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SAMPLE

GENERAL SECURITY DEED

between

ARNOLD (A.) BRIGHT-LIGHTHOUSE

&

LOTSA LOOT LIMITED

(ACN 394 787 333)

and

CAP'N JACK SPARROW ENTERPRISES PTY LTD

(ACN 343 784 343)

&

DAVIE DOUBLE-CROSS

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Date

Parties

Secured Parties	<p>A. BRIGHT-LIGHTHOUSE Address: c/- Seal Rocks Lighthouse, Sugarloaf Point NSW 2423 Email: circa@1875.com.au</p> <p>LOTSALOOT LIMITED (ACN 394 787 333) Address: X marks the spot, Paradise SA 5075 Email: cash@lotsaloot.com.au</p> <p>(together, the <i>Secured Parties</i> and each a <i>Secured Party</i>)</p>
Grantors	<p>CAP'N JACK SPARROW ENTERPRISES PTY LTD (ACN 343 784 343) Address: Never See Me Again Estate, Savvyville NSW 2656 Email: jack@piratemail.com</p> <p>DAVIE DOUBLE-CROSS Address: 88 D'Vitale Loop, Out-of-the-way WA 6122 Email: davie@xx.com</p> <p>(together, the <i>Grantors</i> and each a <i>Grantor</i>)</p>

Recitals

- A The Grantors have agreed to grant a Security Interest over the Collateral to the Secured Parties to secure the performance of the obligations of the Grantors to the Secured Parties under the Principal Agreement.
- B This deed is intended to be legally binding and the parties agree to give effect to the arrangements contemplated by it.

Operative provisions

1. Definitions and interpretation

Definitions

- 1.1 In this deed the following definitions apply unless the context indicates otherwise:

Accounting Standards means the accounting principles and practices applying by applicable law or otherwise generally accepted in Australia, consistently applied.

Accounts means profit and loss accounts and balance sheets together with statements, reports and notes, including a director's report or an auditor's report, attached to or intended to be read with any of those profit and loss accounts or balance sheets.

Applicable Interest Rate means the rate of 2.00% per annum above the rate quoted by the Secured Parties or the Secured Parties' principal bankers, as the case may be, as its benchmark or indicator rate for business overdrafts.

Attorney means any attorney (including any delegate) appointed under this deed and any person who by delegation, directly or indirectly, derives a right from an attorney.

Authorisation includes any consent, authorisation, registration, filing, lodgement, document, notarisation, certificate, permission, Required Licence, approval, authority or exemption prescribed by law or regulation or required by any Government Agency including in relation to water usage, access or allocation.

Authorised Officer means:

- (a) in relation to a Secured Party that is not a natural person, any director or company secretary of the Secured Party;
- (b) in relation to a Grantor that is not a natural person:
 - (i) any director or company secretary of the Grantor; or
 - (ii) any person nominated by the Grantor by a notice to the Secured Parties as an authorised officer on behalf of the Grantor to sign notices or documents in connection with this deed, such notice to be accompanied by specimen signatures of the persons concerned;

Business Day means a day that is not a Saturday, Sunday or a public or bank holiday in the Relevant Jurisdiction.

Claims means any claims including actions, complaints, debts, demands, dues, proceedings, suits or other legal recourse (whether in contract or tort, at law or in equity or under statute) and including any causes of action or rights to bring or make any such claim.

Collateral means all PPSA Personal Property and all Other Property.

Controller has the meaning given in the Corporations Act.

Corporations Act means the *Corporations Act 2001* (Cth).

Designated Account means any account that the Secured Parties require the Grantors to open and maintain under clause 6.

Documents of Title includes:

- (a) documents of title, chattel paper and negotiable instruments as those expressions are defined in the PPSA; and
- (b) any other document (whether negotiable or not) that a Grantor is required to deposit with the Secured Parties under this deed.

Event of Default means any event or circumstance specified as such in clause 7 or otherwise specified in this deed as an Event of Default.

Government Agency means any government or any governmental or semi-governmental entity or judicial entity or authority, and includes any self-regulatory organisation established under applicable law or a stock exchange.

GST has the same meaning given to that expression in the GST Law.

GST Act means *A New Tax System (Goods and Services Tax) Act 1999* (Cth), as in force from time to time.

GST Law has the same meaning given to that expression in the GST Act.

Guarantee means any guarantee, indemnity, letter of credit, performance bond, legally binding letter of comfort or surety, or any other obligation to indemnify against the consequences of default in the payment of, or to be responsible otherwise for, an obligation or indebtedness of another person.

Improvements means any improvements, fixtures, plant or machinery affixed to or used with any Land that is part of the Collateral.

Insolvency Event means, in respect of a particular person, the occurrence of any one or more of the following events in relation to that person:

- (a) for a person that is a body corporate:
 - (i) except for the purpose of a solvent reconstruction or amalgamation:
 - (A) process is filed in a court seeking an order that it be wound up or that a Controller be appointed to it or any of its assets, unless the application is withdrawn, struck out or dismissed within 7 days of it being filed; or
 - (B) an order is made that it be wound up or that a Controller be appointed to it or any of its assets; or
 - (C) a resolution that it be wound up is passed or proposed;
 - (ii) a liquidator, provisional liquidator, Controller or any similar official is appointed to, or takes possession or control of, all or any of its assets or undertakings;
 - (iii) an administrator is appointed to it, a resolution that an administrator be appointed to it is passed or proposed, or any other steps are taken to appoint an administrator to it;
 - (iv) it enters into, or resolves to enter into, an arrangement, compromise or composition with any of, or any class of, its creditors or members, or an assignment for the benefit of any of, or any class of, its creditors, or process is filed in a court seeking approval of any such arrangement, compromise or composition;
 - (v) a reorganisation, moratorium, deed of company arrangement or other administration involving one or more of its creditors is proposed or effected;
 - (vi) any action is taken by the Australian Securities and Investments Commission with a view to its deregistration or its dissolution, or an application is made to the Australian Securities and Investments Commission that any such action be taken;

- (vii) it is insolvent within the meaning of section 95A of the Corporations Act, states that it is unable to pay its debts or it is presumed to be insolvent under any applicable law;
 - (viii) as a result of the operation of section 459F(1) of the Corporations Act, it is taken to have failed to comply with a statutory demand;
 - (ix) it stops or suspends or threatens to stop or suspend the payment of all or a class of its debts;
 - (x) any event or circumstance set out in section 461 of the Corporations Act occurs in relation to it; or
 - (xi) anything having a substantially similar effect to any of the events specified in paragraphs (a)(i) to (a)(x) of this definition happens to it under the law of any jurisdiction; and
- (b) for a person that is a natural person:
- (i) a bankruptcy notice is issued against the person;
 - (ii) a receiver or a trustee for creditors or in bankruptcy is appointed to any of the person's property;
 - (iii) the person proposes or enters into an arrangement or composition with, or an assignment for the benefit of, any of the person's creditors;
 - (iv) the person proposes or effects a moratorium involving any of the person's creditors;
 - (v) the person stops or suspends, or threatens to stop or suspend, the payment of all or a class of its debts;
 - (vi) the person is unable to pay all of the person's debts as they fall due or is presumed to be insolvent under any applicable law;
 - (vii) the person becomes an "insolvent under administration" as defined in section 9 of the Corporations Act; or
 - (viii) anything having a substantially similar effect to any of the events specified in paragraphs (b)(i) to (b)(vii) of this definition happens to the person under the law of any jurisdiction.

Insurance Policy means any insurance policy that a Grantor is obliged to take out or maintain under a Transaction Document.

Inventory has the meaning given to the term "inventory" in section 341(1B) of the PPSA.

Land includes any lease or other interest in, or right in respect of, land or which authorises exploration for, or extraction or mining of, minerals, petroleum, geothermal energy or any other substance from land.

Loss means any loss, damage, debt, cost, charge, expense, fine, outgoing, penalty, imposition, assessment, diminution in value, deficiency or other liability of any kind or character (including any direct, indirect, special or consequential losses, loss of profit and/or loss of reputation) that a party pays, suffers or incurs or is liable for (whether paid or accrued), including all:

- (a) liabilities on account of Tax;

- (b) interest, penalties and other amounts payable to third parties;
- (c) legal and other professional fees and expenses (on a full indemnity basis) and other costs incurred in connection with investigating, defending or settling any Claim, whether or not resulting in any liability; and
- (d) all amounts paid in settlement of any Claim.

Marketable Securities means intermediated securities or investment instruments.

Other Property means all property of each Grantor that is not PPSA Personal Property (whether present or acquired after the execution of this deed).

Permitted Dealing means:

- (a) a dealing with Inventory in the ordinary course of any Grantor's ordinary business;
- (b) expenditure of cash in the ordinary course of any Grantor's ordinary business;
- (c) a withdrawal or transfer of money from an account (other than the Designated Account) with a financial institution in the ordinary course of any Grantor's ordinary business;
- (d) a dealing with machinery, plant or equipment that is not Inventory and has a value of less than \$5,000.00 or its equivalent; or
- (e) a dealing permitted under any Transaction Document.

Permitted Security Interest means:

- (a) any Security Interest granted in favour of the Secured Parties under any Transaction Document;
- (b) any Security Interest over any of the Grantors' assets to which the Secured Parties have expressly consented in writing;
- (c) a lien arising by operation of law in the ordinary course of day-to-day trading and not securing financial accommodation (whether actual or contingent), where any Grantor duly pays the indebtedness secured by that lien other than indebtedness contested in good faith;
- (d) a charge or lien arising in favour of a Government Agency by operation of law unless there is default in payment of money secured by that charge or lien;
- (e) any Security Interest arising from the purchase of any Collateral (including any proceeds of that Collateral) on retention of title terms entered into by any Grantor in the ordinary course of the Grantor's business on the supplier's usual terms of trading:
 - (i) as long as the purchase price is paid and all obligations relating to the purchase are performed when due (unless the obligations are contested in good faith); and
 - (ii) provided that the aggregate amount of the Grantor's liability does not exceed \$5,000.00; and
- (f) any Security Interest arising from a lease or bailment entered into by any Grantor in the ordinary course of the Grantor's business and on the usual terms of trading of the lessor or bailor (other than a lease or bailment that secures payment or the performance of an obligation):

- (i) as long as the monetary or other obligations under the lease or bailment are paid or performed when due; and
- (ii) provided that the aggregate amount of the Grantor's liability does not exceed \$5,000.00.

PPS Register means the Personal Property Securities Register established under section 147 of the PPSA.

PPSA means the *Personal Property Securities Act 2009* (Cth).

PPSA Personal Property means all of each Grantor's:

- (a) present property and after-acquired property in which the Grantor can be a grantor of a PPSA Security Interest including property in which the Grantor has, or may in the future have, rights or the power to transfer rights; and
- (b) present and after-acquired PPSA retention of title property (as the term "PPSA retention of title property" is defined in the Corporations Act),

including present and after-acquired proceeds from the sale of any such property.

PPSA Security Interest has the meaning given to the term "security interest" in the PPSA.

Principal Agreement means the agreement between the Grantors and the Secured Parties the title and date of which is set out in Schedule 1.

Receiver means a receiver or receiver and manager appointed by the Secured Parties under any Transaction Document and any person who derives a right directly or indirectly from any such receiver or receiver and manager.

Related Body Corporate has the meaning given in the Corporations Act.

Related Security Document means any document that grants a Security Interest to the Secured Parties, any Guarantee in favour of the Secured Parties or other document or agreement at any time created or entered into in connection with, or as security for, any Secured Money.

Relevant Jurisdiction means New South Wales, Australia.

Remedy Proceeds means money received by the Secured Parties, a Receiver or an Attorney from the exercise of any right, including enforcement, against any Collateral.

Representative means a person's officer, employee, nominee, contractor or agent.

Required Licence means any notification, permit, licence, registration, authority, consent, quota or approval from a Government Agency required, held or necessary in relation to:

- (a) the Collateral;
- (b) any Grantor's occupation, acquisition or use of the Collateral; or
- (c) any business or other activity carried out, on or in connection with the Collateral,

and includes any gaming licence or liquor licence.

Secured Money means all money that each Grantor (whether alone or with another person) is, or at any time may become, actually or contingently liable to pay to, or for the account of, the Secured Parties (whether alone or with another person) for any reason under or in connection with a Transaction Document, including money (whether by way of principal, interest, fees,

costs, charges, duties or expenses or payment of liquidated or unliquidated damages) for which a Grantor is, or at any time may become, liable (whether as a result of any breach or default or pursuant to any guarantee or indemnity) under or in connection with a Transaction Document. For the purposes of this definition, where a Grantor would have been liable but for an Insolvency Event occurring in respect of it, it will be taken to remain liable.

Secured Obligations means all obligations and requirements, other than a liability to pay Secured Money, that each Grantor (whether alone or with another person) is, or at any time may become, actually or contingently required to perform or observe to, or for the benefit of, the Secured Parties (whether alone or with another person) for any reason under or in connection with a Transaction Document. For the purposes of this definition, where a Grantor would have been so required but for an Insolvency Event occurring in respect of it, it will be taken to remain so required.

Security Interest means:

- (a) a PPSA Security Interest; and/or
- (b) any interest held as security for the payment of a monetary obligation or the performance of any other obligation, including:
 - (i) a mortgage, charge, encumbrance, lien, pledge or hypothecation; and
 - (ii) a bill of sale, assignment, title retention arrangement, trust or power held as security.

Serial Numbered Collateral means any item of personal property that may or must be described by a serial number in a registration on the PPS Register (including motor vehicles, watercraft, etc).

Stamp Duty means any stamp, transaction or registration duty or similar charge imposed by any Government Agency and includes any interest, fine, penalty, charge or other amount in respect of the above.

Tax or Taxation means:

- (a) any tax, levy, impost, deduction, charge, rate, compulsory loan, withholding or duty by whatever name called, levied, imposed or assessed under the Tax Acts or any other statute, ordinance or law by any Government Agency (including profits tax, property tax, interest tax, income tax, tax related to capital gains, tax related to the franking of dividends, bank account debits tax, fringe benefits tax, sales tax, payroll tax, superannuation guarantee charge, group or Pay as You Go withholding tax and land tax);
- (b) unless the context otherwise requires, Stamp Duty and GST; and
- (c) any interest, penalty, charge, fine or fee or other amount of any kind assessed, charged or imposed on or in respect of the above.

Tax Acts means the *Income Tax Assessment Act 1936* (Cth) and the *Income Tax Assessment Act 1997* (Cth).

Transaction Documents means:

- (a) this deed;
- (b) any Related Security Document;

- (c) the Principal Agreement;
- (d) a financing statement or financing change statement;
- (e) any agreement relating to the priority of this deed; and
- (f) any other document that the parties agree in writing is a Transaction Document.

Interpretation

1.2 In this deed, unless the context indicates otherwise:

- (a) references to:
 - (i) the following words and expressions have the meanings given to them in the PPSA:
account; after-acquired property; attaches; bankruptcy; chattel paper; circulating asset; control; effective; financing statement; financing change statement; fixtures; future advance; interest; located; intermediated security; investment instrument; negotiable instrument; perfected; perfection; personal property; possession; proceeds; provides; registration; serial number; value; verification statement; water source;
 - (ii) one gender includes the other genders;
 - (iii) the singular includes the plural and vice versa;
 - (iv) a person includes a natural person, firm, unincorporated association, corporation, partnership, joint venture and a government or statutory body or authority;
 - (v) a party to this deed or another agreement or document includes the party's executors, administrators, successors and permitted substitutes (including persons taking by novation) or permitted assigns;
 - (vi) a statute, regulation or provision of a statute or regulation (*Law*) includes that Law as amended or re-enacted, a statute, regulation or provision enacted in replacement of that Law, another regulation or other statutory instrument made or issued under that Law and any amendment made to a statute, regulation or provision as a consequence of another statute, regulation or provision;
 - (vii) this deed includes any schedule or annexure to it;
 - (viii) a thing (including any amount) is a reference to the whole and each part of it;
 - (ix) a clause, annexure or schedule is a reference to a clause of, or annexure or schedule to, this deed;
 - (x) an agreement or document is to the agreement or document as amended, novated, supplemented or replaced, except to the extent prohibited by this deed;
 - (xi) conduct includes an omission, statement or undertaking, whether or not in writing;