

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 and significant trends and external factors that may affect future performance. It is dated July 31, 2025, and should be read in conjunction with the unaudited condensed interim consolidated financial statements (the "financial statements") as at and for the three and six months ended June 30, 2025, and the MD&A and audited consolidated financial statements for the year ended December 31, 2024, as well as ARC's 2024 Annual Information Form ("AIF"), each of which is available on ARC's website at www.arcreources.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.

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 with an emphasis on the development of assets with a large volume of hydrocarbons in-place, commonly referred to as "resource plays".

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 annual periods of 2021 through 2024 and the six months ended June 30, 2025 are shown in Table 1:

Table 1

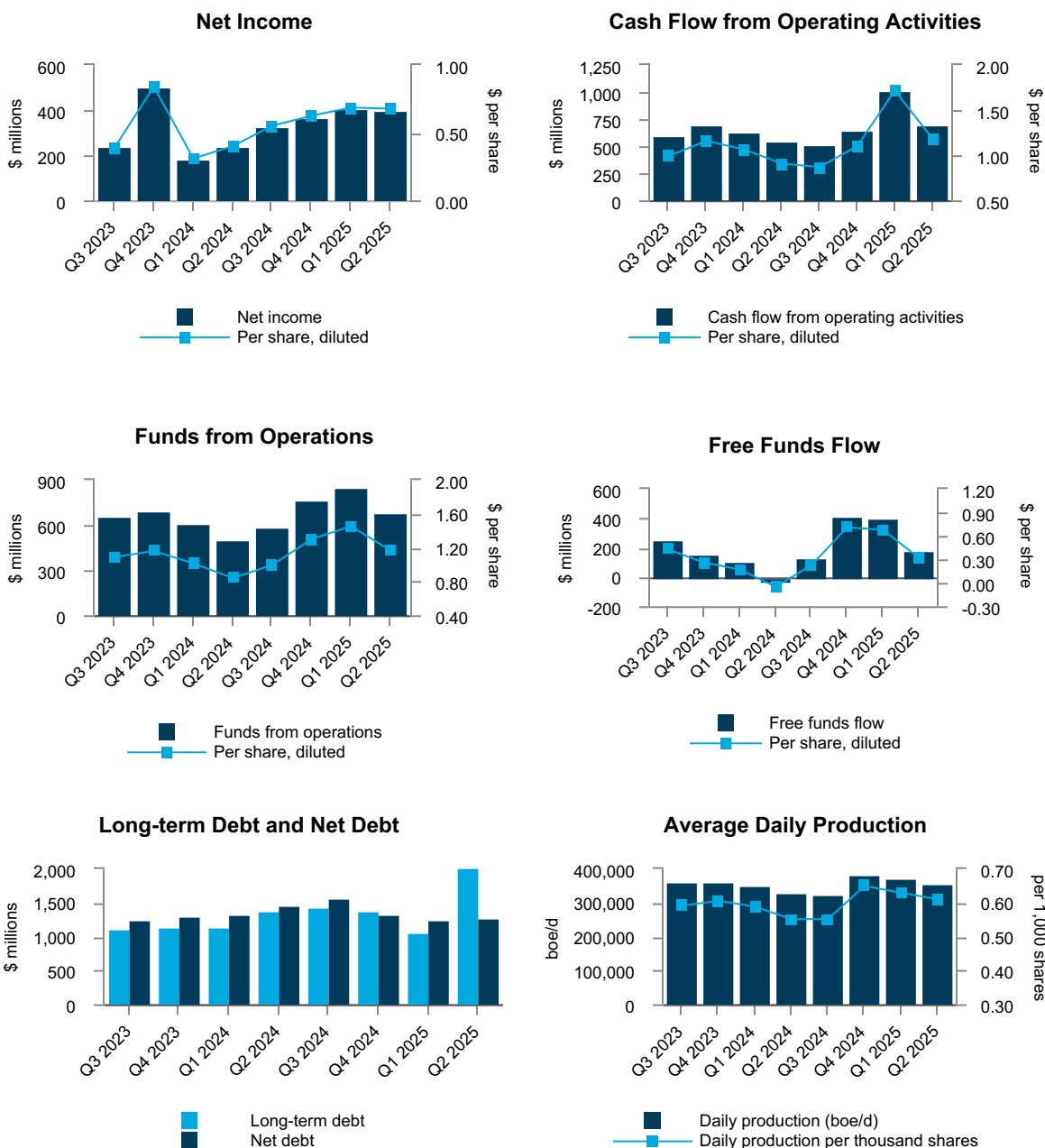
(\$ millions, except per share amounts, or unless otherwise noted)	2025 YTD	2024	2023	2022	2021
Production ⁽¹⁾					
Crude oil and condensate (bbl/d)	97,384	87,266	83,880	86,393	70,393
Natural gas (MMcf/d)	1,359	1,307	1,322	1,259	1,149
NGLs (bbl/d)	40,899	42,787	47,760	49,385	40,084
Total production (boe/d)	364,705	347,908	351,954	345,613	302,003
Average daily production per thousand shares ⁽²⁾	0.62	0.58	0.58	0.52	0.48
Net income	800.8	1,124.1	1,596.5	2,302.3	786.6
Net income per share	1.36	1.88	2.61	3.47	1.25
Cash flow from operating activities	1,712.1	2,348.6	2,394.3	3,833.3	2,006.5
Cash flow from operating activities per share ⁽³⁾	2.91	3.94	3.92	5.78	3.20
Funds from operations ⁽⁴⁾	1,539.1	2,472.5	2,639.6	3,712.5	2,415.4
Funds from operations per share ⁽³⁾	2.62	4.15	4.32	5.60	3.85
Free funds flow ⁽⁵⁾	585.7	627.0	789.8	2,270.6	1,353.6
Free funds flow per share ⁽⁶⁾	1.00	1.05	1.29	3.42	2.16
Cash flow used in investing activities	900.5	1,906.2	1,690.7	1,413.2	808.1
Capital expenditures ⁽⁷⁾	953.4	1,845.5	1,849.8	1,441.9	1,061.8
Long-term debt ⁽⁸⁾	1,990.8	1,387.4	1,148.9	990.0	1,705.3
Net debt ⁽⁴⁾	1,289.2	1,335.6	1,317.1	1,301.5	1,828.7
Net debt to funds from operations (ratio) ⁽⁴⁾	0.4	0.5	0.5	0.4	0.8
Return on average capital employed ("ROACE") (%) ⁽⁹⁾	20	16	23	35	18
Proved plus probable reserves (MMboe) ⁽¹⁰⁾⁽¹¹⁾	n/a	2,098.2	1,994.3	1,828.6	1,760.6
Proved plus probable reserves per share (boe) ⁽¹⁰⁾⁽¹¹⁾	n/a	3.5	3.3	2.8	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 six months ended June 30, 2025, and for the respective years ended December 31, 2024, 2023, 2022, and 2021.
- (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 8 "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 a 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 6 "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 reserve evaluator with an effective date of December 31 for the years shown in accordance with the Canadian Oil and Gas Evaluation Handbook and NI 51-101.
- (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 2024 Results and Reserves" dated February 6, 2025, 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

On July 2, 2025, ARC closed the previously announced acquisition of condensate-rich Montney assets in the Kakwa region in Alberta (the "Kakwa Assets") from Strathcona Resources Ltd. ("Strathcona"). Refer to Note 15 "Subsequent Event" in the financial statements and the news release dated July 2, 2025, entitled "ARC Resources Ltd. Announces the Closing of its Montney Acquisition", available on ARC's website at www.arcresources.com and on SEDAR+ at www.sedarplus.ca.

ARC's 2025 guidance, 2025 revised guidance, which incorporates the expected impacts of the acquired Kakwa Assets, and a review of 2025 year-to-date results are outlined in Table 2:

Table 2

	2025 Guidance	2025 Revised Guidance	2025 YTD Actual	% Variance from 2025 Revised Guidance
Production				
Crude oil and condensate (bbl/d)	104,000 - 110,000	107,000 - 112,000	97,384	(8)
Natural gas (MMcf/d)	1,400 - 1,420	1,390 - 1,420	1,359	(2)
NGLs (bbl/d)	42,000 - 48,000	43,000 - 48,000	40,899	(5)
Total (boe/d)	380,000 - 395,000	385,000 - 395,000	364,705	(5)
Expenses (\$/boe) ⁽¹⁾⁽²⁾				
Operating	4.50 - 4.90	5.00 - 5.50	5.01	—
Transportation	5.00 - 5.50	5.00 - 5.50	5.46	—
General and administrative ("G&A") expense before share-based compensation expense	0.90 - 1.10	1.00 - 1.10	1.17	6
G&A - share-based compensation expense	0.25 - 0.35	0.30 - 0.40	0.40	—
Interest and financing ⁽³⁾	0.70 - 0.80	0.90 - 1.00	0.75	(17)
Current income tax expense, as a per cent of funds from operations ⁽¹⁾	10 - 15	5 - 10	11	10
Capital expenditures (\$ billions) ⁽²⁾⁽⁴⁾	1.6 - 1.7	1.85 - 1.95	1.0	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 potential impact from tariffs.

(3) Excludes accretion of ARC's asset retirement obligation ("ARO").

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

ARC has revised 2025 production guidance to incorporate the acquisition of the Kakwa Assets, natural gas production curtailments in the Sunrise area, and year-to-date production from the Attachie area.

Expense guidance has been revised to reflect the Kakwa Assets acquisition, higher water-handling costs in the Kakwa area, and reduced production in the Sunrise area. The increase in interest and financing reflects additional interest payments associated with the issuance of senior notes.

The increase in planned capital expenditures reflects the acquisition of the Kakwa Assets as well as \$50 million towards advancing the development of Attachie Phase II.

For more information regarding ARC's revised 2025 guidance, refer to the news release dated July 31, 2025, entitled "ARC Resources Ltd. Reports Second Quarter 2025 Results, Provides 2025 Revised Guidance, and Announces New Attachie Land Acquisition", available on ARC's website at www.arcresources.com and on SEDAR+ at www.sedarplus.ca.

Exhibit 2

2025 Production Guidance

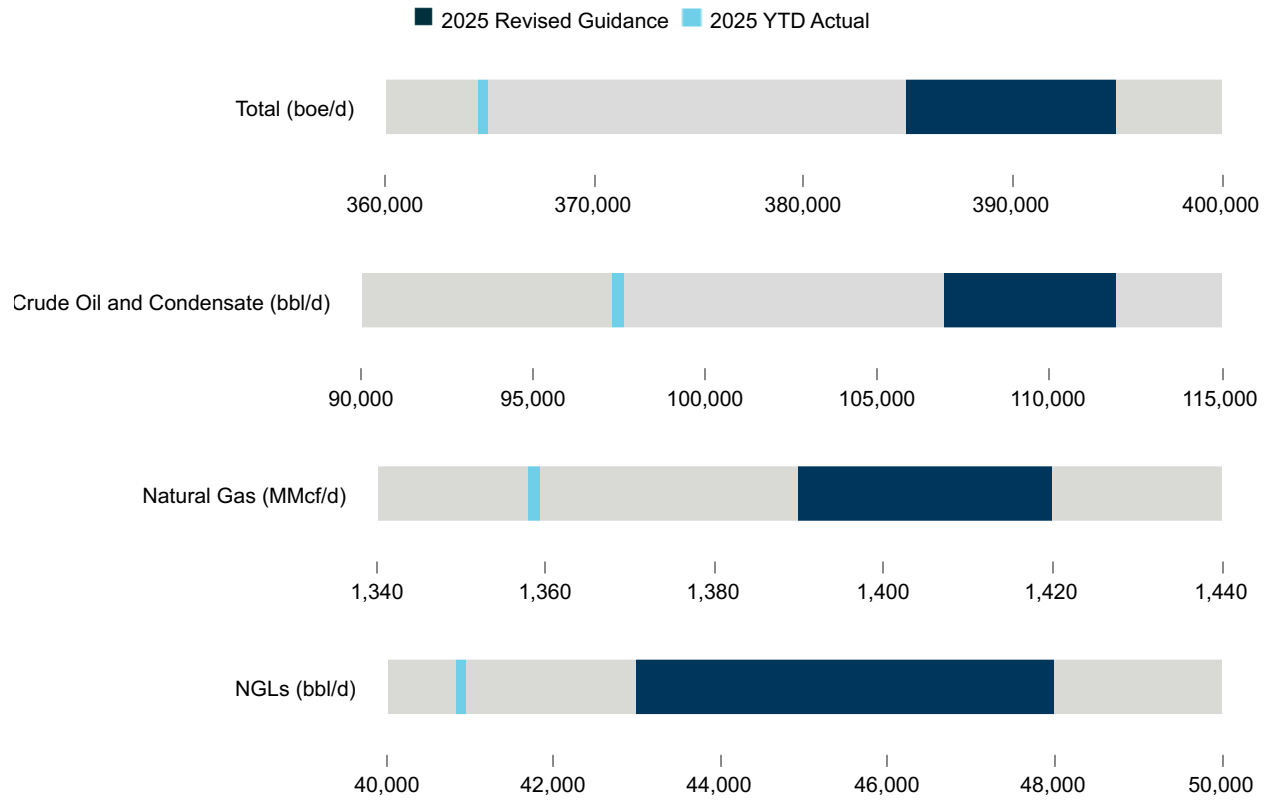
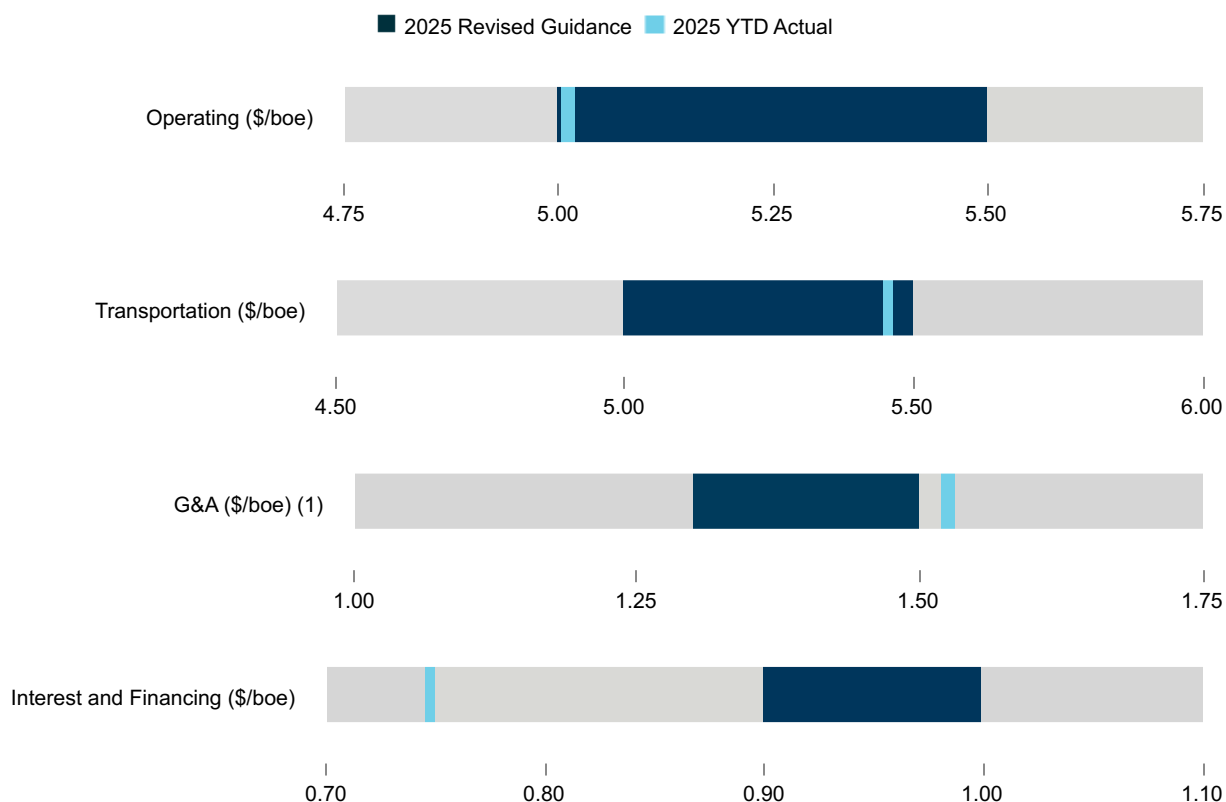


Exhibit 2a

2025 Expense Guidance



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

2025 SECOND QUARTER FINANCIAL AND OPERATIONAL RESULTS

Financial Highlights

Table 3

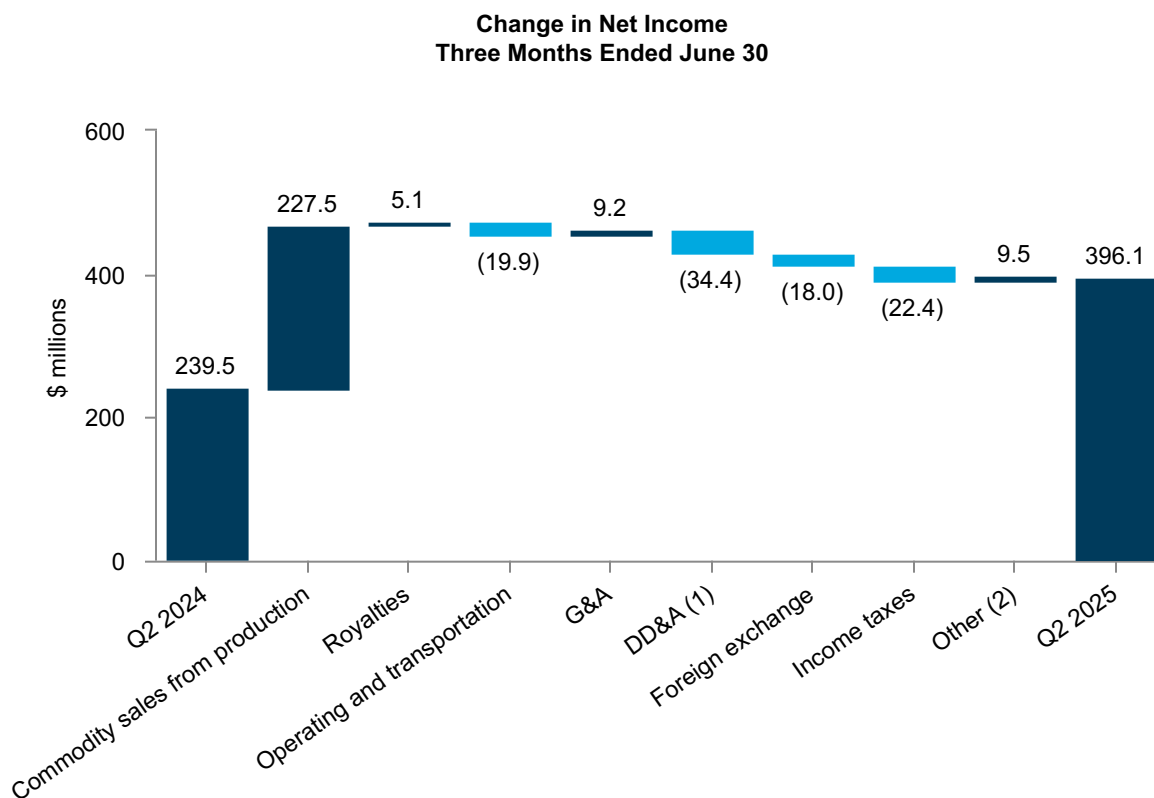
(\$ millions, except per share and production data)	Three Months Ended				Six Months Ended		
	March 31, 2025	June 30, 2025	June 30, 2024	% Change	June 30, 2025	June 30, 2024	% Change
Net income	404.7	396.1	239.5	65	800.8	424.9	88
Net income per share	0.69	0.68	0.40	70	1.36	0.71	92
Cash flow from operating activities	1,013.0	699.1	543.0	29	1,712.1	1,179.3	45
Cash flow from operating activities per share	1.72	1.19	0.91	31	2.91	1.97	48
Funds from operations	857.0	682.1	502.8	36	1,539.1	1,109.7	39
Funds from operations per share	1.45	1.17	0.84	39	2.62	1.85	42
Free funds flow	399.9	185.8	(29.5)	730	585.7	72.8	705
Free funds flow per share	0.68	0.32	(0.05)	740	1.00	0.12	733
Dividends declared per share ⁽¹⁾	0.19	0.19	0.17	12	0.38	0.34	12
Average daily production (boe/d)	372,265	357,228	330,046	8	364,705	341,187	7

(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 second quarter of 2025, ARC recognized net income of \$396.1 million (\$0.68 per share), an increase of \$156.6 million from ARC's second quarter 2024 net income of \$239.5 million (\$0.40 per share). The increase in net income is primarily attributed to an increase in commodity sales from production of \$227.5 million, driven by an increase in production, with the increase in average realized natural gas prices offset by a decrease in average realized crude oil and liquids prices.

Exhibit 3

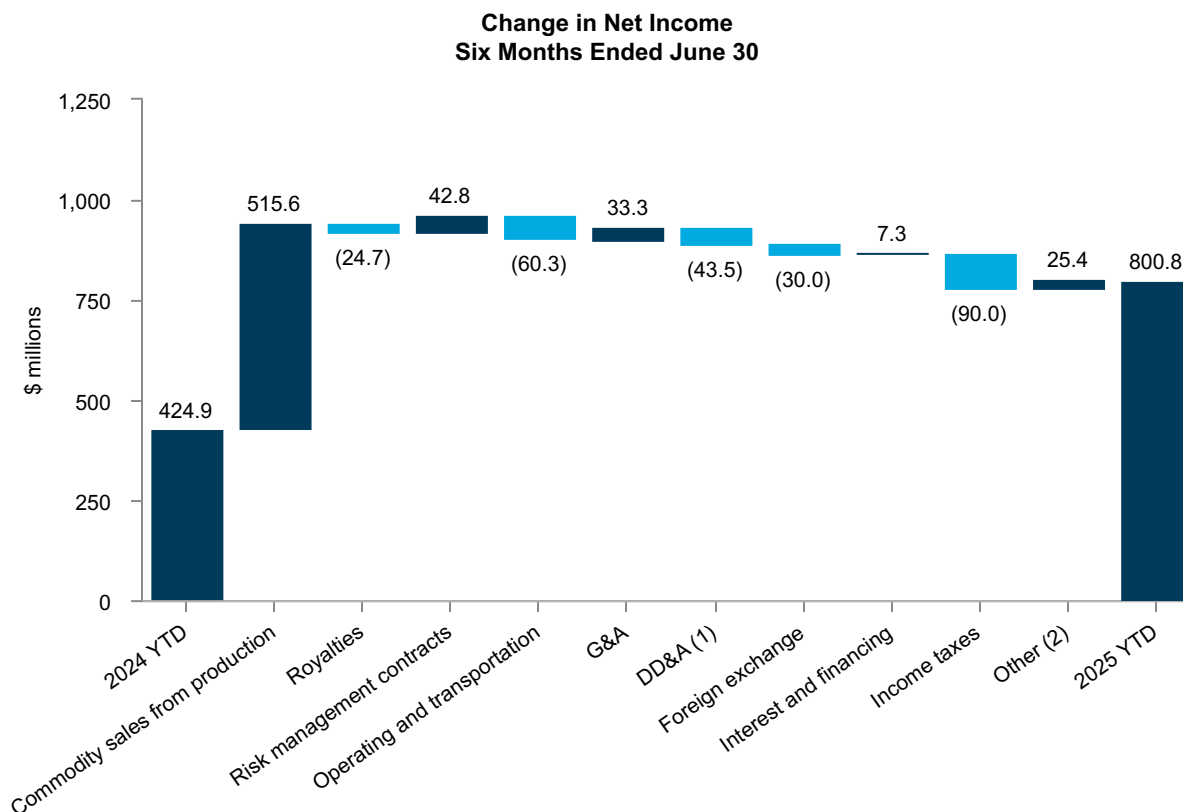


(1) Includes depletion, depreciation and amortization ("DD&A") and impairment of PP&E.

(2) Includes sales from third-party purchases, interest and other income, risk management contracts, third-party purchases, interest and financing, impairment (reversal of impairment) of financial assets, and gain on disposal of crude oil and natural gas assets.

For the six months ended June 30, 2025, ARC recognized net income of \$800.8 million (\$1.36 per share) compared to \$424.9 million (\$0.71 per share) for the same period of the prior year. The \$375.9 million increase in net income is primarily attributed to an increase in commodity sales from production of \$515.6 million, driven by increased production and a higher average realized commodity price.

Exhibit 3a



(1) Includes DD&A and impairment of PP&E.

(2) Includes sales from third-party purchases, interest and other income, third-party purchases, impairment (reversal of impairment) of financial assets, and gain on disposal of crude oil and natural gas assets.

Cash Flow from Operating Activities and Funds from Operations

Cash flow from operating activities for the three months ended June 30, 2025, was \$699.1 million, an increase of \$156.1 million from ARC's second quarter 2024 cash flow from operating activities of \$543.0 million. For the six months ended June 30, 2025, cash flow from operating activities increased to \$1.7 billion from \$1.2 billion for the same period in 2024. The increase in cash flow from operating activities for the three and six months ended June 30, 2025, compared to the same periods in the prior year, primarily reflects higher funds from operations.

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 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 8 "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			Six Months Ended	
	March 31, 2025	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Net income	404.7	396.1	239.5	800.8	424.9
Adjusted for the following non-cash items:					
Unrealized loss (gain) on risk management contracts	84.8	(86.8)	(81.9)	(2.0)	11.6
DD&A and impairment of PP&E	349.3	349.0	314.6	698.3	654.8
Unrealized loss (gain) on foreign exchange	0.7	2.3	(3.0)	3.0	(13.2)
Gain on disposal of crude oil and natural gas assets	—	(4.0)	—	(4.0)	—
Deferred taxes	12.9	24.2	29.2	37.1	24.5
Other	4.6	1.3	4.4	5.9	7.1
Funds from operations	857.0	682.1	502.8	1,539.1	1,109.7
Net change in other liabilities	(47.4)	(7.7)	1.5	(55.1)	(5.2)
Change in non-cash operating working capital	203.4	24.7	38.7	228.1	74.8
Cash flow from operating activities	1,013.0	699.1	543.0	1,712.1	1,179.3

Details of the change in funds from operations from the three and six months ended June 30, 2024 to the three and six months ended June 30, 2025 are included in Table 5 below:

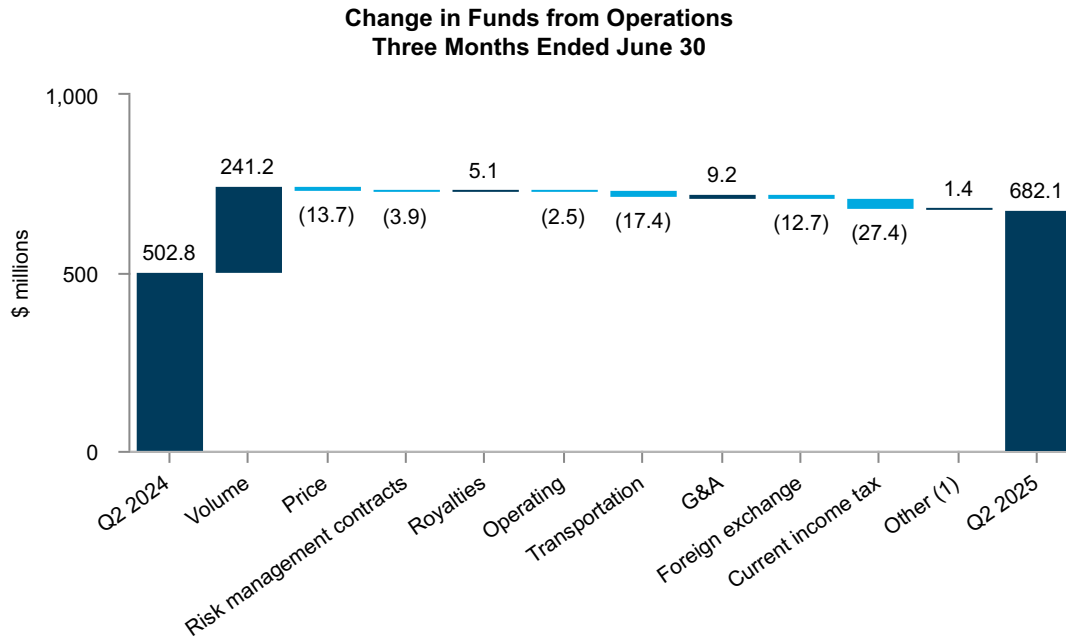
Table 5

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	\$ millions	\$/share	\$ millions	\$/share
Funds from operations – 2024	502.8	0.84	1,109.7	1.85
Production volume variance				
Crude oil and liquids	237.6	0.39	305.2	0.51
Natural gas	3.6	0.01	21.8	0.04
Commodity price variance				
Crude oil and liquids	(172.2)	(0.28)	(100.8)	(0.16)
Natural gas	158.5	0.26	289.4	0.48
Sales from third-party purchases	29.9	0.05	97.4	0.16
Interest and other income	(0.9)	—	8.1	0.01
Realized gain on risk management contracts	(3.9)	(0.01)	29.2	0.05
Royalties	5.1	0.01	(24.7)	(0.04)
Expenses				
Operating	(2.5)	—	(28.4)	(0.05)
Transportation	(17.4)	(0.03)	(31.9)	(0.05)
Third-party purchases	(33.5)	(0.06)	(87.7)	(0.15)
G&A	9.2	0.02	33.3	0.06
Interest and financing	4.7	0.01	7.4	0.01
Realized loss on foreign exchange	(12.7)	(0.02)	(13.8)	(0.02)
Current income tax	(27.4)	(0.05)	(77.4)	(0.13)
Other	1.2	—	2.3	—
Weighted average shares, diluted	—	0.03	—	0.05
Funds from operations – 2025	682.1	1.17	1,539.1	2.62

Funds from operations for the three months ended June 30, 2025, was \$682.1 million (\$1.17 per share), an increase of \$179.3 million from \$502.8 million (\$0.84 per share) for the three months ended June 30, 2024. For the six months ended June 30, 2025, funds from operations was \$1.5 billion (\$2.62 per share) an increase of \$429.4 million from \$1.1 billion (\$1.85 per share) for the six months ended June 30, 2024.

The increase in funds from operations for the three months ended June 30, 2025, is primarily due to an increase in production, with the increase in average realized natural gas prices offset by a decrease in average realized crude oil and liquids prices.

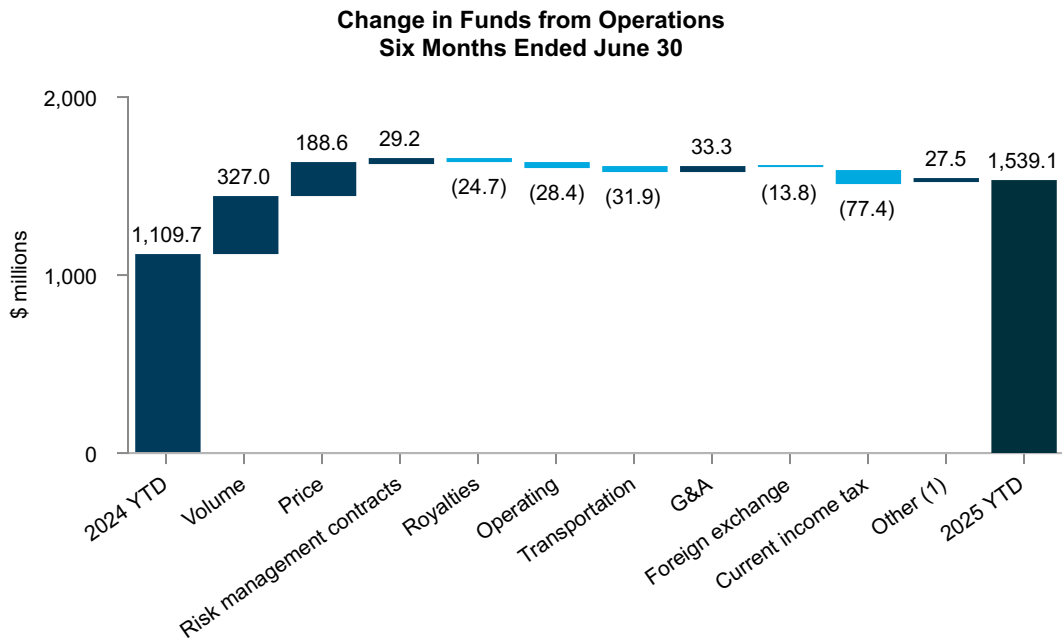
Exhibit 4



(1) Includes sales from third-party purchases, interest and other income, third-party purchases, interest and financing, and other non-cash items.

The increase in funds from operations for the six months ended June 30, 2025, is primarily due to an increase in production and an increase in average realized natural gas prices.

Exhibit 4a



(1) Includes sales from third-party purchases, interest and other income, third-party purchases, interest and financing, and other non-cash items.

Net Income Sensitivity

Table 6 illustrates sensitivities of operating items to business environment and operational changes and the resulting impact on net income:

Table 6

	Assumption	Change	Impact on Annual Net Income	
			Notional Amount (\$ millions)	\$/share
Business Environment ⁽¹⁾				
Crude oil price (\$/bbl)	85.00	10 %	293.2	0.50
Natural gas price (\$/Mcf)	3.71	10 %	230.1	0.39
Cdn\$/US\$ exchange rate	1.41	5 %	219.4	0.37
Interest rate on floating-rate debt (%)	4.78	1 %	1.9	—
Operational ⁽⁵⁾				
Crude oil and liquids production (bbl/d)	138,283	5 %	141.7	0.24
Natural gas production (MMcf/d)	1,359	5 %	16.2	0.03
Royalties (\$/boe)	4.29	5 %	21.9	0.04
Operating (\$/boe)	5.01	5 %	25.6	0.04
Transportation (\$/boe)	5.46	5 %	27.9	0.05
G&A (\$/boe)	1.57	5 %	8.0	0.01

(1) Calculations are performed independently and may not be indicative of actual results that would occur when multiple variables change at the same time. The subsequent impact on risk management contracts is not included.

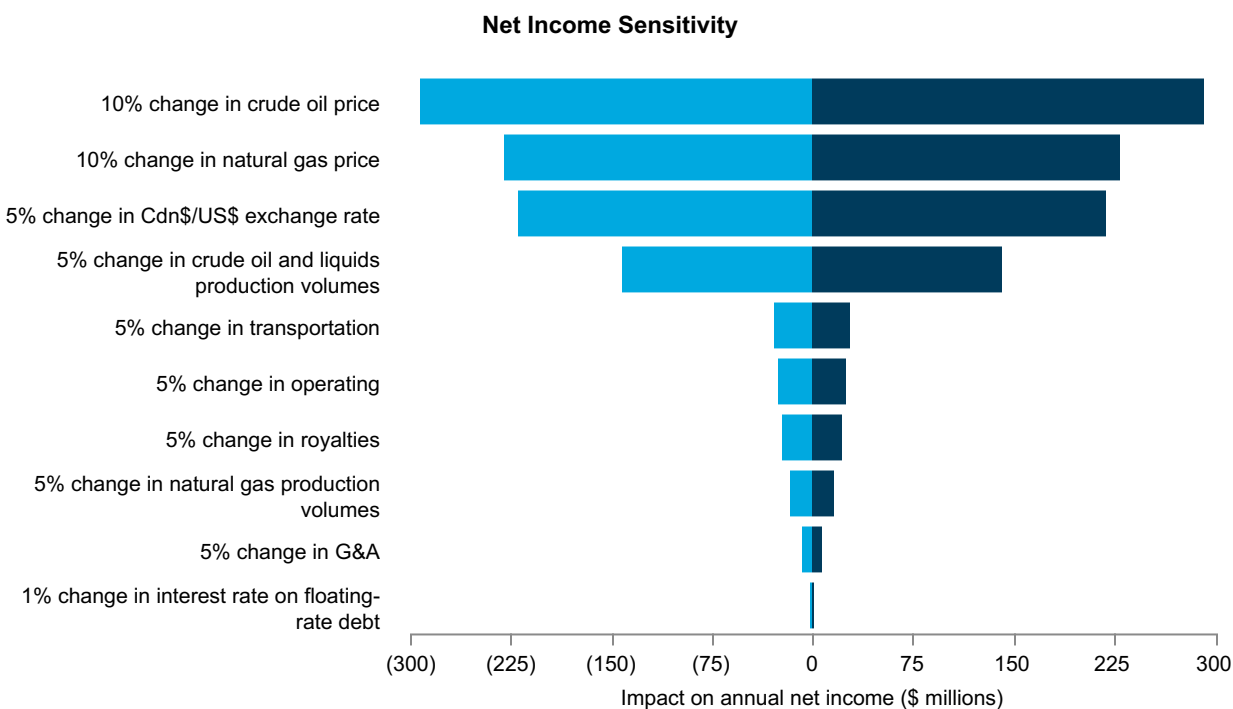
(2) Prices and rates are indicative of ARC's average realized commodity prices for the six months ended June 30, 2025. Refer to Table 10 contained within this MD&A for additional details. The calculated impact on net income is indicative of changes in the underlying benchmark prices and differentials and would only be applicable within a limited range of these amounts.

(3) Includes the impact on crude oil, condensate, and NGLs prices.

(4) Includes impact of foreign exchange on crude oil, condensate, natural gas, and NGLs prices that are realized in US dollars.

(5) Operational assumptions are based upon results for the six months ended June 30, 2025 and the calculated impact on net income would only be applicable within a limited range of these amounts.

Exhibit 5



Production

A breakdown of production by product type and percentage of production by product type is outlined in Table 7:

Table 7

Production	Three Months Ended				Six Months Ended		
	March 31, 2025	June 30, 2025	June 30, 2024	% Change	June 30, 2025	June 30, 2024	% Change
Crude oil (bbl/d)	8,038	9,405	6,403	47	8,726	7,240	21
Condensate (bbl/d)	86,296	90,994	68,310	33	88,658	71,453	24
NGLs (bbl/d)	42,821	38,999	40,994	(5)	40,899	45,203	(10)
Crude oil and liquids (bbl/d)	137,155	139,398	115,707	20	138,283	123,896	12
Natural gas (MMcf/d)	1,411	1,307	1,286	2	1,359	1,304	4
Total production (boe/d)	372,265	357,228	330,046	8	364,705	341,187	7
Natural gas production (%)	63	61	65	(4)	62	64	(2)
Crude oil and liquids production (%)	37	39	35	4	38	36	2

For the three and six months ended June 30, 2025, total production increased eight per cent and seven per cent, respectively, as compared to the same periods of the prior year.

For the three and six months ended June 30, 2025, crude oil and liquids production increased 20 per cent and 12 per cent, respectively, as compared to the same periods in the prior year. The increase for the three and six months ended June 30, 2025, was primarily due to new production from ARC's Attachie Phase I facility.

For the three and six months ended June 30, 2025, natural gas production increased two per cent and four per cent, respectively, as compared to the same periods in the prior year. The increase for the three and six months ended June 30, 2025, was primarily due to new production from ARC's Attachie Phase 1 facility and increased production in the Kakwa and Greater Dawson areas with less scheduled maintenance required, partially offset by the deliberate curtailment of production from the Sunrise area in response to low Western Canadian natural gas prices.

Exhibit 6

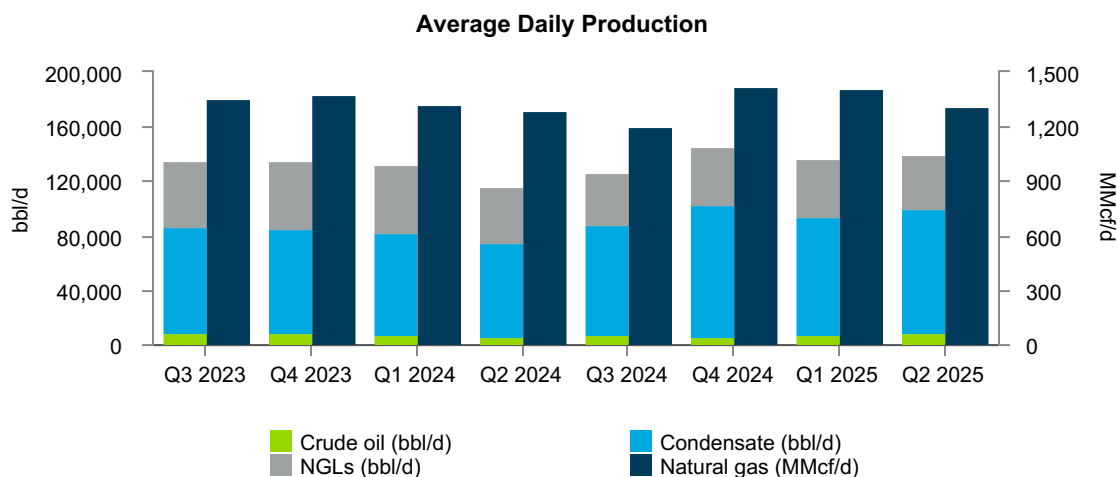


Table 8 summarizes ARC's production by core area for the three months ended June 30, 2025 and June 30, 2024:

Table 8

Three Months Ended June 30, 2025					
Production	Total	Crude Oil	Condensate	Natural Gas	NGLs
Core Area	(boe/d)	(bbl/d)	(bbl/d)	(MMcf/d)	(bbl/d)
Kakwa	169,622	17	65,474	463.9	26,815
Greater Dawson	93,616	574	11,326	443.0	7,905
Sunrise	46,286	—	370	274.8	114
Attachie	26,833	—	13,195	63.5	3,059
Ante Creek	21,569	8,814	628	61.8	1,826
All other	(698)	—	1	—	(720)
Total	357,228	9,405	90,994	1,307.0	38,999

Three Months Ended June 30, 2024					
Production	Total	Crude Oil	Condensate	Natural Gas	NGLs
Core Area	(boe/d)	(bbl/d)	(bbl/d)	(MMcf/d)	(bbl/d)
Kakwa	159,756	22	54,265	441.5	31,880
Greater Dawson	88,299	397	11,741	411.8	7,525
Sunrise	61,057	—	284	364.1	98
Attachie	2,922	—	1,489	8.1	77
Ante Creek	18,052	5,820	531	60.3	1,654
All other	(40)	164	—	0.2	(240)
Total	330,046	6,403	68,310	1,286.0	40,994

Exhibit 7

**Average Daily Production by Core Area
Three Months Ended June 30, 2025**

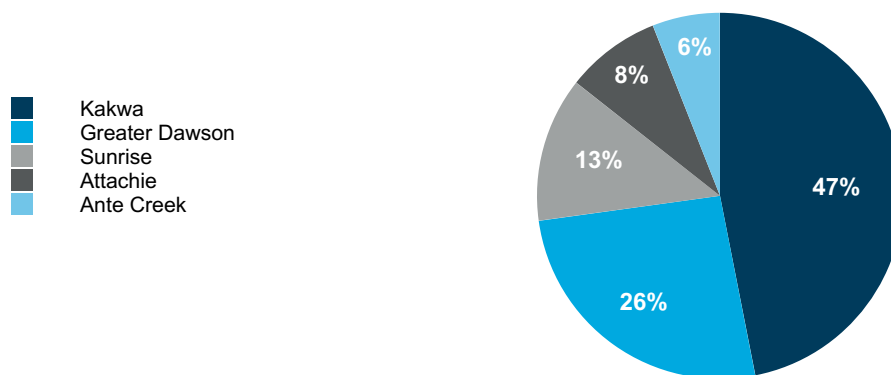


Table 8a summarizes ARC's production by core area for the six months ended June 30, 2025 and June 30, 2024:

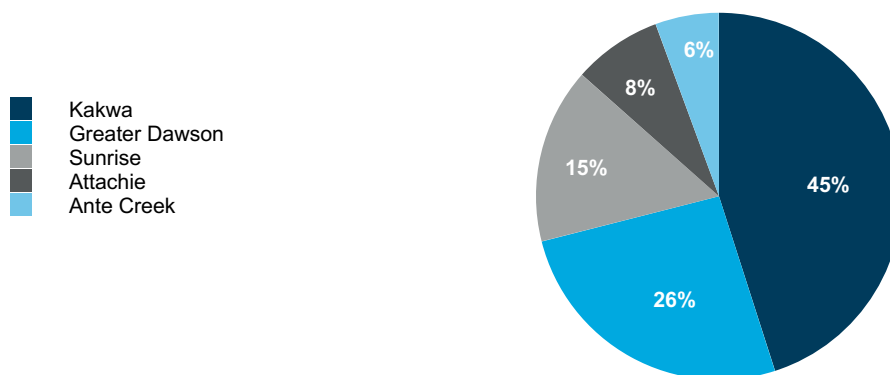
Table 8a

Six Months Ended June 30, 2025					
Production	Total	Crude Oil	Condensate	Natural Gas	NGLs
Core Area	(boe/d)	(bbl/d)	(bbl/d)	(MMcf/d)	(bbl/d)
Kakwa	166,049	19	62,550	456.5	27,391
Greater Dawson	95,791	629	11,263	453.1	8,406
Sunrise	53,419	—	261	318.4	83
Attachie	28,947	—	13,966	69.1	3,465
Ante Creek	20,725	8,077	617	61.4	1,795
All other	(226)	1	1	—	(241)
Total	364,705	8,726	88,658	1,358.5	40,899

Six Months Ended June 30, 2024					
Production	Total	Crude Oil	Condensate	Natural Gas	NGLs
Core Area	(boe/d)	(bbl/d)	(bbl/d)	(MMcf/d)	(bbl/d)
Kakwa	167,817	22	58,269	445.1	35,335
Greater Dawson	89,891	577	10,988	423.9	7,676
Sunrise	60,477	—	234	361.0	82
Attachie	2,695	—	1,363	7.6	69
Ante Creek	19,784	6,463	598	65.5	1,811
All other	523	178	1	0.7	230
Total	341,187	7,240	71,453	1,303.8	45,203

Exhibit 7a

**Average Daily Production by Core Area
Six Months Ended June 30, 2025**



Commodity Sales from Production

For both the three and six months ended June 30, 2025, commodity sales from production increased by 23 per cent as compared to the same periods in 2024. The increase for the three months ended June 30, 2025 is due to an increase in production volumes. The increase for the six months ended June 30, 2025 is due to an increase in production volumes and a higher average realized commodity price, driven by an increase in natural gas prices.

A breakdown of commodity sales from production by product and percentage of commodity sales from production by product type is outlined in Tables 9 and 9a:

Table 9

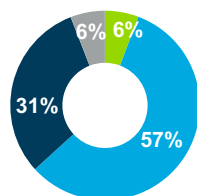
Commodity Sales from Production, by Product Type (\$ millions)	Three Months Ended				Six Months Ended		
	March 31, 2025	June 30, 2025	June 30, 2024	% Change	June 30, 2025	June 30, 2024	% Change
Crude oil	63.6	70.6	58.4	21	134.2	120.0	12
Condensate	771.1	706.7	645.0	10	1,477.8	1,287.0	15
Natural gas	532.3	379.5	217.4	75	911.8	600.6	52
NGLs	123.2	72.4	80.9	(11)	195.6	196.2	—
Commodity sales from production	1,490.2	1,229.2	1,001.7	23	2,719.4	2,203.8	23

Table 9a

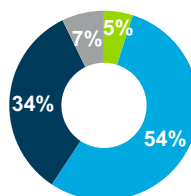
% of Commodity Sales from Production by Product Type	Three Months Ended				Six Months Ended		
	March 31, 2025	June 30, 2025	June 30, 2024	% Change	June 30, 2025	June 30, 2024	% Change
Crude oil and liquids	64	69	78	(9)	66	73	(7)
Natural gas	36	31	22	9	34	27	7
Commodity sales from production	100	100	100	—	100	100	—

Exhibit 8

**Commodity Sales from Production by Product
Three Months Ended
June 30, 2025**



**Commodity Sales from Production by Product Type
Six Months Ended
June 30, 2025**



Commodity Prices

A listing of benchmark commodity prices and ARC's average realized commodity prices are outlined in Table 10:

Table 10

	Three Months Ended				Six Months Ended		
	March 31, 2025	June 30, 2025	June 30, 2024	% Change	June 30, 2025	June 30, 2024	% Change
Average Benchmark Prices							
WTI crude oil (US\$/bbl)	71.42	63.68	80.66	(21)	67.52	78.81	(14)
Cdn\$/US\$ exchange rate	1.44	1.38	1.37	1	1.41	1.36	4
WTI crude oil (Cdn\$/bbl)	102.84	87.88	110.50	(20)	95.20	107.18	(11)
Peace Sour Price at Edmonton (Cdn\$/bbl)	92.19	82.06	101.42	(19)	87.01	93.20	(7)
Condensate Stream Price at Edmonton (Cdn\$/bbl)	100.60	88.05	105.73	(17)	94.19	102.31	(8)
NYMEX Henry Hub Last Day Settlement (US\$/MMBtu)	3.65	3.44	1.89	82	3.55	2.07	71
Chicago Citygate Monthly Index (US\$/MMBtu)	3.93	2.99	1.60	87	3.46	2.05	69
AECO 7A Monthly Index (Cdn\$/Mcf)	2.02	2.07	1.44	44	2.05	1.74	18
ARC Average Realized Commodity Prices ⁽¹⁾							
Crude oil (\$/bbl)	87.90	82.56	100.28	(18)	85.00	91.10	(7)
Condensate (\$/bbl)	99.28	85.35	103.73	(18)	92.09	98.96	(7)
Natural gas (\$/Mcf)	4.19	3.19	1.86	72	3.71	2.53	47
NGLs (\$/bbl)	31.98	20.39	21.69	(6)	26.42	23.85	11
Average realized commodity price (\$/boe)	44.48	37.81	33.35	13	41.20	35.49	16

(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 decreased 11 per cent in the second quarter of 2025 compared to the prior quarter and 21 per cent compared to the second quarter of 2024. Crude oil prices decreased during the quarter due to a larger-than-expected supply increase from several large crude oil-producing countries as well as shifting United States trade policy that weakened the global economic outlook. Geopolitical tensions in the Middle East had the potential for significant supply disruptions, causing crude oil price volatility for the period.

The Edmonton condensate benchmark price decreased 12 per cent in the second quarter of 2025 compared to the prior quarter and 17 per cent compared to the second quarter of 2024. With limited change in local market fundamentals and pricing differentials, Western Canadian condensate pricing remained aligned with WTI crude oil pricing in the quarter.

Average NYMEX Henry Hub natural gas prices decreased six per cent in the second quarter of 2025 compared to the prior quarter and increased 82 per cent compared to the second quarter of 2024. Natural gas prices declined slightly during the quarter due to increased production and reduced weather-related demand, resulting in elevated natural gas inventory levels.

The AECO 7A Monthly Index increased two per cent in the second quarter of 2025 compared to the prior quarter and 44 per cent compared to the second quarter of 2024. Pricing remained relatively unchanged during the quarter, reflecting stable production and export levels.

ARC's Average Realized Commodity Prices

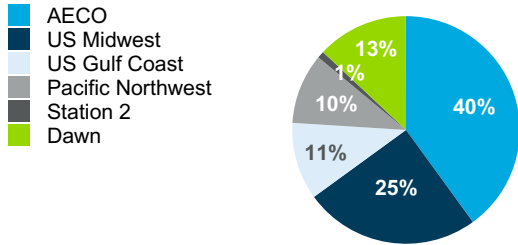
For the three months ended June 30, 2025, both ARC's average realized crude oil and condensate prices decreased 18 per cent, compared to the same periods of the prior year. For the six months ended June 30, 2025, both ARC's average realized crude oil and condensate prices decreased seven per cent, compared to the same periods of the prior year. The decreases for the three and six months ended June 30, 2025, primarily reflect a weaker WTI benchmark price, partially offset by narrower differentials between WTI and Canadian benchmark prices.

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.

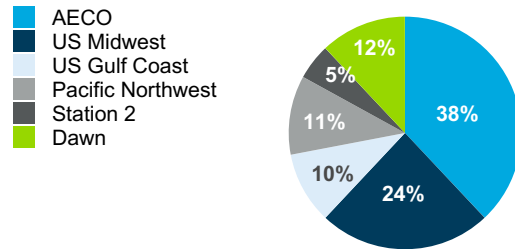
ARC's average realized natural gas price increased 72 per cent and 47 per cent for the three and six months ended June 30, 2025, respectively, compared to the same periods of the prior year. The increases are primarily due to stronger benchmark prices in most North American markets.

Exhibit 9

**Natural Gas Sales by Sales Point
Three Months Ended
June 30, 2025**



**Natural Gas Sales by Sales Point
Six Months Ended
June 30, 2025**

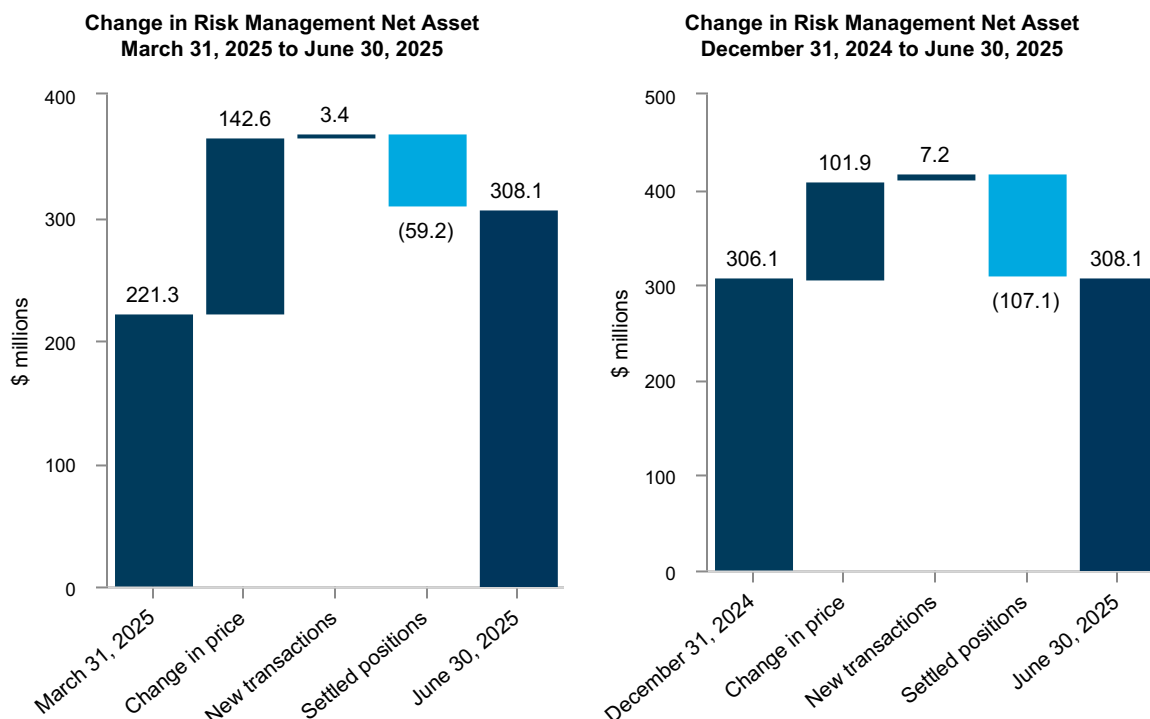


During the six months ended June 30, 2025, ARC entered into a long-term LNG sale and purchase agreement (the "Agreement") with ExxonMobil LNG Asia Pacific ("EMLAP"). Under the Agreement, EMLAP will purchase all of ARC's LNG offtake from the Cedar LNG Project, approximately 1.5 million tonnes per annum, at international LNG pricing. For additional information, refer to the news release dated March 11, 2025, entitled "*ARC Resources Ltd. Announces Long-Term Sale and Purchase Agreement with ExxonMobil*", available on ARC's website at www.arcresources.com and on SEDAR+ at www.sedarplus.ca.

Risk Management Contracts

The fair value of ARC's risk management contracts at June 30, 2025 was a net asset of \$308.1 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 asset of \$57.1 million from crude oil contracts, a net asset of \$242.4 million from natural gas contracts, and a net asset of \$8.6 million from foreign currency contracts.

Exhibit 10



Tables 11 and 11a summarize the gain or loss on risk management contracts for the three and six months ended June 30, 2025 compared to the same periods in 2024:

Table 11

Risk Management Contracts (\$ millions)	Crude Oil & Condensate	Natural Gas	Embedded Derivative ⁽¹⁾	Foreign Currency	Q2 2025 Total	Q2 2024 Total
Realized gain on risk management contracts ⁽²⁾	18.3	41.3	—	0.3	59.9	63.8
Unrealized gain (loss) on risk management contracts ⁽³⁾	18.7	(11.4)	57.5	22.0	86.8	81.9
Gain on risk management contracts	37.0	29.9	57.5	22.3	146.7	145.7

(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.

Table 11a

Risk Management Contracts (\$ millions)	Crude Oil & Condensate	Natural Gas	Embedded Derivative⁽¹⁾	Foreign Currency	2025 YTD Total	2024 YTD Total
Realized gain (loss) on risk management contracts ⁽²⁾	20.4	92.7	—	(3.2)	109.9	80.7
Unrealized gain (loss) on risk management contracts ⁽³⁾	19.7	(66.8)	24.0	25.1	2.0	(11.6)
Gain on risk management contracts	40.1	25.9	24.0	21.9	111.9	69.1

(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 and six months ended June 30, 2025, primarily reflects cash settlements received on WTI crude oil, 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 June 30, 2025, is primarily the result of higher natural gas prices relative to contract prices, partially offset by lower WTI crude oil prices relative to contract prices. The increase in realized gain on risk management contracts for the six months ended June 30, 2025, compared to the same period of the prior year, is primarily the result of lower WTI crude oil prices relative to contract prices, partially offset by higher natural gas prices relative to contract prices.

ARC's unrealized gain on risk management contracts for the three and six months ended June 30, 2025, primarily reflects the revaluation of WTI crude oil and foreign exchange contracts outstanding with lower forward pricing, as well as widening differentials between North American and international gas prices. The change in the unrealized gain on risk management contracts for the three and six months ended June 30, 2025, as compared to the same periods of the prior year, reflects the difference between average commodity prices and contracts prices as well as contract settlements.

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 12 summarizes the details of the agreements:

Table 12

	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 \$57.5 million and \$24.0 million for the three and six months ended June 30, 2025 (\$13.4 million and \$17.4 million for the three and six months ended June 30, 2024), respectively. At June 30, 2025, the fair value of the embedded derivatives was \$49.2 million (\$25.2 million at December 31, 2024). 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 9 "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 and six months ended June 30, 2025 compared to the same periods in 2024 are summarized in Tables 13 and 13a:

Table 13

Netback (\$ millions) ⁽¹⁾	Three Months Ended				Six Months Ended		
	March 31, 2025	June 30, 2025	June 30, 2024	% Change	June 30, 2025	June 30, 2024	% Change
Commodity sales from production	1,490.2	1,229.2	1,001.7	23	2,719.4	2,203.8	23
Royalties	(162.8)	(120.7)	(125.8)	(4)	(283.5)	(258.8)	10
Operating	(162.5)	(168.1)	(165.6)	2	(330.6)	(302.2)	9
Transportation	(186.0)	(174.1)	(156.7)	11	(360.1)	(328.2)	10
Netback	978.9	766.3	553.6	38	1,745.2	1,314.6	33

(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.

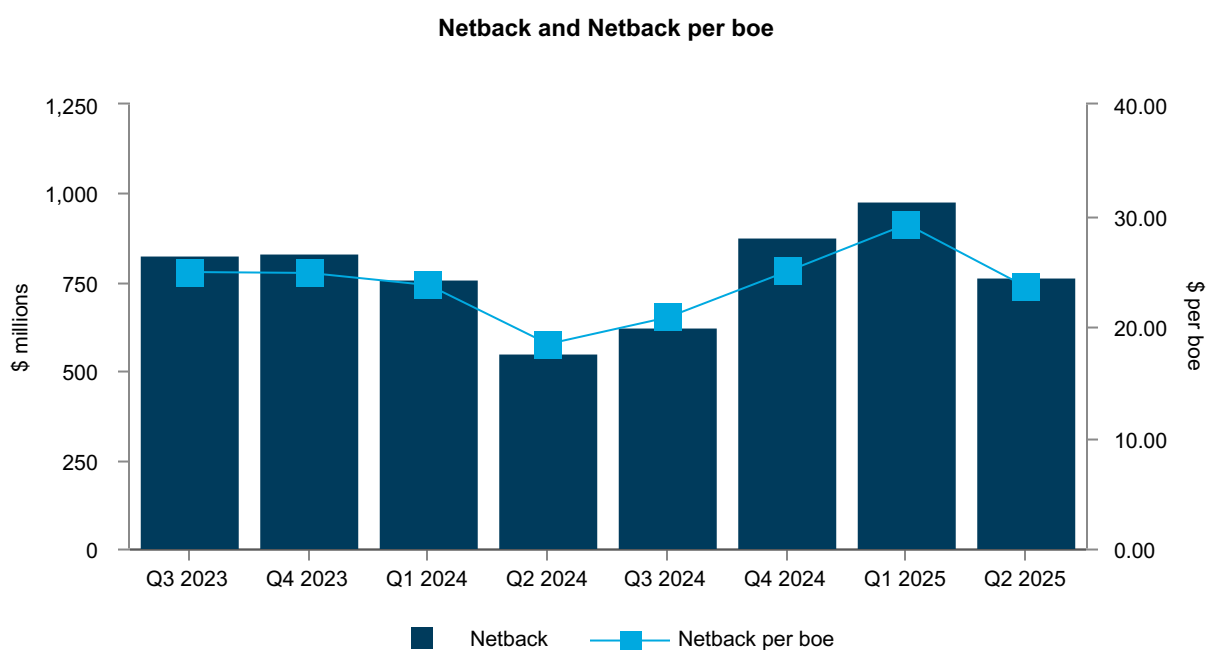
Table 13a

Netback per boe (\$ per boe) ⁽¹⁾	Three Months Ended				Six Months Ended		
	March 31, 2025	June 30, 2025	June 30, 2024	% Change	June 30, 2025	June 30, 2024	% Change
Commodity sales from production ⁽²⁾	44.48	37.81	33.35	13	41.20	35.49	16
Royalties ⁽²⁾	(4.86)	(3.71)	(4.19)	(11)	(4.29)	(4.16)	3
Operating	(4.85)	(5.17)	(5.51)	(6)	(5.01)	(4.87)	3
Transportation	(5.55)	(5.36)	(5.22)	3	(5.46)	(5.29)	3
Netback per boe	29.22	23.57	18.43	28	26.44	21.17	25

(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 11



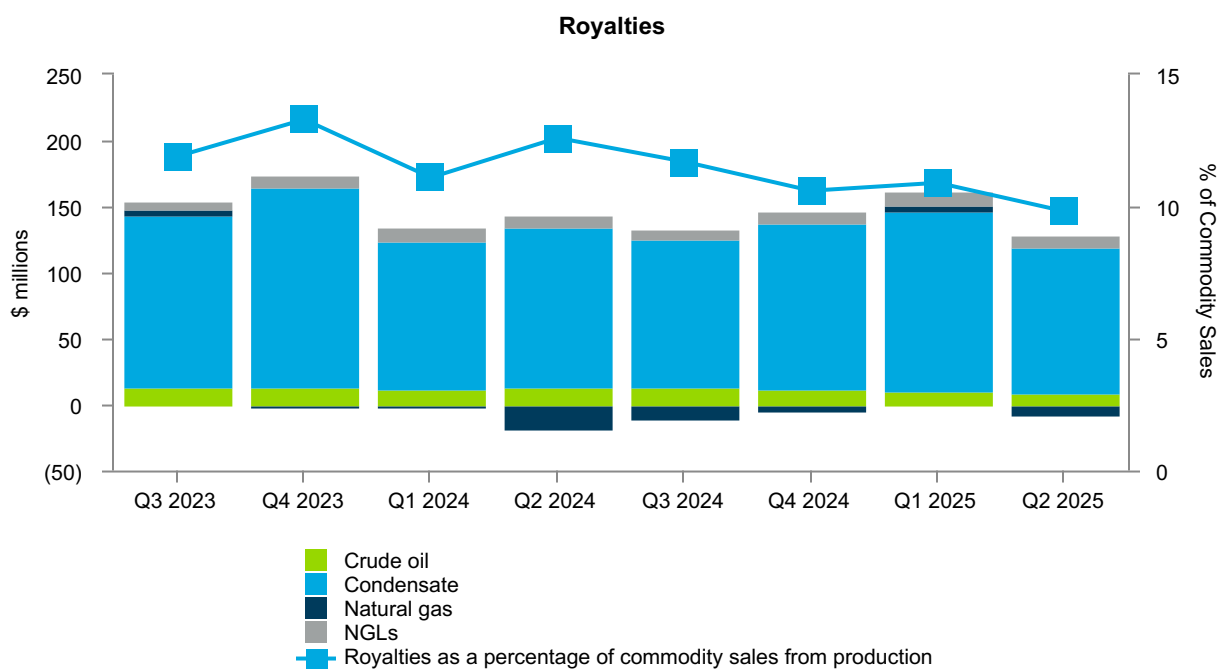
Royalties

Royalties for the three months ended June 30, 2025 decreased four per cent to \$120.7 million from \$125.8 million for the same period in 2024. Royalties for the six months ended June 30, 2025 increased 10 per cent to \$283.5 million from \$258.8 million for the same period in 2024. The decrease in royalties for the three months ended June 30, 2025, as compared to the same period of the prior year, is primarily due to a decrease in average realized commodity prices for crude oil and liquids, partially offset by an increase in production. The increase for the six months ended June 30, 2025, as compared to the same period of the prior year, is primarily due to an increase in production, partially offset by a decrease in average realized commodity prices for crude oil and liquids.

Royalties as a percentage of commodity sales from production⁽¹⁾ decreased to 10 per cent (\$3.71 per boe) in the second quarter of 2025 from 13 per cent (\$4.19 per boe) in the second quarter of 2024. For the six months ended June 30, 2025, royalties represented 10 per cent (\$4.29 per boe) of commodity sales from production as compared to 12 per cent (\$4.16 per boe) for the same period in 2024. The decrease in royalties as a percentage of commodity sales from production for the three and six months ended June 30, 2025, primarily reflects lower average royalty rates due to decreased crude oil and liquids prices, as compared to the same periods in 2024.

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

Exhibit 12



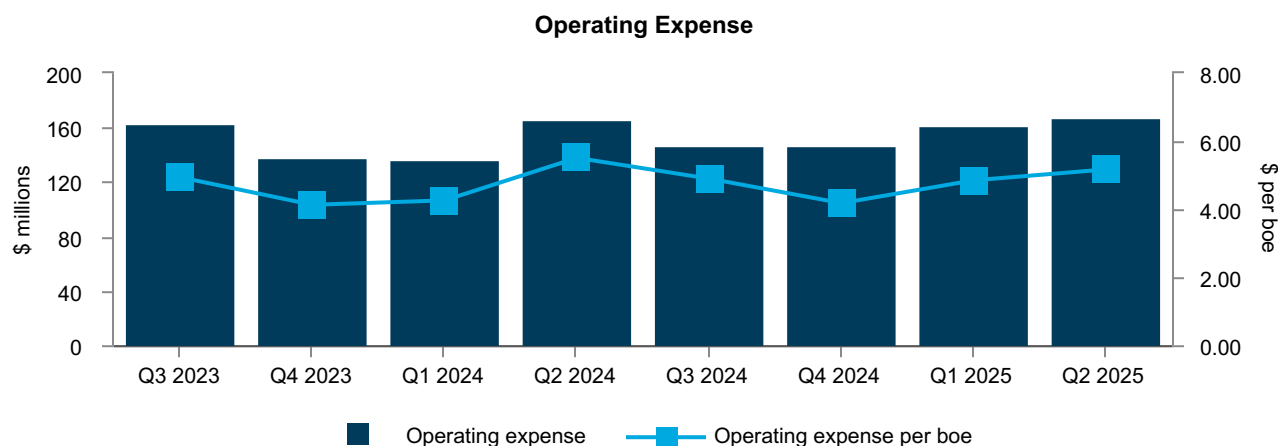
Operating

Operating expense for the three months ended June 30, 2025 was \$168.1 million, an increase of two per cent from \$165.6 million for the three months ended June 30, 2024. For the six months ended June 30, 2025, operating expense was \$330.6 million, an increase of nine per cent from \$302.2 million in the same period of the prior year.

Operating expense for the three and six months ended June 30, 2025 increased compared to the same periods of the prior year with the addition of ARC's Attachie Phase I facility and an increase in water-handling costs in the Kakwa area. This was partially offset by a decrease of maintenance costs, with less scheduled maintenance required compared to the same periods of the prior year.

Operating expense per boe for the three months ended June 30, 2025 was \$5.17 per boe, a decrease of six per cent from \$5.51 per boe for the three months ended June 30, 2024. For the six months ended June 30, 2025, operating expense was \$5.01 per boe, an increase of three per cent from \$4.87 per boe in the same period of the prior year.

Exhibit 13



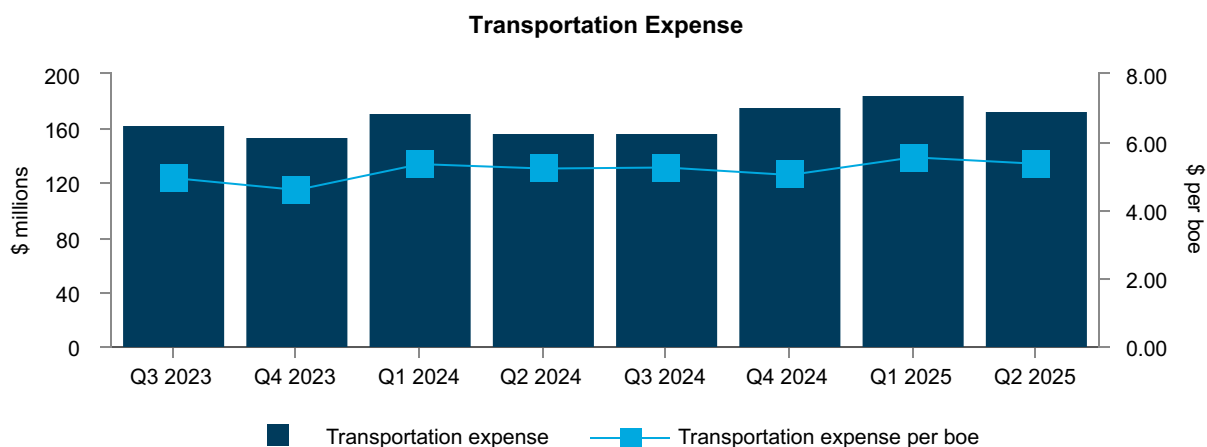
Transportation

Transportation expense for the three and six months ended June 30, 2025 was \$174.1 million and \$360.1 million, an increase of 11 per cent and 10 per cent, from \$156.7 million and \$328.2 million for the three and six months ended June 30, 2024, respectively.

The increase in transportation expense for the three and six months ended June 30, 2025, relative to the same periods in 2024, is primarily due to an increase in condensate transportation costs, reflecting the increase in condensate production.

Transportation expense per boe for the three and six months ended June 30, 2025 was \$5.36 per boe and \$5.46 per boe, an increase of three per cent from \$5.22 per boe and \$5.29 per boe for both the three and six months ended June 30, 2024, respectively.

Exhibit 14



G&A

G&A expense before share-based compensation expense for the three months ended June 30, 2025 was \$41.1 million, unchanged from \$41.2 million for the three months ended June 30, 2024. For the six months ended June 30, 2025, ARC's G&A expense before share-based compensation expense was \$77.1 million, an eight per cent decrease from \$84.2 million for the same period of the prior year. The decrease is primarily due to a decrease in consulting and information technology costs associated with an enterprise system implementation project that concluded in 2024.

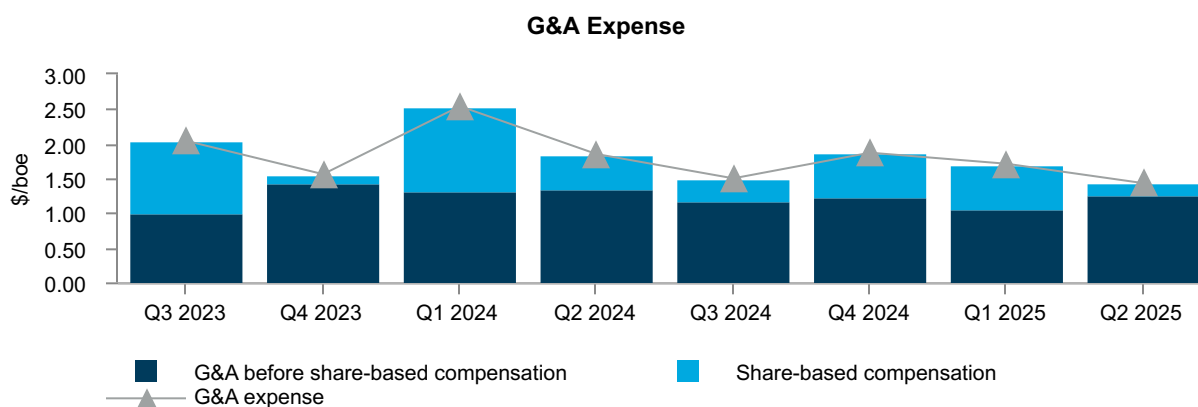
During the three and six months ended June 30, 2025, ARC recognized G&A expense of \$5.4 million and \$26.7 million, respectively, associated with its share-based compensation plans, compared to \$14.5 million and \$52.9 million during the same periods of the prior year. The change for the three and six months ended June 30, 2025, compared to the same periods 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 14 is a breakdown of G&A expense:

Table 14

G&A Expense (\$ millions, except per boe)	Three Months Ended				Six Months Ended		
	March 31, 2025	June 30, 2025	June 30, 2024	% Change	June 30, 2025	June 30, 2024	% Change
G&A expense before share-based compensation expense	36.0	41.1	41.2	—	77.1	84.2	(8)
G&A – share-based compensation expense	21.3	5.4	14.5	(63)	26.7	52.9	(50)
G&A expense	57.3	46.5	55.7	(17)	103.8	137.1	(24)
G&A expense before share-based compensation expense per boe	1.07	1.26	1.37	(8)	1.17	1.36	(14)
G&A – share-based compensation expense per boe	0.64	0.17	0.48	(65)	0.40	0.85	(53)
G&A expense per boe	1.71	1.43	1.85	(23)	1.57	2.21	(29)

Exhibit 15



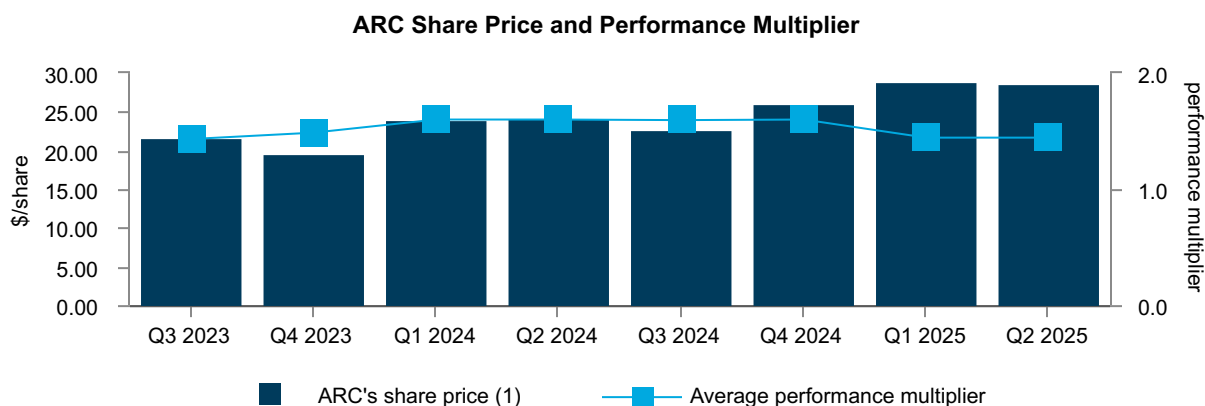
Share-based Compensation Plans

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 20 "Share-based Compensation Plans" of ARC's audited consolidated financial statements as at and for the year ended December 31, 2024.

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

At June 30, 2025, ARC had 1.5 million RSUs and 2.7 million PSUs outstanding under these plans. For the three and six months ended June 30, 2025, ARC recognized G&A in relation to its RSU and PSU Plans of \$4.7 million and \$22.0 million (\$13.1 million and \$45.4 million for the three and six months ended June 30, 2024), respectively. The change in expense recognized for the three and six months ended June 30, 2025 reflects the change in valuation of awards outstanding throughout the respective periods.

Exhibit 16



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

Table 15 shows the changes to the outstanding RSU and PSU awards during the six months ended June 30, 2025:

Table 15

RSU and PSU Plans (number of awards, thousands)	RSUs	PSUs ⁽¹⁾	Total RSUs and PSUs
Balance, December 31, 2024	1,557	2,862	4,419
Granted	333	899	1,232
Distributed	(384)	(950)	(1,334)
Forfeited	(36)	(136)	(172)
Balance, June 30, 2025 ⁽²⁾	1,470	2,675	4,145

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

(2) Includes 3,568 RSUs that were acquired through a business combination which are eligible for continuation and exercise (the "Acquired Plans").

Due to the variability in the expected future payments under the plans, ARC estimates that between \$42.1 million and \$195.7 million could be paid out in 2025 through 2028 based on possible future changes to ARC's period-end share price, accrued dividends, market performance relative to peers, and corporate scorecard results. Table 16 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 June 30, 2025:

Table 16

Value of RSU and PSU Awards as at June 30, 2025 (awards thousands and \$ millions, except per share)	Performance Multiplier		
	—	1.0	2.0
Estimated awards to vest ⁽¹⁾			
RSUs	1,466	1,466	1,466
PSUs	—	2,675	5,350
Total awards	1,466	4,141	6,816
Share price ⁽²⁾	28.71	28.71	28.71
Value of RSU and PSU awards upon vesting	42.1	118.9	195.7
2025	13.4	26.6	39.8
2026	16.6	44.9	73.1
2027	9.2	33.2	57.2
2028	2.9	14.2	25.6

(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 June 30, 2025.

Share Option Plans

At June 30, 2025, ARC had 0.5 million share options outstanding with a weighted average exercise price of \$20.32. All share options pertain to the Acquired Plans and were exercisable at June 30, 2025.

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

At June 30, 2025, ARC had 0.7 million restricted shares outstanding under the LTRSA Plan. ARC recognized G&A of \$0.2 million and \$0.4 million relating to the LTRSA Plan during the three and six months ended June 30, 2025 (\$0.2 million and \$0.5 million for the three and six months ended June 30, 2024), respectively.

Deferred Share Unit ("DSU") Plans

At June 30, 2025, ARC had 1.1 million DSUs outstanding, including 0.3 million DSUs outstanding under the Acquired Plans. For the three and six months ended June 30, 2025, G&A of \$0.5 million and \$4.3 million was recognized in relation to the DSU Plans (\$1.2 million and \$7.0 million for the three and six months ended June 30, 2024), respectively.

Interest and Financing

Interest and financing expense for the three and six months ended June 30, 2025 was \$27.8 million and \$56.5 million (\$0.86 per boe for both periods), respectively, compared to \$32.6 million and \$63.8 million (\$1.09 per boe and \$1.03 per boe) for the same periods of the prior year. The decrease for the three and six months ended June 30, 2025, as compared to the same periods of the prior year, is primarily the result of a decrease in short-term borrowing costs related to draws on ARC's credit facility, and a decrease in financing expense associated with lower lease obligations.

A breakdown of interest and financing expense is shown in Table 17:

Table 17

Interest and Financing (\$ millions, except per boe amounts)	Three Months Ended				Six Months Ended		
	March 31, 2025	June 30, 2025	June 30, 2024	% Change	June 30, 2025	June 30, 2024	% Change
Bank debt and long-term notes	12.6	11.9	15.3	(22)	24.5	29.5	(17)
Lease obligations	12.5	12.4	13.7	(9)	24.9	27.3	(9)
Accretion on ARO	3.6	3.5	3.6	(3)	7.1	7.0	1
Interest and financing	28.7	27.8	32.6	(15)	56.5	63.8	(11)
Interest and financing per boe	0.86	0.86	1.09	(21)	0.86	1.03	(17)

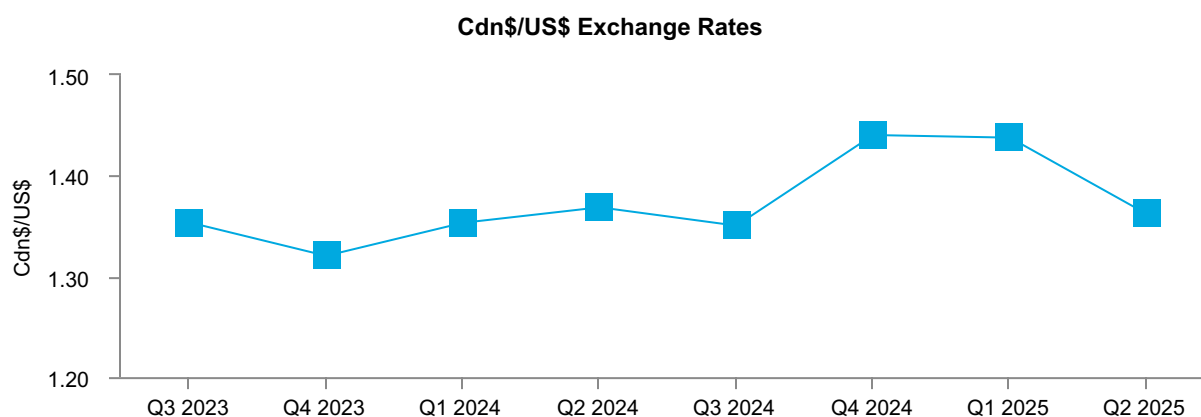
Foreign Exchange Gain and Loss

Table 18 details the realized and unrealized components of ARC's foreign exchange gain and loss:

Table 18

Foreign Exchange Gain and Loss (\$ millions)	Three Months Ended				Six Months Ended		
	March 31, 2025	June 30, 2025	June 30, 2024	% Change	June 30, 2025	June 30, 2024	% Change
Unrealized gain (loss) on US dollar-denominated balances	(0.7)	(2.3)	3.0	(177)	(3.0)	13.2	(123)
Realized gain (loss) on US dollar-denominated transactions	(0.7)	(11.3)	1.4	(907)	(12.0)	1.8	(767)
Foreign exchange gain (loss)	(1.4)	(13.6)	4.4	(409)	(15.0)	15.0	(200)

Exhibit 17



For the three and six months ended June 30, 2025, ARC recognized an unrealized gain on foreign currency translation adjustment in other comprehensive income of \$4.2 million and \$5.0 million (unrealized loss of \$2.1 million and \$6.4 million for the three and six months ended June 30, 2024), respectively.

Taxes

ARC recognized current income tax of \$65.0 million and \$175.0 million for the three and six months ended June 30, 2025, respectively, compared to \$37.6 million and \$97.6 million for the same periods in 2024. The increase for the three and six months ended June 30, 2025, as compared to the same periods of the prior year, is primarily due to higher expected taxable income as a result of increased production volumes and higher average realized natural gas prices.

For the three months ended June 30, 2025, ARC recognized deferred income tax of \$24.2 million, compared to \$29.2 million for the same period in 2024. The decrease primarily relates to lower income tax pools claimed relative to DD&A expense as compared to the same period of 2024.

For the six months ended June 30, 2025, ARC recognized deferred income tax of \$37.1 million, compared to \$24.5 million for the same period in 2024. The increase primarily relates to higher income tax pools claimed relative to DD&A expense and an unrealized gain on risk management contracts for the six months ended June 30, 2025, as compared to an unrealized loss in the same period of 2024.

The income tax pools, which are detailed in Table 19, are deductible at various rates and annual deductions associated with the initial tax pools will decline over time.

Table 19

Income Tax Pool Type (\$ millions)	June 30, 2025	Annual Deductibility
Canadian oil and gas property expense	750.2	10% declining balance
Canadian development expense	2,031.4	30% declining balance
Undepreciated capital cost	1,811.9	Primarily 25% declining balance
Other	29.9	Various rates, 5% declining balance to 20%
Total federal tax pools	4,623.4	

Depletion, Depreciation and Amortization

For the three and six months ended June 30, 2025, ARC recognized DD&A of \$349.0 million and \$698.3 million, respectively, compared to \$311.4 million and \$651.6 million for the three and six months ended June 30, 2024. The increase in DD&A for the three and six months ended June 30, 2025, compared to the same periods in the prior year, is due to increased production volumes and a higher DD&A rate reflecting updated reserves and future development costs.

A breakdown of DD&A expense is summarized in Table 20:

Table 20

DD&A Expense (\$ millions, except per boe amounts)	Three Months Ended				Six Months Ended		
	March 31, 2025	June 30, 2025	June 30, 2024	% Change	June 30, 2025	June 30, 2024	% Change
Depletion of crude oil and natural gas assets	326.0	325.2	289.9	12	651.2	603.0	8
Depreciation of corporate assets	1.9	2.2	0.2	100	4.1	6.1	(33)
Depreciation of right-of-use ("ROU") assets	21.4	21.6	21.3	1	43.0	42.5	1
DD&A expense	349.3	349.0	311.4	12	698.3	651.6	7
DD&A expense per boe ⁽¹⁾	10.43	10.74	10.37	4	10.58	10.49	1

(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, Acquisitions and Dispositions

ARC's cash flow used in investing activities was \$471.2 million and \$900.5 million during the three and six months ended June 30, 2025, respectively, compared to \$643.4 million and \$1.1 billion for the three and six months ended June 30, 2024. 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 24 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 \$496.3 million and \$953.4 million for the three and six months ended June 30, 2025, respectively, compared to \$532.3 million and \$1.0 billion for the three and six months ended June 30, 2024. Capital expenditures for the three and six months ended June 30, 2025 primarily pertain to ARC's drilling and completions activities, which included the drilling of 32 and 55 crude oil and natural gas wells and the completion of 45 and 89 crude oil and natural gas wells, respectively, primarily in the Kakwa and Attachie areas.

On July 2, 2025, ARC closed the previously announced agreement with Strathcona to acquire the Kakwa Assets. For additional information, refer to Note 15 "Subsequent Event" in the financial statements and the news release dated July 2, 2025 entitled "*ARC Resources Ltd. Announces the Closing of its Montney Acquisition*", available on ARC's website at www.arcresources.com and on SEDAR+ at www.sedarplus.ca.

For information regarding ARC's planned capital expenditures for 2025, including the impact of the acquired Kakwa Assets, refer to the news releases dated July 31, 2025 and November 6, 2024, entitled "*ARC Resources Ltd. Reports Second Quarter 2025 Results, Provides 2025 Revised Guidance, and Announces New Attachie Land Acquisition*" and "*ARC Resources Ltd. Reports Third Quarter 2024 Results and Announces 2025 Budget, First Production at Attachie, and 12 per cent Dividend Increase*", available on ARC's website at www.arcresources.com and on SEDAR+ at www.sedarplus.ca.

A breakdown of capital expenditures, acquisitions, and dispositions for the three months ended June 30, 2025 and June 30, 2024 is shown in Table 21:

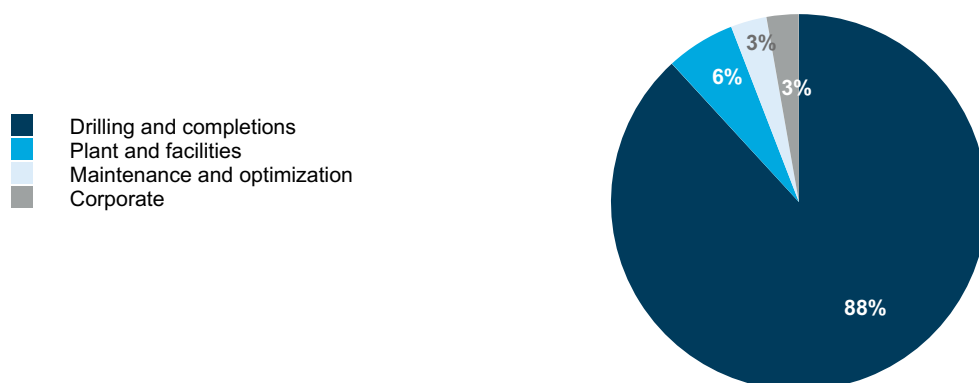
Table 21

Capital Expenditures (\$ millions)	Three Months Ended June 30						
	2025			2024			% Change
	E&E ⁽¹⁾	PP&E	Total	E&E	PP&E	Total	
Geological and geophysical	—	1.8	1.8	—	1.5	1.5	20
Drilling and completions	—	436.1	436.1	2.1	468.1	470.2	(7)
Plant and facilities	15.5	13.9	29.4	5.2	6.2	11.4	158
Maintenance and optimization	—	15.3	15.3	—	35.7	35.7	(57)
Corporate	—	13.7	13.7	—	13.5	13.5	1
Capital expenditures	15.5	480.8	496.3	7.3	525.0	532.3	(7)
Acquisitions	—	0.8	0.8	—	5.0	5.0	(84)
Dispositions	—	(4.0)	(4.0)	—	—	—	(100)
Capital expenditures and net acquisitions and dispositions	15.5	477.6	493.1	7.3	530.0	537.3	(8)

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

Exhibit 18

**Capital Expenditures by Classification
Three Months Ended June 30, 2025**



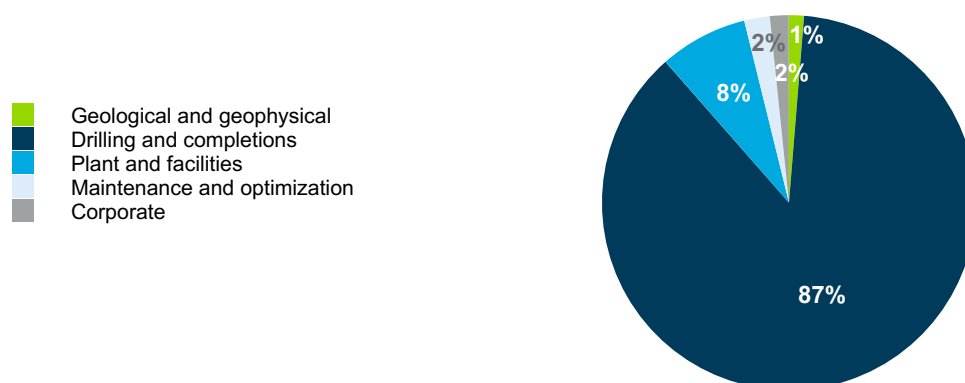
A breakdown of capital expenditures, acquisitions, and dispositions for the six months ended June 30, 2025 and June 30, 2024 is shown in Table 21a:

Table 21a

	Six Months Ended June 30						% Change
	2025			2024			
Capital Expenditures (\$ millions)	E&E	PP&E	Total	E&E	PP&E	Total	
Geological and geophysical	—	12.3	12.3	0.1	4.1	4.2	193
Drilling and completions	—	831.8	831.8	1.7	848.6	850.3	(2)
Plant and facilities	28.7	43.9	72.6	8.0	105.3	113.3	(36)
Maintenance and optimization	—	21.0	21.0	—	49.8	49.8	(58)
Corporate	—	15.7	15.7	—	19.3	19.3	(19)
Capital expenditures	28.7	924.7	953.4	9.8	1,027.1	1,036.9	(8)
Acquisitions	—	4.8	4.8	—	5.1	5.1	(6)
Dispositions	—	(4.0)	(4.0)	—	—	—	(100)
Capital expenditures and net acquisitions and dispositions	28.7	925.5	954.2	9.8	1,032.2	1,042.0	(8)

Exhibit 18a

**Capital Expenditures by Classification
Six Months Ended June 30, 2025**

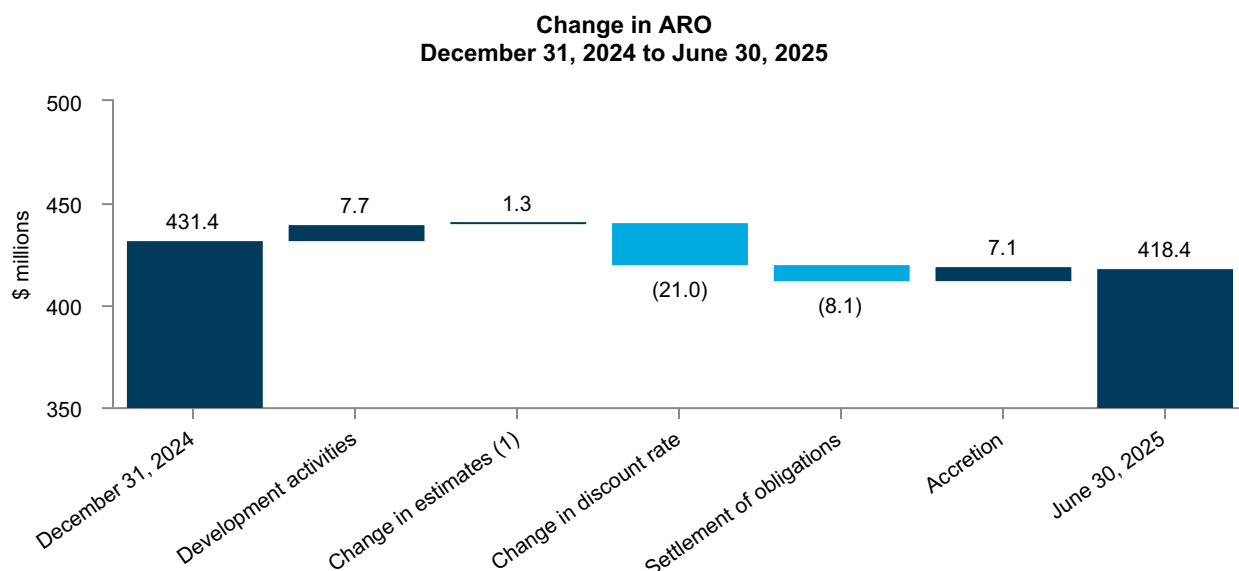


Asset Retirement Obligation

ARC maintains a planned and scheduled approach to its abandonment and reclamation activities. At June 30, 2025, ARC recognized ARO of \$418.4 million (\$431.4 million at December 31, 2024), for the future abandonment and reclamation of ARC's crude oil and natural gas assets, of which \$17.0 million is classified as current and \$401.4 million is classified as long-term (\$17.0 million and \$414.4 million at December 31, 2024, respectively). The estimated ARO includes assumptions in respect of actual future costs to abandon wells and decommission and reclaim assets, the time frame in which such costs will be incurred, and annual inflation factors. The future liability has been discounted at a liability-specific risk-free rate of 3.6 per cent (3.3 per cent at December 31, 2024).

Accretion charges of \$3.5 million and \$7.1 million for the three and six months ended June 30, 2025 (\$3.6 million and \$7.0 million for the same periods in 2024), respectively, 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 and six months ended June 30, 2025 was \$1.3 million and \$8.1 million (\$3.4 million and \$9.9 million for the same periods in 2024), respectively.

Exhibit 19



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

ARC acquired additional ARO through its purchase of the Kakwa Assets. For more information, refer to Note 15 "Subsequent Event" in the financial statements.

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.

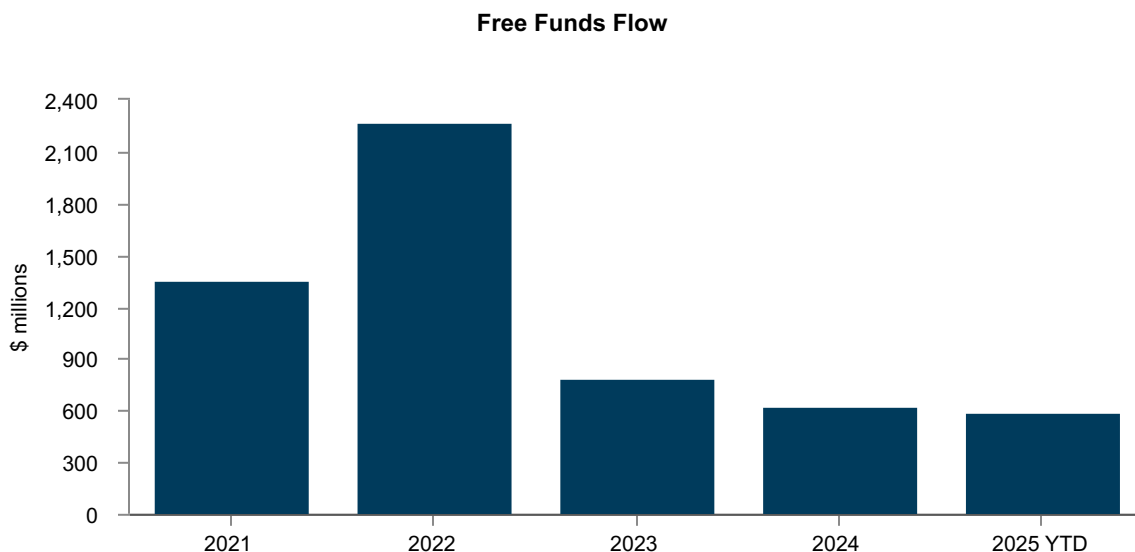
Maintaining targeted debt levels, paying a sustainable dividend, and exercising capital discipline to manage a moderate pace of development and control its corporate decline rate are the basis for ARC's current capital allocation framework. ARC takes a portfolio approach by periodically evaluating its 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 and six months ended June 30, 2025, ARC generated free funds flow of \$185.8 million and \$585.7 million (\$nil and \$72.8 million for the three and six months ended June 30, 2024), respectively. For the calculation of free funds flow, refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A.

ARC plans to distribute essentially all free funds flow in 2025 to shareholders through dividends and share repurchases. During the six months ended June 30, 2025, ARC distributed 73 per cent of free funds flow to shareholders. Currently, ARC believes that the optimal mechanism to return shareholder capital is through a combination of a sustainable base dividend that grows over time and continued share repurchases.

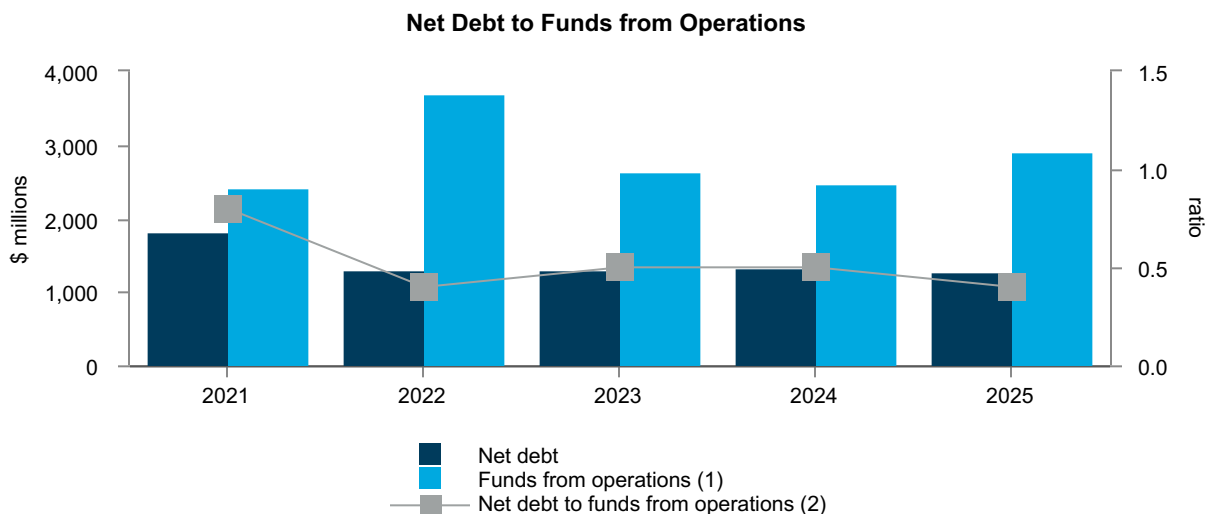
During the six months ended June 30, 2025, ARC declared dividends totaling \$0.38 per share and repurchased 7.8 million common shares under its normal course issuer bid ("NCIB").

Exhibit 20



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 June 30, 2025, ARC's net debt was 0.4 times its funds from operations.

Exhibit 21



(1) 12-month trailing funds from operations.

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

Long-term Debt

In June 2025, ARC closed its offering of \$1.0 billion aggregate principal amount of senior unsecured notes (the "2025 Notes"). For more information, refer to Note 6 "Long-Term Debt" in the financial statements.

During the six months ended June 30, 2025, the maturity date of ARC's unsecured extendible revolving credit facility was extended to March 2029, with the borrowing capacity unchanged at \$1.7 billion.

At June 30, 2025, ARC's total available credit capacity, including its credit facility and senior notes, was \$3.7 billion, of which \$2.0 billion was drawn. ARC's long-term debt balance includes a current portion of \$450.0 million at June 30, 2025 (\$nil at December 31, 2024), reflecting the principal payment that is due to be paid within the next 12 months. ARC intends to finance this obligation by using cash on hand or drawing on its syndicated credit facility at the time the payment is due. At June 30, 2025, ARC's long-term debt had a weighted average interest rate of 3.5 per cent. For more information, refer to Note 6 "Long-term Debt" in the financial statements.

There are no financial covenants associated with the 2025 Notes and there were no changes to any existing debt covenants. At June 30, 2025, ARC was in compliance with the financial covenants related to its credit facility as follows:

Table 22

Covenant Description	Position at June 30, 2025
Consolidated Debt not to exceed 60 per cent of Total Capitalization	19 %
Consolidated Tangible Assets of the Restricted Group must exceed 80 per cent of Consolidated Tangible Assets	100 %

Subsequent to June 30, 2025, ARC obtained a \$500.0 million two-year term loan and increased the borrowing capacity under its credit facility to \$2.0 billion.

The proceeds from the 2025 Notes, the term loan, and drawings under the credit facility were used to fund the previously announced acquisition of the Kakwa Assets. For more information, refer to Note 15 "Subsequent Event" in the financial statements.

Lease Obligations

At June 30, 2025, ARC had lease obligations of \$952.2 million, of which \$84.6 million is due within one year. ARC's lease obligations primarily relate to office space, equipment used in ARC's operations, and processing facilities. For further information, refer to Note 5 "Lease Obligations" in the financial statements.

ARC acquired additional lease obligations through its purchase of the Kakwa Assets. For more information, refer to Note 15 "Subsequent Event" in the financial statements.

Shareholders' Equity

During the six months ended June 30, 2025, ARC repurchased 7.8 million common shares under its NCIB at a weighted average price of \$27.53 per share for a total of \$214.7 million, inclusive of all costs. Shares were cancelled upon repurchase.

At June 30, 2025, ARC has recognized a liability of \$46.6 million (\$15.1 million at December 31, 2024) 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 \$18.1 million and a reduction to retained earnings of \$28.5 million (\$5.6 million and \$9.5 million at December 31, 2024, respectively).

At June 30, 2025, there were 582.5 million common shares outstanding and 0.5 million share options outstanding under ARC's share option plans. For more information, refer to the section entitled "Share Option Plans" contained within this MD&A.

At June 30, 2025, 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.

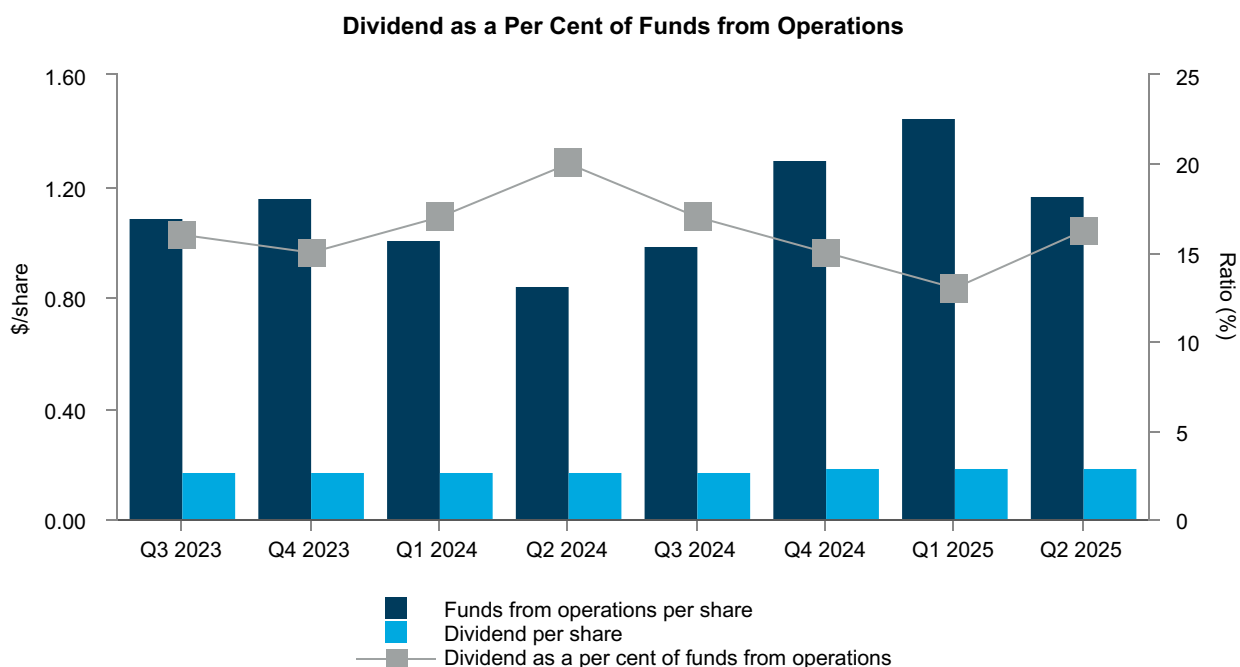
Dividends

ARC's business strategy is focused on value creation and long-term returns to shareholders, with the dividend being an important component. In the second quarter of 2025, ARC declared dividends totaling \$110.9 million (\$0.19 per share) compared to \$101.6 million (\$0.17 per share) in the same period of 2024. ARC declared dividends of \$222.2 million (\$0.38 per share) for the six months ended June 30, 2025 compared to \$203.2 million (\$0.34 per share) for the same period in 2024.

ARC's dividend as a per cent of funds from operations⁽¹⁾ decreased from an average of 20 per cent and 18 per cent for the three and six months ended June 30, 2024, respectively, to an average of 16 per cent and 14 per cent for the three and six months ended June 30, 2025, respectively. The decrease in dividend as a per cent of funds from operations for the three and six months ended June 30, 2025, as compared to the same periods 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 22



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.arcreources.com for details of the estimated quarterly dividend amounts and dividend dates for 2025.

Contractual Obligations and Commitments

The following is a summary of ARC's contractual obligations and commitments as at June 30, 2025:

Table 23

	Payments Due by Period				Total
	1 Year	2-3 Years	4-5 Years	Beyond 5 Years	
Debt repayments	450.0	550.0	—	1,000.0	2,000.0
Interest payments ⁽¹⁾	69.2	117.1	77.8	58.7	322.8
Purchase and service commitments ⁽²⁾	193.8	102.8	857.6	7,340.1	8,494.3
Transportation commitments	688.5	1,147.3	1,079.4	4,697.3	7,612.5
Total contractual obligations and commitments	1,401.5	1,917.2	2,014.8	13,096.1	18,429.6

(1) Fixed interest payments on senior notes.

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

At June 30, 2025, ARC's total contractual obligations and commitments were \$18.4 billion, compared to \$17.6 billion at December 31, 2024. The increase during the six months ended June 30, 2025, primarily relates to principal and interest amounts associated with the 2025 Notes and additional transportation commitments.

ARC acquired additional commitments through its purchase of the Kakwa Assets. For more information, refer to Note 15 "Subsequent Event" 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 unaudited condensed interim consolidated balance sheets other than commitments disclosed in Note 13 "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, 2024.

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 June 30, 2025 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 and six months ended June 30, 2025.

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 24 details the composition of capital expenditures and its reconciliation to cash flow used in investing activities.

Table 24

Capital Expenditures (\$ millions)	Three Months Ended			Six Months Ended	
	March 31, 2025	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Cash flow used in investing activities	429.3	471.2	643.4	900.5	1,143.2
Acquisition of crude oil and natural gas assets	(4.0)	(0.8)	(5.0)	(4.8)	(5.1)
Disposal of crude oil and natural gas assets	—	4.0	—	4.0	—
Long-term investments	(0.3)	(0.9)	(1.3)	(1.2)	(4.1)
Change in non-cash investing working capital	23.6	14.7	(109.6)	38.3	(106.6)
Non-cash capitalized ROU asset depreciation	8.5	8.1	4.8	16.6	9.5
Capital expenditures	457.1	496.3	532.3	953.4	1,036.9

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 25 details the calculation of free funds flow and its reconciliation to cash flow from operating activities.

Table 25

Free Funds Flow (\$ millions)	Three Months Ended			Six Months Ended	
	March 31, 2025	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Cash flow from operating activities	1,013.0	699.1	543.0	1,712.1	1,179.3
Net change in other liabilities	47.4	7.7	(1.5)	55.1	5.2
Change in non-cash operating working capital	(203.4)	(24.7)	(38.7)	(228.1)	(74.8)
Funds from operations	857.0	682.1	502.8	1,539.1	1,109.7
Capital expenditures	(457.1)	(496.3)	(532.3)	(953.4)	(1,036.9)
Free funds flow	399.9	185.8	(29.5)	585.7	72.8

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 13 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 of ARO, 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 26 contains a reconciliation of adjusted EBIT to the most directly comparable GAAP measure, net income.

Table 26

Adjusted EBIT (\$ millions)	Twelve Months Ended	Twelve Months Ended December 31				2021 - 2024 Average ⁽¹⁾
	June 30, 2025	2024	2023	2022	2021	
Net income	1,500.0	1,124.1	1,596.5	2,302.3	786.6	1,452.4
Add interest and financing	126.5	133.8	105.5	97.2	126.1	115.7
Less accretion of ARO	(14.2)	(14.1)	(13.2)	(11.0)	(9.5)	(12.0)
Add income taxes	420.9	330.9	460.8	675.9	208.5	419.0
Adjusted EBIT	2,033.2	1,574.7	2,149.6	3,064.4	1,111.7	1,975.1

(1) Average for the years ended December 31, 2021, 2022, 2023, and 2024.

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 27 contains a reconciliation of average capital employed to the most directly comparable GAAP measure, shareholders' equity.

Table 27

Average Capital Employed (\$ millions)	Twelve Months Ended	Twelve Months Ended December 31				2021 - 2024 Average ⁽¹⁾
	June 30, 2025	2024	2023	2022	2021	
Net debt - beginning of period	1,477.9	1,317.1	1,301.5	1,828.7	693.5	693.5
Current portion of lease obligations	88.2	85.2	92.4	109.3	15.3	15.3
Long-term portion of lease obligations	934.2	974.6	702.9	760.0	33.9	33.9
Shareholders' equity - beginning of period	7,628.0	7,427.8	6,653.5	5,927.5	2,790.6	2,790.6
Opening capital employed (A)	10,128.3	9,804.7	8,750.3	8,625.5	3,533.3	3,533.3
Net debt - end of period	1,289.2	1,335.6	1,317.1	1,301.5	1,828.7	1,335.6
Current portion of lease obligations	84.6	92.8	85.2	92.4	109.3	92.8
Long-term portion of lease obligations	867.6	908.5	974.6	702.9	760.0	908.5
Shareholders' equity - end of period	8,296.0	7,948.2	7,427.8	6,653.5	5,927.5	7,948.2
Closing capital employed (B)	10,537.4	10,285.1	9,804.7	8,750.3	8,625.5	10,285.1
Average capital employed (A+B)/2	10,332.9	10,044.9	9,277.5	8,687.9	6,079.4	6,909.2

(1) Average for the years ended December 31, 2021, 2022, 2023, and 2024.

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 13a 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 28:

Table 28

ROACE (\$ millions)	Twelve Months Ended	Twelve Months Ended December 31				2021 - 2024 Average ⁽¹⁾
	June 30, 2025	2024	2023	2022	2021	
Adjusted EBIT	2,033.2	1,574.7	2,149.6	3,064.4	1,111.7	1,975.1
Divided by average capital employed	10,332.9	10,044.9	9,277.5	8,687.9	6,079.4	6,909.2
ROACE (%)	20	16	23	35	18	29

(1) Average for the years ended December 31, 2021, 2022, 2023, and 2024.

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 for the three and six months ended June 30, 2025 and 2024 is calculated as follows in Table 29:

Table 29

Funds from Operations (\$ millions)	Three Months Ended			Six Months Ended	
	March 31, 2025	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Cash flow from operating activities	1,013.0	699.1	543.0	1,712.1	1,179.3
Net change in other liabilities	47.4	7.7	(1.5)	55.1	5.2
Change in non-cash operating working capital	(203.4)	(24.7)	(38.7)	(228.1)	(74.8)
Funds from operations	857.0	682.1	502.8	1,539.1	1,109.7

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 30 details the composition of ARC's net debt and net debt to funds from operations as at June 30, 2025 and December 31, 2024:

Table 30

Net Debt (\$ millions, except ratio amounts)	June 30, 2025	December 31, 2024
Long-term debt ⁽¹⁾	1,990.8	1,387.4
Accounts payable and accrued liabilities	846.3	634.4
Dividends payable	110.9	112.2
Cash and cash equivalents, accounts receivable, and prepaid expense	(1,658.8)	(798.4)
Net debt	1,289.2	1,335.6
Funds from operations ⁽²⁾	2,901.9	2,472.5
Net debt to funds from operations (ratio) ⁽³⁾	0.4	0.5

(1) Includes current portion of long-term debt at June 30, 2025 of \$450.0 million.

(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 revised 2025 annual guidance, 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 planned 2025 capital expenditures under the heading "Annual Guidance"; ARC's expectations with respect to production, transportation expense, and G&A - share-based compensation expenses; ARC's previously announced LNG agreement with EMLAP and the anticipated volumes and terms associated therewith under the heading "Commodity Prices"; the terms, including the anticipated timing of commencement, volumes, 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 expectations regarding the value of RSUs and PSUs upon vesting under the heading "Restricted Share Unit and Performance Share Unit Plans"; expectations regarding ARC's available tax pools under the heading "Taxes"; ARC's expectations regarding the estimated fair value of the embedded derivatives; ARC's estimated value of ROU assets and lease obligations; 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 free funds flow to shareholders through dividends and the repurchase of shares, and ARC's target net debt to funds from operations under the heading "Capitalization, Financial Resources and Liquidity"; ARC's intentions regarding ARC's long-term debt, its sources of financing for repayment and the anticipated timing thereof under the heading "Long-term Debt"; ARC's expectations regarding share repurchases during its internal blackout period under the heading "Shareholders' Equity"; ARC's intentions to continue paying dividends and the anticipated amounts and timing thereof under the heading "Dividends"; expectations with respect to ARC's commitments under its contracts and the timing thereof under the heading "Contractual Obligations and 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; ARC's ability to successfully integrate the Kakwa Assets on a timely basis; assumptions with respect to natural gas curtailments; ARC's ability to issue securities and to repurchase its securities under its NCIB and its ability to renew 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 2025 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; 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; 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; lack of adequate insurance coverage; inaccurate estimation of ARC's reserve volumes; 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; 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, 2024.

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 2025 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
IFRS	International Financial Reporting Standards
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)	2025		2024				2023	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
FINANCIAL								
Commodity sales from production	1,229.2	1,490.2	1,345.5	1,054.4	1,001.7	1,202.1	1,300.2	1,308.0
Per share, basic ⁽¹⁾	2.10	2.53	2.28	1.77	1.68	2.01	2.16	2.15
Per share, diluted ⁽¹⁾	2.10	2.53	2.27	1.77	1.67	2.01	2.16	2.15
Net income	396.1	404.7	370.3	328.9	239.5	185.4	506.3	236.4
Per share, basic	0.68	0.69	0.63	0.55	0.40	0.31	0.84	0.39
Per share, diluted	0.68	0.69	0.63	0.55	0.40	0.31	0.84	0.39
Cash flow from operating activities	699.1	1,013.0	650.9	518.4	543.0	636.3	698.9	604.2
Per share, basic ⁽¹⁾	1.20	1.72	1.10	0.87	0.91	1.07	1.16	1.00
Per share, diluted ⁽¹⁾	1.19	1.72	1.10	0.87	0.91	1.06	1.16	0.99
Funds from operations	682.1	857.0	770.4	592.4	502.8	606.9	699.2	662.2
Per share, basic ⁽¹⁾	1.17	1.46	1.30	1.00	0.84	1.02	1.16	1.09
Per share, diluted ⁽¹⁾	1.17	1.45	1.30	0.99	0.84	1.01	1.16	1.09
Free funds flow	185.8	399.9	420.4	133.8	(29.5)	102.3	154.7	260.8
Per share, basic ⁽¹⁾	0.32	0.68	0.71	0.22	(0.05)	0.17	0.26	0.43
Per share, diluted ⁽¹⁾	0.32	0.68	0.71	0.22	(0.05)	0.17	0.26	0.43
Cash flow used in investing activities	471.2	429.3	423.3	339.7	643.4	499.8	434.3	394.6
Dividends declared	110.9	111.3	112.2	100.8	101.6	101.6	101.7	103.0
Per share	0.19	0.19	0.19	0.17	0.17	0.17	0.17	0.17
Total assets	14,177.9	13,040.2	13,099.7	12,901.2	12,593.4	12,325.5	12,382.9	11,924.9
Total liabilities	5,881.9	4,942.1	5,151.5	5,172.2	4,965.4	4,827.1	4,955.1	4,775.4
Net debt	1,289.2	1,260.5	1,335.6	1,560.6	1,477.9	1,336.1	1,317.1	1,243.5
Weighted average shares, basic	584.0	588.5	591.0	595.1	596.6	596.7	601.0	607.2
Weighted average shares, diluted	585.0	589.7	592.3	596.4	598.2	598.4	602.8	609.0
Shares outstanding, end of period	582.5	585.0	589.6	591.7	596.7	596.7	596.9	605.0
CAPITAL EXPENDITURES								
Geological and geophysical	1.8	10.5	2.3	4.6	1.5	2.7	1.4	2.6
Drilling and completions	436.1	400.4	264.3	390.3	470.2	380.1	387.5	352.3
Plant and facilities	29.4	38.5	57.0	52.7	11.4	101.9	132.9	30.5
Maintenance and optimization	15.3	5.7	9.7	17.0	35.7	14.1	14.6	9.4
Corporate	13.7	2.0	16.7	(6.0)	13.5	5.8	8.1	6.6
Capital expenditures	496.3	457.1	350.0	458.6	532.3	504.6	544.5	401.4
Acquisitions	0.8	4.0	16.4	—	5.0	0.1	22.0	—
Dispositions	(4.0)	—	(7.6)	(80.0)	—	—	(66.3)	(0.1)
Capital expenditures, and net acquisitions and dispositions	493.1	461.1	358.8	378.6	537.3	504.7	500.2	401.3
OPERATING								
Production								
Crude oil and condensate (bbl/d)	100,399	94,334	102,977	88,517	74,713	82,672	85,805	87,098
Natural gas (MMcf/d)	1,307	1,411	1,418	1,203	1,286	1,322	1,380	1,353
NGLs (bbl/d)	38,999	42,821	42,998	37,797	40,994	49,411	49,474	47,557
Total (boe/d)	357,228	372,265	382,341	326,768	330,046	352,328	365,248	360,177
Average realized commodity prices								
Crude oil (\$/bbl)	82.56	87.90	91.46	92.22	100.28	83.83	93.34	104.91
Condensate (\$/bbl)	85.35	99.28	95.52	95.38	103.73	94.58	99.09	103.21
Natural gas (\$/Mcf)	3.19	4.19	2.58	1.78	1.86	3.19	3.33	3.16
NGLs (\$/bbl)	20.39	31.98	26.83	23.77	21.69	25.65	21.97	19.63
Oil equivalent (\$/boe)	37.81	44.48	38.25	35.07	33.35	37.49	38.69	39.47
TRADING STATISTICS ⁽²⁾								
(\$, based on intra-day trading)								
High	31.56	29.05	27.40	26.45	26.18	24.32	23.77	22.05
Low	22.63	23.85	22.48	21.44	23.45	19.44	19.02	17.63
Close	28.71	28.93	26.07	22.86	24.41	24.15	19.67	21.68
Average daily volume (thousands)	3,559	3,674	3,747	3,696	3,648	3,343	4,271	3,705

(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.