Contract Agreement

THIS AGREEMENT made the 4th day of February 2019 between GOVERNMENT ARSENAL, Camp General Antonio Luna, Lihayi, Bataan of the Philippines (hereinafter called “the Entity”) of the one part and COMPAHIA BRASILEIRA DE CARTUCHOS (CBC) of Av. Humberto de Campos, 3220 Ribeirao Pires, Sao Paulo, Brazil represented locally by FIREPOWER DEFENSE CONTRACTORS, INC. of Unit C-3, 95 Lopez Building, Session Road, Baguio City (hereinafter called “the Supplier”) of the other part:

WHEREAS the Entity invited Bids for certain goods and ancillary services, viz., Procurement of 4,000,000 pieces 9mm Case and 4,000,000 pieces 9mm Bullet, IB Nr. GA BAC 2019DP-03 and has accepted a Bid by the Supplier for the supply of those goods and services in the sum of THIRTY SEVEN MILLION NINE HUNDRED EIGHTY THOUSAND PESOS (PhP37,980,000.00) only (hereinafter called “the Contract Price”).

NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:

1. In this agreement words and expressions shall have the same meanings as are respectively assigned to them in the Conditions of Contract referred to.

2. The following documents shall be deemed to form and be read and construed as part of this Agreement, viz.:
   
   (a) Bid Form and the Price Schedule submitted by the Bidder;
   (b) Schedule of Requirements;
   (c) Technical Specifications;
   (d) General Conditions of Contract;
   (e) Special Conditions of Contract;
   (f) Entity’s Notification of Award; and
   (g) Supplemental Bulletin

3. In consideration of the payments to be made by the Entity to the Supplier as hereinafter mentioned, the Supplier hereby covenants with the Entity to provide the goods and services and to remedy defects therein in conformity in all respects with the provisions of the Contract.

4. The Entity hereby covenants to pay the Supplier in consideration of the provision of the goods and services and the remedying of defects therein, the Contract Price or such other sum as may become payable under the provisions of the contract at the time and in the manner prescribed by the contract.

IN WITNESS whereof of the parties thereto have caused this Agreement to be executed in accordance with the laws of the Republic of the Philippines on the day and year first before written.

Signed, sealed, delivered by:

[Signatures]

DANIEL R. CASABAR JR
Director
Government Arsenal

MR. JERUEL G. SANCHEZ
Atty-in-fact for CBC
Firepower Defense Contractors, Inc.
ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES
CITY OF BALANGA, BATAAN  ) S.S.

BEFORE ME, a Notary Public for and in Balanga City, Bataan, Philippines, on this 14 4 2019 personally appeared:

DANIEL R. CASABAR JR
MR. JERUEL G. SANCHEZ
MS. JOSEPHINE G. SANCHEZ
MS. ROWEENA G. BASA
ATTY. ABEGAIL C. GABRIEL
MS. ALLEGIAH D. CARREON

Valid Identification Card No.
T I N  120-449-129
Passport No.  EC4225831
Passport No.  EC4458010
T I N  196-041-509
T I N  406-648-758
T I N  432-710-749

known to me and to me known to be the same persons who executed the foregoing instrument and acknowledged to me that the same is their free and voluntary deed.

WITNESS MY HAND AND SEAL on the date and place above written:

ATTY. DINDO D. BEBER
NOTARY PUBLIC FOR AND IN THE PROVINCE OF BATAAN
Notarial Commission No. 355-18
Until December 2019
Roll No. 62224
P I R No. 27176496/01-03-19/Balanga City, Bataan
IBP No. 005357/01-10-19/Balanga
MCLE Compliance No. V-0014552
2/F Cidwalk Eng., corner J.P. Rizal St.,
Poblacion, Balanga City, Bataan
NOTICE TO PROCEED

11 FEB 2019
(Date)

MR. JERUEL G. SANCHEZ
Atty-In-Fact for CBC
Firepower Defense Contractors, Inc.
Unit C-305 Lopez Building
Session Road, Baguio City

Dear Mr. Sanchez,

The attached Contract Agreement having been approved, notice is hereby given to COMPANHIA BRASILEIRA DE CARTUCHOS that work may commence for the supply and delivery of 4,000,000 pieces 9mm Case and 4,000,000 pieces 9mm Bullet, under ITB # GA-BAC-2019DP-03 for the Government Arsenal, DND upon receipt of this notice provided that the specification will be strictly complied with during delivery.

Upon receipt of this notice, you are responsible for performing the services under the terms and conditions of the Agreement and in accordance with the Implementation Schedule.

Please acknowledge receipt and acceptance of this notice by signing both copies in the space provided below. Keep one copy and return the other to the Arsenal, DND.

Very truly yours,

[Signature]
DANIEL R CASABAR JR
Director

I acknowledge receipt of this Notice on [Signature]
Name of the Representative of the Bidder
Authorized Signature
**PURCHASE ORDER**

**GOVERNMENT ARSENAL**

**Supplier:** COMPANHIA BRASILEIRA DE CARTUCHOS  
**Address:** Av. Humberto de Campos, 3220-08426-900  
Ribeirao Pires, Sao Paulo, Brazil  
**TIN:** 250-726-383-000  
**Represented by:** Firepower Defense Contractors, Inc.  
Unit C-305 Lopez Bldg., Session Road, Baguio City  

**P. O. No.:** 201-9-01-003  
**Date:** January 23, 2019  
**Mode of Procurement:** Public Bidding  

Gentlemen:  
Please furnish this Office the following articles subject to the terms and conditions contained herein:

**Place of Delivery:** Government Arsenal, Laoag, Ilocos Norte, Philippines  
**Date of Delivery:** Within one hundred twenty (120) calendar days from the receipt of Notice to Proceed (NTP)  
**Delivery Term:** DAP Camp General Antonio Luna, Laoag, Ilocos Norte, Philippines  
**Payment Term:** Laoag, Ilocos Norte, Philippines

<table>
<thead>
<tr>
<th>Stock/ Property No.</th>
<th>Unit</th>
<th>Description</th>
<th>Qty</th>
<th>Unit Cost</th>
<th>Amount</th>
</tr>
</thead>
</table>
|                     | pc   | One (1) Lot 9mm Case and Bullet  
  | a. | 9mm Case  
  | 1. Workmanship  
  The case shall be free from defects such as scaly metal, draw scratch, dents, splits, bevelled underside of head and other defects which will render it unsuitable for the purpose intended. The case shall be free of corrosion, stains, discolorations, dirt, and smears of lacquer.  
2. Dimensional and Marking (Head Stamp)  
Use Drawing No. NPC101N-07 as reference for dimension only but the Head Stamp shall be as indicated in the drawing.  
3. Residual Stress  
Should conform to US or NATO Standard  
4. Function and Casualty Test  
The cartridge shall function using Pistol, 9mm and Sub-Machine Gun without casualty at ambient temperatures, at -54°C ± 2°C and at 52°C ± 2°C.  
5. For Visual and Dimensional Inspection  
Sampling plan is based on ANSI/ASQ Z1.4-2003 using Double Sampling Plan (Normal) and General Inspection Level II. The AQL for Critical (Visual), Major and Minor defects shall be 0.01%, 0.25% and 1.50%, respectively.  
Quality conformance examination for defects shall be based on MIL-C-70285 (AR) Amendment 8, Military Specification for 9mm Cartridge, Ball, NATO, XM882.  
6. Manufacturing Requirement  
The cartridge case shall be manufactured by a single manufacturer only, within one (1) year from date of award, with the manufacturing date indicated on the packaging.  
   | 4,000,000 | 5.258 | 37,980,000.00 |
|                     | pc   | b. 9mm Bullet  
  | 1. Workmanship  
The bullet shall be free from such defects as dents, scratch, split bullet jacket, scaly metal, upset (crooked) point, exposed steel (clad jacket), flat point and other defects which will render it unsuitable for the purpose intended. The bullet shall be clean and free from corrosion, stain, dirt, oil and other foreign matter.  
   | 4,000,000 | 4.237 |
2. **Dimensional and Weight**  
   Use Drawing No. NPC 201N-04 for reference only.

3. **Accuracy**  
   Should conform to US or NATO Standard

4. **Bullet Integrity**  
   The jacket of the bullet, or any part thereof, shall not strip from the slug when the cartridge is fired.

5. **For Visual and Dimensional Inspection**  
   Sampling plan is based on ANSI/ASQ Z1.4-2003 using Double Sampling Plan (Normal) and General Inspection Level II. The AQL for Major and Minor defects shall be 0.25% and 1.50%, respectively.  
   Quality conformance examination for defects shall be based on MIL-C-70508 (AR) Amendment 8, Military Specification for 9mm Cartridge, Ball, NATO, XM882.

6. **Manufacturing Requirement**  
   The cartridge bullet shall be manufactured by a single manufacturer only, within one (1) year from date of award, with the manufacturing date indicated on the packaging.

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**BASIS:** Case and Bullet Division

**REF:** PR No. 2018-08-259, APP 2019, Page 2, Item D-1-B

**PURPOSE:** For assembly of 9mm Ammunition

**PAYMENT TERM:**

The terms of payment shall be as follows:

- Payment of ninety five percent (95%) for each delivery shall be made thru Letter of Credit (LC) after delivery at the Government Arsenal and upon presentation of Certificate of Acceptance Inspection (Pre-delivery inspection) at manufacturer's plant site, shipping documents and Advice of Payment duly signed by the Director, Government Arsenal.

- The remaining five percent (5%) shall be retained to cover warranty obligations, to be released after three (3) months or upon submission of an equivalent special bank guarantee. In both instances, upon presentation of the Certificate of Final Acceptance Inspection and Advice of Payment duly signed by the Director, Government Arsenal.

- All charges for the opening of LC and / or incidental expenses thereto (i.e. bank commission, documentary stamp, tax, cable, etc.) shall be for the account of the supplier.

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(Total Amount in Words) **THIRTY SEVEN MILLION NINE HUNDRED EIGHTY THOUSAND PESOS only**

In case of failure to make the full delivery within the time specified above, a penalty of one-tenth (1/10) of one percent for every day of delay shall be imposed on the undelivered items.

Conforme:

MR. JERIEL G. SANCHEZ  
Atty-In-Fact for CBC  
Signature over Printed Name  

[Signature]

**Date:**  

Very truly yours,

DANIEL R. CASABAR JR  
Director

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**Fund Cluster:** 101101  
**Funds Available:** Php 37,980,000.00  
**Amount:** Php 37,980,000.00

MS. ALLECIAH D. CARREON, CPA  
Chief Accountant