

Vancouver

24-Nov-16

REGISTRY

NO. S-169580
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN

GXK VENTURES INC.

PLAINTIFF

AND

MEDINAH MINERALS, INC.

DEFENDANT

RESPONSE TO CIVIL CLAIM

Filed by: The Defendant Medinah Minerals, Inc.

Part 1: RESPONSE TO NOTICE OF CIVIL CLAIM FACTS

Division 1 — Defendant's Response to Facts

1. The facts alleged in paragraph 2 of the Notice of Civil Claim are admitted.
2. The facts alleged in paragraphs 3 to 20 of Part 1 of the Notice of Civil Claim are denied.
3. The facts alleged in paragraph 1 of Part 1 of the Notice of Civil Claim are outside the knowledge of the Defendant.

Division 2 — Defendant's Version of Facts

1. In response to paragraphs 3-5 of the Notice of Civil Claim ("Claim"), the Defendant denies that it entered into an agreement, oral or otherwise, that the Plaintiff would act as the Defendant's agent in the Province of British Columbia, as alleged or at all.

2. In response to paragraphs 6-7 of the Claim, the Defendant denies that the Plaintiff complied with its obligations under, or relied on, any agreement with the Defendant or any authorizations or representations by the Defendant, as alleged or at all.

3. In further response to paragraph 7 of the Claim, the Defendant denies that the Plaintiff advanced \$794,106 USD, or any, of its own funds on behalf of the Defendant.
4. In response to paragraph 8 of the Claim, the Defendant denies that the Defendant authorized or approved monies advanced by the Plaintiff, as alleged or at all.
5. In response to paragraphs 9-11 of the Claim, the Defendant denies that it executed a Promissory Note dated August 17, 2008, in the amount of \$794,106 USD to cover monetary advances by the Plaintiff to and on behalf of the Defendant, as alleged or at all.

6. In response to paragraph 12 of the Claim, the Defendant denies that the Plaintiff paid the Defendant's debts, made payments on behalf of the Defendant, or provided assistance to the Defendant, as alleged or at all.
7. In response to paragraph 13 of the Claim, the Defendant denies that it acknowledged any debt to the Plaintiff or authorized and entered into indebtedness to the Plaintiff, as alleged or at all.
8. In response to paragraph 14 of the Claim, the Defendant denies that any payments made to the Plaintiff were made in respect of the Debt.
9. In response to paragraphs 15 and 16 of the Claim, the Defendant denies that it acknowledged a debt to the Plaintiff in the amount of \$2,017,066 USD, as alleged or at all.
10. In response to paragraph 17 of the Claim, the Defendant denies that the Plaintiff has demanded payment of the sum of \$2,017,066 USD from the Defendant, as alleged or at all.

11. In response to paragraph 18 of the Claim, the Defendant denies that the Plaintiff is entitled to claim on a promissory note, as alleged or at all.
12. In response to paragraph 19 of the Claim, the Defendant denies that it breached a contract with the Plaintiff, as alleged or at all.
13. In the alternative and in further response to paragraph 19, if the Defendant did breach a contract with the Plaintiff, which is not admitted but expressly denied, the Defendant denies that the breach caused the Plaintiff to suffer any loss or damage.
14. In response to paragraph 20 of the Claim, the Defendant denies that the Defendant has been unjustly enriched at the Plaintiff's expense.

Division 3 — Additional Facts

14. The Plaintiff is a company controlled by Leslie Price. Price is a former director and CEO of the Defendant.
15. Recent investigations by the Defendant have disclosed a pattern of unauthorized and fraudulent transactions engaged in by Price, acting in his personal capacity and on behalf of and through the Plaintiff, in relation, *inter alia*, to the shares and assets of the Defendant, including documents that the Defendant believes were forged by Price and/or the Plaintiff, over an extended period of time.
16. Investigations by the Defendant are continuing. Further particulars of the unauthorized and fraudulent transactions by Price and/or the Plaintiff will be provided as they become known.

PART 2: RESPONSE TO RELIEF SOUGHT

1. The Defendant consents to the granting of the relief sought in **NIL** of the paragraphs of Part 2 of the Claim.

2. The Defendant opposes the granting of relief sought in **ALL** of Part 2 of the Claim.
3. The Defendant takes no position on the granting of the relief sought in **NIL** of the paragraphs of Part 2 of the Claim.


PART 3: LEGAL BASIS

1. The Defendant denies that it is indebted to the Plaintiff, as alleged or at all.
2. The Defendant denies that it breached a contract with the Plaintiff, as alleged or at all.
3. In the alternative, if the Defendant breached a contract with the Plaintiff, which is not admitted but expressly denied, the Defendant denies that the Plaintiff suffered loss or damage thereby.
4. The Defendant denies that it has been unjustly enriched.
5. In the alternative, if there is a valid and enforceable claim to a debt or if there was an unjust enrichment, as alleged or at all, which is not admitted but expressly denied, the Defendant claims the right to set off any amount owing against damages suffered by the Defendant due to the fraudulent and unauthorized transactions engaged in by Price and/or the Plaintiff.

Defendant's address for service: Cooper Litigation
540-220 Cambie Street
Vancouver, BC V6B 2M9

E-mail address for service (if any): rcooper@cooperlitigation.ca

Dated: November 24, 2016


Robert Cooper, Q.C.
Counsel for the Defendant

Rule 7-1 (1) of the Supreme Court Civil Rules states:

(1) Unless all parties of record consent or the court otherwise orders, each party of record to an action must, within 35 days after the end of the pleading period,

(a) prepare a list of documents in Form 22 that lists

(i) all documents that are or have been in the party's possession or control and that could, if available, be used by any party at trial to prove or disprove a material fact, and

(ii) all other documents to which the party intends to refer at trial, and

(b) serve the list on all parties of record.