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**MINISTRY OF DEFENSE  
BRAZILIAN NAVY  
BRAZILIAN NAVAL COMMISSION IN WASHINGTON**



**Contract Between the  
Brazilian Naval Commission in Washington  
and  
TASK AEROSPACE INC**

**for the  
SURVEILLANCE TESTING OF 4 EACH, RETURNED UNITS, ROCKET CATAPULT PROPELLANT  
ACTUATED DEVICE (PAD).**

**Contract N° 70200/24-01/00**

**PROCESS NUP: 63435.008797/2023-06**

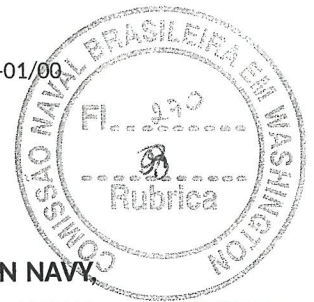
Contract N° 70200/24-01/00

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**Contract N° 70200/24-01/00**



**CONTRACT SIGNED BETWEEN THE BRAZILIAN NAVY, REPRESENTED BY THE BRAZILIAN NAVAL COMMISSION IN WASHINGTON (BNCW) AND TASK AEROSPACE INC. FOR THE SURVEILLANCE TESTING OF 4 EACH, RETURNED UNITS, ROCKET CATAPULT PROPELLANT ACTUATED DEVICE (PAD).**



The Brazilian Federal Government, through the Brazilian Naval Commission in Washington (BNCW), Brazilian Navy, located at 5130 MacArthur Blvd., N.W., Washington, DC, 20016, represented herein by his President, **CAPT ALEXANDRE VIZEU DIAS**, appointed by Directive N° 62, 2023, holder of Brazilian Navy Identification Card N° 536541-4, hereinafter referred to as **BUYER**, and the company **TASK AEROSPACE INC.** represented by Jeremy Ochs, Vice President, Engineering and Business Development bearer of US Passport number 578157032, with main offices located at 5755 South Sossaman Road, Hangar 46, Mesa Arizona, 85212, hereinafter referred to as **SUPPLIER**, in view of what is stated in Process N° **63435.008797/2023-06**, this contract was not preceded by Public Tender, in accordance with waiver TJIL n° 01/2024, through the clauses and conditions set out below.

**CLAUSE ONE - OBJECT OF THE CONTRACT**

**1.1** - The object of this contract is the provision of surveillance testing of 4 each, returned units, Rocket Catapult with HTPB Propellant P/N 10407-11, according to conditions, quantities and requirements established in in this Contract and Annexes.

**1.2** - The object of this contract:

ITEM	PN	Description	Unit	Quantity
1	10407-11	Surveillance testing of Rocket Catapult	lot	4

**1.3** - The following documents will form an integral part of the Contract, regardless of transcript:

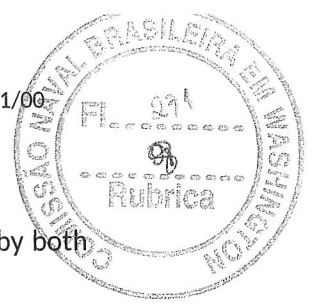
Annex A - Annex A - Basic Project, dated on December 8<sup>th</sup>, issued by *Diretoria de Sistemas de Armas da Marinha (DSAM)*; and

Annex B - Quotation n° TAQ1023-5172 Rev B, dated November 24<sup>th</sup>, 2023, from TASK AEROSPACE Inc.

**1.4** - In the event of dispute, ambiguity or conflict between the terms of this Contract and that of the annexes, the terms of this Contract will prevail.

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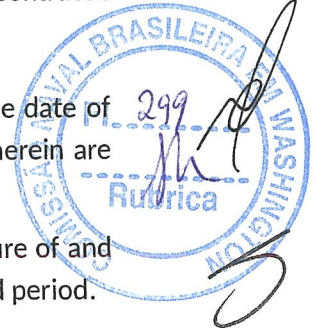
**CLASSIFIED****CLAUSE TWO - TERM AND EXTENSION**

**2.1** - This Contract shall become effective on the day of the signature of this Contract by both the Brazilian Navy and SUPPLIER.

**2.1.1** The Contract's validity is **9 (nine) months**, starting on the date of the Contract's signature, following article 105 of Law N° 14,133 of 2021.

**2.2** - The period of execution and effectiveness of this Contract shall begin upon the date of the fulfillment of the Subclause 2.1, and shall remain in force until all obligations therein are satisfactorily fulfilled.

**2.2.1** - The period of effectiveness and execution may be extended, upon the signature of and Addendum, if the object of the contracts is not completed within the aforementioned period.

**CLAUSE THREE - EXECUTION AND MANAGEMENT**

**3.1** - The procedures for the execution, assessment and acceptance of the object of the contract, are set out in Annex A - Project.

**3.2** - The SUPPLIER shall be responsible for the quality of the *provision of the services*, under the conditions established in Annexes A and B, as per the Physical Financial Schedule (PFS) stated in Clause 5.1.

**CLAUSE FOUR - SUBCONTRACTING**

**4.1** - Subcontracting of the object is allowed to Nammo Defense Systems.

**CLAUSE FIVE - PRICE**

**5.1** - The total amount of this Contract is **USD 100.000,00** (one hundred thousand dollars), will be paid as per Physical and Financial Schedule (PFS) below:

Event	Description	Scheduled Date (days)	%	Price (\$)
1	Signing of the Contract by the Brazilian Navy and the SUPPLIER	D-0	-	-
2	<b>EFFECTIVE DATE OF THE CONTRACT</b>	D	-	-
3	Delivery of the material to the SUPPLIER	Up to D + 15	-	-
4	Arrival of material at the SUPPLIER'S facilities	Up to D + 30	50	50.000,00
5	Assessment Test	Up to D + 120	-	-
6	Submission of the Results Assessment Report	Up to D + 150	-	-

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7	Analysis and accept of the Assessment Report	Up to D + 170	50	50.000,00
	TOTAL AMOUNT		100	100.000,00

5.1.1 - The above price comprises of all direct and indirect expenses, including taxes, duties, labour, freight and insurances related to the provision of the services during the entire duration of the contract.

5.1.2 - The total contract price, which includes all costs relating to the service to be provided and the equipment to be received CIP Viracopos Airport, in accordance with Incoterms 2020, is firm and fixed for the whole duration of the contract in the amount of USD 100.000,00 (one hundred thousand dollars) and comprises all costs, including packing and delivery.

### CLAUSE SIX- PAYMENT TERM

6.1 - Payment will be made within 30 (thirty) days of presentation of the relevant documentation to BNCW, after confirming the terms and conditions of this contract and upon authorization from Navy Weapons Systems Directory (DSAM).

6.2 - Invoices issued by the **SUPPLIER** must strictly comply with this Contract and must present the following information:

- a) Addressed to the Brazilian Naval Commission in Washington;
- b) Price in dollars;
- c) Contract number;
- d) Company Name as per the Account ;
- e) Bank;
- f) Sort Code;
- g)Account;
- h)IBAN;
- i)BIC (Swift Code);and
- j)Quantities and unit prices, as presented in the price proposal.

6.3 - In case of partial delivery, invoices will be paid individually.

6.4 In the event of partial non-performance, the value relating to the non-completed portion of the object of the contract must be refunded.

6.5 Invoices not containing all the information required in clause 6.2 will not be accepted, and a revised Invoice will be requested. In this case, the payment deadline may be affected, and **BUYER** will not bear any late payment costs.

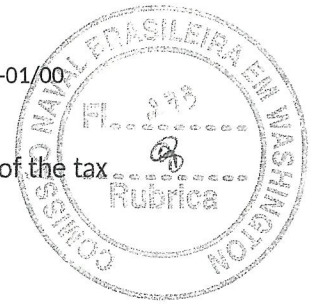
6.6 Payment is subject to discounts resulting from administrative penalties due to non-compliance with contractual performance.

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**6.7** The **BUYER** is exempt from taxes nationwide on purchases over **USD 500.00**. A copy of the tax exemption card can be provided upon request.

**CLAUSE SEVEN- PRICE ADJUSTMENT**

**7.1** - Prices are fixed during the whole duration of the contract.

**CLAUSE EIGHT - BUYER'S OBLIGATIONS**

**8.1** - The **BUYER's** obligations are:

**8.2** - Require the fulfillment of all obligations assumed by the **SUPPLIER**, following the Contract and its attachments.

**8.3** - The Brazilian Navy will deliver the goods, object of this contract, at the Viracopos International Airport, Rodovia Santos Dumond, km 66, Parque Viracopos - Campinas - SP - Brasil - CEP: 13055-900, as per Physical and Financial Schedule (PFS) stated in Clause 5.1.

**8.4** - Notify the **SUPPLIER**, in writing, about vices, defects, or inaccuracies found in the supplied object so that it may be replaced, repaired, or corrected, in whole or in part, at its expense, according to the conditions established in this Contract.

**8.4** - Monitor the services, by a formally designated employee, forwarding the notes to the competent authority for the appropriate measures.

**8.5** - Pay the **SUPPLIER** the amount corresponding to the supply of the object in the period, form, and conditions established in this Contract, within the time period and conditions established in the Clause Five.

**8.6** - Apply sanctions to the **SUPPLIER** in accordance with the law and this Contract.

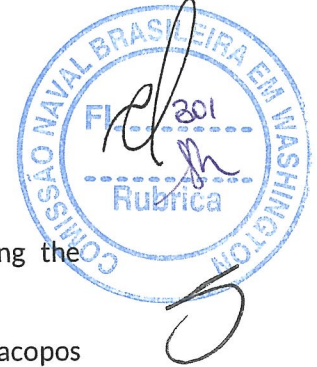
**8.7** - Reject, in whole or in part, the contracted object when in disagreement with the specifications contained in the Contract.

**8.8** - Issue a decision on all requests and complaints related to the execution of this Contract, except manifestly impertinent requests, merely delaying or devoid of interest for the proper execution of this agreement.

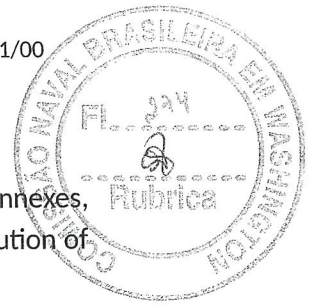
**8.9** - The Administration will have a period of **1 (one) month**, counting from the date of the request protocol, to decide, allowing for a motivated extension, for an equal period.

**8.10** - Notify the **SUPPLIER** in writing of the occurrence of any imperfections, failures, or irregularities found during the execution of the services, setting a deadline for their correction, making sure that the solutions proposed by it are the most appropriate.

**8.11** The Administration will not be liable for any commitments undertaken by the **SUPPLIER** with third parties, even if linked to the execution of the Contract, as well as for any damage caused to third parties as a result of an act of the **SUPPLIER**, its employees, agents or subordinates.



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**CLASSIFIED****CLAUSE NINE - SUPPLIER'S OBLIGATIONS**

**9.1** - The **SUPPLIER** shall comply with all obligations contained in this Contract and its annexes, assuming as exclusively its risks and expenses resulting from the good and perfect execution of the object.

**9.2** - The **SUPPLIER** agrees to deliver the report electronically via email to the Point of Contact (POC) specified herein. The report shall be delivered in a commonly used electronic format (e.g., PDF, Word document) unless otherwise specified by the POC or by the **SUPPLIER**. For this delivery, the designated POC is Captain HERMANO EMMANUEL GOUVÊA, whose contact information is hermano.emmanuel@marinha.mil.br;

**9.3** - Maintain throughout the contract period, in compliance with the obligations assumed, all the conditions of qualification required for the provision of the services.

**9.4** - Use qualified employees with full knowledge of the services to be performed, in accordance with current standards and determinations, taking full responsibility for damages or failures that may compromise the performance of their duties.

**9.5** - Employees between the ages of fourteen and sixteen are expressly forbidden, except when they are hired under an apprentice scheme. Employees under the age of eighteen are not permitted in the night shift, and in dangerous or unhealthy jobs.

**9.6** - Instruct its employees regarding the activities to be carried out, warning them not to perform activities not included in the contract. The **SUPPLIER** shall report to the Brazilian Navy any and all occurrences in this regard, so as to prevent any deviation from the duties.

**9.7** - Be responsible for complying with all labor, social security, tax, commercial and other obligations provided for in specific legislation, whose default does not transfer the responsibility to the **BUYER** and may not encumber the object of the Contract.

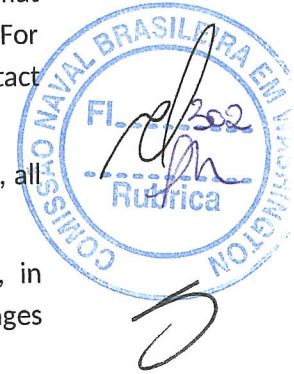
**9.8** - Maintain confidentiality regarding all information obtained as a result of fulfilling the contract. An exception is made for the participants of the JOINT PURCHASE PROGRAM (program responsible for the purchase of the PAD that will be tested). The data obtained for the Ordnance Assessment, object of this contract, will help all those parties to reach and keep high level of safety and maintenance for the usage of the same batch of assets that will be tested. In the future when other operators assets are tested, that data will in turn be shared with Brazil.

**9.9** - Provide the services within the parameters and routines defined, supplying all materials, equipment and tools in suitable quantities, quality and technology, in compliance with the recommendations accepted by good technique, standards and legislation for the service.

**9.10** - Conduct the technical and administrative management of the services in order to carry them out in an effective and efficient manner, according to the documents and specifications that are part of this Contract, within the deadline established for the project.

**9.11** - Provide any clarification requested by the Brazilian Navy or its representatives.

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**11.2** - For the total or partial non-execution of the Contract, the **BUYER** can, guaranteeing a previous defense, apply to the **SUPPLIER** the following sanctions:

a) Warning;

b) Fine, in the event of delays not validated under the terms of Force Majeure, may be applied by the Brazilian Navy as compensation in the amount of 0,15% of the value of the contract, per each day of delay until the day the delivery is effected. The maximum figure for the compensation may not exceed 15% (fifteen per cent) of the total contract price. Reaching this limit, the fine will be converted into a compensatory fine;

c) Compensatory fine, in a percentage of 10 (%), levied on the value of the unfulfilled portion of the Contract;

d) Temporary suspension from participation in bids and impediment to Contract with this Naval Commission for a period not exceeding two (2) years; and

e) Declaration of ineligibility to bid or Contract with the Brazilian Public Administration while the reasons that determined the punishment last or until rehabilitation is promoted before the authority that applied the penalty, which will be granted whenever the **SUPPLIER** reimburses the **BUYER** for the resulting damages and after the period of the sanction used based on the item "c" elapses.

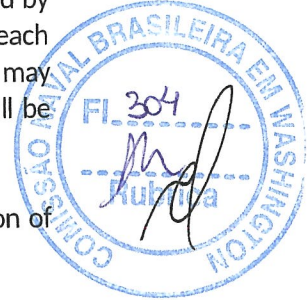
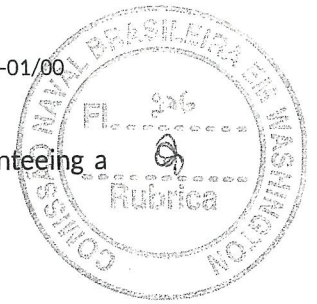
**11.3** - The penalties provided in item 11.2, paragraphs "a," "d," and "e" may be applied together with one of the paragraphs "a" and "b," being allowed the previous defense of the **SUPPLIER**, in the respective process, within 5 (five) working days.

**11.4** - The sanction established in paragraph "e" of item 11.2 is of the exclusive competence of the Minister of Defense, the defense of the **SUPPLIER** being allowed in the respective process within 10 (ten) days of the opening of the case, and the rehabilitation can be requested after 2 (two) years of its application.

**11.5** - When applicable, the fine will be calculated over the total value of the scheduled Event, in accordance with the Physical and Financial Schedule (PFS).

**11.6** - After notification of the penalty, the Brazilian Navy may deduct the fine from the payments due to the **SUPPLIER** or request that the **SUPPLIER** pay the fine within 30 (thirty) days after the notification.

**11.7** -The Supplier may appeal against the penalties to the President of the Brazilian Naval Commission in Washington within 5 (five) working days from the penalty notice. The President of the BNCW will issue his final decision within 5 (five) working days from the day in which the BNCW acknowledged the Supplier's appeal. Upon the President's decision and if the imposed penalty persists, the penalty will be collected as per item 11.2.



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**11.8** - After 20 (twenty) working days of the last date of the payment of the fine, if the Supplier has not settled the payment, the Brazilian Navy may cancel this contract in accordance with Clause 12 - Termination.

**11.9** -When the total amount of the penalties exceeds 15% (fifteen per cent) of the total estimated contract price, the contract may be terminated and the Brazilian Navy will demand the payment of the owed fines.

**11.10** - After being notified of the penalty, the SUPPLIER may oppose the Brazilian Navy's claim by submitting its defense, within a period of 15 (fifteen) working days.

**11.11**- The sanctions provided for in this Agreement does not, under any circumstances, exclude the obligation to fully repair the damage caused to the Brazilian Navy.

**11.12** - All the penalties mentioned in this contract may be applied to the SUPPLIER in addition to the fines.

**11.13** - The relevant authority, when applying the penalties, will take into consideration the seriousness of the offense, the educational character of the penalty, as well as the damage caused to the Brazilian Navy, complying with the principle of proportionality.

**11.14** - The written notices referred in this item shall be forwarded by recorded delivery.

**11.15**- The SUPPLIER is liable for death, injury, loss or damage to persons or property in the course of execution of the contract, although the assets are property of the Brazilian Navy and have been outside of the control of SUPPLIER. Provided the SUPPLIER performs all testing to its procedures.

**11.16** -The enforcement of any of the foreseen penalties will be preceded by an administrative process and will ensure the SUPPLIER's full defence.

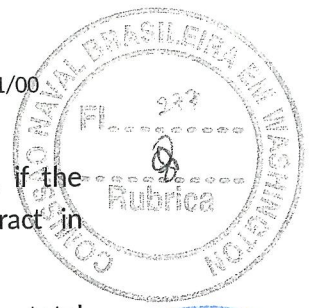
**CLAUSE TWELVE- TERMINATION**

**12.1** - The Contract will be terminated when the obligations of both parties are fulfilled, even if this occurs before the stipulated deadline.

**12.1.1** - If the obligations are not fulfilled within the stipulated period, the term will be extended until the object is completed, in which case the Administration must arrange for the schedule established for the contract to be readjusted.

**12.2** - The termination, whenever possible, shall be preceded by:

- a) Balance of contractual events already fulfilled or partially fulfilled;
- b) List of payments already made and still due; and
- c) Indemnities and fines.



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**12.3** - The contract may be terminated amicably, before the fulfillment of the obligations stipulated therein, or before the period established therein, provided the SUPPLIER is granted a fair hearing, for any of the reasons below:

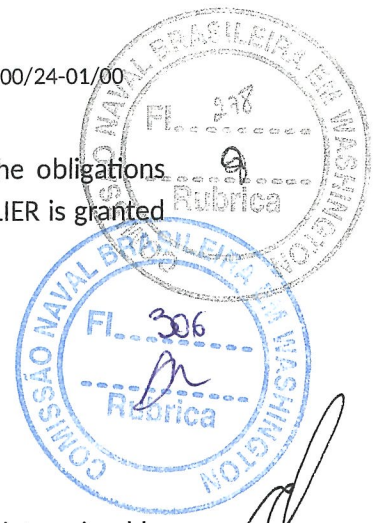
- a) non-compliance with contractual clauses, specifications or deadlines;
- b) irregular compliance with contractual clauses, specifications and deadlines;
- c) delay in fulfilling obligations within the stipulated deadlines;
- d) the unjustified delay in starting the provision of the service;
- e) highly relevant reasons of public interest, known by the public, justified and determined by the competent authority of the contracting body registered in the administrative process of this contract; and
- f) the occurrence of proved fortuitous event or force majeure, preventing the performance of the contract.

**12.4** - The termination term shall be:

**12.4.1** - An agreement between the parties, provided it is appropriate for the Administration. The party who wishes to terminate this contract must give the other party 30 days' notice.

**12.4.2** - Requested by the Brazilian Navy, in the cases listed in item 12.3.

**12.4.3** - When the termination occurs based on the aforementioned items, without the SUPPLIER's fault, the SUPPLIER will be compensated for the proven damages suffered and will be entitled to payments due for the services provided until the date of termination.



**CLAUSE THIRTEEN - BUDGET ALLOCATION**

**13.1** - Expenses to attend this bidding process are programmed in a specific budget allocation, foreseen in the Union budget for the 2024 fiscal year, in the classification below:

Management/Unit:	0001
UGR/UGE:	74400/70200
PTRES:	174675
INTERNAL ACTION:	Y16820001KZ
Nature of Expense:	339030

**CLAUSE FOURTEEN - FORCE MAJEURE**

**14.1** - The parties shall consider force majeure, for the effect of counting the periods established in this Contract, those which, being impossible to foresee or to avoid may prevent one of the parties from complying with the scheduled dates. Proof of Force Majeure must be presented and accepted by the affected party.

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**14.2** - Therefore, the following are considered force majeure: war, insurrection, revolution, civil war, strike, lockouts, and acts of nature, adverse meteorological conditions, government actions, and others, which escape the control of the affected party and prevent the services in the sites where the object of this Contract is being fulfilled.

**14.3** - In the event of force majeure, the affected party shall notify the other party, in writing, within 30 (thirty) working days of the start of the force majeure period. The affected party must inform the other party of the consequences of the force majeure regarding the delays under the Contract and the period required in order to overcome those delays. Upon the agreement of the parties, the scheduled dates will be extended by the respective period of the force majeure.

**14.4** - The contracting parties may terminate this Contract if the period of Force Majeure persists for 6 (six) months.

**CLAUSE FIFTEEN - OMITTED CASES**

**15.1** - Omitted cases will be decided by the parties, according to the provisions contained in this Contract, and its Annexes, according to the provisions of the Regulation GM-MD N° 5.175, of December 15, 2021 and other Brazilian norms.

**CLAUSE SIXTEEN - WAIVERS AND VARIATIONS**

**16.1** - No waiver by either the BNCW or the SUPPLIER will be treated as such unless through a formal variation or contract amendment.

**16.2** - The SUPPLIER is obliged to accept, under the same contractual conditions, any additions or reductions that are necessary, up to a limit of 25% (twenty-five percent) of the updated initial value of the contract.

**16.3** - Contractual changes must be promoted through the signing of an addendum, submitted for approval by the SUPPLIER's legal consultancy, except in cases of justified need to anticipate its effects, possibly in which the formalization of the amendment must occur within a maximum period of 1 (one) month.

**16.4** - Registrations that do not characterize alteration of the Contract may be done by simple notification, dispensing the celebration of an amendment.

**CLAUSE SEVENTEEN - PUBLICATION.**

**17.1** - It is the responsibility of the Brazilian Navy to publish an extract of this Contract in the Official Gazette of Brazil, in order to comply with legal government requirements.

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**CLASSIFIED****CLAUSE EIGHTEEN - DRAFT OF THE CONTRACT, LAW AND ARBITRATION**

**18.1** - This Contract is governed by the laws of United States of America and has its authoritative text in the English language.

**18.2** - If the **PARTIES** cannot resolve any disputes arising from or relating to this Contract amicably, such claims shall be determined by arbitration following the International Arbitration Rules of the American Arbitration Association.

**18.3** - The place of arbitration will be in Washington, DC, the number of arbitrators will be three, and the arbitrator's decision will be final and binding on the **PARTIES**. Each party shall select one arbitrator within thirty (30) days after the commencement of the arbitration, and both arbitrators shall select a third. If either party fails to appoint an arbitrator within this period, the arbitrator chosen by the other party will be the sole arbitrator. Suppose the two arbitrators do not agree on the selection of a third arbitrator within 45 (forty-five) days after the commencement of the arbitration, the American Arbitration Association will select the third arbitrator.

**18.4** - The arbitration must be conducted in English, and all documentation must also be in English. The arbitration award shall be the sole and exclusive remedy between the parties concerning claims, counterclaims, issues, or bills presented or pleaded to the arbitrators. The award must be paid in US Dollars, net of any tax, deduction, or offset. Any costs, fees and, expenses incurred in enforcing the judgment will be charged against the party resisting such enforcement.

**18.5** - All notices relating to the arbitration shall be in English and writing.

**18.6** - The dispute or claim arising out of or relating to the Contract will be determined following the Maritime and Commercial Laws applicable to this type of trade, and the parties will submit to the jurisdiction of the federal courts located in the District of Columbia. They will waive the right to claim a lack of personal jurisdiction in any legal process.

**CLAUSE NINETEEN - DELEGATION OF POWER**

**19.1** - In accordance with the legal instrument "Rules for Administrative Agreements of the Brazilian Navy", "Portaria" Nr. 38, dated 21/03/2022, the Brazilian Navy has delegated power to the President of the Brazilian Naval Commission in Washington to sign contracts, on behalf of the Brazilian Navy, in the area of his jurisdictional sector.

**CLAUSE TWENTY- NOTICES AND CORRESPONDENCE**

**20.1** - Where in accordance with the Contract, a notice in writing is required, it shall be sent by registered post to the address of the party to receive it, stated in this Contract or such other address as may from time to time be notified by either party to the other in writing.

**20.2** - All correspondence between the parties hereto concerning the Contract shall be in the English Language.



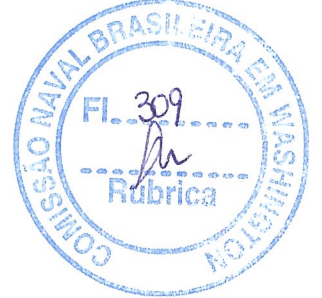
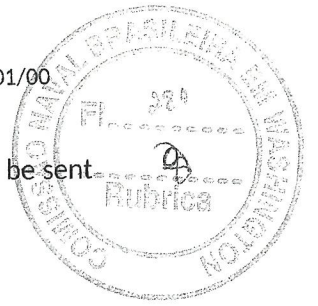
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20.3 - The day-to-day correspondence and formal notices given by both parties should be sent to the following:

- a) Brazilian Naval Commission in Washington
  - 5130 - Macarthur Boulevard N.W. Washington - USA - 20063316
  - Tel: + 2022443950
  - FAO: Contracts Division

- b) SUPPLIER:
  - TASK AEROSPACE Inc.
  - 5755 South Sossaman Road, Hangar 46 Mesa, Arizona 85212
  - Tel: +210.862.0758,



**CLAUSE TWENTY-ONE - COPIES**

21.1 - To secure and validate what has been agreed upon, this Contract has been drawn up in two COPIES of equal content, which the contracting PARTIES have signed after having been read and found to be in order.

Washington DC, February 26 ,2024.

**ALEXANDRE VIZEU DIAS**

CAPT, Brazilian Navy

President

**JEREMY OCHS,**

Task Aerospace Inc

Vice President, Engineering and Business Development

**LUIZ CARLOS REIS DE LIMA**

CDR, Brazilian Navy

Head of the Purchasing Department

**TONY NIKOPOULOS**

Task Aerospace, Inc.

President / Chief Financial Officer

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