

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") of ARC Resources Ltd. ("ARC" or the "Company") is Management's analysis of the financial performance, significant trends, and external factors that may affect future performance. It is dated April 28, 2026, and should be read in conjunction with the unaudited condensed interim consolidated financial statements (the "financial statements") as at and for the three months ended March 31, 2026, and the MD&A and audited consolidated financial statements for the year ended December 31, 2025, as well as ARC's 2025 Annual Information Form ("AIF"), each of which is available on ARC's website at www.arcresources.com and on SEDAR+ at www.sedarplus.ca. All financial information is reported in Canadian dollars and all per share information is based on diluted weighted average common shares, unless otherwise noted.

Throughout this MD&A, crude oil ("crude oil") refers to light crude oil, medium crude oil, and heavy crude oil as defined by National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"). Condensate is a natural gas liquid as defined by NI 51-101. Throughout this MD&A, natural gas liquids ("NGLs") comprise all NGLs as defined by NI 51-101 other than condensate, which is disclosed separately. Crude oil and liquids ("crude oil and liquids") refers to crude oil, condensate, and NGLs.

Throughout this MD&A and in other materials disclosed by the Company, ARC presents financial measures that adhere to Canadian generally accepted accounting principles ("GAAP") and International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), however the Company also employs certain non-GAAP financial measures to analyze financial performance, financial position, and cash flow including, "netback", "capital expenditures", "free funds flow", "adjusted earnings before interest and taxes" ("adjusted EBIT"), and "average capital employed". Additionally, other financial measures are also used to analyze performance including, but not limited to, "funds from operations" and "net debt". These non-GAAP and other financial measures do not have any standardized meaning prescribed under IFRS Accounting Standards and therefore may not be comparable to similar measures presented by other entities. The non-GAAP and other financial measures should not be considered to be more meaningful indicators of ARC's performance than GAAP measures which are determined in accordance with IFRS Accounting Standards, such as net income, cash flow from operating activities, and cash flow used in investing activities.

Readers are cautioned that the MD&A should be read in conjunction with the sections entitled "Non-GAAP and Other Financial Measures", "Forward-looking Information and Statements", and "Glossary" at the end of this MD&A.

ARRANGEMENT AGREEMENT

On April 27, 2026, ARC announced that it has entered into a definitive arrangement agreement with Shell plc ("Shell") and Shell Canada Limited, a wholly owned subsidiary of Shell, whereby Shell has agreed to acquire all of the issued and outstanding common shares of ARC in a cash and share transaction valued at approximately \$22 billion, including assumed net debt. Refer to the news release entitled "*ARC Resources Ltd. Announces Agreement To Be Acquired By Shell PLC*" dated April 27, 2026, available on ARC's website at www.arcresources.com and on SEDAR+ at www.sedarplus.ca.

ABOUT ARC RESOURCES LTD.

ARC is a dividend-paying, Canadian energy company headquartered in Calgary, Alberta. ARC's activities focus on the exploration, development, and production of unconventional natural gas, condensate, NGLs, and crude oil in Western Canada.

The guiding principles upon which ARC conducts its business have created a strong foundation for the Company's performance. ARC's standard of operational excellence, robust risk management program, and strong balance sheet have positioned the Company to effectively manage volatile market conditions. The Company's concentrated asset base, located in premier positions within the Montney fairway and network of owned-and-operated infrastructure, allows ARC to deliver strong capital and operating efficiencies. The commodity and geographic optionality within the asset base allows ARC to manage risk. ARC exercises capital discipline and maintains a deliberate pace of development to manage its corporate decline rate. ARC's business model is focused on a strong balance sheet, with ample liquidity, social and governance leadership, long-term corporate profitability, free funds flow generation, and paying a dividend to shareholders. Together with the Company's premier land position in the Montney, significant resource in-place, large inventory of future drilling locations, and high-performance people and culture, these principles make ARC a differentiated company.

Highlights

Corporate highlights for the years 2022 through 2025 and the three months ended March 31, 2026 are shown in Table 1:

Table 1

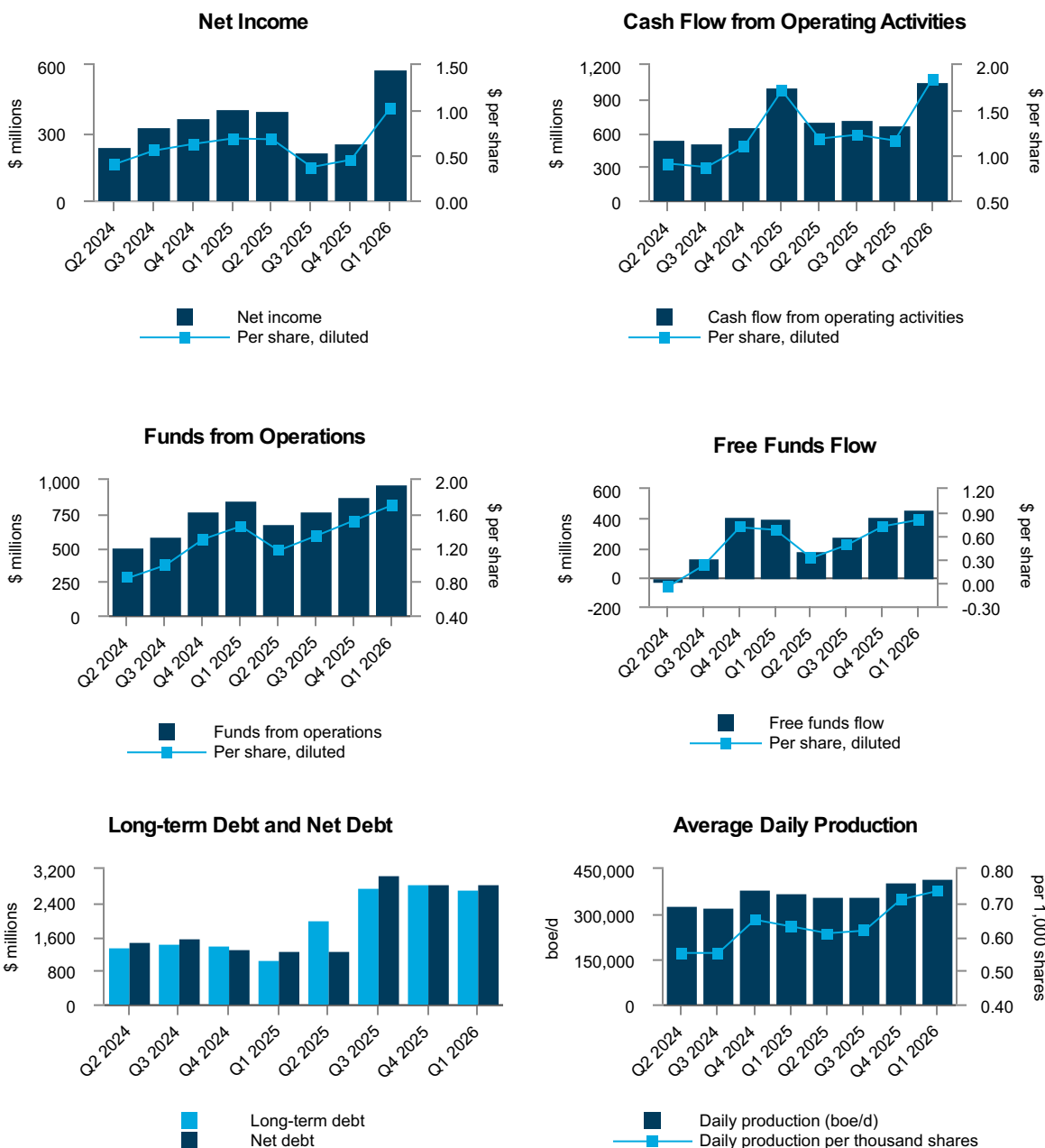
(\$ millions, except per share amounts, or unless otherwise noted)	2026 YTD	2025	2024	2023	2022
Production ⁽¹⁾					
Crude oil and condensate (bbl/d)	110,954	106,984	87,266	83,880	86,393
Natural gas (MMcf/d)	1,533	1,324	1,307	1,322	1,259
NGLs (bbl/d)	52,083	46,625	42,787	47,760	49,385
Total production (boe/d)	418,522	374,336	347,908	351,954	345,613
Average daily production per thousand shares ⁽²⁾	0.74	0.64	0.58	0.58	0.52
Net income	584.3	1,275.1	1,124.1	1,596.5	2,302.3
Net income per share	1.03	2.19	1.88	2.61	3.47
Cash flow from operating activities	1,050.8	3,093.5	2,348.6	2,394.3	3,833.3
Cash flow from operating activities per share ⁽³⁾	1.85	5.31	3.94	3.92	5.78
Funds from operations ⁽⁴⁾	967.4	3,192.4	2,472.5	2,639.6	3,712.5
Funds from operations per share ⁽³⁾	1.70	5.48	4.15	4.32	5.60
Free funds flow ⁽⁵⁾	459.3	1,283.7	627.0	789.8	2,270.6
Free funds flow per share ⁽⁶⁾	0.81	2.20	1.05	1.29	3.42
Cash flow used in investing activities	632.3	3,536.0	1,906.2	1,690.7	1,413.2
Capital expenditures ⁽⁷⁾	508.1	1,908.7	1,845.5	1,849.8	1,441.9
Long-term debt ⁽⁸⁾	2,744.7	2,878.1	1,387.4	1,148.9	990.0
Net debt ⁽⁴⁾	2,863.2	2,866.1	1,335.6	1,317.1	1,301.5
Net debt to funds from operations (ratio) ⁽⁴⁾	0.9	0.9	0.5	0.5	0.4
Return on average capital employed ("ROACE") (%) ⁽⁹⁾	18	16	16	23	35
Proved plus probable reserves (MMboe) ⁽¹⁰⁾⁽¹¹⁾	n/a	2,277.5	2,098.2	1,994.3	1,828.6
Proved plus probable reserves per share (boe) ⁽¹⁰⁾⁽¹¹⁾	n/a	3.9	3.5	3.3	2.8

- (1) Reported production amount is based on Company's interest before royalty burdens.
- (2) Represents average daily production divided by the diluted weighted average common shares outstanding for the three months ended March 31, 2026, and for the respective years ended December 31, 2025, 2024, 2023, and 2022.
- (3) Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for an explanation of composition.
- (4) Refer to Note 10 "Capital Management" in the financial statements and to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A.
- (5) Non-GAAP financial measure that does not have any standardized meaning under IFRS Accounting Standards and therefore may not be comparable to similar measures presented by other entities. The most directly comparable GAAP measure for free funds flow is cash flow from operating activities. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A.
- (6) Non-GAAP ratio that does not have any standardized meaning under IFRS Accounting Standards and therefore may not be comparable to similar ratios presented by other entities. Includes the non-GAAP financial measure component of free funds flow. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for an explanation of composition.
- (7) Non-GAAP financial measure that does not have any standardized meaning under IFRS Accounting Standards and therefore may not be comparable to similar measures presented by other entities. The most directly comparable GAAP measure for capital expenditures is cash flow used in investing activities. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A.
- (8) Refer to Note 8 "Long-term Debt" in the financial statements. Long-term debt includes current and long-term portions.
- (9) Non-GAAP ratio that does not have any standardized meaning under IFRS Accounting Standards and therefore may not be comparable to similar ratios presented by other entities. Includes non-GAAP financial measure components of adjusted EBIT and average capital employed. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for an explanation of composition.
- (10) Crude oil, condensate, natural gas, and NGLs reserves ("reserves") as determined by ARC's independent qualified reserves evaluator with an effective date of December 31 for the years shown in accordance with NI 51-101 and the Canadian Oil and Gas Evaluation Handbook.
- (11) Reserves are the gross interest reserves before deduction of royalties and without including any royalty interests. For more information, see ARC's AIF and the news release entitled "ARC Resources Ltd. Reports Year-end 2025 Results and Reserves" dated February 5, 2026, available on ARC's website at www.arcresources.com and on SEDAR+ at www.sedarplus.ca.

QUARTERLY RESULTS (1)

Trends in net income, cash flow from operating activities, and funds from operations are primarily associated with fluctuations in commodity sales from production which reflect changes in production levels and commodity prices. Net income is also impacted by changes in the value of risk management contracts and impairment or reversal of impairment of property, plant and equipment ("PP&E").

Exhibit 1



(1) The details contained in the graphs above are included in the section entitled "Quarterly Historical Review" contained within this MD&A.

ANNUAL GUIDANCE

ARC's 2026 annual guidance and a review of 2026 year-to-date results are outlined in Table 2:

Table 2

	2026 Guidance	2026 YTD Actual	% Variance from 2026 Guidance
Production			
Crude oil and condensate (bbl/d)	105,000 - 115,000	110,954	—
Natural gas (MMcf/d)	1,500 - 1,520	1,533	1
NGLs (bbl/d)	48,000 - 52,000	52,083	—
Total (boe/d)	405,000 - 420,000	418,522	—
Expenses (\$/boe) ⁽¹⁾			
Operating	5.40 - 5.90	5.57	—
Transportation	5.25 - 5.75	5.00	(5)
General and administrative ("G&A") expense before share-based compensation expense	1.00 - 1.10	1.05	—
G&A - share-based compensation expense	0.25 - 0.35	0.31	—
Interest and financing ⁽²⁾	1.10 - 1.20	1.13	—
Current income tax expense, as a per cent of funds from operations ⁽¹⁾	5 - 10	9	—
Capital expenditures (\$ billions) ⁽³⁾	1.8 - 1.9	0.5	n/a

(1) Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for an explanation of composition.

(2) Excludes accretion expense.

(3) Refer to the section entitled "About ARC Resources Ltd." contained within this MD&A for historical capital expenditures.

Transportation expense is currently below the guidance range, but is expected to trend towards the guidance range through the remainder of the year.

Exhibit 2

2026 Production Guidance

2026 Guidance 2026 YTD Actual

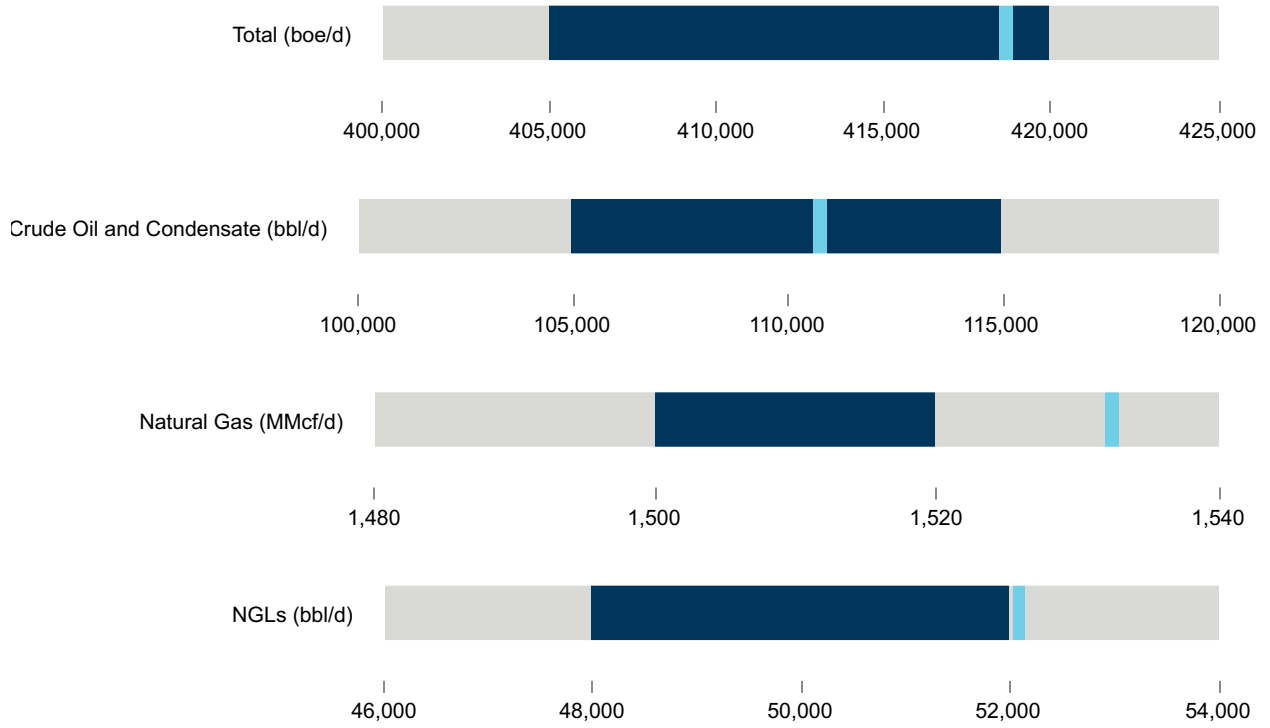
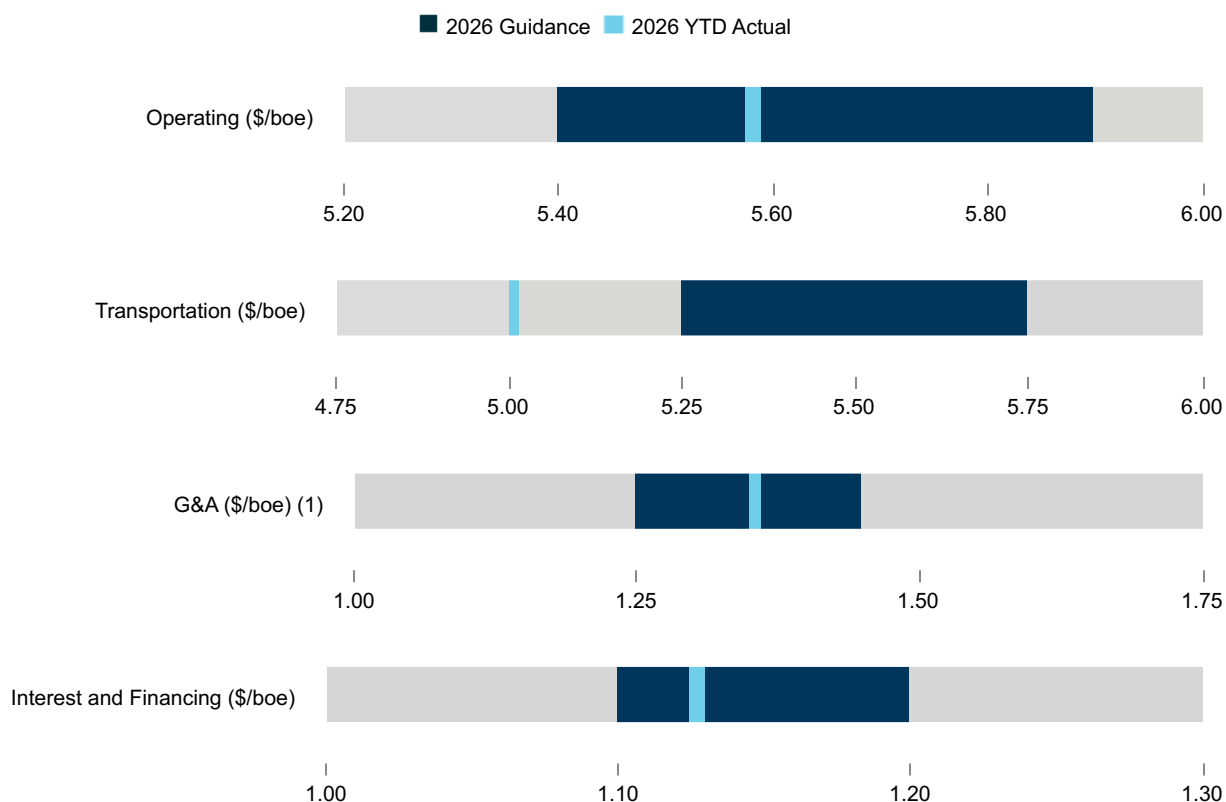


Exhibit 2a

2026 Expense Guidance



(1) Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for an explanation of composition.

2026 FIRST QUARTER FINANCIAL AND OPERATIONAL RESULTS

Financial Highlights

Table 3

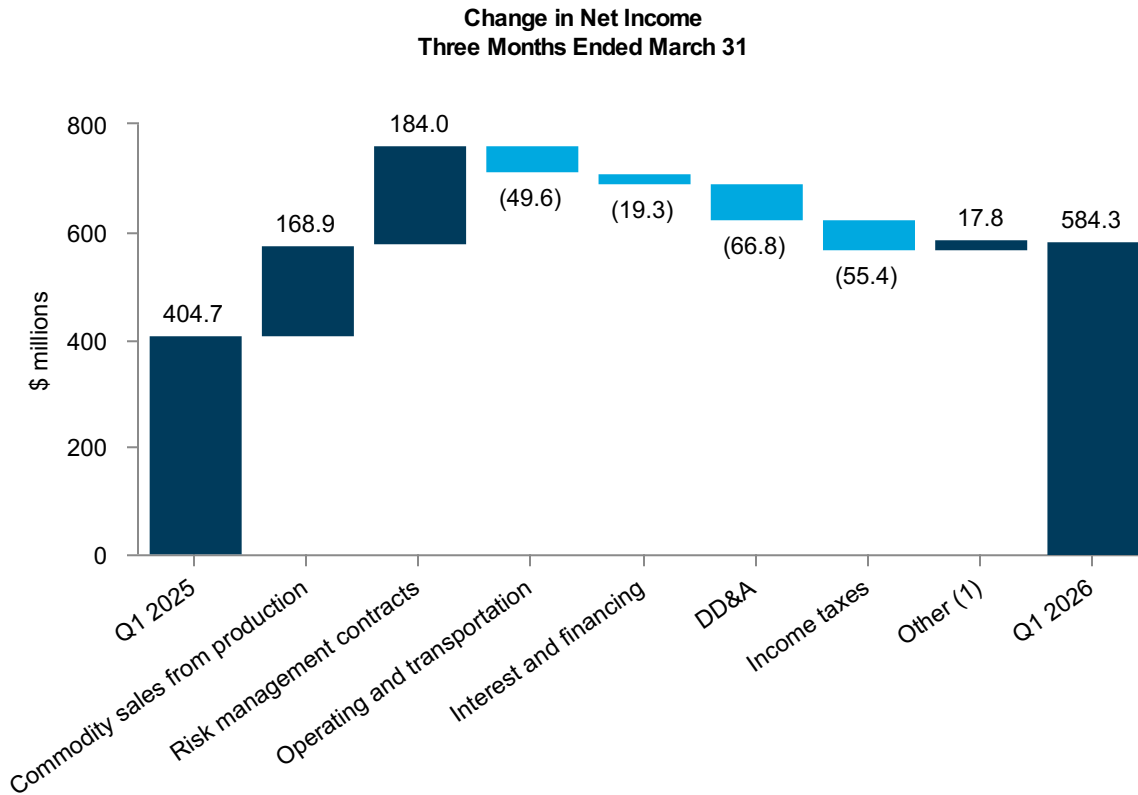
(\$ millions, except per share and production data)	December 31, 2025	Three Months Ended		% Change
		March 31, 2026	March 31, 2025	
Net income	259.9	584.3	404.7	44
Net income per share	0.45	1.03	0.69	49
Cash flow from operating activities	668.1	1,050.8	1,013.0	4
Cash flow from operating activities per share	1.16	1.85	1.72	8
Funds from operations	874.3	967.4	857.0	13
Funds from operations per share	1.52	1.70	1.45	17
Free funds flow	415.4	459.3	399.9	15
Free funds flow per share	0.72	0.81	0.68	19
Dividends declared per share ⁽¹⁾	0.21	0.21	0.19	11
Average daily production (boe/d)	408,382	418,522	372,265	12

(1) Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for an explanation of composition.

Net Income

In the first quarter of 2026, ARC recognized net income of \$584.3 million (\$1.03 per share), an increase of \$179.6 million from ARC's first quarter 2025 net income of \$404.7 million (\$0.69 per share). The increase in net income is primarily attributed to a gain on risk management contracts of \$149.2 million, as compared to a loss of \$34.8 million in the same period of the prior year, and an increase in commodity sales from production of \$168.9 million, primarily driven by an increase in production volumes. This was partially offset by increases of depletion, depreciation, and amortization ("DD&A") of \$66.8 million, income taxes of \$55.4 million, and operating and transportation of \$49.6 million.

Exhibit 3



(1) Includes royalties, sales of third-party purchases, interest and other income, third-party purchases, G&A, impairment of financial assets, and foreign exchange.

Cash Flow from Operating Activities and Funds from Operations

Cash flow from operating activities for the three months ended March 31, 2026, was \$1.1 billion, an increase of \$37.8 million from ARC's first quarter 2025 cash flow from operating activities of \$1.0 billion. The increase in cash flow from operating activities for the three months ended March 31, 2026, compared to the same period in the prior year, primarily reflects higher funds from operations, partially offset by negative changes in non-cash operating working capital.

ARC considers funds from operations to be a key measure of financial performance 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 financial performance on a continuing basis by eliminating certain non-cash charges and actual settlements of asset retirement obligation ("ARO"), of which the nature and timing of expenditures are discretionary. Funds from operations is a capital management measure, which is not a standardized measure and therefore may not be comparable with the calculation of similar measures by other entities.

Refer to Note 10 "Capital Management" in the financial statements and to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A. Table 4 is a reconciliation of ARC's net income to funds from operations and its most directly comparable GAAP measure, cash flow from operating activities:

Table 4

(\$ millions)	Three Months Ended		
	December 31, 2025	March 31, 2026	March 31, 2025
Net income	259.9	584.3	404.7
Adjusted for the following non-cash items:			
Unrealized loss (gain) on risk management contracts	144.0	(130.8)	84.8
DD&A	447.1	416.1	349.3
Unrealized loss on foreign exchange	—	1.3	0.7
Deferred taxes	18.2	88.3	12.9
Other	5.1	8.2	4.6
Funds from operations	874.3	967.4	857.0
Net change in other liabilities	(7.8)	(22.1)	(47.4)
Change in non-cash operating working capital	(198.4)	105.5	203.4
Cash flow from operating activities	668.1	1,050.8	1,013.0

Details of the change in funds from operations from the three months ended March 31, 2025 to the three months ended March 31, 2026 are included in Table 5 below:

Table 5

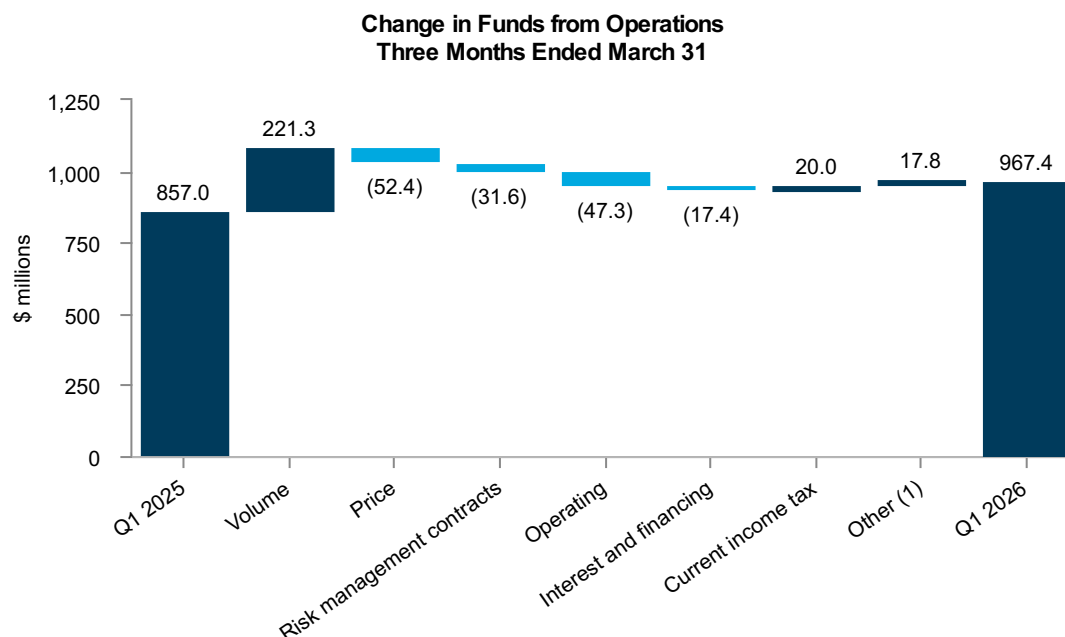
	Three Months Ended	
	March 31	
	\$ millions	\$/share
Funds from operations – 2025	857.0	1.45
Production volume variance		
Crude oil and liquids	175.4	0.29
Natural gas	45.9	0.08
Commodity price variance		
Crude oil and liquids	(96.5)	(0.16)
Natural gas	44.1	0.07
Sales of third-party purchases	152.2	0.26
Interest and other income	(8.6)	(0.01)
Realized gain on risk management contracts	(31.6)	(0.05)
Royalties	(0.5)	—
Expenses		
Operating	(47.3)	(0.08)
Transportation	(2.3)	—
Third-party purchases	(128.3)	(0.22)
G&A	6.0	0.01
Interest and financing ⁽¹⁾	(17.4)	(0.03)
Realized loss on foreign exchange	(1.4)	—
Current income tax	20.0	0.03
Other	0.7	—
Weighted average shares, diluted	—	0.06
Funds from operations – 2026	967.4	1.70

(1) Excludes accretion expense.

Funds from operations for the three months ended March 31, 2026, was \$967.4 million (\$1.70 per share), an increase of \$110.4 million from \$857.0 million (\$1.45 per share) for the three months ended March 31, 2025.

The increase in funds from operations for the three months ended March 31, 2026, is primarily due to an increase in production volumes.

Exhibit 4



(1) Includes sales of third-party purchases, interest and other income, royalties, transportation, third-party purchases, G&A, foreign exchange, and other non-cash items.

Production

A breakdown of production by product type and percentage of production by product type is outlined in Table 6:

Table 6

Production	Three Months Ended			% Change
	December 31, 2025	March 31, 2026	March 31, 2025	
Crude oil (bbl/d)	7,872	7,872	8,038	(2)
Condensate (bbl/d)	111,026	103,082	86,296	19
NGLs (bbl/d)	54,500	52,083	42,821	22
Crude oil and liquids (bbl/d)	173,398	163,037	137,155	19
Natural gas (MMcf/d)	1,410	1,533	1,411	9
Total production (boe/d)	408,382	418,522	372,265	12
Natural gas production (%)	58	61	63	(2)
Crude oil and liquids production (%)	42	39	37	2

For the three months ended March 31, 2026, total production increased 12 per cent, as compared to the same period of the prior year.

For the three months ended March 31, 2026, crude oil and liquids production increased 19 per cent as compared to the same period in the prior year. The increase for the three months ended March 31, 2026, is primarily due to new production in the Kakwa area, of which approximately two-thirds can be attributed to assets acquired in July 2025.

For the three months ended March 31, 2026, natural gas production increased nine per cent as compared to the same period in the prior year. The increase for the three months ended March 31, 2026, is primarily due to new production in the Kakwa area, which can be predominantly attributed to assets acquired in July 2025.

Exhibit 5

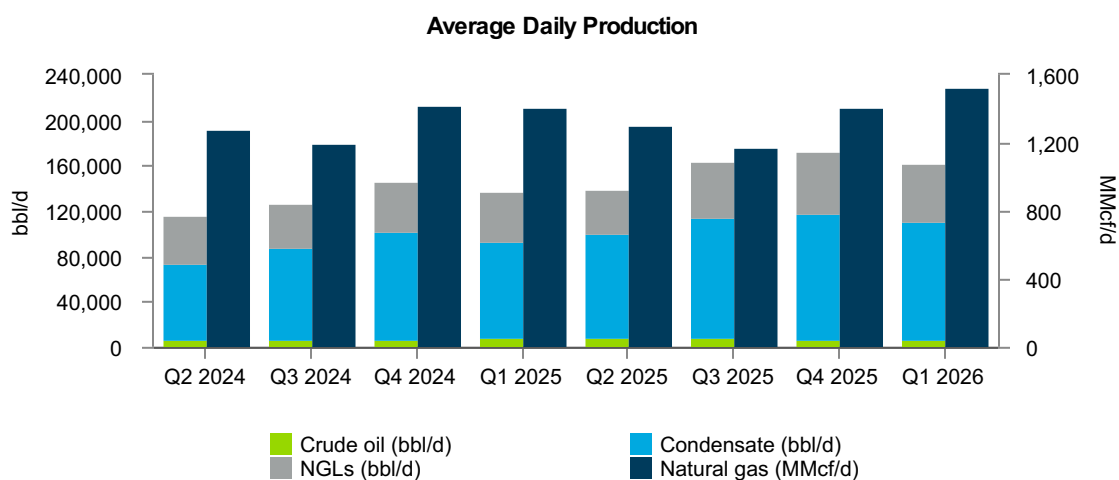


Table 7 summarizes ARC's production by core area for the three months ended March 31, 2026 and March 31, 2025:

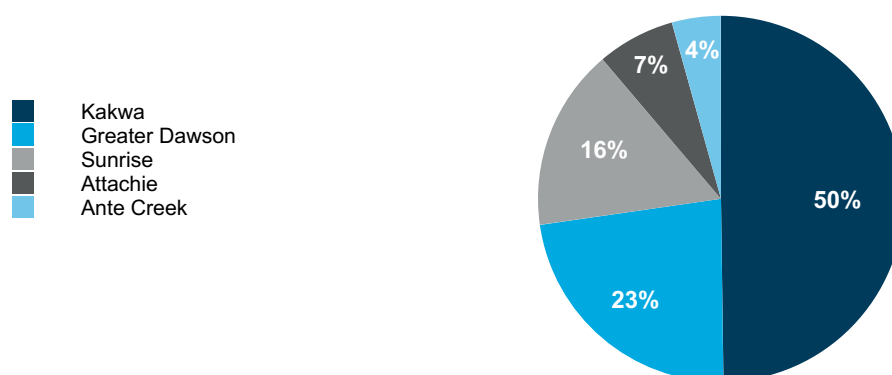
Table 7

Three Months Ended March 31, 2026					
Production Core Area	Total (boe/d)	Crude Oil (bbl/d)	Condensate (bbl/d)	Natural Gas (MMcf/d)	NGLs (bbl/d)
Kakwa	208,125	597	77,334	554.3	37,801
Greater Dawson	95,812	452	11,974	449.7	8,441
Sunrise	67,151	—	195	401.4	56
Attachie	28,774	—	13,014	73.2	3,563
Ante Creek	18,048	6,806	564	54.2	1,649
All other	612	17	1	0.1	573
Total	418,522	7,872	103,082	1,532.9	52,083

Three Months Ended March 31, 2025					
Production Core Area	Total (boe/d)	Crude Oil (bbl/d)	Condensate (bbl/d)	Natural Gas (MMcf/d)	NGLs (bbl/d)
Kakwa	162,437	21	59,595	449.1	27,976
Greater Dawson	97,990	682	11,198	463.2	8,911
Sunrise	60,630	—	152	362.6	51
Attachie	31,085	—	14,745	74.8	3,874
Ante Creek	19,873	7,332	605	61.0	1,763
All other	250	3	1	—	246
Total	372,265	8,038	86,296	1,410.7	42,821

Exhibit 6

Average Daily Production by Core Area Three Months Ended March 31, 2026



Commodity Sales from Production

For the three months ended March 31, 2026, commodity sales from production increased by 11 per cent as compared to the same period in 2025. The increase for the three months ended March 31, 2026 is primarily due to an increase in production volumes.

A breakdown of commodity sales from production by product type and percentage of commodity sales from production by product type is outlined in Tables 8 and 8a:

Table 8

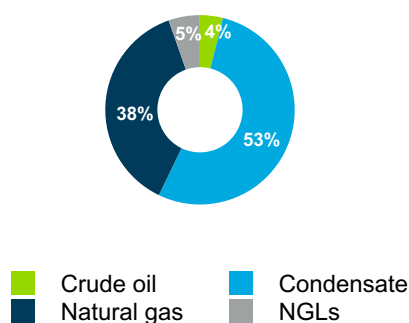
Commodity Sales from Production, by Product Type (\$ millions)	Three Months Ended			
	December 31, 2025	March 31, 2026	March 31, 2025	% Change
Crude oil	53.3	64.9	63.6	2
Condensate	801.4	883.0	771.1	15
Natural gas	489.0	622.3	532.3	17
NGLs	95.1	88.9	123.2	(28)
Commodity sales from production	1,438.8	1,659.1	1,490.2	11

Table 8a

% of Commodity Sales from Production by Product Type	Three Months Ended			
	December 31, 2025	March 31, 2026	March 31, 2025	% Change
Crude oil and liquids	66	62	64	(2)
Natural gas	34	38	36	2
Commodity sales from production	100	100	100	—

Exhibit 7

Commodity Sales from Production by Product Type Three Months Ended March 31, 2026



Commodity Prices

A listing of benchmark commodity prices and ARC's average realized commodity prices are outlined in Table 9:

Table 9

	December 31, 2025	Three Months Ended		% Change
		March 31, 2026	March 31, 2025	
Average Benchmark Prices				
WTI crude oil (US\$/bbl)	59.14	72.67	71.42	2
Cdn\$/US\$ exchange rate	1.39	1.37	1.44	(5)
WTI crude oil (Cdn\$/bbl)	82.20	99.56	102.84	(3)
Peace Sour Price at Edmonton (Cdn\$/bbl)	73.42	91.65	92.19	(1)
Condensate Stream Price at Edmonton (Cdn\$/bbl)	79.87	99.26	100.60	(1)
NYMEX Henry Hub Last Day Settlement (US\$/MMBtu)	3.55	5.04	3.65	38
Chicago Citygate Monthly Index (US\$/MMBtu)	3.43	5.79	3.93	47
AECO 7A Monthly Index (Cdn\$/Mcf)	2.34	2.49	2.02	23
ARC Average Realized Commodity Prices ⁽¹⁾				
Crude oil (\$/bbl)	73.63	91.66	87.90	4
Condensate (\$/bbl)	78.45	95.17	99.28	(4)
Natural gas (\$/Mcf)	3.77	4.51	4.19	8
NGLs (\$/bbl)	18.97	18.96	31.98	(41)
Average realized commodity price (\$/boe)	38.30	44.05	44.48	(1)

(1) Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for an explanation of composition.

Benchmark Commodity Prices

Average WTI crude oil prices increased 23 per cent in the first quarter of 2026 compared to the prior quarter and two per cent compared to the first quarter of 2025. The increase in crude oil prices was primarily driven by the recent outbreak of war in the Middle East, which contributed to the effective curtailment of a significant portion of global crude oil supply. Crude oil prices were highly volatile in the latter part of the quarter as market participants adjusted expectations regarding the extent and duration of the supply disruption.

The Edmonton condensate benchmark price increased 24 per cent in the first quarter of 2026 compared to the prior quarter and decreased one per cent compared to the first quarter of 2025. On average, Western Canadian condensate pricing aligned with WTI crude oil pricing in the quarter.

Average NYMEX Henry Hub natural gas prices increased 42 per cent in the first quarter of 2026 compared to the prior quarter and 38 per cent compared to the first quarter of 2025. Natural gas prices increased during the quarter due to sustained cold weather across the United States which impacted physical infrastructure and resulted in near-record levels of demand, combined with a significant reduction in natural gas inventory levels.

The AECO 7A Monthly Index increased six per cent in the first quarter of 2026 compared to the prior quarter and 23 per cent compared to the first quarter of 2025. Prices increased slightly during the quarter, supported by seasonal demand and increased liquefied natural gas exports, which contributed to steady withdrawals from Western Canadian inventories. The increase in AECO prices lagged those of most other North American benchmark prices during the quarter due to relatively higher regional inventory levels, export pipeline maintenance, and more moderate winter heating demand in Western Canada.

ARC's Average Realized Commodity Prices

For the three months ended March 31, 2026, ARC's average realized crude oil price increased four per cent compared to the same period in the prior year. The increase for the three months ended March 31, 2026, primarily reflects a narrower differential between WTI and Peace Sour benchmark prices as well as a stronger WTI benchmark price.

For the three months ended March 31, 2026, ARC's average condensate price decreased four per cent compared to the same period in the prior year. The decrease for the three months ended March 31, 2026, primarily reflects a wider stream quality differential, partially offset by a narrower differential between WTI and Edmonton Condensate benchmark prices as well as a stronger WTI benchmark price.

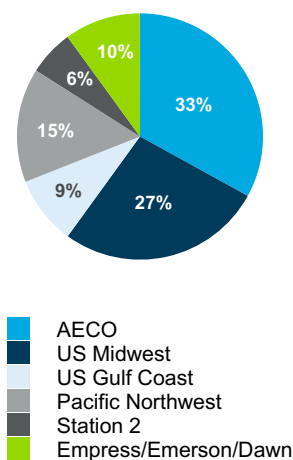
ARC's average realized NGLs price for the three months ended March 31, 2026, decreased 41 per cent compared to the same period of the prior year. The decrease for the three months ended March 31, 2026, primarily reflects weaker NGL benchmark prices, partially offset by a stronger WTI benchmark price.

ARC's natural gas sales are physically diversified to multiple sales points within North America, each with different index-based pricing. All of ARC's natural gas sold in the United States complies with the rules of origin under the Canada-United States-Mexico Agreement.

ARC's average realized natural gas price increased eight per cent for the three months ended March 31, 2026, compared to the same period of the prior year. The increase is primarily due to stronger benchmark prices in most North American markets.

Exhibit 8

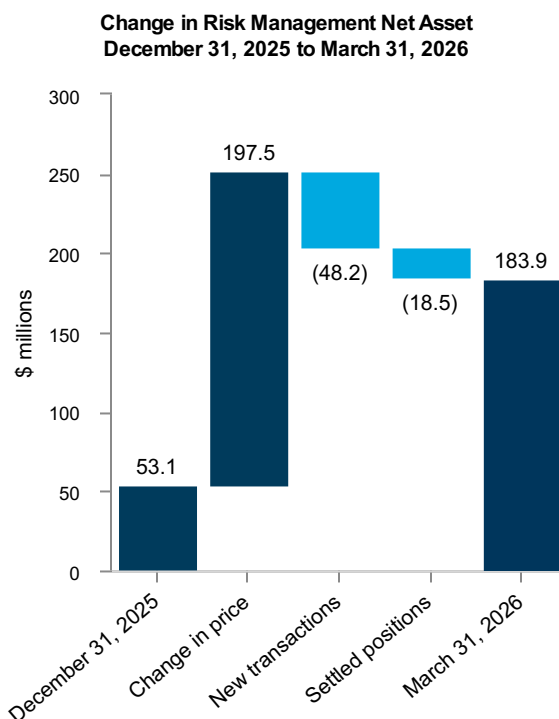
**Natural Gas Sales by Sales Point
Three Months Ended
March 31, 2026**



Risk Management Contracts

The fair value of ARC's risk management contracts at March 31, 2026 was a net asset of \$183.9 million, representing the expected value of settlement of ARC's contracts at the balance sheet date after adjustments for credit risk. This comprises a net liability of \$107.9 million from crude oil contracts, a net asset of \$290.2 million from natural gas contracts, and a net asset of \$1.6 million from foreign currency contracts.

Exhibit 9



Tables 10 summarizes the gain or loss on risk management contracts for the three months ended March 31, 2026 compared to the same period in 2025:

Table 10

Risk Management Contracts (\$ millions)	Crude Oil & Condensate	Natural Gas	Embedded Derivative ⁽¹⁾	Foreign Currency	Q1 2026 Total	Q1 2025 Total
Realized gain (loss) on risk management contracts ⁽²⁾	(4.6)	22.7	—	0.3	18.4	50.0
Unrealized gain (loss) on risk management contracts ⁽³⁾	(148.7)	112.9	171.1	(4.5)	130.8	(84.8)
Gain (loss) on risk management contracts	(153.3)	135.6	171.1	(4.2)	149.2	(34.8)

(1) Represents the change in fair value of embedded derivatives contained within certain natural gas sales contracts.

(2) Represents actual cash settlements under the respective contracts recognized in net income during the period.

(3) Represents the change in fair value of the contracts recognized in net income during the period.

ARC's realized gain on risk management contracts for the three months ended March 31, 2026, primarily reflects cash settlements received on AECO and AECO basis natural gas contracts. As compared to the same period of the prior year, the decrease in realized gain on risk management contracts for the three months ended March 31, 2026, is primarily the result of higher average commodity prices relative to contract prices and a decrease in the amount of production volumes contracted.

ARC's unrealized gain on risk management contracts for the three months ended March 31, 2026, compares to an unrealized loss for the same period of the prior year. The unrealized gain primarily reflects the revaluation of ARC's embedded derivative positions with wider differentials between North American and international gas prices, as well as the revaluation of AECO natural gas contracts outstanding with lower forward pricing, partially offset by the lower revaluation of WTI crude oil contracts outstanding with higher forward pricing compared to the beginning of the period.

Embedded Derivatives

ARC is party to two separate long-term natural gas supply agreements whereby ARC will deliver natural gas to specified North American delivery points and receive international pricing in exchange. These contracts have been determined to contain embedded derivatives that are required by IFRS Accounting Standards to be valued separately from their host contracts. Table 11 summarizes the details of the agreements:

Table 11

	Volume (MMBtu/d)	Term	Delivery Point	Pricing Formula	Anticipated Commencement
JKM Agreement	140,000	15 years	Chicago	JKM less transport and liquefaction	2027
TTF Agreement	140,000	15 years	Gulf Coast	TTF less transport, liquefaction and regasification	2029

In respect of these contracts, ARC recognized an unrealized gain on risk management contracts of \$171.1 million for the three months ended March 31, 2026 (unrealized loss of \$33.5 million for the three months ended March 31, 2025). At March 31, 2026, the fair value of the embedded derivatives was an asset of \$32.8 million (liability of \$138.3 million at December 31, 2025). The fair value reflects the estimated differentials between forward pricing at the respective delivery points and those contained in the pricing formulas. Due to the long-term nature of these agreements and multiple variables impacting the estimated valuations, it is anticipated that the estimated fair value of the embedded derivatives will fluctuate over time as the agreements mature. For further information, refer to Note 11 "Financial Instruments and Market Risk Management" in the financial statements.

Netback and Netback per boe

The components of ARC's netback and netback per boe for the three months ended March 31, 2026 compared to the same period in 2025 are summarized in Tables 12 and 12a:

Table 12

	December 31, 2025	Three Months Ended		% Change
		March 31, 2026	March 31, 2025	
Netback (\$ millions) ⁽¹⁾				
Commodity sales from production	1,438.8	1,659.1	1,490.2	11
Royalties	(115.3)	(163.3)	(162.8)	—
Operating	(194.8)	(209.8)	(162.5)	29
Transportation	(181.6)	(188.3)	(186.0)	1
Netback	947.1	1,097.7	978.9	12

(1) Non-GAAP financial measure that does not have any standardized meaning under IFRS Accounting Standards and therefore may not be comparable to similar measures presented by other entities. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A.

Table 12a

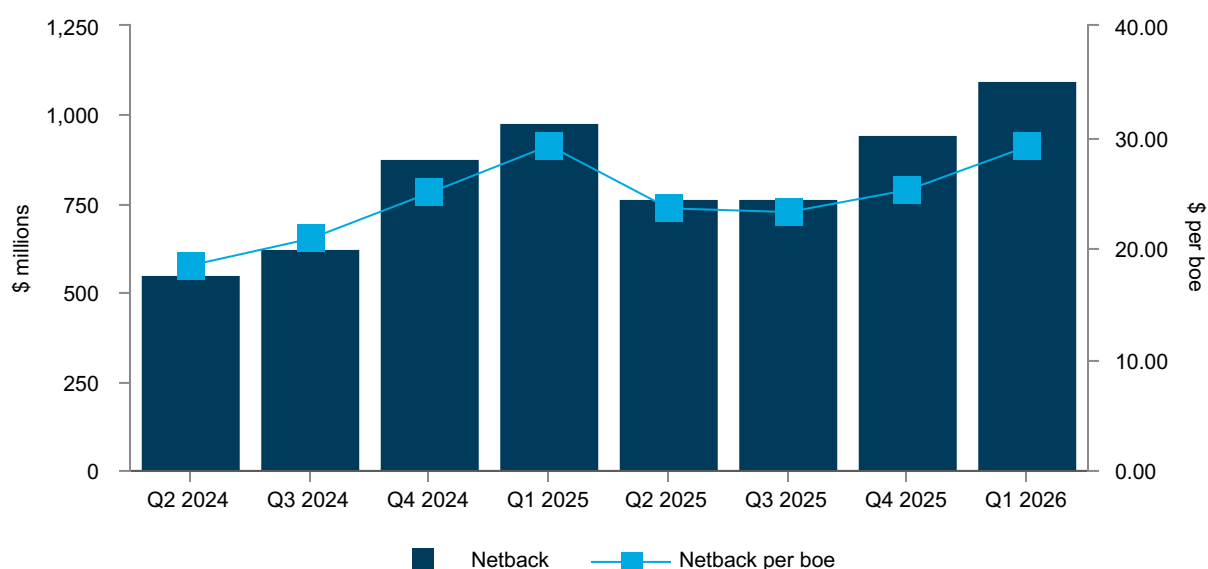
Netback per boe (\$ per boe) ⁽¹⁾	Three Months Ended			% Change
	December 31, 2025	March 31, 2026	March 31, 2025	
Commodity sales from production ⁽²⁾	38.30	44.05	44.48	(1)
Royalties ⁽²⁾	(3.07)	(4.34)	(4.86)	(11)
Operating	(5.18)	(5.57)	(4.85)	15
Transportation	(4.83)	(5.00)	(5.55)	(10)
Netback per boe	25.22	29.14	29.22	—

(1) Non-GAAP ratio that does not have any standardized meaning under IFRS Accounting Standards and therefore may not be comparable to similar ratios presented by other entities. Includes a non-GAAP financial measure component of netback. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A.

(2) Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for an explanation of composition.

Exhibit 10

Netback and Netback per boe



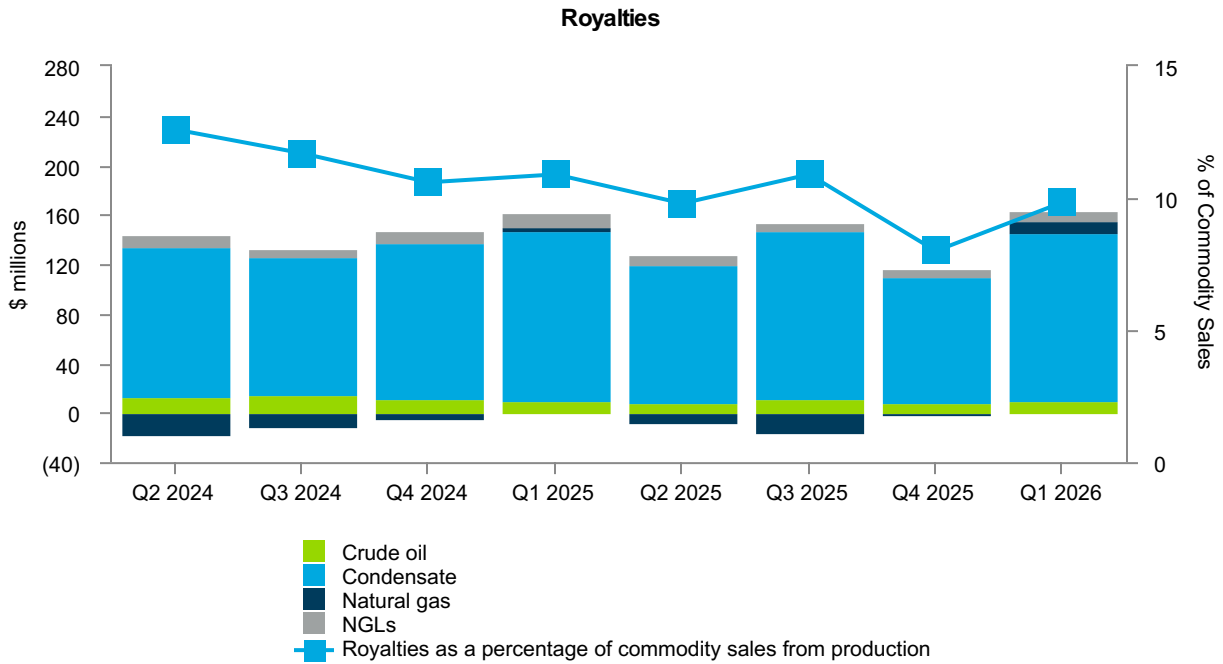
Royalties

Royalties for the three months ended March 31, 2026 was \$163.3 million, unchanged from \$162.8 million for the same period in 2025, and reflects an increase in production, offset by a decrease in average realized condensate and NGLs prices.

Royalties as a percentage of commodity sales from production⁽¹⁾ decreased to 10 per cent (\$4.34 per boe) in the first quarter of 2026, from 11 per cent (\$4.86 per boe) in the first quarter of 2025. The decrease in royalties as a percentage of commodity sales for the three months ended March 31, 2026, primarily reflects lower average royalty rates due to decreased average realized condensate and NGLs prices, as compared to the same period in 2025.

(1) Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for an explanation of composition.

Exhibit 11



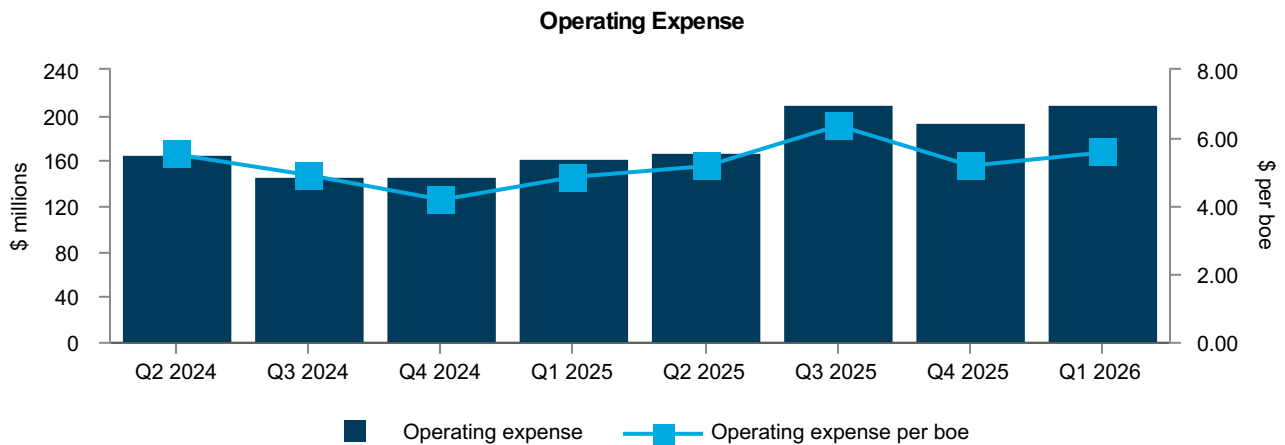
Operating

Operating expense for the three months ended March 31, 2026 was \$209.8 million, an increase of 29 per cent from \$162.5 million for the three months ended March 31, 2025.

Operating expense for the three months ended March 31, 2026 increased compared to the same period of the prior year with approximately half of the increase due to increased water-handling costs in the Attachie and Kakwa areas, and the remainder as the result of an acquisition of assets in the Kakwa area in July 2025.

Operating expense per boe for the three months ended March 31, 2026 was \$5.57 per boe, an increase of 15 per cent from \$4.85 per boe for the three months ended March 31, 2025.

Exhibit 12



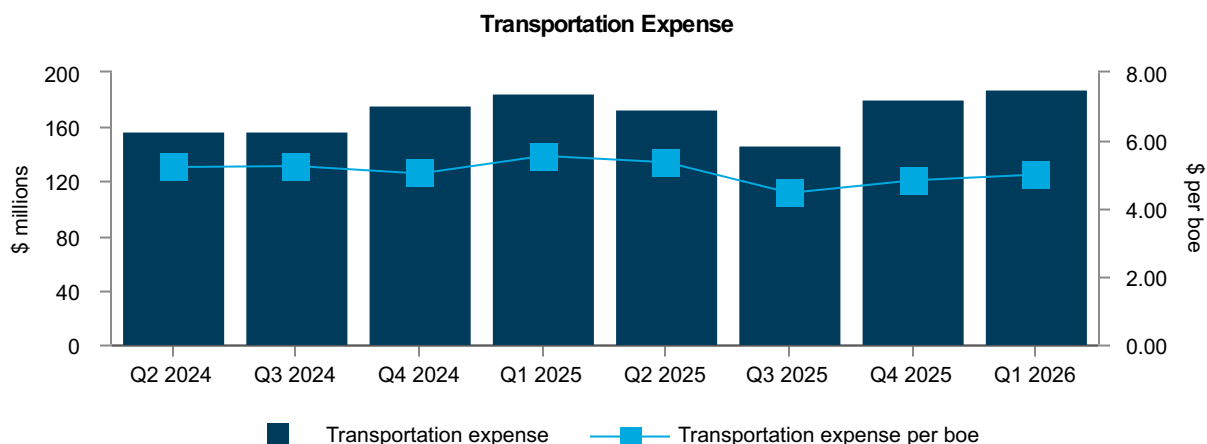
Transportation

Transportation expense for the three months ended March 31, 2026 was \$188.3 million, an increase of one per cent from \$186.0 million for the three months ended March 31, 2025.

The increase in transportation expense for the three months ended March 31, 2026, relative to the same period in 2025, is primarily due to increased crude oil and liquids transportation costs, reflecting the increase in crude oil and liquids production, partially offset by a decrease in natural gas transportation reflecting lower tolls.

Transportation expense per boe for the three months ended March 31, 2026 was \$5.00 per boe, a decrease of 10 per cent from \$5.55 per boe for the three months ended March 31, 2025.

Exhibit 13



G&A

G&A expense before share-based compensation expense increased 10 per cent to \$39.6 million in the first quarter of 2026 from \$36.0 million in the first quarter of 2025. The increase is primarily due to increases for employee compensation, software, and donations.

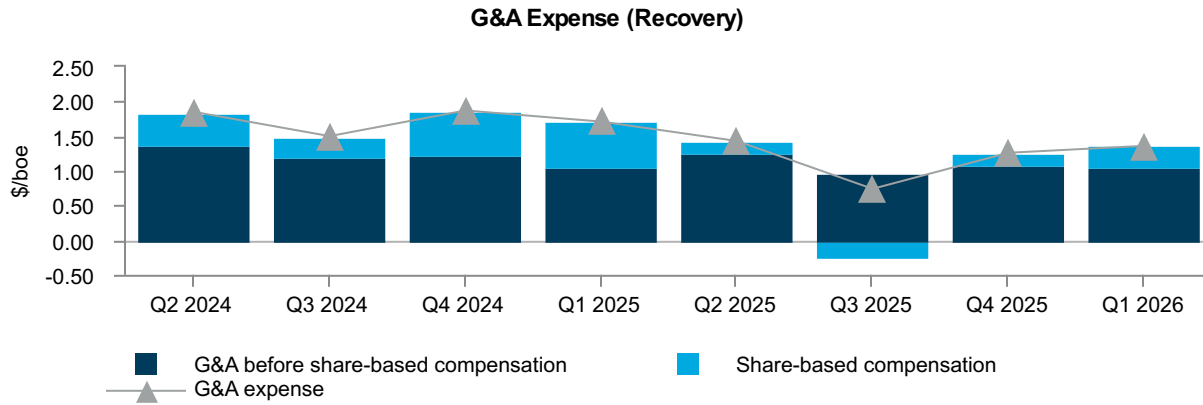
During the three months ended March 31, 2026, ARC recognized G&A expense of \$11.7 million associated with its share-based compensation plans, compared to \$21.3 million during the same period of the prior year. The change for the three months ended March 31, 2026, compared to the same period of the prior year, reflects the revaluation of the liability associated with ARC's share-based compensation plans, based on the movement of ARC's share price and the average performance multiplier associated with certain of its plans.

Table 13 is a breakdown of G&A expense:

Table 13

G&A Expense (\$ millions, except per boe)	December 31, 2025	Three Months Ended		% Change
		March 31, 2026	March 31, 2025	
G&A expense before share-based compensation expense	41.0	39.6	36.0	10
G&A – share-based compensation expense	6.4	11.7	21.3	(45)
G&A expense	47.4	51.3	57.3	(10)
G&A expense before share-based compensation expense per boe	1.09	1.05	1.07	(2)
G&A – share-based compensation expense per boe	0.17	0.31	0.64	(52)
G&A expense per boe	1.26	1.36	1.71	(20)

Exhibit 14



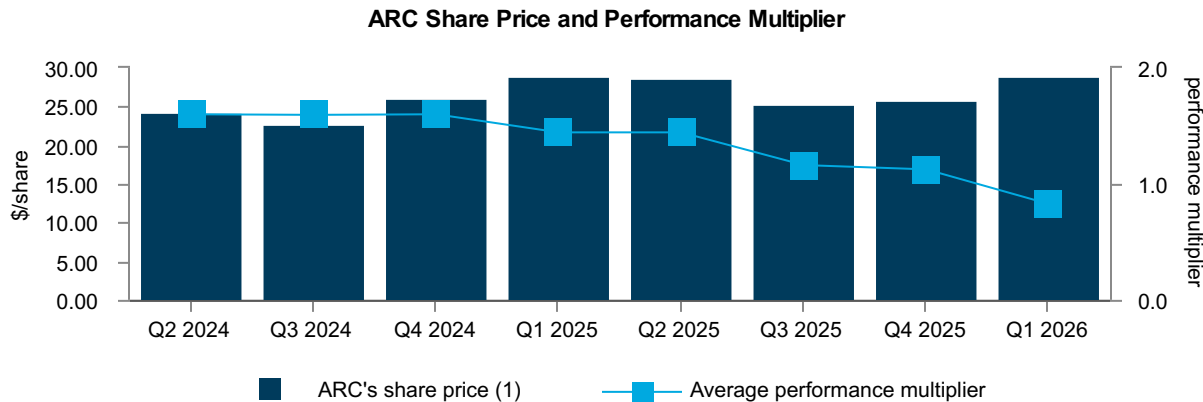
Share-based Compensation Plans

For a description of ARC's various share-based compensation plans and related accounting policies, refer to Note 3 "Summary of Material Accounting Policies" and Note 21 "Share-based Compensation Plans" of ARC's audited consolidated financial statements as at and for the year ended December 31, 2025.

Restricted Share Unit ("RSU") and Performance Share Unit ("PSU") Plans

At March 31, 2026, ARC had 1.3 million RSUs and 2.5 million PSUs outstanding under these plans. For the three months ended March 31, 2026, ARC recognized G&A in relation to its RSU and PSU plans of \$6.9 million (\$17.3 million for the three months ended March 31, 2025). The change in expense recognized for the three months ended March 31, 2026 reflects the change in valuation of awards outstanding throughout the respective periods.

Exhibit 15



(1) Denotes ARC's closing share price on the Toronto Stock Exchange ("TSX") on the last trading day of each respective quarter.

Table 14 shows the changes to the outstanding RSU and PSU awards during the three months ended March 31, 2026:

Table 14

RSU and PSU Plans (number of awards, thousands)	RSUs	PSUs ⁽¹⁾	Total RSUs and PSUs
Balance, December 31, 2025	1,334	2,678	4,012
Granted	319	713	1,032
Distributed	(356)	(854)	(1,210)
Forfeited	(8)	(10)	(18)
Balance, March 31, 2026	1,289	2,527	3,816

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

Due to the variability in the expected future payments under the plans, ARC estimates that between \$37.3 million and \$183.6 million could be paid out in 2026 through 2029 based on possible future changes to ARC's period-end share price, accrued dividends, market performance relative to peers, and corporate scorecard results. Table 15 is a summary of the range of future expected payments under the RSU and PSU plans based on variability of the performance multiplier and awards outstanding under the RSU and PSU plans as at March 31, 2026:

Table 15

Value of RSU and PSU Awards as at March 31, 2026 (awards thousands and \$ millions, except per share)	Performance Multiplier		
	—	1.0	2.0
Estimated awards to vest ⁽¹⁾			
RSUs	1,289	1,289	1,289
PSUs	—	2,527	5,054
Total awards	1,289	3,816	6,343
Share price ⁽²⁾	28.95	28.95	28.95
Value of RSU and PSU awards upon vesting	37.3	110.5	183.6
2026	9.7	22.2	34.8
2027	15.5	40.0	64.5
2028	9.1	33.6	58.0
2029	3.0	14.7	26.3

(1) Includes additional estimated awards to be issued under the RSU and PSU plans for dividends accrued to-date.

(2) Per share outstanding. Values will fluctuate over the vesting period based on the volatility of the underlying share price. Assumes a future share price equal to the TSX closing price at March 31, 2026.

Deferred Share Unit ("DSU") Plans

At March 31, 2026, ARC had 1.2 million DSUs outstanding. For the three months ended March 31, 2026, G&A of \$4.7 million was recognized in relation to the DSU plans (\$3.8 million for the three months ended March 31, 2025).

Long-term Restricted Share Award ("LTRSA") Plan

At March 31, 2026, ARC had 0.7 million restricted shares outstanding under the LTRSA plan. ARC recognized G&A of \$0.1 million relating to the LTRSA plan during the three months ended March 31, 2026 (\$0.2 million for the three months ended March 31, 2025).

Share Option Plan

At March 31, 2026, ARC had 0.3 million share options outstanding with a weighted average exercise price of \$19.47. All share options were exercisable at March 31, 2026.

Interest and Financing

Interest and financing expense for the three months ended March 31, 2026 was \$48.0 million (\$1.27 per boe), compared to \$28.7 million (\$0.86 per boe) for the same period of the prior year. The increase for the three months ended March 31, 2026, as compared to the same period of the prior year, is primarily due to an increase in long-term debt outstanding.

A breakdown of interest and financing expense is shown in Table 16:

Table 16

Interest and Financing (\$ millions, except per boe amounts)	December 31, 2025	Three Months Ended		% Change
		March 31, 2026	March 31, 2025	
Bank debt and long-term notes	29.6	29.7	12.6	136
Lease obligations	13.5	12.8	12.5	2
Accretion expense	5.2	5.5	3.6	53
Interest and financing	48.3	48.0	28.7	67
Interest and financing per boe	1.29	1.27	0.86	48

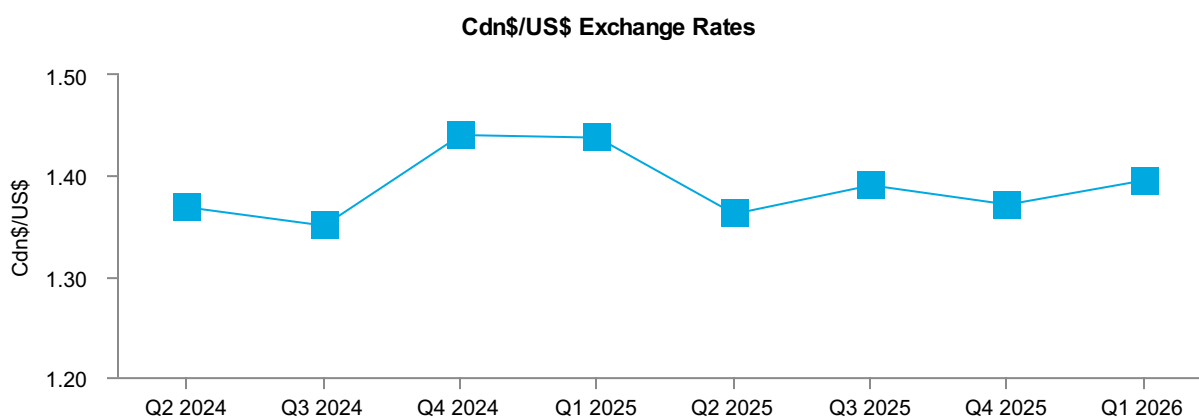
Foreign Exchange Gain and Loss

Table 17 details the realized and unrealized components of ARC's foreign exchange gain and loss:

Table 17

Foreign Exchange Gain and Loss (\$ millions)	December 31, 2025	Three Months Ended		% Change
		March 31, 2026	March 31, 2025	
Unrealized loss on US dollar-denominated balances	—	(1.3)	(0.7)	(86)
Realized loss on US dollar-denominated transactions	(2.3)	(2.1)	(0.7)	(200)
Foreign exchange loss	(2.3)	(3.4)	(1.4)	(143)

Exhibit 16



For the three months ended March 31, 2026, ARC recognized an unrealized gain on foreign currency translation adjustment in other comprehensive income of \$1.0 million (\$0.8 million for the three months ended March 31, 2025).

Taxes

ARC recognized current income tax of \$90.0 million for the three months ended March 31, 2026, compared to \$110.0 million for the same period in 2025. The decrease for the three months ended March 31, 2026, as compared to the same period of the prior year, is primarily due to additional tax pool deductions available to offset taxable income, reflecting the impact of investment-related tax incentives enacted during the quarter.

For the three months ended March 31, 2026, ARC recognized deferred income tax of \$88.3 million, compared to \$12.9 million for the same period in 2025. The increase for the three months ended March 31, 2026, primarily relates to an unrealized gain on risk management contracts as compared to an unrealized loss for the same period in 2025, as well as higher income tax pools claimed relative to DD&A expense as compared to the same period of 2025.

The income tax pools, which are detailed in Table 18, are deductible at various rates and annual deductions associated with the initial tax pools will decline over time.

Table 18

Income Tax Pool Type (\$ millions)	March 31, 2026	Annual Deductibility
Canadian oil and gas property expense	1,881.7	10% declining balance
Canadian development expense	2,133.9	30% declining balance
Undepreciated capital cost	1,997.3	Primarily 25% declining balance
Other	28.6	Various rates, 5% declining balance to 20%
Total federal tax pools	6,041.5	

Depletion, Depreciation and Amortization

For the three months ended March 31, 2026, ARC recognized DD&A expense of \$416.1 million, compared to \$349.3 million for the three months ended March 31, 2025. The increase in DD&A expense for the three months ended March 31, 2026, compared to the same period in the prior year, is due to an increase in production volumes, and an increase in DD&A rate reflecting increases in reserves and future development costs.

A breakdown of DD&A expense is summarized in Table 19:

Table 19

DD&A Expense (\$ millions, except per boe amounts)	December 31, 2025	Three Months Ended		% Change
		March 31, 2026	March 31, 2025	
Depletion of crude oil and natural gas assets	419.8	389.2	326.0	19
Depreciation of corporate assets	2.8	3.0	1.9	58
Depreciation of right-of-use ("ROU") assets	24.5	23.9	21.4	12
DD&A expense	447.1	416.1	349.3	19
DD&A expense per boe ⁽¹⁾	11.90	11.05	10.43	6

(1) Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for an explanation of composition.

Cash Flow used in Investing Activities, Capital Expenditures and Acquisitions

ARC's cash flow used in investing activities was \$632.3 million during the three months ended March 31, 2026, compared to \$429.3 million for the three months ended March 31, 2025. In addition to cash flow used in investing activities, Management uses the non-GAAP financial measure of capital expenditures to monitor its capital investments relative to those budgeted by the Company on an annual basis. ARC excludes acquisition and disposition activities from its annual capital expenditure budget, as well as the accounting impact of any accrual changes or payments under certain lease arrangements. Refer to Table 22 in the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for a reconciliation of ARC's capital expenditures to its most directly comparable GAAP measure, cash flow used in investing activities.

Capital expenditures were \$508.1 million for the three months ended March 31, 2026, compared to \$457.1 million for the three months ended March 31, 2025. Capital expenditures for the three months ended March 31, 2026, primarily pertain to ARC's drilling and completions activities, which included the drilling of 36 crude oil and natural gas wells and the completion of 43 crude oil and natural gas wells, respectively, primarily in the Kakwa and Greater Dawson areas.

During the three months ended March 31, 2026, ARC completed an acquisition of assets in the Kakwa area for \$164.1 million that has been recognized as a business combination. For additional information, refer to Note 4 "Business Combination" in the financial statements.

For information regarding ARC's planned capital expenditures for 2026, refer to the news releases dated November 6, 2025 and February 5, 2026, entitled "ARC Resources Ltd. Reports Third Quarter 2025 Results, Announces 2026 Budget and 11 per cent Dividend Increase" and "ARC Resources Ltd. Reports Year-end 2025 Results and Reserves", available on ARC's website at www.arcresources.com and on SEDAR+ at www.sedarplus.ca.

A breakdown of capital expenditures and acquisitions for the three months ended March 31, 2026 and March 31, 2025 is shown in Table 20:

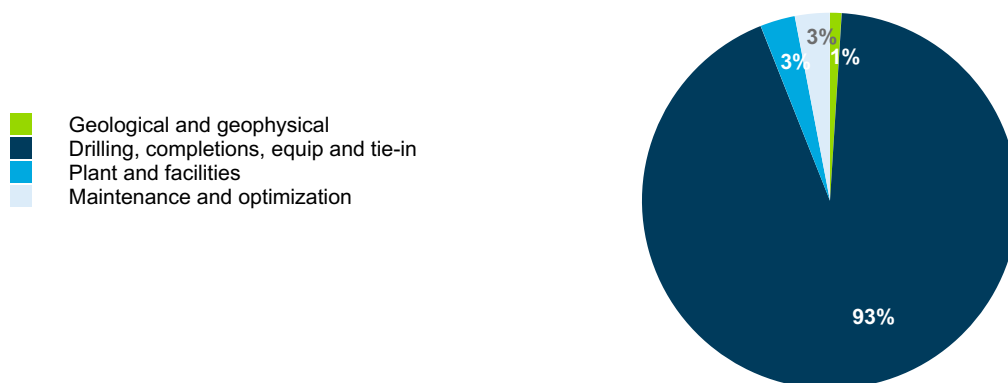
Table 20

Capital Expenditures (\$ millions)	Three Months Ended March 31						
	2026			2025			% Change
	E&E ⁽¹⁾	PP&E	Total	E&E	PP&E	Total	
Geological and geophysical	—	3.2	3.2	—	10.5	10.5	(70)
Drilling, completions, equip and tie-in	—	472.1	472.1	4.7	395.7	400.4	18
Plant and facilities	8.3	10.0	18.3	8.5	30.0	38.5	(52)
Maintenance and optimization	—	16.0	16.0	—	5.7	5.7	181
Corporate	—	(1.5)	(1.5)	—	2.0	2.0	(175)
Capital expenditures	8.3	499.8	508.1	13.2	443.9	457.1	11
Acquisitions	—	—	—	—	4.0	4.0	(100)
Capital expenditures and acquisitions	8.3	499.8	508.1	13.2	447.9	461.1	10

(1) Exploration and evaluation ("E&E").

Exhibit 17

**Capital Expenditures by Classification
Three Months Ended March 31, 2026**

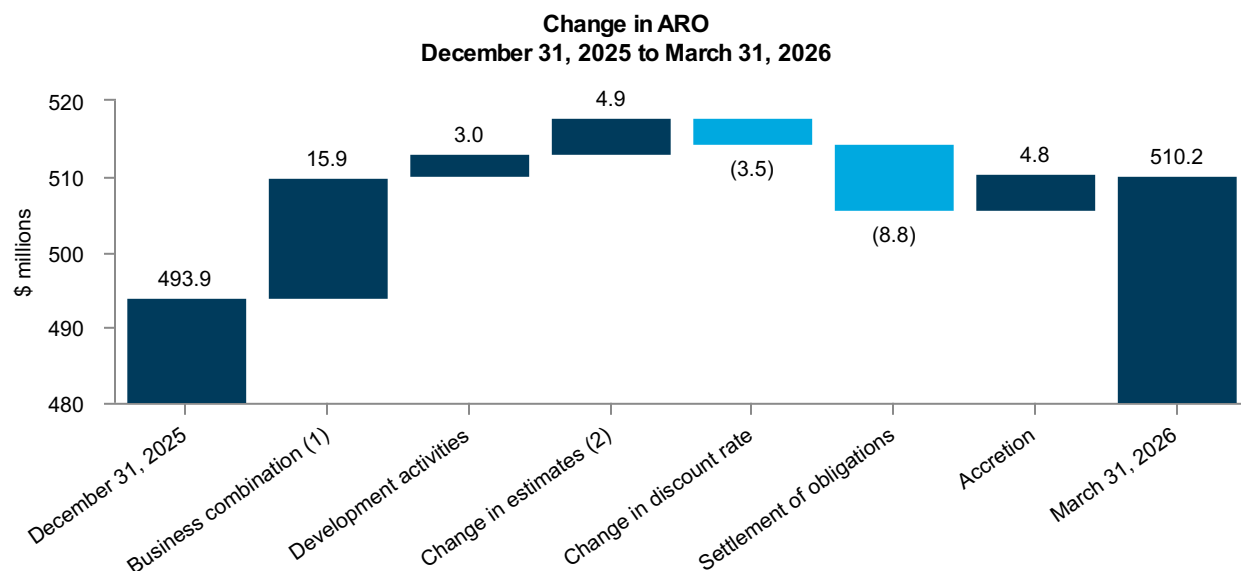


Asset Retirement Obligation

ARC maintains a planned and scheduled approach to its abandonment and reclamation activities. At March 31, 2026, ARC recognized ARO of \$510.2 million (\$493.9 million at December 31, 2025), for the future abandonment and reclamation of its crude oil and natural gas assets, of which \$20.0 million is classified as current and \$490.2 million is classified as long-term (\$20.0 million and \$473.9 million at December 31, 2025, respectively).

Accretion charges of \$4.8 million for the three months ended March 31, 2026 (\$3.6 million for the same period in 2025), have been recognized in interest and financing in the unaudited condensed interim consolidated statements of comprehensive income to reflect the increase in ARO associated with the passage of time. Actual spending under ARC's program for the three months ended March 31, 2026 was \$8.8 million (\$6.8 million for the same period in 2025).

Exhibit 18



- (1) For additional information, refer to Note 4 "Business Combination" and Note 9 "Asset Retirement Obligation" in the financial statements.
- (2) Relates to changes in cost estimates of future obligations and anticipated settlement dates of ARO.

Capitalization, Financial Resources and Liquidity

Capital Management

ARC's capital management objective is to fund dividend payments, lease payments, current period abandonment and reclamation expenditures, and capital expenditures necessary for the replacement of production declines using only funds from operations. Profitable growth activities will be financed with a combination of funds from operations and other sources of capital. ARC believes that investing in development activities that prioritize profitability over production growth creates significant long-term shareholder value.

Maintaining targeted debt levels, paying a sustainable dividend, and exercising capital discipline to manage a moderate pace of development and control its corporate decline rate are the basis for ARC's current capital allocation framework. ARC takes a portfolio approach by periodically evaluating its capital allocation priorities, considering returns to shareholders through sustainable dividend increases and/or share repurchases, and long-term development investments.

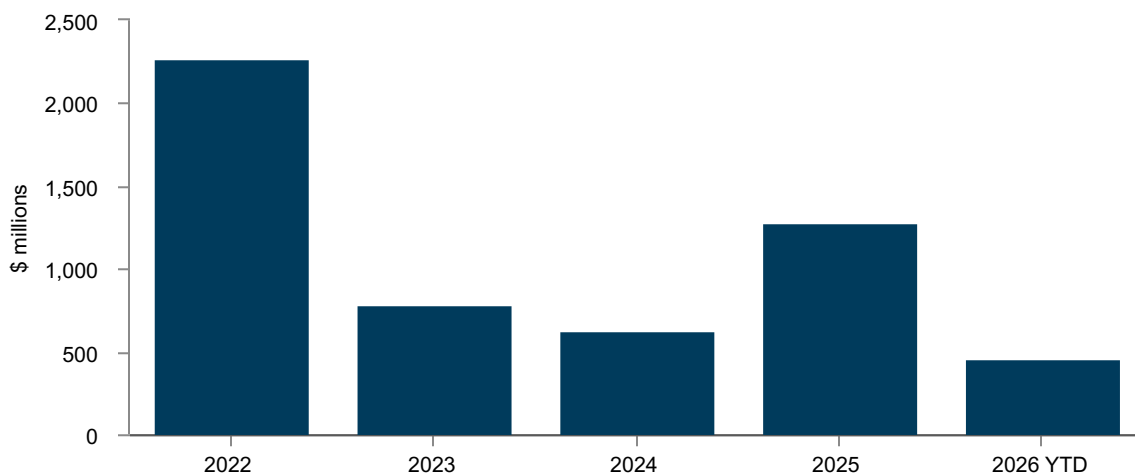
ARC uses free funds flow, defined as funds from operations less capital expenditures, as an indicator of the funds available for capital allocation. For the three months ended March 31, 2026, ARC generated free funds flow of \$459.3 million (\$399.9 million for the three months ended March 31, 2025). For the calculation of free funds flow, refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A.

During the three months ended March 31, 2026, ARC distributed 56 per cent of free funds flow to shareholders. ARC plans to distribute essentially all free funds flow in 2026 to shareholders through dividends and share repurchases. Currently, ARC believes that the optimal mechanism to return shareholder capital is through the combination of a sustainable base dividend that grows over time and continued share repurchases.

During the three months ended March 31, 2026, ARC declared a dividend of \$0.21 per share and repurchased 5.3 million common shares under its normal course issuer bid ("NCIB").

Exhibit 19

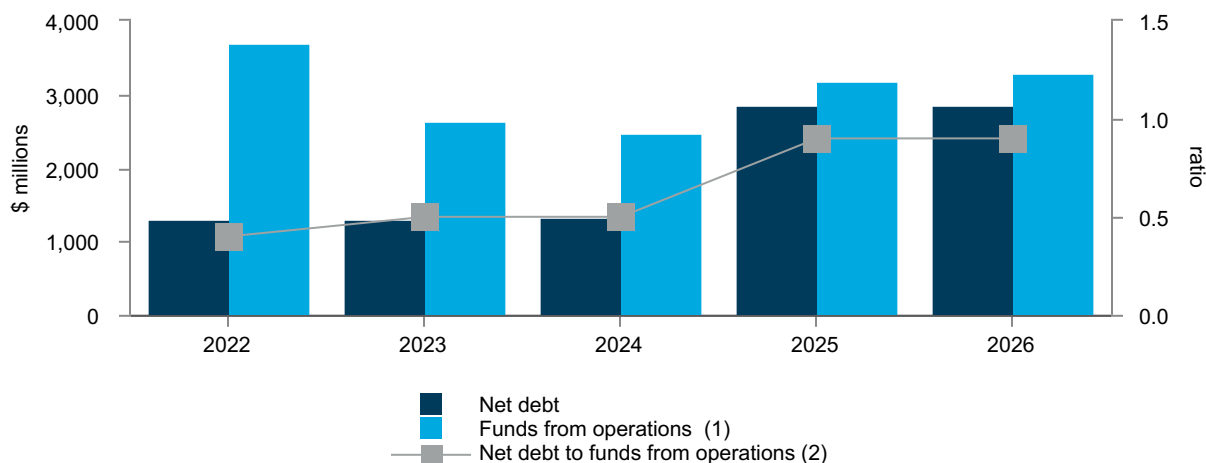
Free Funds Flow



ARC maintains financial flexibility through its strong balance sheet. 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 March 31, 2026, ARC's net debt was 0.9 times its funds from operations.

Exhibit 20

Net Debt to Funds from Operations



(1) 12-month trailing funds from operations.

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

Long-term Debt

During the three months ended March 31, 2026, ARC closed an offering of \$950.0 million aggregate principal amount of senior unsecured notes, which proceeds were used to repay its \$500.0 million term loan and redeem its \$450.0 million senior note coming due. ARC also extended the maturity date of its unsecured extendible revolving credit facility to March 2030. For more information, refer to Note 8 "Long-Term Debt" in the financial statements.

At March 31, 2026, ARC's total available credit capacity, including its credit facility and senior notes, was \$4.5 billion, of which \$2.8 billion was drawn. At March 31, 2026, ARC's long-term debt had a weighted average interest rate of 3.8 per cent. For more information, refer to Note 8 "Long-term Debt" in the financial statements.

There are no financial covenants associated with the senior notes issued and there were no changes to any existing debt covenants during the three months ended March 31, 2026. At March 31, 2026, ARC was in compliance with the financial covenants related to its credit facility as follows:

Table 21

Covenant Description	Position at March 31, 2026
Consolidated Debt not to exceed 60 per cent of Total Capitalization	24 %
Consolidated Tangible Assets of the Restricted Group must exceed 80 per cent of Consolidated Tangible Assets	100 %

Lease Obligations

At March 31, 2026, ARC had lease obligations of \$1.0 billion (\$1.0 billion at December 31, 2025), of which \$109.8 million is due within one year (\$112.1 million at December 31, 2025). ARC's lease obligations comprise office space, equipment used in operations including drilling rigs and camps, vehicles, and third-party processing facilities and gathering infrastructure. For further information, refer to Note 7 "Lease Obligations" in the financial statements.

Shareholders' Equity

During the three months ended March 31, 2026, ARC repurchased 5.3 million common shares under its NCIB at an average price of \$26.11 per share for a total of \$139.0 million, inclusive of all costs. Shares were cancelled upon repurchase.

At March 31, 2026, there were 565.5 million common shares outstanding and 0.3 million share options outstanding. For more information, refer to the section entitled "Share Option Plan" contained within this MD&A.

At March 31, 2026, ARC had 0.7 million restricted shares outstanding under its LTRSA plan. For more information on the restricted shares outstanding and held in trust under ARC's LTRSA plan, refer to the section entitled "Long-term Restricted Share Award Plan" contained within this MD&A.

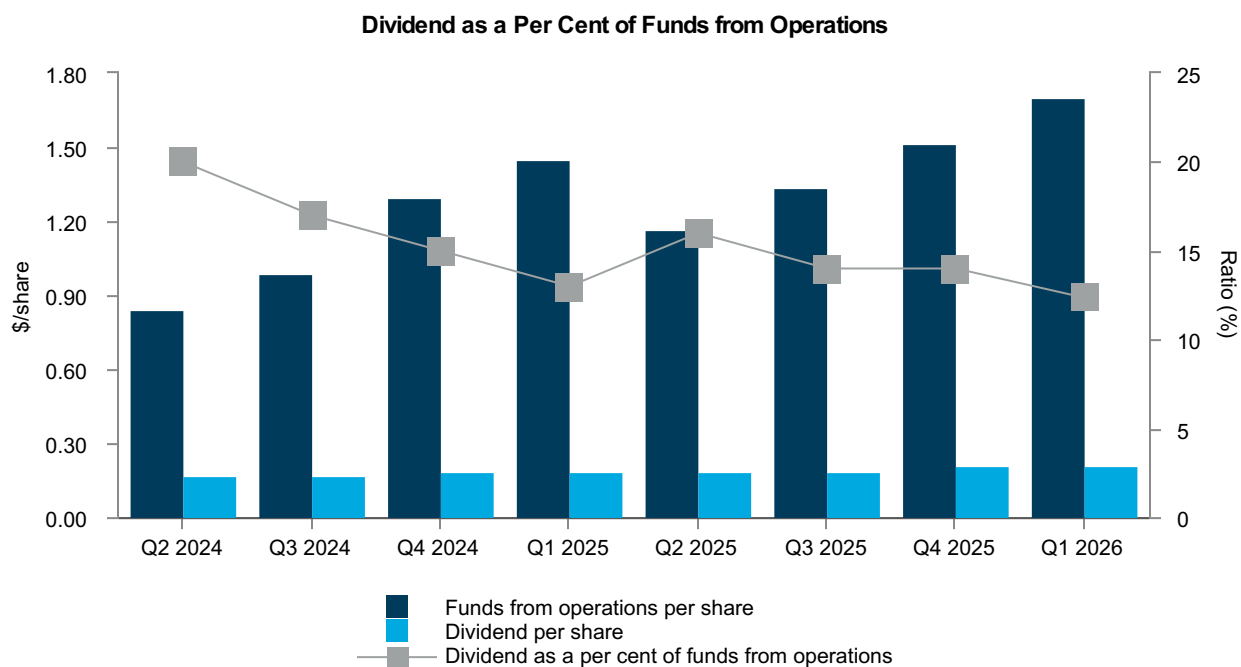
Dividends

ARC's business strategy is focused on value creation and long-term returns to shareholders, with the dividend being an important component. In the first quarter of 2026, ARC declared dividends totaling \$118.9 million (\$0.21 per share) compared to \$111.3 million (\$0.19 per share) in the same period of 2025.

ARC's dividend as a per cent of funds from operations⁽¹⁾ decreased from an average of 13 per cent for the three months ended March 31, 2025, to an average of 12 per cent for the three months ended March 31, 2026. The decrease in dividend as a per cent of funds from operations for the three months ended March 31, 2026, as compared to the same period of the prior year, reflects the increase in funds from operations.

(1) Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for an explanation of composition.

Exhibit 21



The actual amount of future quarterly dividends is proposed by Management and is subject to the approval and discretion of ARC's board of directors (the "Board"). The Board reviews future dividends in conjunction with their review of quarterly financial and operational results.

Please refer to ARC's website at www.arcresources.com for details of the estimated quarterly dividend amounts and dividend dates for 2026.

Commitments

In addition to its recognized liabilities, at March 31, 2026, ARC's total commitments were \$17.3 billion. These include commitments in place at December 31, 2025, as well as additional purchase and service commitments and fixed interest amounts associated with ARC's senior notes issued in the period, less payments made during the three months ended March 31, 2026. For more information, refer to Note 15 "Commitments and Contingencies" in the financial statements.

Off-Balance Sheet Financing

ARC does not have any guarantees or off-balance sheet arrangements that have been excluded from the consolidated balance sheets other than commitments disclosed in Note 15 "Commitments and Contingencies" of the financial statements.

Critical Accounting Estimates

ARC continuously refines and documents its management and internal reporting systems to ensure that accurate and timely internal and external information is gathered and disseminated.

ARC's financial and operational results incorporate certain estimates including:

- estimated commodity sales from production at a specific reporting date for which actual revenues have not yet been received, including associated estimated credit losses;
- estimated royalty obligations, transportation, and operating expenses at a specific reporting date for which costs have been incurred but have not yet been settled;
- estimated capital expenditures on projects that are in progress;
- estimated DD&A charges that are based on estimates of reserves that ARC expects to recover in the future;

- estimated future recoverable value of PP&E, E&E, and goodwill and any associated impairment charges or reversals;
- estimated fair values of financial instruments, including embedded derivatives, that are subject to fluctuation depending upon the underlying forward curves for commodity prices, foreign exchange rates and interest rates, as well as volatility curves, and the risk of non-performance;
- estimated value of ARO that is dependent upon estimates of future costs and timing of expenditures;
- estimated value of ROU assets and lease obligations that are dependent upon estimates of discount rates and timing of lease payments;
- estimated compensation expense under ARC's share-based compensation plans including the PSUs awarded under the PSU plans that are dependent on the final number of PSU awards that eventually vest based on a performance multiplier; and
- estimated fair values of assets acquired and liabilities assumed in a business combination.

ARC has hired individuals and consultants who have the skills required to make such estimates and ensures that individuals or departments with the most knowledge of the activity are responsible for the estimates. Further, past estimates are reviewed and compared to actual results, and actual results are compared to budgets in order to make more informed decisions on future estimates. For further information on the determination of certain estimates inherent in the financial statements, refer to Note 5 "Management Judgments and Estimation Uncertainty" in the audited consolidated financial statements for the year ended December 31, 2025.

CONTROL ENVIRONMENT

Internal Control over Financial Reporting ("ICFR")

ARC is required to comply with National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"). The certification of interim filings for the interim period ended March 31, 2026 requires that ARC disclose in the interim MD&A any changes in ARC's ICFR that occurred during the period that have materially affected, or are reasonably likely to materially affect, ARC's ICFR. ARC confirms that no such changes were made to its ICFR during the three months ended March 31, 2026.

NON-GAAP AND OTHER FINANCIAL MEASURES

Throughout this MD&A and in other materials disclosed by the Company, ARC employs certain measures to analyze financial performance, financial position, and cash flow. These non-GAAP and other financial measures do not have any standardized meaning prescribed under IFRS Accounting Standards and therefore may not be comparable to similar measures presented by other entities. The non-GAAP and other financial measures should not be considered to be more meaningful than GAAP measures which are determined in accordance with IFRS Accounting Standards, such as net income, cash flow from operating activities, and cash flow used in investing activities, as indicators of ARC's performance.

Non-GAAP Financial Measures

Capital Expenditures

ARC uses capital expenditures to monitor its capital investments relative to those budgeted by the Company on an annual basis. ARC's capital budget excludes acquisition and disposition activities as well as the accounting impact of any accrual changes or payments under certain lease arrangements. The most directly comparable GAAP measure for capital expenditures is cash flow used in investing activities. Table 22 details the composition of capital expenditures and its reconciliation to cash flow used in investing activities.

Table 22

Capital Expenditures (\$ millions)	Three Months Ended		
	December 31, 2025	March 31, 2026	March 31, 2025
Cash flow used in investing activities	475.5	632.3	429.3
Business combination ⁽¹⁾	—	(164.1)	—
Acquisition of assets	(2.4)	—	(4.0)
Long-term investments	(1.5)	(1.1)	(0.3)
Change in non-cash investing working capital	(21.8)	31.3	23.6
Capitalized ROU asset depreciation	9.1	9.7	8.5
Capital expenditures	458.9	508.1	457.1

(1) Refer to Note 4 "Business Combination" in the financial statements.

Free Funds Flow

ARC uses free funds flow as an indicator of the efficiency and liquidity of ARC's business, measuring its funds available after capital expenditures to manage debt levels, pay dividends, and return capital to shareholders through share repurchases. ARC computes free funds flow as funds from operations generated during the period less capital expenditures. Capital expenditures is a non-GAAP financial measure. By removing the impact of current period capital expenditures from funds from operations, Management monitors its free funds flow to inform its capital allocation decisions. The most directly comparable GAAP measure to free funds flow is cash flow from operating activities. Table 23 details the calculation of free funds flow and its reconciliation to cash flow from operating activities.

Table 23

Free Funds Flow (\$ millions)	Three Months Ended		
	December 31, 2025	March 31, 2026	March 31, 2025
Cash flow from operating activities	668.1	1,050.8	1,013.0
Net change in other liabilities	7.8	22.1	47.4
Change in non-cash operating working capital	198.4	(105.5)	(203.4)
Funds from operations	874.3	967.4	857.0
Capital expenditures	(458.9)	(508.1)	(457.1)
Free funds flow	415.4	459.3	399.9

Netback

ARC computes netback as commodity sales from production less royalties, operating, and transportation expense. Management believes that netback is a key industry performance indicator and one that provides investors with information that is also commonly presented by other crude oil and natural gas producers. ARC's netback is disclosed in Table 12 within this MD&A which includes its most directly comparable GAAP measure, commodity sales from production.

Adjusted EBIT

ARC calculates adjusted EBIT as net income plus interest and financing, less accretion expense, plus total income taxes. ARC uses adjusted EBIT as a measure of long-term operating performance and as a component in the calculation for ROACE, which is calculated by ARC for the 12 months preceding the period end, on an annual basis, and a four-year basis. Table 24 contains a reconciliation of adjusted EBIT to the most directly comparable GAAP measure, net income.

Table 24

	Twelve Months Ended	Twelve Months Ended December 31				
Adjusted EBIT (\$ millions)	March 31, 2026	2025	2024	2023	2022	2022 - 2025 Average ⁽¹⁾
Net income	1,454.7	1,275.1	1,124.1	1,596.5	2,302.3	1,574.5
Add interest and financing	170.6	151.3	133.8	105.5	97.2	122.0
Less accretion expense	(19.0)	(17.1)	(14.1)	(13.2)	(11.0)	(13.9)
Add income taxes	414.2	358.8	330.9	460.8	675.9	456.6
Adjusted EBIT	2,020.5	1,768.1	1,574.7	2,149.6	3,064.4	2,139.2

(1) Average for the years ended December 31, 2022, 2023, 2024, and 2025.

Average Capital Employed

ARC calculates average capital employed as the total of net debt plus current and long-term portions of lease obligations and shareholders' equity. ARC uses average capital employed as a measure of long-term capital management and operating performance, and as a component in the calculation for ROACE. Table 25 contains a reconciliation of average capital employed to the most directly comparable GAAP measure, shareholders' equity.

Table 25

	Twelve Months Ended	Twelve Months Ended December 31				
Average Capital Employed (\$ millions)	March 31, 2026	2025	2024	2023	2022	2022 - 2025 Average ⁽¹⁾
Net debt - beginning of period	1,260.5	1,335.6	1,317.1	1,301.5	1,828.7	1,828.7
Current portion of lease obligations	88.5	92.8	85.2	92.4	109.3	109.3
Long-term portion of lease obligations	889.3	908.5	974.6	702.9	760.0	760.0
Shareholders' equity - beginning of period	8,098.1	7,948.2	7,427.8	6,653.5	5,927.5	5,927.5
Opening capital employed (A)	10,336.4	10,285.1	9,804.7	8,750.3	8,625.5	8,625.5
Net debt - end of period	2,863.2	2,866.1	1,335.6	1,317.1	1,301.5	2,866.1
Current portion of lease obligations	109.8	112.1	92.8	85.2	92.4	112.1
Long-term portion of lease obligations	900.7	922.1	908.5	974.6	702.9	922.1
Shareholders' equity - end of period	8,610.9	8,264.0	7,948.2	7,427.8	6,653.5	8,264.0
Closing capital employed (B)	12,484.6	12,164.3	10,285.1	9,804.7	8,750.3	12,164.3
Average capital employed (A+B)/2	11,410.5	11,224.7	10,044.9	9,277.5	8,687.9	10,394.9

(1) Average for the years ended December 31, 2022, 2023, 2024, and 2025.

Non-GAAP Ratios

Netback per boe

ARC calculates netback per boe as netback divided by weighted average daily production. Netback is a non-GAAP financial measure component of netback per boe. Management believes that netback per boe is a key industry performance measure of operational efficiency and one that provides investors with information that is also commonly presented by other crude oil and natural gas producers. ARC's netback per boe is disclosed in Table 12a within this MD&A.

Free Funds Flow per Share

ARC presents free funds flow per share by dividing free funds flow by the Company's diluted or basic weighted average common shares outstanding. Free funds flow is a non-GAAP financial measure. Management believes that free funds flow per share provides investors an indicator of funds generated from the business that could be allocated to each shareholder's equity position.

Return on Average Capital Employed

ARC calculates ROACE, expressed as a percentage, as adjusted EBIT divided by the average capital employed. The components adjusted EBIT and average capital employed are non-GAAP financial measures. ARC uses ROACE as a measure of long-term financial performance, to measure how effectively Management utilizes the capital it has been provided and to demonstrate to shareholders the returns generated over the long term. ROACE is calculated by ARC for the 12 months preceding the period end, on an annual basis, and a four-year basis in Table 26:

Table 26

ROACE (\$ millions)	Twelve Months Ended	Twelve Months Ended December 31				2022 - 2025 Average ⁽¹⁾
	March 31, 2026	2025	2024	2023	2022	
Adjusted EBIT	2,020.5	1,768.1	1,574.7	2,149.6	3,064.4	2,139.2
Divided by average capital employed	11,410.5	11,224.7	10,044.9	9,277.5	8,687.9	10,394.9
ROACE (%)	18	16	16	23	35	21

(1) Average for the years ended December 31, 2022, 2023, 2024, and 2025.

Capital Management Measures

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 is calculated as follows in Table 27:

Table 27

Funds from Operations (\$ millions)	Three Months Ended		
	December 31, 2025	March 31, 2026	March 31, 2025
Cash flow from operating activities	668.1	1,050.8	1,013.0
Net change in other liabilities	7.8	22.1	47.4
Change in non-cash operating working capital	198.4	(105.5)	(203.4)
Funds from operations	874.3	967.4	857.0

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. 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. Table 28 details the composition of ARC's net debt and net debt to funds from operations as at March 31, 2026 and December 31, 2025:

Table 28

Net Debt (\$ millions, except ratio amounts)	March 31, 2026	December 31, 2025
Long-term debt ⁽¹⁾	2,744.7	2,878.1
Accounts payable and accrued liabilities	988.3	760.8
Dividends payable	118.9	120.0
Cash and cash equivalents, accounts receivable, and prepaid expense	(988.7)	(892.8)
Net debt	2,863.2	2,866.1
Funds from operations ⁽²⁾	3,302.8	3,192.4
Net debt to funds from operations (ratio) ⁽³⁾	0.9	0.9

(1) Includes current portion of long-term debt of \$450.0 million at December 31, 2025.

(2) 12-month trailing funds from operations.

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

Supplementary Financial Measures

"Average realized commodity price" is comprised of total commodity sales from production, as determined in accordance with IFRS Accounting Standards, divided by the Company's total production.

"Average realized condensate price" is comprised of condensate commodity sales from production, as determined in accordance with IFRS Accounting Standards, divided by the Company's condensate production.

"Average realized crude oil price" is comprised of crude oil commodity sales from production, as determined in accordance with IFRS Accounting Standards, divided by the Company's crude oil production.

"Average realized natural gas price" is comprised of natural gas commodity sales from production, as determined in accordance with IFRS Accounting Standards, divided by the Company's natural gas production.

"Average realized NGLs price" is comprised of NGLs commodity sales from production, as determined in accordance with IFRS Accounting Standards, divided by the Company's NGLs production.

"Cash flow from operating activities per basic share" is comprised of cash flow from operating activities, as determined in accordance with IFRS Accounting Standards, divided by basic weighted average common shares outstanding.

"Cash flow from operating activities per diluted share" is comprised of cash flow from operating activities, as determined in accordance with IFRS Accounting Standards, divided by diluted weighted average common shares outstanding.

"Commodity sales from production per basic share" is comprised of commodity sales from production, as determined in accordance with IFRS Accounting Standards, divided by basic weighted average common shares.

"Commodity sales from production per diluted share" is comprised of commodity sales from production, as determined in accordance with IFRS Accounting Standards, divided by diluted weighted average common shares.

"Commodity sales from production per boe" is comprised of commodity sales from production, as determined in accordance with IFRS Accounting Standards, divided by the Company's total production.

"Current income tax expense, as a per cent of funds from operations" is comprised of current income tax expense, as determined in accordance with IFRS Accounting Standards, divided by funds from operations.

"DD&A expense per boe" is comprised of DD&A expense, as determined in accordance with IFRS Accounting Standards, divided by the Company's total production.

"Dividend as a per cent of funds from operations" is comprised of dividends declared, as determined in accordance with IFRS Accounting Standards, divided by funds from operations.

"Dividends declared per share" is comprised of dividends declared, as determined in accordance with IFRS Accounting Standards, divided by the number of shares outstanding at the dividend record date.

"Funds from operations per basic share" is comprised of funds from operations divided by basic weighted average common shares.

"Funds from operations per diluted share" is comprised of funds from operations divided by diluted weighted average common shares.

"G&A expense per boe" is comprised of G&A expense, as determined in accordance with IFRS Accounting Standards, divided by the Company's total production.

"G&A expense before share-based compensation expense per boe" is comprised of G&A expense as determined in accordance with IFRS Accounting Standards, excluding share-based compensation expense, divided by the Company's total production.

"G&A – share-based compensation expense per boe" is comprised of G&A expense as determined in accordance with IFRS Accounting Standards, excluding G&A expense not attributable to share-based compensation plans, divided by the Company's total production.

"Interest and financing expense per boe" is comprised of interest and financing expense, as determined in accordance with IFRS Accounting Standards, divided by the Company's total production.

"Operating expense per boe" is comprised of operating expense, as determined in accordance with IFRS Accounting Standards, divided by the Company's total production.

"Royalties as a percentage of commodity sales from production" is comprised of royalties, as determined in accordance with IFRS Accounting Standards, divided by commodity sales from production, as determined in accordance with IFRS Accounting Standards.

"Royalties per boe" is comprised of royalties, as determined in accordance with IFRS Accounting Standards, divided by the Company's total production.

"Transportation expense per boe" is comprised of transportation expense, as determined in accordance with IFRS Accounting Standards, divided by the Company's total production.

Forward-looking Information and Statements

This MD&A contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect," "anticipate," "continue," "estimate," "objective," "ongoing," "may," "will," "project," "should," "believe," "plans," "intends," "strategy," and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this MD&A contains forward-looking information and statements pertaining to the following: ARC's 2026 annual guidance, including production guidance, expense guidance and guidance with respect to current income tax expense as a per cent of funds from operations and ARC's expectations related thereto, and the expectations that transportation expense will trend towards the guidance range for the remainder of 2026 under the heading "Annual Guidance"; the terms, including the anticipated timing of commencement, volumes, terms, delivery points, and pricing formulas, under certain of ARC's long-term natural gas supply agreements and the expectation that the estimated fair value of such contracts may fluctuate over time under the heading "Risk Management Contracts"; the anticipated vesting of RSUs and PSUs, expected variability of future payments under the RSU and PSU plans, the estimated range of future expected payments under such plans and the timing range of such payments and expectations regarding the value of RSUs and PSUs upon vesting under the heading "Share-based Compensation Plans"; expectations regarding ARC's available tax pools under the heading "Taxes"; ARC's estimated ARO under the heading "Asset Retirement Obligation"; ARC's capital management objectives, the anticipated sources of financing for profitable growth activities, ARC's belief that investing in development activities that prioritize profitability over production growth creates significant long-term shareholder value, ARC's plans to allocate essentially all free funds flow to shareholders through dividends and the repurchase of shares in 2026, and ARC's target net debt to funds from operations under the heading "Capitalization, Financial Resources and Liquidity"; ARC's estimated value of lease obligations and the portion of its lease obligations that is due within one year under the heading "Lease Obligations"; ARC's intentions to continue paying dividends under the heading "Dividends"; expectations with respect to the value of ARC's commitments under the heading "Commitments"; and similar statements.

The forward-looking information and statements contained in this MD&A reflect material factors, expectations, and assumptions of ARC including, without limitation: that ARC will continue to conduct its operations in a manner consistent with past operations; assumptions regarding ARC's share price; assumptions with respect to natural gas curtailments; ARC's ability to issue securities and to repurchase its securities under its NCIB; that counterparties to ARC's various agreements will comply with their contractual obligations; assumptions regarding the successful implementation of future agreements; the duration and impact of tariffs that are currently in effect on goods exported from or imported into Canada, and that other than the tariffs that are currently in effect, neither the U.S. nor Canada (i) increases the rate or scope of such tariffs, reenacts tariffs that are currently suspended, or imposes new tariffs, on the import of goods from one country to the other, including on crude oil and natural gas, and/or (ii) imposes any other form of tax, restriction, or prohibition on the import or export of products from one country to the other, including on crude oil and natural gas; that future business, regulatory, and industry conditions will be within the parameters expected by ARC, including with respect to prices, margins, demand, supply, product availability, supplier agreements, availability and cost of labour and interest, exchange and effective tax rates; assumptions with respect to global economic conditions and the accuracy of ARC's market outlook expectations for 2026 and in the future; the general continuance of current industry conditions; the continuance of existing tax, royalty, tariff, and regulatory regimes; the accuracy of the estimates of ARC's reserve volumes; certain commodity price and other cost assumptions; and the continued availability of adequate debt and equity financing and funds from operations to fund its planned expenditures. ARC believes the material factors, expectations, and assumptions reflected in the forward-looking information and statements are reasonable, but no assurance can be given that these factors, expectations, and assumptions will prove to be correct.

The forward-looking information and statements included in this MD&A are not guarantees of future performance and should not be unduly relied upon. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements including, without limitation: volatility of commodity prices; adverse economic conditions; political uncertainty; the risk that (i) the tariffs that are currently in effect on goods exported from or imported into Canada continue in effect for an extended period of time, the tariffs that have been threatened are implemented, that tariffs that are currently suspended are reactivated, the rate or scope of tariffs are increased, or new tariffs are imposed, including on crude oil and natural gas, (ii) the U.S. and/or Canada imposes any other form of tax, restriction, or prohibition on the import or export of products from one country to the other, including on crude oil and natural gas, and (iii) the tariffs imposed or threatened to be imposed by the U.S. on other countries and retaliatory tariffs imposed or threatened to be imposed by other countries on the U.S., will trigger a broader global trade war which could have a material adverse effect on the Canadian, U.S., and global economies, and by extension the Canadian crude oil and natural gas industry and the Company, including by decreasing demand for (and the price of) crude oil and natural gas, disrupting supply chains, increasing costs, causing volatility in global financial markets,

and limiting access to financing; the impacts of the ongoing Middle-East conflicts, including the war in Iran and the impact of ongoing shipping interruptions through the Strait of Hormuz, Russia-Ukraine war and geopolitical developments in Venezuela (and any associated sanctions) on the global economy and commodity prices; lack of capacity on, and/or regulatory constraints and uncertainty regarding, gathering and processing facilities, pipeline systems, and railway lines; Indigenous land and rights claims; compliance with environmental regulations; risks relating to climate change, including transition and physical risks; ARC's ability to recruit and retain a skilled workforce and key personnel; development and production risks; project risks; risks relating to failure to obtain regulatory approvals; reputational risks; risks relating to a changing investor sentiment; asset concentration; risks relating to information technology systems and cyber security; risks related to hydraulic fracturing (including risks with respect to water production and disposal); liquidity; inflation, cost management, and interest rates; third-party credit risks; variations in foreign exchange rates; risks relating to royalty regimes; the impact of competitors; risks related to potential or ongoing litigation; lack of adequate insurance coverage; inaccurate estimation of ARC's reserve volumes; risks related to derivative risk management contracts; limited, unfavorable or a lack of access to capital markets; market access constraints or transportation interruptions; unanticipated operating results or production declines; increased debt levels or debt service requirements; increased costs; potential regulatory and industry changes stemming from the results of court actions affecting regions in which ARC holds assets; ARC's ability to successfully close, integrate and realize the anticipated benefits of completed, contemplated, or future acquisitions and divestitures; and certain other risks detailed in ARC's public disclosure documents. Readers should also carefully consider the risks discussed in the section entitled "Risk Factors" contained within the MD&A for the year ended December 31, 2025.

ARC's future shareholder distributions, including but not limited to the payment of dividends, if any, and the level thereof is uncertain. Any decision to pay dividends on ARC's shares (including the actual amount, the declaration date, the record date, and the payment date in connection therewith) will be subject to the discretion of the Board and may depend on a variety of factors, including, without limitation, ARC's business performance, financial condition, financial requirements, growth plans, expected capital requirements and other conditions existing at such future time including, without limitation, contractual restrictions and satisfaction of the solvency tests imposed on ARC under applicable corporate law. Further, the actual amount, the declaration date, the record date, and the payment date of any dividend are subject to the discretion of the Board. There can be no assurance that ARC will pay dividends in the future.

The forward-looking information in this MD&A also includes financial outlooks and other related forward-looking information (including production and financial-related metrics) relating to ARC, including, but not limited to: the expectations of ARC regarding production, capital expenditures, operating expenses, transportation expenses, G&A expenses before share-based compensation expense, G&A expenses - share-based compensation expense, interest and financing expenses, and current income tax as a per cent of funds from operations. The internal projections, expectations, or beliefs are based on the 2026 capital budget, which is subject to change in light of ongoing results, prevailing economic conditions, commodity prices, and industry conditions and regulations. These financial outlook and other related forward-looking statements are also subject to the same assumptions, risk factors, limitations, and qualifications as set forth above. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted, and as such, undue reliance should not be placed on financial outlook and/or forward-looking statements. The financial outlook and forward-looking information contained in this MD&A is as of the date of this MD&A, and ARC does not assume any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable laws.

GLOSSARY

The following is a list of abbreviations that may be used in this MD&A:

Measurement

bbl	barrel
bbl/d	barrels per day
Mbbl	thousand barrels
MMbbl	million barrels
boe ⁽¹⁾	barrels of oil equivalent
boe/d ⁽¹⁾	barrels of oil equivalent per day
Mboe ⁽¹⁾	thousands of barrels of oil equivalent
MMboe ⁽¹⁾	millions of barrels of oil equivalent
Mcf	thousand cubic feet
Mcf/d	thousand cubic feet per day
MMcf	million cubic feet
MMcf/d	million cubic feet per day
Bcf	billion cubic feet
MMBtu	million British thermal units
GJ	gigajoule

- (1) ARC has adopted the standard of 6 Mcf:1 bbl when converting natural gas to boe. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of six Mcf per barrel is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different than the energy equivalency of the 6:1 conversion ratio, utilizing the 6:1 conversion ratio may be misleading as an indication of value.

Financial and Business Environment

AECO	Alberta Energy Company
AIF	annual information form
ARO	asset retirement obligation
DD&A	depletion, depreciation and amortization
DSU	Deferred Share Unit
E&E	exploration and evaluation
GAAP	generally accepted accounting principles
G&A	general and administrative
IASB	International Accounting Standards Board
ICFR	Internal Control over Financial Reporting
IFRS	International Financial Reporting Standards
IQRE	independent qualified reserves evaluator
JKM	Japan Korea Marker
LNG	liquefied natural gas
LTRSA	Long-term Restricted Share Award
NCIB	normal course issuer bid
NGLs	natural gas liquids
NYMEX	New York Mercantile Exchange
PP&E	property, plant and equipment
PSU	Performance Share Unit
ROU	right-of-use
RSU	Restricted Share Unit
TSX	Toronto Stock Exchange
TTF	Title Transfer Facility
WTI	West Texas Intermediate

QUARTERLY HISTORICAL REVIEW

(\$ millions, except per share amounts)	2026	2025				2024		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
FINANCIAL								
Commodity sales from production	1,659.1	1,438.8	1,263.5	1,229.2	1,490.2	1,345.5	1,054.4	1,001.7
Per share, basic ⁽¹⁾	2.92	2.51	2.18	2.10	2.53	2.28	1.77	1.68
Per share, diluted ⁽¹⁾	2.91	2.51	2.17	2.10	2.53	2.27	1.77	1.67
Net income	584.3	259.9	214.4	396.1	404.7	370.3	328.9	239.5
Per share, basic	1.03	0.45	0.37	0.68	0.69	0.63	0.55	0.40
Per share, diluted	1.03	0.45	0.37	0.68	0.69	0.63	0.55	0.40
Cash flow from operating activities	1,050.8	668.1	713.3	699.1	1,013.0	650.9	518.4	543.0
Per share, basic ⁽¹⁾	1.85	1.17	1.23	1.20	1.72	1.10	0.87	0.91
Per share, diluted ⁽¹⁾	1.85	1.16	1.23	1.19	1.72	1.10	0.87	0.91
Funds from operations	967.4	874.3	779.0	682.1	857.0	770.4	592.4	502.8
Per share, basic ⁽¹⁾	1.70	1.53	1.34	1.17	1.46	1.30	1.00	0.84
Per share, diluted ⁽¹⁾	1.70	1.52	1.34	1.17	1.45	1.30	0.99	0.84
Free funds flow	459.3	415.4	282.6	185.8	399.9	420.4	133.8	(29.5)
Per share, basic ⁽¹⁾	0.81	0.72	0.49	0.32	0.68	0.71	0.22	(0.05)
Per share, diluted ⁽¹⁾	0.81	0.72	0.49	0.32	0.68	0.71	0.22	(0.05)
Cash flow used in investing activities	632.3	475.5	2,160.0	471.2	429.3	423.3	339.7	643.4
Dividends declared	118.9	120.0	109.6	110.9	111.3	112.2	100.8	101.6
Per share	0.21	0.21	0.19	0.19	0.19	0.19	0.17	0.17
Total assets	15,822.5	15,310.3	15,181.3	14,177.9	13,040.2	13,099.7	12,901.2	12,593.4
Total liabilities	7,211.6	7,046.3	6,977.1	5,881.9	4,942.1	5,151.5	5,172.2	4,965.4
Net debt	2,863.2	2,866.1	3,056.6	1,289.2	1,260.5	1,335.6	1,560.6	1,477.9
Weighted average shares, basic	568.6	573.2	580.6	584.0	588.5	591.0	595.1	596.6
Weighted average shares, diluted	569.4	574.1	581.5	585.0	589.7	592.3	596.4	598.2
Shares outstanding, end of period	565.5	570.6	575.7	582.5	585.0	589.6	591.7	596.7
CAPITAL EXPENDITURES								
Geological and geophysical	3.2	8.2	3.2	1.8	10.5	2.3	4.6	1.5
Drilling, completions, equip and tie-in	472.1	407.8	445.5	436.1	400.4	264.3	390.3	470.2
Plant and facilities	18.3	16.0	25.1	29.4	38.5	57.0	52.7	11.4
Maintenance and optimization	16.0	19.4	25.2	15.3	5.7	9.7	17.0	35.7
Corporate	(1.5)	7.5	(2.6)	13.7	2.0	16.7	(6.0)	13.5
Capital expenditures	508.1	458.9	496.4	496.3	457.1	350.0	458.6	532.3
Acquisitions	—	2.4	49.6	0.8	4.0	16.4	—	5.0
Dispositions	—	—	—	(4.0)	—	(7.6)	(80.0)	—
Capital expenditures, and net acquisitions and dispositions	508.1	461.3	546.0	493.1	461.1	358.8	378.6	537.3
OPERATING								
Production								
Crude oil and condensate (bbl/d)	110,954	118,898	113,959	100,399	94,334	102,977	88,517	74,713
Natural gas (MMcf/d)	1,533	1,410	1,172	1,307	1,411	1,418	1,203	1,286
NGLs (bbl/d)	52,083	54,500	50,014	38,999	42,821	42,998	37,797	40,994
Total (boe/d)	418,522	408,382	359,236	357,228	372,265	382,341	326,768	330,046
Average realized commodity prices								
Crude oil (\$/bbl)	91.66	73.63	82.75	82.56	87.90	91.46	92.22	100.28
Condensate (\$/bbl)	95.17	78.45	84.66	85.35	99.28	95.52	95.38	103.73
Natural gas (\$/Mcf)	4.51	3.77	2.75	3.19	4.19	2.58	1.78	1.86
NGLs (\$/bbl)	18.96	18.97	17.47	20.39	31.98	26.83	23.77	21.69
Oil equivalent (\$/boe)	44.05	38.30	38.23	37.81	44.48	38.25	35.07	33.35
TRADING STATISTICS ⁽²⁾								
(\$, based on intra-day trading)								
High	29.84	27.20	29.27	31.56	29.05	27.40	26.45	26.18
Low	21.14	23.54	23.67	22.63	23.85	22.48	21.44	23.45
Close	28.95	25.75	25.38	28.71	28.93	26.07	22.86	24.41
Average daily volume (thousands)	8,044	5,431	5,046	3,559	3,674	3,747	3,696	3,648

1) Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for an explanation of composition.

2) Trading statistics denote trading activity on the TSX only.