

## **Purpose**

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The Audit Committee (the "Committee") is a committee of the Board of Directors (the "Board") of Allied Nevada Gold Corp. (the "Company"), appointed to assist the Board in monitoring (1) the Company's accounting and financial reporting processes, (2) the integrity of the financial statements of the Company, (3) compliance by the Company with legal and regulatory requirements, (4) the independent auditor's qualifications, independence and performance and (5) business practices and ethical standards of the Company. The Committee provides an open avenue of communication between management, the independent auditor and the Board.

The Committee's principal responsibility is one of oversight. The Company's management is responsible for preparing the Company's financial statements, and the Company's independent auditors are responsible for auditing and/or reviewing those financial statements. In carrying out these oversight responsibilities, the Committee is not providing any expert or special assurance as to the Company's financial statements or any professional certification as to the independent auditor's work.

The Committee is responsible for the appointment of the Company's independent auditor and for the compensation, retention and oversight of the work of the Company's independent auditor and for the oversight of the Company's accounting and financial reporting process. The Committee will also perform other activities consistent with this Charter, the Company's By-laws, securities regulations and governing laws as the Committee or the Board deems necessary and appropriate.

The independent auditor of the Company is ultimately accountable to the Board and the Committee as representatives of the Company's shareholders.

Nothing herein is intended to expand applicable standards of liability under U.S. or Canadian law for directors of a corporation.

## **Organization**

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The Committee shall be comprised of three or more directors appointed by the Board. Each shall be independent from management, free from any interest and any business or other relationship that, in the opinion of the Board, would or would reasonably be perceived to materially interfere with the director's ability to act with a view to the best interests of the Company (other than relationships and interests arising from shareholding). The independence of each member will be determined by the Board based on the requirements of all applicable laws and regulations with respect to audit committee independence, including independence requirements of the American Stock Exchange ("AMEX"), the Toronto Stock Exchange ("TSX"), the U.S. Sarbanes-Oxley Act of 2002 and regulations promulgated thereunder and Canadian Multilateral Instrument 52-110 *Audit Committees*.

The members of the Committee shall be elected annually by the Board at the first meeting of the Board following the annual general meeting. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee. The Board may remove the members of the Committee, with or without cause by a majority vote of the Board. Any vacancy in the Committee occurring for any cause may be filled by a majority of the Board then in office. A majority of the members of the Committee shall constitute a quorum for the transaction of business and the act of a majority of those present at any meeting at which there is a quorum shall be the act of the Committee.

All members of the Committee shall have a working familiarity with basic finance and accounting practices and shall be able to read and understand financial statements. At least one member of the Committee shall be able to analyse and interpret a full set of financial statements, including the notes

attached thereto, in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements, and at least one member of the Committee shall qualify and be designated as the Audit Committee Financial Expert as determined in the judgment of the Board with reference to definitions under applicable U.S. securities law and regulations and AMEX rules. The designation or identification of a member of the Committee as an “Audit Committee Financial Expert” does not impose on such person any duties, obligation or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and the Board in the absence of such designation or identification and the designation or identification of a member of the Committee as an “Audit Committee Financial Expert” does not affect the duties, obligations or liability of any other member of the Committee or the Board.

## Meetings

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The Committee shall meet at least four times annually, on a quarterly basis, or more frequently as circumstances require. The Committee shall require members of management and the independent auditor and others to attend meetings and to provide pertinent information, as necessary, but at least annually. As part of its job to foster open communications, the Committee shall meet in separate sessions, as frequently as deemed necessary, with management and the Company’s independent auditor to discuss any matters that the Committee, or either of these groups believes should be discussed privately. The Committee shall submit the minutes of all meetings of the Committee to the Board, and, when requested, discuss the matters discussed at each or any Committee meeting with the Board.

## Authority, Responsibilities and Duties

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The Committee shall have the authority and responsibility to select, evaluate, retain and, where appropriate, replace the independent auditor. The Committee shall approve all audit engagement terms and fees and all non-audit engagements with the independent auditor.

The Committee shall have the authority and funding to retain independent legal, accounting and other consultants to advise the Committee. The Company shall provide for appropriate funding, as determined by the Committee, in its capacity as a committee of the Board, for payment of compensation to any advisers employed by the Committee and to the independent auditor employed by the Company for the purpose of rendering or issuing an audit report or performing other audit, review or attest services and ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties. The Committee may request any officer or employee of the Company or 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.

Without limiting the generality of the foregoing, to fulfill its responsibilities and duties, the Committee shall:

## Financial Statement and Disclosure Matters

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1. Review and discuss prior to public dissemination the annual audited and quarterly unaudited financial statements with management and the independent auditor, including major issues regarding accounting, disclosure and auditing procedures and practices as well as the adequacy of internal controls that could materially affect the Company’s financial statements.
2. 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 auditing and accounting principles and practices, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.

3. Review and discuss reports from the independent auditor on: (a) all critical accounting policies and practices to be used; (b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramification of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and (c) other material written communications between the independent auditor and management.
4. At, or shortly after, the end of each fiscal year, review with the independent auditor, the internal auditor, if any, and management, the audited financial statements and related opinion and costs of the audit that year.
5. Review prior to their release any management discussion and analysis ("MD&A"), earnings press releases, financial reports or other financial information submitted to any securities regulator, stock exchange or other authority, to the shareholders or the public, including any certification, report, prospectus, opinion or review rendered by the independent auditor. Provide the report of the Committee that must be included in the Company's annual proxy statement.
6. Review the Company's compliance with any policies and reports received from regulators. Discuss with management and the independent auditor the effect on the Company's financial statements of significant regulatory and accounting initiatives.
7. Review current accounting trends and developments with management and the independent auditor. Consider and approve, if appropriate, major changes to the Company's auditing and accounting principles and practices as suggested by the independent auditor or management or determined by the Committee.
8. Review the guidelines and policies that management has put in place to govern the process of monitoring, controlling and reporting major risk exposures (whether financial, operating or otherwise).
9. Review disclosures made to the Committee by the Company's CEO and CFO during their certification process for the Company's Annual Report on Form 10-K and Quarterly Report on Form 10-Q about any significant deficiencies in the design and operation of disclosure controls and procedures and any fraud involving management or other employees who have a significant role in the Company's internal controls.
10. Discuss at least annually with the independent auditor the matters required to be discussed by Statement of Auditing Standards No. 61, *Communication with Audit Committees*.
11. Based on discussions with the independent auditor concerning the audit, the auditor's independence, the financial statement review and such other matters as the Committee deems appropriate, recommend to the Board the inclusion of the audited financial statements in the Annual Report on Form 10-K.

### **Independent Auditors**

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12. Be responsible for the appointment of the Company's independent auditor and for the compensation, retention and oversight of the work of the independent auditor employed by the Company. The independent auditor shall report directly to the Committee. If the appointment

of the independent auditors is submitted for any ratification by shareholders, the Committee shall be responsible for making the recommendation of the independent auditors.

13. Approve in advance any audit or permissible non-audit engagement or relationship between the Company or its subsidiaries and the independent auditor.
14. On an annual basis, obtain from the independent auditors a formal written statement delineating all relationships between such independent auditor and the Company, and determine that they satisfy the requirements of the SEC Independence Standards Board Standard No. 1.
15. On an annual basis, review and discuss with the independent auditor all significant relationships or services that may impact the auditor's independence and objectivity. Confirm that the lead audit partner for the Company's independent auditor has not performed audit services for the Company for more than five previous fiscal years, and otherwise ensure the rotation of the lead partner and other partners in accordance with SEC rules and securities laws.
16. Review the qualifications and performance of the independent auditor and approve any proposed discharge of the independent auditor when circumstances warrant, recognizing the auditor's ultimate accountability to the shareholders.
17. Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former independent auditor of the Company.
18. Periodically consult with the independent auditor out of the presence of management about internal controls and the fullness and accuracy of the financial statements.

### **Process Improvement**

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19. Following completion of the annual audit, review separately with each of management and the independent auditor any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information. Review with the independent auditor management's responses to such matters.
20. Review and resolve any disagreement between management and the independent auditor in connection with the preparation of the financial statements.
21. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
22. Review with the independent auditor and management the extent to which changes or improvements in financial or accounting practices have been implemented.

### **Legal Compliance**

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23. Periodically review with management, the independent auditor and outside legal counsel the applicable law and the applicable stock exchange listing rules relating to the qualifications, activities, responsibilities and duties of audit committees and compliance therewith and also take, or recommend that the Board take, appropriate action to comply with such law and rules.

24. Meet at least annually with management to review the effectiveness of the Company's systems for monitoring compliance with laws and regulations and the results of the investigation and follow-up (including disciplinary action) on any fraudulent acts or accounting irregularities.
25. Periodically obtain updates from management regarding compliance matters.
26. Review the qualifications of the accounting and financial personnel.

**General**

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27. Report regularly to the Board with respect to any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditor and internal audit function issues.
28. Conduct or authorize investigations into any matters within the Committee's scope of responsibilities, and retain independent counsel, accountants or other advisors to assist it in the conduct of any such investigation.
29. Perform any other activities consistent with this Charter, the Company's By-laws and governing law, as the Committee or the Board deems necessary or appropriate.
30. Perform a review and evaluation, at least annually, of the performance of the Committee. In addition, review and reassess the adequacy of this Charter, at least annually.