No. S-1812835
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

WATERTON GLOBAL RESOURCE MANAGEMENT, INC. and WATERTON GLOBAL VALUE, L.P.

PLAINTIFFS

AND:

MURRAY BOCKHOLD, IAN DAWSON and G.R. DAWSON HOLDINGS LIMITED

DEFENDANTS

RESPONSE TO CIVIL CLAIM

Filed by: The Defendants, Murray Bockhold, Ian Dawson, and G.R. Dawson Holdings Limited

Part 1: RESPONSE TO NOTICE OF CIVIL CLAIM FACTS

Division 1 – Defendant's Response to Facts

1. The facts alleged in paragraphs 8-16, 18-19, 21, 23-24, 27, 31-32, 34, 45, 50, and 52 of Part 1 of the Notice of Civil Claim are admitted.

2. The facts alleged in paragraphs 1-2, 17, 22, 25-26, 28-30, 33, 35-44, 46-49, and 53-69 of Part 1 of the Notice of Civil Claim are denied.

3. The facts alleged in paragraphs 3-7, 20, and 51 of Part 1 of the Notice of Civil Claim are outside the knowledge of the defendants.

Division 2– Defendant's Version of Facts

I. INTRODUCTION

1. Capitalized terms in this Response to Civil Claim have the same meanings as defined in the Notice of Civil Claim unless otherwise defined below.

II. THE WEBSITE

4. Mr. Bockhold created, updates, and maintains the Website.

5. The Defendants specifically deny that Mr. Dawson and Dawson Holdings, or either of them, worked together with Mr. Bockhold to provide assistance, financial support or active encouragement to create, update, and maintain the Website as alleged, or at all.

6. Mr. Bockhold created, updated, and maintained the Website on his own and without the assistance, support, or encouragement of Mr. Dawson or Dawson Holdings.

7. The Website has a Gryphon Gold section, accessible through a link on the main page.

8. Before accessing the Gryphon Gold section of the Website, all users must review a disclaimer (the **"Disclaimer"**) which states:

> The information provided herein is a summary of facts together with allegations based on information and belief that are publicly available in court filings (also available on this website). By clicking "I Agree" you acknowledge and understand that they have not been proven in court and, as such, are intended for reference only and do not constitute any concrete claims made by the parties herein.

9. It is not possible to access the Gryphon Gold section of the Website without viewing the Disclaimer.

10. After viewing the Disclaimer, all users must click "I AGREE" or "I DO NOT AGREE". A user is able to access the Gryphon Gold section of the Website if and only if the user clicks "I AGREE" (the "**Confirmation of Acceptance"**).

11. The Confirmation of Acceptance is required each time a user accesses the Gryphon Gold section of the Website and after a period of inactivity.

12. The Disclaimer and the Confirmation of Acceptance have been in place on the Website at all material times.

III. THE ALLEGED DEFAMATORY WORDS

13. Mr. Bockhold published the statements in the Notice of Civil Claim defined as the Defamatory Words (hereafter referred to as the **"Alleged Defamatory Words"**) on the Gryphon Gold section of the Website.

14. The Alleged Defamatory Words are simply summaries and quotations from the Gryphon Lawsuit and related proceedings, of which the source documents are linked and hosted on the Website.

15. Mr. Bockhold published the Alleged Defamatory Words in his capacity as the Nevada Court-appointed custodian of Gryphon.

16. While Mr. Bockhold created and maintains the Website in part to promote his services as an investment advisor to Bockhold Investment Management Group and prospective clients, the Defendants deny that he published the Alleged Defamatory Words for this purpose or in the course of his profession.

17. Rather, Mr. Bockhold published the Alleged Defamatory Words on the Gryphon Gold section of the Website for the purpose of communicating the various allegations made in the Gryphon Gold Lawsuit and related proceedings.

18. The Defendants deny that the Alleged Defamatory Words were republished or linked by third party websites, email, or otherwise, and deny that such republication was the natural and probable result of the original publication of the Alleged Defamatory Words.

19. The Defendants further deny that the Alleged Defamatory Words were false or maliciously published by Mr. Bockhold.

IV. FACTUAL BACKGROUND

A. Waterton

20. Waterton has provided debt financing to a number of public companies and has working relationships with a large network.

21. A general overview of Waterton's business strategy is as follows:

    (a) Waterton places members on a company's management team or Board or recruits existing members of a company's management team or Board to encourage, facilitate or dictate that the company use Waterton as a sole source of debt capital;

    (b) Waterton does not disclose its relationships with members of the target company's management team or Board;

    (c) Waterton often directs the target company to third party consultants who are asked to analyze and evaluate proposed transactions for the target company, on Waterton's recommendation. The relationship between Waterton and the consultants is undisclosed to the target company;

    (d) Through its associates on the target company's management team or Board, Waterton extends credit to the target company at interest rates which are often usurious. Where they are involved, the third party consultants encourage the target company to enter into the agreements;

(e) Waterton expects that the target company will default on the debt it has assumed; and

(f) Waterton subsequently seizes all or substantially all of the assets of the target company in purported satisfaction of the debt,

(the **"Waterton Strategy"**).

22. Waterton executed the Waterton Strategy in the case of Gryphon and the Borealis Mine, as well as in other cases, including, but not limited to:

(a) Scorpio Gold Corporation;

(b) Klondex Mines Ltd.;

(c) Fire River Gold Corp.; and

(d) Royal Standard Minerals Inc.

23. As a result of the Waterton Strategy, investors in public companies have lost close to a $1 billion or more.

B. Gryphon

24. Gryphon is a Nevada corporation which formerly conducted operations, through a former wholly-owned subsidiary which held the Borealis Mine.

25. Gryphon was formed to acquire, explore and develop certain gold and silver properties in Nevada.

26. In January 2006, Gryphon acquired 100% of the stock interests of the Borealis Mining Company, a Nevada Corporation.

27. Until 2013, Borealis Mining Company owned and operated the Borealis Mine.

28. In late 2011, Borealis Mining Company started stacking and leaching previously leached material upon a leach pad constructed at the Borealis Mine to extract gold and silver from the material.

29. Borealis Mining Company was able to collect gold and silver on carbon columns which were sold to a refiner who would extract precious metals. Once an adsorption, desorption and recovery system was completed in May 2013, Borealis Mining Company stripped the carbon columns itself and poured and sold doré gold and silver bars to a refiner.

30. The process by which Borealis Mining Company operated is commonly referred to as "re-leaching".

C. Execution of the Waterton Strategy with Gryphon

(1) Recruitment of O'Neil

31. In 2011, James T. O'Neil, Jr. was the CFO and COO at Jipangu International Inc. (**"Jipangu"**).

32. During Mr. O'Neil's tenure at Jipangu, he was involved in negotiating financing transactions with Waterton on behalf of Jipangu.

33. In late 2011, Mr. O'Neil was asked to join Gryphon as CFO by Marv Kaiser, the Chairman of the Board.

34. On January 3, 2012, Mr. O'Neil accepted the invitation and began to serve as Gryphon's CFO.

35. On February 3, 2012, Gryphon's CEO was terminated and resigned as a Director. He also resigned as General Manager of Borealis Mining Company.

36. Mr. O'Neil remained as CFO but was immediately appointed interim CEO and was appointed to Gryphon's Board.

37. During Mr. O'Neil's tenure with Gryphon, he received multiple pay increases, including during the course of the execution of the Waterton Strategy, which ultimately led to Gryphon's bankruptcy.

38. Mr. O'Neil was instrumental in Waterton's execution of the Waterton Strategy in the case of Gryphon.

(2) Gryphon's financing requirements

39. In early 2012, Mr. O'Neil determined that Gryphon was in need of financing to fund the re-leaching operation of the Borealis Mine. The financing may not have been necessary had Gryphon processed fresh ore.

40. Mr. O'Neil assumed the task of locating financing for Gryphon and introduced Waterton to Gryphon's Board as a possible source of this financing.

41. In spite of the existence of a less expensive alternative, Mr. O'Neil persuaded Gryphon's Board to go with Waterton.

42. In early 2012, Mr. O'Neil began negotiations with Waterton for a credit facility for Gryphon in the range of US$15 million.

(3) The Bridge Loan

43. As Mr. O'Neil determined that Gryphon needed financing before it and Waterton could finalize the US$15 million credit facility, Gryphon obtained a bridge loan facility from Waterton in the amount of US$1.5 million (the **"Bridge Loan"**).

44. The Bridge Loan included the following terms:

(a) Interest at 15% per annum;

(b) Gryphon paid a US$30,000 structuring fee;

(c) Gryphon paid $100,000 in legal and other fees; and

(d) Gryphon issued 1,500,000 Series R Warrants to Waterton, with an approximate value of US$137,291.

45. The Bridge Loan was governed by Ontario law.

46. The Bridge Loan breached s. 347 of the *Criminal Code*.

(4) The Senior Secured Credit Agreement

47. On April 18, 2012, Gryphon entered into the US$15 million Senior Secured Credit Agreement, secured by a first priority charge over Gryphon's assets.

48. The Senior Secured Credit Agreement included the following terms:

(a) A term of two years;

(b) Interest at 5% per annum;

(c) Gryphon paid a 1% overall structuring fee;

(d) Gryphon paid a 1% additional structuring fee on each advance;

(e) Gryphon paid total "debt offering costs" of US$585,091;

(f) Gryphon issued 14,062,500 Series T Warrants to Waterton, with an approximate value of US$1,039,566; and

(g) A discounting provision whereby each US$1 principal repayment only reduced the outstanding principal by US$0.80.

49. The Senior Secured Credit Facility was governed by Ontario law.

50. The Senior Secured Credit Facility breached s. 347 of the *Criminal Code*.

(5) The Supply Agreement

51. On April 18, 2012, Gryphon also executed a Gold and Silver Supply Agreement (the **"Supply Agreement"**) giving Waterton the option to purchase all of the Borealis Mine's production until it ceased operation.

52. The Supply Agreement further gave Waterton a 1% discount on all purchases for as long as the Senior Secured Credit Agreement was outstanding plus three years, or after the sale of 150,000 ounces of gold, whichever is later.

(6) The First Amendment to the Senior Secured Credit Agreement

53. On September 24, 2012, the Senior Secured Credit Agreement was amended to increase the total principal amount to US$20 million (the **"First Amendment"**).

54. Under the terms of the First Amendment:

(a) The term was extended;

(b) The structuring fee on each additional advance was increased to 2% (for the additional US$5 million advanced);

(c) Gryphon paid total "amended debt offering costs" of $705,649; and

(d) The Supply Agreement was amended to allow Waterton to purchase all of the Borealis Mine's production at a 3% discount to current market prices.

(7) The Restructuring Proposal

55. Waterton received confidential information from Gryphon in the course of negotiations with Mr. O'Neil.

56. As a result of the confidential information Waterton received, Waterton was aware that Gryphon was considering a US$5 million private placement to meet Borealis Mining Company's operational needs in the fall of 2012.

57. On October 22, 2012, Waterton submitted a document entitled "Gryphon Gold Restructuring Proposal (the **"Restructuring Proposal"**) to O'Neil for presentation to Gryphon's Board.

58. Waterton's purpose in proposing the Restructuring Proposal was to convince Gryphon's Board that a conversion of Waterton's debt for equity in a new joint venture with Gryphon would be more beneficial to Gryphon and its shareholders than a US$5 million private placement, and to convince Gryphon to abandon the US$5 million private placement.

59. Mr. O'Neil knew that Mr. Bockhold had given a commitment to fund the US$5 million private placement in the form of a rights offering.

60. Pursuant to the Restructuring Proposal, Waterton proposed to convert 100% of its existing debt to a 60% interest in a new joint venture, with Gryphon receiving 40%. Waterton's interest would be based on an existing US$25 million debt to the current "enterprise value" of Gryphon.

61. Based on the exchange ratio in the Restructuring Proposal, Waterton set Gryphon's enterprise value at approximately US$41.7 million.

62. Waterton's projections in the Restructuring Proposal were based on conservative assumptions. Absent those conservative assumptions, the enterprise value of Gryphon would have been higher than US$41.7 million.

63. If the Restructuring Proposal had closed:

(a) The Waterton debt would have been completely eliminated;

(b) Gryphon would still have a 40% equity interest in the entity that owned the Borealis Mine;

(c) Gryphon's 40% interest would not be subject to further dilution by reason of an inability to pay debt to Waterton;

(d) Waterton would not have a claim against Gryphon; and

(e) Gryphon would be debt-free.

64. In November 2012, negotiations over the Restructuring Proposal inexplicably ended.

(8) The Second Amendment to the Senior Secured Credit Agreement

65. On January 18, 2013, the Senior Secured Credit Agreement was further amended to increase the total principal amount from US$20 million to US$23 million.

(9) The Third Amendment to the Senior Secured Credit Agreement

66. On January 30, 2013, the Senior Secured Credit Agreement was further amended and the parties entered into, *inter alia*, the Contribution Agreement as part of a debt for equity transaction whereby*, inter alia*:

(a) Borealis Mining Company was converted from a Nevada corporation to a Nevada limited liability company (**"LLC"**), BMC. Nevada LLCs have no obligation to adhere to public company reporting standards;

(b) Waterton obtained a 60% interest in BMC;

(c) Waterton wrote off US$17 million of Gryphon's then outstanding obligations to Waterton of which US$13.3 million was allocated to principal, resulting in an amount outstanding of US$6,650,000;

(d) Gryphon was permitted to repay principal amounts in cash, gold or units of BMC;

(e) Principal repayments commenced January 31, 2013, and ended November 2014; and

(f) Waterton agreed to provide Gryphon with a default loan of US$4 million with highly dilutive payment provisions (10% in the first month to 40% for the fourth month on).

(the **"January 2013 Transaction"**).

67. Waterton did not actually pay Gryphon the amounts it agreed to pay, but Gryphon paid interest and suffered dilution as if Waterton had paid these amounts.

68. Waterton never intended to pay Gryphon the amounts it agreed to pay, as the January 2013 Transaction was part of the Waterton Strategy to force Gryphon to surrender all or substantially all of the assets of the company, including its interest in the Borealis Mine.

(10) The Gryphon Bankruptcy

69. The January 2013 Transaction was much less favourable to Gryphon than the Restructuring Proposal and ensured that Waterton would dilute Gryphon's remaining 40% interest in the Borealis Mine.

70. On July 29, 2013, induced by shareholder pressure, Gryphon filed the Gryphon Bankruptcy under Chapter 11 of the U.S. *Bankruptcy Code* to avoid foreclosure of its minority interest in BMC.

71. As detailed below, during the course of the Gryphon Bankruptcy, unknown to the Trustee and others, Waterton deliberately caused the operation of the Borealis Mine to underperform in order to inhibit Gryphon from having a successful reorganization and ensure the Gryphon Bankruptcy proceeding would be dismissed.

72. In or about November 2015, the Nevada Bankruptcy Court acknowledged that there were "colorable claims" but dismissed the proceeding on the basis, *inter alia*, that Gryphon's only hope for rehabilitation was costly litigation against Waterton, and the potential recovery was not enough given that Waterton was the only creditor.

73. Shortly after the dismissal of the Gryphon Bankruptcy proceeding, Waterton foreclosed on its security consisting of Gryphon's remaining interest in the Borealis Mine.

74. As a result of Waterton's conduct, the public shareholders of Gryphon lost all value of their shares.

75. Waterton has continued to operate the Borealis Mine, but not on a care and maintenance basis, as alleged in the Notice of Civil Claim.

76. As a result of the Waterton Strategy, Waterton caused the Gryphon Bankruptcy, enriched itself, and wiped out Gryphon shareholder value.

D. The PricewaterhouseCoopers evaluation

77. During the course of the Gryphon Bankruptcy, PricewaterhouseCoopers Canada (**"PwC"**) evaluated the January 2013 Transaction and subsequent transfers for fairness.

78. PwC noted, *inter alia*, that:

(a) Mr. O'Neil came to Gryphon from a company heavily indebted to Waterton and, after the Gryphon Bankruptcy was in place, went back to his original employer;

(b) Dentons concluded that interest rates on the Waterton loans were likely in violation of the *Criminal Code*;

(c) An agreement was in place for Waterton to loan Gryphon an additional US$3 million for operating expenses but Waterton withheld it until it put in place the agreement which placed Gryphon in default;

(d) At the time of the January 2013 Transaction, Gryphon was not in default but the agreements immediately put Gryphon in default;

(e) The January 2013 Transaction virtually guaranteed that Waterton would own 100% of BMC within 6 months; and

(f) Various evaluations obtained at the time were carried out improperly or out of keeping with industry practice.

79. Certain other findings in the PwC evaluation cannot be pleaded as they are under seal in the Nevada Court.

80. Waterton has subsequently argued that the PwC evaluation is defamatory.

E. Mr. Bockhold's appointment as custodian for Gryphon

81. On July 19, 2018, the Nevada Court found good cause to appoint Mr. Bockhold as custodian for Gryphon.

82. As custodian, Mr. Bockhold acquired, *inter alia*, the following rights and responsibilities:

(a) The right to institute lawsuits for the recovery of any estate, property, or damages accruing to Gryphon;

(b) The right to settle with any debtor, creditor or other party related to Gryphon; and

(c) Generally to take appropriate actions in his discretion, including the filing of lawsuits, claims, demands, or the filing or re-opening of bankruptcy on behalf of Gryphon.

83. Since he was appointed as custodian for Gryphon, Mr. Bockhold has commenced litigation, including the Gryphon Lawsuit, on behalf of the company.

84. The Gryphon Lawsuit alleges, *inter alia*, the facts in this Response to Civil Claim.

F. Mr. Bockhold's discoveries as custodian for Gryphon

85. In the course of the Gryphon Lawsuit, and as custodian of Gryphon, Mr. Bockhold has discovered, *inter alia*, that Waterton deliberately caused the operation of the Borealis Mine to underperform in order to inhibit Gryphon from having a successful reorganization and ensure the Gryphon Bankruptcy proceeding would be dismissed, as set out in, *inter alia*:

(a) Affidavits of former employees of Gryphon;

(b) The Pictorial attached to the Notice of Civil Claim, which illustrates how Waterton changed the processing design of gold recovery from the Borealis Mine;

(c) Reports, including a report by Kappes, Cassiday & Associates Inc. (**"Kappes"**); and

(d) Metallurgical assays.

G. Settlement discussions with respect to the Gryphon Lawsuit

86. The Defendants object to paragraphs 35-39, and 56 of Part 1 of the Notice of Civil Claim on the basis that the facts alleged are privileged (the **"Privileged Facts"**).

87. The Privileged Facts should not have been set out in the pleadings and must be struck.

88. In the alternative:

(a) The telephone call referred to in paragraph 35 of Part 1 of the Notice of Civil Claim occurred;

(b) Mr. Bockhold's Nevada counsel advised Waterton's counsel, *inter alia*, that the telephone call was in furtherance of compromise negotiations and subject to Nevada Revised Statute 48.105;

(c) Nevada Revised Statute 48.105 provides, *inter alia*, that evidence of conduct or statements made in compromise negotiations are inadmissible;

(d) The telephone call was in furtherance of compromise negotiations, Waterton agreed to this, and has breached Nevada Revised Statute 48.105 by pleading the Privileged Facts; and

(e) The Defendants deny the balance of the Privileged Facts.

H. The Alleged Defamatory Words

89. The Alleged Defamatory Words are facts which are true in substance and fact, particulars of which are that the statements in paragraphs 40(a)-(d), 42(a)-(h), 44, and 47(a)-(c) of the Notice of Civil Claim are true.

90. In the alternative, the Alleged Defamatory Words are statements of opinion recognizable by the ordinary reasonable person, specifically, shareholders of Gryphon and members of the public who are or may be shareholders of public companies., based on facts that are true, and stating an opinion that some persons could honestly express on the basis of those facts, namely, the execution of the Waterton Strategy with, *inter alia*, Gryphon and with other public companies.

91. Waterton is known and has a reputation within the junior mining community to be predatory "loan-to-own" lenders.

92. Further, and in any event, the Defendants deny that the Alleged Defamatory Words are capable of any innuendo, or, in the alternative, deny that the innuendo drawn by Waterton is defamatory.

93. In any event, the Defendants deny that Waterton suffered any loss or damage as a result of the publication of the Alleged Defamatory Words, or at all.

94. In the alternative, if Waterton suffered any loss or damage as a result of the publication of the Alleged Defamatory Words, or at all, such loss or damage is too remote, or was caused or contributed to by Waterton.

Part 2: RESPONSE TO RELIEF SOUGHT

1. The Defendants DO NOT consent to the granting of the relief sought in in paragraph 70 of Part 2 of the Notice of Civil Claim.

2. The Defendants oppose the granting of the relief sought in ALL of the paragraphs of Part 2 of the Notice of Civil Claim.

3. The Defendants take no position on the granting of the relief sought in NONE of the paragraphs in Part 2 of the Notice of Civil Claim.

Part 3: LEGAL BASIS

1. Mr. Dawson and Dawson Holdings, or either of them, did not publish the Alleged Defamatory Words and did not assist, support, or encourage the Alleged Defamatory Words to be published.

2. Further, or in the alternative, the Defendants object to paragraphs 35-39 and 56 of Part 1 of the Notice of Civil Claim and rely on Nevada Revised Statute 48.105, or, in the alternative, the common law of settlement privilege.

3. Further, or in the alternative, the Alleged Defamatory Words were published on an occasion of absolute privilege, or alternatively qualified privilege, in particular in pleadings filed in the Gryphon Lawsuit and related litigation, or were published or made in the course of such litigation, as the Disclaimer clearly indicated, and the Website simply repeated and summarized those statements.

4. In the further alternative, the Alleged Defamatory Words were published on a privileged occasion, in particular Mr. Bockhold was under a legal or moral duty, as the Nevada Court-appointed custodian to publish the Alleged Defamatory Words to, *inter alia*, shareholders of Gryphon, who had a corresponding right to review them.

5. In the further alternative, the Defendants rely on the defence of justification, namely, that the whole of the Alleged Defamatory Words, or, in the alternative, each of paragraphs 40(a)-(d), 42(a)-(h), 44, and 47(a)-(c) of Part 1 of the Notice of Civil Claim are true in substance and fact.

6. In the further alternative, insofar as the Alleged Defamatory Words consist of expressions of opinion, they are fair comment on a matter of public interest, recognizable by the ordinary reasonable person, specifically, shareholders of Gryphon and members of the public who are or may be shareholders of public companies., based on facts that are true, and stating an opinion that some persons could honestly express on the basis of those facts. Particulars of the Alleged Defamatory Words which are expressions of opinion are paragraphs 40(a)-(d), 42(a)-(h), 44, and 47(a)-(c) of Part 1 of the Notice of Civil Claim, based on the execution of the Waterton Strategy with, *inter alia*, Gryphon as set out in the Response to Civil Claim and with other public companies.

7. In the further alternative, the Defendants, or any of them, did not authorize the publication of the Alleged Defamatory Words complained of and any dissemination of the Alleged Defamatory Words was innocent, *inter alia*, because:

   (a) The Defendants, or any of them, did so innocent of any knowledge of the defamatory content contained in the Alleged Defamatory Words disseminated by the Defendants, or any of them;

   (b) There was nothing in the Alleged Defamatory Words or the circumstances under which it came to or was disseminated by the Defendants, or any of them, which ought to have led the Defendant to suppose that the Alleged Defamatory Words contained defamatory content; and

   (c) When the Alleged Defamatory Words were disseminated it was not by any negligence on the Defendants' part, or any of them, and they did not know that the Alleged Defamatory Words contained any defamatory content.

8. In the further alternative, the Defendants rely on the defence of responsible communication on matters of public interest, particulars of which are, *inter alia*, as follows:

   (a) The Alleged Defamatory Words, and the nature and execution of the Waterton Strategy, is a matter of public concern, as it affects public shareholder value;

   (b) The sources of the information set out in the Alleged Defamatory Words purported to have direct knowledge of the matters in question, did not to the knowledge of the Defendants have animus against Waterton, and were not paid by the Defendants;

   (c) The allegations contained in the Alleged Defamatory Words had already been the subject of investigations and reports, including, *inter alia*, the PwC evaluation and the Kappes report, whose findings commanded respect and were respected by the Defendants; and

   (d) The Alleged Defamatory Words complained of were not presented as established facts but rather were stated to be allegations made in the Gryphon Lawsuit and related litigation, as set out in the Disclaimer, with the sources linked on the Website.

9. In any event, the Alleged Defamatory Words are not actionable without proof of special damage and none is alleged. In the alternative, the special damage is too remote in law to sustain the action.

10. In the further alternative, the Defendants plead in mitigation of damages evidence of general bad reputation, particulars of which are the execution of the Waterton Strategy with, *inter alia*, Gryphon, Scorpio Gold Corporation, Klondex Mines Ltd., Fire River Gold Corp., and Royal Standard Minerals Inc., and Waterton's involvement with, *inter alia*, those companies, all of which is publically known.

11. The Defendants plead and rely on the *Libel and Slander Act*, RSBC c. 263.

12. The Defendants plead and rely on the *Criminal Code*, RSC, 1985, c. C-46 and the law of usury.

13. The Defendants deny that Mr. Bockhold is a "supplier" pursuant to the *Business Practices and Consumer Protection Act*, SBC 2004, c. 2 in the context of this action and further deny that Mr. Bockhold engaged in any deceptive acts or practices, in particular, the Defendants deny that the alleged deceptive acts or practices had the capability, tendency or effect of deceiving or misleading a consumer or guarantor.

14. The Defendants deny that Mr. Bockhold published or made the Alleged Defamatory Words for the purpose of promoting, directly or indirectly, the supply or use of a product or for the purpose of promoting, directly or indirectly, any business interest contrary to s. 52 of the *Competition Act*, RSC, 1985, c. C-34.

15. The Defendants deny that Mr. Bockhold knowingly or recklessly made a representation to the public that is false or misleading in a material respect as alleged in the Notice of Civil Claim, or at all.

Defendants' address for Service:

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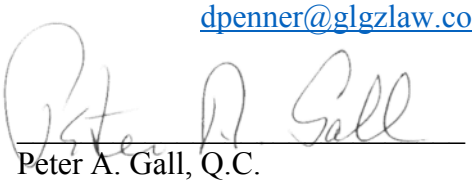
Date: January 16, 2019



Peter A. Gall, Q.C.
Lawyer for the Defendants

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.