

ARC RESOURCES LTD.

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

(unaudited)

As at

(Cdn\$ millions)	September 30, 2024	December 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	—	1.1
Inventory	12.5	29.1
Accounts receivable	514.1	583.0
Prepaid expense	114.7	102.7
Risk management contracts (Note 9)	186.9	177.5
	828.2	893.4
Risk management contracts (Note 9)	109.8	61.5
Long-term investments	24.8	19.7
Exploration and evaluation assets	326.9	307.6
Property, plant and equipment (Note 3)	10,395.1	9,836.5
Right-of-use assets (Note 4)	968.2	1,016.0
Goodwill	248.2	248.2
Total assets	12,901.2	12,382.9
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	648.5	753.3
Current portion of lease obligations (Note 5)	97.8	85.2
Current portion of other deferred liabilities	23.2	20.8
Current portion of asset retirement obligation (Note 7)	17.0	17.0
Dividends payable (Note 10)	100.8	101.7
Risk management contracts (Note 9)	0.2	3.6
	887.5	981.6
Risk management contracts (Note 9)	—	10.5
Long-term portion of lease obligations (Note 5)	929.2	974.6
Long-term debt (Note 6)	1,440.1	1,148.9
Long-term incentive compensation liability (Note 12)	60.1	58.4
Other deferred liabilities	108.3	125.9
Asset retirement obligation (Note 7)	431.9	434.3
Deferred taxes	1,315.1	1,220.9
Total liabilities	5,172.2	4,955.1
SHAREHOLDERS' EQUITY		
Shareholders' capital (Note 10)	6,208.0	6,268.2
Contributed surplus	31.7	36.1
Retained earnings	1,495.0	1,141.4
Accumulated other comprehensive loss	(5.7)	(17.9)
Total shareholders' equity	7,729.0	7,427.8
Total liabilities and shareholders' equity	12,901.2	12,382.9
Commitments and contingencies (Note 13)		

See accompanying notes to the unaudited condensed interim consolidated financial statements.

ARC RESOURCES LTD.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME (unaudited)

For the three and nine months ended September 30

(Cdn\$ millions, except per share amounts)	Three Months Ended		Nine Months Ended	
	2024	2023	2024	2023
Commodity sales from production (Note 11)	1,054.4	1,308.0	3,258.2	3,960.2
Royalties	(123.0)	(155.2)	(381.8)	(534.0)
Sales of commodities purchased from third parties	283.3	250.6	798.3	839.8
Revenue from commodity sales	1,214.7	1,403.4	3,674.7	4,266.0
Interest and other income	9.3	4.0	14.4	8.8
Gain (loss) on risk management contracts (Note 9)	144.4	(80.9)	213.5	147.4
Total revenue, interest and other income, and gain (loss) on risk management contracts	1,368.4	1,326.5	3,902.6	4,422.2
Commodities purchased from third parties	278.4	246.4	793.9	817.1
Operating	147.3	163.6	449.5	451.2
Transportation	157.7	163.9	485.9	501.7
General and administrative	45.1	67.7	182.2	159.7
Interest and financing	33.8	27.1	97.6	73.9
Impairment (reversal of impairment) of financial assets	1.1	2.8	1.7	(5.9)
Depletion, depreciation and amortization and impairment of property, plant and equipment (Note 3)	333.5	364.9	988.3	1,052.2
Loss (gain) on foreign exchange	22.5	(7.6)	7.5	(0.2)
Gain on disposal of crude oil and natural gas assets (Note 3)	(80.0)	—	(80.0)	(25.9)
Total expenses	939.4	1,028.8	2,926.6	3,023.8
Net income before income taxes	429.0	297.7	976.0	1,398.4
Provision for income taxes				
Current	30.4	60.0	128.0	160.0
Deferred	69.7	1.3	94.2	148.2
Total income taxes	100.1	61.3	222.2	308.2
Net income	328.9	236.4	753.8	1,090.2
Net income per basic and diluted share (Note 10)	0.55	0.39	1.26	1.78

See accompanying notes to the unaudited condensed interim consolidated financial statements.

ARC RESOURCES LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF
COMPREHENSIVE INCOME (unaudited)

For the three and nine months ended September 30

(Cdn\$ millions)	Three Months Ended		Nine Months Ended	
	2024	2023	2024	2023
Net income	328.9	236.4	753.8	1,090.2
Items that may be reclassified to the consolidated statements of income in subsequent periods:				
Net unrealized gain (loss) on foreign currency translation adjustment	18.6	(4.0)	12.2	0.8
Comprehensive income	347.5	232.4	766.0	1,091.0

See accompanying notes to the unaudited condensed interim consolidated financial statements.

ARC RESOURCES LTD.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)

For the nine months ended September 30

(Cdn\$ millions)	Shareholders' Capital (Note 10)	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
December 31, 2022	6,497.6	39.9	139.1	(23.1)	6,653.5
Comprehensive income	—	—	1,090.2	0.8	1,091.0
Recognized under share-based compensation plans (Note 12)	0.3	0.6	—	—	0.9
Recognized on exercise of share options (Note 12)	18.4	(4.1)	—	—	14.3
Repurchase of shares for cancellation (Note 10)	(177.1)	—	(109.6)	—	(286.7)
Change in liability for share purchase commitment (Note 10)	(7.6)	—	(17.3)	—	(24.9)
Dividends declared (Note 10)	—	—	(298.6)	—	(298.6)
September 30, 2023	6,331.6	36.4	803.8	(22.3)	7,149.5
December 31, 2023	6,268.2	36.1	1,141.4	(17.9)	7,427.8
Comprehensive income	—	—	753.8	12.2	766.0
Recognized under share-based compensation plans (Note 12)	1.2	(0.4)	—	—	0.8
Recognized on exercise of share options (Note 12)	19.0	(4.0)	—	—	15.0
Repurchase of shares for cancellation (Note 10)	(69.2)	—	(83.0)	—	(152.2)
Change in liability for share purchase commitment (Note 10)	(11.2)	—	(13.2)	—	(24.4)
Dividends declared (Note 10)	—	—	(304.0)	—	(304.0)
September 30, 2024	6,208.0	31.7	1,495.0	(5.7)	7,729.0

See accompanying notes to the unaudited condensed interim consolidated financial statements.

ARC RESOURCES LTD.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

For the three and nine months ended September 30

(Cdn\$ millions)	Three Months Ended		Nine Months Ended	
	2024	2023	2024	2023
CASH FLOW FROM OPERATING ACTIVITIES				
Net income	328.9	236.4	753.8	1,090.2
Add items not involving cash:				
Unrealized loss (gain) on risk management contracts	(84.5)	59.0	(72.9)	(328.9)
Depletion, depreciation and amortization and impairment of property, plant and equipment (Note 3)	333.5	364.9	988.3	1,052.2
Unrealized loss (gain) on foreign exchange	21.0	(6.2)	7.8	(4.2)
Gain on disposal of crude oil and natural gas assets (Note 3)	(80.0)	—	(80.0)	(25.9)
Deferred taxes	69.7	1.3	94.2	148.2
Other (Note 14)	3.8	6.8	10.9	8.8
Net change in other liabilities (Note 14)	(17.9)	(7.9)	(23.1)	(7.7)
Change in non-cash working capital (Note 14)	(56.1)	(50.1)	18.7	(237.3)
Cash flow from operating activities	518.4	604.2	1,697.7	1,695.4
CASH FLOW USED IN FINANCING ACTIVITIES				
Draw of long-term debt under revolving credit facilities	1,863.2	1,102.1	5,159.5	2,888.6
Repayment of long-term debt	(1,803.0)	(1,116.1)	(4,869.3)	(2,772.6)
Proceeds from exercise of share options	0.4	8.8	15.0	14.3
Repurchase of shares	(118.8)	(81.8)	(150.2)	(287.4)
Repayment of lease obligations	(25.4)	(17.4)	(68.0)	(47.9)
Cash dividends paid	(101.6)	(103.6)	(304.9)	(288.9)
Change in non-cash working capital (Note 14)	3.3	—	2.0	—
Cash flow used in financing activities	(181.9)	(208.0)	(215.9)	(493.9)
CASH FLOW USED IN INVESTING ACTIVITIES				
Acquisition of crude oil and natural gas assets	—	—	(5.1)	(0.5)
Disposal of crude oil and natural gas assets (Note 3)	80.0	—	80.0	73.6
Property, plant and equipment development expenditures (Note 3)	(439.9)	(393.9)	(1,457.5)	(1,292.2)
Exploration and evaluation asset expenditures	(10.2)	(3.9)	(20.0)	(7.3)
Long-term investments	(0.6)	(0.7)	(4.7)	(5.1)
Change in non-cash working capital (Note 14)	31.0	3.9	(75.6)	(24.9)
Cash flow used in investing activities	(339.7)	(394.6)	(1,482.9)	(1,256.4)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3.2)	1.6	(1.1)	(54.9)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	3.2	0.6	1.1	57.1
CASH AND CASH EQUIVALENTS, END OF PERIOD	—	2.2	—	2.2
The following are included in cash flow from operating activities:				
Income taxes paid in cash	40.8	51.3	142.3	440.6
Interest paid in cash	37.4	30.4	92.6	68.4

See accompanying notes to the unaudited condensed interim consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024 and 2023

1. Structure of the Business

The principal undertakings of ARC Resources Ltd. and any subsidiaries ("ARC" or the "Company") are to carry on the business of acquiring, developing, and holding interests in crude oil and natural gas assets.

ARC was incorporated in Alberta, Canada and the Company's registered office and principal place of business is located at 1500, 308 – 4th Avenue SW, Calgary, Alberta, Canada T2P 0H7. ARC's common shares are traded on the Toronto Stock Exchange under the symbol ARX.

2. Basis of Preparation

These unaudited condensed interim consolidated financial statements (the "financial statements") have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). These financial statements are condensed as they do not include all of the information required by IFRS Accounting Standards for annual financial statements and therefore should be read in conjunction with ARC's audited consolidated financial statements for the year ended December 31, 2023. All financial information is reported in millions of Canadian dollars ("Cdn\$"), unless otherwise noted as United States dollars ("US\$").

The financial statements have been prepared on a historical cost basis, except those items that are presented at fair value as detailed in the accounting policies disclosed in Note 3 "Summary of Material Accounting Policies" of ARC's audited consolidated financial statements for the year ended December 31, 2023. All accounting policies and methods of computation followed in the preparation of these financial statements are consistent with those of the previous year, except for income taxes. Income taxes on net income in the interim periods are accrued using the income tax rate that would be applicable to the expected total annual net income.

All inter-entity transactions have been eliminated upon consolidation between ARC and any subsidiaries in these financial statements. ARC's operations are viewed as a single operating segment by the chief operating decision maker of the Company for the purpose of resource allocation and assessing performance.

These financial statements were authorized for issue by ARC's board of directors (the "Board") on November 6, 2024.

3. Property, Plant and Equipment ("PP&E")

Cost	Development and Production Assets	Corporate Assets	Total
Balance, December 31, 2023	17,167.7	131.3	17,299.0
Additions	1,458.9	16.6	1,475.5
Acquisitions	5.1	—	5.1
Change in asset retirement cost	2.0	—	2.0
Assets disposed in period	(4.8)	—	(4.8)
Balance, September 30, 2024	18,628.9	147.9	18,776.8
Accumulated Depletion, Depreciation and Amortization ("DD&A")			
Balance, December 31, 2023	(7,351.0)	(111.5)	(7,462.5)
DD&A	(913.4)	(7.4)	(920.8)
Impairment	(3.2)	—	(3.2)
Accumulated DD&A disposed in period	4.8	—	4.8
Balance, September 30, 2024	(8,262.8)	(118.9)	(8,381.7)
Carrying Amounts			
Balance, December 31, 2023	9,816.7	19.8	9,836.5
Balance, September 30, 2024	10,366.1	29.0	10,395.1

For the three and nine months ended September 30, 2024, \$11.9 million and \$42.0 million of direct and incremental overhead charges were capitalized to PP&E (\$15.0 million and \$35.1 million for the three and nine months ended September 30, 2023), respectively.

During the nine months ended September 30, 2024, ARC disposed of certain non-core, non-Montney assets for cash proceeds of \$80.0 million, and recognized a gain on disposal for the same amount in the condensed interim consolidated statements of income ("statements of income").

4. Right-of-Use ("ROU") Assets

Cost	Leases			Other	Total
	Buildings	Equipment and Vehicles	Facilities	Service Contracts	
Balance, December 31, 2023	40.2	88.9	1,157.9	8.2	1,295.2
Additions	—	30.0	—	—	30.0
Modifications	—	4.9	—	—	4.9
Balance, September 30, 2024	40.2	123.8	1,157.9	8.2	1,330.1
Accumulated Depreciation					
Balance, December 31, 2023	(23.9)	(54.7)	(195.0)	(5.6)	(279.2)
Depreciation	(1.4)	(20.4)	(60.3)	(0.6)	(82.7)
Balance, September 30, 2024	(25.3)	(75.1)	(255.3)	(6.2)	(361.9)
Carrying Amounts					
Balance, December 31, 2023	16.3	34.2	962.9	2.6	1,016.0
Balance, September 30, 2024	14.9	48.7	902.6	2.0	968.2

During the nine months ended September 30, 2024, ARC added ROU assets related to drilling equipment used in ARC's operations.

5. Lease Obligations

Carrying Amount	
Balance, December 31, 2023	1,059.8
Additions	30.0
Modifications	5.2
Repayments	(68.0)
Balance, September 30, 2024	1,027.0
Lease obligations due within one year	97.8
Lease obligations due beyond one year	929.2

During the nine months ended September 30, 2024, ARC added lease obligations related to drilling equipment used in ARC's operations.

6. Long-term Debt

	September 30, 2024	December 31, 2023
Syndicated credit facilities	445.2	155.0
Senior notes		
2.354% note	450.0	450.0
3.465% note	550.0	550.0
Total senior notes	1,000.0	1,000.0
Unamortized debt issuance costs	(5.1)	(6.1)
Total long-term debt outstanding	1,440.1	1,148.9

During the nine months ended September 30, 2024, the maturity date of ARC's unsecured extendible revolving credit facility was extended to February 2028 and the borrowing capacity was reduced to \$1.7 billion from \$1.8 billion.

ARC's total available credit capacity, including its credit facility and senior notes, is \$2.7 billion (\$2.8 billion at December 31, 2023), of which \$1.4 billion was drawn at September 30, 2024 (\$1.2 billion at December 31, 2023). At September 30, 2024, ARC was in compliance with all of its debt covenants.

At September 30, 2024, the fair value of ARC's long-term debt outstanding was \$1.4 billion (\$1.1 billion at December 31, 2023).

7. Asset Retirement Obligation ("ARO")

ARC has estimated the net present value of its total ARO to be \$448.9 million at September 30, 2024 (\$451.3 million at December 31, 2023) based on a total future undiscounted liability of \$589.7 million (\$576.8 million at December 31, 2023). Management estimates that these payments are expected to be made over the next 58 years with costs being incurred evenly over those years. The Bank of Canada's long-term risk-free bond rate of 3.1 per cent (3.0 per cent at December 31, 2023) and an average inflation rate of 2.0 per cent (2.0 per cent at December 31, 2023) were used to calculate the present value of ARO at September 30, 2024.

The following table reconciles ARC's provision for its ARO:

	Nine Months Ended September 30, 2024	Year Ended December 31, 2023
Balance, beginning of period	451.3	394.3
Development activities	11.8	6.4
Change in estimates ⁽¹⁾	1.3	38.1
Change in discount rate	(11.6)	31.4
Settlement of obligations	(14.4)	(17.9)
Accretion	10.5	13.2
Assets disposed in period	—	(14.2)
Balance, end of period	448.9	451.3
Expected to be incurred within one year	17.0	17.0
Expected to be incurred beyond one year	431.9	434.3

(1) Relates to changes in cost estimates of future obligations and anticipated settlement dates of ARO.

8. Capital Management

ARC actively manages its capital structure and adjusts it in response to changes in economic conditions and the risk characteristics of its underlying assets. ARC has the ability to manage its capital structure by issuing or repurchasing shares, or issuing or repaying debt.

ARC's objective when managing its capital is to maintain a conservative structure that will allow it to:

- fund its development and exploration programs;
- maintain sustainable, meaningful returns of capital to shareholders; and
- maintain financial flexibility to execute on strategic opportunities.

During the nine months ended September 30, 2024, ARC returned capital to shareholders by repurchasing 6.3 million common shares under its normal course issuer bid ("NCIB"), while also renewing its NCIB, and declaring dividends of \$304.0 million.

On November 6, 2024, the Board approved an increase to the dividend from \$0.17 per share per quarter to \$0.19 per share per quarter.

Funds from Operations

ARC considers funds from operations to be a key measure of capital management as it demonstrates ARC's ability to generate the necessary funds to maintain production at current levels and fund future growth through capital investment. Management believes that such a measure provides an insightful assessment of ARC's financial performance on a continuing basis by eliminating certain non-cash charges and actual settlements of ARO, of which the nature and timing of expenditures are discretionary. Funds from operations is not a standardized measure and therefore may not be comparable with the calculation of similar measures by other entities.

Funds from operations for the three and nine months ended September 30, 2024 and 2023 is calculated as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Cash flow from operating activities	518.4	604.2	1,697.7	1,695.4
Net change in other liabilities (Note 14)	17.9	7.9	23.1	7.7
Change in non-cash operating working capital (Note 14)	56.1	50.1	(18.7)	237.3
Funds from operations	592.4	662.2	1,702.1	1,940.4

Net Debt and Net Debt to Funds from Operations

Net debt and net debt to funds from operations are used by Management as key measures to assess the Company's liquidity position at a point in time. The determination of net debt and net debt to funds from operations is reflective of the measures used by Management to monitor its liquidity in light of operating and capital budgeting decisions. Net debt is not a standardized measure and therefore may not be comparable with the calculation of similar measures by other entities.

ARC manages its capital structure for the long term, with the objective of having its net debt less than 1.5 times funds from operations. At September 30, 2024, ARC's net debt was 0.6 times its funds from operations.

The following table details the composition of ARC's net debt and net debt to funds from operations as at September 30, 2024 and 2023:

	September 30, 2024	September 30, 2023
Long-term debt	1,440.1	1,108.9
Accounts payable and accrued liabilities	648.5	708.1
Dividends payable	100.8	103.1
Cash and cash equivalents, accounts receivable, and prepaid expense	(628.8)	(676.6)
Net debt	1,560.6	1,243.5
Funds from operations ⁽¹⁾	2,401.3	2,926.6
Net debt to funds from operations (ratio) ⁽²⁾	0.6	0.4

(1) 12-month trailing funds from operations.

(2) Composed of net debt divided by 12-month trailing funds from operations.

9. Financial Instruments and Market Risk Management

Financial Instruments

At September 30, 2024, ARC's financial instruments include cash and cash equivalents, accounts receivable, long-term investments, risk management contracts, accounts payable and accrued liabilities, dividends payable, lease obligations, and long-term debt.

ARC's risk management contracts are carried at fair value on the unaudited condensed interim consolidated balance sheets (the "balance sheets"). All of ARC's risk management contracts are transacted in active markets, with the exception of embedded derivatives identified within certain natural gas sales contracts.

Risk management contracts and fair value disclosure for ARC's long-term debt are classified as Level 2 measurements in the three-level fair value measurement hierarchy. The fair value of ARC's long-term debt is disclosed in Note 6 "Long-term Debt". There were no transfers between levels in the fair value hierarchy for the nine months ended September 30, 2024.

The carrying values of ARC's accounts receivable, accounts payable and accrued liabilities, and dividends payable as at September 30, 2024 approximate their fair values due to the short-term nature of these instruments.

Embedded Derivatives

The embedded derivatives identified within certain natural gas sales contracts are classified as Level 3 within the fair value hierarchy, as the fair values have been determined using a discounted cash flow valuation technique, which models incorporate significant unobservable inputs. For additional information regarding the significant unobservable inputs and sensitivity of the fair value of ARC's embedded derivatives, refer to Note 16 "Financial Instruments and Market Risk Management" of ARC's audited consolidated financial statements for the year ended December 31, 2023.

ARC recognizes a gain (loss) on risk management contracts in the statements of income related to its embedded derivatives. The gain (loss) is determined by the relative movements in fair value compared to the prior period balance sheet date. For the three and nine months ended September 30, 2024, ARC recognized a gain of \$8.6 million and \$26.0 million (loss of \$6.8 million and \$14.5 million for the three and nine months ended September 30, 2023), respectively. At September 30, 2024, the combined fair value of the embedded derivatives was \$20.0 million (liability of \$6.0 million at December 31, 2023).

Financial Assets and Financial Liabilities Subject to Offsetting

The following is a summary of ARC's financial assets and financial liabilities that are subject to offsetting as at September 30, 2024 and December 31, 2023:

	Gross Amounts of Recognized Financial Assets (Liabilities)	Gross Amounts of Recognized Financial Assets (Liabilities) Offset on Balance Sheets	Net Amounts of Financial Assets (Liabilities) Recognized on Balance Sheets Prior to Credit Risk Adjustment	Credit Risk Adjustment	Net Amounts of Financial Assets (Liabilities) Recognized on Balance Sheets
As at September 30, 2024					
Risk management contracts					
Current asset	229.2	(41.4)	187.8	(0.9)	186.9
Long-term asset	156.2	(46.0)	110.2	(0.4)	109.8
Current liability	(41.6)	41.4	(0.2)	—	(0.2)
Long-term liability	(46.0)	46.0	—	—	—
Net position	297.8	—	297.8	(1.3)	296.5
As at December 31, 2023					
Risk management contracts					
Current asset	218.5	(39.9)	178.6	(1.1)	177.5
Long-term asset	121.6	(59.7)	61.9	(0.4)	61.5
Current liability	(43.7)	39.9	(3.8)	0.2	(3.6)
Long-term liability	(70.3)	59.7	(10.6)	0.1	(10.5)
Net position	226.1	—	226.1	(1.2)	224.9

Risk Management Contracts

The following table summarizes ARC's risk management contracts as at September 30, 2024:

Risk Management Contracts Positions Summary ⁽¹⁾												
As at September 30, 2024	2024 (remainder)		2025		2026		2027		2028		2029	
Crude Oil – WTI	US\$/bbl	bbl/day	US\$/bbl	bbl/day	US\$/bbl	bbl/day	US\$/bbl	bbl/day	US\$/bbl	bbl/day	US\$/bbl	bbl/day
Ceiling	102.73	19,000	84.93	20,000	87.52	5,000	—	—	—	—	—	—
Floor	71.05	19,000	70.63	20,000	70.00	5,000	—	—	—	—	—	—
Sold Floor	55.00	19,000	56.25	20,000	55.00	5,000	—	—	—	—	—	—
Sold Swaption ⁽²⁾	—	—	90.50	5,000	90.00	6,000	—	—	—	—	—	—
Total Crude Oil Volumes (bbl/day)	19,000		20,000		5,000		—		—		—	
Natural Gas – NYMEX Henry Hub ⁽³⁾	US\$/MMBtu	MMBtu/day	US\$/MMBtu	MMBtu/day	US\$/MMBtu	MMBtu/day	US\$/MMBtu	MMBtu/day	US\$/MMBtu	MMBtu/day	US\$/MMBtu	MMBtu/day
Ceiling	—	—	4.62	90,000	—	—	—	—	—	—	—	—
Floor	—	—	3.00	90,000	—	—	—	—	—	—	—	—
Sold Ceiling	—	—	7.60	50,000	—	—	—	—	—	—	—	—
Natural Gas – AECO 7A	Cdn\$/GJ	GJ/day	Cdn\$/GJ	GJ/day	Cdn\$/GJ	GJ/day	Cdn\$/GJ	GJ/day	Cdn\$/GJ	GJ/day	Cdn\$/GJ	GJ/day
Ceiling	4.13	250,000	4.93	170,000	4.91	100,000	—	—	—	—	—	—
Floor	3.12	250,000	2.90	170,000	3.00	100,000	—	—	—	—	—	—
Swap	3.25	53,043	—	—	—	—	—	—	—	—	—	—
Total Natural Gas Volumes (MMBtu/day)	287,230		251,129		94,782		—		—		—	
Natural Gas – AECO Basis (Differential to NYMEX Henry Hub)	US\$/MMBtu	MMBtu/day	US\$/MMBtu	MMBtu/day	US\$/MMBtu	MMBtu/day	US\$/MMBtu	MMBtu/day	US\$/MMBtu	MMBtu/day	US\$/MMBtu	MMBtu/day
Sold Swap	(0.91)	46,413	(0.89)	200,000	(1.05)	92,500	(1.05)	92,500	(1.05)	92,500	(1.05)	21,075
Total AECO Basis Volumes (MMBtu/day)	46,413		200,000		92,500		92,500		92,500		21,075	
Foreign Exchange	Notional (US\$ Millions)	Rate (Cdn\$/US\$)	Notional (US\$ Millions)	Rate (Cdn\$/US\$)	Notional (US\$ Millions)	Rate (Cdn\$/US\$)	Notional (US\$ Millions)	Rate (Cdn\$/US\$)	Notional (US\$ Millions)	Rate (Cdn\$/US\$)	Notional (US\$ Millions)	Rate (Cdn\$/US\$)
Ceiling	210.0	1.3839	360.0	1.3998	—	—	—	—	—	—	—	—
Floor	210.0	1.3157	360.0	1.3375	—	—	—	—	—	—	—	—

- (1) The prices and volumes in this table represent averages for several contracts representing different periods. The average price for the portfolio of options listed above does not have the same payoff profile as the individual option contracts. Viewing the average price of a group of options is purely for indicative purposes. All positions are financially settled against the benchmark prices.
- (2) The sold swaption allows the counterparty, at a specific future date, to enter into a swap with ARC at the above-detailed terms. These volumes are not included in the total commodity volumes until such time that the option is exercised.
- (3) Natural gas prices referenced to NYMEX Henry Hub Last Day Settlement.

10. Shareholders' Capital

(thousands of shares)	Nine Months Ended September 30, 2024	Year Ended December 31, 2023
Common shares, beginning of period	596,853	620,888
Repurchase of shares for cancellation	(6,307)	(25,252)
Issued on exercise of share options and long-term incentive awards	1,105	1,206
Unvested restricted shares held in trust pursuant to the LTRSA Plan ⁽¹⁾	(14)	(22)
Restricted shares vested pursuant to the LTRSA Plan	63	33
Common shares, end of period	591,700	596,853

- (1) Unvested restricted shares held in trust pursuant to the Long-term Restricted Share Award ("LTRSA") Plan includes restricted shares purchased.

On September 4, 2024, ARC announced that it received approval from the TSX for the renewal of its NCIB. The renewal allows ARC to purchase up to 59,404,376 of its outstanding common shares over a 12-month period commencing September 6, 2024. During the nine months ended September 30, 2024, ARC repurchased 6.3 million common shares under its NCIB at a weighted average price per share of \$24.13 for a total of \$152.2 million, inclusive of all costs. Shares are cancelled upon repurchase.

At September 30, 2024, ARC has recognized a liability of \$30.0 million (\$5.6 million at December 31, 2023) for share repurchases that may take place during its internal blackout period under an automatic share purchase plan agreement with an independent broker. The transaction has been recognized as a reduction to share capital of \$14.2 million and a reduction to retained earnings of \$15.8 million.

Net income per common share has been determined based on the following:

(thousands of shares)	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Weighted average common shares	595,136	607,158	596,160	611,475
Dilutive impact of share-based compensation ⁽¹⁾	1,296	1,886	1,598	1,735
Weighted average common shares, diluted	596,432	609,044	597,758	613,210

(1) For both the three and nine months ended September 30, 2024, 0.3 million of share-based compensation awards were excluded from the diluted weighted average shares calculation, as they were anti-dilutive (0.6 million for both the three and nine months ended September 30, 2023).

Dividends declared for the three and nine months ended September 30, 2024 were \$0.17 and \$0.51 per share (\$0.17 and \$0.49 for the three and nine months ended September 30, 2023), respectively.

11. Commodity Sales from Production

ARC derives its revenue from contracts with customers primarily through the transfer of commodities at a point in time representing the following major product types:

Commodity Sales from Production, by Product	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Crude oil	57.9	85.6	177.9	216.2
Condensate	716.7	742.8	2,003.7	2,050.4
Natural gas	197.1	393.7	797.7	1,396.2
Natural gas liquids	82.7	85.9	278.9	297.4
Total commodity sales from production	1,054.4	1,308.0	3,258.2	3,960.2

At September 30, 2024, accounts receivable from contracts with customers, which are included in accounts receivable, were \$465.7 million (\$500.8 million at December 31, 2023).

12. Share-based Compensation Plans

Long-term Incentive Plans

The following table summarizes the changes in the Restricted Share Unit ("RSU"), Performance Share Unit ("PSU"), and Deferred Share Unit ("DSU") awards under plans that existed prior to a business combination (the "Legacy Plans") for the nine months ended September 30, 2024:

Legacy Plans (number of awards, thousands)	RSUs	PSUs ⁽¹⁾	DSUs
Balance, December 31, 2023	1,985	3,516	841
Granted	732	2,087	81
Distributed	(1,078)	(2,644)	(139)
Forfeited	(53)	(44)	—
Balance, September 30, 2024	1,586	2,915	783

(1) Based on underlying awards before any effect of the performance multiplier.

The following table summarizes the changes in the remaining RSU and DSU awards under plans acquired through a business combination (the "Acquired Plans") for the nine months ended September 30, 2024:

Acquired Plans (number of awards, thousands)	RSUs	DSUs
Balance, December 31, 2023	7	416
Granted ⁽¹⁾	—	8
Distributed	(4)	(157)
Balance, September 30, 2024	3	267

(1) Grants relate to additional performance awards.

Compensation charges relating to the RSUs, PSUs, and DSUs granted under the Legacy Plans and Acquired Plans are reconciled as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
General and administrative ("G&A")	9.0	34.1	61.4	55.1
Operating	—	3.2	4.4	4.5
PP&E	2.6	9.2	18.1	15.4
Total compensation charge	11.6	46.5	83.9	75.0
Cash payment	45.6	32.5	89.7	86.2

At September 30, 2024, compensation amounts of \$47.9 million were recognized in accounts payable and accrued liabilities on the balance sheets (\$55.4 million at December 31, 2023) and \$60.1 million was included in long-term incentive compensation liability (\$58.4 million at December 31, 2023).

Share Option Plans

At September 30, 2024, all outstanding share options were vested and exercisable. The changes in total share options outstanding and related weighted average exercise prices of share options outstanding under the Legacy Plans for the nine months ended September 30, 2024 were as follows:

Legacy Plans	Share Options (number of units, thousands)	Weighted Average Exercise Price (\$)
Balance, December 31, 2023	1,344	11.49
Exercised	(938)	13.32
Balance, September 30, 2024	406	10.18

The changes in total share options outstanding and related weighted average exercise prices of share options outstanding under the Acquired Plans for the nine months ended September 30, 2024 were as follows:

Acquired Plans	Share Options (number of units, thousands)	Weighted Average Exercise Price (\$)
Balance, December 31, 2023	927	20.22
Exercised	(163)	15.44
Balance, September 30, 2024	764	21.24

The following table summarizes information regarding share options outstanding at September 30, 2024:

Range of Exercise Price per Common Share (\$)	Number of Share Options Outstanding (thousands)	Weighted Average Exercise Price (\$)	Weighted Average Remaining Term (years)
5.98 - 14.00	593	10.17	1.7
14.01 - 22.00	49	17.42	3.0
22.01 - 27.89	528	25.52	2.2
Total	1,170	17.40	2.0

LTRSA Plan

The changes in total LTRSA outstanding and related fair value per restricted share for the nine months ended September 30, 2024 were as follows:

	Granted Prior to 2020		Granted Subsequent to 2019	
	LTRSA (number of awards, thousands)	Fair Value per Restricted Share (\$)	LTRSA (number of awards, thousands)	Fair Value per Restricted Share (\$)
Balance, December 31, 2023	760	12.03	212	6.75
Restricted shares purchased	11	23.30	3	23.30
Distributed	(63)	24.27	—	—
Balance, September 30, 2024	708	11.11	215	6.99

ARC recognized G&A expense of \$0.3 million and \$0.8 million relating to the LTRSA Plan for the three and nine months ended September 30, 2024 (\$0.2 million and \$0.8 million for the three and nine months ended September 30, 2023), respectively.

13. Commitments and Contingencies

The following is a summary of ARC's contractual obligations and commitments as at September 30, 2024:

	Payments Due by Period				
	1 Year	2-3 Years	4-5 Years	Beyond 5 Years	Total
Debt repayments	—	895.2	—	550.0	1,445.2
Interest payments ⁽¹⁾	29.7	43.4	38.1	28.6	139.8
Purchase and service commitments ⁽²⁾	144.7	100.7	557.9	7,585.4	8,388.7
Transportation commitments	650.9	1,204.6	911.8	4,325.1	7,092.4
Total contractual obligations and commitments	825.3	2,243.9	1,507.8	12,489.1	17,066.1

(1) Fixed interest payments on senior notes.

(2) Includes variable operating costs associated with the Company's lease obligations.

During the nine months ended September 30, 2024, ARC entered into a long-term liquefaction tolling services agreement and other ancillary agreements (the "Agreements") with Cedar LNG Partners LP ("Cedar LNG") advancing the Cedar LNG Project (the "Project"). ARC will deliver approximately 200 MMcf per day of natural gas for liquefaction by the Project for a term of 20 years commencing with commercial operations, anticipated in late 2028. In June 2024, Cedar LNG announced a positive final investment decision for the Project, satisfying all the conditions precedent of the Agreements.

14. Supplemental Disclosures

Presentation in the Statements of Income

ARC's statements of income are prepared primarily by nature of item, with the exception of employee compensation expense which is included in both operating and G&A expense line items.

The following table details the amount of total employee compensation expense included in operating and G&A expense line items in the statements of income:

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Operating	12.8	11.5	43.6	34.4
G&A	26.7	45.6	109.8	107.2
Total employee compensation expense	39.5	57.1	153.4	141.6

Presentation in the Statements of Cash Flows

The following tables provide a detailed breakdown of certain line items contained within cash flow from operating, financing, and investing activities:

Change in Non-cash Working Capital	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Accounts receivable	(52.3)	(145.5)	55.6	306.5
Accounts payable and accrued liabilities	38.8	87.0	(115.2)	(502.8)
Inventory	(10.4)	8.6	16.9	(7.3)
Prepaid expense	2.1	3.7	(12.2)	(58.6)
Total change in non-cash working capital	(21.8)	(46.2)	(54.9)	(262.2)
Relating to:				
Operating activities	(56.1)	(50.1)	18.7	(237.3)
Financing activities	3.3	—	2.0	—
Investing activities	31.0	3.9	(75.6)	(24.9)
Total change in non-cash working capital	(21.8)	(46.2)	(54.9)	(262.2)

Other Non-cash Items	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Accretion of asset retirement obligation	3.5	3.2	10.5	9.5
Share-based compensation expense	0.2	0.2	0.7	0.9
ARO settlements	—	—	—	(0.4)
Modified and terminated leases	0.1	0.1	0.6	(0.3)
Impairment (reversal of impairment) of financial assets	1.1	2.8	1.7	(5.9)
Other income	—	—	(0.5)	—
Other amortization	(1.1)	0.5	(2.1)	5.0
Total other non-cash items	3.8	6.8	10.9	8.8

Net Change in Other Liabilities	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Long-term incentive compensation liability	(9.9)	—	1.7	6.7
Risk management contracts	—	2.2	1.2	2.8
ARO cash settlements	(4.5)	(4.5)	(14.4)	(13.9)
Other deferred liabilities	(3.5)	(5.6)	(10.8)	(3.3)
Debt issuance costs	—	—	(0.8)	—
Total net change in other liabilities	(17.9)	(7.9)	(23.1)	(7.7)

The following table provides a detailed breakdown of the cash and non-cash changes in financing liabilities arising from financing activities:

Financing Liabilities	Current Financial Liabilities	Long-term Financial Liabilities	Total Financial Liabilities from Financing Activities
Balance, December 31, 2022	92.4	1,692.9	1,785.3
Cash flows			
Draw of long-term debt	—	2,888.6	2,888.6
Repayment of long-term debt	—	(2,772.6)	(2,772.6)
Repayment of lease obligations	(47.9)	—	(47.9)
Reclassified to current			
Lease obligations	41.2	(41.2)	—
Non-cash changes			
Lease recognition	—	38.1	38.1
Lease modification and termination	(1.7)	291.4	289.7
Other	—	2.9	2.9
Balance, September 30, 2023	84.0	2,100.1	2,184.1
Balance, December 31, 2023	85.2	2,123.5	2,208.7
Cash flows			
Draw of long-term debt	—	5,159.5	5,159.5
Repayment of long-term debt	—	(4,869.3)	(4,869.3)
Repayment of lease obligations	(68.0)	—	(68.0)
Reclassified to current			
Lease obligations	80.6	(80.6)	—
Non-cash changes			
Lease recognition	—	30.0	30.0
Lease modification	—	5.2	5.2
Other	—	1.8	1.8
Other Changes	—	(0.8)	(0.8)
Balance, September 30, 2024	97.8	2,369.3	2,467.1
Lease obligations due within one year	97.8	—	97.8
Lease obligations due beyond one year	—	929.2	929.2
Long-term debt due beyond one year	—	1,440.1	1,440.1