



FORM 2  
(RULE 3-3(1))

No. S1611898  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

BETWEEN

MEDINAH MINERALS, INC.

PLAINTIFF

AND

LESLIE PRICE, PAMELA FITZPATRICK, GXK VENTURES INC., MMC MINES  
INC., JOHN DOE #1, JOHN DOE #2, JOHN DOE #3, JOHN DOE #4,  
JOHN DOE #5, JOHN DOE #6, JOHN DOE (COMPANY) #1, JOHN DOE  
(COMPANY) #2, JOHN DOE (COMPANY) #3, JOHN DOE (COMPANY) #4,  
JOHN DOE (COMPANY) #5, JOHN DOE (COMPANY) #6

DEFENDANTS

**RESPONSE TO NOTICE OF CIVIL CLAIM**

[Rule 22-3 of the Supreme Court Civil Rules applies to all forms.]

Filed by: LESLIE PRICE, GXK VENTURES INC., and MMC MINES INC.,  
(the "LP Defendants")

**Part 1: RESPONSE TO NOTICE OF CIVIL CLAIM FACTS**

**Division 1 – Defendant's(s') Response to Facts**

1. The facts alleged in paragraph(s) 2, 4, 5, 8, 11, 12 of Part 1 of the Notice of Civil Claim are admitted.
2. The facts alleged in paragraph(s) 1, 3, 6, 7, 9, 10, 13 – 16 and 18 – 38 of Part 1 of the Notice of Civil Claim are denied.
3. The facts alleged in paragraph 17 of Part 1 of the Notice of Civil Claim are outside the knowledge of the defendant(s).

## Division 2 – Defendant's Version of Facts

1. Except as hereinafter expressly admitted, the LP Defendants deny each and every allegation in the Notice of Civil Claim.
2. In answer to Part 1 Paragraph 1 of the Notice of Civil Claim, the Plaintiff was originally incorporated under the laws of the State of Utah in 1996 and later moved to the State of Nevada in 1998. Between inception and today's date there have been numerous and ongoing changes the Plaintiff's leadership (including officers, directors and employees), business plans and operations.
3. In answer to Part 1 Paragraph 3 of the Notice of Civil Claim the Defendant Pamela Fitzpatrick is not the Executive Vice President of the Defendant MMC Mines Inc.
4. In answer to Part 1 Paragraphs 6 and 7, the LP Defendants say that none of the alleged John Doe individuals and/or Companies exist, and the LP Defendants put the Plaintiff to the strict proof thereof, including requiring the production of full particulars of the names and addresses of these alleged parties, the nature and dates of occurrences of their so-called "wrongful conduct" and the dollar amounts, dollar value and/or nature of the so-called wrongful benefits that the Plaintiff alleges they received, all of which the LP Defendants deny.
5. In answer to Part 1 Paragraphs 9 and 10 of the Notice of Civil Claim, for the period 1998 through approximately September of 2014, the Plaintiff invested in excess of Twenty Five Million (\$25,000,000.00 USD) United States Dollars in the detailed exploration of the Altos de Lipangue mining district in the Republic of Chile (the "ADL"). The Plaintiff did not have full ownership of the ADL, but rather held shares in the non-party Medinah Mining Chile, SpA ("MM Chile") which itself held between 50% and 51% of the mining claims in the ADL. In July of 2014 the Plaintiff consolidated on MM Chile's behalf a 100% interest in all 4,000 hectares of the entire ADL claim group. It was the former management team, including the Defendant Les Price that accomplished this for the Plaintiff.
6. In further answer to Part 1 Paragraphs 9 and 10 of the Notice of Civil Claim, the non-party AURYN Mining Chile, SpA ("Auryn") did not own any ADL claims until after it entered into an agreement with MM Chile on September 1, 2014. There was no date or agreement for Auryn or its parent company to purchase shares in the Plaintiff; whatever shares Auryn or its parent purchased, they did so on the open market and subject to their own discretion and due diligence and none of the LP Defendants was involved.

7. In answer to Part 1 Paragraph 12 the Defendant Les Price indeed served the Plaintiff in some capacities:
  - a. between 1998 and 2002 he was simply the assistant to then-President Larry Regis;
  - b. between 2004 and 2007 he was CEO of the Plaintiff reporting to then-president Larry Regis and afterwards then-president Juan José Quijano Fernández;
  - c. and finally between 2007 to 2016 he was a Trustee for MM Chile's Chilean assets and assistant to then-President Juan José Quijano Fernández.
8. At no time was the Defendant Les Price a director of the Plaintiff, and at all times the Defendant Price reported directly to the Plaintiff's Board of Directors or President, or both, as required.
9. In further answer to Part 1 Paragraph 12, the Defendant Les Price's arrest fifteen years ago and subsequent speedy and complete exoneration by the Court is wholly immaterial to this Action and was pled by the Plaintiff for no other purpose than to make unfounded insinuations against the Defendant Les Price's character.
10. In answer to Part 1 Paragraph 13 of the Notice of Civil Claim the Defendant Les Price's three-year term as CEO of the Plaintiff did not give him any power to issue or allocate any shares in the Plaintiff which, by Nevada State law, can only be done by Directors Resolution and are enacted and overseen by the Board of Directors and the Officers of the Plaintiff; nor did the Defendant Les Price take any steps to issue or allocate any shares in Plaintiff except insofar as he was instructed to do so by the Plaintiff's President and/or Board of Directors.
11. In answer to Part 1 Paragraph 14 of the Notice of Civil Claim the Defendants Les Price and GXK Ventures Inc. deny the entirety of this paragraph and put the Plaintiff to the strict proof thereof.
12. In further answer to Part 1 Paragraph 14 of the Notice of Civil Claim the Defendant says that on or about April of 2007 the Plaintiff and the Defendant Les Price entered into an oral agreement that the Defendant GXK Ventures Inc. would act as the Plaintiff's agent in the Province of British Columbia such that the Defendant GXK Venture Inc. would receive and deposit the Plaintiff's monies in an account set up by the Defendant GXK Venture inc. in the name of the Defendant MMC Mines Inc. (an affiliate company of the Defendant GXK Ventures Inc.) and make payments on behalf of the Plaintiff (using the Defendant GXK Venture Inc.'s funds if necessary) and pay the Plaintiff's debts (again, using the Defendant GXK Venture Inc.'s funds if necessary), in expectation of

repayment of any arrears with interest at the rate of Ten (10%) Percent per annum compounded annually (the "MMC Agreement"), all of which was subsequently voted on by a Director's Resolution of the Plaintiff that has never been modified or rescinded.

13. Insofar as the MMC Agreement was made orally, the MMC Agreement was made in a series of discussions held between January 2007 and April 2007 at various times and locations, including over the phone, between the Defendant Les Price, Juan José Quijano Fernández (then President of the Plaintiff and an experienced and knowledgeable lawyer and businessman, as well as a significant stakeholder in the ADL), Larry Regis (then Secretary of the Plaintiff and a knowledgeable and experienced businessman) and Gregory A. Chapin (then Operating Director of the Plaintiff, a former law enforcement official and a knowledgeable and experienced businessman) for the purpose of allowing the Plaintiff to conduct business in Canada from time to time, from which the Plaintiff benefitted. The MMC Agreement was subsequently ratified and expanded via a May 1, 2007 Directors' Resolution of the Plaintiff's.
14. In answer to Part 1 Paragraph 16 of the Notice of Civil Claim, after the Defendant Les Price resigned as CEO of the Plaintiff in 2007 he was subsequently approached, as the most knowledgeable and capable candidate, by Juan José Quijano Fernández (then President of the Plaintiff and an experienced and knowledgeable lawyer and businessman, as well as a significant stakeholder in MMC) to serve as assistant to the President and the Trustee of the MM Chile's Chilean assets, and having the Defendant Les Price as his assistant was in fact a condition that Juan José Quijano Fernández imposed upon the Plaintiff if he was going to accept their request that he accept the position of director, President, and Chief Executive Officer of the Plaintiff. The Defendant Les Price had already been appointed as ambassador throughout the world of MM Chile's interests in 2004 and he simply continued on with that work after 2007. All of the above was done at the insistence of then-President Juan José Quijano Fernández, who wished to ensure that an experienced and trustworthy individual was managing the Plaintiff's most valuable assets in the midst of a leadership turnover
15. In answer to Part 1 Paragraph 17 of the Notice of Civil Claim it is unclear to the LP Defendants whether the Plaintiff is pleading a point of Nevada State law, a point of Chilean law, or imposing British Columbia law on matters outside of its jurisdiction, but the Defendant Les Price was in breach of no duty and committed no wrongdoing regardless of the jurisdiction the Plaintiff is adopting.
16. In answer to Part 1 Paragraphs 18, 19 and 20 of the Notice of Civil Claim, the Defendant Les Price repeats that he was the assistant to then-

President Juan José Quijano Fernández, and the Defendant Pamela Fitzpatrick was the Defendant Les Price's assistant. At then President's Juan José Quijano Fernández's insistence, the Defendant Les Price's duties included, from time to time, circulating Directors' Resolutions for endorsement by the Board of Directors allotting and issuing shares in the Plaintiff, and subsequently giving effect to those Resolutions on the President's behalf by conveying them to the American Registrar & Transfer Company ("ARTCO").

17. In further answer to Part 1 Paragraph 18 and the so-called "Scheme" alleged in the entirety of the Notice of Claim, the LP Defendants deny each and every allegation made therein and put the Plaintiff to the strict proof thereof.
18. In further answer to Part 1 Paragraph 19 of the Notice of Civil Claim the LP Defendants say:
  - a. Not a single share of the Plaintiff's stock was issued by the Defendant Les Price to himself, any of the other LP Defendants, or any other company, associate or family member of his;
  - b. The issue of Ten Million (10,000,000) Restricted Common Shares from the Plaintiff to the Defendant Pamela Fitzpatrick was done under the instruction of the non-party Greg Chapin, ostensibly under the authority of the Board of Directors, "in recognition of her seventeen years of service". They have since been frozen by the Plaintiff and are considered worthless;
  - c. Every issue of shares, including the above allotment to the Defendant Pamela Fitzpatrick, was discussed and approved by the Plaintiff's Board of Directors, who advised the President who then instructed the Defendant Les Price to act. From time to time the Board of Directors would send their fully signed resolutions to the Defendant Les Price directly; all of these resolutions were sent via scanned emails and bore the directors' signatures;
  - d. None of LP Defendants appended any non-party's electronic signature to any document, nor were they ever instructed to do so;
  - e. Every time that the Defendant Les Price, acting on the Plaintiff's instructions, would issue shares, he would immediately send backups of same to the Plaintiff's leadership via the non-party Greg Chapin;
  - f. All payments of monies were made to MMC Mines Inc. as the parties had intended and contracted. The Plaintiff did not have its own bank account prior to 2015;
  - g. The Plaintiff's Quarterly Financials and 15c2-11's were reviewed, approved and signed off on by the Plaintiff's Board of Directors, on occasion by the non-parties Greg Chapin and Paul Jones, and vetted by the Plaintiff's Nevada counsel, Robert Hackey, who provided comfort letters covering same;

- h. Neither the Defendants Les Price, GXK Ventures Inc., MMC Mines Inc. nor Pamela Fitzpatrick, had any power, input or control over the Plaintiff's financial documents, financial reporting, Quarterly Financials or 15c2-11's. By law, it was the duty and obligation of the Plaintiff's Board of Directors as it was constituted from year to year to properly account for the Plaintiff's shares and finances.
19. In further answer to Part 1 Paragraph 20 (a) of the Notice of Civil Claim the LP Defendants say that the letter partially quoted therein was prepared on the instructions of then-President Juan José Quijano Fernández to the Defendant Les Price, who conveyed those instructions to the Defendant Pamela Fitzpatrick, who drafted the letter, unsigned, as instructed and sent the letter to then-President Juan José Quijano Fernández for his review. To the best of the LP Defendants' knowledge it was subsequently signed by the signatories and sent to ARTCO.
20. In further answer to Part 1 Paragraph 20 (b) of the Notice of Civil Claim the LP Defendants say that the first of the two emails partially quoted therein seems accurate; the LP Defendants deny ever drafting or sending any email containing the quote attributed to the second email and they put the Plaintiff to the strict proof thereof.
21. In further answer to Part 1 Paragraph 20 (c) of the Notice of Civil Claim the LP Defendants say that the issuing of 100,000 preferred shares to the non-party Jim O'Callaghan was recognized as an error almost immediately afterwards and those shares were promptly returned by that party to ARTCO and subsequently cancelled in the Company's records. The issuance of 60,000 Class C Preferred shares to Victor Bishop was in payment for funds advanced and services rendered pursuant to a signed Subscription Agreement/Contract on January 1, 2010. For both of these issues, the Board of Directors approved the issue and cancellation and in neither of these cases was USD \$240,000 or any amount received by the Defendant or any other LP Defendant.
22. In answer to Part 1 Paragraphs 21 through 38 of the Notice of Civil Claim the LP Defendants deny any and all of the allegations contained therein. The LP Defendants furthermore say that the allegations contained therein are vague, unsubstantiated, vexatious, malicious, scurrilous and without merit, and put the Plaintiff to the strict proof thereof. To that end the LP Defendants demand more and better particulars with respect to all of the allegations made against them, whether jointly or severally, identifying the parties, events, dates, times and dollar value of each and any alleged instance of same.
23. As a final response to the claims made in the Notice of Civil Claim the LP Defendants say that the Plaintiff has recently taken on new officers,

directors and managerial staff, and since that time they have mismanaged the Plaintiff to such an extent that the Plaintiff has gone from a full-reporting public company to delinquent to finally a full "Stop [Trading]" alert on the OTC Bulletin Boards. The LP Defendants further say that this Action represents an ongoing attempt by the current leadership of the Plaintiff to scapegoat their predecessors for the new regime's incompetence.

### **Part 2: RESPONSE TO RELIEF SOUGHT**

1. The LP Defendants consents to the granting of the relief sought in **none** of the paragraphs of Part 2 of the Notice of Civil Claim.
2. The LP Defendants opposes the granting of the relief sought in **all** of paragraphs of Part 2 of the Notice of Civil Claim.
3. The LP Defendants take no position on the granting of the relief sought in **none** of the paragraphs of Part 2 of the Notice of Civil Claim.

### **Part 3: LEGAL BASIS**

1. The LP Defendants jointly and severally deny that they committed or were involved with any wrongdoing against the Plaintiff, and demand full particulars of the alleged "Scheme".
2. The LP Defendants say that the Plaintiff's claim has failed to properly argue any of the elements necessary to set out even a prima facie case for any of the multiple torts advanced and as such the entirety of the claim should be dismissed.
3. The LP Defendants jointly and severally deny that they committed the torts of fraudulent misrepresentation, fraud and deceit against the Plaintiff, as alleged or at all, and demand full particulars of the alleged factual basis of these allegations against them.
4. The LP Defendants jointly and severally deny that they conspired against the Plaintiff either between themselves or with any so-called John Does.
5. The LP Defendants jointly and severally deny that they were unjustly enriched, provided knowing assistance or had knowing receipt of any illegitimate benefit or Assets.

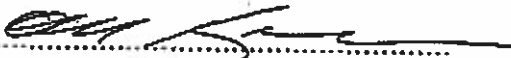
6. The Defendant Les Price denies that he owed a fiduciary duty pursuant to British Columbia law, to the Plaintiff, a company in Nevada, but in the alternative, if he did, he denies being in breach of it.
7. The LP Defendants deny holding any Assets to which the Plaintiff may claim a constructive trust.
8. The LP Defendants jointly and severally deny converting any of the Assets of the Plaintiff.
9. The LP Defendants jointly and severally deny the appropriateness of an equitable tracing order as they neither hold, nor have they disposed of, any Assets which properly belong to the Plaintiff.
10. The LP Defendants jointly and severally deny that they interfered with the Plaintiff's economic relations.
11. The LP Defendants jointly and severally deny that the Plaintiff has suffered any loss or damage, or, in the alternative, if the Plaintiff did suffer any loss or damage (which is not admitted but denied) the Plaintiff failed to take steps to mitigate same.
12. Wherefore the LP Defendants submit that the claims against them be dismissed with costs and, given the malicious and unfounded nature of those claims, special costs.

The LP Defendants' address for service: KOWARSKY RITSON LLP  
Box 12102  
Suite 1008, 808 Nelson Street  
Vancouver, BC  
V6Z 2H2  
Attention: Ori Kowarsky

Fax number address for service (if any): (604) 683-2737

E-mail address for service (if any): Service by email is not accepted.

Date: January 23, 2017

  
Signature of the lawyer for the Defendants  
LESLIE PRICE, GXK VENTURES INC.,  
and MMC MINES INC.  
**Ori Kowarsky**

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.