

AMMO, INC.

FORM 8-K (Current report filing)

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): **March 17, 2017**

AMMO, INC.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or other jurisdiction
of Incorporation)

333-29295
(Commission File Number)

30-0957912
(IRS Employer
Identification Number)

6401 E. Thomas Road, #106
Scottsdale, Arizona 85251
(Address of principal executive offices)

480-947-0001
(Registrant's telephone number)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- £ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - £ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - £ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - £ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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FORWARD LOOKING STATEMENTS

This current report contains forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. These statements relate to future events or our future results of operation or future financial performance, including, but not limited to, the following: statements relating to our ability to raise sufficient capital to finance our planned operations for the next 12 months. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "intends", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled "Risk Factors" in this current report, which may cause our or our industry's actual results, levels of activity or performance to be materially different from any future results, levels of activity or performance expressed or implied by these forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity or performance. You should not place undue reliance on these statements, which speak only as of the date that they were made. These cautionary statements should be considered with any written or oral forward-looking statements that we may issue in the future. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to reflect actual results, later events or circumstances or to reflect the occurrence of unanticipated events.

In this report, unless otherwise specified, all dollar amounts are expressed in United States dollars and all references to "common shares" refer to the common shares in our capital stock.

As used in this current report and unless otherwise indicated, the terms "we", "us", "our", the "Company" and "RTRO" refer to Retrospectiva, Inc. or our subsidiary AMMO, Inc.

ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT.

On March 17, 2017, the Company, (formerly known as Retrospectiva, Inc.), a Delaware corporation ("POWW") and the shareholders of POWW (the "POWW Shareholders") closed a transaction pursuant to that certain Share Exchange Agreement (the "Share Exchange Agreement"), whereby the Company acquired 100% of the outstanding shares of common stock of AMMO, Inc. (the "AMMO Stock") from the AMMO Shareholders. In exchange for the AMMO Stock the Company issued 17,285,800 shares of its common stock ("POWW Stock").

The shares of common stock of the Company issued pursuant to the Share Exchange Agreement were issued in reliance upon the exemption from registration provided by Section 4(2) and Regulation S of the Securities Act of 1933, as amended.

A copy of the Share Exchange Agreement is attached hereto and is hereby incorporated by this reference. All references to the Share Exchange Agreement and other exhibits to this Current Report are qualified, in their entirety, by the text of such exhibits.

ITEM 2.01 COMPLETION OF ACQUISITION OF DISPOSITION OF ASSETS

The information set forth above in Item 1.01 of this Current Report on Form 8-K is incorporated herein by this reference. As a result of the Share Exchange Agreement, (i) our principal business became the business of AMMO, which is more fully described below, and (ii) AMMO became our wholly owned operating subsidiary. Since the owners of AMMO obtained the majority of the outstanding shares of the Company through the acquisition, the acquisition is accounted for as a reverse merger or recapitalization of the Company. As such, AMMO is considered the acquirer for accounting purposes.

FORM 10 DISCLOSURE

As disclosed elsewhere in this report, we completed a Share Exchange Agreement with AMMO, Inc. (the "Transaction") and Item 2.01(f) of Form 8-K states that if the registrant was a shell company, as we were, immediately before the transaction disclosed under Item 2.01, then the registrant must disclose the information that would be required if the registrant were filing a general form for registration of securities on Form 10.

Accordingly, we are providing below the information that would be included in a Form 10 if we were to file a Form 10. Please note that the information provided below relates to the combined enterprises after the closing of the Transaction, except that information relating to periods prior to the date of the Transaction only relates to the Registrant unless otherwise specifically indicated.

ITEM 1. BUSINESS

Corporate History

Retrospectiva, Inc. was organized under the laws of the State of California in November, 1990 for the purpose of manufacturing and importing textile products, including finished garments and fabrics. Our manufacturing facilities and inventories were primarily located in Europe. Our European operations were based in and around Macedonia. On July 2, 2001, we announced that the civil war in Macedonia rendered it impossible to continue operations. We ceased operations and liquidated all of our assets.

From 2002 until 2006, the Company was dormant. Effective October 11, 2006 (commencement of new development stage), the Company commenced activities to become current in reporting with the SEC with the intention to become a publicly traded company.

Accordingly, we now are conducting our business through our wholly-owned subsidiary, AMMO, Inc.

Overview of AMMO, Inc.

Ammo, Inc. is a leading designer, manufacturer and marketer of performance-driven, high-quality and innovative ammunition products, in the sporting industry. To maintain the strength of our brands and drive strong revenue growth, we invest in product innovation and technology to improve product performance, quality and affordability while providing great support to our retail partners and our consumers.

We pride ourselves in our American heritage. We proudly use the finest American made components, manufacture our products in Payson, Arizona and every round is meticulously inspected by US Citizens; we set out to create jobs for Americans. The ammunition we build performs like high end custom hand loaded ammunition, but is sold at competitive prices. We strive to be the leading innovator of center-fire ammunition for military, law enforcement, and civilians. Every load is developed for a specific purpose with a focus on consistency, accuracy, and even, in some cases, felt recoil. Each round is designed, manufactured, inspected and packaged to bring a superior shooting experience to our end consumer.

We believe we can never stop improving and innovating our products, service and marketing efforts. Safety, consistency, and precision are of paramount importance throughout our manufacturing processes. Every round is chamber gauged and hand inspected, with redundant quality control checks. We want to make sure that every round of our ammunition has been carefully inspected and delivers the quality and performance that is expected from our brands.

Every load we make is carefully designed and engineered for a specific purpose. Our development team determines the optimum balance of velocity, accuracy and recoil for each load. Rather than just push "hot loads" that travel faster, but generally at the expense of accuracy and hand comfort, our load specific development team carefully analyzes every load and ballisticians work toward a specific outcome.

Our HyperClean technology allows our consumers to shoot more and clean less. We want to make sure our customers have the ultimate shooting experience and not suffer the tedious aftermath of residual residue over load.

We utilize some of latest and best technology in the industry. Our manufacturing processes meets all SAAMI and Mil Spec. All production is carefully run by highly trained ammunition technicians and seasoned quality control inspectors which hand inspect each and every round prior to packaging.

Product Lines



AMMO, INC. HAS WORKED WITH RENOWNED MOTORCYCLE/FIREARM DESIGNER AND BUILDER JESSE JAMES TO CREATE THE JESSE JAMES LINE OF BRANDED BULLETS. AMMO, INC. SEEKS TO ELEVATE BOTH THE QUALITY OF THEIR PRODUCTS AS WELL AS THE SHOOTERS' OVERALL EXPERIENCE, WHILE ENJOYING THE FIREARMS LIFESTYLE.

PROVEN JACKETED HOLLOW POINT PROJECTILES DELIVER TERMINAL PERFORMANCE TUNED FOR SELF-DEFENCE. LOAD-SPECIFIC DEVELOPMENT ENSURES EXTREME ACCURACY AND CONSISTENCY FOR EACH CALIBER.

"WHEN PUTTING MY NAME ON A BOX OF AMMO I AM ONLY INTERESTED IN THREE THINGS. THAT IT'S THE ABSOLUTE HIGHEST QUALITY, MOST ACCURATE, AND BEST VALUE FOR THE CUSTOMER. JESSE JAMES AMMUNITION IS ALL THREE," SAID JESSE JAMES. "I AM SO PROUD TO BE PARTNERING WITH AMMO INC. THE STARS HAVE TRULY ALIGNED FOR A SUCCESSFUL COMPANY. AMMO, INC. CEO FRED WAGENHALS AND MYSELF HAVE A PARTNERSHIP GOING BACK ALMOST TWO DECADES. WE BOTH ARE FOCUSED AND DETERMINED TO CREATE THE BEST PRODUCT POSSIBLE. ALSO BRING A NEW APPROACH TO THE AMMUNITION INDUSTRY."

JESSE JAMES



DESIGNED FOR LAW ENFORCEMENT AND PERSONAL DEFENSE AMMO INCORPORATED® OPS® - ONE PRECISE SHOT ROUNDS WERE DEVELOPED TO MEET A WIDE VARIETY OF DEMANDING ENGAGEMENT SCENARIOS TYPICALLY EXPERIENCED BY LAW ENFORCEMENT PERSONNEL IN THE LINE OF DUTY. WITH A HOLLOW POINT FRANGIBLE (HPF®) PROJECTILE THAT TRANSFERS 100% OF ITS ENERGY INTO THE TARGET, THESE ROUNDS TRACK STRAIGHT THROUGH A VARIETY OF SOFT BARRIERS LIKE DRYWALL, PLYWOOD, CAR DOORS AND AUTO GLASS. UPON ENTERING SOFT TISSUE, THE JACKET AND CORE SEPARATE WITH FURIOUS FORCE OF IMPACT, RESULTING IN MASS FORCE TRAUMA.

HOLLOW POINT FRANGIBLE (HPF®) PROJECTILES SEPARATE ON IMPACT FOR DEVASTATING STOPPING POWER AND 100% ENERGY TRANSFER TO TARGET. LEAD-FREE AND CALIFORNIA-COMPLIANT, WITH LIGHTER WEIGHT DESIGN TO KEEP YOU ON TARGET.



A FUSION OF PROPRIETARY HYPERCLEAN™ TECHNOLOGY, PRECISION STANDARDS, AND LEADING SUPPRESSOR MANUFACTURER COLLABORATION, THE AMMO INCORPORATED® /stelTH/® LINE WAS DESIGNED FROM THE GROUND UP WITH BOTH DECIBEL DROP AND CLEANLINESS IN MIND. SO WHETHER YOUR MISSION IS TACTICAL TRAINING, A PREDATOR NIGHT HUNT, OR A CLANDESTINE OPERATION, WHEN SILENCE IS PARAMOUNT, GO /stelTH/®.

Suppressors have been around for decades, but ammunition has never really been specifically designed for them — until now. The AMMO INCORPORATED® /stelTH/® line is more than just a standard round tuned for subsonic velocity — it's the culmination of AMMO INCORPORATED® HyperClean™ Technology, precision engineering, and leading suppressor manufacturer collaboration — a clean-burning, Total Metal Jacket round that slows baffle corrosion inside the can, reduces lead emissions that collect in the suppressor body, and delivers proven AMMO INCORPORATED® terminal performance for a superior shooting experience.

/stelTH/® — EMISSIONS CONTROL. A HYPERCLEAN™ ROUND DESIGNED FROM THE GROUND UP FOR SUPERIOR PERFORMANCE IN SUPPRESSED FIREARMS. EASY ON YOUR CAN, BUT DEVASTATING ON YOUR TARGET. NO MATTER THE MISSION, WHEN SILENCE IS PARAMOUNT, GO /stelTH/®.



DESIGNED FOR LAW ENFORCEMENT

Our Products are sold through a wide variety of mass, specialty and independent retailers, such as Dick's Sporting Goods, Gander Mountain and Sportsman's Warehouse.

Market Opportunity

We participate in the global market for consumer goods geared toward outdoor recreation and shooting sports. Spending on outdoor recreation products in the U.S., including the purchase of gear for bicycling, camping, fishing, hunting, motorcycling, off-roading, snow sports, trail sports, water sports and wildlife viewing, totaled \$48 billion in 2011, according to the 2012 Outdoor Recreation Economy National Report issued by the Outdoor Industry Association, which publishes data every five years. Guns & Ammunition Manufacturing Industry generates over \$16 billion in annual sales with a 4.7% growth rate for the years 2011-2016 as reported in the Guns & Ammunition Manufacturing Market Research Report, NAICS 33299a, August, 2016.

Competitive Strengths

Leading Innovation and Product Development Competencies

We believe our product development capabilities as well as our marketing techniques and abilities helps to provide us with a strong competitive advantage over our competition. By applying our engineering and manufacturing expertise, we have been able to bring to market new and innovative products that maintain product differentiation while targeting affordability for our end consumers. Our packaging and marketing efforts help make our products stand out on the retailer shelves as well as move off the shelves.

Our Strategy

Develop New and Innovative Products to Drive Organic Growth and Customer Loyalty

We intend to continue to drive organic growth and customer loyalty through the development of new and innovative products. We believe our consumers not only look for consistency, but also demand the latest technologies and performance enhancements, which helps to drive new consumer purchases or replacement purchases for older products.

Leverage Relationships with Our Wholesale and Retail Channels

We have strong relationships with a number of leading wholesalers as well as mass and specialty retailers. We continuously strive to strengthen our relationships by working closely with each of our channel partners. We look for their advice on consumer trends and buying patterns. We pride ourselves on providing fantastic marketing support along with supporting joint merchandising programs. We will continue to leverage these relationships to secure increased shelf space, dominate premium product placement and help to increase retailer sell-through of our products. As a result, we expect to continue to grow our market share.

Continuously Improve Operations

We have a strong focus on continuous improvement in all facets of our business, including engineering, product development, manufacturing, sourcing, sales, distribution, retailer and customer support and administrative functions.

Business Operations

We design, develop, manufacture, market and sell ammunitions for the hunting and sport shooting enthusiast markets, the local law enforcement, the U.S. government and international markets. Our firearms products include centerfire rifles and we are looking to expand our current product lines to include rim fire cartridges, shotgun shells and range ammunitions.

Customers and Marketing

Our customers are male and female hunters, recreational shooters, athletes, as well as law enforcement and military professionals. We believe the outdoor industry is led by enthusiasts with a passion for reliable, high-performance products, who rely on a wide variety of media for opinions and recommendations about available products. We utilize third-party endorsements, social influencers, and media saturation to enhance brand awareness and consumer confidence. We have a strong digital media presence across all social networks. We market our products through both traditional and nontraditional mediums to help us reach the new and recreational target shooter audience as well as help in expanding the market by attracting new consumers. We also rely on brand ambassadors within the industry and mainstream personalities such as Jesse James, Warren Sapp and Kevin Harvick to help create brand awareness.

Employees

We employ approximately 3 people.

Competition

Competition in the markets in which we operate is based on a number of factors, including price, quality, product innovation, performance, reliability, styling, product features, sales and marketing programs. Significant competitors in ammunition industry include Remington Arms, Winchester Ammunition of Olin Corporation and various smaller manufacturers and importers, including Black Hills Ammunition, CBC Group, Fiocchi Ammunition, Hornady, PMC, Rio Ammunition and Wolf.

Regulatory Matters

Like many other manufacturers and distributors of consumer products, we are required to comply with a wide variety of laws, and regulations, including those surrounding labor and employment law, environmental law, consumer product safety, and the export and import of our products. These laws, and regulations currently impose significant compliance requirements on our business, and more restrictive laws, and regulations may be adopted in the future. We believe we are in material compliance with all applicable domestic and international laws and regulations.

Our operations are subject to a variety of international, federal, state and local laws and regulations relating to environmental protection, including those governing the discharge, treatment, storage, transportation, remediation and disposal of hazardous materials and wastes, and restoration of damages to the environment, as well as health and safety matters. We believe that our operations are in material compliance. We may incur operating and capital costs on an ongoing basis to comply with environmental requirements, and could incur significant additional costs as a result of more stringent requirements that may be promulgated in the future.

We are also subject to the laws and regulations of the ATF and various state and international agencies that control the manufacture, export, import, distribution and sale of firearms, explosives and ammunition. If we fail to comply with these regulations, these agencies may limit our growth or business activities, or, in extreme cases, revoke our licenses to do business. Our business, as well as the business of all producers of ammunition and firearms, is also subject to numerous federal, state, local and foreign laws, regulations and protocols. Applicable laws:

- require the licensing of all persons manufacturing, exporting, importing or selling firearms and ammunition as a business;
- require serialization, labeling and tracking the acquisition and disposition of firearms, certain types of ammunition, and certain related products;
- require background checks for purchasers of firearms;
- impose waiting periods between the purchase of a firearm and the delivery of a firearm;
- prohibit the sale of firearms to certain persons, such as those below a certain age and persons with criminal records;
- regulate the use and storage of gun powder or other energetic materials;
- regulate the interstate sale of certain firearms and ammunition;
- prohibit the interstate mail-order sale of firearms;
- regulate our employment of personnel with certain criminal convictions; and
- restrict access to firearm or ammunition manufacturing facilities for certain individuals from other countries or with criminal convictions.

In some cases, the handling of our technical data and the international sale of our products is also regulated by the U.S. Department of State and Department of Commerce. These agencies oversee the export of our products including firearms, shotguns, ammunition and night vision devices, amongst other products. In many instances, we must obtain export authorizations for international shipments. In addition, the ITAR requires congressional approval for any firearms export application with a total value of \$1 million or higher. To date, our export license has been approved. These agencies can impose civil and criminal penalties, including denying us from exporting our products, for failure to comply with applicable laws and regulations.

We are also regulated by the U.S. Department of Homeland Security, which handles the out-bound and in-bound movement of certain of our products, as well as components, parts, and materials used in our manufacturing processes. The agency can detain and seize shipments, as well as penalize us for failure to comply with applicable regulations. Also, the agency works closely with the Department of State and the Department of Commerce to ensure compliance in protection of national security.

Foreign regulations, which may affect our products, are numerous and may be ambiguous or otherwise unclear. We prefer to work with distributors who are familiar with the applicable import regulations in our foreign markets. Experience with foreign distributors in the past indicates that restrictions may prohibit certain sales of our products in a number of countries. We rely on our distributors to inform us of those countries where our products are prohibited or restricted.

Contingencies

Litigation. From time to time, we are subject to various legal proceedings, including lawsuits, which arise out of, and are incidental to, the conduct of our business. We are not aware of any threatened or pending litigation.

Environmental Liabilities. Our operations and ownership or use of real property are subject to a number of federal, state, and local environmental laws and regulations.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy our reports or other filings made with the SEC at the SEC's Public Reference Room, located at 100 F Street, N.W., Washington, DC 20549. You can obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. You can also access these reports and other filings electronically on the SEC's web site, www.sec.gov.

In addition, certain of our SEC filings, including our annual reports on Form 10-K, our quarterly reports on Form 10-Q and current reports on Form 8-K, and amendments to these reports, can be viewed and printed from the investor information section of our website at www.ammo-inc.com, as soon as reasonably practicable after filing with the SEC. *The information on our websites is not and should not be considered part of this Report and is not incorporated by reference in this document. The website is only intended to be inactive textual references.*

Government Regulation

Health and Safety

We are subject to numerous health and safety laws and regulations imposed by the governments controlling the jurisdictions in which we operate and by our clients and project financiers. These regulations are frequently changing, and it is impossible to predict the effect of such laws and regulations on us in the future. We actively seek to maintain a safe, healthy and environmentally friendly work place for all of our employees and those who work with us.

Office of Foreign Assets Control

The Office of Foreign Assets Control ("OFAC") of the U.S. Department of the Treasury administers and enforces economic and trade sanctions based on U.S. foreign policy and national security goals against targeted foreign countries and regimes, terrorists, international narcotics traffickers, those engaged in activities related to the proliferation of weapons of mass destruction, and other threats to the national security, foreign policy or economy of the United States. OFAC acts under Presidential national emergency powers, as well as authority granted by specific legislation, to impose controls on transactions and freeze assets under U.S. jurisdiction. Since the Company is a U.S. corporation, it is bound to the regulations of OFAC. Although we have never contracted nor made any effort to contract with countries which OFAC has identified as state sponsors of terrorism, the possibility exists that certain OFAC sanctioning methods could be employed against certain of our operations.

Environmental Regulation

The countries where we do business often have numerous environmental regulatory requirements by which we must abide in the normal course of our operations. We do not expect costs related to environmental matters will have a material adverse effect on our consolidated financial position or our results of operations.

ITEM 1A. RISK FACTORS

Risks Related to our Business and Industry

Ammo, Inc. is subject to a number of risks, including those related to domestic sales. The material risks facing Ammo, Inc. are discussed below.

Competition in our industry may hinder our ability to execute our business strategy, achieve profitability or maintain relationships with existing customers.

We operate in a highly competitive industry and we compete against manufacturers that have well-established brand names and strong market positions. Significant ammunition competitors include Remington Arms, Winchester Ammunition of Olin Corporation and various smaller manufacturers and importers, including Black Hills Ammunition, CBC Group, Fiocchi Ammunition, Hornady, PMC, Rio Ammunition and Wolf. Significant firearms competitors include Mossberg, Marlin, Ruger, Remington, Smith and Wesson and Winchester.

Competition in the markets in which we operate is based on a number of factors, including price, quality, product innovation, performance, reliability, styling, product features and warranties, as well as sales and marketing programs. Competition could cause price reductions, reduced profits or losses or loss of market share, any of which could have a material adverse effect on our business, financial condition or results of operations. Certain of our competitors may be more diversified than us or may have financial and marketing resources that are substantially greater than ours, which may allow these competitors to invest more heavily in intellectual property, product development and advertising. Since many of our competitors also source their products from third parties, our ability to obtain a cost advantage through sourcing is reduced.

Certain of our competitors may be willing to reduce prices and accept lower profit margins to compete with us. Further, retailers often demand that suppliers reduce their prices on mature products, which could lead to lower margins.

Our results of operations could be materially harmed if we are unable to forecast demand for our products accurately.

We often schedule internal production and place orders for products with third party suppliers before receiving firm orders from our customers. Under such agreement, if we place a sizable order for certain ammunition products prior to the start of the fiscal year in which they are to be delivered, during such fiscal year, subject to certain exceptions. Therefore, if we fail to accurately forecast customer demand, we may experience excess inventory levels or a shortage of products to deliver to our customers. Factors that could affect our ability to accurately forecast demand for our products include:

- an increase or decrease in consumer demand for our products or for the products of our competitors;
- our failure to accurately forecast customer acceptance of new products;
- new product introductions by competitors;
- changes in our relationships with customers;
- changes in general market conditions or other factors, which may result in cancellations of orders or a reduction or increase in the rate of reorders placed by retailers;
- changes in laws and regulations governing the activities for which we sell products, such as hunting and shooting sports;
- weak economic conditions or consumer confidence, which could reduce demand for discretionary items such as our products; and
- the domestic political environment, including debate over the regulation of firearms, ammunition and related products.

Inventory levels in excess of customer demand may result in inventory write-downs and the sale of excess inventory at discounted prices, which could have an adverse effect on our business, financial condition or results of operations. If we underestimate demand for our products, our manufacturing facilities or third party suppliers may not be able to create products that meet customer demand, and this could result in delays in the shipment of products and lost revenues, as well as damage to our reputation and customer relationships. We may not be able to manage inventory levels successfully to meet future order and reorder requirements.

Our sales are highly dependent on purchases by several large retail customers, and we may be adversely affected by the loss of, or any significant decline in sales to, one or more of these customers.

The U.S. retail industry serving the outdoor recreation market has become relatively concentrated.

The loss of any one or more of our retail store customers or significant or numerous cancellations, reductions, delays in purchases or changes in business practices by our retail store customers could have an adverse effect on our business, financial condition or results of operations.

Significant supplier capacity constraints, supplier production disruptions, supplier quality issues or price increases could increase our operating costs and adversely impact the competitive positions of our products.

Our reliance on third party suppliers for various product components and finished goods exposes us to volatility in the availability, quality and price of these product components and finished goods. A disruption in deliveries from our third party suppliers, capacity constraints, production disruptions, price increases or decreased availability of raw materials or commodities could have an adverse effect on our ability to meet our commitments to customers or increase our operating costs. Quality issues experienced by third party suppliers can also adversely affect the quality and effectiveness of our products and result in liability and reputational harm.

Failure to comply with the U.S. Foreign Corrupt Practices Act or other applicable anti-corruption legislation, as well as export controls and trade sanctions, could result in fines or criminal penalties.

The international nature of our business exposes us to trade sanctions and other restrictions imposed by the U.S. and other governments. The U.S. Departments of Justice, Commerce, Treasury and other agencies and authorities have a broad range of civil and criminal penalties they may seek to impose against companies for violations of export controls, the Foreign Corrupt Practices Act, anti-boycott provisions and other federal statutes, sanctions and regulations and, increasingly, similar or more restrictive foreign laws, rules and regulations, which may also apply to us. By virtue of these laws and regulations, and under laws and regulations in other jurisdictions, we may be obliged to limit our business activities, we may incur costs for compliance programs and we may be subject to enforcement actions or penalties for noncompliance. In recent years, U.S. and foreign governments have increased their oversight and enforcement activities with respect to these laws and we expect the relevant agencies to continue to increase these activities. A violation of these laws, sanctions or regulations could result in restrictions on our exports, civil and criminal fines or penalties and could adversely impact our business, financial condition or results of operations.

Our revenues and results of operations may fluctuate unexpectedly from quarter-to-quarter, which may cause our stock price to decline.

Our revenues and results of operations have varied significantly in the past and may vary significantly in the future due to various factors, including, but not limited to:

- market acceptance of our products and services;
- the timing of large domestic orders;
- cancellation of existing orders;
- the outcome of any existing or future litigation;
- adverse publicity surrounding our products, the safety of our products or the use of our products;
- changes in our sales mix;

- new product introduction costs;
- complexity in our integrated supply chain;
- increased raw material expenses;
- changes in amount and/or timing of our operating expenses; and
- changes in laws and regulations that may affect the marketability of our products.

As a result of these and other factors, we believe that period-to-period comparisons of our results of operations may not be meaningful in the short term, and our performance in a particular period may not be indicative of our performance in any future period.

Our success depends upon our ability to introduce new products into the market that meet our high standards and match customer preferences.

Our efforts to introduce new products into the market may not be successful, and any new products that we introduce may not result in customer or market acceptance. We both develop and source new products that we believe will match customer preferences. The development of new products is a lengthy and costly process and may not result in the development of a successful product. In addition, the sourcing of our products is dependent, in part, on our relationships with our third party suppliers. If we are unable to maintain these relationships, we may not be able to continue to source products at competitive prices that both meet our standards and appeal to our customers. Failure to develop or source and introduce new products that consumers want to buy could decrease our sales, operating margins and market share and could adversely affect our business, financial condition or results of operations.

Seasonality and weather conditions may cause our results of operations to vary from quarter to quarter.

Because many of the products we sell are used for seasonal outdoor sporting activities, our results of operations may be significantly impacted by unseasonable weather conditions in our markets. Accordingly, our sales results and financial condition will typically suffer when weather patterns do not conform to seasonal norms.

Sales of our hunting accessories are highest during the months of August through December due to shipments around the fall hunting season and holidays. In addition, sales of our ammunition have historically been lower in our first fiscal quarter. The seasonality of our sales may change in the future. Seasonal variations in our results of operations may reduce our cash on hand, increase our inventory levels and extend our accounts receivable collection periods. This in turn may cause us to increase our debt levels and interest expense to fund our working capital requirements.

We manufacture and sell products that create exposure to potential product liability, warranty liability or personal injury claims and litigation.

Some of our products are used in applications and situations that involve risk of personal injury and death. Our products expose us to potential product liability, warranty liability or personal injury claims and litigation relating to the use or misuse of our products including allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product or activities associated with the product, negligence and strict liability. If successful, such claims could have a material adverse effect on our business. Although we maintain product liability insurance in amounts that we believe are reasonable, we may not be able to maintain such insurance on acceptable terms, if at all, in the future and product liability claims may exceed the amount of insurance coverage. In addition, our reputation may be adversely affected by such claims, whether or not successful, including potential negative publicity about our products.

Defects in our products could reduce demand for our products and result in a decrease in sales, delays in market acceptance and damage to our reputation.

Complex components and assemblies used in our products may contain undetected defects that are subsequently discovered at any point in the life of the product. In addition, we obtain many of our products and component parts from third party suppliers and may not be able to detect defects in such products or component parts until after they are sold. Defects in our products may result in a loss of sales, recall expenses delay in market acceptance and damage to our reputation and increased warranty costs, which could have a material adverse effect on our business, financial condition or results of operations.

We are subject to extensive regulation and could incur fines, penalties and other costs and liabilities under such requirements.

Like many other manufacturers and distributors of consumer products, we are required to comply with a wide variety of laws, rules and regulations, including those surrounding labor and employment law, environmental law, the export and import of our products, taxation and consumer products generally. These laws, rules and regulations currently impose significant compliance requirements on our business, and more restrictive laws, rules and regulations may be adopted in the future.

Our operations are subject to a variety of laws and regulations relating to environmental protection, including those governing the discharge, treatment, storage, transportation, remediation and disposal of certain materials and wastes, and restoration of damages to the environment, as well as health and safety matters. We could incur substantial costs, including remediation costs, resource restoration costs, fines, penalties and third party property damage or personal injury claims as a result of liabilities under or violations of such laws and regulations or the permits required thereunder. While environmental laws and regulations have not had a material adverse effect on our business, financial condition or results of operations, the ultimate cost of environmental liabilities is difficult to accurately predict and we could incur material additional costs as a result of requirements or obligations imposed or liabilities identified in the future.

As a manufacturer and distributor of consumer products, we are subject to the Consumer Products Safety Act, which empowers the Consumer Products Safety Commission to exclude from the market products that are found to be unsafe or hazardous. Under certain circumstances, the Consumer Products Safety Commission could require us to repurchase or recall one or more of our products. In addition, laws regulating certain consumer products exist in some cities and states, as well as in other countries in which we sell our products, and more restrictive laws and regulations may be adopted in the future. Any repurchase or recall of our products could be costly to us and could damage our reputation. If we were required to remove, or we voluntarily removed, our products from the market, our reputation could be tarnished and we could have large quantities of finished products that we are unable to sell.

We are also subject to the rules and regulations of the ATF. If we fail to comply with ATF rules and regulations, the ATF may limit our growth or business activities, levy fines against us or, ultimately, revoke our license to do business. Our business, as well as the business of all producers and marketers of ammunition and firearms, is also subject to numerous federal, state, local and foreign laws, regulations and protocols. Applicable laws:

- require the licensing of all persons manufacturing, exporting, importing or selling firearms and ammunition as a business;
- require background checks for purchasers of firearms;
- impose waiting periods between the purchase of a firearm and the delivery of a firearm;
- prohibit the sale of firearms to certain persons, such as those below a certain age and persons with criminal records;
- regulate the use and storage of gun powder or other energetic materials;
- regulate the interstate sale of certain firearms;
- prohibit the interstate mail-order sale of firearms;
- regulate our employment of personnel with criminal convictions; and
- restrict access to firearm manufacturing facilities for individuals from other countries or with criminal convictions.

Also, the export of our products is controlled by ITAR and EAR. The ITAR implements the provisions of the Arms Export Control Act and is enforced by the U.S. Department of State. The EAR implements the provisions of the Export Administration Act and is enforced by the U.S. Department of Commerce. Among their many provisions, the ITAR and the EAR require a license application for the export of many of our products. In addition, the ITAR requires congressional approval for any firearms export application with a total value of \$1 million or higher. Further, because our manufacturing process includes certain toxic, flammable and explosive chemicals, we are subject to the Chemical Facility Anti-Terrorism Standards, as administered by the U.S. Department of Homeland Security, which require that we take additional reporting and security measures related to our manufacturing process.

Several states currently have laws in effect that are similar to, and in certain cases, more restrictive than, these federal laws. Compliance with all of these regulations is costly and time-consuming. Inadvertent violation of any of these regulations could cause us to incur fines and penalties and may also lead to restrictions on our ability to manufacture and sell our products and services and to import or export the products we sell.

Changes in government policies and firearms legislation could adversely affect our financial results.

The sale, purchase, ownership and use of firearms are subject to numerous and varied federal, state and local governmental regulations. Federal laws governing firearms include the National Firearms Act, the Federal Firearms Act, the Arms Export Control Act and the Gun Control Act of 1968. These laws generally govern the manufacture, import, export, sale and possession of firearms and ammunition. We hold all necessary licenses to legally sell ammunition in the United States.

Currently, the federal legislature and several state legislatures are considering additional legislation relating to the regulation of firearms and ammunition. These proposed bills are extremely varied. If enacted, such legislation could effectively ban or severely limit the sale of affected firearms or ammunition. In addition, if such restrictions are enacted and are incongruent, we could find it difficult, expensive or even practically impossible to comply with them, which could impede new product development and the distribution of existing products. We cannot assure you that the regulation of our business activities will not become more restrictive in the future and that any such restriction will not have a material adverse effect on our business.

Any change to the Second Amendment would dramatically impact our ability to conduct business.

Our business is highly dependent upon our brand recognition and reputation, and the failure to maintain or enhance our brand recognition or reputation would likely have an adverse effect on our business.

Our brand recognition and reputation are critical aspects of our business. We believe that maintaining and enhancing our brands as well as our reputation are critical to retaining existing customers and attracting new customers. We also believe that the importance of our brand recognition and reputation will continue to increase as competition in the markets in which we compete continues to develop.

Our future growth and profitability will depend in large part upon the effectiveness and efficiency of our advertising, promotion, public relations and marketing programs. These brand promotion activities may not yield increased revenue and the effectiveness of these activities will depend on a number of factors, including our ability to:

- determine the appropriate creative message, media mix and markets for advertising, marketing and promotional initiatives and expenditures;
- identify the most effective and efficient level of spending in each market, medium and specific media vehicle; and
- effectively manage marketing costs, including creative and media expenses, in order to maintain acceptable customer acquisition costs.

In addition, certain of our products and brands benefit from endorsements and support from particular sportsmen, athletes or other celebrities, and those products and brands may become personally associated with those individuals. As a result, sales of the endorsed products could be materially and adversely affected if any of those individuals' images, reputations or popularity were to be negatively impacted.

Shortages of, and price increases for, components, parts, raw materials and other supplies may delay or reduce our sales and increase our costs, thereby harming our results of operations.

Although we manufacture many of the components for our products, we purchase from third parties some important components and parts, including but not limited to bolt carriers, rifle receivers, magazines, barrels, rifle stocks and bulk gun powder. The costs of these components and parts are affected by commodity prices and are, therefore, subject to price volatility caused by weather, market conditions and other factors that are not predictable or within our control. We also use numerous commodity materials in producing and testing our products, including copper, zinc, steel, wood, lead, and plastics. We cannot assure you that commodity prices will not increase, and any such increase in commodity prices may harm our results of operations.

Our inability to obtain sufficient quantities of components, parts, raw materials and other supplies from independent sources necessary for the production of our products could result in reduced or delayed sales or lost orders. Any delay in or loss of sales or orders could adversely impact our results of operations. Many of the components, parts, raw materials and other supplies used in the production of our products are available only from a limited number of suppliers. We do not have long-term supply contracts with some of these suppliers. As a result, we could be subject to increased costs, supply interruptions or orders and difficulties in obtaining materials. Our suppliers also may encounter difficulties or increased costs in obtaining the materials necessary to produce their products that we use in our products. The time lost in seeking and acquiring new sources could have an adverse effect on our business, financial condition or results of operations.

Increases in energy costs would increase our operating costs and could have an adverse effect on our earnings.

Higher prices for electricity, natural gas and fuel increase our production and shipping costs. A significant shortage, increased prices or interruptions in the availability of these energy sources would increase the costs of producing and delivering products to our customers, and would be likely to negatively affect our earnings. Energy costs have varied significantly during recent fiscal years and remain a volatile element of our costs.

Catastrophic events may disrupt our business.

A disruption or failure of our systems or operations in the event of a major earthquake, weather event, cyber-attack, terrorist attack or other catastrophic event could cause delays in completing sales, providing services or performing other mission-critical functions. A catastrophic event that results in the destruction or disruption of any of our critical business or information technology systems could harm our ability to conduct normal business operations and our results of operations.

In addition, damage or disruption to manufacturing and distribution capabilities of us or our suppliers because of a major earthquake, weather event, cyber-attack, terrorist attack or other catastrophic event could impair our ability to manufacture or sell our products. In addition, failure to take adequate steps to mitigate the likelihood or potential impact of such events, or to effectively manage such events if they occur, could have a material adverse effect on our business, financial condition or results of operations, as well as require additional resources to restore our supply chain.

Some of our products involve the manufacture or handling of a variety of explosive and flammable materials. From time to time, these activities have resulted in incidents that have temporarily shut down or otherwise disrupted some manufacturing processes, causing production delays and resulting in liability for workplace injuries and fatalities. We have safety and loss prevention programs that require detailed pre-construction reviews of process changes and new operations, along with routine safety audits of operations involving explosive materials, to mitigate such incidents, as well as a variety of insurance policies. We cannot assure you, however, that we will not experience similar incidents in the future or that any similar incidents will not result in production delays or otherwise have a material adverse effect on our business, financial condition or results of operations.

General economic conditions affect our results of operations.

Our revenues are affected by economic conditions and consumer confidence worldwide, but especially in the United States. In times of economic uncertainty, consumers tend to defer expenditures for discretionary items, which affects demand for our products. Moreover, our businesses are cyclical in nature, and their success is impacted by general economic conditions and specific economic conditions affecting the regions and markets we serve, the overall level of consumer confidence in the economy and discretionary income levels. Any substantial deterioration in general economic conditions that diminishes consumer confidence or discretionary income could reduce our sales and adversely affect our financial results. Moreover, declining economic conditions create the potential for future impairments of goodwill and other intangible and long-lived assets that may negatively impact our financial condition or results of operations. The impact of weak consumer credit markets, corporate restructurings, layoffs, high unemployment rates, declines in the value of investments and residential real estate, higher fuel prices and increases in federal and state taxation all can negatively affect our results of operations.

In addition, in recent periods sluggish economies and consumer uncertainty regarding future economic prospects in our key markets have had an adverse effect on the financial health of certain of our customers, which may in turn have a material adverse effect on our results of operations and financial condition. We extend credit to our customers for periods of varying duration based on an assessment of the customer's financial condition, generally without requiring collateral, which increases our exposure to the risk of uncollectable receivables. In addition, we face increased risk of order reduction or cancellation when dealing with financially ailing retailers or retailers struggling with economic uncertainty. We may reduce our level of business with customers and distributors experiencing financial difficulties and may not be able to replace that business with other customers, which could have a material adverse effect on our financial condition, results of operations or cash flows.

Failure to attract and retain key personnel could have an adverse effect on our results of operations.

Our future success will depend in part on the continued service of key personnel and our ability to attract, retain and develop key managers, designers, sales and information technology professionals and others. We face intense competition for these individuals worldwide, and there is a significant concentration of our competitors in and around our headquarters in Scottsdale, Arizona. We may not be able to attract qualified new employees or retain existing employees, which may have a material adverse effect on our financial condition, results of operations or cash flows.

In addition, our ability to maintain our competitive position is dependent to a large degree on the efforts and skills of our senior management team, including Fred Wagenhals, our Chairman and Chief Executive Officer. The loss of the services of one or more of these key personnel could materially and adversely affect our operations because of diminished relationships with customers, lenders and industry participants.

Our results of operations could be impacted by unanticipated changes in tax provisions or exposure to additional income tax liabilities.

Our business operates in many locations under government jurisdictions that impose income taxes. Changes in domestic or foreign income tax laws and regulations, or their interpretation, could result in higher or lower income tax rates assessed or changes in the taxability of certain revenues or the deductibility of certain expenses, thereby affecting our income tax expense and profitability. In addition, audits by income tax authorities could result in unanticipated increases in our income tax expense.

We may need to raise additional capital, and we cannot be sure that additional financing will be available.

We need to fund our ongoing working capital, capital expenditure and financing requirements through cash flows from operations and new sources of financing. Our ability to obtain future financing will depend, among other things, on our financial condition or results of operations as well as on the condition of the capital markets or other credit markets at the time we seek financing. Increased volatility and disruptions in the financial markets could make it more difficult and more expensive for us to obtain financing. We cannot assure you that we will have access to the capital markets on terms we find acceptable or at all.

The terms of the agreements governing our debt restrict our current and future operations, particularly our ability to incur debt that we may need to fund initiatives in response to changes in our business, the industries in which we operate, the economy and governmental regulations.

RISKS RELATING TO THE COMMON STOCK

The Company's stock price may be volatile .

The market price of the Company's common stock is likely to be highly volatile and could fluctuate widely in price in response to various factors, many of which are beyond the Company's control, including the following:

- services by the Company or its competitors;
- additions or departures of key personnel;
- the Company's ability to execute its business plan;
- operating results that fall below expectations;
- loss of any strategic relationship;
- industry developments;
- economic and other external factors; and
- period-to-period fluctuations in the Company's financial results.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of the Company's common stock.

FINRA sales practice requirements may limit a stockholder's ability to buy and sell our stock.

The Financial Industry Regulatory Authority ("FINRA") has adopted rules that relate to the application of the SEC's penny stock rules in trading our securities and require that a broker/dealer have reasonable grounds for believing that the investment is suitable for that customer, prior to recommending the investment. Prior to recommending speculative, low priced securities to their non-institutional customers, broker/dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information.

Under interpretations of these rules, the FINRA believes that there is a high probability that speculative, low priced securities will not be suitable for at least some customers. The FINRA requirements make it more difficult for broker/dealers to recommend that their customers buy our common stock, which may have the effect of reducing the level of trading activity and liquidity of our common stock. Further, many brokers charge higher transactional fees for penny stock transactions. As a result, fewer broker/dealers may be willing to make a market in our common stock, reducing a shareholder's ability to resell shares of our common stock.

We may be exposed to potential risks resulting from new requirements under Section 404 of the Sarbanes-Oxley Act of 2002.

In addition to the costs of compliance with having our shares listed on the OTCBB, there are substantial penalties that could be imposed upon us if we fail to comply with all of regulatory requirements. In particular, under Section 404 of the Sarbanes-Oxley Act of 2002 we will be required, beginning with our fiscal year ending December 31, 2010, to include in our annual report our assessment of the effectiveness of our internal control over financial reporting as of the end of fiscal 2010. Furthermore, our independent registered public accounting firm will be required to attest to whether our assessment of the effectiveness of our internal control over financial reporting is fairly stated in all material respects and separately report on whether it believes we have maintained, in all material respects, effective internal control over financial reporting. We expect to incur additional expenses and diversion of management's time as a result of performing the system and process evaluation, testing and remediation required in order to comply with the management certification and auditor attestation requirements.

The Company's common stock is currently deemed to be "penny stock", which makes it more difficult for investors to sell their shares .

The Company's common stock is and will be subject to the "penny stock" rules adopted under section 15(g) of the Exchange Act. The penny stock rules apply to companies whose common stock is not listed on the NASDAQ Stock Market or other national securities exchange and trades at less than \$5.00 per share or that have tangible net worth of less than \$5,000,000 (\$2,000,000 if the company has been operating for three or more years). These rules require, among other things, that brokers who trade penny stock to persons other than "established customers" complete certain documentation, make suitability inquiries of investors and provide investors with certain information concerning trading in the security, including a risk disclosure document and quote information under certain circumstances. Many brokers have decided not to trade penny stocks because of the requirements of the penny stock rules and, as a result, the number of broker-dealers willing to act as market makers in such securities is limited. If the Company remains subject to the penny stock rules for any significant period, it could have an adverse effect on the market, if any, for the Company's securities. If the Company's securities are subject to the penny stock rules, investors will find it more difficult to dispose of the Company's securities.

The elimination of monetary liability against the Company's directors, officers and employees under Delaware law and the existence of indemnification rights to the Company's directors, officers and employees may result in substantial expenditures by the Company and may discourage lawsuits against the Company's directors, officers and employees .

The Company's certificate of incorporation contains a specific provision that eliminate the liability of directors for monetary damages to the Company and the Company's stockholders; further, the Company is prepared to give such indemnification to its directors and officers to the extent provided by Delaware law. The Company may also have contractual indemnification obligations under its employment agreements with its executive officers. The foregoing indemnification obligations could result in the Company incurring substantial expenditures to cover the cost of settlement or damage awards against directors and officers, which the Company may be unable to recoup. These provisions and resultant costs may also discourage the Company from bringing a lawsuit against directors and officers for breaches of their fiduciary duties and may similarly discourage the filing of derivative litigation by the Company's stockholders against the Company's directors and officers even though such actions, if successful, might otherwise benefit the Company and its stockholders.

ITEM 2. FINANCIAL INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following summarizes the factors affecting the operating results and financial condition of AMMO, Inc. This discussion should be read together with the financial statements of AMMO, Inc. and the notes to financial statements included elsewhere in this current report. In addition to historical financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results and timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those discussed under "Risk Factors" and elsewhere in this report. We encourage you to review our "Cautionary Note Regarding Forward-Looking Statements and Industry Data" at the front of this current report, and our "Risk Factors" set forth above.

Overview

Management believes that actions presently being taken to obtain additional funding and implement its strategic plans provide the opportunity for the Company to continue as a going concern. However, this additional financing may not be available on a timely basis or on terms acceptable to it, or at all. The Company's ability to obtain such financing may be impaired by the current economic conditions and the lack of liquidity in the credit markets. If The Company is unable to secure additional funding, it may have to discontinue operations; delay development or commercialization of its system; license to third parties the rights to commercialize products or technologies that it would otherwise seek to commercialize; reduce marketing, customer support, or other resources devoted to its system; or any combination of these activities. Any of these results would materially harm the Company's business, financial condition, and results of operations, and there can be no assurance that any of these results will result in cash flows that will be sufficient to fund its current or future operating needs. The Company may also need to seek protection under the U.S. Bankruptcy Code or otherwise liquidate its assets, which may result in the failure of the Company's stockholders to receive value for their ownership of its stock.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING BASIS

The Company uses the accrual basis of accounting and accounting principles generally accepted in the United States of America ("GAAP" accounting) and are expressed in U.S. dollars. The Company has adopted a December 31 year end.

The financial statements and related disclosures as of December 31, 2016 are presented pursuant to the rules and regulations of the United States Securities and Exchange Commission ("SEC"). Unless the context otherwise requires, all references to "Ammo", "we", "us", "our" or the "Company" are to Ammo, Inc.

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company has not generated revenue to date and consequently its operations are subject to all risks inherent in the establishment of a new business enterprise. For the period from inception, October 13, 2016, through December 31, 2016 the Company has accumulated losses of \$155,024. Management's plan is to have the Company fully operational in the coming year with substantial sales. Management will continue to raise capital through the sale of equity and/or debt financing as required but there is no certainty that such financing will be available at acceptable terms. These financial statements do not include any adjustments to reflect the future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that might result from the outcome of this uncertainty.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management has used estimates in order to determine the timing and collections of the vendor notes receivable.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Company considers highly liquid financial instruments purchased with a maturity of three months or less to be cash equivalents.

INVENTORY

Inventory is carried at the lower of cost or market, as determined by the first-in, first-out method and is periodically evaluated for obsolescence.

LICENSING AGREEMENT

The Company issued 100,000 shares of its common stock at the execution date of the licensing agreement with JJ and JJFU. The shares were valued at \$1.25 and the aggregate value of \$125,000 was recorded as a licensing agreement asset. This asset will be amortized over period that will begin when the first ammunition is delivered through September 11, 2021.

IMPAIRMENT OF LONG-LIVED ASSETS

The Company continually monitors events and changes in circumstances that could indicate carrying amounts of long-lived assets may not be recoverable. When such events or changes in circumstances are present, the Company assesses the recoverability of long-lived assets by determining whether the carrying value of such assets will be recovered through undiscounted expected future cash flows. If the total of the future cash flows is less than the carrying amount of those assets, the Company recognizes an impairment loss based on the excess of the carrying amount over the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell.

REVENUE RECOGNITION

Revenue is recognized when the earnings process is complete and the risk and rewards of ownership have transferred to the customer, which is generally considered to have occurred upon the receipt of product by the customer. The earnings process is complete once the customer order has been placed and approved, the product shipped has been received by the customer, and there is reasonable assurance of the collection of the sales proceeds.

ADVERTISING COSTS

The Company expenses advertising costs as they are incurred. At December 31, 2016 there were no advertising costs.

STOCK-BASED COMPENSATION

Stock-based compensation is accounted for at fair value in accordance with SFAS No. 123 and 123 (R) (ASC 718). To date, the Company has not adopted a stock option plan and has not granted any stock options.

As of December 31, 2016, the Company has not issued any stock-based payments to its employees.

INCOME TAXES

The Company utilizes the liability method of accounting for income taxes. Under the liability method deferred tax assets and liabilities are determined based on the differences between financial reporting basis and the tax basis of the assets and liabilities and are measured using enacted tax rates and laws that will be in effect, when the differences are expected to reverse. An allowance against deferred tax assets is recognized, when it is more likely than not, that such tax benefits will not be realized.

Any deferred tax asset is considered immaterial and has been fully offset by a valuation allowance because at this time the Company believes that it is more likely than not that the future tax benefit will not be realized as the Company has no current operations.

CONCENTRATIONS OF CREDIT RISK

Accounts at banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2016, account balances did not exceed federally insured limits.

RECENT ACCOUNTING PRONOUNCEMENTS

The Company has implemented all new accounting pronouncements that are in effect and that may impact its financial statements and does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

LOSS PER COMMON SHARE

Basic loss per share is calculated using the weighted-average number of common shares outstanding during each reporting period. Diluted loss per share includes potentially dilutive securities such as outstanding options and warrants, using various methods such as the treasury stock or modified treasury stock method in the determination of dilutive shares outstanding during each reporting period. The Company does not have any potentially dilutive instruments.

Results of Operations

Historical results are not necessarily indicative of the results to be expected in future periods. You should read this data together with our financial statements and the related notes to these financial statements included elsewhere in this Current Report on Form 8-K.

The Company had limited revenues in the amount of \$0 for the period ended December 31, 2016.

For the period ending December 31, 2016, the Company had a net loss of (\$155,024). This loss primarily consisted of general and administrative expenses of \$136,274. General and administrative expenses were generally related to corporate overhead, financial and administrative contracted services, such as legal and accounting, developmental costs, and expenses associated with the filing of our registration statement.

The Company had a net loss for the period ended December 31, 2016 of (\$155,024) or (\$.01) per share net loss. The weighted average number of shares outstanding was 15,754,000 for the period ended December 31, 2016.

Liquidity and Capital Resources

As of December 31, 2016, the Company had working capital of \$367,410. Assets included current assets of \$2,904,155 and Other Assets of \$125,000. Current liabilities as of December 31, 2016 were \$2,502,965.

Net cash used in operating activities was \$1,922,384 during the period ended December 31, 2016. An increase in vendor notes receivable of \$1,550,000 and increased inventory of \$219,105 were the biggest uses of cash for the period.

Net cash provided by financing activities was \$1,932,500 for the period ended December 31, 2016. Sale of common stock of \$732,500 and proceeds from convertible note payable of \$1,500,000 provided the majority of cash for the period.

Results of Operations - Year Ended December 31, 2016

The Company had a net loss for the period ended December 31, 2016 of (\$155,024) or (\$.01) per share net loss.

Operating expenses were \$136,274 for the period ended December 31, 2016. Generally, expenses incurred related to consulting fees preparing the Company to become a public company.

For the period ended December 31, 2016, the Company had interest expenses of \$18,750 related to convertible note payable.

PLAN OF OPERATION AND FUNDING

Existing working capital, cash flow from operations, further advances from the bank, as well as debt instruments or stock subscriptions are expected to be adequate to fund our operations over the next twelve months. Generally, we have financed operations to date through the proceeds of stock subscriptions, bank financing and related party loans.

In connection with our business plan, management anticipates that administrative expenses will increase over the next twelve months. Additional issuances of equity or convertible debt securities may be required which will result in dilution to our current shareholders. Furthermore, such securities might have rights, preferences or privileges senior to our common stock. Additional financing may not be available upon acceptable terms, or at all. If adequate funds are not available or are not available on acceptable terms, we may not be able to take advantage of prospective new business opportunities, which could significantly and materially restrict our business operations.

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

RECENT ACCOUNTING PRONOUNCEMENTS

The Company does not believe that any other recently issued, but not yet effective accounting standards will have a material effect on the Company's consolidated financial position, results of operations or cash flows.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not required.

INTEREST RATE

Interest rates are generally controlled. The majority of our debt is owed to a related party which does not bear interest so fluctuations in interest rates do not impact our result of operations at this time. However, we may need to increase our reliance on bank financing or other debt instruments in the future in which case fluctuations in interest rates could have a negative impact on our results of operations.

ITEM 3. PROPERTIES

Our principal executive office consists of approximately 5,827 square feet of space located at 6401 E Thomas Road, Suite 106, Scottsdale, AZ 85251, owned by our Chief Executive Officer. Our telephone number at that facility is 480-947-0001, and our facsimile number is (480) 947-3969. It is our belief that the space is adequate for our immediate needs. Additional space may be required as we expand our operations. We do not foresee any significant difficulties in obtaining any required additional facilities. We do not presently own any real property.

ITEM 4. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information, as of March 17, 2017, with respect to the beneficial ownership of the outstanding common stock by: (i) any holder of more than five (5%) percent; (ii) each of our executive officers and directors; and (iii) our directors and executive officers as a group. Except as otherwise indicated, each of the stockholders listed below has sole voting and investment power over the shares beneficially owned. Unless otherwise indicated, each of the stockholders named in the table below has sole voting and investment power with respect to such shares of common stock. Beneficial ownership consists of a direct interest in the shares of common stock, except as otherwise indicated. As of the date of this Current Report, there are 17,887,177 shares of common stock issued and outstanding.

Name and Address of Beneficial Owner, Directors and Officers:	Amount and Nature of Beneficial Ownership	Percentage of Beneficial Ownership (1)
Fred W. Wagenhals c/o AMMO, Inc. 6401 E Thomas Road, #106 Scottsdale, AZ 85251	8,027,000	44.87%
Ron Shostack 10645 N Tatum Blvd #200-513 Phoenix, AZ 85028	125,000	0.69%
All executive officers and directors as a group (2 persons)	8,152,000	43.93%

Beneficial Shareholders greater than 5%

(1) Applicable percentage of ownership is based on 17,887,177 shares of common stock outstanding on March 17, 2017. Percentage ownership is determined based on shares owned together with securities exercisable or convertible into shares of common stock within 60 days of March 17, 2017 for each stockholder. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Shares of common stock subject to securities exercisable or convertible into shares of common stock that are currently exercisable or exercisable within 60 days of March 17, 2017 are deemed to be beneficially owned by the person holding such securities for the purpose of computing the percentage of ownership of such person, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person. Our common stock is our only issued and outstanding class of securities eligible to vote.

ITEM 5. DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth the names and ages of our current directors and executive officers. Our Board of Directors appoints our executive officers. Our directors serve until the earlier occurrence of the election of his or her successor at the next meeting of stockholders, death, resignation or removal by the Board of Directors. There are no family relationships among our directors, executive officers, or director nominees.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Fred W. Wagenhals	75	President, CEO, Secretary and Director
Ron Shostack	61	CFO

Fred W. Wagenhals - 75- Mr. Wagenhals first founded Action Performance Companies Inc. in 1992 with a vision of creating a Franklin Mint-like company that would merchandise replica die-cast race car collectibles and other motorsports memorabilia. Wagenhals' company quickly eclipsed his original vision and turned into a one-stop source for motorsports-related consumer merchandise.

A native of Marion, Ohio, Wagenhals was Action's Chairman, President and Chief Executive Officer, who, for more than 20 years, has distinguished himself as an accomplished inventor and entrepreneur. By the age of 21, Wagenhals established his reputation as an innovator with the various inventions he designed, built and patented. Those inventions included a two-man, jet-pumped boat design used in jet ski watercrafts; 1:3-scale, gas-powered mini-cars used in various television shows and films; and, a computerized motor that powered the mechanical bulls popularized by the 1980 movie Urban Cowboy.

Through his business acumen, Wagenhals became a major force in motorsports. He is widely recognized as one of the industry's most influential personalities. At Action Performance, he shaped the company by negotiating long-term, exclusive licenses with motorsports' most popular drivers and teams; by using diverse distribution channels and disciplined branding; and, by maintaining an outstanding reputation for creativity, quality and authenticity.

In those 12 years Action Performance embodies Wagenhals' entrepreneurial drive and innovative spirit. Over those 12 years Action Performance Companies product sales grew to over \$400 million dollars in sales per year. Action was sold in 2005 for \$245 million dollars.

Wagenhals is a 1997 Arizona Entrepreneur of the Year Award recipient for the Retail/Wholesale Category. He also was honored as the Anheuser Busch Entrepreneur in Residence for 1997 - 98 at the University of Arizona College of Business and Public Administration.

In 2010 Wagenhals was inducted into The Die-Cast Hall of Fame. In 2011 Wagenhals was named Professor of the Year for teaching a sports entrepreneurship class at the University of Arizona. Recently, Wagenhals has been involved in numerous projects ranging from real estate development to global digital print service for turnkey technical companies.

Ron Shostack, 61

An accomplished financial executive, Ron brings 40 years of experience launching, building and selling multiple businesses in industries including financial services, manufacturing, eCommerce and web development. Ron served as the director of Strategic Planning for a \$2 billion rollup in the personnel industry after building the largest PEO in Arizona with revenue of more than \$200 million. He has experience with corporate turnarounds having purchased and rebuilt a failing healthcare collections company which he expanded to 350 collection employees then sold to a major financial services provider. Ron also brings strong CFO and audit experience to the company gained at a national accounting firm early in his career.

Directors

Each director serves until our next annual meeting of the stockholders or unless they resign earlier. The Board of Directors elects officers and their terms of office are at the discretion of the Board of Directors. Each of our directors serves until his or her successor is elected and qualified. Each of our officers is elected by the board of directors to a term of one (1) year and serves until his or her successor is duly elected and qualified, or until he or she is removed from office. At the present time, members of the board of directors are not compensated for their services to the board.

Compliance with Section 16(a) of the Securities Exchange Act of 1934

Section 16(a) of the Securities Exchange Act of 1934 requires our executive officers and directors, and persons who beneficially own more than 10% of our equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Officers, directors and greater than 10% shareholders are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms they file.

Audit Committee

The Company intends to establish an audit committee of the board of directors, which will consist of soon-to-be-nominated independent directors. The audit committee's duties would be to recommend to the Company's board of directors the engagement of an independent registered public accounting firm to audit the Company's financial statements and to review the Company's accounting and auditing principles. The audit committee would review the scope, timing and fees for the annual audit and the results of audit examinations performed by the internal auditors and independent registered public accounting firm, including their recommendations to improve the system of accounting and internal controls. The audit committee would at all times be composed exclusively of directors who are, in the opinion of the Company's board of directors, free from any relationship which would interfere with the exercise of independent judgment as a committee member and who possess an understanding of financial statements and generally accepted accounting principles.

Compensation Committee

The Company intends to establish a compensation committee of the Board of Directors. The compensation committee would review and approve the Company's salary and benefits policies, including compensation of executive officers.

Security Holders Recommendations to Board of Directors

We do not currently have a process for security holders to send communications to the Board of Directors. However, we welcome comments and questions from our shareholders. Shareholders can direct communications to our Chief Executive Officer, Mr. Wagenhals, at our executive offices.

While we appreciate all comments from shareholders, we may not be able to individually respond to all communications. We attempt to address shareholder questions and concerns in our press releases and documents filed with the SEC so that all shareholders have access to information about us at the same time. Mr. Jasmin collects and evaluates all shareholder communications. If the communication is directed to the Board of Directors generally or to a specific director, Mr. Wagenhals will disseminate the communications to the appropriate party at the next scheduled Board of Directors meeting. If the communication requires a more urgent response, Mr. Wagenhals will direct that communication to the appropriate executive officer. All communications addressed to our directors and executive officers will be reviewed by those parties unless the communication is clearly frivolous.

ITEM 6. EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The objective of AMMO's compensation program is to provide compensation for services rendered by our sole executive officer in the form of a salary. We utilize this form of compensation because we believe that it is adequate to both retain and motivate our executive officer. The amount we deem appropriate to compensate our executive officer is determined in accordance with other like corporations; we have no specific formula to determine compensatory amount at this time. We have deemed that our current compensatory program and the decisions regarding compensation are easy to administer and are appropriately suited for our objectives. We may expand our compensation program to additional future employees and to include other compensatory elements.

Summary Compensation Table

The following table provides summary information concerning cash and non-cash compensation paid or accrued by the Company or on behalf of our executive officers.

Name and Principal Position	Title	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All other compensation (\$)	Total (\$)
(a)		(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Fred Wagenhals (1)	President, CEO, Secretary and Director	2017	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
		2016	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
		2015	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Ron Shostack (2)	CFO and Treasurer	2017	\$ 78,000-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
		2016	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
		2015	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Notes to Summary Compensation Table:

(1) On December 15, 2016, Mr. Wagenhals consented to act as the President, Chief Executive Officer, Treasurer and a director of the Company.

(2) On March 6, 2017, Mr. Ron Shostack ("Mr. Shostack") was appointed as Chief Financial Officer of the Corporation. On March 6, 2017, Mr. Shostack accepted the appointment.

The Company has no option or stock award plan or long-term incentive plan.

The Company has no plans that provides for the payment of retirement benefits, or benefits that will be paid primarily following retirement.

The Company has no agreement that provides for payment to our executive officer at, following, or in connection with the resignation, retirement or other termination, or a change in control of Company or a change in our executive officer's responsibilities following a change in control.

Director Compensation

None.

ITEM 7. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

None of the following persons has any direct or indirect material interest in any transaction to which we were or are a party since the beginning of our last fiscal year, or in any proposed transaction to which we propose to be a party:

- (A) any of our directors or executive officers;
- (B) any nominee for election as one of our directors;
- (C) any person who is known by us to beneficially own, directly or indirectly, shares carrying more than 5% of the voting rights attached to our common stock; or
- (D) any member of the immediate family (including spouse, parents, children, siblings and in-laws) of any of the foregoing persons named in paragraph (A), (B) or (C) above

We anticipate reviewing all related party transactions as they are presented to us, and we would not anticipate that such review procedures would be in writing until such time as our Board of Directors felt it was necessary.

ITEM 8. LEGAL PROCEEDINGS

We are not presently a party to any litigation.

ITEM 9. MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock is currently quoted on the Over the Counter Market. Our common stock has been quoted since 2007 under the symbol "POWW.PK". Because we are quoted on the Over the Counter Market, our securities may be less liquid, receive less coverage by security analysts and news media, and generate lower prices than might otherwise be obtained if they were listed on a national securities exchange.

The following table sets forth the high and low bid quotations for our common stock for the periods indicated.

<u>Year Ending</u>	<u>High</u>	<u>Low</u>
December 31, 2016		
First Quarter	\$ 1.25	\$ 0.75
Second Quarter	\$ 1.25	\$ 1.25
Third Quarter	\$ 1.275	\$ 1.275
Fourth Quarter	\$ 1.275	\$ 1.25

Reports to Security Holders

We are a reporting company pursuant to the Securities and Exchange Act of 1934. As such, we provide an annual report to our security holders, which will include audited financial statements, and quarterly reports, which will contain unaudited financial statements.

Record Holders

As of March 17, 2017, an aggregate of 17,887,177 shares of our common stock were issued and outstanding and were owned by approximately 156 holders of record, based on information provided by our transfer agent.

Re-Purchase of Equity Securities

None.

Dividends

We have not paid any cash dividends on our common stock since inception and presently anticipate that all earnings, if any, will be retained for development of our business and that no cash dividends on our common stock will be declared in the foreseeable future. Any future dividends will be subject to the discretion of our Board of Directors and will depend upon, among other things, future earnings, operating and financial condition, capital requirements, general business conditions and other pertinent facts. Therefore, there can be no assurance that any dividends on our common stock will be paid in the future.

Securities Authorized for Issuance Under Equity Compensation Plans

The Company has not authorized any securities for issuance under an Equity Compensation Plan.

Indemnification of Directors and Officers

Section 145 of the Delaware General Corporation Law ("DGCL") provides, in general, that a corporation incorporated under the laws of the State of Delaware, such as us, may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (other than a derivative action by or in the right of the corporation) by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. In the case of a derivative action, a Delaware corporation may indemnify any such person against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification will be made in respect of any claim, issue or matter as to which such person will have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery of the State of Delaware or any other court in which such action was brought determines such person is fairly and reasonably entitled to indemnity for such expenses.

Our Certificate of Incorporation and Bylaws provide that we will indemnify our directors, officers, employees and agents to the extent and in the manner permitted by the provisions of the DGCL, as amended from time to time, subject to any permissible expansion or limitation of such indemnification, as may be set forth in any stockholders' or directors' resolution or by contract.

We are also permitted to apply for insurance on behalf of any director, officer, employee or other agent for liability arising out of his actions, whether or not the DGCL would permit indemnification.

Directors' and Officers' Liability Insurance

We currently do not have directors' and officers' liability insurance insuring our directors and officers against liability for acts or omissions in their capacities as directors or officers, subject to certain exclusions. The Company anticipates having a policy in place approximately 30 days after the close of the transaction. Such insurance also insures us against losses which we may incur in indemnifying our officers and directors. In addition, we have entered into indemnification agreements with key officers and directors and such persons shall also have indemnification rights under applicable laws, and our certificate of incorporation and bylaws.

Trading Information

The Company's common stock is currently approved for quotation under the symbol "POWW.PK" but there is currently no liquid trading market for the Company's common stock. The information for our transfer agent is as follows:

**Corporate Stock Transfer, Inc.
3200 Cherry Creek Drive South
Suite 430
Denver, CO 80209
303-282-4800**

Section 15(g) of the Securities Exchange Act of 1934

Our company's shares are covered by Section 15(g) of the Securities Exchange Act of 1934, as amended that imposes additional sales practice requirements on broker/dealers who sell such securities to persons other than established customers and accredited investors (generally institutions with assets in excess of \$5,000,000 or individuals with net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with their spouses). For transactions covered by the Rule, the broker/dealer must make a special suitability determination for the purchase and have received the purchaser's written agreement to the transaction prior to the sale. Consequently, the Rule may affect the ability of broker/dealers to sell our securities and also may affect your ability to sell your shares in the secondary market.

Section 15(g) also imposes additional sales practice requirements on broker/dealers who sell penny securities. These rules require a one page summary of certain essential items. The items include the risk of investing in penny stocks in both public offerings and secondary marketing; terms important to in understanding of the function of the penny stock market, such as "bid" and "offer" quotes, a dealers "spread" and broker/dealer compensation; the broker/dealer compensation, the broker/dealers duties to its customers, including the disclosures required by any other penny stock disclosure rules; the customers rights and remedies in causes of fraud in penny stock transactions; and, the NASD's toll free telephone number and the central number of the North American Administrators Association, for information on the disciplinary history of broker/dealers and their associated persons.

ITEM 10. RECENT SALES OF UNREGISTERED SECURITIES

Other than those previously reported, none.

ITEM 11. DESCRIPTION OF THE REGISTRANT'S SECURITIES

Common Stock

Our Certificate of Incorporation authorizes the issuance of 100,000,000 shares of common stock with \$.001 par value and zero shares with preferred stock will \$.001 par value. Each record holder of common stock is entitled to one vote for each share held in all matters properly submitted to the shareholders for their vote. Cumulative voting for the election of directors is not permitted by the By-Laws.

Holders of outstanding shares of common stock are entitled to such dividends as may be declared from time to time by the Board of Directors out of legally available funds; and, in the event of liquidation, dissolution or winding up of the affairs of the Company, holders are entitled to receive, ratably, the net assets of the Company available to shareholders after distribution is made to the preferred shareholders, if any, who are given preferred rights upon liquidation. Holders of outstanding shares of common stock have no preemptive, conversion or redemptive rights. To the extent that additional shares of our common stock are issued, the relative interest of the existing shareholders may be diluted.

We refer you to our Articles of Incorporation, Bylaws and the applicable statutes of the State of Delaware for a more complete description of the rights and liabilities of holders of our securities.

ITEM 12. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Pursuant to the articles of incorporation and bylaws of the corporation, we may indemnify an officer or director who is made a party to any proceeding, including a law suit, because of his position, if he acted in good faith and in a manner he reasonably believed to be in its best interest. In certain cases, we may advance expenses incurred in defending any such proceeding. To the extent that the officer or director is successful on the merits in any such proceeding as to which such person is to be indemnified, we must indemnify him against all expenses incurred, including attorney's fees. With respect to a derivative action, indemnity may be made only for expenses actually and reasonably incurred in defending the proceeding, and if the officer or director is judged liable, only by a court order. The indemnification is intended to be to the fullest extent permitted by the laws of the State of Delaware.

Regarding indemnification for liabilities arising under the Securities Act of 1933 which may be permitted for directors or officers pursuant to the foregoing provisions, we are informed that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy, as expressed in the Act and is therefore unenforceable.

ITEM 14. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There have been no disagreements on accounting and financial disclosures from the inception of our company through the date of this Report.

Item 2.01(f) of Form 8-K states that if the registrant was a shell company like we were immediately before the transaction disclosed under Item 2.01, then the registrant must disclose the information that would be required if the registrant were filing a general form for registration of securities on Form 10. The foregoing Items enumerated 1 through 14 are intended to satisfy and relate such information required by Item 2.01(f) for Form 8-K. The following enumerated Items relate to this current report on Form 8-K.

END OF FORM 10 DISCLOSURE

ITEM 5.01 CHANGES IN CONTROL OF REGISTRANT

The information set forth above in Item 2.01 of this Current Report on Form 8-K is incorporated herein by this reference.

ITEM 5.02 DEPARTURE OF DIRECTORS OR PRINCIPAL OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF PRINCIPAL OFFICERS .

The information set forth above in Item 2.01 of this Current Report on Form 8-K is incorporated herein by this reference.

ITEM 5.03 AMENDMENT TO ARTICLES OF INCORPORATION OR BYLAWS; CHANGE IN FISCAL YEAR

On December 15, 2016, our board approved an amendment to our Articles of Incorporation to (i) change our name to "AMMO, Inc."; and (ii) Re-domicile the Company from California to the State of Delaware. We have filed a Certificate of Merger with the Delaware Secretary of State and the California Secretary of State reflecting the above actions and notified the Financial Industry Regulatory Authority ("FINRA") of the name change, domicile change, and stock split. The name change will take effect in the market upon approval by FINRA. Once FINRA processes the name change we will be issued a new symbol and will disclose the change on a Current Report on Form 8-K.

ITEM 5.06 CHANGE IN SHELL COMPANY STATUS

As a result of closing the Share Exchange Agreement, the registrant is no longer a shell corporation as that term is defined in Rule 405 of the Securities Act and Rule 12b-2 of the Exchange Act.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(a) *Financial Statements of Businesses Acquired .*

In accordance with Item 9.01(a), the audited financial statements of the Company for the period ended December 31, and 2016 are filed herewith as Exhibit 99.1.

(b) *Pro Forma Financial Information .*

Pro Forma Financial Information for the fiscal period ended December 31, 2016 is filed herewith as Exhibit 99.2.

INTRODUCTION TO PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following pro forma consolidated balance sheets, pro forma consolidated statements of operations and explanatory notes give effect to the merger of the Company and AMMO, Inc.

The pro forma consolidated balance sheets and pro forma consolidated statements of operations are based on the estimates and assumptions set forth in the explanatory notes. The pro forma consolidated balance sheets and the pro forma consolidated statements of operations have been prepared utilizing the historical financial statements of the Company and AMMO, Inc. and should be read in conjunction with the historical financial statements and notes thereto.

The pro forma consolidated balance sheets have been prepared as if the merger occurred on December 31, 2016. The pro forma consolidated statements of operations have been prepared as if the merger occurred on January 1, 2016 and carried through to December 31, 2016.

This pro forma consolidated financial data is provided for illustrative purposes only, and does not purport to be indicative of the actual financial position or results of operations had the merger occurred at the beginning of the fiscal period presented, nor is it necessarily indicative of the results of future operations.

(c) *Shell Company Transactions .*

The terms of the Share Exchange Agreement are set forth in this Current Report on Form 8-K, a copy of the Share Exchange Agreement is attached hereto and is hereby incorporated by reference. All references to the Share Exchange Agreement and other exhibits to this Current Report are qualified, in their entirety, by the text of such exhibits.

The audited financial statements of the Company for the years ended December 31, 2015 and 2016, are filed herewith as Exhibit 99.3 in accordance with the provisions of Item 601 of Regulation S-K.

(d) Exhibits.

Exhibit Number	Description	Filed
3.1	Articles of Incorporation filed with the California Secretary of State on June 11, 1997	Filed herewith.
3.2	Bylaws	Filed herewith.
10.1	Share Exchange Agreement between Retrospectiva, Inc., AMMO, Inc. and the AMMO Shareholders	Filed herewith.
99.1	AMMO financial statements and notes for the audited periods ended December 31, 2016 and 2015	Filed herewith.
99.2	Pro forma financial information for the periods ended December 31, 2016 and 2015	Filed herewith.
99.3	AMMO, Inc (f/k/a Retrospectiva, Inc.) audited financial statements of the Company for the years ended December 31, 2015 and 2016	Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: March 23, 2017

AMMO, INC.

By: /s/ Fred W. Wagenhals

Fred W. Wagenhals
Chief Executive Officer

1571068

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FILED
in the office of the Secretary of State
of the State of California

NOV 15 1990

March Fong Eu
MARCH FONG EU, Secretary of State

ARTICLES OF INCORPORATION

ARTICLE ONE

The name of this Corporation is RETROSPETTIVA, INC.

ARTICLE TWO

The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

ARTICLE THREE

The name and address in this state of this Corporation's initial agent for service of process is: Victor Benjamin, 6534 Hayes Drive, Los Angeles, Ca 90048.

ARTICLE FOUR

This Corporation is authorized to issue only one class of shares, which shall be designated "common" shares. The total number of such shares that may be issued is 10,000.

ARTICLE FIVE

The liability of the Directors of the Corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

ARTICLE SIX

The Corporation is authorized to provide indemnification of agents (as defined in Section 317 of the Corporations Code) for breach of duty to the Corporation and its stockholders through bylaw provisions or through agreements with the agents, or both, in excess of the indemnification otherwise permitted by Section 317 of the Corporations Code, subject to the limits of such excess indemnification set forth in Section 204 of the Corporations Code.

Dated: 11/02/90

Danielle Michaels

DANIELLE MICHAELS
Incorporator

1571068

A475748

FILED *MSK*

In the office of the Secretary of State
of the State of California

**RESTATED ARTICLES OF INCORPORATION
OF
RETROSPETTIVA, INC.
A California corporation**

MAY 7 1996

Bill Jones
BILL JONES, Secretary of State

Borivoje Vukadinovic and Michael D. Silberman certify that:

A. They are the President and Secretary, respectively, of RETROSPETTIVA, INC., a California corporation.

B. The Articles of Incorporation of this corporation are amended and restated to read as follows:

**"ARTICLES OF INCORPORATION
OF
RETROSPETTIVA, INC.**

ARTICLE I

Name

The name of the corporation is: RETROSPETTIVA, INC.

ARTICLE II

Purpose

The purpose of the corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business, or the practice of a profession permitted to be incorporated by the California Corporation Code.



ARTICLE III

Capital Stock

1. Authorized Shares of Common Stock. The aggregate number of common shares which the corporation shall have authority to issue is 15,000,000 shares of Common Stock. The shares of this class of Common Stock shall have unlimited voting rights and shall constitute the sole voting group of the corporation, except to the extent any additional voting group or groups may hereafter be established in accordance with the California Corporation Code.

2. Denial of Preemptive Rights. Preemptive rights to purchase additional shares of stock are denied.

3. Authorized Shares of Preferred Stock. The corporation shall have the authority to issue 1,000,000 shares of Preferred Stock, which may be issued in one or more series at the discretion of the board of directors. In establishing a series, the board of directors shall give to it a distinctive designation so as to distinguish it from the shares of all other series and classes, shall fix the number of shares in such series, and the preferences, rights and restrictions thereof. All shares of any one series shall be alike in every particular except as otherwise provided by these Articles of Incorporation or the California Corporation Code.

(1) Dividends. Dividends in cash, property or shares shall be paid upon the Preferred Stock for any year on a cumulative or noncumulative basis as determined by a resolution of the board of directors prior to the issuance of such Preferred Stock, to the extent earned surplus for each such year is available, in an amount as determined by a resolution of the board of directors. Such Preferred Stock dividends shall be paid pro rata to holders of Preferred Stock as determined by a resolution of the board of directors prior to the issuance of such Preferred Stock. No other dividend shall be paid on the Preferred Stock.

Dividends in cash, property or shares of the corporation may be paid upon the Common Stock, as and when declared by the board of directors, out of funds of the corporation to the extent and in the manner permitted by law, except that no Common Stock dividend shall be paid for any year unless the holders of Preferred Stock, if any, shall receive the maximum allowable Preferred Stock dividend for such year.

(2) Distribution in Liquidation. Upon any liquidation, dissolution or winding up of the corporation, and after paying or adequately providing for the payment of all its obligations, the remainder of the assets of the corporation shall be distributed, either in cash or



in kind, first pro rata to the holders of the Preferred Stock until an amount to be determined by a resolution of the board of directors prior to issuance of such Preferred Stock has been distributed per share, and, then, the remainder pro rata to the holders of the Common Stock.

(3) Redemption. The Preferred Stock may be redeemed in whole or in part as determined by a resolution of the board of directors prior to the issuance of such Preferred Stock, upon prior notice to the holders of record of the Preferred Stock, published, mailed and given in such manner and form and on such other terms and conditions as may be prescribed by the Bylaws or by resolution of the board of directors, by payment in cash or Common Stock for each share of the Preferred Stock to be redeemed, as determined by a resolution of the board of directors prior to the issuance of such Preferred Stock. Common Stock used to redeem Preferred Stock shall be valued as determined by a resolution of the board of directors prior to the issuance of such Preferred Stock. Any rights to or arising from fractional shares shall be treated as rights to or arising from one share. No such purchase or retirement shall be made if the capital of the corporation would be impaired thereby.

ARTICLE IV

Limitation on Director Liability

The liability of the directors of the corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

ARTICLE V

Indemnification of Agents

The corporation is authorized to provide indemnification of agents (as defined in Section 317 of the California corporations Code) through bylaw provisions, agreements with agents, vote of shareholders or disinterested directors or otherwise, in excess of the indemnification otherwise permitted by Section 317 of the California Corporations Code, subject only to the applicable limits set forth in Section 204 of the California Corporations Code with respect to actions for breach of duty to the corporation and its shareholders."

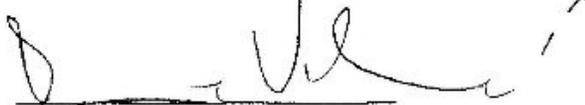
C. The foregoing amendment and restatement was approved by the required vote of the shareholders of the corporation in accordance with Section 902 of the California Corporations Code; the total number of outstanding shares of each class entitled to vote with respect to the foregoing amendment and restatement was ten thousand (10,000) shares; and the number of shares of each class voting in favor of the foregoing amendment and restatement equalled or exceeded the vote required, such required vote being a majority of the outstanding shares.



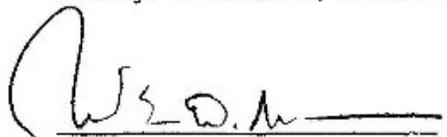
D. The foregoing amendment and restatement of Articles of Incorporation has been duly approved by the board of directors.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this Certificate are true and correct of our own knowledge.

Dated: April 21, 1996



Borivoje Vukadinovic, President



Michael D. Silberman, Secretary

**BYLAWS
OF RETROSPETTIVA, INC.,**
a California corporation

**BYLAWS
TABLE OF CONTENTS**

ARTICLE	PAGE
I. Offices	1
II. Shareholders	1
III. Board of Directors	5
IV. Officers and Agents	7
V. Stock	9
VI. Indemnification of Certain Persons	10
VII. Provision of Insurance	12
VIII. Miscellaneous	12

**BYLAWS
OF RETROSPETTIVA, INC.**

**ARTICLE I
OFFICES**

The principal office of the corporation shall be designated from time to time by the corporation and may be within or outside of California.

The corporation may have such other offices, either within or outside California, as the board of directors may designate or as the business of the corporation may require from time to time.

The registered office of the corporation required by the California Corporations Code to be maintained in California may be, but need not be, identical with the principal office, and the address of the registered office may be changed from time to time by the board of directors.

ARTICLE II SHAREHOLDERS

Section 1. ANNUAL MEETING. The annual meeting of the shareholders shall be held during the month of April of each year on a date and at a time fixed by the board of directors of the corporation or by the president in the absence of action by the board of directors, for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the election of directors is not held on the day fixed as provided herein for any annual meeting of the shareholders, or any adjournment thereof, the board of directors shall cause the election to be held at a special meeting of the shareholders as soon thereafter as it may conveniently be held.

A shareholder may apply to the district court in the county in California where the corporation's principal office is located or, if the corporation has no principal office in California, to the district court of the county in which the corporation's registered office is located to seek an order that a shareholder meeting be held (i) if an annual meeting was not held within six months after the close of the corporation's most recently ended fiscal year or fifteen months after its last annual meeting, whichever is earlier, or (ii) if the shareholder participated in a proper call of or proper demand for a special meeting and notice of the special meeting was not given within thirty days after the date of the call or the date the last of the demands necessary to require calling of the meeting was received by the corporation, or the special meeting was not held in accordance with the notice.

Section 2. SPECIAL MEETINGS. Unless otherwise prescribed by statute, special meetings of the shareholders may be called for any purpose by the president or by the board of directors. The president shall call a special meeting of the shareholders if the corporation receives one or more written demands for the meeting, stating the purpose or purposes for which it is to be held, signed and dated by holders of shares representing at least ten percent of all the votes entitled to be cast on any issue proposed to be considered at the meeting.

Section 3. PLACE OF MEETING. The board of directors may designate any place, either within or outside California, as the place for any annual meeting or any special meeting called by the board of directors. A waiver of notice signed by all shareholders entitled to vote at a meeting may designate any place, either within or outside California, as the place for such meeting. If no designation is made, or if a special meeting is called other than by the board, the place of meeting shall be the principal office of the corporation.

Section 4. NOTICE OF MEETING. Written notice stating the place, date, and hour of the meeting shall be given not less than ten nor more than sixty days before the date of the meeting, except that (i) if the number of authorized shares is to be increased, at least thirty days' notice shall be given, or (ii) any other longer notice period that is required by the California Corporations Code. The secretary shall be required to give such notice only to shareholders entitled to vote at the meeting except as otherwise required by the California Corporations Code.

Notice of a special meeting shall include a description of the purpose or purposes of the meeting. Notice of an annual meeting need not include a description of the purpose or purposes of the meeting except the purpose or purposes shall be stated with respect to (i) an amendment to the articles of incorporation of the corporation, (ii) a merger or share exchange in which the corporation is a party and, with respect to a share exchange, in which the corporation's shares will be acquired, (iii) a sale, lease, exchange or other disposition, other than in the usual and regular course of business, of all or substantially all of the property of the corporation or of another entity which this corporation controls, in each case with or without the goodwill, (iv) a dissolution of the corporation, (v) restatement of the articles of incorporation, or (vi) any other purpose for which a statement of purpose is required by the California Corporations Code. Notice shall be given personally or by mail, private carrier, telegraph, teletype, electronically transmitted facsimile or other form of wire or wireless communication by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting. If mailed and if in a comprehensible form, such notice shall be deemed to be given and effective when deposited in the United States mail, properly addressed to the shareholder at his address as it appears in the corporation's current record of shareholders, with first class postage prepaid. If notice is given other than by mail, and provided that such notice is in a comprehensible form, the notice is given and effective on the date actually received by the shareholder.

If requested by the person or persons lawfully calling such meeting, the secretary shall give notice thereof at corporate expense. No notice need be sent to any shareholder if three successive notices mailed to the last known address of such shareholder have been returned as undeliverable until such time as another address for such shareholder is made known to the corporation by such shareholder. In order to be entitled to receive notice of any meeting, a shareholder shall advise the corporation in writing of any change in such shareholder's mailing address as shown on the corporation's books and records.

When a meeting is adjourned to another date, time or place, notice need not be given of the new date, time or place if the new date, time or place of such meeting is announced before adjournment at the meeting at which the adjournment is taken. At the adjourned meeting the corporation may transact any business which may have been transacted at the original meeting. If the adjournment is for more than 120 days, or if a new record date is fixed for the adjourned meeting, a new notice of the adjourned meeting shall be given to each shareholder of record entitled to vote at the meeting as of the new record date.

A shareholder may waive notice of a meeting before or after the time and date of the meeting by a writing signed by such shareholder. Such waiver shall be delivered to the corporation for filing with the corporate records, but this delivery and filing shall not be conditions to the effectiveness of the waiver. Further, by attending a meeting either in person or by proxy, a shareholder waives objection to lack of notice or defective notice of the meeting unless the shareholder objects at the beginning of the meeting to the holding of the meeting or the transaction of business at the meeting because of lack of notice or defective notice. By attending the meeting, the shareholder also waives any objection to consideration at the meeting of a particular matter not within the purpose or purposes described in the meeting notice unless the shareholder objects to considering the matter when it is presented.

Section 5. FIXING OF RECORD DATE. For the purpose of determining shareholders entitled to (i) notice of or vote at any meeting of shareholders or any adjournment thereof, (ii) receive distributions or share dividends, (iii) demand a special meeting, or (iv) make a determination of shareholders for any other proper purpose, the board of directors may fix a future date as the record date for any such determination of shareholders, such date in any case to be not more than seventy days, and, in case of a meeting of shareholders, not less than ten days, prior to the date on which the particular action requiring such determination of shareholders is to be taken. If no record date is fixed by the directors, the record date shall be the day before the notice of the meeting is given to shareholders, or the date on which the resolution of the board of directors providing for a distribution is adopted, as the case may be. When a determination of shareholders entitled to vote at any meeting of shareholders is made as provided in this section, such determination shall apply to any adjournment thereof unless the board of directors fixes a new record date, which it must do if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting. Unless otherwise specified when the record date is fixed, the time of day for such determination shall be as of the corporation's close of business on the record date.

Notwithstanding the above, the record date for determining the shareholders entitled to take action without a meeting or entitled to be given notice of action so taken shall be the date a writing upon which the action is taken is first received by the corporation. The record date for determining shareholders entitled to demand a special meeting shall be the date of the earliest of any of the demands pursuant to which the meeting is called.

Section 6. VOTING LISTS. After a record date is fixed for a shareholders' meeting, the secretary shall make, at the earlier of ten days before such meeting or two business days after notice of the meeting has been given, a complete list of the shareholders entitled to be given notice of such meeting or any adjournment thereof. The list shall be arranged by voting groups and within each voting group by class or series of shares, shall be in alphabetical order within each class or series, and shall show the address of and the number of shares of each class or series held by each shareholder. For the period beginning the earlier of ten days prior to the meeting or two business days after notice of the meeting is given and continuing through the meeting and any adjournment thereof, this list shall be kept on file at the principal office of the corporation, or at a place (which shall be identified in the notice) in the city where the meeting will be held. Such list shall be available for inspection on written demand by any shareholder (including for the purpose of this Section 6 any holder of voting trust certificates) or his agent or attorney during regular business hours and during the period available for inspection. The original stock transfer books shall be prima facie evidence as to who are the shareholders entitled to examine such list or transfer books or to vote at any meeting of shareholders.

Any shareholder, his agent or attorney may copy the list during regular business hours and during the period it is available for inspection, provided (i) the shareholder has been a shareholder for at least three months immediately preceding the demand or holds at least five percent of all outstanding shares of any class of shares as of the date of the demand, (ii) the demand is made in good faith and for a purpose reasonably related to the demanding shareholder's interest as a shareholder, (iii) the shareholder describes with reasonable particularity the purpose and the records the shareholder desires to inspect, (iv) the records are directly connected with the described purpose, and (v) the shareholder pays a reasonable charge covering the costs of labor and material for such copies, not to exceed the estimated cost of production and reproduction.

Section 7. RECOGNITION PROCEDURE FOR BENEFICIAL OWNERS. The board of directors may adopt by resolution a procedure whereby a shareholder of the corporation may certify in writing to the corporation that all or a portion of the shares registered in the name of such shareholder are held for the account of a specified person or persons. The resolution may set forth (i) the types of nominees to which it applies, (ii) the rights or privileges that the corporation will recognize in a beneficial owner, which may include rights and privileges other than voting, (iii) the form of certification and the information to be contained therein, (iv) if the certification is with respect to a record date, the time within which the certification must be received by the corporation, (v) the period for which the nominee's use of the procedure is effective, and (vi) such other provisions with respect to the procedure as the board deems necessary or desirable. Upon receipt by the corporation of a certificate complying with the procedure established by the board of directors, the persons specified in the certification shall be deemed, for the purpose or purposes set forth in the certification, to be the registered holders of the number of shares specified in place of the shareholder making the certification.

Section 8. QUORUM AND MANNER OF ACTING. One-third of the votes entitled to be cast on a matter by a voting group represented in person or by proxy, shall constitute a quorum of that voting group for action on the matter. If less than one-third of such votes are represented at a meeting, a majority of the votes so represented may adjourn the meeting from time to time without further notice, for a period not to exceed 120 days for any one adjournment. If a quorum is present at such adjourned meeting, any business may be transacted which might have been transacted at the meeting as originally noticed. The shareholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum, unless the meeting is adjourned and a new record date is set for the adjourned meeting.

If a quorum exists, action on a matter other than the election of directors by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast within the voting group opposing the action, unless the vote of a greater number or voting by classes is required by law or the articles of incorporation.

Section 9. PROXIES. At all meetings of shareholders, a shareholder may vote by proxy by signing an appointment form or similar writing, either personally or by his duly authorized attorney-in-fact. A shareholder may also appoint a proxy by transmitting or authorizing the transmission of a telegram, teletype, or other electronic transmission providing a written statement of the appointment to the proxy, a proxy solicitor, proxy support service organization, or other person duly authorized by the proxy to receive appointments as agent for the proxy, or to the corporation. The transmitted appointment shall set forth or be transmitted with written evidence from which it can be determined that the shareholder transmitted or authorized the transmission of the appointment. The proxy appointment form or similar writing shall be filed with the secretary of the corporation before or at the time of the meeting. The appointment of a proxy is effective when received by the corporation and is valid for eleven months unless a different period is expressly provided in the appointment form or similar writing.

Any complete copy, including an electronically transmitted facsimile, of an appointment of a proxy may be substituted for or used in lieu of the original appointment for any purpose for which the original appointment could be used.

Revocation of a proxy does not affect the right of the corporation to accept the proxy's authority unless (i) the corporation had notice that the appointment was coupled with an interest and notice that such interest is extinguished is received by the secretary or other officer or agent authorized to tabulate votes before the proxy exercises his authority under the appointment, or (ii) other notice of the revocation of the appointment is received by the secretary or other officer or agent authorized to tabulate votes before the proxy exercises his authority under the appointment. Other notice of revocation may, in the discretion of the corporation, be deemed to include the appearance at a shareholders' meeting of the shareholder who granted the proxy and his voting in person on any matter subject to a vote at such meeting.

The death or incapacity of the shareholder appointing a proxy does not affect the right of the corporation to accept the proxy's authority unless notice of the death or incapacity is received by the secretary or other officer or agent authorized to tabulate votes before the proxy exercises his authority under the appointment.

The corporation shall not be required to recognize an appointment made irrevocable if it has received a writing revoking the appointment signed by the shareholder (including a shareholder who is a successor to the shareholder who granted the proxy) either personally or by his attorney-in-fact, notwithstanding that the revocation may be a breach of an obligation of the shareholder to another person not to revoke the appointment.

Subject to Section 11 and any express limitation on the proxy's authority appearing on the appointment form, the corporation is entitled to accept the proxy's vote or other action as that of the shareholder making the appointment.

Section 10. VOTING OF SHARES. Each outstanding share, regardless of class, shall be entitled to one vote, except in the election of directors, and each fractional share shall be entitled to a corresponding fractional vote on each matter submitted to a vote at a meeting of shareholders, except to the extent that the voting rights of the shares of any class or classes are limited or denied by the articles of incorporation as permitted by the California Corporations Code. Cumulative voting shall not be permitted in the election of directors or for any other purpose; however, this provision shall become effective only when the corporation becomes a listed corporation within the meaning of Section 301.5 of the California Corporations Code. Each record holder of stock shall be entitled to vote in the election of directors and shall have as many votes for each of the shares owned by him as there are directors to be elected and for whose election he has the right to vote.

At each election of directors, that number of candidates equaling the number of directors to be elected, having the highest number of votes cast in favor of their election, shall be elected to the board of directors.

Except as otherwise ordered by a court of competent jurisdiction upon a finding that the purpose of this Section would not be violated in the circumstances presented to the court, the shares of the corporation are not entitled to be voted if they are owned, directly or indirectly, by a second corporation, domestic or foreign, and the first corporation owns, directly or indirectly, a majority of the shares entitled to vote for directors of the second corporation except to the extent the second corporation holds the shares in a fiduciary capacity.

Redeemable shares are not entitled to be voted after notice of redemption is mailed to the holders and a sum sufficient to redeem the shares has been deposited with a bank, trust company or other financial institution under an irrevocable obligation to pay the holders the redemption price on surrender of the shares.

Section 11. CORPORATION'S ACCEPTANCE OF VOTES. If the name signed on a vote, consent, waiver, proxy appointment, or proxy appointment revocation corresponds to the name of a shareholder, the corporation, if acting in good faith, is entitled to accept the vote, consent, waiver, proxy appointment or proxy appointment revocation and give it effect as the act of the shareholder. If the name signed on a vote, consent, waiver, proxy appointment or proxy appointment revocation does not correspond to the name of a shareholder, the corporation, if acting in good faith, is nevertheless entitled to accept the vote, consent, waiver, proxy appointment or proxy appointment revocation and to give it effect as the act of the shareholder if:

- (i) the shareholder is an entity and the name signed purports to be that of an officer or agent of the entity;
- (ii) the name signed purports to be that of an administrator, executor, guardian or conservator representing the shareholder and, if the corporation requests, evidence of fiduciary status acceptable to the corporation has been presented with respect to the vote, consent, waiver, proxy appointment or proxy appointment revocation;
- (iii) the name signed purports to be that of a receiver or trustee in bankruptcy of the shareholder and, if the corporation requests, evidence of this status acceptable to the corporation has been presented with respect to the vote, consent, waiver, proxy appointment or proxy appointment revocation;
- (iv) the name signed purports to be that of a pledgee, beneficial owner or attorney-in-fact of the shareholder and, if the corporation requests, evidence acceptable to the corporation of the signatory's authority to sign for the shareholder has been presented with respect to the vote, consent, waiver, proxy appointment or proxy appointment revocation;
- (v) two or more persons are the shareholder as co-tenants or fiduciaries and the name signed purports to be the name of at least one of the co-tenants or fiduciaries, and the person signing appears to be acting on behalf of all the co-tenants or fiduciaries; or
- (vi) the acceptance of the vote, consent, waiver, proxy appointment or proxy appointment revocation is otherwise proper under rules established by the corporation that are not inconsistent with this Section 11.

The corporation is entitled to reject a vote, consent, waiver, proxy appointment or proxy appointment revocation if the secretary or other officer or agent authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the shareholder.

Neither the corporation nor its officers nor any agent who accepts or rejects a vote, consent, waiver, proxy appointment or proxy appointment revocation in good faith and in accordance with the standards of this Section is liable in damages for the consequences of the acceptance or rejection.

Section 12. INFORMAL ACTION BY SHAREHOLDERS. Any action required or permitted to be taken at a meeting of the shareholders may be taken without a meeting if a written consent (or counterparts thereof), that sets forth the action so taken is signed by at least a simple majority of the shareholders entitled to vote with respect to the subject matter thereof and received by the corporation. Such consent shall have the same force and effect as a majority vote of the shareholders and may be stated as such in any document. Action taken under this Section 12 is effective as of the date the last writing necessary to effect the action is received by the corporation, unless the writings specify a different effective date, in which case such specified date shall be the effective date for such action. If any shareholder revokes his consent as provided for herein prior to what would otherwise be the effective date, the action proposed in the consent shall be invalid. The record date for determining shareholders entitled to take action without a meeting is the date the corporation first receives a writing upon which the action is taken.

Any shareholder who has signed a writing describing and consenting to action taken pursuant to this Section 12 may revoke such consent by a writing signed by the shareholder describing the action and stating that the shareholder's prior consent thereto is revoked, if such writing is received by the corporation before the effectiveness of the action.

Section 13. MEETINGS BY TELECOMMUNICATION. Any or all of the shareholders may participate in an annual or special shareholders' meeting by, or the meeting may be conducted through the use of, any means of communication by which all persons participating in the meeting may hear each other during the meeting. A shareholder participating in a meeting by this means is deemed to be present in person at the meeting.

ARTICLE III BOARD OF DIRECTORS

Section 1. GENERAL POWERS. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation shall be managed under the direction of, its board of directors, except as otherwise provided in the California Corporations Code or the articles of incorporation.

Section 2. NUMBER, QUALIFICATIONS AND TENURE. The number of directors of the corporation shall be fixed from time to time by the board of directors, within a range of no less than two or more than nine, but no decrease in the number of directors shall have the effect of shortening the term of any incumbent director. A director shall be a natural person who is eighteen years of age or older. A director need not be a resident of California or a shareholder of the corporation.

Directors shall be elected at each annual meeting of shareholders. Each director shall hold office until the next annual meeting of shareholders following his election and thereafter until his successor shall have been elected and qualified. Directors shall be removed in the manner provided by the California Corporations Code. Any director may be removed by the shareholders, with or without cause, at a meeting called for that purpose. The notice of the meeting shall state that the purpose or one of the purposes of the meeting is removal of the director. A director may be removed only if the number of votes cast in favor of removal exceeds the number of votes cast against removal.

Section 3. VACANCIES. Any director may resign at any time by giving written notice to the secretary. Such resignation shall take effect at the time the notice is received by the secretary unless the notice specifies a later effective date. Unless otherwise specified in the notice of resignation, the corporation's acceptance of such resignation shall not be necessary to make it effective. Any vacancy on the board of directors may be filled by the affirmative vote of a majority of the shareholders at a special meeting called for that purpose or by the board of directors. If the directors remaining in office constitute fewer than a quorum of the board, the directors may fill the vacancy by the affirmative vote of a majority of all the directors remaining in office. If elected by the directors, the director shall hold office until the next annual shareholders' meeting at which directors are elected. If elected by the shareholders, the director shall hold office for the unexpired term of his predecessor in office; except that, if the director's predecessor was elected by the directors to fill a vacancy, the director elected by the shareholders shall hold office for the unexpired term of the last predecessor elected by the shareholders.

Section 4. REGULAR MEETINGS. A regular meeting of the board of directors shall be held without notice immediately after and at the same place as the annual meeting of shareholders. The board of directors may provide by resolution the time and place, either within or outside California, for the holding of additional regular meetings without other notice.

Section 5. SPECIAL MEETINGS. Special meetings of the board of directors may be called by or at the request of the president or any two directors. The person or persons authorized to call special meetings of the board of directors may fix any place, either within or outside California, as the place for holding any special meeting of the board of directors called by them.

Section 6. NOTICE. Notice of the date, time and place of any special meeting shall be given to each director at least two days prior to the meeting by written notice either personally delivered or mailed to each director at his business address, or by notice transmitted by private courier, telegraph, telex, electronically transmitted facsimile or other form of wire or wireless communication. If mailed, such notice shall be deemed to be given and to be effective on the earlier of (i) five days after such notice is deposited in the United States mail, properly addressed, with first class postage prepaid, or (ii) the date shown on the return receipt, if mailed by registered or certified mail return receipt requested, provided that the return receipt is signed by the director to whom the notice is addressed. If notice is given by telex, electronically transmitted facsimile or other similar form of wire or wireless communication, such notice shall be deemed to be given and to be effective when sent, and with respect to a telegram, such notice shall be deemed to be given and to be effective when the telegram is delivered to the telegraph company. If a director has designated in writing one or more reasonable addresses or facsimile numbers for delivery of notice to him, notice sent by mail, telegraph, telex, electronically transmitted facsimile or other form of wire or wireless communication shall not be deemed to have been given or to be effective unless sent to such addresses or facsimile numbers, as the case may be.

A director may waive notice of a meeting before or after the time and date of the meeting by a writing signed by such director. Such waiver shall be delivered to the secretary for filing with the corporate records, but such delivery and filing shall not be conditions to the effectiveness of the waiver. Further, a director's attendance at or participation in a meeting waives any required notice to him of the meeting unless at the beginning of the meeting, or promptly upon his later arrival, the director objects to holding the meeting or transacting business at the meeting because of lack of notice or defective notice and does not thereafter vote for or assent to action taken at the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

Section 7. QUORUM. A majority of the number of directors fixed by the board of directors pursuant to Article III, Section 2 or, if no number is fixed, a majority of the number in office immediately before the meeting begins, shall constitute a quorum for the transaction of business at any meeting of the board of directors.

Section 8. MANNER OF ACTING. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors.

Section 9. COMPENSATION. By resolution of the board of directors, any director may be paid any one or more of the following: his expenses, if any, of attendance at meetings, a fixed sum for attendance at each meeting, a stated salary as director, or such other compensation as the corporation and the director may reasonably agree upon. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

Section 10. PRESUMPTION OF ASSENT. A director of the corporation who is present at a meeting of the board of directors or committee of the board at which action on any corporate matter is taken shall be presumed to have assented to all action taken at the meeting unless (i) the director objects at the beginning of the meeting, or promptly upon his arrival, to the holding of the meeting or the transaction of business at the meeting and does not thereafter vote for or assent to any action taken at the meeting, (ii) the director contemporaneously requests that his dissent or abstention as to any specific action taken be entered in the minutes of the meeting, or (iii) the director causes written notice of his dissent or abstention as to any specific action to be received by the presiding officer of the meeting before its adjournment or by the secretary promptly after the adjournment of the meeting. A director may dissent to a specific action at a meeting, while assenting to others. The right to dissent to a specific action taken at a meeting of the board of directors or a committee of the board shall not be available to a director who voted in favor of such action may designate from among its members an executive committee and one or more other committees, and appoint one or more members of the board of directors to serve on them. To the extent provided in the resolution, each committee shall have all the authority of the board of directors, except that no such committee shall have the authority to (i) authorize distributions, (ii) approve or propose to shareholders actions or proposals required by the California Corporations Code to be approved by shareholders, (iii) fill vacancies on the board of directors or any committee thereof, (iv) amend articles of incorporation, (v) adopt, amend or repeal the bylaws, (vi) approve a plan of merger not requiring shareholder approval, (vii) authorize or approve the reacquisition of shares unless pursuant to a formula or method prescribed by the board of directors, or (viii) authorize or approve the issuance or sale of shares, or contract for the sale of shares or determine the designations and relative rights, preferences and limitations of a class or series of shares, except that the board of directors may authorize a committee or officer to do so within limits specifically prescribed by the board of directors. The committee shall then have full power within the limits set by the board of directors to adopt any final resolution setting forth all preferences, limitations and relative rights of such class or series and to authorize an amendment of the articles of incorporation stating the preferences, limitations and relative rights of a class or series for filing with the Secretary of State under the California Corporations Code.

Sections 4, 5, 6, 7, 8 or 12 of Article III, which govern meetings, notice, waiver of notice, quorum, voting requirements and action without a meeting of the board of directors, shall apply to committees and their members appointed under this Section 11.

Neither the designation of any such committee, the delegation of authority to such committee, nor any action by such committee pursuant to its authority shall alone constitute compliance by any member of the board of directors or a member of the committee in question with his responsibility to conform to the standard of care set forth in Article III, Section 14 of these bylaws.

Section 12. **INFORMAL ACTION BY DIRECTORS.** Any action required or permitted to be taken at a meeting of the directors or any committee designated by the board of directors may be taken without a meeting if a written consent (or counterparts thereof) that set forth the action so taken is signed by all of the directors entitled to vote with respect to the action taken. Such consent shall have the same force and effect as a unanimous vote of the directors or committee members and may be stated as such in any document. Unless the consent specifies a different effective time or date, action taken under this Section 12 is effective at the time or date the last director signs a writing describing the action taken, unless, before such time, any director has revoked his consent by a writing signed by the director and received by the president or the secretary of the corporation.

Section 13. **TELEPHONIC MEETINGS.** The board of directors may permit any director (or any member of a committee designated by the board) to participate in a regular or special meeting of the board of directors or a committee thereof through the use of any means of communication by which all directors participating in the meeting can hear each other during the meeting. A director participating in a meeting in this manner is deemed to be present in person at the meeting.

Section 14. **STANDARD OF CARE.** A director shall perform his duties as a director, including without limitation his duties as a member of any committee of the board, in good faith, in a manner he reasonably believes to be in the best interests of the corporation, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. In performing his duties, a director shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by the persons herein designated. However, he shall not be considered to be acting in good faith if he has knowledge concerning the matter in question that would cause such reliance to be unwarranted. A director shall not be liable to the corporation or its shareholders for any action he takes or omits to take as a director if, in connection with such action or omission, he performs his duties in compliance with this Section 14.

The designated persons on whom a director is entitled to rely are (i) one or more officers or employees of the corporation whom the director reasonably believes to be reliable and competent in the matters presented, (ii) legal counsel, public accountant, or other person as to matters which the director reasonably believes to be within such person's professional or expert competence, or (iii) a committee of the board of directors on which the director does not serve if the director reasonably believes the committee merits confidence.

ARTICLE IV OFFICERS AND AGENTS

Section 1. **GENERAL.** The officers of the corporation shall be a president, a secretary and a treasurer or chief financial officer, each of whom shall be appointed by the board of directors and shall be a natural person eighteen years of age or older. One person may hold more than one office. The board of directors or an officer or officers so authorized by the board may appoint such other officers, assistant officers, committees and agents, including a chairman of the board, one or more vice presidents, assistant secretaries and assistant treasurers, as they may consider necessary. Except as expressly prescribed by these bylaws, the board of directors or the officer or officers authorized by the board shall from time to time determine the procedure for the appointment of officers, their authority and duties and their compensation, provided that the board of directors may change the authority, duties and compensation of any officer who is not appointed by the board.

Section 2. **APPOINTMENT AND TERM OF OFFICE.** The officers of the corporation to be appointed by the board of directors shall be appointed at each annual meeting of the board held after each annual meeting of the shareholders. If the appointment of officers is not made at such meeting or if an officer or officers are to be appointed by another officer or officers of the corporation, such appointments shall be made as determined by the board of directors or the appointing person or persons. Each officer shall hold office until the first of the following occurs: his successor shall have been duly appointed and qualified, his death, his resignation, or his removal in the manner provided in Section 3.

Section 3. RESIGNATION AND REMOVAL. An officer may resign at any time by giving written notice of resignation to the president, secretary or other person who appoints such officer. The resignation is effective when the notice is received by the corporation unless the notice specifies a later effective date.

Any officer or agent may be removed at any time with or without cause by the board of directors or an officer or officers authorized by the board. Such removal does not affect the contract rights, if any, of the corporation or of the person so removed. The appointment of an officer or agent shall not in itself create contract rights.

Section 4. VACANCIES. A vacancy in any office, however occurring, may be filled by the board of directors, or by the officer or officers authorized by the board, for the unexpired portion of the officer's term. If an officer resigns and his resignation is made effective at a later date, the board of directors, or officer or officers authorized by the board, may permit the officer to remain in office until the effective date and may fill the pending vacancy before the effective date if the board of directors or officer or officers authorized by the board provide that the successor shall not take office until the effective date. In the alternative, the board of directors, or officer or officers authorized by the board of directors, may remove the officer at any time before the effective date and may fill the resulting vacancy.

Section 5. PRESIDENT. The president shall preside at all meetings of shareholders and all meetings of the board of directors unless the board of directors has appointed a chairman, vice chairman, or other officer of the board and has authorized such person to preside at meetings of the board of directors. Subject to the direction and supervision of the board of directors, the president shall be the chief executive officer of the corporation, and shall have general and active control of its affairs and business and general supervision of its officers, agents and employees. Unless otherwise directed by the board of directors, the president shall attend in person or by substitute appointed by him, or shall execute on behalf of the corporation written instruments appointing a proxy or proxies to represent the corporation, at all meetings of the stockholders of any other corporation in which the corporation holds any stock. On behalf of the corporation, the president may in person or by substitute or by proxy execute written waivers of notice and consents with respect to any such meetings. At all such meetings and otherwise, the president, in person or by substitute or proxy, may vote the stock held by the corporation, execute written consents and other instruments with respect to such stock, and exercise any and all rights and powers incident to the ownership of said stock, subject to the instructions, if any, of the board of directors. The president shall have custody of the treasurer's bond, if any. The president shall have such additional authority and duties as are appropriate and customary for the office of president and chief executive officer, except as the same may be expanded or limited by the board of directors from time to time president or by the board of directors. In the absence of the president, the vice president, if any (or, if more than one, the vice presidents in the order designated by the board of directors, or if the board makes no such designation, then the vice president designated by the president, or if neither the board nor the president makes any such designation, the senior vice president as determined by first election to that office), shall have the powers and perform the duties of the president.

Section 7. SECRETARY. The secretary shall (i) prepare and maintain as permanent records the minutes of the proceedings of the shareholders and the board of directors, a record of all actions taken by the shareholders or board of directors without a meeting, a record of all actions taken by a committee of the board of directors in place of the board of directors on behalf of the corporation, and a record of all waivers of notice of meetings of shareholders and of the board of directors or any committee thereof, (ii) see that all notices are duly given in accordance with the provisions of these bylaws and as required by law, (iii) serve as custodian of the corporate records and of the seal of the corporation and affix the seal to all documents when authorized by the board of directors, (iv) keep at the corporation's registered office or principal place of business a record containing the names and addresses of all shareholders in a form that permits preparation of a list of shareholders arranged by voting group and by class or series of shares within each voting group, that is alphabetical within each class or series and that shows the address of, and the number of shares of each class or series held by, each shareholder, unless such a record shall be kept at the office of the corporation's transfer agent or registrar, (v) maintain at the corporation's principal office the originals or copies of the corporation's articles of incorporation, bylaws, minutes of all shareholders' meetings and records of all action taken by shareholders without a meeting for the past three years, all written communications within the past three years to shareholders as a group or to the holders of any class or series of shares as a group, a list of the names and business addresses of the current directors and officers, a copy of the corporation's most recent corporate report filed with the Secretary of State, and financial statements showing in reasonable detail the corporation's assets and liabilities and results of operations for the last three years, (vi) have general charge of the stock transfer books of the corporation, unless the corporation has a transfer agent, (vii) authenticate records of the corporation, and (viii) in general, perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the president or by the board of directors. Assistant secretaries, if any, shall have the same duties and powers, subject to supervision by the secretary. The directors and/or shareholders may however respectively designate a person other than the secretary or assistant secretary to keep the minutes of their respective meetings.

Any books, records, or minutes of the corporation may be in written form or in any form capable of being converted into written form within a reasonable time and shall deposit the same in accordance with the instructions of the board of directors. Subject to the limits imposed by the board of directors, he shall receive and give receipts and acquittances for money paid in on account of the corporation, and shall pay out of the corporation's funds on hand all bills, payrolls and other just debts of the corporation of whatever nature upon maturity. He shall perform all other duties incident to the office of the treasurer and, upon request of the board, shall make such reports to it as may be required at any time. He shall, if required by the board, give the corporation a bond in such sums and with such sureties as shall be satisfactory to the board, conditioned upon the faithful performance of his duties and for the restoration to the corporation of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation. He shall have such other powers and perform such other duties as may from time to time be prescribed by the board of directors or the president. The assistant treasurers, if any, shall have the same powers and duties, subject to the supervision of the treasurer.

The treasurer or chief financial officer shall also be the principal accounting officer of the corporation. He shall prescribe and maintain the methods and systems of accounting to be followed, keep complete books and records of account as required by the California Corporations Code, prepare and file all local, state and federal tax returns, prescribe and maintain an adequate system of internal audit and prepare and furnish to the president and the board of directors statements of account showing the financial position of the corporation and the results of its operations.

ARTICLE V STOCK

Section 1. CERTIFICATES. The board of directors shall be authorized to issue any of its classes of shares with or without certificates. The fact that the shares are not represented by certificates shall have no effect on the rights and obligations of shareholders. If the shares are represented by certificates, such shares shall be represented by consecutively numbered certificates signed, either manually or by facsimile, in the name of the corporation by the president or one or more vice presidents and the secretary or an assistant secretary. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, such certificate may nonetheless be issued by the corporation with the same effect as if he were such officer at the date of its issue. All certificates shall be consecutively numbered, and the names of the owners, the number of shares, and the date of issue shall be entered on the books of the corporation. Each certificate representing shares shall state upon its face:

- (i) That the corporation is organized under the laws of California; (ii) The name of the person to whom issued;
- (iii) The number and class of the shares and the designation of the series, if any, that the certificate represents;

Section 8. TREASURER OR CHIEF FINANCIAL OFFICER. The treasurer or chief financial officer shall be the principal financial officer of the corporation, shall have the care and custody of all funds, securities, evidences of indebtedness and other personal property of the corporation (iv) The par value, if any, of each share represented by the certificate;

(v) A conspicuous statement, on the front or the back, that the corporation will furnish to the shareholder, on request in writing and without charge, information concerning the designations, preferences, limitations, and relative rights applicable to each class, the variations in preferences, limitations, and rights determined for each series, and the authority of the board of directors to determine variations for future classes or series; and

(vi) Any restrictions imposed by the corporation upon the transfer of the shares represented by the certificate.

If shares are not represented by certificates, within a reasonable time following the issue or transfer of such shares, the corporation shall send the shareholder a complete written statement of all of the information required to be provided to holders of uncertificated shares by the California Corporations Code.

Section 2. CONSIDERATION FOR SHARES. Certificated or uncertificated shares shall not be issued until the shares represented thereby are fully paid. The board of directors may authorize the issuance of shares for consideration consisting of any tangible or intangible property or benefit to the corporation, including cash, promissory notes, services performed or other securities of the corporation. Future services shall not constitute payment or partial payment for shares of the corporation. The promissory note of a subscriber or an affiliate of a subscriber shall not constitute payment or partial payment for shares of the corporation unless the note is negotiable and is secured by collateral, other than the shares being purchased, having a fair market value at least equal to the principal amount of the note. For purposes of this Section 2, "promissory note" means a negotiable instrument on which there is an obligation to pay independent of collateral and does not include a non-recourse note.

Section 3. LOST CERTIFICATES. In case of the alleged loss, destruction or mutilation of a certificate of stock, the board of directors may direct the issuance of a new certificate in lieu thereof upon such terms and conditions in conformity with law as the board may prescribe. The board of directors may in its discretion require an affidavit of lost certificate and/or a bond in such form and amount and with such surety as it may determine before issuing a new certificate.

Section 4. TRANSFER OF SHARES. Upon surrender to the corporation or to a transfer agent of the corporation of a certificate of stock duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, and receipt of such documentary stamps as may be required by law and evidence of compliance with all applicable securities laws and other restrictions, the corporation shall issue a new certificate to the person entitled thereto, and cancel the old certificate. Every such transfer of stock shall be entered on the stock books of the corporation which shall be kept at its principal office or by the person and at the place designated by the board of directors.

Except as otherwise expressly provided in Article II, Sections 7 and 11, and except for the assertion of dissenters' rights to the extent provided in the California Corporations Code, the corporation shall be entitled to treat the registered holder of any shares of the corporation as the owner thereof for all purposes, and the corporation shall not be bound to recognize any equitable or other claim to, or interest in, such shares or rights deriving from such shares on the part of any person other than the registered holder, including without limitation any purchaser, assignee or transferee of such shares or rights deriving from such shares, unless and until such other person becomes the registered holder of such shares, whether or not the corporation shall have either actual or constructive notice of the claimed interest of such other person.

Section 5. TRANSFER AGENT, REGISTRARS AND PAYING AGENTS. The board may at its discretion appoint one or more transfer agents, registrars and agents for making payment upon any class of stock, bond, debenture or other security of the corporation. Such agents and registrars may be located either within or outside California. They shall have such rights and duties and shall be entitled to such compensation as may be agreed.

ARTICLE VI INDEMNIFICATION OF CERTAIN PERSONS

Section 1. INDEMNIFICATION. For purposes of Article VI, a "Proper Person" means any person (including the estate or personal representative of a director) who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether formal or informal, by reason of the fact that he is or was a director, officer, employee, fiduciary or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, partner, trustee, employee, fiduciary or agent of any foreign or domestic profit or nonprofit corporation or of any partnership, joint venture, trust, profit or nonprofit unincorporated association, limited liability company, or other enterprise or employee benefit plan. The corporation shall indemnify any Proper Person against reasonably incurred expenses (including attorneys' fees), judgments, penalties, fines (including any excise tax assessed with respect to an employee benefit plan) and amounts paid in settlement reasonably incurred by him in connection with such action, suit or proceeding if it is determined by the groups set forth in Section 4 of this Article that he conducted himself in good faith and that he reasonably believed (i) in the case of conduct in his official capacity with the corporation, that his conduct was in the corporation's best interests, or (ii) in all other cases (except criminal cases), that his conduct was at least not opposed to the corporation's best interests, or (iii) in the case of any criminal proceeding, that he had no reasonable cause to believe his conduct was unlawful. Official capacity means, when used with respect to a director, the office of director and, when used with respect to any other Proper Person, the office in a corporation held by the officer or the employment, fiduciary or agency relationship undertaken by the employee, fiduciary, or agent on behalf of the corporation. Official capacity does not include service for any other domestic or foreign corporation or other person or employee benefit plan.

A director's conduct with respect to an employee benefit plan for a purpose the director reasonably believed to be in the interests of the participants in or beneficiaries of the plan is conduct that satisfies the requirement in (ii) of this Section 1. A director's conduct with respect to an employee benefit plan for a purpose that the director did not reasonably believe to be in the interests of the participants in or beneficiaries of the plan shall be deemed not to satisfy the requirement of this section that he conduct himself in good faith.

No indemnification shall be made under this Article VI to a Proper Person with respect to any claim, issue or matter in connection with a proceeding by or in the right of a corporation in which the Proper Person was adjudged liable to the corporation or in connection with any proceeding charging that the Proper Person derived an improper personal benefit, whether or not involving action in an official capacity, in which he was adjudged liable on the basis that he derived an improper personal benefit. Further, indemnification under this section in connection with a proceeding brought by or in the right of the corporation shall be limited to reasonable expenses, including attorneys' fees, incurred in connection with the proceeding.

Section 2. RIGHT TO INDEMNIFICATION. The corporation shall indemnify any Proper Person who was wholly successful, on the merits or otherwise, in defense of any action, suit, or proceeding as to which he was entitled to indemnification under Section 1 of this Article VI against expenses (including attorneys' fees) reasonably incurred by him in connection with the proceeding without the necessity of any action by the corporation other than the determination in good faith that the defense has been wholly successful.

Section 3. EFFECT OF TERMINATION OF ACTION. The termination of any action, suit or proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that the person seeking indemnification did not meet the standards of conduct described in Section 1 of this Article VI. Entry of a judgment by consent as part of a settlement shall not be deemed an adjudication of liability, as described in Section 2 of this Article VI.

Section 4. GROUPS AUTHORIZED TO MAKE INDEMNIFICATION DETERMINATION. Except where there is a right to indemnification as set forth in Sections 1 or 2 of this Article or where indemnification is ordered by a court in Section 5, any indemnification shall be made by the corporation only as determined in the specific case by a proper group that indemnification of the Proper Person is permissible under the circumstances because he has met the applicable standards of conduct set forth in Section 1 of this Article. This determination shall be made by the board of directors by a majority vote of those present at a meeting at which a quorum is present, which quorum shall consist of directors not parties to the proceeding ("Quorum"). If a Quorum cannot be obtained, the determination shall be made by a majority vote of a committee of the board of directors designated by the board, which committee shall consist of two or more directors not parties to the proceeding, except that directors who are parties to the proceeding may participate in the designation of directors for the committee. If a Quorum of the board of directors cannot be obtained and the committee cannot be established, or even if a Quorum is obtained or the committee is designated and a majority of the directors constituting such Quorum or committee so directs, the determination shall be made by (i) independent legal counsel selected by a vote of the board of directors or the committee in the manner specified in this Section 4 or, if a Quorum of the full board of directors cannot be obtained and a committee cannot be established, by independent legal counsel selected by a majority vote of the full board (including directors who are parties to the action) or (ii) a vote of the shareholders.

Authorization of indemnification and advance of expenses shall be made in the same manner as the determination that indemnification or advance of expenses is permissible except that, if the determination that indemnification or advance of expenses is permissible is made by independent legal counsel, authorization of indemnification and advance of expenses shall be made by the body that selected such counsel.

Section 5. COURT-ORDERED INDEMNIFICATION. Any Proper Person may apply for indemnification to the court conducting the proceeding or to another court of competent jurisdiction for mandatory indemnification under Section 2 of this Article, including indemnification for reasonable expenses incurred to obtain court-ordered indemnification. If a court determines that the Proper Person is entitled to indemnification under Section 2 of this Article, the court shall order indemnification, including the Proper Person's reasonable expenses incurred to obtain court-ordered indemnification. If the court determines that such Proper Person is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not he met the standards of conduct set forth in Section 1 of this Article or was adjudged liable in the proceeding, the court may order such indemnification as the court deems proper except that if the Proper Person has been adjudged liable, indemnification shall be limited to reasonable expenses incurred in connection with the proceeding and reasonable expenses incurred to obtain court-ordered indemnification.

Section 6. ADVANCE OF EXPENSES. Reasonable expenses (including attorneys' fees) incurred in defending an action, suit or proceeding as described in Section 1 may be paid by the corporation to any Proper Person in advance of the final disposition of such action, suit or proceeding upon receipt of (i) a written affirmation of such Proper Person's good faith belief that he has met the standards of conduct prescribed by Section 1 of this Article VI, (ii) a written undertaking, executed personally or on the Proper Person's behalf, to repay such advances if it is ultimately determined that he did not meet the prescribed standards of conduct (the undertaking shall be an unlimited general obligation of the Proper Person but need not be secured and may be accepted without reference to financial ability to make repayment), and (iii) a determination is made by the proper group (as described in Section 4 of this Article VI) that the facts as then known to the group would not preclude indemnification. Determination and authorization of payments shall be made in the same manner specified in Section 4 of this Article VI.

Section 7. ADDITIONAL INDEMNIFICATION TO CERTAIN PERSONS OTHER THAN DIRECTORS. In addition to the indemnification provided to officers, employees, fiduciaries or agents because of their status as Proper Persons under this Article, the corporation may also indemnify and advance expenses to them if they are not directors of the corporation to a greater extent than is provided in these bylaws, if not inconsistent with public policy, and if provided for by general or specific action of its board of directors or shareholders or by contract.

Section 8. WITNESS EXPENSES. The sections of this Article VI do not limit the corporation's authority to pay or reimburse expenses incurred by a director in connection with an appearance as a witness in a proceeding at a time when he has not been made or named as a defendant or respondent in the proceeding.

Section 9. REPORT TO SHAREHOLDERS. Any indemnification of or advance of expenses to a director in accordance with this Article VI, if arising out of a proceeding by or on behalf of the corporation, shall be reported in writing to the shareholders with or before the notice of the next shareholders' meeting. If the next shareholder action is taken without a meeting at the instigation of the board of directors, such notice shall be given to the shareholders at or before the time the first shareholder signs a writing consenting to such action.

ARTICLE VII

Section 1. PROVISION OF INSURANCE. By action of the board of directors, notwithstanding any interest of the directors in the action, the corporation may purchase and maintain insurance, in such scope and amounts as the board of directors deems appropriate, on behalf of any person who is or was a director, officer, employee, fiduciary or agent of the corporation, or who, while a director, officer, employee, fiduciary or agent of the corporation, is or was serving at the request of the corporation as a director, officer, partner, trustee, employee, fiduciary or agent of any other foreign or domestic profit or nonprofit corporation or of any partnership, joint venture, trust, profit or nonprofit unincorporated association, limited liability company, other enterprise or employee benefit plan, against any liability asserted against, or incurred by, him in that capacity or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of Article VI or applicable law. Any such insurance may be procured from any insurance company designated by the board of directors of the corporation, whether such insurance company is formed under the laws of California or any other jurisdiction of the United States or elsewhere, including any insurance company in which the corporation has an equity interest or any other interest, through stock ownership or otherwise.

ARTICLE VIII MISCELLANEOUS

Section 1. SEAL. The board of directors may adopt a corporate seal, which shall be circular in form and shall contain the name of the corporation and the words, "Seal, California."

Section 2. FISCAL YEAR. The fiscal year of the corporation shall be as established by the board of directors.

Section 3. AMENDMENTS. The board of directors shall have power, to the maximum extent permitted by the California Corporations Code, to make, amend and repeal the bylaws of the corporation at any regular or special meeting of the board unless the shareholders, in making, amending or repealing a particular bylaw, expressly provide that the directors may not amend or repeal such bylaw. The shareholders also shall have the power to make, amend or repeal the bylaws of the corporation at any annual meeting or at any special meeting called for that purpose.

Section 4. RECEIPT OF NOTICES BY THE CORPORATION. Notices, shareholder writings consenting to action, and other documents or writings shall be deemed to have been received by the corporation when they are actually received: (1) at the registered office of the corporation in California; (2) at the principal office of the corporation (as that office is designated in the most recent document filed by the corporation with the secretary of state for California designating a principal office) addressed to the attention of the secretary of the corporation; (3) by the secretary of the corporation wherever the secretary may be found; or (4) by any other person authorized from time to time by the board of directors or the president to receive such writings, wherever such person is found.

Section 5. GENDER. The masculine gender is used in these bylaws as a matter of convenience only and shall be interpreted to include the feminine and neuter genders as the circumstances indicate.

Section 6. CONFLICTS. In the event of any irreconcilable conflict between these bylaws and either the corporation's articles of incorporation or applicable law, the latter shall control.

Section 7. DEFINITIONS. Except as otherwise specifically provided in these bylaws, all terms used in these bylaws shall have the same definition as in the California Corporations Code.

RESTATED, APPROVED AND ADOPTED this 15th day of December, 2016.

/s/ Borivoje Vukadinovic

By: Borivoje Vukadinovic
Its: Secretary

SHARE EXCHANGE AGREEMENT

This **Share Exchange Agreement**, dated as of March 17, 2017, (this "**Agreement**") by and among AMMO, Inc., a private Delaware corporation (hereinafter referred to as "**PRIVCO**"), the shareholders of PRIVCO set forth on Schedule I hereto (the "**PRIVCO Shareholders**"), and AMMO, Inc. (formerly Retrospectiva, Inc.), a publicly traded Delaware corporation (hereinafter referred to as "**AMMO**"), and the controlling stockholders of AMMO set forth on Schedule II hereto (the "**AMMO Controlling Stockholders**").

WHEREAS, the PRIVCO Shareholders own Seventeen Million Two Hundred Eighty-Five Thousand Eight Hundred (17,285,800) shares of PRIVCO, which represents 100% of the issued and outstanding shares of PRIVCO (such shares being hereinafter referred to as the "**PRIVCO Shares**"); and

WHEREAS, (i) the PRIVCO Shareholders and PRIVCO believe it is in their respective best interests for the PRIVCO Shareholders to exchange 100% of the PRIVCO Shares for 17,285,800 newly-issued shares of common stock, \$0.001 par value per share, of AMMO (such shares being hereinafter referred to as the "**AMMO Shares**"); and (ii) AMMO believes it is in its best interest and the best interest of its stockholders to acquire the PRIVCO Shares in exchange for the AMMO Shares, all upon the terms and subject to the conditions set forth in this Agreement (the "**Share Exchange**"); and

WHEREAS, it is the intention of the parties that: (i) the Share Exchange shall qualify as a tax-free reorganization under Section 368(a)(1)(B) of the Internal Revenue Code of 1986, as amended (the "**Code**"); and (ii) the Share Exchange shall qualify as a transaction in securities exempt from registration or qualification under the Securities Act of 1933, as amended and in effect on the date of this Agreement (the "**Securities Act**"); and

WHEREAS, it is the intention of the parties that upon the Closing (as hereinafter defined): (i) PRIVCO shall become a wholly owned subsidiary of AMMO; and (ii) AMMO shall assume ownership and title to the assets of PRIVCO.

NOW, THEREFORE, in consideration of the mutual terms, conditions and other agreements set forth herein, the parties hereto agree as follows:

ARTICLE I

EXCHANGE OF PRIVCO SHARES FOR AMMO SHARES

Section 1.1 Agreements to Exchange PRIVCO Shares for AMMO Shares. On the Closing Date (as hereinafter defined) and upon the terms and subject to the conditions set forth in this Agreement, the PRIVCO Shareholders shall assign, transfer, convey and deliver the PRIVCO Shares to AMMO and in consideration and exchange for the PRIVCO Shares, AMMO shall issue, transfer, convey and deliver the AMMO Shares to the PRIVCO Shareholders.

Section 1.2 Closing and Actions at Closing. The closing of the Share Exchange (the "**Closing**") shall take place remotely via the exchange of documents and signatures at 10:00 a.m. Pacific Time on the day the conditions to closing set forth in Articles V and VI herein have been satisfied or waived, or at such other time and date as the parties hereto shall agree in writing (the "**Closing Date**").

Section 1.3 Directors of AMMO at Closing Date. On the Closing Date, the current directors of AMMO, Fred Wagenhals shall remain on the board of directors of AMMO (the "**AMMO Board**").

Section 1.4 Officers of AMMO at Closing Date. On the Closing Date, the AMMO Board shall affirm Fred Wagenhals to serve as Chief Executive Officer and President, and appoint Ron Shostack to serve as Chief Financial Officer of the Company.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF AMMO

AMMO and the AMMO Controlling Stockholders represent, warrant and agree that all of the statements in the following subsections of this Article II are true and complete as of the date hereof.

Section 2.1 Corporate Organization

A. AMMO is a public corporation duly organized, validly existing and in good standing under the laws of Delaware, and has all requisite corporate power and authority to own its properties and assets and governmental licenses, authorizations, consents and approvals to conduct its business as now conducted and is duly qualified to do business and is in good standing in each jurisdiction in which the nature of its activities makes such qualification and being in good standing necessary, except where the failure to be so qualified and in good standing will not have a Material Adverse Effect on the activities, business, operations, properties, assets, condition or results of operation of AMMO. " **Material Adverse Effect** " means, when used with respect to AMMO, any event, occurrence, fact, condition, change or effect, which, individually or in the aggregate, would reasonably be expected to be materially adverse to the business, operations, properties, assets, condition (financial or otherwise), or operating results of AMMO, or materially impair the ability of AMMO to perform its obligations under this Agreement, excluding any change, effect or circumstance resulting from (i) the announcement, pendency or consummation of the transactions contemplated by this Agreement; or (ii) changes in the U.S. securities markets generally.

B. Copies of the Articles of Incorporation and Bylaws of AMMO with all amendments thereto, as of the date hereof (the "**AMMO Charter Documents** "), have been furnished to PRIVCO, and such copies are accurate and complete as of the date hereof. The minute books of AMMO are current as required by law, contain the minutes of all meetings of the AMMO Board and stockholders of AMMO from its date of incorporation to the date of this Agreement, and adequately reflect all material actions taken by the AMMO Board and stockholders of AMMO. AMMO is not in violation of any of the provisions of the AMMO Charter Documents.

Section 2.2 Capitalization of AMMO

A. The authorized capital stock of AMMO consists of 100,000,000 shares authorized as common stock, par value \$0.001, of which 1,077,056 shares of common stock are issued and outstanding, immediately prior to this Share Exchange, subject to and conditioned upon the consummation of the actions described in Sections 5.2 and 5.3.

B. All of the issued and outstanding shares of common stock of AMMO immediately prior to this Share Exchange are, and all shares of common stock of AMMO when issued in accordance with the terms hereof will be, duly authorized, validly issued, fully paid and non-assessable, will have been issued in compliance with all applicable U.S. federal and state securities laws and state corporate laws, and will have been issued free of preemptive rights of any security holder. Except with respect to securities to be issued in connection with the Share Exchange and to the PRIVCO Shareholders pursuant to the terms hereof, as of the date of this Agreement there are no outstanding or authorized options, warrants, agreements, commitments, conversion rights, preemptive rights or other rights to subscribe for, purchase or otherwise acquire or receive any shares of AMMO's capital stock, nor are there or will there be any outstanding or authorized stock appreciation, phantom stock, profit participation or similar rights, pre-emptive rights or rights of first refusal with respect to AMMO or any capital or common stock, or any voting trusts, proxies or other agreements, understandings or restrictions with respect to the voting of AMMO's capital stock. There is no registration or anti-dilution rights, and there is no voting trust, proxy, rights plan, anti-takeover plan or other agreement or understanding to which AMMO is a party or by which it is bound with respect to any equity security of any class of AMMO. AMMO is not a party to, and it has no knowledge of, any agreement restricting the transfer of any shares of the capital stock of AMMO. The issuance of all of the shares of AMMO described in this Section 2.2 have been, or will be, as applicable, in compliance with U.S. federal and state securities laws and state corporate laws and no stockholder of AMMO has any right to rescind or bring any other claim against AMMO for failure to comply with the Securities Act, or state securities laws.

Section 2.3 Outstanding Warrants . As of the date of this Agreement, there are no outstanding and unexercised warrants issued by AMMO.

Section 2.4 Outstanding Agreements . There are no outstanding agreements to which AMMO is a party or any agreements contemplated by AMMO.

Section 2.5 Subsidiaries and Equity Investments . AMMO does not directly or indirectly own any capital stock or other securities of, or any beneficial ownership interest in, or hold any equity or similar interest, or have any investment in any corporation, limited liability company, partnership, limited partnership, joint venture or other company, person or other entity.

Section 2.6 Authorization, Validity and Enforceability of Agreements . AMMO has all corporate power and authority to execute and deliver this Agreement and all agreements, instruments and other documents to be executed and delivered in connection with the transactions contemplated by this Agreement (collectively the "Agreements") to perform its obligations hereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery of the Agreements by AMMO and the consummation by AMMO of the transactions contemplated hereby and thereby, have been duly authorized by all necessary corporate action of AMMO, and no other corporate proceedings on the part of AMMO are necessary to authorize the Agreements or to consummate the transactions contemplated hereby and thereby. The Agreements constitute the valid and legally binding obligation of AMMO and is enforceable in accordance with its terms, except as such enforcement may be limited by general equitable principles, or by bankruptcy, insolvency and other similar laws affecting the enforcement of creditors rights generally. AMMO does not need to give any notice to, make any filings with, or obtain any authorization, consent or approval of any government or governmental agency or other party in order for it to consummate the transactions contemplated by any of the Agreements, other than filings that may be required or permitted under states securities laws, the Securities Act and/or the Securities Exchange Act of 1934, as amended (the " **Exchange Act** ") resulting from the issuance of the AMMO Shares in connection with the Share Exchange.

Section 2.7 No Conflict or Violation . Neither the execution and delivery of the Agreements by AMMO, nor the consummation by AMMO of the transactions contemplated thereby will: (i) contravene, conflict with, or violate any provision of the AMMO Charter Documents; (ii) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge or other restriction of any government, governmental agency, court, administrative panel or other tribunal to which AMMO is subject; (iii) conflict with, result in a breach of, constitute a default (or an event or condition which, with notice or lapse of time or both, would constitute a default) under, result in the acceleration of, create in any party the right to accelerate, terminate, modify or cancel, or require any notice under any agreement, contract, lease, license, instrument or other arrangement to which AMMO is a party or by which it is bound, or to which any of its assets or properties are subject; or (iv) result in or require the creation or imposition of any encumbrance of any nature upon or with respect to any of AMMO's assets, including without limitation, the AMMO Shares.

Section 2.8 Agreements . Except as disclosed on documents filed with the Securities and Exchange Commission (the " **Commission** "), AMMO is not a party to or bound by any contracts, including, but not limited to, any:

- A. employment, advisory or consulting contract;
- B. plan providing for employee benefits of any nature, including any severance payments;
- C. lease with respect to any property or equipment;
- D. contract, agreement, understanding or commitment for any future expenditure in excess of \$25,000 in the aggregate;
- E. contract or commitment pursuant to which it has assumed, guaranteed, endorsed, or otherwise become liable for any obligation of any other person, entity or organization; or
- F. agreement with any person relating to the dividend, purchase or sale of securities, that has not been settled by the delivery or payment of securities when due, and which remains unsettled upon the date of this Agreement, except with respect to the AMMO Shares to be issued pursuant to this Agreement.

AMMO has provided to PRIVCO prior to the date of this Agreement, true, correct and complete copies of each contract (whether written or oral), including each amendment, supplement and modification thereto (the " **AMMO Contracts** "). AMMO shall satisfy all liabilities due under the AMMO Contracts as of the date of Closing. All such liabilities shall be satisfied or released at or prior to Closing.

Section 2.9 Litigation . There is no action, suit, proceeding or investigation (" **Action** ") pending or, to the knowledge of AMMO, currently threatened against AMMO or any of its affiliates, that may affect the validity of this Agreement or the right of AMMO to enter into this Agreement or to consummate the transactions contemplated hereby or thereby. There is no Action pending or, to the knowledge of AMMO, currently threatened against AMMO or any of its affiliates, before any court or by or before any governmental body or any arbitration board or tribunal, nor is there any judgment, decree, injunction or order of any court, governmental department, commission, agency, instrumentality or arbitrator against or relating to AMMO or any of its affiliates. Neither AMMO nor any of its affiliates is a party or subject to the provisions of any order, writ, injunction, judgment or decree of any court or government agency or instrumentality. There is no Action by AMMO or any of its affiliates relating to AMMO currently pending or which AMMO or any of its affiliates intends to initiate.

Section 2.10 Compliance with Laws. AMMO has been and is in compliance with, and has not received any notice of any violation of any, applicable law, order, ordinance, regulation or rule of any kind whatsoever, including without limitation the Securities Act, the Exchange Act, the applicable rules and regulations of the SEC or the applicable securities laws and rules and regulations of any state.

Section 2.11 Financial Statements; SEC Filings.

A. AMMO's financial statements (the "**Financial Statements**") contained in its periodic reports filed with the SEC have been prepared in accordance with generally accepted accounting principles applicable in the United States of America ("**U.S. GAAP**") applied on a consistent basis throughout the periods indicated, except that those Financial Statements that are not audited do not contain all footnotes required by U.S. GAAP. The Financial Statements fairly present the financial condition and operating results of AMMO as of the dates, and for the periods, indicated therein, subject to normal year-end audit adjustments. AMMO has no material liabilities (contingent or otherwise). AMMO is not a guarantor or indemnitor of any indebtedness of any other person, entity or organization. AMMO maintains a standard system of accounting established and administered in accordance with U.S. GAAP.

B. AMMO has made all filings with the SEC under the Securities Act and the Exchange Act since becoming active again in 2007 (the "**Public Reports**"). Each of the Public Reports has complied in all material respects with the applicable provisions of the Securities Act, the Exchange Act, and the Sarbanes/Oxley Act of 2002 (the "**Sarbanes/Oxley Act**") and/or regulations promulgated thereunder. None of the Public Reports, as of their respective dates, contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements made therein not misleading. There has been no event, fact or circumstance that would cause any certification signed by any officer of AMMO in connection with any Public Report pursuant to the Sarbanes/Oxley Act to be untrue, inaccurate or incorrect in any respect. There has been no revocation order, suspension order, injunction or other proceeding or law affecting the trading of AMMO's common stock, it being acknowledged that none of AMMO's securities are approved or listed for trading on any exchange or quotation system.

Section 2.12 Books, Financial Records and Internal Controls. All the accounts, books, registers, ledgers, AMMO Board minutes and financial and other records of whatsoever kind of AMMO have been fully, properly and accurately kept and completed; there are no material inaccuracies or discrepancies of any kind contained or reflected therein; and they give and reflect a true and fair view of the financial, contractual and legal position of AMMO. AMMO maintains a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate actions are taken with respect to any differences.

Section 2.13 Employee Benefit Plans. AMMO does not have any "Employee Benefit Plan" as defined in the U.S. Employee Retirement Income Security Act of 1974 or similar plans under any applicable laws.

Section 2.14 Tax Returns, Payments and Elections. AMMO has filed all Tax (as defined below) returns, statements, reports, declarations and other forms and documents (including, without limitation, estimated tax returns and reports and material information returns and reports) ("**Tax Returns**") required pursuant to applicable law to be filed with any Tax Authority (as defined below). All such Tax Returns are accurate, complete and correct in all material respects, and AMMO has timely paid all Taxes due and adequate provisions have been and are reflected in AMMO's Financial Statements for all current taxes and other charges to which AMMO is subject and which are not currently due and payable. None of AMMO's federal income tax returns have been audited by the Internal Revenue Service. AMMO has no knowledge of any additional assessments, adjustments or contingent tax liability (whether federal or state) of any nature whatsoever, whether pending or threatened against AMMO for any period, nor of any basis for any such assessment, adjustment or contingency. AMMO has withheld or collected from each payment made to each of its employees, if applicable, the amount of all Taxes (including, but not limited to, U.S. income taxes and other foreign taxes) required to be withheld or collected therefrom, and has paid the same to the proper Tax Authority. For purposes of this Agreement, the following terms have the following meanings: "**Tax**" (and, with correlative meaning, "Taxes" and "Taxable") means any and all taxes including, without limitation, (x) any net income, alternative or add-on minimum tax, gross income, gross receipts, sales, use, ad valorem, transfer, franchise, profits, value added, net worth, license, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, environmental or windfall profit tax, custom, duty or other tax, governmental fee or other like assessment or charge of any kind whatsoever, together with any interest or any penalty, addition to tax or additional amount imposed by any U.S., local or foreign governmental authority or regulatory body responsible for the imposition of any such tax (domestic or foreign) (a "**Tax Authority**"), (y) any liability for the payment of any amounts of the type described in (x) as a result of being a member of an affiliated, consolidated, combined or unitary group for any taxable period or as the result of being a transferee or successor thereof, and (z) any liability for the payment of any amounts of the type described in (x) or (y) as a result of any express or implied obligation to indemnify any other person or entity.

Section 2.15 No Debt Obligations. AMMO has no debt obligations or liabilities of any kind whatsoever other than with respect to the transactions contemplated hereby. AMMO is not a guarantor of any indebtedness of any other person, entity or corporation.

Section 2.16 No Broker Fees. No brokers, finders or financial advisory fees or commissions will be payable by or to AMMO or any of their affiliates with respect to the transactions contemplated by this Agreement.

Section 2.17 No Disagreements with Accountants and Lawyers. There are no disagreements of any kind presently existing, or anticipated by AMMO to arise, between AMMO and any accountants and/or lawyers formerly or presently engaged by AMMO. AMMO is current with respect to fees owed to its accountants and lawyers.

Section 2.18 [Reserved].

Section 2.19 Absence of Undisclosed Liabilities. Except as specifically disclosed in the Public Reports: (A) there has been no event, occurrence or development that has resulted in or could result in a Material Adverse Effect; (B) AMMO has not incurred any liabilities, obligations, claims or losses, contingent or otherwise, including debt obligations, other than professional fees to be paid prior to Closing; (C) AMMO has not declared or made any dividend or distribution of cash or property to its shareholders, purchased, redeemed or made any agreements to purchase or redeem any shares of its capital stock, or issued any equity securities other than with respect to transactions contemplated hereby; (D) AMMO has not made any loan, advance or capital contribution to or investment in any person or entity; (E) AMMO has not discharged or satisfied any lien or encumbrance or paid any obligation or liability (absolute or contingent), other than current liabilities paid in the ordinary course of business; (F) AMMO has not suffered any losses or waived any rights of material value, whether or not in the ordinary course of business, or suffered the loss of any material amount of prospective business; and (G) except for the Share Exchange, AMMO has not entered into any transaction other than in the ordinary course of business, or entered into any other material transaction, whether or not in the ordinary course of business.

Section 2.20 No Integrated Offering. AMMO does not have any registration statement pending before the Commission or currently under the Commission's review and since inception, except as contemplated under this Agreement, AMMO has not offered or sold any of its equity securities or debt securities convertible into shares of common stock.

Section 2.21 Employees.

A. Other than our CEO, Fred W. Wagenhals, AMMO has no employees.

B. AMMO does not have any officers or directors. No director or officer of AMMO is a party to, or is otherwise bound by, any contract (including any confidentiality, non-competition or proprietary rights agreement) with any other person that in any way adversely affects or will materially affect (a) the performance of his or her duties as a director or officer of AMMO or (b) the ability of AMMO to conduct its business.

Section 2.22 No Undisclosed Events or Circumstances. No event or circumstance has occurred or exists with respect to AMMO or its respective businesses, properties, prospects, operations or financial condition, which, under applicable law, rule or regulation, requires public disclosure or announcement by AMMO but which has not been so publicly announced or disclosed. AMMO has not provided to PRIVCO, or the PRIVCO Shareholders, any material non-public information or other information which, according to applicable law, rule or regulation, was required to have been disclosed publicly by AMMO but which has not been so disclosed, other than with respect to the transactions contemplated by this Agreement and/or the Share Exchange.

Section 2.23 Disclosure. This Agreement and any certificate attached hereto or delivered in accordance with the terms hereof by or on behalf of AMMO or the AMMO Controlling Stockholders in connection with the transactions contemplated by this Agreement, when taken together, do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements contained herein and/or therein not misleading.

Section 2.24 No Assets or Real Property. Except as set forth on the most recent Financial Statements, AMMO does not have any assets of any kind. AMMO does not own or lease any real property.

Section 2.25 Interested Party Transactions. Except as disclosed herein and in Commission filings, no officer, director or shareholder of AMMO or any affiliate or "associate" (as such term is defined in Rule 405 of the Commission under the Securities Act) of any such person or entity, has or has had, either directly or indirectly, (a) an interest in any person or entity which: (i) furnishes or sells services or products which are furnished or sold or are proposed to be furnished or sold by AMMO; or (ii) purchases from or sells or furnishes to, or proposes to purchase from, sell to or furnish AMMO any goods or services; or (b) a beneficial interest in any contract or agreement to which AMMO is a party or by which it may be bound or affected.

Section 2.26 Intellectual Property. AMMO does not own, use or license any intellectual property in its business as presently conducted.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF PRIVCO

PRIVCO represents, warrants and agrees that all of the statements in the following subsections of this Article III, pertaining to PRIVCO, are true and complete as of the date hereof.

Section 3.1 Incorporation. PRIVCO, Inc. ("PRIVCO") is a company duly incorporated, validly existing, and in good standing under the laws of the State of Delaware and has the corporate power and is duly authorized under all applicable laws, regulations, ordinances, and orders of public authorities to carry on its business in all material respects as it is now being conducted. The execution and delivery of this Agreement does not, and the consummation of the transactions contemplated hereby will not, violate any provision of PRIVCO's Memorandum and Articles of Association or Bylaws, or similar documents. PRIVCO has taken all actions required by law, its Memorandum and Articles of Association or Bylaws, or otherwise to authorize the execution and delivery of this Agreement. PRIVCO has full power, authority, and legal capacity and has taken all action required by law, its Memorandum and Articles of Association or Bylaws, and otherwise to consummate the transactions herein contemplated.

Section 3.2 Authorized Shares. The authorized capital stock of PRIVCO consists of 100,000,000 shares authorized as common stock, par value \$0.001, of which 17,887,177 shares of common stock are issued and outstanding, immediately prior to this Share Exchange. The issued and outstanding shares are validly issued, fully paid, and non-assessable and not issued in violation of the preemptive or other rights of any person. As of the date of this Agreement, there are no outstanding and unexercised warrants of PRIVCO.

Section 3.3 Subsidiaries and Predecessor Corporations. PRIVCO has no subsidiaries.

Section 3.4 Financial Statements. PRIVCO has kept all books and records since inception and such financial statements have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods involved. The balance sheets are true and accurate and present fairly as of their respective dates the financial condition of PRIVCO. As of the date of such balance sheets, except as and to the extent reflected or reserved against therein, including but not limited to any previous tax liability, all assets reflected therein are properly reported and present fairly the value of the assets of PRIVCO, in accordance with generally accepted accounting principles. The statements of operations, stockholders' equity and cash flows reflect fairly the information required to be set forth therein by generally accepted accounting principles.

PRIVCO has duly allowed for all taxation reasonably foreseeable and PRIVCO has made any and all proper declarations and returns for taxation purposes and all information contained in such declarations and returns is true and complete and full provision or reserves have been made in its financial statements for all governmental fees and taxation.

The books and records, financial and otherwise, of PRIVCO are, in all material aspects, complete and correct and have been maintained in accordance with good business and accounting practices.

All of PRIVCO's assets are reflected on its financial statements, and PRIVCO has no material liabilities, direct or indirect, matured or unmatured, contingent or otherwise which is not reflected on its financial statements.

Section 3.5 Information. The information concerning PRIVCO set forth in this Agreement is complete and accurate in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact required to make the statements made, in light of the circumstances under which they were made, not misleading.

Section 3.6 Absence of Certain Changes or Events. As of the date of this Agreement, (a) there has not been any material adverse change in the business, operations, properties, assets, or condition (financial or otherwise) of PRIVCO; and (b) PRIVCO has not: (i) declared or made, or agreed to declare or make, any payment of dividends or distributions of any assets of any kind whatsoever to stockholders or purchased or redeemed, or agreed to purchase or redeem, any of its shares; (ii) made any material change in its method of management, operation or accounting; (iii) entered into any other material transaction other than sales in the ordinary course of its business; or (iv) made any increase in or adoption of any profit sharing, bonus, deferred compensation, insurance, pension, retirement, or other employee benefit plan, payment, or arrangement made to, for, or with its officers, directors, or employees.

Section 3.7 Litigation and Proceedings. There are no actions, suits, proceedings, or investigations pending or, to the knowledge of PRIVCO after reasonable investigation, threatened by or against PRIVCO or affecting PRIVCO or its properties, at law or in equity, before any court or other governmental agency or instrumentality, domestic or foreign, or before any arbitrator of any kind. PRIVCO does not have any knowledge of any material default on its part with respect to any judgment, order, injunction, decree, award, rule, or regulation of any court, arbitrator, or governmental agency or instrumentality.

Section 3.8 No Conflict With Other Instruments. The execution of this Agreement and the consummation of the transactions contemplated by this Agreement will not result in the breach of any term or provision of, constitute a default under, or terminate, accelerate or modify the terms of any indenture, mortgage, deed of trust, or other material agreement, or instrument to which PRIVCO is a party or to which any of its assets, properties or operations are subject.

Section 3.9 Compliance With Laws and Regulations. To the best of its knowledge, PRIVCO has complied with all applicable statutes and regulations, except to the extent that noncompliance would not materially and adversely affect the business, operations, properties, assets, or condition of PRIVCO or except to the extent that noncompliance would not result in the occurrence of any material liability for PRIVCO. This compliance includes, but is not limited to, the filing of all reports to date with federal and state securities authorities.

Section 3.10 Approval of Agreement. The Board of Directors of PRIVCO has authorized the execution and delivery of this Agreement by PRIVCO and has approved this Agreement and the transactions contemplated hereby.

Section 3.11 Valid Obligation. This Agreement and all agreements and other documents executed by PRIVCO in connection herewith constitute the valid and binding obligation of PRIVCO, enforceable in accordance with its or their terms, except as may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting the enforcement of creditors' rights generally and subject to the qualification that the availability of equitable remedies is subject to the discretion of the court before which any proceeding therefore may be brought.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF PRIVCO SHAREHOLDERS

Each of the he PRIVCO Shareholders hereby severally and not jointly represent and warrant to AMMO:

Section 4.1 Authority. Such PRIVCO Shareholder has the right, power, authority and capacity to execute and deliver this Agreement to which such PRIVCO Shareholders are each a party, to consummate the transactions contemplated by this Agreement to which such PRIVCO Shareholder is each a party, and to perform such PRIVCO Shareholders' obligations under this Agreement to which such PRIVCO Shareholders is a party. This Agreement has been duly and validly authorized and approved, executed and delivered by such PRIVCO Shareholders. Assuming this Agreement has been duly and validly authorized, executed and delivered by the parties thereto other than such PRIVCO Shareholder, this Agreement is duly authorized, executed and delivered by such PRIVCO Shareholders and constitutes the legal, valid and binding obligations of such PRIVCO Shareholder, enforceable against such PRIVCO Shareholders in accordance with their respective terms, except as such enforcement is limited by general equitable principles, or by bankruptcy, insolvency and other similar laws affecting the enforcement of creditors rights generally.

Section 4.2 No Conflict. Neither the execution or delivery by such PRIVCO Shareholder of this Agreement to which such PRIVCO Shareholder is a party nor the consummation or performance by such PRIVCO Shareholder of the transactions contemplated hereby or thereby will, directly or indirectly, (a) contravene, conflict with, or result in a violation of any provision of the organizational documents of such PRIVCO Shareholders (if such PRIVCO Shareholder is not a natural person); (b) contravene, conflict with, constitute a default (or an event or condition which, with notice or lapse of time or both, would constitute a default) under, or result in the termination or acceleration of, any agreement or instrument to which such PRIVCO Shareholders is a party or by which the properties or assets of such PRIVCO Shareholder is bound; or (c) contravene, conflict with, or result in a violation of, any law or order to which such PRIVCO Shareholder, or any of the properties or assets of such PRIVCO Shareholder, may be subject.

Section 4.3 Litigation. There is no pending Action against such PRIVCO Shareholder that involves the PRIVCO Shares or that challenges, or may have the effect of preventing, delaying or making illegal, or otherwise interfering with, any of the transactions contemplated by this Agreement or the business of PRIVCO and, to the knowledge of such PRIVCO Shareholder, no such Action has been threatened, and no event or circumstance exists that is reasonably likely to give rise to or serve as a basis for the commencement of any such Action.

Section 4.4 Acknowledgment. Such PRIVCO Shareholder understands and agrees that the AMMO Shares to be issued pursuant to this Agreement have not been registered under the Securities Act or the securities laws of any state of the U.S. and that the issuance of the AMMO Shares is being effected in reliance upon an exemption from registration afforded either under Section 4(2) of the Securities Act for transactions by an issuer not involving a public offering or Regulation D promulgated thereunder or Regulation S for offers and sales of securities outside the U.S.

Section 4.5 Stock Legends. Such PRIVCO Shareholder hereby agrees with AMMO as follows:

A. **Legend.** The certificates evidencing the AMMO Shares issued to such PRIVCO Shareholder will bear the following legend:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS AND NEITHER SUCH SECURITIES NOR ANY INTEREST THEREIN MAY BE OFFERED, SOLD, PLEDGED, ASSIGNED OR OTHERWISE TRANSFERRED EXCEPT (1) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS OR (2) PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, IN WHICH CASE THE HOLDER MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AN OPINION OF COUNSEL, WHICH COUNSEL AND OPINION ARE REASONABLY SATISFACTORY TO THE COMPANY, THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED, ASSIGNED OR OTHERWISE TRANSFERRED IN THE MANNER CONTEMPLATED PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, OR (3) IN ACCORDANCE WITH THE PROVISIONS OF REGULATION S PROMULGATED UNDER THE SECURITIES ACT, AND BASED ON AN OPINION OF COUNSEL, WHICH COUNSEL AND OPINION ARE REASONABLY SATISFACTORY TO THE COMPANY, THAT THE PROVISIONS OF REGULATION S HAVE BEEN SATISFIED.

B. **Other Legends.** The certificates representing such AMMO Shares, and each certificate issued in transfer thereof, will also bear any other legend required under any applicable law, including, without limitation, any U.S. state corporate and state securities law, or contract.

C. **Opinion.** Such PRIVCO Shareholder shall not transfer any or all of the AMMO Shares pursuant to Rule 144, under the Securities Act, Regulation D or absent an effective registration statement under the Securities Act and applicable state securities law covering the disposition of the AMMO Shares, without first providing AMMO with an opinion of counsel (which counsel and opinion are reasonably satisfactory to the AMMO) to the effect that such transfer will be made in compliance with Rule 144, under the Securities Act, Regulation D or will be exempt from the registration and the prospectus delivery requirements of the Securities Act and the registration or qualification requirements of any applicable U.S. state securities laws.

Section 4.6 Ownership of Shares. Such PRIVCO Shareholder is both the record and beneficial owner of the PRIVCO Shares. Such PRIVCO Shareholder is not the record or beneficial owner of any other shares of PRIVCO. Such PRIVCO Shareholder has and shall transfer at the Closing, good and marketable title to the PRIVCO Shares, free and clear of all liens, claims, charges, encumbrances, pledges, mortgages, security interests, options, rights to acquire, proxies, voting trusts or similar agreements, restrictions on transfer or adverse claims of any nature whatsoever, excepting only restrictions on future transfers imposed by applicable law.

Section 4.7 Pre-emptive Rights. Such PRIVCO Shareholder has no pre-emptive rights or any other rights to acquire any shares of PRIVCO that have not been waived or exercised.

Section 4.8 Investors. Such PRIVCO Shareholder is: (a) an "accredited investor" within the meaning of Rule 501(a) of Regulation D promulgated under the Securities Act; (b) a non-accredited investor who is a sophisticated person within the meaning of Rule 506(b)(2)(ii) of Regulation D promulgated under the Securities Act; or (c) an exempt investor in accordance with the provisions of Regulation S promulgated under the Securities Act.

ARTICLE V

CONDITIONS TO OBLIGATIONS OF PRIVCO AND THE PRIVCO SHAREHOLDERS

The obligations of PRIVCO to consummate the transactions contemplated by this Agreement are subject to the fulfillment, at or before the Closing Date, of the following conditions, any one or more of which may be waived by PRIVCO or such of the PRIVCO Shareholders, as the case may be, at their sole discretion:

Section 5.1 Representations and Warranties of AMMO. All representations and warranties made by AMMO in this Agreement shall be true and correct in all material respects on and as of the Closing Date.

Section 5.2 [Reserved].

Section 5.3 Agreements and Covenants. AMMO shall have performed and complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with on or prior to the Closing Date.

Section 5.4 Consents and Approvals. All consents, waivers, authorizations and approvals of any governmental or regulatory authority, domestic or foreign, and of any other person, firm or corporation, required in connection with the execution, delivery and performance of this Agreement shall be in full force and effect on the Closing Date.

Section 5.5 No Violation of Orders. No preliminary or permanent injunction or other order issued by any court or governmental or regulatory authority, domestic or foreign, nor any statute, rule, regulation, decree or executive order promulgated or enacted by any government or governmental or regulatory authority, which declares this Agreement invalid in any respect or prevents the consummation of the transactions contemplated hereby, or which materially and adversely affects the assets, properties, operations, prospects, net income or financial condition of AMMO shall be in effect; and no action or proceeding before any court or governmental or regulatory authority, domestic or foreign, shall have been instituted or threatened by any government or governmental or regulatory authority, domestic or foreign, or by any other person or entity, which seeks to prevent or delay the consummation of the transactions contemplated by this Agreement or which challenges the validity or enforceability of this Agreement.

Section 5.6 Other Closing Documents. PRIVCO shall have received such certificates, instruments and documents in confirmation of the representations and warranties of AMMO, AMMO's performance of its obligations hereunder, and/or in furtherance of the transactions contemplated by this Agreement as the PRIVCO Shareholders and/or their counsel may reasonably request.

Section 5.7 Documents. AMMO must have caused the following documents to be delivered to PRIVCO:

- A. share certificates evidencing the AMMO Shares registered in the name of the PRIVCO Shareholders;
- B. a Secretary's Certificate, dated the Closing Date, certifying attached copies of (A) the AMMO Charter Documents, (B) the resolutions of the AMMO Board approving this Agreement and the transactions contemplated hereby and thereby; and (C) the incumbency of each authorized officer of AMMO signing this Agreement to which AMMO is a party;
- C. an Officer's Certificate, dated the Closing Date, certifying as to Sections 5.1, 5.2, 5.3, 5.4, 5.5, 5.7 and 5.8;

D. a Certificate of Good Standing of AMMO, dated as of a date not more than five business days prior to the Closing Date;

E. this Agreements duly executed;

F. such other documents as PRIVCO or the PRIVCO Shareholders may reasonably request for the purpose of (A) evidencing the accuracy of any of the representations and warranties of AMMO, (B) evidencing the performance of, or compliance by AMMO with any covenant or obligation required to be performed or complied with by AMMO, (C) evidencing the satisfaction of any condition referred to in this Article V, or (D) otherwise facilitating the consummation or performance of any of the transactions contemplated by this Agreement.

Section 5.8 No Material Adverse Effect. There shall not have been any event, occurrence or development that has resulted in or could result in a Material Adverse Effect on or with respect to AMMO.

ARTICLE VI

CONDITIONS TO OBLIGATIONS OF AMMO

The obligations of AMMO to consummate the transactions contemplated by this Agreement are subject to the fulfillment, at or before the Closing Date, of the following conditions, any one or more of which may be waived by AMMO in its sole discretion:

Section 6.1 Representations and Warranties of PRIVCO and the PRIVCO Shareholders. All representations and warranties made by PRIVCO and the PRIVCO Shareholders on behalf of themselves individually in this Agreement shall be true and correct on and as of the Closing Date.

Section 6.2 Approval by Majority Consent. The holders of at least a majority (51%) of the outstanding shares of common stock of PRIVCO must approve this Agreement by written consent, in accordance with the requirements of Delaware company law, prior to the Closing Date.

Section 6.3 Agreements and Covenants. PRIVCO and the PRIVCO Shareholders shall have performed and complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by each of them on or prior to the Closing Date.

Section 6.4 Consents and Approvals. All consents, waivers, authorizations and approvals of any governmental or regulatory authority, domestic or foreign, and of any other person, firm or corporation, required in connection with the execution, delivery and performance of this Agreement, shall have been duly obtained and shall be in full force and effect on the Closing Date.

Section 6.5 No Violation of Orders. No preliminary or permanent injunction or other order issued by any court or other governmental or regulatory authority, domestic or foreign, nor any statute, rule, regulation, decree or executive order promulgated or enacted by any government or governmental or regulatory authority, domestic or foreign, that declares this Agreement invalid or unenforceable in any respect or which prevents the consummation of the transactions contemplated hereby, or which materially and adversely affects the assets, properties, operations, prospects, net income or financial condition of PRIVCO shall be in effect; and no action or proceeding before any court or government or regulatory authority, domestic or foreign, shall have been instituted or threatened by any government or governmental or regulatory authority, domestic or foreign, or by any other person or entity, which seeks to prevent or delay the consummation of the transactions contemplated by this Agreement or which challenges the validity or enforceability of this Agreement.

Section 6.6 Other Closing Documents. AMMO shall have received such certificates, instruments and documents in confirmation of the representations and warranties of PRIVCO and the PRIVCO Shareholders, the performance of PRIVCO's and the PRIVCO Shareholders' respective obligations hereunder and/or in furtherance of the transactions contemplated by this Agreement as AMMO or its counsel may reasonably request.

Section 6.7 Documents. PRIVCO and the PRIVCO Shareholders must deliver to AMMO at the Closing:

A. share certificates evidencing the number of PRIVCO Shares, along with executed share transfer forms transferring such PRIVCO Shares to AMMO;

B. this Agreements to which the PRIVCO and the PRIVCO Shareholders are each a party, duly executed; and

C. such other documents as AMMO may reasonably request for the purpose of (A) evidencing the accuracy of any of the representations and warranties of PRIVCO and the PRIVCO Shareholders, (B) evidencing the performance of, or compliance by PRIVCO and the PRIVCO Shareholders with, any covenant or obligation required to be performed or complied with by PRIVCO and the PRIVCO Shareholders, as the case may be, (C) evidencing the satisfaction of any condition referred to in this Article VI, or (D) otherwise facilitating the consummation or performance of any of the transactions contemplated by this Agreement.

Section 6.8 No Claim Regarding Stock Ownership or Consideration. There must not have been made or threatened by any person, any claim asserting that such person (a) is the holder of, or has the right to acquire or to obtain beneficial ownership of the PRIVCO Shares, or any other stock, voting, equity, or ownership interest in, PRIVCO, or (b) is entitled to all or any portion of the AMMO Shares.

ARTICLE VII

SURVIVAL AND INDEMNIFICATION

Section 7.1 Survival of Provisions. The respective representations, warranties, covenants and agreements of each of the parties to this Agreement (except covenants and agreements which are expressly required to be performed and are performed in full on or before the Closing Date) shall expire on the first day of the three-year anniversary of the Closing Date (the "**Survival Period**"). The right to indemnification, payment of damages or other remedy based on such representations, warranties, covenants, and obligations will not be affected by any investigation conducted with respect to, or any knowledge acquired (or capable of being acquired) at any time, whether before or after the execution and delivery of this Agreement, with respect to the accuracy or inaccuracy of or compliance with, any such representation, warranty, covenant, or obligation. The waiver of any condition based on the accuracy of any representation or warranty, or on the performance of or compliance with any covenant or obligation, will not affect the right to indemnification, payment of damages, or other remedy based on such representations, warranties, covenants, and obligations.

Section 7.2 Indemnification.

A. **Indemnification Obligations in favor of the AMMO Controlling Stockholders**. From and after the Closing Date until the expiration of the Survival Period, PRIVCO shall reimburse and hold harmless each of the AMMO Controlling Stockholders (such person and his heirs, executors, administrators, agents, successors and assigns is referred to herein as a "**AMMO Indemnified Party**") against and in respect of any and all damages, losses, settlement payments, in respect of deficiencies, liabilities, costs, expenses and claims suffered, sustained, incurred or required to be paid by such AMMO Indemnified Party, and any and all actions, suits, claims, or legal, administrative, arbitration, governmental or other procedures or investigation against any AMMO Indemnified Party, which arises or results from a third-party claim brought against a AMMO Indemnified Party to the extent based on a breach of the representations and warranties with respect to the business, operations or assets of PRIVCO. All claims of AMMO pursuant to this Section 8.2 shall be brought by the AMMO Controlling Stockholders on behalf of AMMO and those Persons who were stockholders of AMMO immediately prior to the Closing Date. In no event shall any such indemnification payments exceed \$10,000 in the aggregate from PRIVCO. No claim for indemnification may be brought under this Section 8.2(A) unless all claims for indemnification, in the aggregate, total more than \$10,000.

B. **Indemnification Obligations in favor of PRIVCO and the PRIVCO Shareholders**. From and after the Closing Date until the expiration of the Survival Period, the AMMO Controlling Stockholders shall indemnify and hold harmless PRIVCO, the PRIVCO Shareholders, and their respective officers, directors, agents, attorneys and employees, and each person, if any, who controls or may "control" (within the meaning of the Securities Act) any of the forgoing persons or entities (each a "**PRIVCO Indemnified Person**") from and against any and all losses, costs, damages, liabilities and expenses arising from claims, demands, actions, causes of action, including, without limitation, legal fees (collectively, "**Damages**") arising out of: (i) any breach of representation or warranty made by AMMO or the AMMO Controlling Stockholders in this Agreement, and in any certificate delivered by AMMO or the AMMO Controlling Stockholders pursuant to this Agreement; (ii) any breach by AMMO or the AMMO Controlling Stockholders of any covenant, obligation or other agreement made by AMMO or the AMMO Controlling Stockholders in this Agreement; and (iii) a third-party claim based on any acts or omissions by AMMO or the AMMO Controlling Stockholders. In no event shall any such indemnification payments exceed \$100,000 in the aggregate from the AMMO Controlling Stockholders. No claim for indemnification may be brought under this Section 8.2(B) unless all claims for indemnification, in the aggregate, total more than \$10,000.

ARTICLE VIII
MISCELLANEOUS PROVISIONS

Section 8.1 Publicity. No party shall cause the publication of any press release or other announcement with respect to this Agreement or the transactions contemplated hereby without the consent of the other parties, unless a press release or announcement is required by law. If any such announcement or other disclosure is required by law, the disclosing party agrees to give the non-disclosing parties prior notice and an opportunity to comment on the proposed disclosure.

Section 8.2 Successors and Assigns. This Agreement shall inure to the benefit of, and be binding upon, the parties hereto and their respective successors and assigns; provided that no party shall assign or delegate any of the obligations created under this Agreement without the prior written consent of the other parties.

Section 8.3 Fees and Expenses. Except as otherwise expressly provided in this Agreement, all legal and other fees, costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such fees, costs or expenses.

Section 8.4 Notices. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been given or made if in writing and delivered personally or 7 days after being sent by registered or certified mail (postage prepaid, return receipt requested) to the parties at the following addresses:

If to PRIVCO or the PRIVCO Shareholders, to:

AMMO, Inc. (PRIVCO)
Attn: Fred Wagenhals, Chief Executive Officer
P.O. Box 2086
Payson, AZ 85541

With a copy to (which copy shall not constitute notice):

Spencer Lugash, Esq.
Law Offices of Spencer B. Lugash
2820 Camino Del Rio S., Ste. 314
San Diego, CA. 92108
619-223-3332: office
Attn: Spencer Lugash, Esq.

If to AMMO or the AMMO Controlling Stockholders, to:

AMMO, Inc. (Formerly Retrospectiva, Inc.)
6401 East Thomas Road, #106
Scottsdale, Arizona 854251
Attn: Fred Wagenhals, Chief Executive Officer

With a copy to (which copy shall not constitute notice):

Spencer Lugash, Esq.
Law Offices of Spencer B. Lugash
2820 Camino Del Rio S., Ste. 314
San Diego, CA. 92108
619-223-3332: office
Attn: Spencer Lugash, Esq.

or to such other persons or at such other addresses as shall be furnished by any party by like notice to the others, and such notice or communication shall be deemed to have been given or made as of the date so delivered or mailed. No change in any of such addresses shall be effective insofar as notices under this Section 9.4 are concerned unless notice of such change shall have been given to such other party hereto as provided in this Section 9.4.

Section 8.5 Entire Agreement. This Agreement, together with the exhibits hereto, represents the entire agreement and understanding of the parties with reference to the transactions set forth herein and no representations or warranties have been made in connection with this Agreement other than those expressly set forth herein or in the exhibits, certificates and other documents delivered in accordance herewith. This Agreement supersedes all prior negotiations, discussions, correspondence, communications, understandings and agreements between the parties relating to the subject matter of this Agreement and all prior drafts of this Agreement, all of which are merged into this Agreement. No prior drafts of this Agreement and no words or phrases from any such prior drafts shall be admissible into evidence in any action or suit involving this Agreement.

Section 8.6 Severability. This Agreement shall be deemed severable, and the invalidity or unenforceability of any term or provision hereof shall not affect the validity or enforceability of this Agreement or of any other term or provision hereof. Furthermore, in lieu of any such invalid or unenforceable term or provision, the parties hereto intend that there shall be added as a part of this Agreement a provision as similar in terms to such invalid or unenforceable provision as may be possible so as to be valid and enforceable.

Section 8.7 Titles and Headings. The Article and Section headings contained in this Agreement are solely for convenience of reference and shall not affect the meaning or interpretation of this Agreement or of any term or provision hereof.

Section 8.8 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall be considered one and the same agreement. Fax and PDF copies shall be considered originals for all purposes.

Section 8.9 Convenience of Forum; Consent to Jurisdiction. The parties to this Agreement, acting for themselves and for their respective successors and assigns, without regard to domicile, citizenship or residence, hereby expressly and irrevocably elect as the sole judicial forum for the adjudication of any matters arising under or in connection with this Agreement, and consent and subject themselves to the jurisdiction of, the courts of the State of Delaware, and/or the U.S. District Court for Delaware, in respect of any matter arising under this Agreement. Service of process, notices and demands of such courts may be made upon any party to this Agreement by personal service at any place where it may be found or giving notice to such party as provided in Section 9.4.

Section 8.10 Enforcement of the Agreement. The parties hereto agree that irreparable damage would occur if any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereto, this being in addition to any other remedy to which they are entitled at law or in equity.

Section 8.11 Governing Law. This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the State of Delaware without giving effect to the choice of law provisions thereof.

Section 8.12 Amendments and Waivers. Except as otherwise provided herein, no amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by all of the parties hereto. No waiver by any party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any such prior or subsequent occurrence.

[REST OF PAGE DELIBERATELY LEFT BLANK]

[SIGNATURE PAGE TO SHARE EXCHANGE AGREEMENT]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

AMMO, INC. (FORMERLY RETROSPETTIVA, INC.) ("PUBCO")

/s/ Fred Wagenhals
Name: Fred Wagenhals
Title: Chief Executive Officer and President

AMMO CONTROLLING STOCKHOLDERS

/s/ Richard Moorioian
Name: Richard Moorioian
Title: Shareholder

/s/ Fred Wagenhals
Name: Fred W. Wagenhals
Title: Chief Executive Officer and President

AMMO, INC. ("PRIVCO")

/s/ Fred Wagenhals
Name: Fred Wagenhals
Title: Chief Executive Officer

SCHEDULE I
PRIVCO SHAREHOLDERS

NAME	PRIVCO SHARES HELD	AMMO SHARES TO BE ISSUED
Fred Wagenhals	8,027,000	8,027,000
TOTALS	8,027,000	8,027,000

SCHEDULE II

AMMO CONTROLLING STOCKHOLDERS

NAME	AMMO SHARES HELD
Fred Wagenhals	475,679
Richard Moorioian	500,000
TOTAL	975,679

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of Ammo, Inc.
Scottsdale, Arizona 85281

We have audited the accompanying balance sheet of Ammo, Inc. as of December 31, 2016, and the related statements of operations, stockholders' equity, and cash flows for the period from October 13, 2016 (Inception) to December 31, 2016. Ammo, Inc.'s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States) and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ammo, Inc. as of December 31, 2016, and the results of its operations and its cash flows for the period from October 13, 2016 (Inception) to December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has yet to commence commercial operations and has not generated any revenue from operations, raising substantial doubt about its ability to continue as a going concern. Management's plan in regard to these matters is discussed in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ KWCO, PC
KWCO, PC
Odessa, Texas
February 3, 2017

Ammo, Inc.
BALANCE SHEET
December 31, 2016

ASSETS

Current Assets:

Cash	\$	10,116
Vendor notes receivable, net of allowance for doubtful collection of \$360,993		2,585,000
Vendor advances receivable		89,934
Inventory, at lower cost or market, principally first-in, first-out		219,105
		2,904,155
Total Current Assets		2,904,155

Other Assets:

Licensing agreement, net of \$-0- of accumulated amortization		125,000
		125,000

TOTAL ASSETS

\$ 3,029,155

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities:

Accounts payable	\$	57,995
Convertible note payable, net of debt discount		1,518,750
Note payable - related party		960,000
		2,536,745
Total Current Liabilities		2,536,745

Shareholders' Equity:

Common Stock, \$0.001 par value, 100,000,000 shares authorized 15,754,000 shares issued and outstanding at December 31, 2016		15,754
Additional paid-in capital		799,180
Stock subscription receivable		(167,500)
Accumulated (Deficit)		(155,024)
		492,410
Total Shareholders' Equity		492,410

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY

\$ 3,029,155

The accompanying notes are an integral part of these financial statements.

Ammo, Inc.
STATEMENTS OF OPERATIONS
For the Period from October 13, 2016 (Inception) to December 31, 2016

Expenses	
Corporate general and administrative	\$ 136,274
Loss from Operations	<u>(136,274)</u>
Other Income (Expenses)	
Interest expense	(18,750)
Loss before Income Taxes	<u>(155,024)</u>
Provision for Income Taxes	<u>-</u>
Net (Loss)	<u>\$ (155,024)</u>
(Loss) per share	
Basic and fully diluted:	
Weighted average number of shares outstanding	<u>15,754,000</u>
(Loss) per share	<u>\$ (0.01)</u>

The accompanying notes are an integral part of these financial statements

Ammo, Inc.
Statement of Stockholders' Equity
For the Period from October 13, 2016 (Inception) to December 31, 2016

	<u>Common Shares</u> <u>Number</u>	<u>Additional</u> <u>Paid-In</u> <u>Capital</u>	<u>Subscription</u> <u>Receivable</u>	<u>Accumulated</u> <u>(Deficit)</u>	<u>Total</u>
Balance as of October 13, 2016	-	\$ -	\$ -	\$ -	\$ -
Common Stock issued for founder shares	14,934,000	-	-	-	14,934
Common Stock issued for licensing agreement	100,000	124,900	-	-	125,000
Common Stock issued for Cash at \$1.25 per Share	720,000	899,280	(167,500)	-	732,500
Organizational and fund raising costs	-	(225,000)	-	-	(225,000)
Net loss for period ended December 31, 2016	-	-	-	(155,024)	(155,024)
Balance as of December 31, 2016	<u>15,754,000</u>	<u>\$ 799,180</u>	<u>\$ (167,500)</u>	<u>\$ (155,024)</u>	<u>\$ 492,410</u>

The accompanying notes are an integral part of these financial statements.

Ammo, Inc.
STATEMENTS OF CASH FLOW
For the Period from October 13, 2016 (Inception) to December 31, 2016

Cash flows from operating activities:

Net (loss)	\$	(155,024)
Debt discount amortization		18,750
Founder shares issued as consulting fees		14,934
Changes in Current Assets and Liabilities		
Vendor notes receivable		(1,550,000)
Vendor advances receivable		(89,934)
Inventory		(219,105)
Accounts payable		57,995
Net cash used in operating activities		<u>(1,922,384)</u>

Cash flows from financing activities:

Sale of common stock		732,500
Organizational and fund raising costs		(225,000)
Convertible note payable		1,500,000
Note payable - related party		<u>(75,000)</u>
Net cash provided by financing activities		<u>1,932,500</u>
Net increase in cash		10,116
Cash, beginning of period		<u>-</u>
Cash, end of period	\$	<u>10,116</u>

Supplemental cash flow disclosures:

Cash paid during the year for:		
Interest	\$	<u>-</u>
Income Taxes	\$	<u>-</u>

Non-cash investing and financing activities:

Vendor notes receivable	\$	(1,035,000)
Notes payable - related party		1,035,000
Stock subscription receivable		(167,500)
Additional paid-in capital		167,500
Stock issuance		125,000
Licensing agreement		<u>(125,000)</u>
	\$	<u>-</u>

The accompanying notes are an integral part of these financial statements

AMMO, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 – ORGANIZATION AND BUSINESS ACTIVITY

ORGANIZATION AND BUSINESS

Ammo, Inc. is a for-profit corporation established under the incorporation laws of Delaware on October 13, 2016.

Ammo, Inc. is a designer, manufacturer and marketer of performance-driven, high-quality and innovative ammunition products, in the sporting industry in the United States. To maintain the strength of our brands and drive strong revenue growth, we invest in product innovation and technology to improve product performance, quality and affordability while providing great support to our retail partners and our consumers.

Jesse James ("JJ") is a well-known motorcycle and gun designer and is the controlling principal of Jesse James Firearms Unlimited, LLC, ("JJFU") a Texas limited liability company. Jesse James' name, endorsements and services have commercial value to the Company; therefore, on October 15, 2016, Ammo entered into a licensing agreement with JJ and JJFU. The licensing agreement includes, among others, the following provisions:

- The agreement commenced on October 15, 2016.
- Ammo was granted exclusive worldwide rights to JJ's image rights and any and all trademarks associated with JJ in connection with the marketing, promoting, advertising, sale and commercial exploitation of the Jesse James Branded Products ("Branded Products").
- Jesse James agreed to make himself available for certain promotional activities and to promote Branded Products through his own social media outlets. Ammo will reimburse JJ for any out-of-pocket expenses and reasonable travel expenses.
- JJ was issued 100,000 shares of the Company's common stock upon execution of the licensing agreement and can earn an additional 75,000 shares of common stock if certain gross sales are achieved (\$15,000,000 gross sales to receive the total 75,000 shares).

The 100,000 shares of common stock were valued at \$1.25 per share and the \$125,000 was recognized as an asset and will be amortized over the initial sixty (60) month term of the licensing agreement.

- Ammo agreed to pay JJ various royalty fees on the sale of ammunition and non-ammunition Branded Products.

On November 21, 2016, Ammo completed and filed with the Federal Bureau of Alcohol Tobacco, Firearms and Explosives an "Application for Federal Firearms License" for the manufacture and importation of ammunition and firearms.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING BASIS

The Company uses the accrual basis of accounting and accounting principles generally accepted in the United States of America ("GAAP" accounting) and are expressed in U.S. dollars. The Company has adopted a December 31 year end.

The financial statements and related disclosures as of December 31, 2016 are presented pursuant to the rules and regulations of the United States Securities and Exchange Commission ("SEC"). Unless the context otherwise requires, all references to "Ammo", "we", "us", "our" or the "Company" are to Ammo, Inc.

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company has not generated revenue to date and consequently its operations are subject to all risks inherent in the establishment of a new business enterprise. For the period from inception, October 13, 2016, through December 31, 2016 the Company has accumulated losses of \$147,621. Management's plan is to have the Company fully operational in the coming year with substantial sales. Management will continue to raise capital through the sale of equity and/or debt financing as required but there is no certainty that such financing will be available at acceptable terms. These financial statements do not include any adjustments to reflect the future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that might result from the outcome of this uncertainty.

AMMO, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management has used estimates in order to determine the timing and collections of the vendor notes receivable.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Company considers highly liquid financial instruments purchased with a maturity of three months or less to be cash equivalents.

INVENTORY

Inventory is carried at the lower of cost or market, as determined by the first-in, first-out method and is periodically evaluated for obsolescence.

LICENSING AGREEMENT

The Company issued 100,000 shares of its common stock at the execution date of the licensing agreement with JJ and JJFU. The shares were valued at \$1.25 and the aggregate value of \$125,000 was recorded as a licensing agreement asset. This asset will be amortized over period that will begin when the first ammunition is delivered through September 11, 2021.

IMPAIRMENT OF LONG-LIVED ASSETS

The Company continually monitors events and changes in circumstances that could indicate carrying amounts of long-lived assets may not be recoverable. When such events or changes in circumstances are present, the Company assesses the recoverability of long-lived assets by determining whether the carrying value of such assets will be recovered through undiscounted expected future cash flows. If the total of the future cash flows is less than the carrying amount of those assets, the Company recognizes an impairment loss based on the excess of the carrying amount over the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell.

REVENUE RECOGNITION

Revenue is recognized when the earnings process is complete and the risk and rewards of ownership have transferred to the customer, which is generally considered to have occurred upon the receipt of product by the customer. The earnings process is complete once the customer order has been placed and approved, the product shipped has been received by the customer, and there is reasonable assurance of the collection of the sales proceeds.

ADVERTISING COSTS

The Company expenses advertising costs as they are incurred. At December 31, 2016 there were no advertising costs.

FAIR VALUE OF FINANCIAL INSTRUMENTS

ASC 825, "Disclosures about Fair Value of Financial Instruments", requires disclosure of fair value information about financial instruments. ASC 820, "Fair Value Measurements" defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of December 31, 2016.

The carrying value of cash, accounts payable and notes payable approximate their fair value due to the short term of these instruments.

AMMO, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

The three levels are defined as follows:

Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for the identical assets or liabilities in active markets.

Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 inputs to valuation methodology are unobservable and significant to the fair measurement.

	Quoted Active Markets for Identified Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	Total
December 31, 2016	(Level 1)	(Level 2)	(Level 3)	
Founder shares issued at par value	-	-	\$ 14,934	\$ 14,934
Shares issued for licensing agreement	-	\$ 125,000	-	\$ 125,000

The founder shares were valued at their par value as this is the minimum value required by law and shares issued for the licensing agreement were valued using the current sales price of common shares.

STOCK-BASED COMPENSATION

Stock-based compensation is accounted for at fair value in accordance with SFAS No. 123 and 123 (R) (ASC 718). To date, the Company has not adopted a stock option plan and has not granted any stock options.

As of December 31, 2016, the Company has not issued any stock-based payments to its employees.

INCOME TAXES

The Company utilizes the liability method of accounting for income taxes. Under the liability method deferred tax assets and liabilities are determined based on the differences between financial reporting basis and the tax basis of the assets and liabilities and are measured using enacted tax rates and laws that will be in effect, when the differences are expected to reverse. An allowance against deferred tax assets is recognized, when it is more likely than not, that such tax benefits will not be realized.

Any deferred tax asset is considered immaterial and has been fully offset by a valuation allowance because at this time the Company believes that it is more likely than not that the future tax benefit will not be realized as the Company has no current operations.

CONCENTRATIONS OF CREDIT RISK

Accounts at banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2016, account balances did not exceed federally insured limits.

AMMO, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

RECENT ACCOUNTING PRONOUNCEMENTS

The Company has implemented all new accounting pronouncements that are in effect and that may impact its financial statements and does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

LOSS PER COMMON SHARE

Basic loss per share is calculated using the weighted-average number of common shares outstanding during each reporting period. Diluted loss per share includes potentially dilutive securities such as outstanding options and warrants, using various methods such as the treasury stock or modified treasury stock method in the determination of dilutive shares outstanding during each reporting period. The Company does not have any potentially dilutive instruments.

NOTE 3 – VENDOR NOTES RECEIVABLE

Vendor note receivable is composed of the following at December 31, 2016:

Advanced Tactical Armament Concepts, L.L.C. Notes Payable Purchased by Ammo	Amount
Western Alliance Bank	\$ 1,910,993
Less: Allowance for uncollectible amounts	(360,963)
	<u>1,550,000</u>
Mansfield, LLC	1,035,000
	<u>\$ 2,585,000</u>

On October 24, 2016, Ammo entered into an agreement to purchase from Western Alliance Bank a note payable by Advanced Tactical Armament Concepts, L.L.C. ("ATAC"), which had an outstanding balance of \$1,910,993 for \$1,550,000, the amount which management has determined to be the asset's fair value on the date of the purchase. The loan is secured by a master lease agreement (ATAC's manufacturing equipment), all assets of ATAC, and loan guarantees from the principal owners of ATAC. Ammo's management determined that the value of the purchased note was the value paid to Western Alliance Bank. Since Ammo, Inc. has estimated the collectible amount as \$1,550,000 and that the asset will be collected within twelve (12) months, no interest is being accrued on this note receivable. This promissory note held by Ammo, Inc., between ATAC and Western Alliance Bank is due in full on or before February 28, 2017, and ATAC is expected to make payments in accordance with a forbearance agreement date May 13, 2016.

In October and November 2016, Mansfield L.L.C. ("Mansfield"), a related party, loaned ATAC an original principal of \$900,000 and ATAC executed a promissory note payable for that amount. The note payable was secured by all of the assets of ATAC. On December 16, 2016, Ammo and Mansfield entered into a note purchase and sale agreement. Ammo purchased the promissory note for \$1,035,000 and assumed Mansfield's collateral position. The Managing Member of Mansfield is related to the President of Ammo. The \$1,035,000 was payable on or before the closing date of the note purchase and sale agreement, however, as of December 31, 2016, only \$75,000 of the note balance had been paid.

NOTE 4 – INVENTORY

Until such time as Ammo has received its federal firearms license, all manufacturing of ammunition will be done by a third party. At December 31, 2016 the inventory balance is composed of:

Raw material purchases	\$ 214,561
Shipping charges	4,544
	<u>\$ 219,105</u>

All raw material purchases are sent directly to the third party.

NOTE 5 – CONVERTIBLE NOTE PAYABLE

The Company entered into an agreement for a short-term convertible note payable to an unrelated party on December 22, 2016 with sixty (60) days maturity and a \$1,500,000 principal balance. The note has a one-time fee of \$375,000, which is being amortized, as interest, ratably over the sixty (60) day period. The note is convertible into one share of the Company's common stock and one warrant at a conversion price of \$1.25 per unit. Each warrant has an exercise price of \$2.50.

AMMO, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 6 – NOTE PAYABLE – RELATED PARTY

On December 16, 2016, Ammo and Mansfield entered into a note purchase and sale agreement to purchase a promissory note held by Mansfield, and payable by ATAC. Ammo purchased the promissory note for \$1,035,000. The Managing Member of Mansfield is related to the President of Ammo. The \$1,035,000 was payable on or before the closing date of the note purchase and sale agreement, however, as of December 31, 2016, only \$75,000 of the note balance had been paid, leaving a liability of \$960,000 payable to Mansfield.

NOTE 7 - CAPITAL STOCK

The authorized capital of the Company is 100,000,000 common shares with a par value of \$0.001 per share. During the period from October 13, 2016 (inception) to December 31, 2016, the Company sold 720,000 shares of its common stock for \$1.25 per share and collected proceeds of \$732,500 and recognized a stock subscription receivable of \$167,500. In connection with the sale of common stock, the Company issued 720,000 common stock purchase warrants with an exercise price of \$2.50 per share and are exercisable for a twenty four (24) month period. The shares were sold in a private placement sale to accredited investors. As of February 3, 2017, the stock subscription receivable has not been collected.

The Company has committed to issue up to an additional 75,000 shares of its common stock based on certain sales performance.

NOTE 8 – FEDERAL INCOME TAXES

Total income tax benefit is less than the amount computed by multiplying the loss before income taxes by the statutory federal income tax rate. The reasons for the difference and the related tax effects for the year ended December 31, 2016.

Net Loss	\$ 155,024
Tax benefit at statutory rates of 34%	52,708
Non-Deductible expenses	(11,632)
Change in valuation allowance	(41,076)
Net income tax benefit	\$ -

The components of the deferred tax assets are as follows:

Deferred tax assets	
Net operating loss carryforward	\$ (41,076)
Total deferred tax asset	(41,076)
Less: valuation allowance	41,076
	\$ -

The Company has no deferred tax liabilities.

At December 31, 2016, the Company had a federal income tax net operating loss carry forwards of approximately \$120,800 to offset future taxable income, which begins to expire in 2036.

The tax year December 31, 2016, our only year of existence, remains subject to examination

AMMO, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 9 - SUBSEQUENT EVENTS

Subsequent to December 31, 2016 through the date these consolidated financials were available for issuance, the Company sold an additional 529,800 shares of common stock and issued 529,800 common stock purchase warrants for \$662,250.

The Company evaluated subsequent events through February 3, 2017, the date the financial statements were issued, and determined that there are not any other items to disclose.

Retrospectiva, Inc.
Unaudited Combined Pro Forma Financial Information
December 31, 2016

On March 17, 2017, AMMO, Inc. (formerly Retrospectiva, Inc.), a Delaware Corporation (the "PUBCO"), entered into a definitive agreement (the "Agreement") with Ammo, Inc., a Delaware Corporation ("PRIVCO") under which PUBCO acquired all of the outstanding shares of common stock of PRIVCO. Under the terms of the Agreement, PUBCO purchased PRIVCO for 17,285,800 newly issued shares of common stock of the Company.

The unaudited combined pro forma statement of operations for the PUBCO, for the year ended December 31, 2016, and for PRIVCO, for the period from October 13, 2016 (inception) to December 31, 2016, give effect to the acquisition as if the transactions had taken place on January 1, 2017. The unaudited combined balance sheet gives effect to the acquisition as if the transactions had taken place on December 31, 2016 and combines the PUBCO's and PRIVCO's audited balance sheets as of December 31, 2016. The combination is being accounted for as a reverse merger whereby PRIVCO is the surviving entity.

These pro forma financial statements are provided for illustrative purposes and do not purport to represent what the PUBCO's financial position would have been if such transactions had occurred on the above mentioned date. These statements were prepared based on accounting principles generally accepted in the United States. The use of estimates is required and actual results could differ from the estimates used. PUBCO believes the assumptions used provide a reasonable basis for presenting the significant effects directly attributable to the acquisition.

Retrospectiva, Inc.
Unaudited Combined Pro Forma Balance Sheets
December 31, 2016

Assets	<u>Retrospectiva, Inc.</u>	<u>Ammo, Inc.</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma Combined</u>
Current Assets:				
Cash and cash equivalents	\$ -	\$ 10,116	\$ -	\$ 10,116
Vendor notes receivable, net of allowance for collection of \$360,993	-	2,585,000	-	2,585,000
Vendor advances receivable	-	\$ 89,934	-	89,934
Inventory, at lower cost or market, principally first-in, first-out	-	219,105	-	219,105
Total Current Assets	-	2,904,155	-	2,904,155
Other Assets:				
Licensing agreement, net of \$-0- of accumulated amortization	-	125,000	-	125,000
Total Assets	<u>\$ -</u>	<u>\$ 3,029,155</u>	<u>\$ -</u>	<u>\$ 3,029,155</u>
Liabilities and Stockholders' Equity				
Liabilities:				
Accrued payables	\$ 575	\$ 57,995	\$ (575)	\$ 57,995
Convertible note payable, net of debt discount	-	1,518,750	-	1,518,750
Note payable - related party	-	960,000	-	960,000
Stock issuance liability	625,000	-	(625,000)	-
Total liabilities	625,575	2,536,745	(625,575)	2,536,745
Shareholders' Equity (Deficit):				
Common Stock, \$0.001 par value, 100,000,000 shares authorized 577,056 and 16,355,377 issued and outstanding prior to and after reverse merger, respectively	577	-	15,754 500 (476)	-
Common Stock, \$0.001 par value, 100,000,000 shares authorized 15,754,000 issued and outstanding	-	15,754	(15,754)	-
Additional Paid in Capital	7,165,790	799,180	624,500 (7,791,942)	-
	-	-	575	-
	-	-	476	798,579
Stock subscription receivable	-	(167,500)	-	(167,500)
Retained Deficit	(7,791,942)	(155,024)	7,791,942	(155,024)
Total shareholders' equity (deficit)	(625,575)	492,410	625,575	492,410
Total liabilities and shareholders' equity	<u>\$ -</u>	<u>\$ 3,029,155</u>	<u>\$ -</u>	<u>\$ 3,029,155</u>

Retrospectiva, Inc.
Unaudited Combined Pro Forma Statements of Operations

	Retrospectiva, Inc. Twelve months ended December 31, 2016	Ammo, Inc. For period October 13, 2016 (inception) to December 31, 2016	Pro Forma Adjustments (e)	Pro Forma Combined
Revenue:				
Gross Revenues	\$ -	\$ -	\$ -	-
Operating Expenses:				
Corporate General and Administrative	11,040	136,274	(11,040)	136,274
Loss from operations	<u>(11,040)</u>	<u>(136,274)</u>	<u>11,040</u>	<u>(136,274)</u>
Other income (expense)				
Interest expense	(14,094)	(18,750)	14,094	(18,750)
Financing Expense	(306,304)	-	306,304	-
Income (loss) before income taxes	(331,438)	(155,024)	331,438	(155,024)
Provision for Income Taxes	(2,050)	-	2,050	-
New Income (loss)	<u>\$ (333,488)</u>	<u>\$ (155,024)</u>	<u>\$ 333,488</u>	<u>\$ (155,024)</u>
Loss per common share	<u>\$ (0.58)</u>	<u>\$ (0.01)</u>	<u>\$ -</u>	<u>\$ (0.01)</u>
Weighted average common shares outstanding	<u>577,056</u>	<u>15,754,000</u>	<u>-</u>	<u>16,355,377</u>

Retrospectiva, Inc.
Notes to Unaudited Combined Pro Forma Balance Sheet and Statements of Operations
December 31, 2016

NOTE 1--Basis of Presentation

The unaudited pro forma combined balance sheets and statements of operations are derived from the audited historical financial statements of Retrospectiva, included in its annual report on Form 10-K for the year ended December 31, 2016, and Ammo's audited historical financial statement for the period ended December 31, 2016, included here in Form 8-K. The unaudited combined balance sheets and statements of operations have been adjusted to reflect the purchase of Ammo by Retrospectiva and certain other events.

These pro forma financial statements are provided for illustrative purposes and do not purport to represent what the Company's financial position and results of operations would have been if such transactions had occurred on the above mentioned date. These pro forma statements were prepared based on accounting principles generally accepted in the United States. The use of estimates is required and actual results could differ from the estimates used. The Company believes the assumptions used provide a reasonable basis for presenting the significant effects directly attributable to the acquisition.

The following pro forma adjustments are incorporated into the unaudited combined pro forma balance sheet as of December 31, 2016 and the unaudited combined pro forma statement of operations for the period ended December 31, 2016.

- (a) To eliminate accrued payables
- (b) Retrospectiva issues 500,000 shares of its common stock to satisfy the \$625,000 stock issuance liability.
- (c) Controlling shareholders agreed to cancel 475,679 shares of the Company's common stock.
- (d) To reclass Retrospectiva's retained deficit at December 31, 2016 so that only Ammo's retained deficit is carried forward.
- (e) Eliminate Retrospectiva's 2016 operations.
- (f) Reclass Ammo's common stock par value.

NOTE : At March 17, 2017 the Company's outstanding common shares:

	<u>Retrospectiva</u>	<u>Ammo</u>
Ammo shares at December 31, 2016	15,754,000	15,754,000
Retrospectiva shares at December 31, 2016	577,056	-
Common Shares issued to satisfy issuance liability	500,000	-
Retire Share	(475,679)	-
Pro Forma shares December 31, 2016	<u>16,355,377</u>	<u>15,754,000</u>
Ammo Shares issued in 2017	1,531,800	1,531,800
Outstanding shares March 17, 2017	<u>17,887,177</u>	<u>17,285,800*</u>

* Number of outstanding common shares reported in the March 17, 2017 "Shares Purchase Agreement".

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
Retrospektiva, Inc.

We have audited the accompanying balance sheet of Ammo, Inc. (formerly Retrospektiva, Inc.), as of December 31, 2016, and the related statements of operations, shareholders' (deficit), and cash flows for each of the two years in the period ended December 31, 2016. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ammo, Inc. (formerly Retrospektiva, Inc.) as of December 31, 2016, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As described in Note 2, the Company has no business operations, has recurring losses, and has negative working capital and shareholders' deficits at December 31, 2016, which raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to this matter are also discussed in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ SCHUMACHER & ASSOCIATES, INC.
SCHUMACHER & ASSOCIATES, INC.

Littleton, Colorado
March 14, 2017

AMMO, INC.
BALANCE SHEETS

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
<u>ASSETS</u>		
Current assets:		
Cash	-	-
Total current assets	<u>\$ -</u>	<u>\$ -</u>
<u>LIABILITIES AND STOCKHOLDERS' (DEFICIT)</u>		
Current liabilities:		
Accounts payable	\$ 575	\$ 3,904
Accrued expenses	-	3,375
Advances payable - officer	-	6,934
Notes payable - stockholders	-	198,266
Accrued interest – stockholders	-	106,336
Stock Issuance liability	625,000	-
Total current liabilities	<u>625,575</u>	<u>318,815</u>
Total Liabilities	<u>625,575</u>	<u>318,815</u>
Commitments and contingencies (Notes 1, 2, 3,5,6,7 and 8)		
Stockholders' (deficit):		
Preferred stock - no par value, authorized 1,000,000 shares:		
No shares issued or outstanding	-	-
Common stock - .001 par value, 100,000,000 shares authorized:		
577,056 shares issued and outstanding	577	577
Additional paid-in capital	7,165,790	7,139,062
Accumulated deficit	(7,791,942)	(7,458,454)
Total stockholders' (deficit)	<u>(625,575)</u>	<u>(318,815)</u>
Total liabilities and stockholders' (deficit)	<u>-</u>	<u>\$ 0.00</u>

The accompanying notes are an integral part of these financial statements.

AMMO, INC.
STATEMENTS OF OPERATIONS
for the two years ended December 31, 2016 and 2015

	<i>2016</i>	<i>2015</i>
Revenues	\$ -	\$ -
Expenses:		
General and administrative:		
Accounting and legal	6,725	1,243
Investor relations	4,315	2,127
Total expenses	11,040	3,370
Operating (loss)	(11,040)	(3,370)
Other income (expense):		
Financing Expense	(306,304)	
Franchise Tax fees	(2,050)	(800)
Interest (expense)	(14,094)	(15,861)
	(322,448)	(16,661)
Net income (loss)	\$ (333,488)	\$ (20,031)
Net (loss) per common share:		
Basic and Diluted	\$ (0.58)	\$ (0.03)
Weighted average shares outstanding:		
Basic and Diluted	577,056	577,056

The accompanying notes are an integral part of these financial statements.

AMMO INC.
STATEMENTS OF CASH FLOWS
for the two years ended December 31, 2016 and 2015,

	<i>2016</i>	<i>2015</i>
Cash flows from operating activities:		
Net income (loss)	\$ (333,488)	\$ (20,031)
Adjustments to reconcile net (loss) to net cash used by operating activities:		
Finance expense	306,304	-
Changes in operating assets and liabilities:		
Accounts payable	(3,329)	1,850
Accrued expenses	(3,375)	800
Accrued interest	14,094	15,861
Total adjustments	313,694	18,511
Net cash (used in) operating activities	(19,794)	(1,520)
Cash flows from investing activities:		
Net cash (used in) investing activities	-	-
Cash flows from financing activities:		
Additional Paid in Capital	19,794	1,520
Net cash provided by financing activities	19,794	1,520
Net increase in cash and equivalents	-	-
Cash and equivalents at beginning of year	-	-
Cash and equivalents at end of year	\$ -	\$ -
Supplemental Cash Flow Information		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -
Supplemental disclosure of Non Cash Transactions:		
Cancellation of debt	\$ (318,696)	\$ -
Issuance of stock at a discount	\$ 625,000	\$ -

The accompanying notes are an integral part of these financial statements.

AMMO, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' (DEFICIT)
for the period from January 1, 2015 to December 31, 2016

	Common Stock		Additional Paid - in Capital	Accumulated Deficit	Total Stockholders' (Deficit)
	Shares	Amount			
Balance, January 1, 2015	577,056	\$ 577	\$ 7,137,542	\$ (7,438,423)	\$ (300,304)
Additional paid in capital			1,520		1,520
Net (loss)	-	-		(20,031)	(20,031)
Balance, December 31, 2015	577,056	577	7,139,062	(7,458,454)	(318,815)
Additional paid in capital	-	-	19,794	-	19,794
Forgiveness of payable	-	-	6,934	-	6,934
Net (loss)	-	-	-	(333,488)	(333,488)
Balance, December 31, 2016	577,056	\$ 577	\$ 7,165,790	\$ (7,791,942)	\$ (625,575)

The accompanying notes are an integral part of these financial statements

AMMO, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

1. Overview and Summary of Significant Accounting Policies

Organization and description of business: Ammo, Inc. (formerly Retrospektiva, Inc.) (The "Company") was organized under the laws of the State of California in November, 1990 to manufacture and import textile products, including both finished garments and fabrics. The Company's manufacturing facilities and inventories were primarily located in Europe. The Company ceased operations in 2001 and has been inactive since 2002. Effective August 2, 2004, the Company was terminated, by administrative action of the State of California as a result of non-filing of required documents with the State of California. Effective February 15, 2007, the Company reinstated its charter. The Company was again terminated and then reinstated effective December 2016.

Effective October 11, 2006 (commencement of the development stage) efforts commenced to revive the Company. Legal counsel was hired to address litigation involving the Company and activities were undertaken to prepare and file delinquent tax and financial reports. Furthermore, a financial judgment against the Company dating back to 2002 was addressed and a final settlement was reached in October, 2007. The Company filed various delinquent reports to become current in its reporting obligations to the Securities and Exchange Commission ("SEC") and various taxing authorities.

On December 15, 2016, the Company's majority shareholders sold 475,679 (11,891,976 pre-split) of their outstanding shares to an individual resulting in a change in control of the Company.

On December 15, 2016, the Company, accepted the resignation of Borivoje Vukadinovic as the sole Officer and as a member of the Company's Board of Directors. On December 15, 2016, Mr. Fred W. Wagenhals ("Mr. Wagenhals") was appointed as sole Officer and the sole member of the Company's Board of Directors.

On December 15, 2016, the Company's sole Director, in conjunction with the corporate actions referenced herein approved the following: (i) to change its name from The Company, Inc. to AMMO, Inc., and (ii) a change to the Company's OTC trading symbol.

On December 15, 2016, the Company's sole Director approved a 1-for-25 reverse stock split ("Reverse Split") of the issued and outstanding shares of Common Stock of the Company. As a result of the Reverse Split, the current 14,425,903 issued and outstanding shares of Common Stock shall represent 577,056 post Reverse Split shares; no shareholder shall be reversed below 100 shares and any and all fractional shares resulting from the Reverse Split shall be rounded up to the next whole share. All references to the outstanding stock have been retrospectively adjusted to reflect this split.

On December 15, 2016, the Company's sole Director approved an agreement and plan of merger to re-domicile and change the Company's state of incorporation from California to the State of Delaware and to carry out a continuance of our company from the State of California to the State of Delaware.

On December 30, 2016, we filed articles of merger with the California Secretary of State to effect the domicile change to the State of Delaware and we filed a Certificate of Merger with the Delaware Secretary of State to effect the domicile change to the State of Delaware.

In conjunction with the domicile change, our Director adopted a new certificate of incorporation under the laws of the State of Delaware to increase our authorized number of shares of common stock from 15,000,000 to 100,000,000 shares of common stock, with a par value of \$0.001.

The Company intends to evaluate, structure and complete a merger with, or acquisition of, prospects consisting of private companies, partnerships or sole proprietorships. The Company may seek to acquire a controlling interest in such entities in contemplation of later completing an acquisition.

Revenue Recognition: The Company has not generated any revenues during the years ended December 31, 2016 and 2015. It is the Company's policy that product revenues (or service revenues) are recognized when persuasive evidence of an arrangement exists, delivery has occurred (or service has been performed), the sales price is fixed and determinable, and collectability is reasonably assured.

Cash and Cash Equivalents: The Company considers cash in banks, deposits in transit, and highly liquid debt instruments purchased with original maturities of three months or less to be cash and cash equivalents.

Per Share Amounts: Basic earnings (loss) per share is computed by dividing net loss by the weighted average number of common shares outstanding during each period. Diluted earnings (loss) per share reflects the potential dilution that could occur if potentially dilutive securities are converted into common shares. Potentially dilutive securities, such as stock options and warrants, are excluded from the calculation when their inclusion would be anti-dilutive, such as periods when a net loss is reported or when the exercise price of the instrument exceeds the fair market value.

Income Taxes: Income taxes are recorded in accordance with Statement of Financial Accounting Standards (SFAS) ASC 740, Accounting for Income Taxes. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial and tax reporting purposes and the effect of net operating loss carry-forwards. Deferred tax assets are evaluated to determine if it is more likely than not that they will be realized. Valuation allowances have been established to reduce the carrying value of deferred tax assets in recognition of significant uncertainties regarding their ultimate realization. Further, the evaluation has determined that there are no uncertain tax positions required to be disclosed.

Use of Estimates: The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management routinely makes judgments and estimates about the effects of matters that are inherently uncertain. Estimates that are critical to the accompanying financial statements include the identification and valuation of assets and liabilities, valuation of deferred tax assets, and the likelihood of loss contingencies. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates. Estimates and assumptions are revised periodically and the effects of revisions are reflected in the financial statements in the period it is determined to be necessary.

Fair Value of Financial Instruments: ASC 825, "Disclosures About Fair Value of Financial Instruments", requires disclosure of fair value information about financial instruments. ASC 820, "Fair Value Measurements" defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of December 31, 2016 and 2015

The respective carrying values of certain on-balance-sheet financial instruments approximate their fair values. These financial instruments include accounts payable, advances payable, accrued liabilities, stock issuance liability and notes payable. Fair values were assumed to approximate carrying values for these financial instruments since they are short term in nature and their carrying amounts approximate fair value, or they are receivable or payable on demand.

Concentrations: The Company is not currently a party to any financial instruments that potentially subject it to concentrations of credit risk.

Recently Issued Accounting Standards Updates. The Company evaluates the pronouncements of various authoritative accounting organizations, primarily the Financial Accounting Standards Board ("FASB"), the SEC, and the Emerging Issues Task Force ("EITF"), to determine the impact of new pronouncements on US GAAP and the impact on the Company.

There were various accounting standards updates recently issued, most of which represented technical corrections to the accounting literature or were applicable to specific industries. None of the recent updates are expected to have a material impact on the Company's financial position, operations, or cash flows.

2. Going Concern

The Company's financial statements are prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of obligations in the normal course of business. However, the Company has recurring losses, has negative working capital, and has a total stockholders' deficit. The Company does not currently have any revenue generating operations. These conditions raise substantial doubt about the ability of the Company to continue as a going concern.

In view of these matters, continuation as a going concern is dependent upon continued operations of the Company, which in turn is dependent upon the Company's ability to meet its financial requirements, raise additional capital, and the success of its future operations. The financial statements do not include any adjustments to the amount and classification of assets and liabilities that may be necessary should the Company not continue as a going concern.

Management has opted to file the Company's periodic financial reports with the Securities and Exchange Commission (SEC) and to seek potential candidates for a merger, acquisition, or similar transaction. Our plan is to evaluate prospects, structure a transaction, and ultimately combine with another entity. Management believes that this plan provides an opportunity for the Company to continue as a going concern.

3. Income Taxes

Deferred income taxes arise from temporary timing differences in the recognition of income and expenses for financial reporting and tax purposes. The Company's deferred tax assets consist entirely of the benefit from net operating loss (NOL) carryforwards. The net operating loss carryforwards, if not used, will expire in various years through 2036, and are severely restricted as per the Internal Revenue code if there is a change in ownership. The Company's deferred tax assets are offset by a valuation allowance due to the uncertainty of the realization of the net operating loss carry forwards. Net operating loss carryforwards may be further limited by other provisions of the tax laws.

The Company's deferred tax assets, valuation allowance, and change in valuation allowance are as follows:

Period Ending	Estimated NOL Carry-forward	NOL Expires	Potential Tax Benefit from NOL	Valuation Allowance	Change in Valuation Allowance	Net Tax Benefit
December 31, 2016	\$300,000	Various	\$67,950	\$(67,950)	\$--	\$--
December 31, 2015	\$300,000	Various	\$67,950	\$(67,950)	\$--	\$--

Income taxes at the statutory rate are reconciled to the Company's actual income taxes as follows:

Income tax benefit at statutory rate resulting from net operating loss carryforward	(15.00%)
State tax (benefit) net of federal benefit	(7.65%)
Deferred income tax valuation allowance	22.65%
Actual tax rate	0%

The Company also is obligated to pay franchise taxes and related fees to the State of California. At December 31, 2016, accrued and unpaid franchise taxes and related fees were -0- as the Company had paid in full and was restored to good standing.

4. Capital Stock

Preferred Stock The Company has authorized 1,000,000 shares of no par value preferred stock. These shares may be issued in series with such rights and preferences as may be determined by the Board of Directors. The Company has not issued any preferred shares.

Common Stock The Company has authorized 100,000,000 shares of common stock with a par value of \$0.001. As of December 31, 2016, there were 14,425,903 shares issued and outstanding. Effective February 3, 2017, the Company effected a 1 for 25 reverse stock split of its common stock, resulting in a reduction of its outstanding shares to 577,056. All references to outstanding stock have been retroactively adjusted to reflect this split.

5. Notes Payable - Stockholders

Effective July 2, 2007, the Company entered into a note payable agreement with a related party that provided for borrowings up to the principal amount of \$64,871. The note was uncollateralized and bears interest at an annual rate of 8%. The Company issued 945,987 shares of its common stock as additional consideration for the note payable. As of December 31, 2015, the outstanding balance of the note payable was \$64,871. The original due date of June 30, 2008 was extended to June 30, 2009, and effective June 30, 2009, the stockholder agreed to modify the terms of the note to make it due on demand.

Effective November 14, 2007, the Company entered into a revolving convertible loan agreement with the President and a stockholder. The agreement provided for borrowings up to the principal amount of \$133,333. The note was due on demand, was uncollateralized, bears interest at an annual rate of 8%, and was convertible into restricted common stock at \$0.10 per share. The Company issued 10,000,000 shares of its common stock as additional consideration for the note payable. The stock was valued at \$10,000 and the Company recorded the \$10,000 expense as financing costs of \$1,971 and consulting fees of \$8,029. As of December 31, 2015, outstanding borrowings under the agreement totaled \$133,395

The Company accrued interest expense of \$14,094 and \$15,861 on the two notes payable to stockholders during 2016 and 2015 respectively.

On December 14, 2016, the Company owed \$318,696 in related party debt and related accrued interest payable. On December 14, 2016 two shareholders of the Company entered into an agreement to sell 475,679 (11,891,976 pre-split) shares of the Company's common stock, which they owned, to an unrelated party, and ceded control of the Company. As part of this transaction they assigned the related party debt and related accrued interest totaling \$318,696. In conjunction with this transaction, an unrelated third party provided \$25,000 to the Company for the change of control transaction, by acquiring and agreeing to forgive the \$318,696 debt, and in exchange the Company agreed to issue unrelated third party 500,000 shares post-split restricted common shares, after the 1-for-25 reverse stock split. The stock price on the date of the agreement was \$0.05 and the fair value of this stock adjusted for post-split pricing would be \$1.25, with a total fair value of \$625,000. This amount was recognized as stock issuance liability at December 31, 2016 since the stock was not issued until March 2017. Based on the substance of the nature of the transactions being interrelated, the gain on the settlement of debt of \$318,696 was offset with the issuance expense of \$625,000 to provide for the net expense, shown as financing expense, of \$306,304.

6. Related Party Transactions

The Company's former President periodically advanced funds to the Company so that it could meet its financial obligations. In December 2016, the President converted \$6,934 into additional paid in capital. In addition, during 2016 and 2015, two stockholders advanced \$19,794 and \$1,520 respectively to the Company. These advances were recorded as additional paid in capital.

The Company uses the offices of its President for its minimal office facility needs for no consideration. No provision for these costs has been provided since it has been determined that they are immaterial.

7. Change of Control

On December 14, 2016 two shareholders of the Company entered into an agreement to sell 475,679 (11,891,976 pre-split) shares of the Company's common stock, which they owned, to an unrelated party, and ceded control of the Company. As part of this transaction they assigned the related party debt and related accrued interest totaling \$318,696.

In conjunction with this transaction, an unrelated third party provided \$25,000 to the Company for the change of control transaction, by acquiring and agreeing to forgive the \$318,696 debt, and in exchange the Company agreed to issue the unrelated third party 500,000 post-split restricted common shares, after the 1-for-25 reverse stock split. The stock price on the date of the agreement was \$0.05 and the fair value of this stock adjusted for post-split pricing would be \$1.25, with a total fair value of \$625,000. This amount was recognized as stock issuance liability at December 31, 2016 since the stock was not issued until March 2017. Based on the substance of the nature of the transactions being interrelated, the gain on the settlement of debt of \$318,696 was offset with the issuance expense of \$625,000 to provide for the net expense, shown as financing expense, of \$306,304.

8. Subsequent Events

The following corporate actions went effective on February 3, 2017:

On December 15, 2016, the Company's sole Director, in conjunction with the corporate actions referenced herein approved the following: (i) to change its name from The Company, Inc. to AMMO, Inc., and (ii) a change to the Company's OTC trading symbol.

On December 15, 2016, the Company's sole Director approved a 1-for-25 reverse stock split ("Reverse Split") of the issued and outstanding shares of Common Stock of the Company. As a result of the Reverse Split, the current 14,425,903 issued and outstanding shares of Common Stock shall represent 577,056 post Reverse Split shares; no shareholder shall be reversed below 100 shares and any and all fractional shares resulting from the Reverse Split shall be rounded up to the next whole share. All references to outstanding stock have been retroactively adjusted to reflect this split.

On December 15, 2016, the Company's sole Director approved an agreement and plan of merger to re-domicile and change the Company's state of incorporation from California to the State of Delaware and to carry out a continuance of our company from the State of California to the State of Delaware.

On December 30, 2016, we filed articles of merger with the California Secretary of State to effect the domicile change to the State of Delaware and we filed a Certificate of Merger with the Delaware Secretary of State to effect the domicile change to the State of Delaware.

In conjunction with the domicile change, the Company's sole Director adopted a new certificate of incorporation under the laws of the State of Delaware to increase our authorized number of shares of common stock from 15,000,000 to 100,000,000 shares of common stock, with a par value of \$0.001.

On January 3, 2017 the Company and Ammo, Inc. a private Delaware corporation (Ammo), executed a binding letter of intent (LOI) whereby the Company and Ammo will execute a Plan of Merger Agreement in which the Company will acquire 100% of Ammo in exchange for up to 18,000,000 post-split shares of common stock of the Company. As of the date of this filing, the Company is still in due diligence stages and has no plans to finalize the transaction until the completion of the due diligence stage and final documentation.

On February 3, 2017, the Financial Industry Regulatory Authority ("FINRA") approved: (i) the Company's name change to AMMO, Inc.; and (ii) the plan of merger to re-domicile and change the Company's state of incorporation from California to the State of Delaware and to carry out a continuance of our company from the State of California to the State of Delaware; and (iii) the 1-for-25 Reverse Split of the issued and outstanding shares of Common Stock of the Company. Additionally, the Company's ticker symbol changed from "RTRO" to "POWW" on February 20, 2017.