



Allied Nevada Gold Corp.  
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USA

## Allied Nevada Reports First Quarter 2009 Financial Results

May 12, 2009 Reno, Nevada - Allied Nevada Gold Corp. (“Allied Nevada” or the “Company”) (TSX: ANV; NYSE-A: ANV) reported its financial and operating results for the first quarter ended March 31, 2009 and an outlook for the remainder of 2009. The financial results are based on United States GAAP and are expressed in U.S. dollars.

### Q1 2009 Highlights:

- Allied Nevada has reiterated its outlook for the remainder of the year. Mining and leaching activities continued at the Hycroft mine during the quarter. The mine is operating as planned and Hycroft is on track to meet previously stated full year 2009 guidance of 90,000 ounces of gold at cost per ounce sold<sup>1</sup> of \$460-\$480.
- Allied Nevada reported a first quarter net loss of \$7.6 million (\$0.13 per share) and cash used in operating activities of \$12.0 million compared with a net loss of \$6.9 million (\$0.16 per share) and cash used in operating activities of \$3.2 million in the prior year period.
- For the three month period ended March 31, 2009, cash used in investing activities was \$0.1 million compared with \$16.6 million in the prior year period. Capital expenditures in the current quarter of \$0.2 million were for the purchase additional equipment.
- For the three month period ended March 31, 2009, cash provided by financing activities was \$6.1 million compared with \$8.0 million in the prior year period. Allied Nevada closed the previously announced CDN\$8.0 million loan facility with Ionic Capital Corp. (“Ionic”).
- Allied Nevada ended the quarter with a cash and cash equivalent balance of \$10.6 million.
- Allied Nevada announced a resource increase at Hycroft. Resources, inclusive of reserves, increased to 5.9 million ounces of gold and 117.5 million ounces of silver compared with the September 2008 resource announcement (*see press release dated March 31, 2009 for further information on the resource increase*).

### Operating Update:

As of December 31, 2008, the Hycroft mine had reached the commissioning phase and the first gold pour occurred on December 7, 2008. Hycroft completed its second full quarter of mining operations in the first quarter of 2009. Key operating statistics are as follows:

	<b>For the three months ended March 31, 2009</b>
Ore mined (tons)	1,706,334
Waste mined (tons)	5,438,998
<b>Total material mined (tons)</b>	<b>7,145,332</b>
Ore grade - gold (ounces per ton)	0.0184
Ore grade - silver (ounces per ton)	0.0825
Ounces sold - gold	3,399
Ounces sold - silver	4,375
Average realized price - gold	\$ 926.34
Average realized price - silver	\$ 12.60
Average spot price - gold	\$ 904.03
Average spot price - silver	\$ 12.61
Costs applicable to sales	\$ 2,108,000
Less: Silver revenues	\$ (55,000)
<b>Cost of sales with byproduct credits (i)</b>	<b>\$ 2,053,000</b>
Cost of sales per ounce of gold sold (i)	\$ 604

*There is no comparable data for the first quarter of 2008 as the mine was not yet in production.*

Production increased steadily during the first quarter of 2009 and the Company believes the mine will achieve “steady-state” production rates of 7,500 ounces per month by mid-2009. Approximately 1.7 million tons of ore and 5.4 million tons of waste were mined during the first quarter of 2009 at an average grade of 0.0184 ounces per ton. The ore placed on the pad contained 31,000 ounces of gold, and the mine is on track to meet full year guidance of 90,000 ounces of gold production for 2009. Project to date, as of April 30, 2009, approximately 8,500 ounces of gold have been produced.

The Company anticipates receiving an air quality permit imminently, authorizing the completion of the refinery at Hycroft. It is anticipated the refinery will be in operation by the end of June, 2009, reducing overall costs and decreasing the processing time for the production of doré.

#### **Exploration and Resource Update:**

In March, 2009, a resource update was provided indicating a 244% increase to measured and indicated gold resource, inclusive of reserves, to 5.9 million ounces and a 298% increase to silver measured and indicated resource to 117.5 million ounces of silver. For the full resource update, please see the press release dated March 31, 2009 on our website at [www.alliednevada.com](http://www.alliednevada.com). The program exceeded management’s expectations, expanding the oxide and sulfide, gold and silver resources at Hycroft significantly. Allied Nevada and consulting geologists are currently analyzing the data and identifying targets for the next phase of Hycroft exploration drilling. A third phase oxide reserve and resource drilling program and a deep sulfide gold and silver resource development drilling program is anticipated to commence in the latter part of 2009.

Allied Nevada management is working to maximize the value of the regional exploration properties through joint ventures, royalties or the divestiture of exploration land packages controlled by the

Company. Discussions with interested parties are ongoing and any updates will be announced at the appropriate time.

**Outlook:**

The Hycroft Mine is well into the commissioning phase and, based on current mine production plans, is expected to reach its nominal production rate of approximately 7,500 ounces of gold per month by mid-2009 for total gold production of 90,000 ounces in 2009, as planned. Cost per ounce sold<sup>i</sup> of between \$460 - \$480 remains unchanged for 2009, though this estimate was based on higher fuel prices than current market prices, does not take into account by-product credit for silver sales and does not reflect the potential impact of work in process inventory adjustments for the heap leach inventory.

Exploration activities are expected to resume in the second half of 2009, focusing primarily on expanding and improving the confidence level of oxide resources and developing the deep sulfide gold and silver resource. Exploration spending is expected to be approximately \$4.0 million for 2009.

Management continues to review the viability of various opportunities which have the potential to increase production, decrease costs and generally add value at Hycroft. These opportunities include:

- 1) Increase mining rate: add more mining equipment to allow for mining of an additional 3.6 million tons of run of mine ore and 4.6 million tons of waste per year, resulting in a potential 30% increase to annual production.
- 2) Improve gold and silver grade: improve the operating efficiencies of the Merrill Crowe and Carbon in Leach plants by 'stacking' the pregnant solution thereby increasing the grade of gold and silver.
- 3) Addition of crush/convey system: metallurgical testing is underway to assess the improvement crushing and placing ore on the leach pads adds to the recovery of gold and silver as compared with run of mine ore.
- 4) Sulfide resource: management believes a substantial amount of mineralization is contained in the sulfide layer directly below the oxide resource. We are testing various cost effective extraction techniques commonly used in the industry to further improve the recovery of gold and silver from sulfide mineralization to economically justify the mining of the sulfide resource.

Upon achieving planned production rates and positive cash flow for 2009, management intends to increase its efforts on growth and optimization strategies for Hycroft and accretive development opportunities for the Company.

*Cost sensitivities:*

Based on current life of mine plans, a \$10 per barrel movement in the price of WTI oil will impact the annual operating costs for fuel and lubricants for at the Hycroft mine by approximately \$1 million.

**Results of Operations:**

Allied Nevada had a consolidated net loss for the three month period ended March 31, 2009, of \$7.6 million compared to a consolidated net loss of \$6.9 million for the same period in 2008. The increase in the consolidated net loss of \$0.7 million is largely due to \$2.1million of costs attributable to sales, \$3.9 million of stripping costs, a loss of \$1.5 million attributable to the change in fair value of equity linked financial instruments and an increase in depreciation and amortization of \$0.4 million, partially offset by

a \$4.5 million decrease in exploration and land holding costs and \$3.2 million of revenue from gold and silver sales.

During the first quarter of 2009, the Company sold 3,399 ounces of gold at an average price of \$926 per ounce for \$3.1 million and approximately 4,375 ounces of silver for approximately \$0.055 million. There were no comparable sales of precious metals in the same period of 2008.

Cost of sales consist of mining and process costs, together with stripping costs that are variable costs of production. For the three months ended March 31, 2009, cost of sales was \$2.1 million for approximately 3,400 ounces of gold sold at an average cost of \$604 per ounce of gold. There were no comparable costs applicable to sales in the similar period in 2008.

Stripping costs represent those costs incurred in excess of those considered to be variable production costs and included leach, work-in-process and precious metals inventory. For the three months ended March 31, 2009, stripping costs totaled \$3.9 million. There were no comparable stripping costs in the same period of 2008.

Exploration and land holding costs decreased to \$0.4 million in the three month period ended March 31, 2009, as compared with \$4.9 million for the same period in 2008. The decrease of \$4.5 million is primarily due to the following:

- During the three months ended March 31, 2008, we expensed \$3.6 million of drilling and exploration costs at Hycroft in connection with the first phase of the 2008 exploration drilling campaign. There were no comparable drilling and exploration costs for the same period in 2009.
- During the three months ended March 31, 2008, we incurred \$0.7 million of care and maintenance expense. As the Hycroft Mine was reactivated in the third quarter of 2008, there were no comparable costs for the three months ended March 31, 2009.

Corporate general and administrative costs increased to \$2.2 million in the three months ended March 31, 2009, compared with \$1.9 million for the same period in 2008. The increase of \$0.2 million is primarily attributable to higher compensation, benefits and employee related costs and the costs associated with the increase in staffing levels compared with the same period in 2008.

During the three months ended March 31, 2009, depreciation and amortization expense was \$0.5 million compared to \$0.1 million in the same period of 2008. Substantially all of the \$0.4 million increase was attributable to the depreciation of the mining fleet acquired in 2008 and amortization of royalty rights, mine development costs and the Asset Retirement Cost (ARC) asset based upon commencement of production at Hycroft.

Allied Nevada recorded accretion expense of \$0.1 million during the three months ended March 31, 2009, which was essentially the same as the first quarter of 2008. The accretion expense in the three months ended March 31, 2009, was based on a risk-free credit adjusted rate of 6.6%.

Allied Nevada earned a nominal amount in interest income from both our liquid savings and restricted cash accounts during the first quarter of 2009 compared with \$0.2 million during the same period in 2008. The decrease in interest on our liquid savings account is largely attributable to substantially lower interest rates and lower cash balances during 2009 compared with 2008. Although the average balance of our restricted cash increased from \$5.6 million to \$12.6 million, interest earned on these accounts also decreased due to substantially lower rates in 2009 compared with 2008.

Allied Nevada incurred a nominal amount of interest expense in the three months ended March 31, 2009 compared with \$0.1 million in the same period in 2008. The Company's interest expense in the

first quarter of 2008 was largely attributable to the March 2008 credit agreement with Ionic, which was repaid in May 2008.

For the three months ended March 31, 2009, the Company recognized a \$1.5 million loss due to a change in fair value of warrants, which are considered to be equity-linked financial instruments and subject to the guidance of Emerging Issues Task Force 07-5. There was no comparable gain or loss in the same period of 2008.

Other expense, net was \$0.04 million for the three months ended March 31, 2009 compared with other income of \$0.02 million for the three months period ended March 31, 2008.

***Cash Used in Operations:***

Cash used in operations was \$12.0 million for the three months ended March 31, 2009 compared with \$3.2 million in the same period of 2008. The increase of \$8.8 million was primarily attributable to the following:

- In the three months ended March 31, 2009, cash used to acquire supplies inventory and to produce precious metals inventory increased \$0.3 million and \$5.1 million, respectively, compared with a \$0.1 million increase in cash used to acquire supplies inventory in the same period of 2008.
- The change in accounts payable balances resulted in a \$2.9 million source of cash in the 2008 period compared with a \$2.1 million use of cash in the 2009 period explaining \$5.0 million of the increase in cash used in operations.
- The above increases in cash used in operations were partially offset by a \$1.5 million non-cash loss attributable to the change in the value of equity linked financial instruments, an increase in non-cash depreciation and amortization of \$0.4 million and a change in prepaids from a use of cash in the 2008 period of \$0.2 million to a source of cash of \$0.2 million in the 2009 period.

***Cash Used in Investing Activities:***

Net cash flow used in investing activities in the three month period ended March 31, 2009 decreased to \$0.1 million from \$16.6 million in the first quarter of 2008. The decrease of \$16.5 is largely related to the following:

- In the three months ended March 31, 2008, the Company acquired \$14.9 million of equipment primarily consisting of a used mining fleet compared with equipment purchases totaling \$0.2 million in the first quarter of 2009.
- In the three months ended March 31, 2008, the Company incurred \$2.1 million in capitalized mine development costs primarily consisting of ore development drilling and related assaying costs. There was no comparable mine development costs in the same period of 2009.

***Cash Provided by Financing Activities:***

The net cash provided by financing activities was \$6.1 million in the three months ended March 31, 2009 compared with \$8.0 million in the same period of 2008. The decrease of \$1.9 million in cash provided from financing activities is largely due to separate credit agreements entered into with Ionic during both periods. During the three months ended March 31, 2009, the Company borrowed \$6.3 million from the 2009 Credit Agreement and paid \$0.1 million of deferred loan costs compared to borrowing \$9.7 million

from the 2008 Credit Agreement and payment of \$1.7 million in deferred loan costs in the same period of 2008.

### **Liquidity and Capital Resources:**

Based on our current operational assumptions and mine plans, management believes cash on hand, anticipated operating cash flow from the Hycroft mine, proceeds from the potential sale of mineral interests and advanced minimum royalty payments, proceeds from the exercise of warrants issued in our July 2007 private placement and proceeds from the exercise of stock options, if any, will be adequate to meet our liquidity requirements and fund capital expenditures for the next year. Although we expect to fund capital expenditures through cash on hand, cash flow from operations and cash proceeds from the exercise of warrants and stock options, we may need to raise capital through future debt or equity offerings. Our ability to raise and service significant new sources of capital will be a function of macroeconomic conditions, future gold prices, our operational performance and energy costs. In light of the limited global availability of credit, we may determine that it may be necessary or preferable to issue additional equity or other securities. Additional financing may not be available when needed, or if available, the terms of such financing may not be favorable to us and, if raised by offering of equity securities, may involve substantial dilution to existing shareholders.

At March 31, 2009, our total assets were \$111.3 million compared with \$112.3 million at December 31, 2008. At March 31, 2009, working capital was \$9.2 million compared with working capital of \$12.9 million at December 31, 2008. The decrease in working capital during the first quarter of 2009 was primarily due to the adoption of EITF 07-5 and the related \$5.8 million liability for equity-linked financial instruments and a reduction in cash of \$5.9 million, which were offset by an increase in inventory of \$6.3 million and a reduction in accounts payable of \$2.0 million.

At March 31, 2009, we had cash and cash equivalents totaling \$10.6 million. All cash equivalents were invested in high quality short-term money market instruments, including government securities, bankers' acceptances, bank notes, certificates of deposit, commercial paper and repurchase agreements of domestic and foreign issuers. At March 31, 2009, we had no funds invested in asset backed commercial paper.

### **Cautionary Statement Regarding Forward Looking Information**

*This press release contains forward-looking statements within the meaning of the U.S. Securities Act of 1933 and the U.S. Securities Exchange Act of 1934 (and the equivalent under Canadian securities laws), that are intended to be covered by the safe harbor created by such sections. Such forward-looking statements include, without limitation, statements regarding results of exploration drilling and assay programs currently underway at Hycroft; the Company's expectation regarding the completion of the Hycroft refinery of the benefits generated from the operation of the refinery; potential for confirming, upgrading and expanding oxide gold and silver mineralized material at Hycroft; results of evaluation of underlying sulfide mineralization at Hycroft; the Company's expectations regarding the potential to increase production and reduce costs at Hycroft; reserve and resource estimates; expectations regarding the life of the Hycroft mine and the cash flow generated by the property; expectations regarding the amount of future gold and silver production from the Hycroft mine; expectations regarding the Company's future capital requirements and the sources and adequacy of liquidity available to the Company; and other statements that are not historical facts. Forward-looking statements address activities, events or developments that Allied Nevada expects or anticipates will or may occur in the future, and are based on current expectations and assumptions. Although Allied Nevada management believes that its expectations are based on reasonable assumptions, it can give no assurance that these expectations will prove correct. Important factors that could cause actual results to differ materially from those in the forward-looking statements include, among others, risks relating to Allied Nevada's lack of operating history; risks that Allied Nevada's acquisition, exploration and property advancement efforts will not be successful; risks relating to fluctuations in the price of gold and silver; the*

*inherently hazardous nature of mining-related activities; uncertainties concerning reserve and resource estimates; availability of outside contractors in connection with Hycroft and other activities; uncertainties relating to obtaining approvals and permits from governmental regulatory authorities; and availability and timing of capital for financing the Company's exploration and development activities, including uncertainty of being able to raise capital on favorable terms or at all; as well as those factors discussed in Allied Nevada's filings with the U.S. Securities and Exchange Commission (the "SEC") including Allied Nevada's latest Annual Report on Form 10-K and its other SEC filings (and Canadian filings) including, without limitation, its latest Quarterly Report on Form 10-Q. The Company does not intend to publicly update any forward-looking statements, whether as a result of new information, future events, or otherwise, except as may be required under applicable securities laws.*

**Cautionary Note to U.S. Investors concerning estimates of Measured, Indicated and Inferred Resources:** This press release uses the terms "measured", "indicated" and "inferred" "resources." We advise U.S. investors that while these terms are recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission ("SEC") does not recognize them. "Inferred resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of a feasibility study or prefeasibility studies, except in rare cases. The SEC normally only permits issuers to report mineralization that does not constitute "reserves" as in-place tonnage and grade without reference to unit measures. The term "contained gold ounces" used in this press release is not permitted under the rules of the SEC. **U.S. investors are cautioned not to assume that any part or all of a measured, indicated or inferred resource exists or is economically or legally mineable.**

*The preparation of the technical information contained in this press release was supervised by Scott Wilson, a qualified person in accordance with National Instrument 43-101 guidelines.*

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**ALLIED NEVADA GOLD CORP.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
*(US dollars in thousands, except share amounts)*

	<i>(Unaudited)</i> March 31, 2009	December 31, 2008
<b>Assets:</b>		
Cash and cash equivalents	\$ 10,589	\$ 16,511
Inventories	11,301	4,995
Prepays and other	1,130	1,238
Current assets	<u>23,020</u>	<u>22,744</u>
Restricted cash	12,647	12,637
Plant and equipment, net	28,455	29,294
Mine development costs	8,584	8,827
Reclamation premium and asset retirement cost asset	2,113	2,174
Mineral properties	36,487	36,583
Total assets	<u>\$ 111,306</u>	<u>\$ 112,259</u>
<b>Liabilities:</b>		
Accounts payable	\$ 5,891	\$ 7,944
Amounts due to related parties	134	191
Accrued liabilities and other	1,245	1,057
Capital lease obligations, current portion	606	602
Asset retirement obligation, current portion	98	98
Liability for equity-linked financial instruments	5,800	-
Current liabilities	<u>13,774</u>	<u>9,892</u>
Deferred royalty income	715	634
Term loan	6,348	-
Capital lease obligations, noncurrent portion	2,226	2,392
Asset retirement obligation, noncurrent portion	5,832	5,735
Total liabilities	<u>28,895</u>	<u>18,653</u>
<b>Shareholders' Equity:</b>		
Common stock	57	57
Additional paid-in-capital	193,202	195,381
Accumulated deficit	(110,848)	(101,832)
Total shareholders' equity	<u>82,411</u>	<u>93,606</u>
Total liabilities and shareholders' equity	<u>\$ 111,306</u>	<u>\$ 112,259</u>

**ALLIED NEVADA GOLD CORP.**  
**CONDENSED CONSOLIDATED STATEMENTS OF LOSS (Unaudited)**  
*(US dollars in thousands, except shares and per share amounts)*

	Three months ended March 31,	
	2009	2008
<b>Revenue:</b>		
Gold sales	\$ 3,149	\$ -
Silver sales	55	-
	<u>3,204</u>	<u>-</u>
<b>Operating expenses:</b>		
Cost of sales	2,108	-
	<u>1,096</u>	<u>-</u>
Stripping costs	3,877	-
Depreciation and amortization	522	103
Accretion	97	100
Exploration and land holding costs	426	4,899
Corporate general and administrative	2,217	1,882
<b>Loss from operations</b>	<u>(6,043)</u>	<u>(6,984)</u>
Interest income	16	175
Interest expense	(43)	(77)
Loss due to change in value of equity-linked financial instruments	(1,468)	-
Other (expense) income	(42)	16
<b>Net loss</b>	<u>\$ (7,580)</u>	<u>\$ (6,870)</u>
Weighted average number of shares outstanding	57,557,554	42,968,711
Basic and diluted loss per share	\$ (0.13)	\$ (0.16)

**ALLIED NEVADA GOLD CORP.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)**  
*(US dollars in thousands)*

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2009</b>	<b>2008</b>
<b>Cash flows from operating activities:</b>		
Net loss for the period	\$ (7,580)	\$ (6,870)
Adjustments to reconcile net loss for the period to net cash used in operating activities:		
Depreciation and amortization	522	103
Amortization of deferred loan costs	-	34
Accretion	97	100
Stock-based compensation	688	623
Foreign currency gain	-	(16)
Loss due to change in fair value of equity-linked financial instruments	1,468	-
Change in operating assets and liabilities:		
Inventories	(5,432)	(79)
Prepays and other	195	(159)
Accounts payable and amounts due to related parties	(2,111)	2,856
Accrued liabilities and other	188	167
<b>Net cash used in operating activities</b>	<b>(11,965)</b>	<b>(3,241)</b>
<b>Cash flows from investing activities:</b>		
Purchases of plant and equipment	(156)	(14,863)
Additions to mine development costs	-	(2,147)
Restricted cash	(10)	(46)
Proceeds from AMR receipts	81	460
<b>Net cash used in investing activities</b>	<b>(85)</b>	<b>(16,596)</b>
<b>Cash flows from financing activities:</b>		
Proceeds on issuance of common stock	29	35
Proceeds from term loan	6,348	9,744
Payment of loan costs	(87)	(1,741)
Repayments of principal on capital lease agreements	(162)	(3)
<b>Net cash provided by financing activities</b>	<b>6,128</b>	<b>8,035</b>
Net decrease in cash and cash equivalents	(5,922)	(11,802)
Cash and cash equivalents, beginning of period	16,511	20,105
<b>Cash and cash equivalents, end of period</b>	<b>\$ 10,589</b>	<b>\$ 8,303</b>
<b>Supplemental cash flow disclosures:</b>		
Cash paid for interest	\$ 43	\$ 44

<sup>i</sup> The term “cost per ounce sold” is a non-GAAP financial measure and is defined as “costs applicable to sales” per the Consolidated Statements of Loss, less byproduct credits for payable silver production, divided by the number of ounces of gold sold. We have included cost per ounce sold information to provide investors with information about the cost structure of our mining operation. This information differs from measures of performance determined in accordance with GAAP in Canada and in the United States and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. This measure is not necessarily indicative of operating profit or cash flow from operations as determined under GAAP and may not be comparable to similarly titled measures of other companies.