

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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US BANKRUPTCY COURT
DISTRICT OF DELAWARE

IN RE:	CHAPTER 11
ALLIED NEVADA	CASE No. 15-10503(MFW)
GOLD CORP, et al., ¹	Jointly Administered
DEBTORS	

**BRIEF IN SUPPORT OF BRIAN TUTTLE’S MOTION TO APPOINT AN
EXAMINER WITH ACCESS TO AND AUTHORITY TO DISCLOSE
PRIVILEGED MATERIALS**

COMES NOW, party of interest: James H. Roberson filing this brief in support of Brian Tuttle’s Motion to Appoint an Examiner With Access To and Authority to Disclose Privileged Materials and as grounds states the following:

¹ The Debtors(“Debtors”) in these cases, along with the last 4 digits of each Debtor’s federal tax identification number, are: Allied Nevada Gold Corp.(7115); Allied Nevada Gold Corp Holdings LLC (7115); Allied VGH Inc. (3601); Allied VNC Inc. (3291); ANG Central LLC (7115); ANG Cortez LLC (7115); ANG Eureka LLC(7115); ANG North LLC (7115); ANG Northeast LLC (7115); ANG Pony LLC (7115); Hasbrouck Production Company LLC (3601); Hycroft Resources and Development, Inc. (1989); Victory Exploration Inc.(8144); and Victory Gold Inc.(8139). The corporate headquarters for each of the following are located at, and the mailing address for each of the following of each of the above debtors, except Hycroft Resources & Development, Inc., is 9790 Gateway Drive, Suite 200, Reno, Nevada 89521. The mailing address for Hycroft Resources & Development, Inc. is P.O. Box 3030, Winnemucca, NV 89446.

STATEMENT OF FACTS

1. On 8/11/2015, Brian Tuttle filed with This Court: MOTION TO APPOINT AN EXAMINER WITH ACCESS TO AND AUTHORITY TO DISCLOSE PRIVILEGED MATERIALS.

2. On 8/21/2015, Debtors filed NOTICE OF RESCHEDULED OMNIBUS HEARING.

3. Upon information and belief, Mr. Tuttle's MOTION TO APPOINT AN EXAMINER WITH ACCESS TO AND AUTHORITY TO DISCLOSE PRIVILEGED MATERIALS will be heard at the 9/11/2015 Omnibus Hearing.

4. Instant writer is a 77 years of age retired Engineer with no formal training in Law and, therefore, begs the understanding of this honorable Court for any misinterpretations of "fine points of the law" that may be made herein. The instant writer has only purely noble intentions, and begs maximum leniency and patience from this honorable Court.

**ARGUMENT IN SUPPORT OF MOTION TO APPOINT AN
EXAMINER WITH ACCESS TO AND AUTHORITY TO DISCLOSE
PRIVILEGED MATERIALS**

The party of interest (instant writer) concurs with and alleges all facts and arguments raised in Brian Tuttle's MOTION TO APPOINT AN EXAMINER WITH ACCESS TO AND AUTHORITY TO DISCLOSE PRIVILEGED MATERIALS (see docket entry 819).

Obviously, this honorable Court can render fair and just decisions only when it is provided honest, accurate, and complete information. Mr. Tuttle's Motion lists a large number of examples that indicate and strongly suggest criminal misconduct(s), and only an Examiner – having deep, probing Discovery powers – can determine with reasonable certainty whether these apparent misconduct(s) are truly nefarious, as they appears on the surface, or merely a freak combination of innocent events or circumstances. Crimes can sometimes be masked with privilege. Crimes such as “naked short selling” - and predatory computer trading programs – and similar practices which devastated the share prices of Allied Nevada Gold Corporation (hereinafter, “ANV”) stock – over the past several years – can only be defined by access to privileged documents; such as “buying / selling” and other records -- this requires Discovery and a tenacious Examiner.

Amazingly, some parties seem to have bought into the fishy claim that “ANV” is “hopelessly insolvent”. In real-life, for an organization having ANV's vast assets to be “insolvent” is usually an indication of deliberate actions by its Management. It may have a possible short-term “cash flow problem”, but even that leads to a valid suspicion that Management may be “cooking the books” for nefarious purposes.

ANV's Management has appeared somewhat reluctant to fully disclose the "completion status" of its *Hycroft Mill Expansion Project*. This Project permits ANV access to its **most valuable asset** (Gold Sulfide Ores, which are 84.4% of its Total Mineral Assets – which are untapped, thus far). When this Project becomes operational, ANV's **ASSETS will start to increase to \$3.2 Billion – at least !** For the sake of brevity, instant Brief will focus emphasis on only one ANV News Release, in order to show how this asset value is derived. One thing the requested Examiner needs to explore is why Debtor does not emphasize the true value of its most valuable asset in the Equity valuation. Was this under-reporting merely an oversight, or a deliberate fraud against this honorable Court ? Only a tenacious requested Examiner – using deep probing Discovery – can determine where bumbling incompetence ends, and "mens rea" begins.

ANV – assisted by Outside Experts – has conducted a "Feasibility Study" (discussed below) which shows that after its *Hycroft Mill Expansion Project* is completed (allowing it to process its vast quantity of GOLD SULFIDE ores) it will cut its Production Costs about in half (!!!), and it will thereafter gush forth about \$179 Million per year in Net Cash Flow! (The normal fluctuations in the price of gold – which ANV's Management is now claiming as a major cause of its so called financial problems – would be almost negligible.) The total capital expenditure for its *Hycroft Mill Expansion Project* was originally projected to be about \$1.39 Billion. ANV has been working assiduously to complete this Project, and spending from both Equity and Current Revenues. Using its Discovery powers the requested Examiner should ascertain the completion status of the *Hycroft Mill Expansion Project*. If it is 100% complete, then the Common Shareholders should be credited with another \$1.13 Billion in the Equity Column – after all, it was they who paid for this Project. (A subsequent Optimization Study showed that the original total of \$1.39 Billion could be reduced by about 18%, via smarter scheduling.) If it is only 50% complete, then the Equity valuation should be increased by \$0.57 Billion and, so forth. There appears to be a whole lot of "creative bookkeeping" going on. A sharp-eyed Examiner is definitely needed, to straighten out the asset valuations.

Below follows editorial commentary; highlighting key points contained in a ANV Press Release concerning: **PROJECT FEASIBILITY STUDY for HYCROFT's MILL EXPANSION PROJECT**. This honorable Court is strongly urged to review the complete Press Release for itself. It can be found by placing the following hyper-link on a browser, and then locating the Press Release Date indicated (10/15/2014).

<http://www.alliednevada.com/investors/press-releases/>

ANV's Press Release dated OCTOBER 15, 2014 states: "The Hycroft Mill Expansion is projected to generate a significant amount of gold and silver at relatively low Adjusted Cash Cost per Ounce" (Instant writer's comment: "understatement of the day"). The figure cited for Adjusted Cash Cost (post implementation of the Mill Expansion) is "\$464 per ounce". (Note: the latest reported Adjusted Cash Cost per Ounce, of which instant writer has knowledge, for the current Heap Leach produced gold, is "Between \$800 - \$900 per ounce". Since Adjusted Cash Cost is a form of Production Cost, the Mill Expansion Project anticipates cutting the Production Costs by about **in half** of current costs !

Furthermore, The Table on Page 5 – showing "**Total revenue at \$1,300/oz Au and \$21.67/oz Ag = \$17,037,000,385**" is for an **18 years** estimated total life of Hycroft Mine, post Phase I of the Mill Expansion. Or, **Annual Revenue average**, then, of **\$946.5 millions per year**.

Correspondingly, the **Net Cash Flow** was **\$3,222,093,000** over 18 years. Or, **Average Annual NET CASH FLOW** of **\$179,005,167**.

Also, of significance, the Table on Page 5 shows that during the "**First 5 years post Phase I, the Average Annual Revenue from Metal sales is actually \$1,093,751,000** " and a corresponding **NET CASH FLOW** of **\$278,599,000 per annum** !

FINALLY, PLEASE NOTE: THE CAPITAL COSTS - TO PAY FOR THE MILL EXPANSION PROJECT ("5.5 year Payback") - ARE INCLUDED IN ALL THE ABOVE FIGURES !!!

----- End of commentary on Press Release -----

So, how was the asset value of \$3.2 Billion (above) derived ?

Average Annual NET CASH FLOW of \$179 Million x 18 years life of mine = 3.22 Billion.

Obviously, once the Mill Expansion Project comes "on-stream", ANV could be totally debt free in just a short while. This leads to the academic question: What should Wall Street be willing to pay per share for a debt-free company, having 126,193,336 shares presently outstanding, and capable of paying out all of its average annual net cash flow of \$179 Million, as a "prized" 4% dividend ?

Answer:

$\$179,000,000 / 126,193,336 = \1.41 per share = annual possible dividend

$\$1.41 / 0.04 = \35.25 per share : That is what ANV should be selling for.

The fact that ANV is presently facing a bankruptcy ordeal and is now priced at about \$0.05 per share, seems to be a classic example of how predatory computer trading programs (sponsored by unscrupulous and ruthless bankers), along with a cleverly, cunningly, contrived bankruptcy scheme, can be used to "take down" a good company – and steal the Equity from its rightful owners.

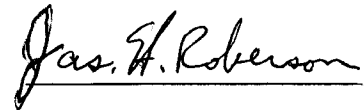
This writer urgently begs this honorable Court: Please appoint an Examiner. Let him/her get the "valuations" assigned correctly. Let him/her positively identify any potential fraud perpetrators. Let him/her find the "Real Truth".

Quite frankly, it seems that there is: Just too much smoke, for there not to be a lot of fire.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by email to the following this the 1st day of September, 2015:

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* See note below

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* Note: Telephone use is very difficult for instant writer. This writer functions best with written communications – such as emails. Have significant hearing impairment due to daily pistol shooting, while on a US Army Marksmanship Team in the 1950s. Shot .45 caliber pistol for about 6 hours per day, 5 days per week, for over 3 months – without knowing the importance of wearing ear protection (then). We are all young and ignorant -- once.