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UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

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U.S. BANKRUPTCY COURT  
DISTRICT OF DELAWARE

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

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**BRIEF IN SUPPORT OF OBJECTION TO THE AMENDED PLAN OF REORGANIZATION, FILED BY BRIAN TUTTLE**

COMES NOW, party of interest: Stoyan Tachev, files this brief in support of the objection to the Amended Plan of Reorganization and its Amended Supplements( hereinafter “ Plan of Reorganization”).

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<sup>1</sup> 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 followingof 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.

<sup>2</sup> Pleadings in this case are filed pro se. Pro se litigants are not subject to the same standards as practicing attorneys.

### BACKGROUND

1. The Debtors have proposed to the interested parties in this bankruptcy a Plan of Reorganization, under which provisions the existing Equity interests( Class 8 Shareholders) are impaired. The Debtors claim to be “ hopelessly insolvent” and claim that there is not enough value to satisfy the existing Class 8 Shareholders Interests.
2. On September 24<sup>th</sup> Brian Tuttle has filed an Objection to the Plan of Reorganization,Docket 1051. ( hereinafter referred to as” the Objection”)
3. I am a Class 8 Shareholder from Sofia, Bulgaria, who owns 15 000 shares in Allied Nevada Gold Corp. I have invested a substantial part of my savings in this company. I have made my investment decisions about this company based on financial statements of the Debtors.

### STATEMENT

The Plan of Reorganization, proposed by the Debtors, does not reflect the true value of Allied Nevada’s assets and liabilities. The value of the company assets has been dramatically reduced by asset impairment in Q4 2014. The said asset impairment has been disclosed after the Debtors filed for bankruptcy on March 10 th 2015. The financial statements of the Debtors for Q3 2014 and full year 2014 are not compliant with certain provisions of Public Law 107-204- July 30, 2002 (hereinafter referred to as “ Sarbanes Oxley Act”). The said financial statements were not produced in compliance with the Generally Accepted Accounting Principles (hereinafter referred to as “ US GAAP”). Based on the above mentioned

non-compliances, I believe that the true value of the company cannot be determined the Debtors, and that such a valuation is of no credibility given the facts that I present in support of my statement.

#### FACTS IN SUPPORT OF THE STATEMENT

1. Debtors 10-Q for Q3 2014, filed with the SEC on 2014-11-03

<http://www.sec.gov/Archives/edgar/data/1376610/000137661014000047/anv-20140930x10q.htm>

**page 28 of 10-Q for Q3 2014** stated that they have sufficient liquidity for the **next 12 months**

"As discussed throughout this Liquidity and Capital Resources section, we believe that we have sufficient resources and access to sources of liquidity to fund our operations, remaining expansion project obligations, and other contractual obligations for at least the **next 12 months.**" - 10-Q for Q3 2014 filed on 2014-11-03

**Page 26 of 10-Q Q3 2014**

Cash and cash equivalents and liquid assets

Additional sources of liquidity

The following table provides additional insight about items as of September 30, 2014, that we believe may provide us with additional liquidity over the next 12 months (in thousands):

Description	Amount
Cash and cash equivalents	5,799
Revolving credit agreements	58,600
Accounts receivable	1,804
Inventories	6,573
Ore on leachpads, current	198,957
Assets held for sale	17,624
Total	289,357

2. Debtors 10-K for full 2014, filed with the SEC on 2015-03-27, post-petition

As of December 31, 2014, the Company was not in compliance with the Tangible Net Worth covenant contained in the Revolver and certain capital lease obligations."

pg 66 under Debt

"Debt covenants - page 41

We were not in compliance with all debt covenants as of December 31, 2014, which are discussed below in additional detail. Our debt agreements contain cross-default and cross-acceleration clauses, which means that an event of default or covenant violation under any of our debt agreements may result in the acceleration of substantially all of our outstanding debt. As of December

31, 2014, we were not in compliance with the Tangible Net Worth covenant contained in the Revolver and certain capital lease obligations."

3. The financial statement under Point 1 is not compliant with Section 302, paragraph (a) (2) and (a) (3) of the Sarbanes Oxley Act. The provisions of these paragraphs mandate that the financial information included in the report do not contain any untrue statement about material facts. It is not possible that from 2014-11-04 until 2014-12-31 the liquidity for 12 months has disappeared.
4. The financial statement under Point 2 is not compliant with Section 409 of the Sarbanes Oxley Act. Under the provisions of Section 409, the company shall disclose information about material changes in the financial condition of the company on a rapid and current basis to public and its shareholders. The Company was not compliant with certain of its obligations on 2014-12-31, yet this was disclosed on 2015- 03- 27, nearly three months later. As listed on National Securities Exchanges, an insolvent company ( although this was not disclosed at that time) was traded from 2015-01-02 until 2015-03-09.
5. The financial statement under Point 2 contains information about an asset impairment of long lived assets which amounts to 387 million US dollars, approximately 30 % of the value of the assets on record. If the company writes off 30 % of the value of its assets, this has material significance for the shareholders. An impairment of 387 million US dollars has to be disclosed pursuant to the provisions of Section 409 of the Sarbanes Oxley Act on a rapid and current basis. Yet this material change in the financial

condition of the company was disclosed nearly 3 months later. Another lack of compliance to the Sarbanes Oxley Act.

6. The debtor admitted, "except where specifically noted, the financial information contained herein has not been audited by a certified public accountant and has not been prepared in accordance with generally accepted accounting principles."

7. Debtors 10-K for full 2014, filed with the SEC on 2015-03-27, post-petition  
On page 56 of this report, the Debtors give an overview of the methods used to determine the impairment of the long lived assets.

Yet, no details about input parameters are stated- prices of gold, all-in-sustaining costs, etc.

On page 61 and 62 of this report, the Debtors give an overview of the long-lived assets impairment.

Asset impairment of long lived assets is stipulated in Codification Topic 360 of the US GAAP. The assets impairment concerns the mill expansion project, which as per the definition of paragraph 360-10-35-34 of US GAAP, is a long-lived asset under development.

Under the provisions of paragraph 360-10- 35-17, an impairment is recognized when the carrying amount of a long-lived asset is not recoverable and exceeds the fair value of the said long-lived asset. The carrying amount of an asset minus the undiscounted cash flows generated by the asset for its remaining life in use, represents the impairment loss.

Under the provisions of the paragraph 360-10-35-34, the estimates for future cash flows shall be based on the expected service potential of the asset when development is substantially complete.

However, the 10-K report of the Debtors, does not include any projections of future cash flows of the mill expansion project when it is complete.

They just impaired the assets based on the fact that they have not secured financing for the completion of the project.

This write down does not comply with the provisions of the US GAAP.

8. Moelis Valuation, Amended Disclosure Statement, Exhibit F

A. Estimates the enterprise value of the reorganized debtor to be \$200 to \$300 million.

B. States that the “estimated enterprise value...does not purport to constitute an appraisal or necessarily reflect the actual market value that might be realized through a sale or liquidation of the Reorganized Debtors, its securities or its assets, which may be significantly higher or lower than the estimated enterprise value range herein.” Moelis further admits that “[t]he actual value of an operating business such as the Reorganized Debtors’ business is subject to uncertainties and contingencies that are difficult to predict and will fluctuate with changes in various factors affecting the financial condition and prospects of such a business.” Explains that it relied, among other things, upon the debtor’s publicly disclosed financial statements and other information provided by the debtor, and “did not assume any responsibility for independent verification of any of the information supplied to, discussed with, or reviewed by Moelis and, with the consent of the Debtors, relied on such information being complete and accurate in all material respects....[A]t the direction of the Debtors, Moelis did not make any independent evaluation or appraisal of any of the assets or liabilities...of the Reorganized Debtors.”

C. Not clear whether and to what extent the Moelis Valuation counterbalances the debtor’s asset write-downs. The 2014 write-downs were

intended to take into account the debtor's difficulty in obtaining financing for the Hycroft Expansion Project, but the reorganized debtor will emerge from bankruptcy with a plan in place to secure the needed financing and complete the project.

D. Does not appear that the Moelis Valuation takes into account the future value of the debtor's substantial net operating loss ("NOL") carryovers, most of which were generated by the debtor's 2014 asset write-downs. Earlier in the case, the debtor estimated its federal income tax NOLs to be approximately \$177 million, which amounts could be even higher when the debtor emerges from Chapter 11. Pursuant to the U.S. Tax Code, NOLs can be used to offset future taxable income and tax liability in order to improve liquidity in the future. Assuming a corporate federal income tax rate of 35%, these NOLs could reduce the debtor's future income tax liabilities by approximately \$62 million.

E. Taken into account that Moelis relied entirely on the Debtors' own financial reports, which, as stated, repeatedly failed to comply with Sarbanes Oxley Act and the US GAAP, the Moelis valuation possesses no credibility in the light of the non-compliance issues, stated in this Brief.

10. Under the provisions of paragraph 1129 (a) (11) of the US Bankruptcy Code, Confirmation of the plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the debtor or any successor to the debtor under the plan, unless such liquidation or reorganization is proposed in the plan.

The Debtors however, provide no evidence of financial credibility or compliance with law requirements and accounting principles. The capital expenditures needed to complete the mill expansion project are to be funded by a high-interest loan, at a significantly higher interest rate than the current debt obligations, which the Debtors cannot serve at the moment and this is one of the reasons stated by them to go bankrupt. To be even more precise, the gold prices environment to date is not better than at the time the proposed Plan of Reorganization was filed.



CONCLUSION

In this Brief I have provided several facts to this Honorable Court that prove that the Debtors' financial statements are not compliant with the provisions of certain laws in the United States and with the US GAAP. Moreover, the proposed Plan of Reorganization does not provide enough information and credibility in light of the provisions of paragraph 1129 (a) (11) of the US Bankruptcy Code.

I, therefore, respectfully request this Honorable Court to reject the Plan of Reorganization, provided by the Debtors.

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 1<sup>st</sup> day of *October*, 2015:

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