

NO.S-001-CV2008000273

**IN THE SUPREME COURT OF THE
NORTHWEST TERRITORIES**

BETWEEN:

**Northwest Territories Business Development and
Investment Corporation**

Plaintiff

- and -

**Aurora World Corporation, Daryl Dolynny, Alex
Arychuk, Grant Beck, and N.W.T. Metis
Development Corporation**

Defendants

**STATEMENT OF DEFENCE OF
DARYL DOLYNNY, ALEX ARYCHUK,
GRANT BECK and
NW.T. MÉTIS DEVELOPMENT
CORPORATION**



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Attention: Sarah A.E. Kay

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**STATEMENT OF DEFENCE OF
DARYL DOLYNNY, ALEX ARYCHUK, GRANT BECK and
NW.T. METIS DEVELOPMENT CORPORATION**

1. Unless otherwise admitted, the Defendants, Daryl Dolynny, Alex Arychuk, Grant Beck, and N.W.T. Metis Development Corporation, and each of them, deny each and every allegation contained in the Statement of Claim and put the Plaintiff to the strict proof thereof.
2. The Defendants, Daryl Dolynny, Alex Arychuk, Grant Beck acknowledge that they are each business persons and residents of Yellowknife. The Defendant, N.W.T. Métis Development Corporation admits it is a corporation pursuant to the laws of the Northwest Territories with a registered office in Yellowknife.
3. The Defendants, and each of them, admit that on or about October 2004, they executed a joint and several limited guarantee in the amount of \$100,000.00.
4. The Defendants, and each of them, state that the Plaintiff and its authorized agents and representatives, actively pursued the Defendants, and each of them to secure their

business expertise and stewardship in the business of the Defendant Aurora World Corporation when it encountered financial difficulty in 2004.

5. The Defendants, and each of them, state that the Guarantee was procured by the implied misrepresentation and/or non-disclosure of the Plaintiff, its agents and authorized representatives in its dealings on the Guarantee.
6. In particular, the Defendants, and each of them, were induced to execute the Guarantee by verbal assurances from the Plaintiff, its authorized agents or representatives, full particulars of which will be proven at trial, that in return for their business experience and stewardship, that the Guarantee was a mere formality and enforcement of the Guarantee would not be aggressively pursued.
7. The Defendants, and each of them, further state that at the time of execution of the Guarantee, the Plaintiff, its authorized agents or representatives verbally agreed and/or agreed in writing, full particulars of which will be proven at trial, to amend the terms of the Guarantee. The amendments made to the Guarantee include, but are not limited to:
 - (a) That the term of the guarantee would be limited to a period of five years, and which period would expire on or about September, 2009.
8. The Defendants state that the representations made by the Plaintiff, its authorized agents and representatives were incorrect in material respects.
9. The Defendants, and each of them, were induced to execute the Guarantee by the misrepresentations as set out above.
10. In these circumstances, the Defendants, and each of them, are entitled to and do claim rescission of the Guarantee.
11. The Defendants, and each of them, agree that the trial of the action be held at the City of Yellowknife, in the Northwest Territories.

WHEREFORE THE DEFENDANTS, Daryl Dolynny, Alex Arychuk, Grant Beck, and the N.W.T. Metis Development Corporation, and each of them request:

- (1) That the Claim be dismissed with costs to them;
- (2) A Declaration that the Guarantee be rescinded/set aside as having been procured by the misrepresentations of the Plaintiff;
- (3) An Order that the Plaintiff do deliver up the Guarantee to be cancelled forthwith; and
- (4) Such further and other relief as the nature of the matter may require.

DATED at the City of Yellowknife, in the Northwest Territories, this 15 day of July, 2009, and delivered by Lawson Lundell LLP, solicitors for the Defendants whose address for service is in care of said solicitors at Box 818, 200, 4915 - 48th Street, YK Centre East, Yellowknife, Northwest Territories, X1A 2N6.

LAWSON LUNDELL LLP

Per: _____


Sarah A.E. Kay

Solicitor for Defendants,

Daryl Dolynny, Alex Arychuk, Grant Beck,

and N.W.T. Metis Development Corporation