token in your Digital Tokens Wallet to submit your Physical Delivery request. There may be a nominal cost to you to undergo this process, payable in AmmoCrypt YEET Tokens, as described in Article XIV of the Terms.

**IV.4** In addition to the required payment in AmmoCrypt Tokens, Physical Delivery may incur additional taxes and fees, where applicable, for order processing (Article VIII), sales and use tax (Article IX), shipping and handling (Article X), optional services and special requests ordered by you, and other fees described throughout this Policy (collectively, the "Taxes and Fees"). These Taxes and Fees may be paid in Fiat (by credit/debit card), or by AmmoCrypt Tokens of equivalent value at the time you submit your Physical Delivery request.

**IV.5** Physical Delivery requests intended for Export from the U.S. are subject other additional fees as described in the Export Addendum to this Policy (Appendix A) (the "Export Fees").

**IV.6** Upon submittal of the required AmmoCrypt Kaliber and YEET Tokens associated with your Physical Delivery request, signing your Physical Delivery request with a valid User Verification Token, and paying the Taxes and Fees and the Export Fees, as applicable, your Physical Delivery request will be confirmed as an Order and released for processing shipment to you.

**IV.7** At the time your Physical Delivery request is confirmed as an Order, the AmmoCrypt Tokens will be processed in accordance with the Terms, and the Order will be processed in accordance with the remainder of this Policy.

**IV.8** AmmoCrypt reserves the right to bar any user from Physical Delivery transactions, subject to any limitations imposed by applicable Laws.

**IV.9** We pack, label, and ship Orders in accordance with the regulations of the U.S. Department of Transportation for domestic overland transport.

**ARTICLE V:  
YOUR REPRESENTATIONS AND WARRANTIES  
RELATED TO PHYSICAL DELIVERY REQUESTS**

**V.1** You represent and warrant to AmmoCrypt that at the time you submit your Physical Delivery request, in each case with reference to the facts and circumstances existing at such date, as follows:

**(a)** that all of your Representations and Warranties as per Article VIII of the Terms remain valid;

**(b)** that you:

- a. are not under indictment or information in any court for a felony, or any other crime for which you could be imprisoned for more than one (1) year;
- b. are not a current member of the military who has been charged with violation(s) of the Uniform Code of Military Justice and whose charge(s) have been referred to general court martial;
- c. have not been convicted in any court, including a military court, of a felony, or any other crime for which you could have been imprisoned for more than one (1) year, even if you received a shorter sentence, including probation;
- d. are not a fugitive from justice;
- e. are not an unlawful user of, or addicted to, marijuana or any depressant, stimulant, narcotic drug, or any other controlled substance;
- f. have not ever been adjudicated as mentally defective or have ever been committed involuntarily to a mental institution;
- g. have not ever been discharged from the Armed Forces under dishonorable conditions;



- h. are not subject to a court order, including Military Protective Order, restraining you from harassing, stalking, or threatening your child, an intimate partner, or child of such partner;
- i. have not ever been convicted in any court of a misdemeanor crime of domestic violence, or if in the military, have not ever been convicted of a crime that included as an element, the use of force against a person as identified in the instructions;
- j. have not ever renounced your United States citizenship;
- k. are not illegally or unlawfully in the United States;

**(c)** that you possess all required licenses and permits required to take Physical Delivery of Ammunition in your jurisdiction, will provide copies of such documents to AmmoCrypt upon request, and you have reached the minimum age for purchase and possession of Ammunition within your jurisdiction;

**(d)** that possession, storage, transportation, and use of the Ammunition for which you intend to take Physical Delivery is legal in your jurisdiction;

**(e)** that you agree to undergo AmmoCrypt “*know your customer*” procedures (see [Article IX](#) of the Terms) and obtain an AmmoCrypt User Verification Token (see [Article XIV](#) of the Terms) to digitally sign any Physical Delivery requests made by you;

**(f)** that you do not intend to resell any Ammunition for which you take Physical Delivery without the appropriate licensing for your jurisdiction, and in all regards, you agree that any such resale shall be in accordance with all laws relevant to your jurisdiction, and;

**(g)** that you will not Export any Ammunition for which you take Physical Delivery without the written consent of AmmoCrypt, which may be withheld at AmmoCrypt’s sole discretion. You further agree to fully comply with all Export and import laws with regards to your Export and shall defend and hold AmmoCrypt harmless for any violation of any Export, import, or transfer laws or regulations related to such further Export.

## **ARTICLE VI: U.S. PHYSICAL DELIVERY RESTRICTED DESTINATIONS**

**VI.1** We will not fulfil a Physical Delivery request where we know it is illegal to ship, however, laws change constantly, and we cannot know all local limitations and restrictions related to Physical Delivery of Ammunition. It is your responsibility to know your local laws to ensure it is legal for Physical Delivery to be completed as requested. Known U.S. jurisdictions where Physical Delivery may be restricted (“Restricted Destinations”) include:

<b>Restricted Destination</b>	<b>Restriction / Known Licensing Requirements</b>
PO Boxes, Including APO/FBO Boxes	No Physical Delivery ( <i>USPS does not permit Physical Delivery through their network</i> ).
Alaska	No Physical Delivery. ( <i>due to geographic shipping limitations</i> ).
California	Physical Delivery must be to a party with ONE of the following: (1) Federal Firearms License (2) State Licensed Ammunition Seller (3) CA Law Enforcement Officer
Connecticut	Physical Delivery requires the user to provide the following: (1) CT State Issued ID, and ONE of the following: (2a) a CT permit to carry a pistol or revolver (2b) a CT long gun eligibility certificate (2c) a CT ammunition certificate
Hawaii	No Physical Delivery. ( <i>due to geographic shipping limitations</i> ).
Illinois	Physical Delivery requires the user to provide the following: (1) IL State Issued ID, and ONE of the following: (2a) an IL Firearms Owner’s ID Card (FOID) (2b) an IL Concealed Carry License
Massachusetts	Physical Delivery requires the user to provide the following: (1) MA State Issued ID, and ONE of the following: (2a) a MA Firearms Owner’s ID Card (FOID) (2b) a MA License to Carry
New Jersey	Physical Delivery requires the user to provide the following: (1) NJ State Issued ID, and the following: (2a) a NJ Firearms Owner’s ID Card (FOID)  ( <i>Note that hollow-point handgun ammunition may not be ordered for Physical Delivery in New Jersey</i> )
New York	Physical Delivery must be to a party with ONE of the following: (1) Federal Firearms License (2) State Licensed Ammunition Seller
Washington DC	Physical Delivery must be to a party with ONE of the following: (1) Federal Firearms License (2) Firearms Registration Certificate (3) District or Federal Law Enforcement Officer Credential

**VI.2** If you reside in a one of the above Restricted Destinations, you will be asked to present the one of the above credentials during the automated “*know your customer*” process associated with User Verification Token issuance.

**VI.3** If you reside outside one of the above Restricted Destinations but attempt to have your Physical Delivery request shipped to a location inside of a Restricted Destination, your Physical Delivery request will not be processed.

**ARTICLE VII:  
MINIMUM REDEMPTION QUANTITY AND INCREMENTS**

**VII.1** The minimum quantity of AmmoCrypt Kaliber Tokens of a single type that may be redeemed in a Physical Delivery request the equivalent quantity of one (1) full case of Ammunition. Kaliber Tokens may be redeemed in quantity increments of one (1) full case. The quantity of Ammunition in each full case is available at the Site. The AmmoCrypt Ecosystem smart contracts will prevent Physical Delivery requests of invalid quantities.

**VII.2** There is no maximum quantity of Kaliber Tokens that may be redeemed in a single Physical Delivery request.

**ARTICLE VIII:  
ORDER PROCESSING FEES**

**VIII.1** Physical Delivery requests to eligible U.S. Addresses are not charged an order processing fee. Eligible U.S. Addresses include all U.S. states, except Alaska and Hawaii and excluding PO, APO, and FBO boxes. Eligible U.S. addresses must be able to receive parcel service from a national parcel carrier (ie: FEDEX or UPS).

**VIII.2** Order Processing fees are applicable to orders intended for Export. Please see the [Export Addendum](#) for additional information.

**ARTICLE IX:  
U.S. STATE AND LOCAL SALES/USE TAX**

**IX.1** AmmoCrypt collects State and Local Sales and Use Tax on Physical Delivery requests based upon the shipping address entered at the time of order processing. The amount of tax collected is based upon the equivalent market value, in U.S. Dollars, at the time that the AmmoCrypt Tokens are redeemed and will be displayed for your review prior to completing the Physical Delivery request.

**IX.2** State and Local Sales and Use Taxes may be paid by the user through (i) Additional AmmoCrypt Tokens of equivalent U.S. Dollar value to the amount of tax due, or (ii) with a credit or debit card in U.S. Dollars.

**IX.3** If you are a tax-exempt user, please contact us prior to processing your Physical Delivery request. We are unable to refund Sales and Use Tax payments made once collected.

**ARTICLE X:  
SHIPPING AND HANDLING CHARGES**

**X.1** AmmoCrypt computes shipping and handling charges based upon: (i) the shipping address, (ii) the quantity and physical dimensions of the packages in your Physical Delivery request, (iii) delivery services required by AmmoCrypt, and (iv) optional delivery services ordered by you. The shipping and handling charges applicable to your Physical Delivery request will be displayed for your review prior to completing the Physical Delivery request. If you elect to proceed with your Physical Delivery request, you agree to pay the shipping and handling charges applicable to your request.

**X.2** Shipping and handling charges may be paid by the user through (i) Additional AmmoCrypt Tokens of equivalent U.S. Dollar value to the amount due, or (ii) with a credit / debit card in U.S. Dollars.

**ARTICLE XI:  
ORDER PROCESSING AND TRANSIT TIMES**

**XI.1** We do our best to ensure that Orders received by 12PM Eastern Time are processed and dispatched on the same business day. Orders received on a weekend or holiday are dispatched on the following business day. In certain situations, Orders may not be dispatched on a specific day for reasons within or outside our control; however, we will make every effort to process and dispatch your Order as soon as possible.

**XI.2** Transit times generally vary from 1 to 7 business days depending upon the parcel carrier and your location. Additional information may be found on the parcel carrier's website or by tracking our Site.

**XI.3** WE ASSUME NO LIABILITY FOR DELAYS IN ORDER PROCESSING OR DELIVERY.

**ARTICLE XII:  
WEIGHTS AND DIMENSIONS**

**XII.1** Weights and dimensions, where presented on our Site, are estimated based upon the estimated gross weight and outer dimensions of each parcel in your Order. Weights and dimensions are provided as a convenience so that you can determine the need for lifting help or special handling equipment at your destination address but are not guaranteed to be accurate.

**XII.2** We reserve the right to consolidate your Order into a single parcel, or split your order into multiple parcels, or to utilize alternate packaging materials, configurations, and methods which may alter package weights, dimensions, and quantities from those presented at the time your Physical Delivery request is processed. Please be advised that single parcels may weigh up to 66 (Lbs.) / 30 (kg).

**ARTICLE XIII:  
SHIPPING CARRIER SELECTION**

**XIII.1** Unless we advise you, or you direct us otherwise, we utilize private parcel carrier services for shipment. Certain bulk Orders may be shipped by motor carrier on a “less than load” or pallet freight basis. Due to U.S. Postal Service restrictions, we cannot use the U.S. Postal Service for Physical Delivery of Ammunition. We will automatically select, and you hereby authorize us to use, the lowest cost carrier for your Physical Delivery request unless you select a specific carrier.

**XIII.2** For fastest service to your parcel inquiries, we recommend that you contact the respective parcel carriers directly utilizing your tracking number(s) provided at the time your Order shipped. Our parcel carrier partners can be contacted at the following:

FEDEX:  
1-800-GO-FEDEX (1-800-463-3339)  
[www.fedex.com](http://www.fedex.com)

UPS:  
1-800-PICK-UPS (1-800-742-5877)  
[www.ups.com](http://www.ups.com)

**ARTICLE XIV:  
IN-PERSON PICKUP, WILL CALL  
AND PRIVATE CARRIERS**

**XIV.1** We do not permit private or not-for-hire carriers, will call, or in-person pickups at our distribution locations.

**ARTICLE XV:  
FREIGHT COLLECT AND  
THIRD-PARTY BILLING**

**XV.1** We do permit freight collect and 3rd party billing on pallet level and larger Physical Delivery requests, provided that the motor carrier is a federally registered motor carrier with an active USDOT number in good standing and otherwise possesses all additional licenses and

endorsements for transportation of Ammunition. Please contact us to arrange for freight collect or 3<sup>rd</sup> party billing of your pallet shipment.

**ARTICLE XVI:  
TRANSFER OF OWNERSHIP  
AND RISK OF LOSS**

**XVI.1** Transfer of ownership to you is deemed to have occurred when AmmoCrypt places your Order into the possession of the parcel carrier. Once in the possession of the parcel carrier, as evidenced by the parcel carrier’s origin scan, the associated risk of loss transfers to you.

**XVI.2** AmmoCrypt offers discounted parcel insurance for purchase at the time of submitting your Physical Delivery request to protect against loss or damage of your order while in transit.

**ARTICLE XVII:  
SIGNATURE SERVICES**

**XVII.1** All Orders will be shipped with an adult signature required. We cannot waive this requirement. Parcel carriers are not authorized by AmmoCrypt to utilize “door tags” or similar signature release documents. We recommend that you utilize a delivery address where someone is expected to be present to receive your parcel on the day of delivery.

**ARTICLE XVIII:  
SHIPMENTS LOST IN TRANSIT  
AND PARCEL INSURANCE**

**XVIII.1** If you suspect your Order has been lost in transit, we encourage you to contact the parcel carrier first as they will have the most up-to-date information regarding your Order. In almost all cases, the parcel carrier can locate and deliver your package within several days of your initial contact. If you are unable to resolve the matter with the parcel carrier, please let us know and we will initiate lost package procedures with the parcel carrier on your behalf.

**XVIII.2** In instances where your Order is lost and parcel insurance was not purchased, the parcel carrier’s liability may be limited, and may not cover the replacement value of the Order. You may incur losses as a result.

**XVIII.3** If you purchased parcel insurance from us and the parcel carrier declares your Order lost, AmmoCrypt will, at its option: (i) replace the lost goods, or (ii) refund you the value of your order. AmmoCrypt will make every effort to replace the lost goods, however such replacement would be subject to availability, which is not guaranteed for replacement product. If replacement goods are not available, we will refund your AmmoCrypt Tokens and any fees paid

with Fiat. You agree that replacement or refund, at our discretion, are the sole and complete remedies available to you in the event of an insured package lost in transit. You further agree that upon replacement or refund, AmmoCrypt shall be entitled to retain any insurance claim payment received for the lost package once paid by the insurer.

**ARTICLE XIX:  
DAMAGE IN TRANSIT  
AND MISSING CONTENTS**

**XIX.1** The purpose of protective packaging is to prevent the contents from damage. Packaging may experience scratches, wear, abrasions, dents, and minor damage during transit. However, the innermost contents of the parcel should not be exposed and the parcel's closure (tape, staples, etc.) should not show signs of opening. The parcel should arrive with the appropriate quantity of goods as ordered. Please visually inspect your parcel at the time of delivery for signs of damage. **IF YOU NOTICE THE PARCEL SHOWS SIGNS OF EXCESSIVE DAMAGE, MISSING CONTENTS, OR TAMPERING, PLEASE DOCUMENT THIS WITH THE DELIVERY DRIVER.**

**XIX.2** If you later notice product damage that was not evident upon receipt of parcel, please notify us. Note that after you accept the delivery of your Order, damaged and/or missing products are covered by our limited warranty, which has certain additional limitations and procedures.

**ARTICLE XX:  
UNDELIVERABLE PACKAGES AND  
PACKAGE REDIRECT AFTER SHIPMENT**

**XX.1** If the parcel carrier is unable to deliver your Order for any reason, the Order will be returned to us in accordance with the parcel carrier's policies. Please ensure that you have provided a proper shipping address, a valid means of contact, and have planned for the Order to be accepted at the time of delivery. If an Order is returned to us as undeliverable, it will be subject to a 25% restocking fee that will be deducted from AmmoCrypt Tokens returned to you. Taxes and Fees paid on undeliverable Orders are non-refundable.

**XX.2** In the event that you need to redirect your Order to a new location after we have shipped your Order, please contact us. Package redirection will incur additional charges and fees from the parcel carrier, and delivery may be delayed.

**ARTICLE XXI:  
PACKAGE TRACKING INFORMATION  
DATA INTEGRATION**

**XXI.1** As a convenience to our customers, we have integrated the package tracking systems of our parcel carrier partners into our Site. The package tracking information available on our website, or through our automated notifications, is transmitted to us periodically by the parcel carriers and is the most recent information that we have available. All such package tracking information is presented through our website and notification systems without warranties of accuracy or completeness and no liability is accepted by us for your reliance upon such information.

**XXI.1** If your Order was shipped by a motor carrier on a pallet freight / LTL basis, these automated notifications may differ or not be available to you. Please contact the motor carrier directly for updated shipment status notifications.

**ARTICLE XXII:  
SHIPMENT TRACKING NOTIFICATIONS**

**XXII.1** To receive notifications from us, you must provide a valid email address, and (optionally) an SMS-enabled mobile phone number. Our automated notification systems will advise you of your parcel tracking numbers once your parcel has been generated. It may take up to 24 hours from this initial notification for your tracking numbers to be active in the parcel carrier's systems. Throughout the delivery process, you may follow your tracking on our Site or at the parcel carrier's website using the tracking information provided to you.

**XXII.2** *Day of Delivery Notifications.* You will receive an email, and if opted-in for SMS notifications, an SMS message on the day that the parcel carrier has notified us that your Order is on the final delivery vehicle and scheduled for delivery. Please plan to be present to collect your Order on the day of delivery. If no delivery is made on this date, we encourage you to contact the parcel carrier to determine the reason.

**XXII.3** *Delivery Notifications.* You will receive an email, and if opted-in for SMS notifications, an SMS message once the parcel carrier has notified us that your Order has been delivered. If you did not receive your Order, please contact the parcel carrier as soon as possible to determine the reason.

**XXII.4** *Exception Notifications.* You may receive an email, and if opted-in for SMS notifications, an SMS message if a delivery exception occurs. We encourage you to visit the parcel carrier's website for the details of the exception and any steps you may need to take to resolve the exception.



**XXII.5** If you have opted-in for SMS notifications, carrier charges may apply. You agree to be responsible for any such charges. You may opt-out of additional SMS delivery notifications at any time by replying “STOP” or “END” to the message. This opt-out will apply only for the current Physical Delivery request and you will have the option to opt-in to any future Physical Delivery requests.

**XXII.6** If your Order was shipped by a motor carrier on a pallet freight / LTL basis, these automated notifications may differ or not be available to you. Please contact the motor carrier directly for updated shipment status notifications.

### **ARTICLE XXIII: PROOF OF DELIVERY**

**XXIII.1** You agree that the parcel carrier’s tracking system shall serve as proof of delivery of the Order. WE ARE NOT RESPONSIBLE FOR THEFT OR LOSS OF PACKAGES THAT ARE MARKED AS DELIVERED.

### **ARTICLE XXIV: DELIVERY INSTRUCTIONS AND SPECIAL REQUESTS**

**XXIV.1** During the Physical Delivery request process at the Site, you will have the opportunity to submit optional additional delivery instructions or special requests.

**XXIV.2** *Delivery Instructions* are passed electronically to the parcel carrier and should be used to provide additional instructions at the point of delivery. Delivery Instructions cannot be used to change the delivery policy of a package (for example, parcel carrier will not follow instructions to leave a package where signature services are required). We cannot guarantee that Delivery Instructions will be honored. Providing information to the Delivery Instructions field will subject you to the privacy policy of the parcel carrier. Do not pass sensitive information (such as locations of keys, door codes, etc.) to the Delivery Instructions field.

**XXIV.3** *Special Requests* are read and processed by AmmoCrypt fulfilment staff. If you have special shipping requests, please add them to this field of your Physical Delivery request. We will make every effort to accommodate your request. However, please note that certain requests may delay your shipment or incur additional costs to you. We cannot guarantee that all Special Instructions will be honored.

**ARTICLE XXV:  
U.S. FEDERAL AMMUNITION EXCISE TAXES**

**XXV.1** U.S. Federal Ammunition Excise Tax (“FAET”) has been paid on ammunition within the Physical Reserves. AmmoCrypt is unable to assist FAET exempt users with obtaining FAET refunds.

**ARTICLE XXVI:  
U.S. INCOME TAXES  
REPORTING AND WITHHOLDING**

**XXVI.1** AmmoCrypt regards the act of redeeming AmmoCrypt Tokens for Physical Delivery of Ammunition as a transaction involving the delivery of pre-paid physical goods and not as a reportable income producing event. AmmoCrypt will NOT generate an IRS Form 1099 or similar state or federal form associated with the redemption of AmmoCrypt Tokens or the Physical Delivery of Ammunition nor will AmmoCrypt collect or withhold any U.S. Federal or State Income Tax amount from any transaction associated with the AmmoCrypt Token redemption or Physical Delivery processes.

**XXVI.2** You are solely liable for the proper tax treatment of the AmmoCrypt Token redemption and associated Physical Delivery in light of your own personal tax situation and should consult with your own tax advisor regarding the proper tax treatment of your transactions with AmmoCrypt.

## **APPENDIX A EXPORT ADDENDUM**

This Export Addendum supplements the Physical Delivery Policy and provides additional guidance governing any Physical Delivery requests that are intended for Export from the United States. This Export Addendum does not apply to U.S. Physical Deliveries.

### **ARTICLE A-1: GENERAL EXPORT TERMS**

**A-1.1** Physical Deliveries intended for Export from the U.S. shall be subject to U.S. and international Export, import, and transfer controls. You agree that such Export transactions are subject to additional fees, higher minimum delivery quantities, and potentially extensive licensing and permitting processing timeframes.

**A-1.2** Physical Deliveries intended for Export from the U.S. will be managed by an AmmoCrypt Associate who is duly registered to conduct such Export. The AmmoCrypt Token holder agrees to cooperate with AmmoCrypt throughout the licensing process and further agrees to provide any documents, certifications, or other permits required in the country of Export and/or end-use.

**A-1.3** In all instances, Physically Delivery will only be available where permitted by law. In the event an Export permit is denied by a licensing body or governmental authority, the Token holder may elect to appeal any such denial only if it agrees to bear AmmoCrypt's costs and expenses associated with such appeal.

**A-1.4** The AmmoCrypt Token holder's sole remedy if Physical Delivery is unavailable to them, regardless of reason for such unavailability, is the sale of their AmmoCrypt Tokens on the secondary market at prices determined in such market at such time of sale. AmmoCrypt shall not be required to offer a refund or any value (whether in Fiat, cryptocurrency, or any other consideration) in exchange for AmmoCrypt Tokens that are not available for Physical Delivery in a specific area or to a specific Token holder.

**A-1.5** AmmoCrypt reserves the right to deny processing of any Physical Delivery request intended for Export for any reason.

**ARTICLE A-2:  
YOUR REPRESENTATIONS AND WARRANTIES  
RELATED TO PHYSICAL DELIVERY REQUESTS  
INTENDED FOR EXPORT**

**A-2.1** You represent and warrant to AmmoCrypt that at the time you submit your request for Physical Delivery, in each case with reference to the facts and circumstances existing at such date, as follows:

- (a)** that all of your Representations and Warranties as per Article VIII of the Terms remain valid;
- (b)** that, in addition to the Prohibited Jurisdictions enumerated in the Terms, that you are not a citizen or resident of, or in the case of a legal person, were formed under the laws of, a Prohibited Delivery Destination;
- (c)** that you are the end-user of the Ammunition (or if you represent an organization, that the organization that you represent is the end-user of the Ammunition);
- (d)** that you possess or will obtain all required licenses and permits required to take Physical Delivery of Ammunition in the jurisdiction of your destination, will provide copies of such documents to AmmoCrypt upon request, and you have reached the minimum age for purchase and possession of Ammunition within the jurisdiction of your destination;
- (e)** that possession, storage, transportation, and use of the Ammunition for which you intend to take Physical Delivery is legal;
- (f)** that you have reached the minimum age for purchase and possession of Ammunition within the jurisdiction of your destination;
- (g)** that you will obtain an AmmoCrypt User Verification Token (see Article XIV of the Terms) to digitally sign any Physical Delivery requests made by you;
- (h)** that you are willing to execute an “End-User Certificate” in a format determined by AmmoCrypt, are willing and able to obtain an Apostille or Embassy Authentication (as is required by your destination), bearing all costs of the same, and agree to fully and faithfully abide by the terms of any and all certifications made within the End-User Certificate, including your agreement not to further sell, transfer, or re-Export the Ammunition.
- (i)** that you agree to pay any and all Export Fees when due and understand that your shipment will be released only after payment of such fees;

**ARTICLE A-3:  
MINIMUM QUANTITY AND  
QUANTITY INCREMENTS  
FOR EXPORT ORDERS**

**A-3.1** The minimum quantity of AmmoCrypt Kaliber Tokens of a single type that may be redeemed in a Physical Delivery request is the equivalent quantity of one (1) full pallet Ammunition. The quantity of Ammunition in each full pallet is available at the Site. The AmmoCrypt Ecosystem smart contracts will prevent Physical Delivery requests of invalid quantities (ie: partial pallet quantities).

**A-3.2** There is no maximum quantity of AmmoCrypt Kaliber Tokens that may be redeemed in a Physical Delivery request. Multiple types of Kaliber Tokens (representing different types of Ammunition) may be combined into a single Physical Delivery request, provided that the minimum quantity of each type is one (1) full pallet as described above.

**ARTICLE A-4:  
ORDER PROCESSING FEES**

**A-4.1** Physical Delivery requests destined for locations outside of the U.S. shall incur a \$1,000.00 (one thousand U.S. Dollars), non-refundable order processing fee for each request processed. This fee may be settled in AmmoCrypt Tokens of equivalent value or in Fiat.

**A-4.2** This order processing fee includes the costs and expenses incurred by AmmoCrypt in applying for the relevant Export license and preparation of the required pro-forma invoice and international dangerous goods shipping declaration. Any other costs incurred by AmmoCrypt associated with your Order shall be in addition to this order processing fee.

**A-4.3** Any costs of document certification that are required for your destination country (ie: apostille, embassy or chamber of commerce authentication), as well as costs incidental and in support thereof (express / courier fees, notary fees, stamp taxes, duties, etc.) are not included in the order processing fee and shall be paid in addition to such fee.

**ARTICLE A-5:  
DELIVERY AND APPLICATION  
OF INCOTERMS**

**A-5.1** All Export Orders are offered for delivery on a free carrier (FCA) basis at the relevant U.S. AmmoCrypt distribution point in accordance with INCOTERMS 2020.

**A-5-2** AmmoCrypt operates multiple U.S. distribution points, the named place of delivery will be determined based upon the preferred Export port as well as location of AmmoCrypt Physical Reserve Assets at the time the Export Order is processed.

## **ARTICLE A-6: FREIGHT FORWARDING**

**A-6.1** You will be responsible for selecting a U.S. licensed freight forwarder for coordinating the movement of your Order from the place of delivery to your final location. AmmoCrypt must be provided with the contact details of your freight forwarder prior to submittal of the Export license application.

**A-6.2** If you do not have a freight forwarder, you may hire AmmoCrypt to find a freight forwarder for you from our preferred network. AmmoCrypt shall charge a fee of fifteen percent (15%) on top of all freight forwarder expenses charged from the provider.

**A-6.3** All freight forwarding charges must be paid as per the terms of the respective freight forwarding agreement prior to movement of the goods from the named place of delivery.

## **ARTICLE A-7: EXPORT LICENSING**

**A-7.1** Upon receipt of all required documents and information from you, as well as payment of the order processing fee, AmmoCrypt (through its appropriately registered Associate) will apply for the Export license.

**A-7.2** It generally takes 4-6 weeks for Export licensing approval after the submittal of the complete license application, but in some cases this timeframe can be significantly exceeded. There is not guarantee on Export licensing timeframes.

**A-7.3** AmmoCrypt will keep you informed of progress regarding Export licensing approval and will notify you if additional information is required.

**A-7.4** During the time your Export license is pending approval, all AmmoCrypt Tokens associated with the Physical Delivery request are held by AmmoCrypt's smart contracts. If the Export license is approved, the AmmoCrypt Tokens will be processed in accordance with the Terms and your Physical Delivery request is confirmed as an Order.

**A-7.5** If your Physical Delivery request is denied, your AmmoCrypt Tokens will be returned by AmmoCrypt to the Digital Tokens Address from which they were received. Your order processing fee is not refundable.

**A-7.6** You may have the option to appeal any adverse ruling related to your Export permit application. Any such appeal shall be undertaken by you at your expense. The costs of any assistance required from AmmoCrypt in support of your appeal shall borne by you.

**A-7.7** AmmoCrypt makes no assurances whatsoever that your Export permit application will be approved.