

**ENGAGEMENT LETTER No 23/10/2019**

## **1. PARTIES TO THE ENGAGEMENT LETTER**

1.1. This Agreement is executed on the date 23/10/2019 by and between the following parties:

1.1.1. **BDO Legal Ltd** represented by its director David Gelashvili; and

1.1.2. **Geofizyka Toruń S.A** represented by its authorized person Błażej Świątkiewicz

## **2. DEFINITIONS**

2.1. **BDO** - means BDO Legal Ltd, legal entity registered and effective under the laws of Georgia. registration number: 205249177, having its legal address at: 2 Tarkhnishvili str., 0179 Tbilisi;

2.2. **Client/Company** - means Geofizyka Toruń S.A, legal entity registered and effective under the laws of Poland; Company Number: 879-20-46-601, having its legal address at: Chrobrego 50 87-100 Toruń, Poland);

2.3. **Tax and Legal Services** - means tax and legal services as defined in clause 3.1 of this Engagement Letter;

2.4. **Party** - means the Client or BDO according to the context;

2.5. **Parties** - means the Client and BDO jointly;

2.6. **Engagement Letter** - means this Engagement Letter, its annex, amendments and addendums made thereto from time to time;

2.7. **Confidential Information** - means any information received from the Party directly or indirectly in the process of preparing of the Engagement Letter or in the process of rendering the Legal Services, including but not limited to financial, commercial, legal, technological of any other information, accounting data, information about the employees of the Parties, inventions and other objects of the intellectual property rights, commercial secrets, working methodology, know-how of BDO or Client or the Company and or the information about the Transaction and parties to the Transaction;

2.8. **Business Day** - means days (except Saturday and Sunday) when commercial banks in Georgia are open and fully operating.

## **3. SUBJECT MATTER OF THE AGREEMENT**

3.1. BDO hereby undertakes to provide the Client with the Legal Services in respect to the issues of the interest of the Client.

3.2. Scope of the Tax and Legal Services envisages preparation of the answers regarding the questions indicated in Appendix 1 to this Agreement.

3.3. The answers on the questions envisaged under Article 3.2 shall be delivered in the form of written report.

## **4. SERVICE FEE AND PAYMENT TERMS**

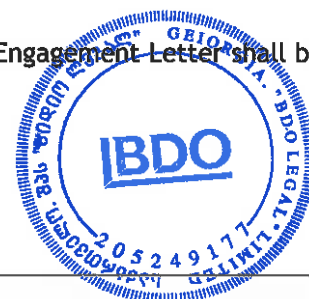
4.1. Fees and expenses for provision of Legal Services and Tax Services amounts to EUR 1,200.



- 4.2. The full amount (100%) of the services fees for the legal and tax services under the present agreement shall be made in form of advance payment within 3 (three) business days upon execution of this Engagement Letter.
- 4.3. The bank fees as well as commission fees and other expenses related to the payment shall be borne by the Client.
- 4.4. Service fee shall be paid to the bank account determined in the invoice of BDO, sent to the Client.

## 5. CONFIDENTIALITY

- 5.1. The Parties shall undertake all measures to prevent access of the third parties to the Confidential Information.
  - 5.2. The Party has to obtain written permit of the other Party in order to disclose the Confidential Information received from such Party. Disclosure of the information will mean its dissemination in any form to the third parties.
  - 5.3. The Confidential Information might be disclosed if:
    - 5.3.1. Disclosure is requested by the applicable legislation.
    - 5.3.2. The information will be disclosed to the lawyers, insurers and/or other persons who are or will be engaged in the dispute between BDO and the Client;
    - 5.3.3. Disclosure is requested by the relevant act of court, arbitration.
  - 5.4. This clause shall survive termination of the Engagement Letter.
  - 5.5. Confidential information does not cover:
    - 5.5.1. Public information or/and documentation or information/documentation which will become public in the future without breach of this Engagement Letter by the receiving party.
    - 5.5.2. Information disclosure of which is envisaged by the legislation of Georgia.
  - 5.6. In case of termination of the Engagement Letter any documentation deemed as the Confidential shall be returned to the disclosing Party.
  - 5.7. Confidentiality obligations shall survive termination of this Engagement Letter.
- ## 6. LIABILITY
- 6.1. BDO is responsible for non-fulfillment or improper fulfillment of its obligations as per applicable Georgian legislation.
  - 6.2. BDO shall indemnify and hold harmless the Client for any damages caused the Client due breach of the contractual obligations by BDO.
  - 6.3. It is hereby agreed that limit of liability of BDO under the Engagement Letter shall be limited to the amount of the Fee.



- 6.4. BDO shall not be responsible for any indirect/consequential damages (including loss profit) caused to the Client.
- 6.5. The Client shall be responsible for failure to provide payment of the service fee as per this Engagement Letter.
- 6.6. The parties hereby represent and warrant that any and all claims within this scope of this Engagement letter will be presented against BDO Legal and under no circumstances against BDO international network other firm/firms or to BDO International Limited or the Brussels Worldwide Services BVBA.

## **7. TERM OF THE ENGAGEMENT LETTER**

- 7.1. This Engagement Letter becomes effective upon its execution and shall stay valid until full implementation of the contractual obligations by the Parties.
- 7.2. If this Engagement Letter is terminated at the initiative BDO according to the clause 7.4 or at the initiative of the Client as per clause 7.2., then BDO should be reimbursed for the services rendered till the moment of termination of the Engagement Letter. The Parties shall negotiate in good faith to agree on value of the Legal Services rendered up until the moment of termination of the Engagement Letter.

## **8. GOVERNING LAW AND DISPUTE RESOLUTION**

- 8.1. This Engagement Letter is governed and interpreted according to Georgian law.
- 8.2. Any and all disputes and disagreement in connection to this Engagement Letter between the parties should be solved through amicable negotiations. If the parties fail to solve the dispute through negotiations, the disputes shall then be submitted to Tbilisi City Court as the first instance court.
- 8.3. Disputes shall be examined and resolved according to Georgian laws.

## **9. MISCELLANEOUS**

- 9.1. Any and all changes and/or amendments to the Engagement Letter shall be made in written form.
- 9.2. The invalidity of any provision of this Engagement Letter shall not affect the validity of entire Engagement Letter. The parties shall negotiate in good faith in order to replace the invalid clause with valid regulations that would enable the parties to achieve the same objectives.
- 9.3. The conditions of the Engagement Letter are binding for the parties and their successors (if any).

**BDO**

Director: David gelashvili



**Client**

Authorized person: Błażej Świątkiewicz

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## APPENDIX 1

### I. GEOFIZYKA TORUŃ AS A NON-RESIDENT IN GEORGIA (CURRENT SOLUTION).

#### 1) Taxes

Is there any risk that GT will be subject to any local taxes?

#### 2) Invoicing system

- Please describe to us the system in which invoices are issued. As non-residents, can we obtain any code / number that will allow us to obtain tax invoices (issued in the tax system)
- Dates for issuing invoices (e.g. in Polish law, an invoice can be issued within 30 days before the service is provided to the 15th day of the next month in which the service was performed)
- Other relevant information on invoicing in Georgia (required information, elements)

3) Backward registration - if an obligation to register GT as a PE / Branch in Georgia arises in the near future:

- Is registration with a back date possible?
- Will registration be necessary from the beginning of our contract or from the moment that this necessity arises?
- What about expenses incurred until the date of registration? As non-residents, we are not able to obtain the tax invoices. Could the tax base be reduced by non-tax invoices we have received? Are we able to get invoice corrections from contractors (to change them from non-tax to tax)
- Will revenues received before the registration be taxed in Georgia? (The Customer from Georgia has already paid GT in Poland an advance payment)

### II. GEOFIZYKA TORUŃ IS REGISTERED ON THE TERRITORY OF GEORGIA AS A PERMANENT ESTABLISHMENT/BRANCH.

#### 1) Income tax calculation method:

- What is the basis for income tax?
- What is the method to calculating income tax? (In connection with different tax systems, please present the tax calculation step by step on numbers so that we can understand each other (e.g. 1000 revenue, 700 costs, how much tax is).
- What expenses can be included in the tax settlement. We have described how our work will look like. Is there a risk that any large costs will not be the basis for reducing tax base? (e.g. fuel for vibrators, cars etc.)

#### 2) Invoicing system

- What obligations do we have to meet to be able to receive invoices from contractors issued in the tax system?



### 3) The difference in the consequences for the registration of the PE/ Branch

#### 4) Taxation of profit:

- taxable amount - the way of calculating (as we mentioned before, step by step)
- At what point of time do the profit tax liabilities arise?
- What audit obligations will we be subject to?
- Will earlier payments from Poland to Georgia directly to contractors (in GEL) reduce the tax base (for profit transfer)?
- The contract with the client is signed with GT's headquarters in Poland. If GT is registered as a PE/ Branch in Georgia, the contract will still be valid (and the Customer will be able to make payments to GT in Poland)? If not, and the agreement cannot be changed, what will be the consequences?
- Is there a risk that we will have to tax all revenue in the case of backdate registration (when we do not have tax invoices)?

#### 5) Registration for taxes

- Is it possible to register only for VAT (i.e. GT has a permanent place of business, but there is no PE)
- Is it possible to register for taxes (i.e. just a PE) without register Branch
- Do the above registrations provide the opportunity to transport all items (including fuel) and purchase fuel? What other advantages give us these registrations?

#### 6) Bank account

- Are we obliged to open a bank account in the case of registration PE/Branch?

#### 7) VAT reverse charge

- In your previous opinion, you wrote that GT is subjected to reverse charge. Tell us what is the catalogue of all reverse charge services? Maybe we should receive invoices without VAT from some contractors?

