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 May 9, 2024, and should be read in conjunction with the unaudited condensed interim consolidated financial statements (the "financial statements") as at and for the three months ended March 31, 2024, and the MD&A and audited consolidated financial statements for the year ended December 31, 2023, as well as ARC’s Annual Information Form ("AIF"), each of which is available on ARC's website at www.arcresources.com and on SEDAR+ at www.sedarplus.ca. All financial information is reported in Canadian dollars and all per share information is based on diluted weighted average common shares, unless otherwise noted.

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

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

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 properties 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 including a 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 sustainable business model is focused on a strong balance sheet, with ample liquidity, environmental, social, and governance leadership, long-term corporate profitability, free funds flow generation, and paying a sustainable 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 2020 through 2023 and the three months ended March 31, 2024 are shown in Table 1:

Table 1

($ millions, except per share amounts, or unless otherwise noted)	**2024 YTD**	2023	2022	2021	2020
Production (1)					
Crude oil and condensate (bbl/d)	**82,672**	83,880	86,393	70,393	29,245
Natural gas (MMcf/d)	**1,322**	1,322	1,259	1,149	739
NGLs (bbl/d)	**49,411**	47,760	49,385	40,084	9,112
Total production (boe/d)	**352,328**	351,954	345,613	302,003	161,564
Average daily production per thousand shares (2)	**0.59**	0.58	0.52	0.48	0.46
Net income (loss)	**185.4**	1,596.5	2,302.3	786.6	(547.2)
Net income (loss) per share	**0.31**	2.61	3.47	1.25	(1.55)
Cash flow from operating activities	**636.3**	2,394.3	3,833.3	2,006.5	655.7
Cash flow from operating activities per share (3)	**1.06**	3.92	5.78	3.20	1.86
Funds from operations (4)	**606.9**	2,639.6	3,712.5	2,415.4	667.6
Funds from operations per share (3)	**1.01**	4.32	5.60	3.85	1.89
Free funds flow (5)	**102.3**	789.8	2,270.6	1,353.6	324.4
Free funds flow per share (6)	**0.17**	1.29	3.42	2.16	0.92
Cash flow used in investing activities	**499.8**	1,690.7	1,413.2	808.1	364.3
Capital expenditures (7)	**504.6**	1,849.8	1,441.9	1,061.8	343.2
Long-term debt (8)	**1,144.0**	1,148.9	990.0	1,705.3	701.9
Net debt (4)	**1,336.1**	1,317.1	1,301.5	1,828.7	693.5
Net debt to funds from operations (ratio) (4)	**0.5**	0.5	0.4	0.8	1.0
Return on average capital employed ("ROACE") (%) (9)	**17**	23	35	18	(18)
Proved plus probable reserves (MMboe) (10)(11)	**n/a**	1,994.3	1,828.6	1,760.6	929.0
Proved plus probable reserves per share (boe) (10)(11)	**n/a**	3.3	2.8	2.8	2.6

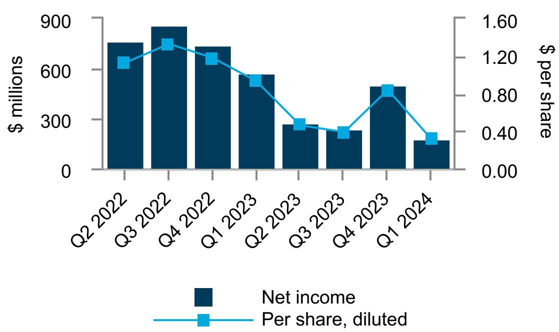
(1) Reported production amount is based on Company's interest before royalty burdens.
(2) Represents average daily production divided by the diluted weighted average common shares outstanding for the three months ended March 31, 2024, and for the respective years ended December 31, 2023, 2022, 2021, and 2020.
(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.
(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 Record Production, Year-end Results and Reserves*" dated February 8, 2024, available on ARC's website at www.arcresources.com and on SEDAR+ at www.sedarplus.ca.

QUARTERLY RESULTS (1)

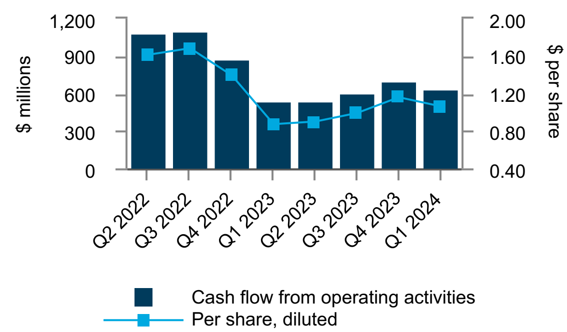
Trends in net income, cash flow from operating activities, and funds from operations are primarily associated with fluctuations in commodity sales from production which reflect changes in production levels and commodity prices. Net income is also impacted by changes in the value of risk management contracts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

Exhibit 1

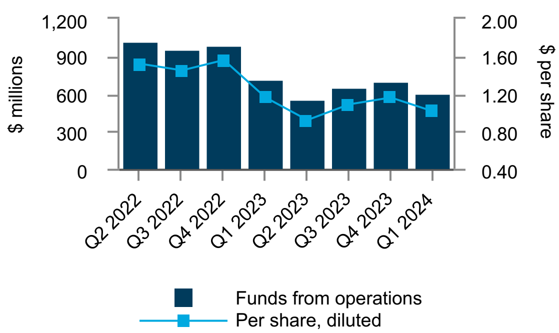
Net Income



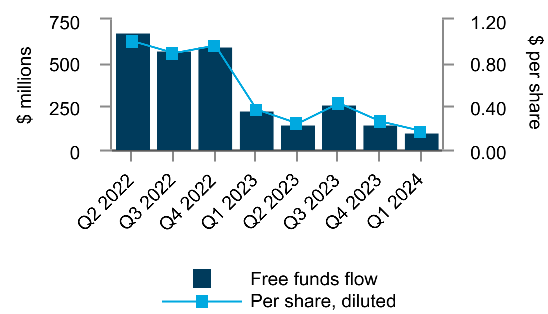
Cash Flow from Operating Activities



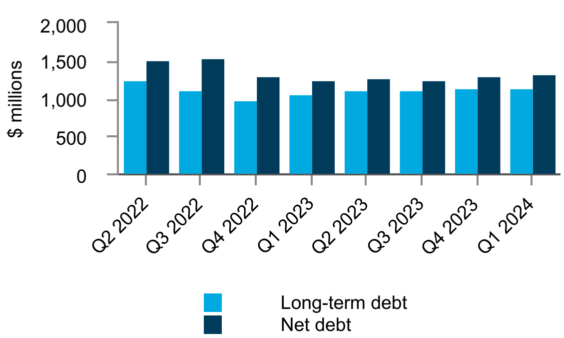
Funds from Operations



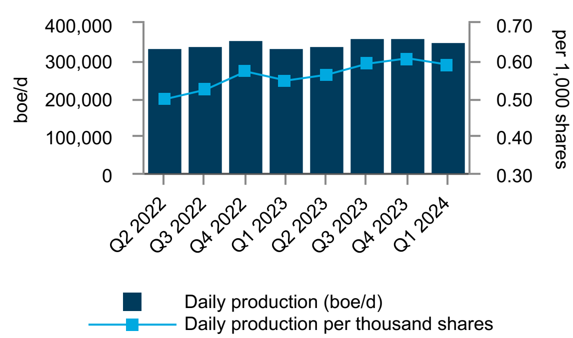
Free Funds Flow



Long-term Debt and Net Debt



Average Daily Production



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

ANNUAL GUIDANCE

ARC's 2024 annual guidance, 2024 revised annual guidance, and a review of 2024 year-to-date results are outlined below:

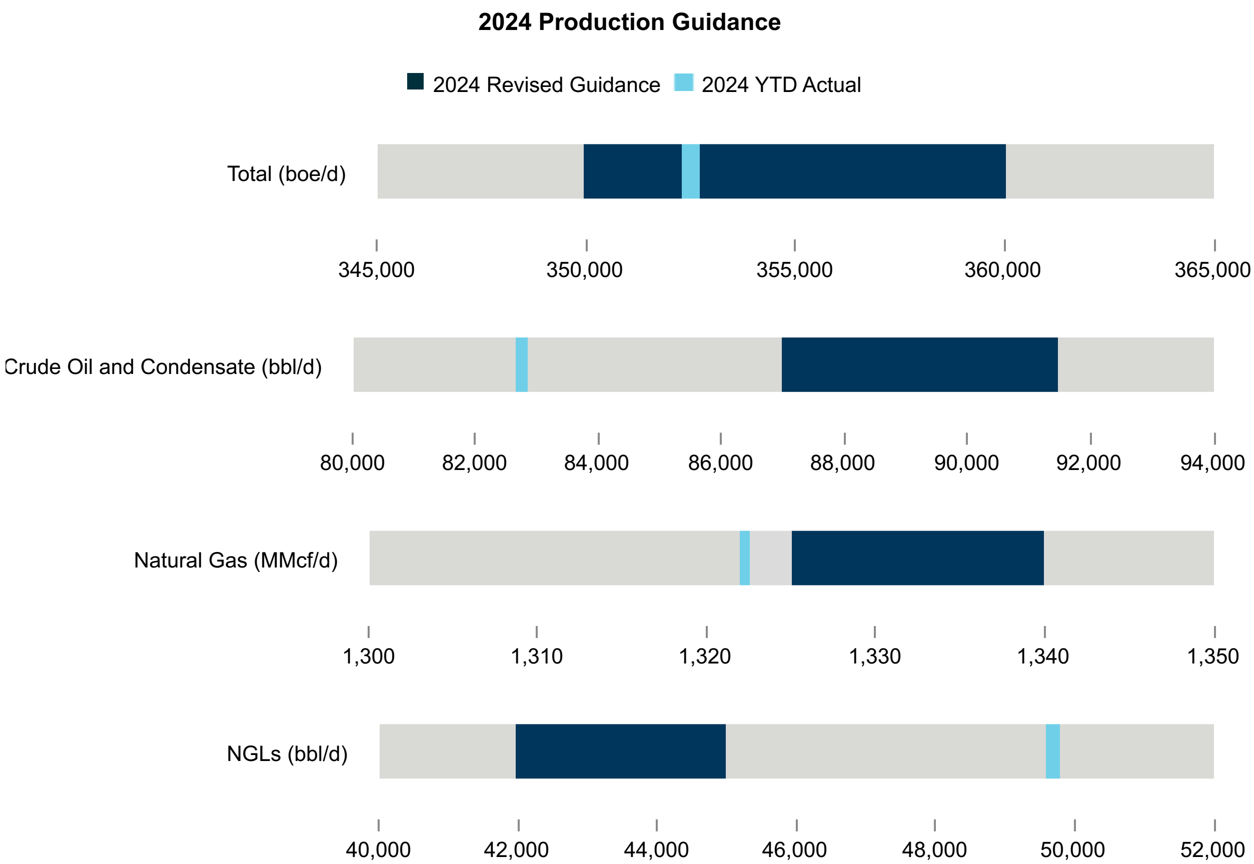
Table 2

	2024 Guidance	2024 Revised Guidance	2024 YTD Actual	% Variance from 2024 Guidance
Production				
Crude oil and condensate (bbl/d)	87,000 - 91,500	—	**82,672**	(5)
Natural gas (MMcf/d)	1,325 - 1,340	—	**1,322**	—
NGLs (bbl/d)	42,000 - 45,000	—	**49,411**	10
Total (boe/d)	350,000 - 360,000	—	**352,328**	—
Expenses ($/boe) (1)				
Operating	4.50 - 4.90	—	**4.26**	(5)
Transportation	5.50 - 6.00	—	**5.35**	(3)
General and administrative ("G&A") expense before share-based compensation expense	1.05 - 1.25	—	**1.34**	7
G&A - share-based compensation expense	0.25 - 0.35	0.55 - 0.65	**1.20**	85
Interest and financing (2)	0.90 - 1.00	—	**0.87**	(3)
Current income tax expense, as a per cent of funds from operations (1)	10 - 15	—	**10**	—
Capital expenditures ($ billions) (3)	1.75 - 1.85	—	**0.5**	n/a

(1) Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for an explanation of composition.
(2) Excludes accretion of ARC's asset retirement obligation ("ARO").
(3) Refer to the section entitled "About ARC Resources Ltd." contained within this MD&A for historical capital expenditures.

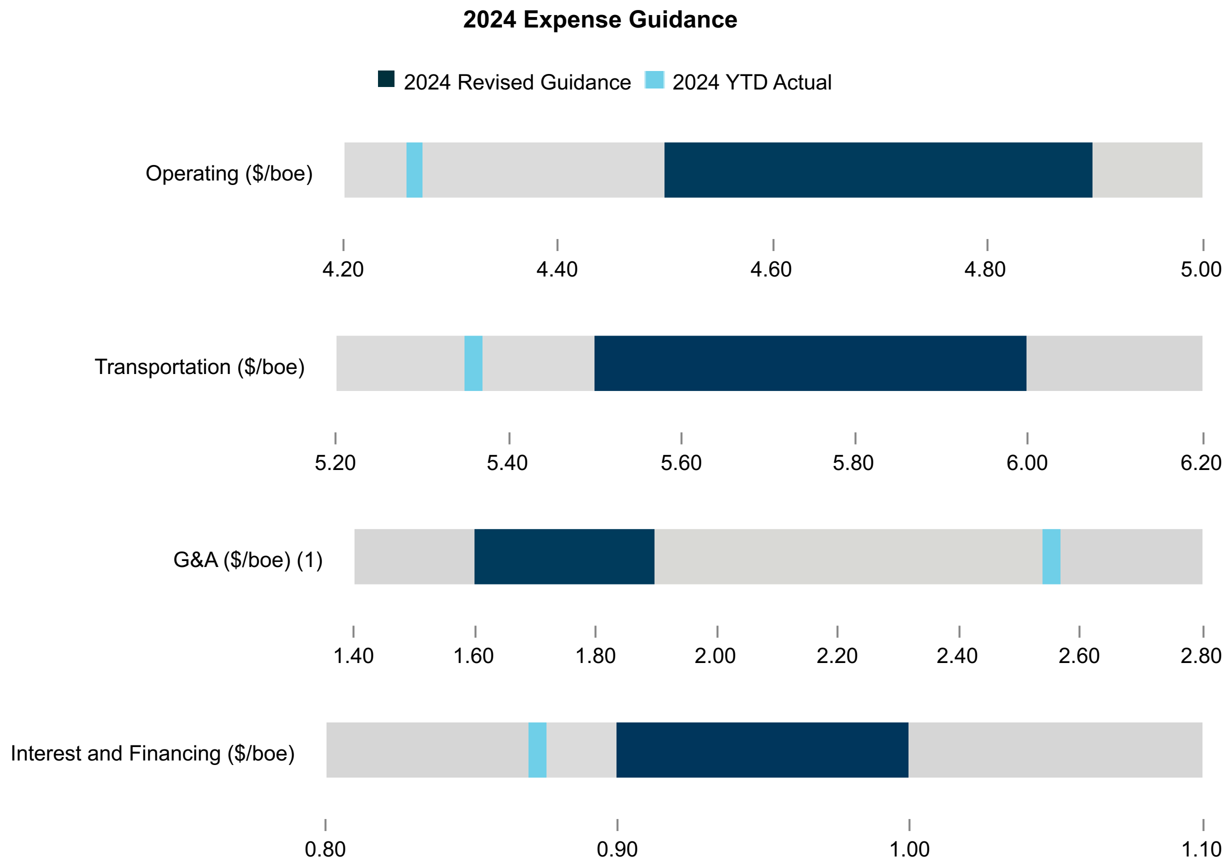
Operating expense, transportation expense, and interest and financing are all currently below their respective guidance ranges, but are expected to trend towards the guidance ranges through the remainder of the year. G&A expense before share-based compensation expense is currently above the guidance range, but expected to trend towards the guidance range through the remainder of the year. Guidance for G&A - share-based compensation expense has been revised to reflect the annual impact of ARC's increased share price from December 31, 2023 as well as the increase to the average performance multiplier for outstanding share-based compensation awards.

Exhibit 2



2024 Production Guidance
2024 Revised Guidance
2024 YTD Actual
Total (boe/d)
345,000
350,000
355,000
360,000
365,000
Crude Oil and Condensate (bbl/d)
80,000
82,000
84,000
86,000
88,000
90,000
92,000
94,000
Natural Gas (MMcf/d)
1,300
1,310
1,320
1,330
1,340
1,350
NGLs (bbl/d)
40,000
42,000
44,000
46,000
48,000
50,000
52,000

Exhibit 2a



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

2024 FIRST QUARTER FINANCIAL AND OPERATIONAL RESULTS

Financial Highlights

Table 3

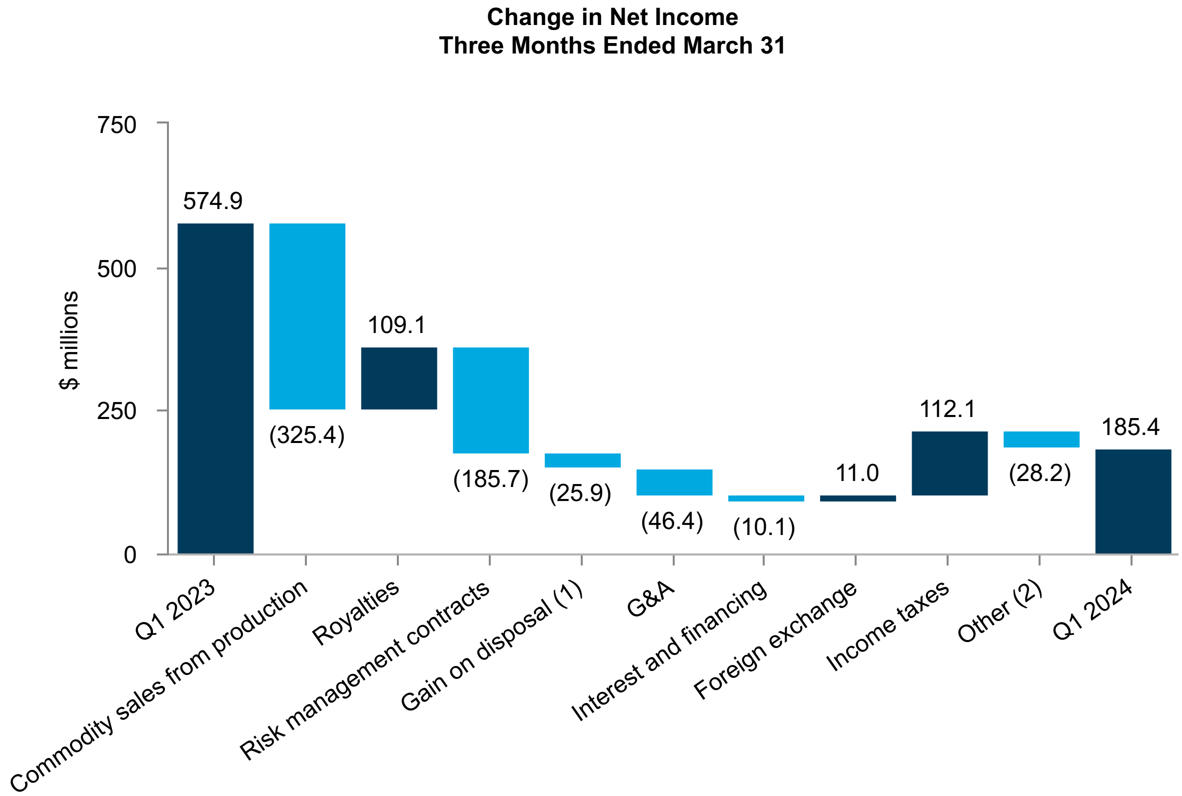
	Three Months Ended			
($ millions, except per share and production data)	December 31, 2023	**March 31, 2024**	March 31, 2023	% Change
Net income	506.3	**185.4**	574.9	(68)
Net income per share	0.84	**0.31**	0.93	(67)
Cash flow from operating activities	698.9	**636.3**	540.3	18
Cash flow from operating activities per share	1.16	**1.06**	0.87	22
Funds from operations	699.2	**606.9**	717.4	(15)
Funds from operations per share	1.16	**1.01**	1.16	(13)
Free funds flow	154.7	**102.3**	230.0	(56)
Free funds flow per share	0.26	**0.17**	0.37	(54)
Dividends declared per share [(1)]	0.17	**0.17**	0.15	13
Average daily production (boe/d)	365,248	**352,328**	338,377	4

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

Net Income

In the first quarter of 2024, ARC recognized net income of $185.4 million ($0.31 per share), a decrease of $389.5 million from ARC's first quarter 2023 net income of $574.9 million ($0.93 per share). The decrease in net income is primarily attributed to a decrease in commodity sales from production of $325.4 million, driven by lower average realized commodity prices, an increased loss on risk management contracts of $185.7 million, and higher G&A of $46.4 million, driven by an increase in share-based compensation charges. This was partially offset by a decrease in income taxes of $112.1 million and a decrease in royalties of $109.1 million.

Exhibit 3



(1) Includes gain on disposal of crude oil and natural gas assets.
(2) Includes sales of commodities purchased from third parties, interest and other income, commodities purchased from third parties, operating, transportation, reversal of impairment of financial assets, and depreciation and amortization ("DD&A") and impairment of PP&E.

Cash Flow from Operating Activities and Funds from Operations

Cash flow from operating activities for the three months ended March 31, 2024, was $636.3 million, an increase of $96.0 million from ARC's first quarter 2023 cash flow from operating activities of $540.3 million. The increase in cash flow from operating activities for the three months ended March 31, 2024, compared to the three months ended March 31, 2023, reflects positive changes in non-cash working capital compared to the first three months of 2023, partially offset by lower 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

	Three Months Ended		
($ millions)	December 31, 2023	**March 31, 2024**	March 31, 2023
Net income	506.3	**185.4**	574.9
Adjusted for the following non-cash items:			
DD&A and impairment of PP&E	353.6	**340.2**	339.0
Deferred taxes	111.1	**(4.7)**	90.4
Unrealized loss (gain) on risk management contracts	(227.3)	**93.5**	(259.6)
Unrealized loss (gain) on foreign exchange	11.3	**(10.2)**	(0.1)
Gain on disposal of crude oil and natural gas assets	(58.5)	**—**	(25.9)
Other	2.7	**2.7**	(1.3)
Funds from operations	699.2	**606.9**	717.4
Net change in other liabilities	(1.6)	**(6.7)**	(13.7)
Change in non-cash working capital	1.3	**36.1**	(163.4)
Cash flow from operating activities	698.9	**636.3**	540.3

Details of the change in funds from operations from the three months ended March 31, 2023 to the three months ended March 31, 2024 are included in Table 5 below:

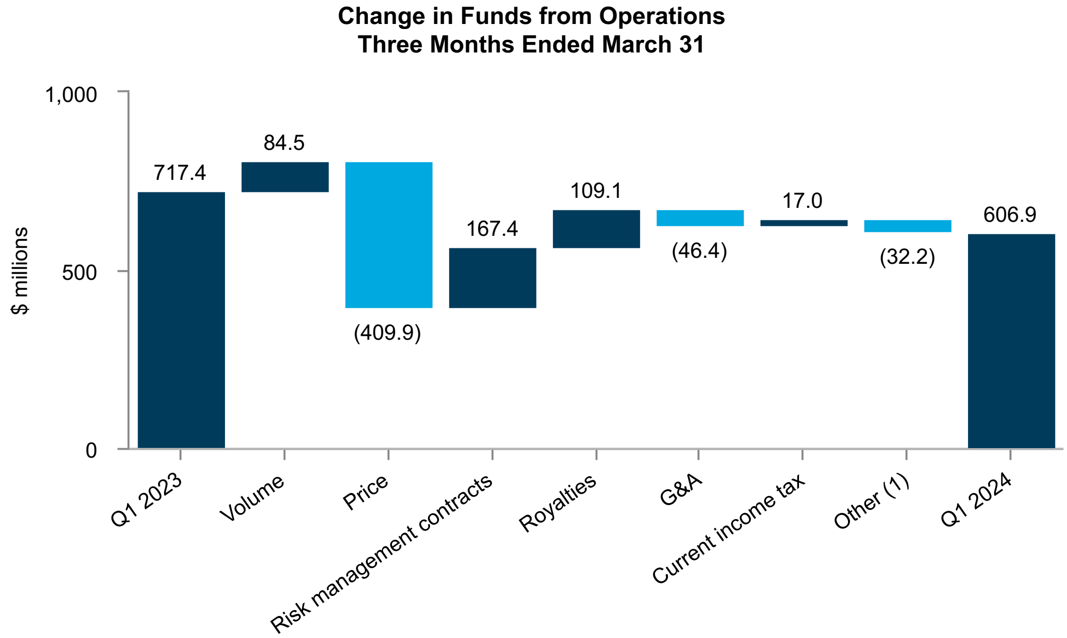
Table 5

	Three Months Ended March 31	
	$ millions	$/share
Funds from operations – 2023	717.4	1.16
Production volume variance		
Crude oil and liquids	**46.0**	**0.08**
Natural gas	**38.5**	**0.06**
Commodity price variance		
Crude oil and liquids	**(84.5)**	**(0.14)**
Natural gas	**(325.4)**	**(0.54)**
Sales of commodities purchased from third parties	**(130.9)**	**(0.22)**
Interest and other income	**(1.6)**	**—**
Realized gain on risk management contracts	**167.4**	**0.28**
Royalties	**109.1**	**0.18**
Expenses		
Commodities purchased from third parties	**113.1**	**0.19**
Operating	**0.5**	**—**
Transportation	**(0.6)**	**—**
G&A	**(46.4)**	**(0.08)**
Interest and financing	**(9.9)**	**(0.02)**
Current income tax	**17.0**	**0.03**
Realized gain on foreign exchange	**0.9**	**—**
Other	**(3.7)**	**(0.01)**
Weighted average shares, diluted	**—**	**0.04**
Funds from operations – 2024	**606.9**	**1.01**

Funds from operations for the three months ended March 31, 2024, was $606.9 million ($1.01 per share), a decrease of $110.5 million from $717.4 million ($1.16 per share) for the three months ended March 31, 2023.

The decrease in funds from operations for the three months ended March 31, 2024, is primarily due to lower commodity sales from production, resulting from lower average realized commodity prices. This was partially offset by a realized gain on risk management contracts compared to a realized loss in the same period of the prior year and a decrease in royalties, both associated with lower commodity prices, as well as an increase in production.

Exhibit 4



(1) Includes sale of commodities purchased from third parties, interest and other income, commodities purchased from third parties, operating, transportation, interest and financing, foreign exchange, and other non-cash items.

Net Income Sensitivity

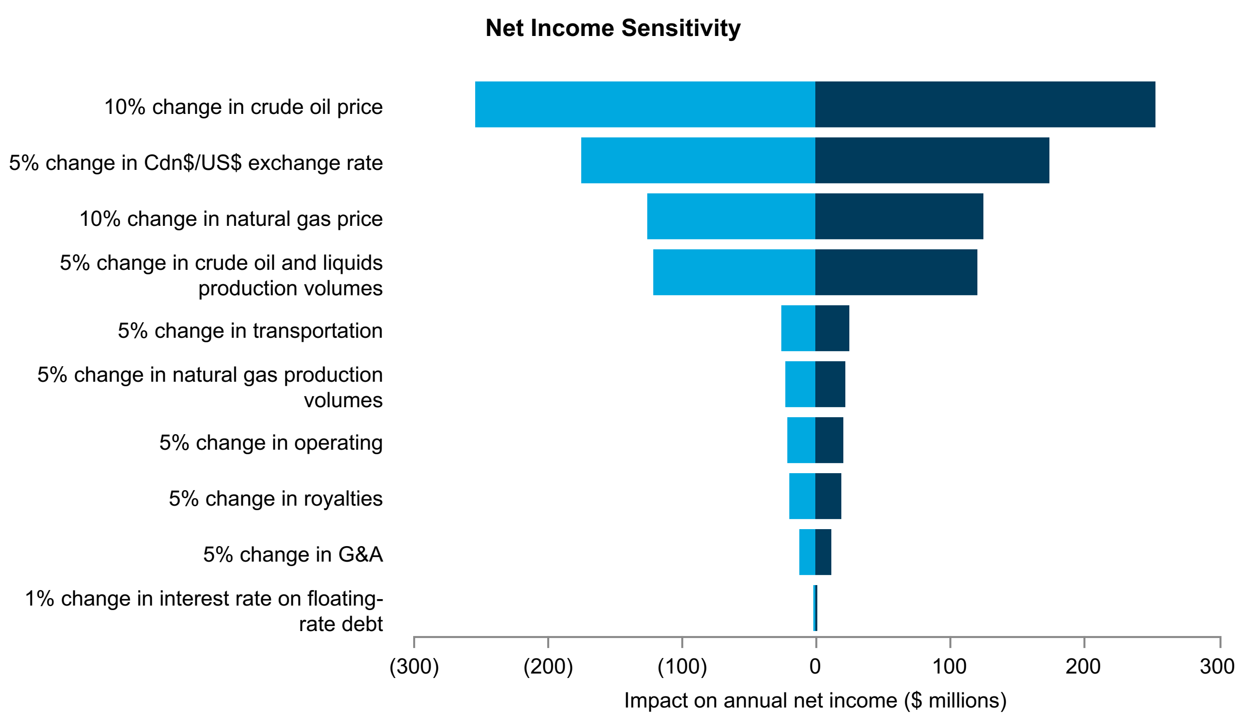
Table 6 illustrates sensitivities of operating items to business environment and operational changes and the resulting impact on net income:

Table 6

			Impact on Annual Net Income	
	Assumption	Change	Notional Amount ($ millions)	$/share
Business Environment (1)				
Crude oil price ($/bbl) (2)(3)	83.83	10 %	253.6	0.424
Natural gas price ($/Mcf) (2)	3.19	10 %	125.0	0.209
Cdn$/US$ exchange rate (2)(4)	1.35	5 %	174.2	0.291
Interest rate on floating-rate debt	6.82 %	1 %	2.2	0.004
Operational (5)				
Crude oil and liquids production (bbl/d)	132,083	5 %	120.6	0.202
Natural gas production (MMcf/d)	1,322	5 %	22.9	0.038
Royalties ($/boe)	4.15	5 %	20.1	0.034
Operating ($/boe)	4.26	5 %	20.6	0.034
Transportation ($/boe)	5.35	5 %	25.9	0.043
G&A ($/boe)	2.54	5 %	12.3	0.021

(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 prices for the three months ended March 31, 2024. 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 three months ended March 31, 2024 and the calculated impact on net income would only be applicable within a limited range of these amounts.

Exhibit 5



Production

Table 7

Production	December 31, 2023	**March 31, 2024**	March 31, 2023	% Change
		Three Months Ended		
Crude oil (bbl/d)	8,612	**8,076**	7,884	2
Condensate (bbl/d)	77,193	**74,596**	71,085	5
NGLs (bbl/d)	49,474	**49,411**	48,800	1
Crude oil and liquids (bbl/d)	135,279	**132,083**	127,769	3
Natural gas (MMcf/d)	1,380	**1,322**	1,264	5
Total production (boe/d)	365,248	**352,328**	338,377	4
Natural gas production (%)	63	**63**	62	1
Crude oil and liquids production (%)	37	**37**	38	(1)

For the three months ended March 31, 2024, total production increased four per cent as compared to the same period in the prior year.

For the three months ended March 31, 2024, crude oil and liquids production increased three per cent, as compared to the same period in the prior year. The increase was primarily driven by new wells coming on-stream in the Greater Dawson area.

For the three months ended March 31, 2024, natural gas production increased five per cent as compared to the same period in the prior year. The increase was primarily driven by new wells coming on-stream in the Sunrise area, partially offset by declining well production in the Kakwa area.

Exhibit 6

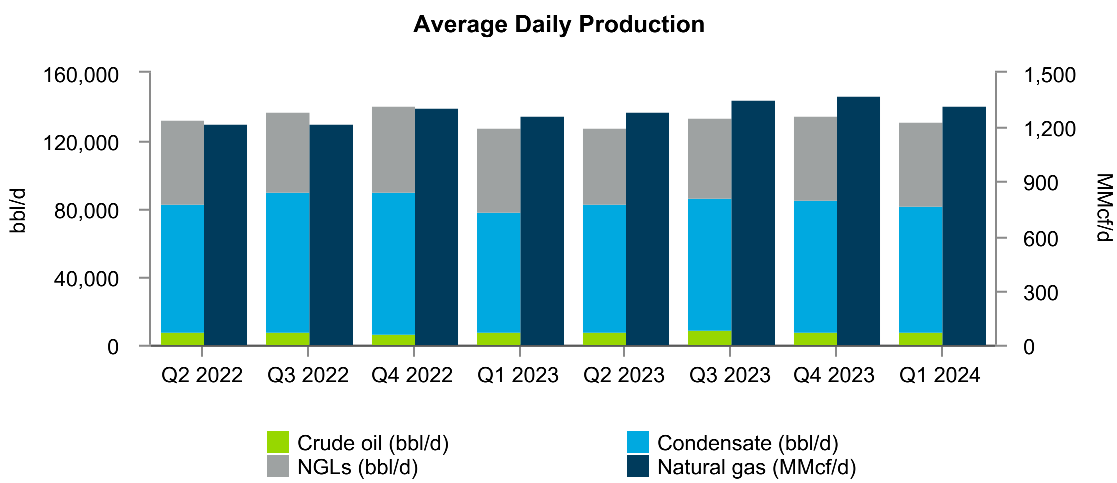


Table 8 summarizes ARC's production by core area for the three months ended March 31, 2024 and March 31, 2023:

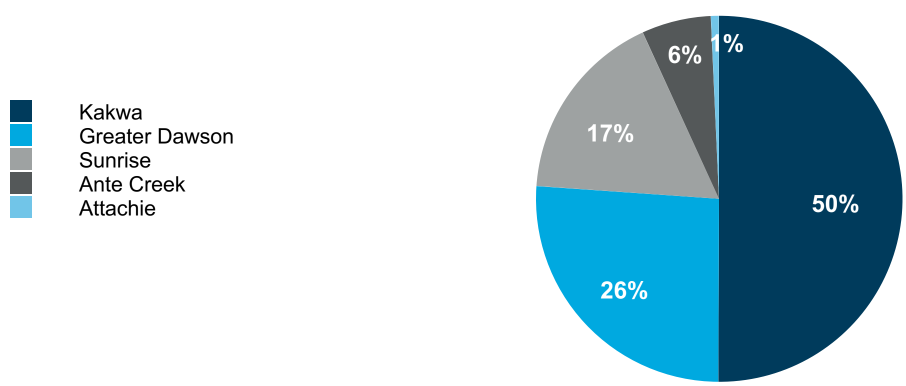
Table 8

	Three Months Ended March 31, 2024				
Production	**Total**	**Crude Oil**	**Condensate**	**Natural Gas**	**NGLs**
Core Area	(boe/d)	(bbl/d)	(bbl/d)	(MMcf/d)	(bbl/d)
Kakwa	**175,879**	22	62,272	448.8	38,790
Greater Dawson	**91,484**	757	10,236	436.0	7,827
Sunrise	**59,898**	—	185	357.9	67
Ante Creek	**21,516**	7,107	665	70.7	1,967
Attachie	**2,469**	—	1,237	7.0	61
All other	**1,082**	190	1	1.1	699
Total	**352,328**	**8,076**	**74,596**	**1,321.5**	**49,411**

	Three Months Ended March 31, 2023				
Production	Total	Crude Oil	Condensate	Natural Gas	NGLs
Core Area	(boe/d)	(bbl/d)	(bbl/d)	(MMcf/d)	(bbl/d)
Kakwa	181,867	15	61,596	481.2	40,061
Greater Dawson	86,182	975	7,348	429.9	6,205
Sunrise	45,665	—	246	272.5	—
Ante Creek	20,314	6,634	597	68.0	1,741
Attachie	2,613	—	1,241	7.9	57
All other	1,736	260	57	4.1	736
Total	338,377	7,884	71,085	1,263.6	48,800

Exhibit 7

Production by Core Area
Three Months Ended March 31, 2024



Commodity Sales from Production

For the three months ended March 31, 2024, commodity sales from production decreased by 21 per cent as compared to the same period in 2023. The decrease for the three months ended March 31, 2024 is due to lower average realized commodity prices, partially offset by increased production.

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:

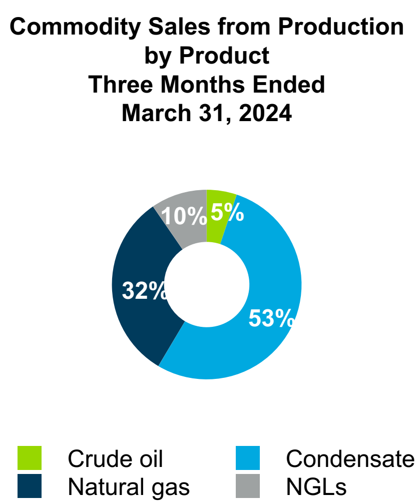
Table 9

	Three Months Ended			
Commodity Sales from Production, by Product ($ millions)	December 31, 2023	**March 31, 2024**	March 31, 2023	% Change
Crude oil	74.0	**61.6**	65.8	(6)
Condensate	703.7	**642.0**	666.0	(4)
Natural gas	422.5	**383.2**	670.1	(43)
NGLs	100.0	**115.3**	125.6	(8)
Commodity sales from production	1,300.2	**1,202.1**	1,527.5	(21)

Table 9a

	Three Months Ended			
% of Commodity Sales from Production by Product Type	December 31, 2023	**March 31, 2024**	March 31, 2023	% Change
Crude oil and liquids	68	**68**	56	12
Natural gas	32	**32**	44	(12)
Commodity sales from production	100	**100**	100	—

Exhibit 8



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			
	December 31, 2023	**March 31, 2024**	March 31, 2023	% Change
Average Benchmark Prices				
WTI crude oil (US$/bbl)	78.53	**76.91**	75.99	1
Cdn$/US$ exchange rate	1.36	**1.35**	1.35	—
WTI crude oil (Cdn$/bbl)	106.80	**103.83**	102.59	1
Peace Sour Price at Edmonton (Cdn$/bbl)	93.31	**85.00**	89.90	(5)
Condensate Stream Price at Edmonton (Cdn$/bbl) (1)	104.87	**98.82**	108.05	(9)
NYMEX Henry Hub Last Day Settlement (US$/MMBtu)	2.88	**2.24**	3.42	(35)
Chicago Citygate Monthly Index (US$/MMBtu)	2.63	**2.49**	4.32	(42)
AECO 7A Monthly Index (Cdn$/Mcf)	2.66	**2.05**	4.34	(53)
ARC Average Realized Commodity Prices (2)				
Crude oil ($/bbl)	93.34	**83.83**	92.78	(10)
Condensate ($/bbl)	99.09	**94.58**	104.10	(9)
Natural gas ($/Mcf)	3.33	**3.19**	5.89	(46)
NGLs ($/bbl)	21.97	**25.65**	28.59	(10)
Average realized commodity price ($/boe)	38.69	**37.49**	50.16	(25)

(1) Historically this benchmark price referenced the Blended Condensate Index, but now references the Fort Saskatchewan Pipeline System condensate price.
(2) 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 two per cent in the first quarter of 2024 compared to the prior quarter and increased one per cent compared to the first quarter of 2023. While market uncertainty contributed to low pricing early in the period, the extension of coordinated production and export curtailments by certain crude oil-producing countries combined with constructive near-term demand indicators, contributed to an upward trend in prices throughout the quarter.

The Edmonton condensate benchmark price decreased six per cent in the first quarter of 2024 compared to the prior quarter and decreased nine per cent compared to the first quarter of 2023. Strong local condensate production along with lower weather-related blending demand at oil sands operations resulted in weaker Canadian condensate differentials during the quarter.

Average NYMEX Henry Hub natural gas prices decreased 22 per cent in the first quarter of 2024 compared to the prior quarter and decreased 35 per cent compared to the first quarter of 2023. Higher than average winter temperatures throughout the US resulted in significantly lower seasonal natural gas demand than normal. While low natural gas prices have resulted in some US producers electing to curtail production and reduce capital activity, the net impact of lower weather-related demand has resulted in US natural gas inventory levels exiting the winter above normal seasonal levels.

The AECO 7A Monthly Index decreased 23 per cent in the first quarter of 2024 compared to the prior quarter and decreased 53 per cent compared to the first quarter of 2023. Strong natural gas production levels in Western Canada combined with higher than average temperatures resulted in elevated Canadian natural gas inventory levels.

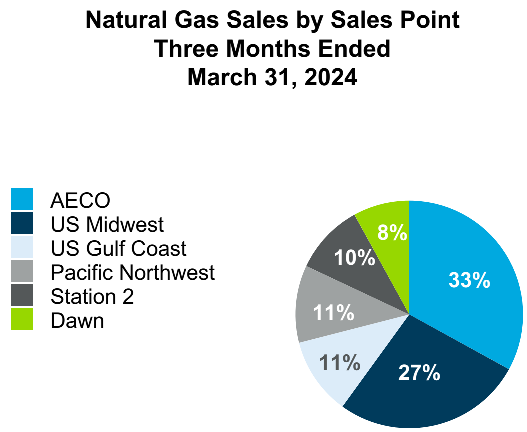
ARC's Average Realized Commodity Prices

For the three months ended March 31, 2024, ARC's average realized crude oil price decreased 10 per cent compared to the same period in 2023. The decrease is primarily due to wider differentials between WTI and Peace Sour benchmark prices compared to the same period of the prior year.

For the three months ended March 31, 2024, ARC's average realized condensate price decreased nine per cent compared to the same period in 2023. The decrease is primarily due to wider differentials between WTI and Edmonton condensate benchmark prices compared to the same period of the prior year.

ARC's natural gas sales are physically diversified to multiple sales points within North America, each with different index-based pricing. ARC's average realized natural gas price for the three months ended March 31, 2024 decreased 46 per cent compared to the same period of the prior year. The decrease is primarily due to benchmark price declines in all North American markets.

Exhibit 9



Subsequent to March 31, 2024, and as part of its natural gas market diversification strategy, ARC has entered into a long-term liquefaction tolling services agreement (the "Liquefaction Agreement") and other ancillary agreements with Cedar LNG Partners LP ("Cedar LNG"), a partnership between the Haisla Nation and Pembina Pipeline Corporation, advancing the Cedar LNG Project (the "Project"). ARC will deliver approximately 200 MMcf per day of natural gas for liquefaction by the Project for a term of 20 years commencing with commercial operations, anticipated in the second half of 2028. The Liquefaction Agreement is subject to a positive final investment decision and other customary conditions precedent with respect to the Project.

In addition to the agreement with Cedar LNG, ARC has entered into a non-binding Heads of Agreement with an investment-grade rated company for the associated LNG offtake, the equivalent of approximately 1.5 million tonnes per annum of LNG.

Risk Management Contracts

The fair value of ARC's risk management contracts at March 31, 2024 was a net asset of $130.2 million, representing the expected value of settlement of ARC's contracts at the balance sheet date after adjustments for credit risk. This comprises a net liability of $2.6 million from crude oil contracts, a net asset of $129.4 million from natural gas contracts, and a net asset of $3.4 million from foreign currency contracts.

Exhibit 10

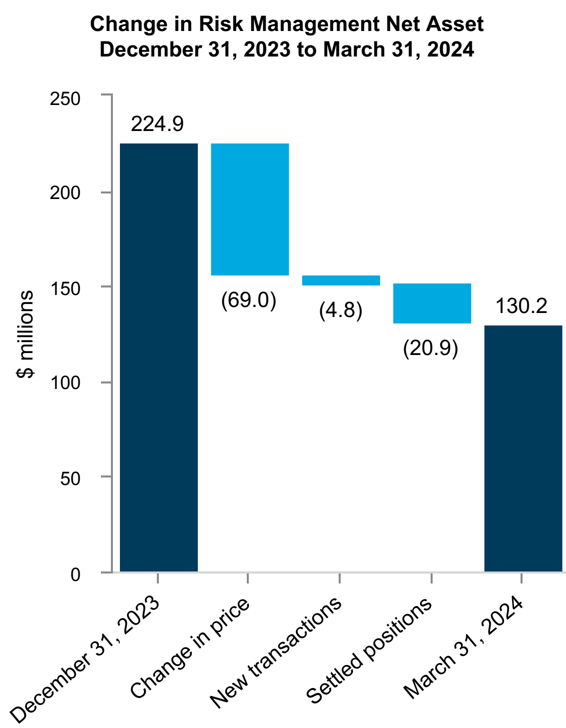


Table 11 summarizes the gain or loss on risk management contracts for the three months ended March 31, 2024 compared to the same period in 2023:

Table 11

Risk Management Contracts ($ millions)	**Crude Oil & Condensate**	**Natural Gas**	**Embedded Derivative** (1)	**NGLs and Foreign Currency**	**Q1 2024 Total**	Q1 2023 Total
Realized gain (loss) on risk management contracts (2)	(16.4)	33.3	—	—	**16.9**	(150.5)
Unrealized gain (loss) on risk management contracts (3)	(20.9)	(56.6)	4.0	(20.0)	**(93.5)**	259.6
Gain (loss) on risk management contracts	**(37.3)**	**(23.3)**	**4.0**	**(20.0)**	**(76.6)**	109.1

(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 during the period.

ARC's realized gain on risk management contracts for the three months ended March 31, 2024, primarily reflects cash settlements received on AECO natural gas contracts, partially offset by cash settlements paid on WTI crude oil contracts. As compared to the same period of the prior year, the realized gain on risk management contracts for the three months ended March 31, 2024, is primarily the result of lower average commodity prices relative to contract prices and a decrease in the amount of production volumes hedged.

ARC's unrealized loss on risk management contracts for the three months ended March 31, 2024, reflects the revaluation of WTI crude oil, AECO natural gas, and foreign currency contracts outstanding with higher forward pricing. As compared to the same period of the prior year, ARC's unrealized loss on risk management contracts for the three months ended March 31, 2024, is primarily the result of lower average commodity prices relative to contract prices and a decrease in contract settlements.

Embedded Derivatives

ARC has executed two separate long-term natural gas supply agreements, whereby ARC delivers natural gas to specified North American delivery points and in exchange, receives international pricing associated with natural gas and liquified natural gas ("LNG") products. These contracts have been determined to contain embedded derivatives that are required by IFRS Accounting Standards to be valued separately from their host contracts.

	Volume (MMBtu/d)	**Term**	**Delivery Point**	**Pricing formula**	**Commences**
Agreement 1	140,000	15 years	Chicago	JKM less transport & liquefaction	2027
Agreement 2	140,000	15 years	Gulf Coast	TTF less transport, liquefaction & regasification	2029

For the three months ended March 31, 2024, ARC recognized an unrealized gain on risk management contracts of $4.0 million ($11.0 million for the three months ended March 31, 2023) in respect of these contracts. At March 31, 2024, the total fair value of ARC's embedded derivatives was a liability of $2.0 million ($6.0 million at December 31, 2023). The fair value reflects the estimated differentials between JKM and Chicago Citygate forward pricing and between TTF and NYMEX Henry Hub forward pricing over the terms of the agreements. 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 ARC's natural gas embedded derivative contracts 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

The components of ARC's netback for the three months ended March 31, 2024 compared to the same period in 2023 are summarized in Tables 12 and 12a:

Table 12

	Three Months Ended			
Netback ($ millions) [1]	December 31, 2023	**March 31, 2024**	March 31, 2023	% Change
Commodity sales from production	1,300.2	**1,202.1**	1,527.5	(21)
Royalties	(172.8)	**(133.0)**	(242.1)	(45)
Operating	(138.6)	**(136.6)**	(137.1)	—
Transportation	(154.3)	**(171.5)**	(170.9)	—
Netback	834.5	**761.0**	977.4	(22)

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

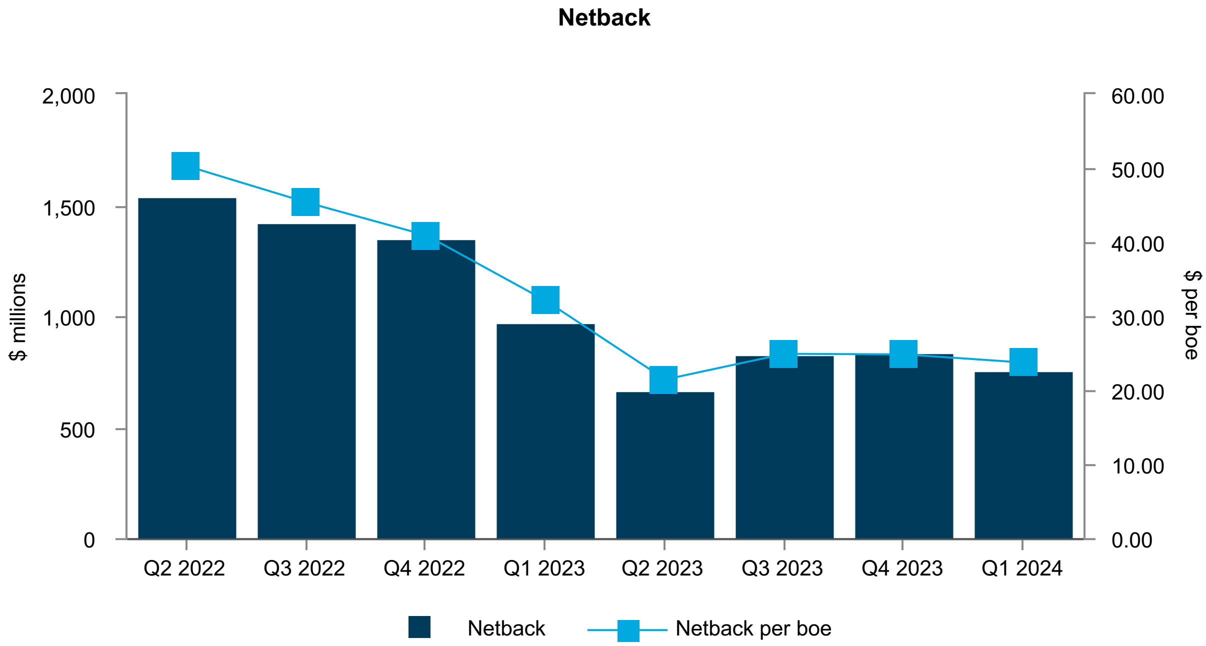
Table 12a

	Three Months Ended			
Netback ($ per boe) [1]	December 31, 2023	**March 31, 2024**	March 31, 2023	% Change
Commodity sales from production	38.69	**37.49**	50.16	(25)
Royalties [2]	(5.14)	**(4.15)**	(7.96)	(48)
Operating	(4.13)	**(4.26)**	(4.50)	(5)
Transportation	(4.59)	**(5.35)**	(5.61)	(5)
Netback	24.83	**23.73**	32.09	(26)

(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

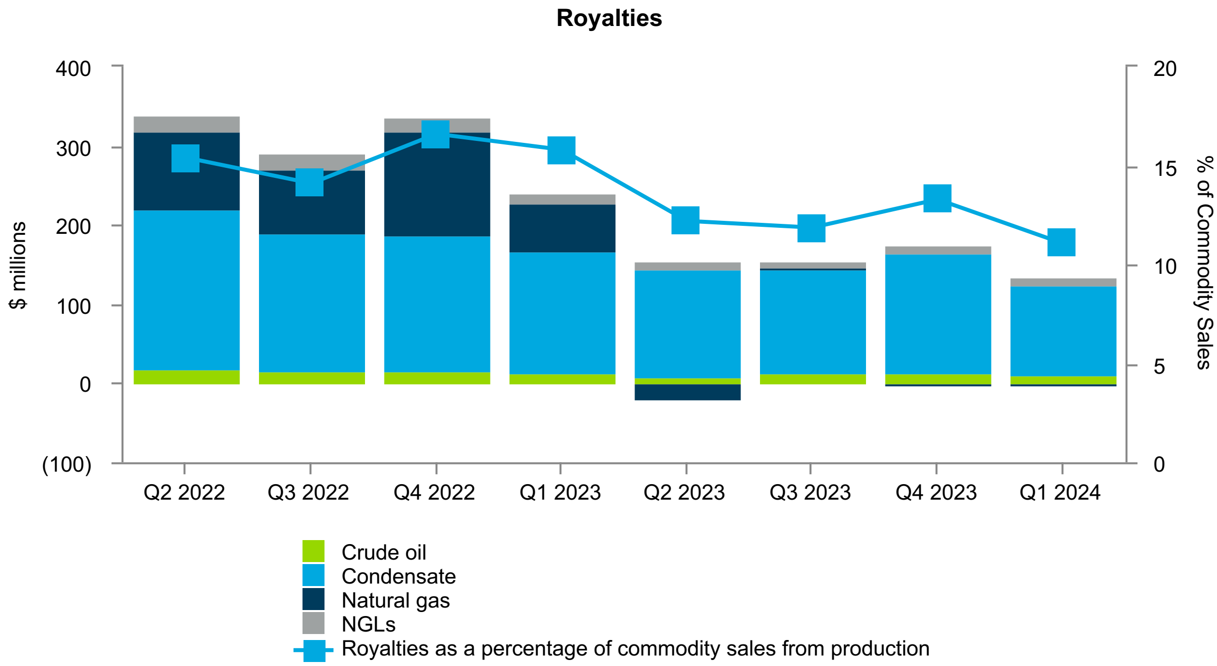


Royalties

Royalties for the three months ended March 31, 2024 decreased 45 per cent to $133.0 million from $242.1 million for the same period in 2023. Royalties as a percentage of commodity sales from production(1) decreased to 11 per cent ($4.15 per boe) in the first quarter of 2024 from 16 per cent ($7.96 per boe) in the first quarter of 2023. The decrease in royalties and royalties as a percentage of commodity sales from production for the three months ended March 31, 2024, primarily reflects lower average royalty rates due to decreased commodity prices and the impact of certain royalty programs, as compared to the same period in 2023.

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

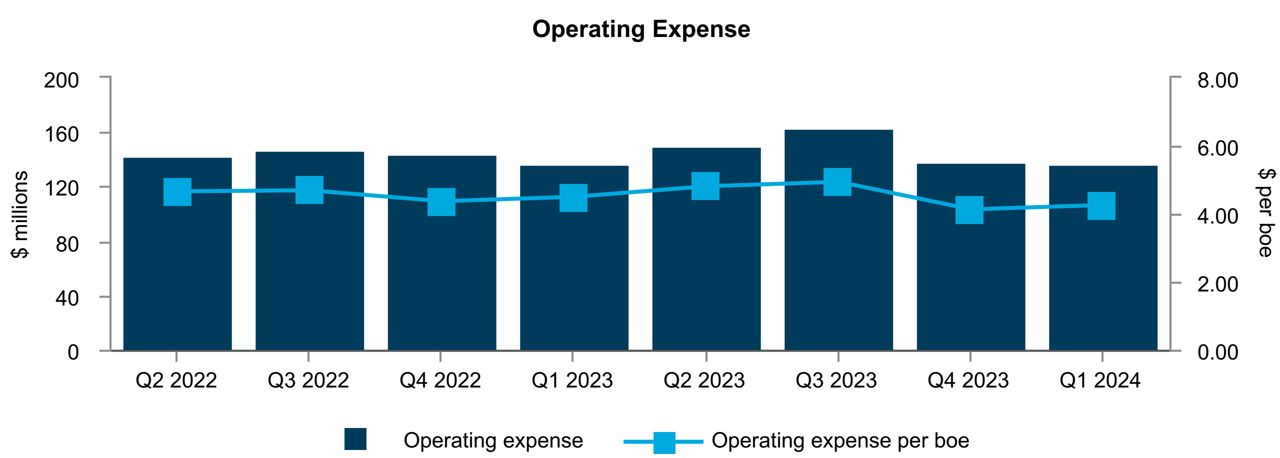
Exhibit 12



Operating

Operating expense for the three months ended March 31, 2024 was $136.6 million, compared to $137.1 million for the three months ended March 31, 2023. Operating expense per boe for the three months ended March 31, 2024 was $4.26 per boe, a decrease of five per cent from $4.50 per boe for the three months ended March 31, 2023, associated with increased production compared to the same period of the prior year.

Exhibit 13



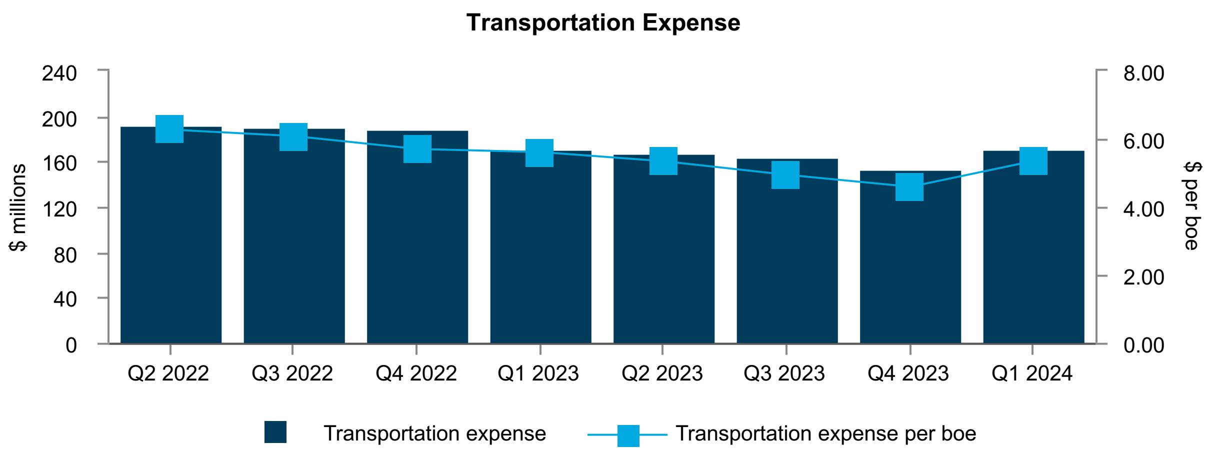
Transportation

Transportation expense for the three months ended March 31, 2024 was $171.5 million, compared to $170.9 million for the three months ended March 31, 2023. Transportation expense per boe for the three months ended March 31, 2024 was $5.35 per boe, a decrease of five per cent from $5.61 per boe for the three months ended March 31, 2023.

Transportation expense per boe for the three months ended March 31, 2024, relative to the same period in 2023, primarily reflects lower fuel gas charges and lower trucking costs, partially offset by an increase in natural gas pipeline tariffs.

ARC enters into firm transportation service commitments in order to secure diversified market access for both its current production as well as anticipated production from facility infrastructure planned to be operational in the future. ARC's transportation contract portfolio is monitored on an ongoing basis and contracts are assessed at period end to determine the existence of any contracts that are onerous; none were identified at March 31, 2024. For information regarding ARC's payment obligations under its future transportation commitments, refer to Note 13 "Commitments and Contingencies" in the financial statements.

Exhibit 14



G&A

G&A expense before share-based compensation expense increased 19 per cent to $43.0 million in the first quarter of 2024 from $36.0 million in the first quarter of 2023. The increase for the three months ended March 31, 2024 is primarily due to increased consulting and information technology costs related to an enterprise system implementation project underway in 2024.

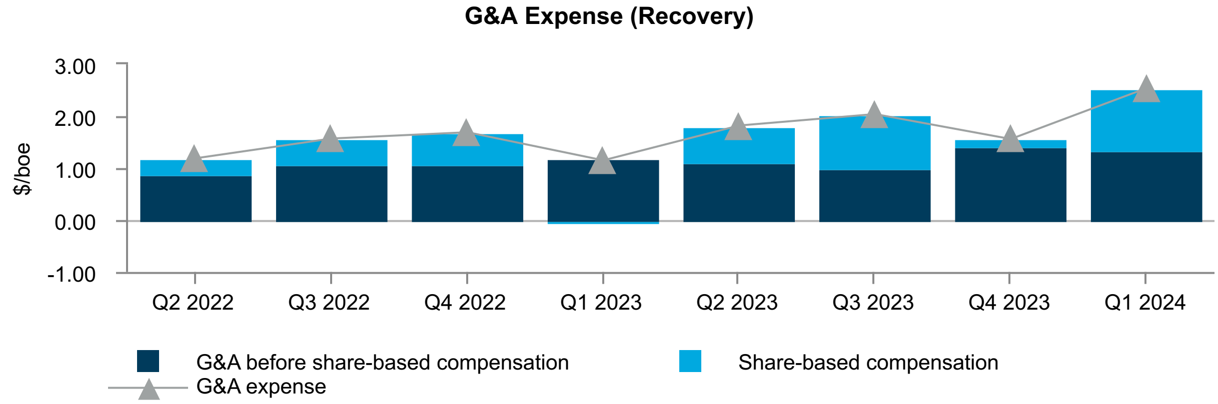
During the three months ended March 31, 2024, ARC recognized G&A expense of $38.4 million associated with its share-based compensation plans, compared to a recovery of $1.0 million during the same period of the prior year. The increase for the three months ended March 31, 2024 is primarily due to increases in ARC's share price and the average performance multiplier factor, compared with decreases in the same period of the prior year. These changes affected both amounts vested during the period and the period end revaluation of the liability associated with outstanding awards.

Table 13 is a breakdown of G&A expense:

Table 13

	Three Months Ended			
G&A Expense ($ millions, except per boe)	December 31, 2023	**March 31, 2024**	March 31, 2023	% Change
G&A expense before share-based compensation expense	48.0	**43.0**	36.0	19
G&A – share-based compensation expense (recovery)	4.5	**38.4**	(1.0)	(100)
G&A expense	52.5	**81.4**	35.0	133
G&A expense before share-based compensation expense per boe	1.43	**1.34**	1.18	14
G&A – share-based compensation expense (recovery) per boe	0.13	**1.20**	(0.03)	(100)
G&A expense per boe	1.56	**2.54**	1.15	121

Exhibit 15



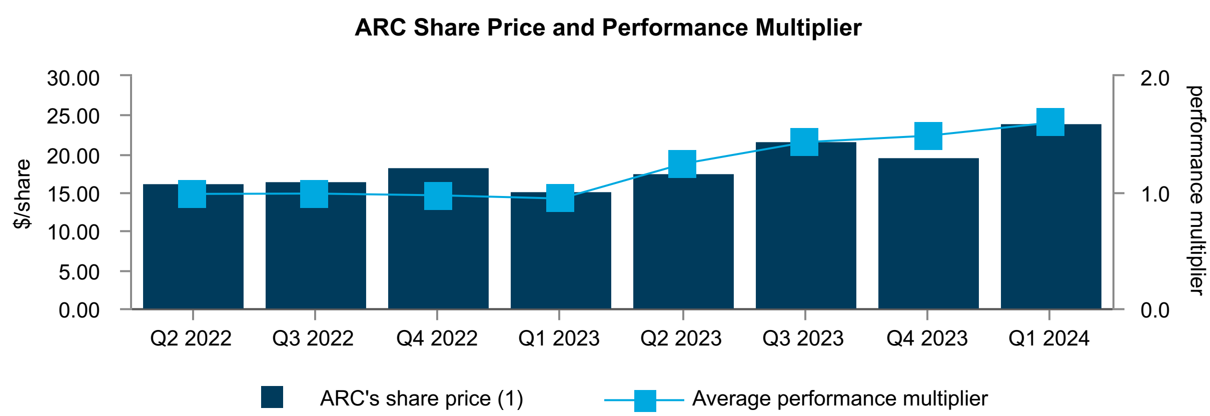
Share-based Compensation Plans

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, 2023.

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

At March 31, 2024, ARC had 1.8 million RSUs and 3.2 million PSUs outstanding under these plans. For the three months ended March 31, 2024, ARC recognized G&A in relation to its RSU and PSU Plans of $32.3 million ($1.4 million for the three months ended March 31, 2023). The increase in expense recognized for the three months ended March 31, 2024 reflects the change in valuation of awards outstanding throughout the respective period associated with increases to share price and average performance multiplier factor for PSUs.

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 14 shows the changes to the outstanding RSU and PSU awards for plans that existed prior to a business combination (the "Legacy Plans") during the three months ended March 31, 2024:

Table 14

Legacy Plans (number of awards, thousands)	**RSUs**	**PSUs** (1)	**Total RSUs and PSUs**
Balance, December 31, 2023	1,985	3,516	5,501
Granted	**354**	**848**	**1,202**
Distributed	**(506)**	**(1,100)**	**(1,606)**
Forfeited	**(16)**	**(15)**	**(31)**
Balance, March 31, 2024	**1,817**	**3,249**	**5,066**

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

At March 31, 2024, there are an additional 7,000 RSU awards outstanding related to plans acquired through a business combination (the "Acquired Plans").

Due to the variability in the expected future payments under the plans, ARC estimates that between $43.9 million and $200.8 million could be paid out in 2024 through 2027 based on possible future changes to ARC's period-end share price, accrued dividends, market performance relative to peers, and corporate scorecard results. Table 15 is a summary of the range of future expected payments under the RSU and PSU Plans based on variability of the performance multiplier and awards outstanding under the RSU and PSU Plans as at March 31, 2024:

Table 15

Value of RSU and PSU Awards as at March 31, 2024		**Performance Multiplier**	
(awards thousands and $ millions, except per share)	**—**	**1.0**	**2.0**
Estimated awards to vest (1)			
RSUs	1,824	1,824	1,824
PSUs	—	3,249	6,498
Total awards	**1,824**	**5,073**	**8,322**
Share price (2)	24.15	24.15	24.15
Value of RSU and PSU awards upon vesting	**43.9**	**122.3**	**200.8**
2024	13.8	33.2	52.5
2025	18.3	42.1	66.0
2026	9.1	34.2	59.3
2027	2.7	12.8	23.0

(1) Includes additional estimated awards to be issued under the Legacy Plans for dividends accrued to-date.
(2) Per share outstanding. Values will fluctuate over the vesting period based on the volatility of the underlying share price. Assumes a future share price equal to the TSX closing price at March 31, 2024.

Share Option Plans

At March 31, 2024, ARC had 0.9 million share options outstanding under the Legacy Plans, with a weighted average exercise price of $10.73. At March 31, 2024, ARC had 0.9 million share options outstanding under the Acquired Plans, with a weighted average exercise price of $21.03. All share options were exercisable at March 31, 2024.

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

At March 31, 2024, ARC had 1.0 million restricted shares outstanding under the LTRSA Plan. ARC recognized G&A of $0.3 million relating to the LTRSA Plan for the three months ended March 31, 2024 and 2023.

Deferred Share Unit ("DSU") Plans

At March 31, 2024, ARC had 0.8 million DSUs outstanding under the Legacy Plans and 0.4 million DSUs outstanding under the Acquired Plans. For the three months ended March 31, 2024, G&A expense of $5.8 million was recognized in relation to the DSU Plans (G&A recovery of $2.8 million for the three months ended March 31, 2023).

Interest and Financing

Interest and financing for the three months ended March 31, 2024 was $31.2 million ($0.97 per boe) compared to $21.1 million ($0.69 per boe) for the same period of the prior year. The increase for the three months ended March 31, 2024, as compared to the same period of the prior year, is primarily the result of an increase in financing expense associated with modifications to existing leases, an increase in the amount of long-term debt outstanding and an increase in short-term borrowing costs related to draws on ARC's credit facility. A breakdown of interest and financing expense is shown in Table 16:

Table 16

	Three Months Ended			
Interest and Financing ($ millions, except per boe amounts)	December 31, 2023	**March 31, 2024**	March 31, 2023	% Change
Bank debt and long-term notes	13.9	**14.2**	10.5	35
Lease obligations	14.0	**13.6**	7.4	84
Accretion on ARO	3.7	**3.4**	3.2	6
Interest and financing	31.6	**31.2**	21.1	48
Interest and financing per boe	0.94	**0.97**	0.69	41

Foreign Exchange Gain and Loss

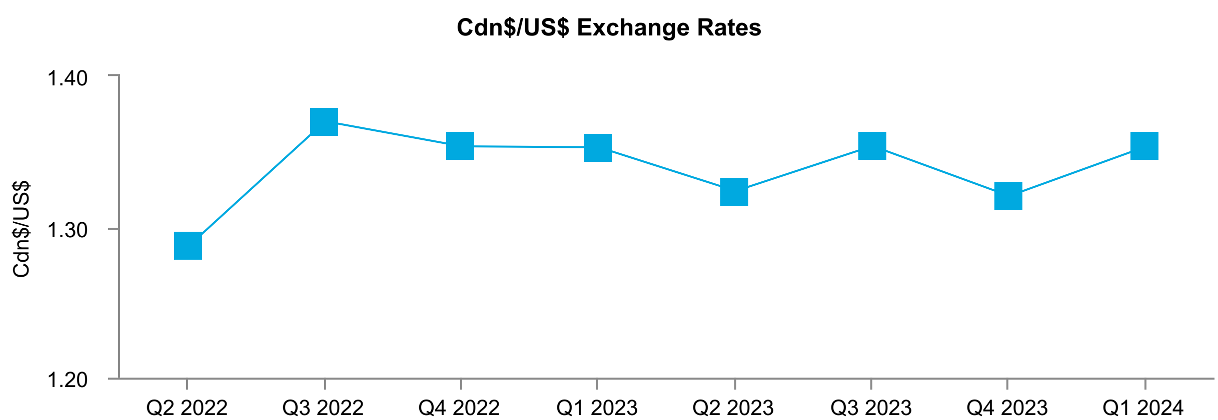
ARC recognized a gain on foreign exchange of $10.6 million in the first quarter of 2024 compared to a loss of $0.4 million in the first quarter of 2023. The change in foreign exchange recognized for the three months ended March 31, 2024, as compared to the same period in the prior year, primarily reflects the revaluation of ARC's US$ denominated receivables, which are revalued based on the Cdn$/US$ exchange rate on the last day of each respective period.

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

Table 17

	Three Months Ended			
Foreign Exchange Gain and Loss ($ millions)	December 31, 2023	**March 31, 2024**	March 31, 2023	% Change
Unrealized gain (loss) on US dollar-denominated accounts receivable	(11.3)	**10.2**	0.1	100
Realized gain (loss) on US dollar-denominated transactions	0.5	**0.4**	(0.5)	180
Foreign exchange gain (loss)	(10.8)	**10.6**	(0.4)	100

Exhibit 17



For the three months ended March 31, 2024, ARC recognized an unrealized loss on foreign currency translation adjustment in other comprehensive income of $4.3 million (unrealized gain of $1.3 million for the three months ended March 31, 2023).

Taxes

ARC recognized current income tax expense of $60.0 million for the three months ended March 31, 2024, compared to $77.0 million for the same period in 2023. The decrease in current income tax expense is primarily due to lower expected taxable income for the period resulting from a decrease in average realized commodity prices compared to the same period of 2023.

For the three months ended March 31, 2024, a deferred income tax recovery of $4.7 million was recognized, compared to a deferred income tax expense of $90.4 million for the same period in 2023. The decrease in deferred income tax expense primarily relates to an unrealized loss on risk management contracts for the three months ended March 31, 2024, compared to an unrealized gain on risk management contracts for the same period of 2023.

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

Table 18

Income Tax Pool Type ($ millions)	**March 31, 2024**	**Annual Deductibility**
Canadian oil and gas property expense	841.2	10% declining balance
Canadian development expense	1,921.4	30% declining balance
Undepreciated capital cost	1,703.1	Primarily 25% declining balance
Other	44.9	Various rates, 5% declining balance to 20%
Total federal tax pools	**4,510.6**	

DD&A and Impairment of PP&E

For the three months ended March 31, 2024, ARC recognized DD&A of $340.2 million compared to $336.9 million for the three months ended March 31, 2023. The increase in DD&A for the three months ended March 31, 2024, compared to the same period in the prior year, is primarily due to modifications of existing right-of-use ("ROU") assets.

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

Table 19

	Three Months Ended			
DD&A Expense ($ millions, except per boe amounts)	December 31, 2023	**March 31, 2024**	March 31, 2023	% Change
Depletion of crude oil and natural gas assets	326.7	**313.1**	313.5	—
Depreciation of corporate assets	5.9	**5.9**	5.0	18
Depreciation of ROU assets under lease	21.0	**21.2**	18.4	15
DD&A expense	353.6	**340.2**	336.9	1
DD&A expense per boe [1]	10.52	**10.61**	11.06	(4)

(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 $499.8 million during the three months ended March 31, 2024, compared to $397.4 million for the three months ended March 31, 2023. 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 budget, as well as the accounting impact of any accrual changes or payments under certain lease arrangements. Refer to Table 22 in the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for a reconciliation of ARC's capital expenditures to its most directly comparable GAAP measure, cash flow used in investing activities.

Capital expenditures were $504.6 million for the three months ended March 31, 2024, compared to $487.4 million for the three months ended March 31, 2023. Capital expenditures for the three months ended March 31, 2024 included the drilling of 38 crude oil and natural gas wells and the completion of 24 crude oil and natural gas wells across ARC's asset base. Additional investment during the three months ended March 31, 2024 has been focused on the Attachie Phase I development, with first commissioning volumes expected for late 2024 and full-productive capacity anticipated in the first quarter of 2025.

For information regarding ARC's planned capital expenditures for 2024, refer to the news releases dated February 8, 2024 and November 2, 2023 entitled "*ARC Resources Ltd. Reports Record Production, Year-end Results and Reserves*", and "*ARC Resources Ltd. Reports Third Quarter 2023 Results and Announces 2024 Budget*", 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 March 31, 2024 and March 31, 2023 is shown in Table 20:

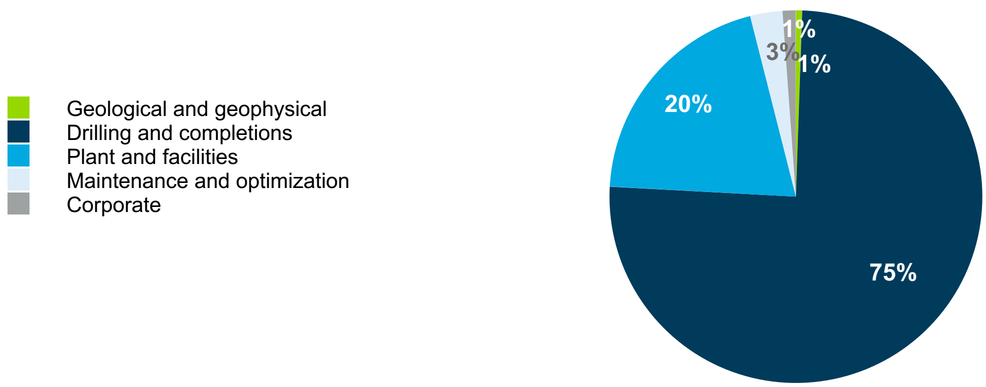
Table 20

	Three Months Ended March 31						
	2024			2023			
Capital Expenditures ($ millions)	**E&E** [(1)]	**PP&E**	**Total**	E&E	PP&E	Total	% Change
Geological and geophysical	**0.1**	**2.6**	**2.7**	—	3.1	3.1	(13)
Drilling and completions	**(0.4)**	**380.5**	**380.1**	0.4	452.0	452.4	(16)
Plant and facilities	**2.8**	**99.1**	**101.9**	0.7	28.5	29.2	249
Maintenance and optimization	**—**	**14.1**	**14.1**	—	10.0	10.0	41
Corporate	**—**	**5.8**	**5.8**	—	(7.3)	(7.3)	179
Capital expenditures	**2.5**	**502.1**	**504.6**	1.1	486.3	487.4	4
Acquisitions	**—**	**0.1**	**0.1**	0.5	3.0	3.5	(97)
Dispositions	**—**	**—**	**—**	—	(76.5)	(76.5)	(100)
Capital expenditures and net acquisitions and dispositions	**2.5**	**502.2**	**504.7**	1.6	412.8	414.4	22

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

Exhibit 18

Capital Expenditures by Classification
Three Months Ended March 31, 2024



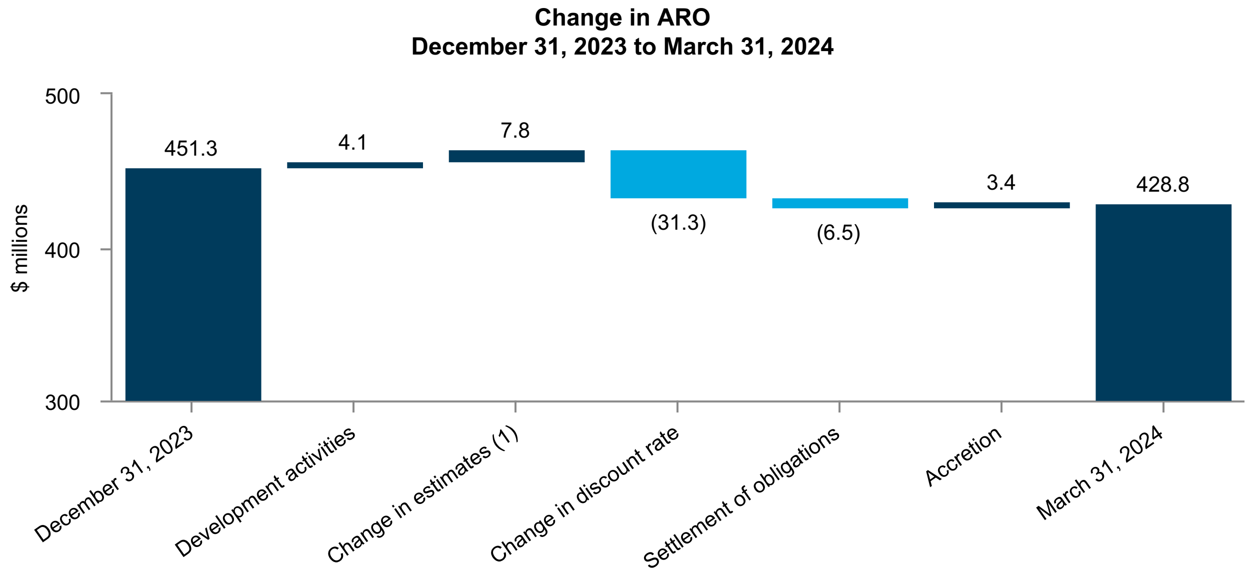
Asset Retirement Obligation

At March 31, 2024, ARC recognized ARO of $428.8 million ($451.3 million at December 31, 2023), 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 $411.8 million is classified as long-term ($17.0 million and $434.3 million at December 31, 2023, 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 3.3 per cent (3.0 per cent at December 31, 2023).

Accretion charges of $3.4 million for the three months ended March 31, 2024 ($3.2 million for the same period in 2023), have been recognized in interest and financing in the statements of income to reflect the increase in ARO associated with the passage of time. Actual spending under ARC's program for the three months ended March 31, 2024 was $6.5 million ($6.5 million for the same period in 2023).

Environmental stewardship remains a core value at ARC and the Company maintains a planned and scheduled approach to its abandonment and reclamation activities.

Exhibit 19



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

Capitalization, Financial Resources and Liquidity

Capital Management

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

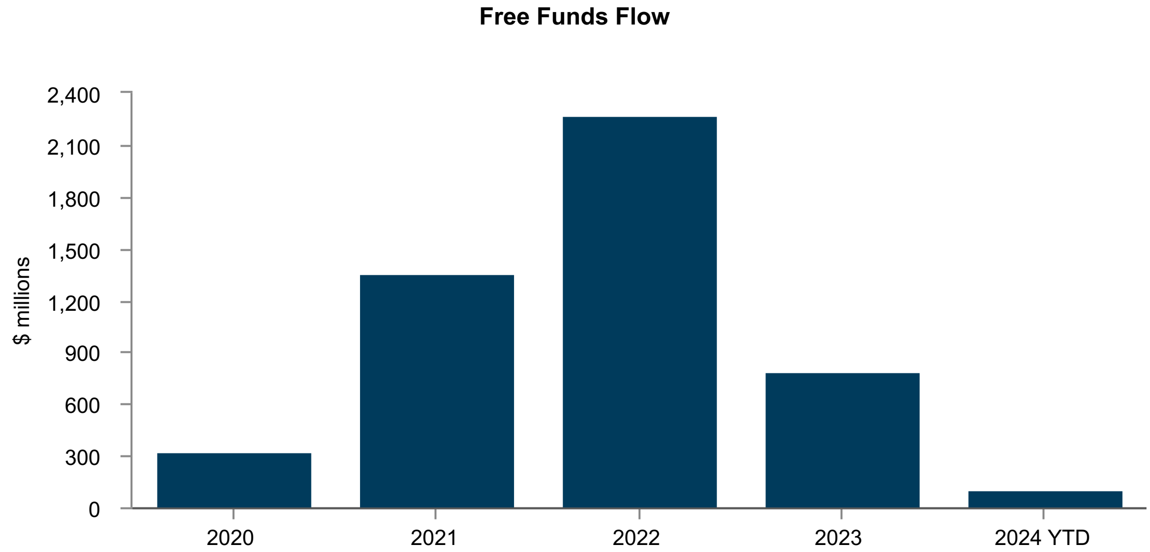
Maintaining targeted debt levels, paying a sustainable dividend, and exercising capital discipline to manage a moderate pace of development and control its corporate decline rate are the basis for ARC's current capital allocation. ARC takes a portfolio approach by periodically evaluating its capital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

ARC uses free funds flow, defined as funds from operations less capital expenditures, as an indicator of the funds available for capital allocation. For the three months ended March 31, 2024, free funds flow was $102.3 million ($230.0 million for the three months ended March 31, 2023). 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 2024 to shareholders through dividends and repurchase of shares, and directing any remainder to debt reduction. During the three months ended March 31, 2024, ARC distributed 114 per cent of free funds flow to shareholders. Currently, ARC believes that the optimal mechanism to return shareholder capital is through a sustainable base dividend that grows over time, and continued share repurchases.

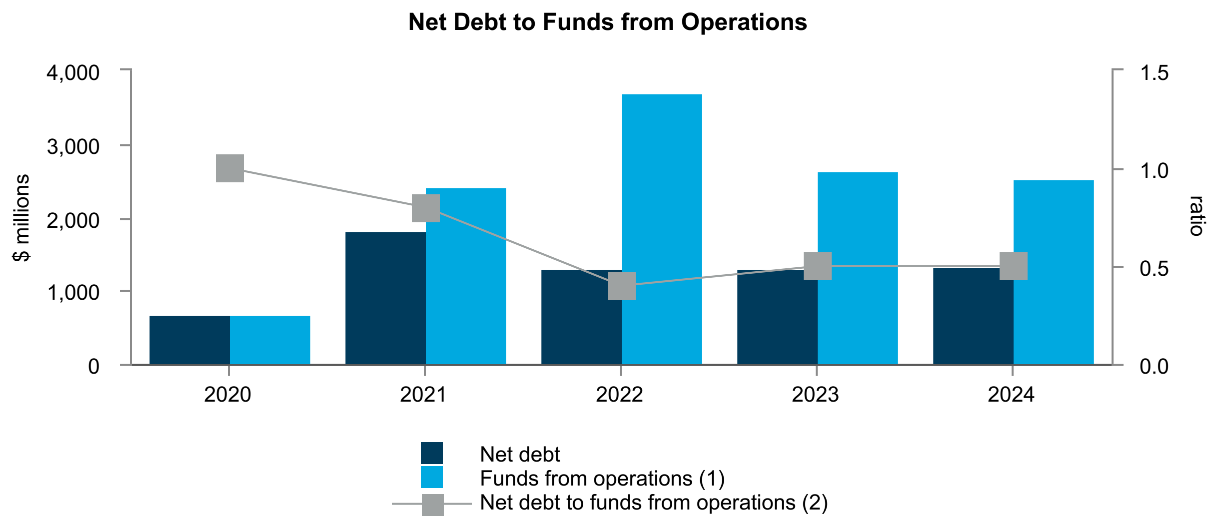
During the three months ended March 31, 2024, ARC declared a quarterly dividend of $0.17 per share, and repurchased 0.6 million common shares under its normal course issuer bid ("NCIB").

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 March 31, 2024, ARC's net debt was 0.5 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 February 2024, the maturity date of ARC's unsecured extendible revolving credit facility was extended to February 2028 and the borrowing capacity was reduced to $1.7 billion from $1.8 billion.

At March 31, 2024, ARC had total available credit capacity of $2.7 billion, of which $1.2 billion was drawn under its credit facility and senior notes. At March 31, 2024, 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.

At March 31, 2024, ARC was in compliance with the financial covenants related to its credit facility which are as follows:

Table 21

Covenant Description	Position at March 31, 2024
Consolidated Debt not to exceed 60 per cent of Total Capitalization	13 %
Consolidated Tangible Assets of the Restricted Group must exceed 80 per cent of Consolidated Tangible Assets	100 %

Lease Obligations

At March 31, 2024, ARC had lease obligations of $1.0 billion, of which $87.6 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.

Shareholders' Equity

During the three months ended March 31, 2024, ARC repurchased 0.6 million common shares under its NCIB at a weighted average price per share of $23.17 for a total of $13.9 million, inclusive of all costs. Shares were cancelled upon repurchase.

At March 31, 2024, ARC has recognized a liability of $7.0 million ($5.6 million at December 31, 2023) for share repurchases estimated to take place during its internal blackout period under an automatic share purchase plan agreement with an independent broker.

At March 31, 2024, there were 596.7 million common shares outstanding and 1.8 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 March 31, 2024, ARC had 1.0 million restricted shares outstanding under its LTRSA Plan. For more information on the restricted shares outstanding and held in trust under ARC's LTRSA Plan, refer to the section entitled "Long-term Restricted Share Award Plan" contained within this MD&A.

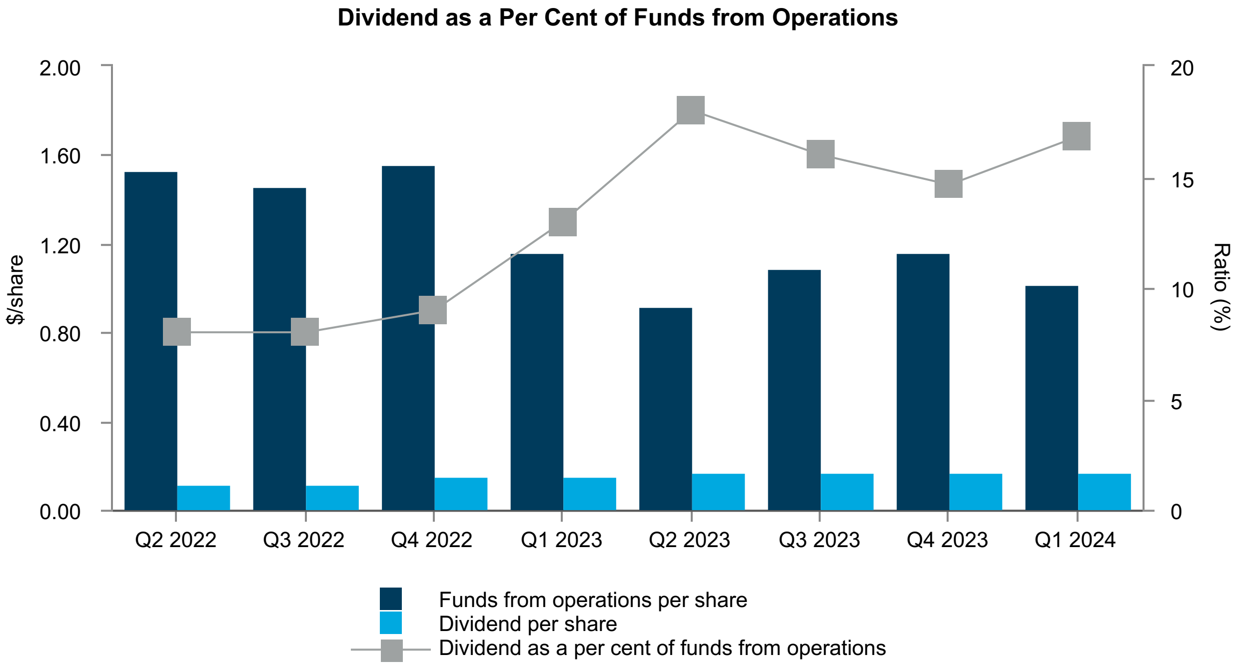
Dividends

ARC's business strategy is focused on value creation and long-term returns to shareholders, with the dividend being an important component. In the first quarter of 2024, ARC declared dividends totaling $101.6 million ($0.17 per share) compared to $91.9 million ($0.15 per share) in the same period of 2023.

ARC's dividend as a per cent of funds from operations(1) increased from an average of 13 per cent for the three months ended March 31, 2023, to an average of 17 per cent for the three months ended March 31, 2024, as a result of a higher quarterly dividend per share and a decrease in funds from operations compared to the same period of the prior year.

(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 monthly dividends is proposed by Management and is subject to the approval and discretion of the Board. The Board reviews future dividends in conjunction with their review of quarterly financial and operational results.

Please refer to ARC's website at www.arcresources.com for details of the estimated quarterly dividend amounts and dividend dates for 2024.

Contractual Obligations and Commitments

At March 31, 2024, ARC's total contractual obligations and commitments were $6.8 billion. These include obligations and commitments in place at December 31, 2023, less payments made during the three months ended March 31, 2024, as well as additional transportation commitments.

Off-Balance Sheet Financing

ARC does not have any guarantees or off-balance sheet arrangements that have been excluded from the balance sheets other than commitments disclosed in Note 13 "Commitments & 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, 2023.

CONTROL ENVIRONMENT

Internal Control over Financial Reporting ("ICFR")

ARC is required to comply with National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"). The certification of interim filings for the interim period ended March 31, 2024 requires that ARC disclose in the interim MD&A any changes in ARC's ICFR that occurred during the period that have materially affected, or are reasonably likely to materially affect, ARC's ICFR. ARC confirms that no such changes were made to its ICFR during the three months ended March 31, 2024.

NON-GAAP AND OTHER FINANCIAL MEASURES

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

Non-GAAP Financial Measures

Capital Expenditures

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

Table 22

	Three Months Ended		
Capital Expenditures ($ millions)	December 31, 2023	**March 31, 2024**	March 31, 2023
Cash flow used in investing activities	434.3	**499.8**	397.4
Acquisition of crude oil and natural gas assets	—	**(0.1)**	(0.5)
Disposal of crude oil and natural gas assets	44.2	**—**	73.6
Long-term investments	(0.3)	**(2.8)**	(1.2)
Change in non-cash investing working capital	60.1	**3.0**	16.0
Other (1)	6.2	**4.7**	2.1
Capital expenditures	544.5	**504.6**	487.4

(1) Comprises non-cash capitalized costs related to the Company's ROU asset depreciation and share-based compensation.

Free Funds Flow

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

Table 23

	Three Months Ended		
Free Funds Flow ($ millions)	December 31, 2023	**March 31, 2024**	March 31, 2023
Cash flow from operating activities	698.9	**636.3**	540.3
Net change in other liabilities	1.6	**6.7**	13.7
Change in non-cash operating working capital	(1.3)	**(36.1)**	163.4
Funds from operations	699.2	**606.9**	717.4
Capital expenditures	(544.5)	**(504.6)**	(487.4)
Free funds flow	154.7	**102.3**	230.0

Netback

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

Adjusted EBIT

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

Table 24

	Twelve Months Ended	Twelve Months Ended December 31				
Adjusted EBIT ($ millions)	**March 31, 2024**	2023	2022	2021	2020	2020 - 2023 Average[1]
Net income (loss)	**1,207.0**	1,596.5	2,302.3	786.6	(547.2)	1,034.6
Add interest and financing	**115.6**	105.5	97.2	126.1	45.6	93.6
Less accretion of ARO	**(13.4)**	(13.2)	(11.0)	(9.5)	(6.3)	(10.0)
Add income taxes (recovery)	**348.7**	460.8	675.9	208.5	(207.7)	284.4
Adjusted EBIT	**1,657.9**	2,149.6	3,064.4	1,111.7	(715.6)	1,402.6

(1) Average for the years ended December 31, 2020, 2021, 2022 and 2023.

Average Capital Employed

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

Table 25

	Twelve Months Ended	Twelve Months Ended December 31				
Average Capital Employed ($ millions)	**March 31, 2024**	2023	2022	2021	2020	2020 - 2023 Average[1]
Net debt - beginning of period	**1,264.7**	1,301.5	1,828.7	693.5	894.0	894.0
Current portion of lease obligations	**84.3**	92.4	109.3	15.3	16.3	16.3
Long-term portion of lease obligations	**788.4**	702.9	760.0	33.9	29.9	29.9
Shareholders' equity - beginning of period	**6,995.0**	6,653.5	5,927.5	2,790.6	3,439.9	3,439.9
Opening capital employed (A)	**9,132.4**	8,750.3	8,625.5	3,533.3	4,380.1	4,380.1
Net debt - end of period	**1,336.1**	1,317.1	1,301.5	1,828.7	693.5	1,336.1
Current portion of lease obligations	**87.6**	85.2	92.4	109.3	15.3	87.6
Long-term portion of lease obligations	**954.2**	974.6	702.9	760.0	33.9	954.2
Shareholders' equity - end of period	**7,498.4**	7,427.8	6,653.5	5,927.5	2,790.6	7,498.4
Closing capital employed (B)	**9,876.3**	9,804.7	8,750.3	8,625.5	3,533.3	9,876.3
Average capital employed (A+B)/2	**9,504.4**	9,277.5	8,687.9	6,079.4	3,956.7	7,128.2

(1) Average for the years ended December 31, 2020, 2021, 2022, and 2023.

Non-GAAP Ratios

Netback per boe

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

Free Funds Flow per Share

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

Return on Average Capital Employed

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

Table 26

	Twelve Months Ended	Twelve Months Ended December 31				
ROACE ($ millions)	**March 31, 2024**	2023	2022	2021	2020	2020 - 2023 Average(1)
Adjusted EBIT	**1,657.9**	2,149.6	3,064.4	1,111.7	(715.6)	1,402.6
Divided by average capital employed	**9,504.4**	9,277.5	8,687.9	6,079.4	3,956.7	7,128.2
ROACE (%)	**17**	23	35	18	(18)	20

(1) Average for the years ended December 31, 2020, 2021, 2022, and 2023.

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 months ended March 31, 2024 and 2023 is calculated as follows in Table 27:

Table 27

	Three Months Ended		
Funds from Operations ($ millions)	December 31, 2023	**March 31, 2024**	March 31, 2023
Cash flow from operating activities	698.9	**636.3**	540.3
Net change in other liabilities	1.6	**6.7**	13.7
Change in non-cash operating working capital	(1.3)	**(36.1)**	163.4
Funds from operations	699.2	**606.9**	717.4

Net Debt and Net Debt to Funds from Operations

Net debt and net debt to funds from operations are used by Management as key measures to assess the Company's liquidity position at a point in time. Net debt and net debt to funds from operations is reflective of the measures used by Management to monitor its liquidity in light of operating and capital budgeting decisions. Net debt is not a standardized measure and therefore may not be comparable with the calculation of similar measures by other entities. Table 28 details the composition of ARC's net debt and net debt to funds from operations as at March 31, 2024 and December 31, 2023:

Table 28

Net Debt ($ millions, except ratio amounts)	**March 31, 2024**	December 31, 2023
Long-term debt	**1,144.0**	1,148.9
Accounts payable and accrued liabilities	**681.5**	753.3
Dividends payable	**101.6**	101.7
Cash and cash equivalents, accounts receivable, and prepaid expense	**(591.0)**	(686.8)
Net debt	**1,336.1**	1,317.1
Funds from operations (1)	**2,529.1**	2,639.6
Net debt to funds from operations (ratio) (2)	**0.5**	0.5

(1) 12-month trailing funds from operations.
(2) 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.

"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.

"Current income tax expense per share" is comprised of current income tax expense, as determined in accordance with IFRS Accounting Standards, divided by diluted weighted average common shares.

"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 2024 annual and revised 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 2024 capital expenditures under the heading "Annual Guidance"; the anticipated terms and timing with respect to the Liquefaction Agreement with Cedar LNG and the anticipated volumes under the non-binding Heads of Agreement and resulting agreement 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"; anticipated timing with respect to the enterprise system implementation project under the heading "G&A"; 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 taxable income for the three months ended March 31, 2024 and the anticipated decline in ARC's tax pools under the heading "Taxes"; anticipated timing of commissioning volumes for and full productive capacity of the Attachie Phase I development under the heading "Cash Flow used in Investing Activities, Capital Expenditures, Acquisitions, and Dispositions"; 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 in 2024 to shareholders, through dividends and the repurchase of shares, and debt reduction and ARC's target net debt to funds from operations under the heading "Capitalization, Financial Resources and Liquidity"; 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 issue securities and to repurchase its securities under its NCIB; that BC Hydro will be able to proceed with the electrification of the Project; that the conditions precedent to the Liquefaction Agreement with Cedar LNG will be met; that the terms and conditions of the sale and purchase agreement to be entered into pursuant to the non-binding Heads of Agreement will be substantially similar to those currently contemplated in the Heads of Agreement; that the Project will be completed on timelines anticipated; that counterparties to ARC's various agreements will comply with their contractual obligations; assumptions regarding the successful implementation of future agreements; 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 2024 and in the future; the general continuance of current industry conditions; the continuance of existing (and in certain circumstances, the implementation of proposed) tax, royalty, 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: the success of business integration; changes in commodity prices; inflation; changes in the demand for or supply of ARC's products; public health crises, and any related actions taken by governments and businesses; potential regulatory and industry changes stemming from the results of court actions affecting regions in which ARC holds assets; risks and uncertainties related to crude oil and natural gas interests and operations on Indigenous lands; suspension of or changes to guidance, and the associated impact to production; changes to government regulations including royalty rates, taxes, and environmental and climate change regulation; market access constraints or transportation interruptions, unanticipated operating results or production declines; risks and uncertainties related to political instability abroad (including the ongoing Israeli-Hamas and Russian-Ukrainian conflicts); changes in development plans of ARC or by third-party operators of ARC's properties; increased debt levels or debt service requirements; inaccurate estimation of ARC's reserve volumes;

limited, unfavorable or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; 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, 2023.

Forward-looking information and statements in this MD&A pertaining to dividend increases and the repurchase of ARC's outstanding common shares, while based on ARC's current intentions and beliefs, are not guaranteed and should not be unduly relied upon. Any decisions with respect to dividends and/or share repurchases are subject to the approval of the Board.

The internal projections, expectations, or beliefs are based on the 2024 capital budget, which is subject to change in light of ongoing results, prevailing economic conditions, commodity prices, and industry conditions and regulations. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted. The forward-looking information contained in this MD&A speak only 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
CGU	cash-generating unit
DD&A	depletion, depreciation and amortization
DSU	Deferred Share Unit
E&E	exploration and evaluation
ESG	environmental, social, and governance
GAAP	generally accepted accounting principles
G&A	general and administrative
GHG	greenhouse gas
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
JKM	Japan Korea Marker
LNG	liquefied natural gas
LTRSA	Long-term Restricted Share Award
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)	2024	2023				2022		
FINANCIAL	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Commodity sales from production	**1,202.1**	1,300.2	1,308.0	1,124.7	1,527.5	2,024.4	2,056.9	2,211.6
Per share, basic (1)	**2.01**	2.16	2.15	1.84	2.47	3.22	3.15	3.28
Per share, diluted (1)	**2.01**	2.16	2.15	1.84	2.47	3.21	3.14	3.27
Net income	**185.4**	506.3	236.4	278.9	574.9	741.0	867.8	762.9
Per share, basic	**0.31**	0.84	0.39	0.46	0.93	1.18	1.33	1.13
Per share, diluted	**0.31**	0.84	0.39	0.46	0.93	1.18	1.32	1.13
Cash flow from operating activities	**636.3**	698.9	604.2	550.9	540.3	878.3	1,103.6	1,092.6
Per share, basic (1)	**1.07**	1.16	1.00	0.90	0.87	1.40	1.69	1.62
Per share, diluted (1)	**1.06**	1.16	0.99	0.90	0.87	1.39	1.68	1.61
Funds from operations	**606.9**	699.2	662.2	560.8	717.4	986.2	953.0	1,029.7
Per share, basic (1)	**1.02**	1.16	1.09	0.92	1.16	1.57	1.46	1.53
Per share, diluted (1)	**1.01**	1.16	1.09	0.92	1.16	1.56	1.45	1.52
Free funds flow	**102.3**	154.7	260.8	144.3	230.0	602.9	580.1	677.3
Per share, basic (1)	**0.17**	0.26	0.43	0.24	0.37	0.96	0.89	1.00
Per share, diluted (1)	**0.17**	0.26	0.43	0.24	0.37	0.96	0.89	1.00
Cash flow used in investing activities	**499.8**	434.3	394.6	464.4	397.4	350.7	351.9	363.9
Dividends declared	**101.6**	101.7	103.0	103.7	91.9	93.4	76.7	79.9
Per share	**0.17**	0.17	0.17	0.17	0.15	0.15	0.12	0.12
Total assets	**12,325.5**	12,382.9	11,924.9	11,573.8	11,513.4	11,623.9	11,520.7	11,468.8
Total liabilities	**4,827.1**	4,955.1	4,775.4	4,449.3	4,518.4	4,970.4	5,300.0	5,537.3
Net debt	**1,336.1**	1,317.1	1,243.5	1,281.1	1,264.7	1,301.5	1,541.3	1,511.4
Weighted average shares, basic	**596.7**	601.0	607.2	609.7	617.6	628.3	653.7	674.9
Weighted average shares, diluted	**598.4**	602.8	609.0	611.5	619.2	630.3	655.4	676.8
Shares outstanding, end of period	**596.7**	596.9	605.0	608.4	611.2	620.9	637.6	663.7
CAPITAL EXPENDITURES								
Geological and geophysical	**2.7**	1.4	2.6	1.2	3.1	1.3	3.9	0.1
Drilling and completions	**380.1**	387.5	352.3	360.4	452.4	338.6	304.9	239.2
Plant and facilities	**101.9**	132.9	30.5	35.2	29.2	27.0	55.9	86.8
Maintenance and optimization	**14.1**	14.6	9.4	8.6	10.0	10.7	11.5	16.9
Corporate	**5.8**	8.1	6.6	11.1	(7.3)	5.7	(3.3)	9.4
Capital expenditures	**504.6**	544.5	401.4	416.5	487.4	383.3	372.9	352.4
Acquisitions	**0.1**	22.0	—	—	3.5	0.3	1.1	0.8
Dispositions	**—**	(66.3)	(0.1)	—	(76.5)	(0.1)	(4.6)	—
Capital expenditures, and net acquisitions and dispositions	**504.7**	500.2	401.3	416.5	414.4	383.5	369.4	353.2
OPERATING								
Production								
Crude oil and condensate (bbl/d)	**82,672**	85,805	87,098	83,540	78,969	90,135	90,352	84,090
Natural gas (MMcf/d)	**1,322**	1,380	1,353	1,289	1,264	1,310	1,227	1,219
NGLs (bbl/d)	**49,411**	49,474	47,557	45,202	48,800	51,311	47,108	48,877
Total (boe/d)	**352,328**	365,248	360,177	343,630	338,377	359,730	342,034	336,112
Average realized commodity prices								
Crude oil ($/bbl)	**83.83**	93.34	104.91	88.13	92.78	103.58	111.41	134.52
Condensate ($/bbl)	**94.58**	99.09	103.21	93.43	104.10	107.24	110.35	137.91
Natural gas ($/Mcf)	**3.19**	3.33	3.16	2.83	5.89	8.31	9.29	9.08
NGLs ($/bbl)	**25.65**	21.97	19.63	20.89	28.59	28.86	20.72	34.16
Oil equivalent ($/boe)	**37.49**	38.69	39.47	35.97	50.16	61.17	65.37	72.31
TRADING STATISTICS (2)								
($, based on intra-day trading)								
High	**24.32**	23.77	22.05	18.44	18.07	20.49	19.51	22.88
Low	**19.44**	19.02	17.63	15.38	14.33	17.05	13.12	14.81
Close	**24.15**	19.67	21.68	17.67	15.33	18.25	16.59	16.23
Average daily volume (thousands)	**3,343**	4,271	3,705	4,009	5,949	4,259	5,315	9,208

(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.