

Charter

Audit Committee

Board of Directors of Anthracite Capital, Inc.

Authority and Committee Composition

The Audit Committee (the "Committee") of the Board of Directors (the "Board") of Anthracite Capital, Inc. (the "Company") is established pursuant to Section 14 of Article III of the Company's Bylaws (the "Bylaws"). Committee members shall be appointed by the Board on the recommendation of the Board's Nominating & Corporate Governance Committee and must number no less than that prescribed by any applicable law, the Bylaws or New York Stock Exchange (the "NYSE") rules, as determined from time to time by resolution of the Board. Committee members may be replaced by the Board.

At the time of his or her appointment and during his or her tenure on the Committee, each Committee member must satisfy such standards of independence and experience prescribed by any applicable law or NYSE rule relating to the duties and responsibilities of Committee members. Each member of the Committee must be "financially literate," as such qualification is interpreted by the Board in its business judgment, or must become financially literate within a reasonable period of time after his or her appointment to the Committee. At least one member of the Committee shall be an "audit committee financial expert" as defined by the Securities and Exchange Commission (the "Commission").

Committee members shall not simultaneously serve on the audit committees of more than two other public companies, unless the Board determines that such simultaneous service would not impair the ability of such director to effectively serve on the Committee. Any such determination must be disclosed in the Company's annual proxy statement.

The Board will appoint one of the members of the Committee to serve as the Committee Chair. The Committee Chair will have authority to act on behalf of the Committee between meetings. Except as otherwise provided by resolution of the Board or the Committee or this Charter, the presence in person or by telephone of a majority of the Committee's members shall constitute a quorum for any meeting of the Committee.

The Committee shall meet as often as it determines necessary, but not less frequently than quarterly. The Committee shall meet periodically with management, the individuals responsible for the internal audit function and the independent auditor in separate executive sessions. The Committee may request any officer of the Company, any officer or employee of BlackRock Financial Management, Inc., the Company's manager (the "Manager"), or representatives of the Company's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

The Committee shall have the sole authority to appoint or replace the Company's independent auditor (subject, if applicable, to shareholder ratification). The Committee shall be directly responsible for the appointment, compensation, retention, and oversight of the work of any registered public accounting firm (including resolution of disagreements between management and such accounting firm regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. The Company's independent auditor and any other registered public accounting firm shall report directly to the Committee.

The Committee shall pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor, subject to the de minimus exceptions for non-audit services described in the Commission's rules. The Committee may form and delegate authority to subcommittees consisting of one or more members of the Committee when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that decisions of any such subcommittee to grant pre-approvals shall be presented to the full Committee at its next scheduled meeting.

The Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other advisors. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report and to any advisors employed by the Committee.

The Committee shall make regular reports to the Board, which may be oral. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Committee shall annually review the Committee's own performance.

Purpose of the Committee

The Committee's primary purposes are to (a) assist Board oversight of (i) the integrity of the financial statements of the Company, (ii) the independent auditor's qualifications and independence, (iii) the performance of the Company's internal audit function and independent auditor, and (iv) the compliance by the Company with legal and regulatory requirements and (b) prepare an audit committee report as required by the Commission's rules for inclusion in the Company's annual proxy statement.

Duties and Responsibilities of the Committee

In order to fulfill its duties and responsibilities, the Committee shall:

Financial Statement and Disclosure Matters

(a) Review and discuss with management and the independent auditor the annual audited financial statements, including disclosures made in management's discussion and analysis, and recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K.

(b) Review and discuss with management and the independent auditor the Company's quarterly financial statements, including disclosures made in management's discussion and analysis, prior to the filing of its Form 10-Q, including the results of the independent auditor's review of the quarterly financial statements.

(c) Discuss with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles.

(d) Review and discuss with management and the independent auditor any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.

(e) Review and discuss with management and the independent auditor the Company's internal controls report and the independent auditor's attestation of the report prior to the filing of the Company's Form 10-K.

(f) Review and discuss reports from the independent auditor on:

(i) All critical accounting policies and practices to be used.

(ii) All alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor.

(iii) Other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.

(g) Discuss with management the Company's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies. Such discussion may be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made).

(h) Discuss with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.

(i) Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.

(j) Discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61, as amended, relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

(k) Review disclosures made to the Committee by the Company's CEO and CFO during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees of the Manager who have a significant role in the Company's internal controls.

Oversight of the Company's Relationship with the Independent Auditor

(l) Review and evaluate the lead partner of the independent auditor team.

(m) Obtain and review a report from the independent auditor at least annually regarding (i) the independent auditor's internal quality-control procedures, (ii) any material issues raised by the most recent internal quality-control review of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm, (iii) any steps taken to deal with any such issues, and (iv) all relationships between the independent auditor and the Company. Evaluate the qualifications, performance and independence of the independent auditor, including considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence, taking into account the opinions of management and internal auditors. The Committee shall present its conclusions with respect to the independent auditor to the Board.

(n) Ensure the rotation of the audit partners as required by law. Consider whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the independent auditing firm on a regular basis.

(o) Recommend to the Board policies for the Company's hiring of employees or former employees of the independent auditor who participated in any capacity in the audit of the Company.

Oversight of the Company's Internal Audit Function

(p) Review the adequacy and effectiveness of the Company's internal audit function supplied by the Manager and the appointment, compensation, and replacement of the Company's internal auditor supplied by the Manager.

(q) Review the significant reports to management prepared by the internal auditor and management's responses.

(r) Discuss with the independent auditor and management the internal auditor's responsibilities, budget, compensation and staffing and any recommended changes in the planned scope of the internal audit supplied by the Manager.

Compliance Oversight Responsibilities

(s) Obtain from the independent auditor assurance that Section 10A(b) of the Securities Exchange Act of 1934 has not been implicated.

(t) Obtain reports from management, the Company's internal audit function and the independent auditor that the Company and its subsidiary entities are in conformity with applicable legal requirements and the Company's Codes of Business Conduct and Ethics. Review reports and disclosures of insider and affiliated party transactions. Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Codes of Business Conduct and Ethics.

(u) Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

(v) Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's financial statements or accounting policies.

(w) Discuss with the Company's outside counsel and/or the Manager's internal counsel legal matters that may have a material impact on the Company's financial statements or the Company's compliance policies and any matters involving potential or ongoing material violations of laws or breaches of fiduciary duty by the Company or any of its directors, officers, employees or agents.

(x) Prepare the audit committee report to be included in the Company's proxy statement when and as required by the rules of the Commission.

Limitation of Committee's Role

The Committee's job is one of oversight as set forth in this Charter. It is not the duty of the Committee to prepare the Company's financial statements, to plan or

conduct audits, or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. The Company's management is responsible for preparing the Company's financial statements and for maintaining internal control, and the independent auditor is responsible for auditing the financial statements. Nor is it the duty of the Committee to assure compliance with laws and regulations.

In performing their duties and responsibilities, the Committee members shall be fully protected in relying in good faith upon the records of the Company and upon such information, opinions, reports or statements presented to the Company by any of the Company's officers or the Manager's officers or employees, or committees of the Board, or by any other person as to matters the members reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company or the Manager.