

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 February 5, 2026, and should be read in conjunction with the audited consolidated financial statements (the "financial statements") as at and for the year ended December 31, 2025, and the MD&A and unaudited condensed interim consolidated financial statements for the periods ended March 31, 2025, June 30, 2025, and September 30, 2025, as well as ARC's 2024 Annual Information Form ("AIF"), each of which is available on ARC's website at www.arcresources.com and on SEDAR+ at www.sedarplus.ca. All financial information is reported in Canadian dollars and all per share information is based on diluted weighted average common shares, unless otherwise noted.

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

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

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

ABOUT ARC RESOURCES LTD.

ARC is a dividend-paying, Canadian energy company headquartered in Calgary, Alberta. ARC's activities focus on the exploration, development, and production of unconventional natural gas, condensate, NGLs, and crude oil in western Canada with an emphasis on the development of assets with a large volume of hydrocarbons in-place, commonly referred to as "resource plays".

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

Highlights

Corporate highlights for the years 2021 through 2025 are shown in Table 1:

Table 1

(\$ millions, except per share amounts, or unless otherwise noted)	2025	2024	2023	2022	2021
Production ⁽¹⁾					
Crude oil and condensate (bbl/d)	106,984	87,266	83,880	86,393	70,393
Natural gas (MMcf/d)	1,324	1,307	1,322	1,259	1,149
NGLs (bbl/d)	46,625	42,787	47,760	49,385	40,084
Total production (boe/d)	374,336	347,908	351,954	345,613	302,003
Average daily production per thousand shares ⁽²⁾	0.64	0.58	0.58	0.52	0.48
Net income	1,275.1	1,124.1	1,596.5	2,302.3	786.6
Net income per share	2.19	1.88	2.61	3.47	1.25
Cash flow from operating activities	3,093.5	2,348.6	2,394.3	3,833.3	2,006.5
Cash flow from operating activities per share ⁽³⁾	5.31	3.94	3.92	5.78	3.20
Funds from operations ⁽⁴⁾	3,192.4	2,472.5	2,639.6	3,712.5	2,415.4
Funds from operations per share ⁽³⁾	5.48	4.15	4.32	5.60	3.85
Free funds flow ⁽⁵⁾	1,283.7	627.0	789.8	2,270.6	1,353.6
Free funds flow per share ⁽⁶⁾	2.20	1.05	1.29	3.42	2.16
Cash flow used in investing activities	3,536.0	1,906.2	1,690.7	1,413.2	808.1
Capital expenditures ⁽⁷⁾	1,908.7	1,845.5	1,849.8	1,441.9	1,061.8
Long-term debt ⁽⁸⁾	2,878.1	1,387.4	1,148.9	990.0	1,705.3
Net debt ⁽⁴⁾	2,866.1	1,335.6	1,317.1	1,301.5	1,828.7
Net debt to funds from operations (ratio) ⁽⁴⁾	0.9	0.5	0.5	0.4	0.8
Return on average capital employed ("ROACE") (%) ⁽⁹⁾	16	16	23	35	18
Proved plus probable reserves (MMboe) ⁽¹⁰⁾⁽¹¹⁾	2,277.5	2,098.2	1,994.3	1,828.6	1,760.6
Proved plus probable reserves per share (boe) ⁽¹⁰⁾⁽¹¹⁾	3.9	3.5	3.3	2.8	2.8

(1) Reported production amount is based on Company's interest before royalty burdens.

(2) Represents average daily production divided by the diluted weighted average common shares outstanding for the respective years ended December 31.

(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 16 "Capital Management" in the financial statements and to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A.

(5) Non-GAAP financial measure that does not have any standardized meaning under IFRS Accounting Standards and therefore may not be comparable to similar measures presented by other entities. The most directly comparable GAAP measure for free funds flow is cash flow from operating activities. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A.

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

(7) Non-GAAP financial measure that does not have any standardized meaning under IFRS Accounting Standards and therefore may not be comparable to similar measures presented by other entities. The most directly comparable GAAP measure for capital expenditures is cash flow used in investing activities. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A.

(8) Refer to Note 13 "Long-term Debt" in the financial statements. Long-term debt includes current and long-term portions.

(9) Non-GAAP ratio that does not have any standardized meaning under IFRS Accounting Standards and therefore may not be comparable to similar ratios presented by other entities. Includes non-GAAP financial measure components of adjusted EBIT and average capital employed. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for an explanation of composition.

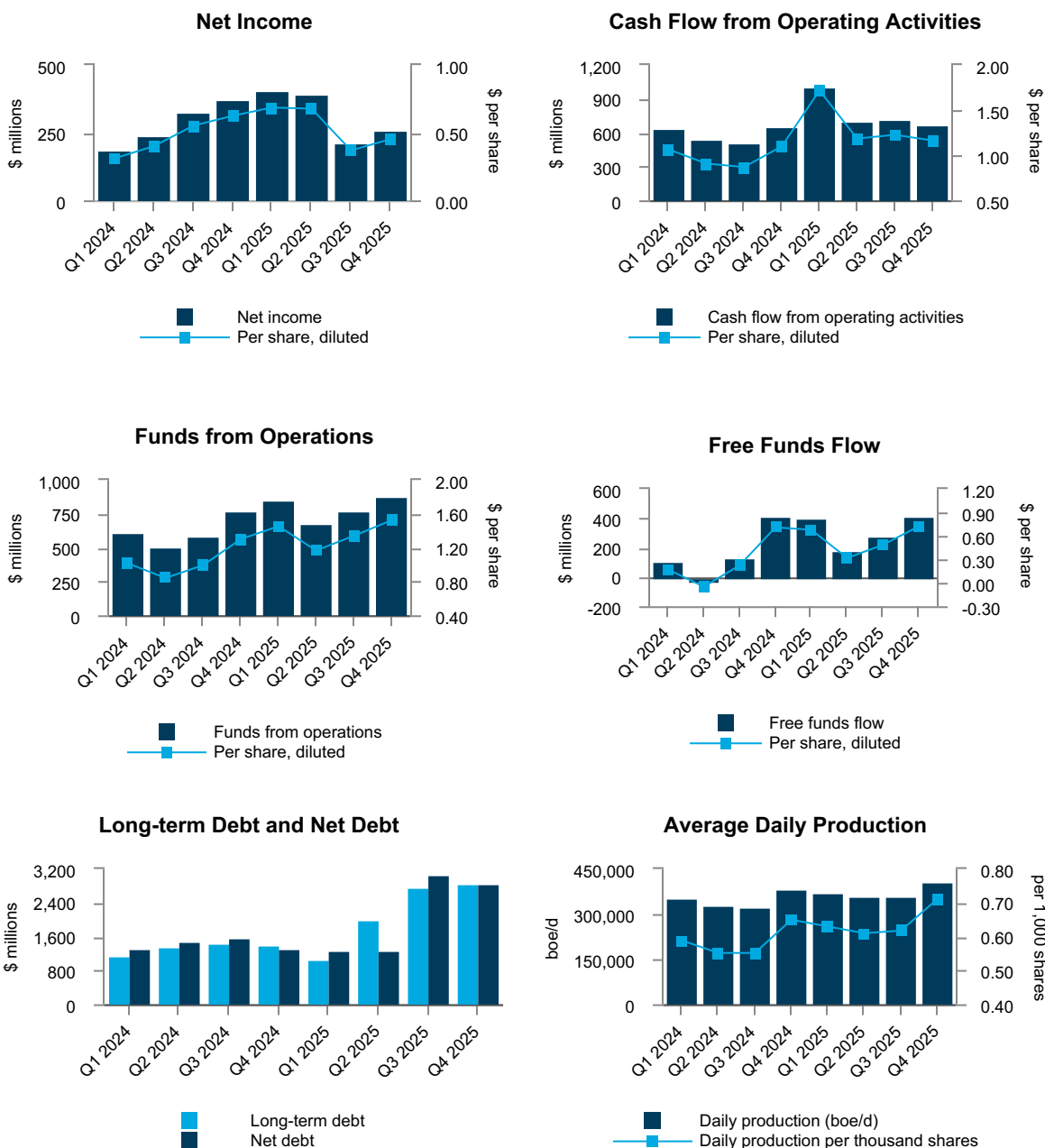
(10) Crude oil, condensate, natural gas, and NGLs reserves ("reserves") as determined by ARC's independent qualified reserves evaluator ("IQRE") with an effective date of December 31 for the years shown in accordance with the Canadian Oil and Gas Evaluation Handbook and NI 51-101.

(11) Reserves are the gross interest reserves before deduction of royalties and without including any royalty interests. For more information, see ARC's AIF and the news release entitled "ARC Resources Ltd. Reports Year-end 2025 Results and Reserves" dated February 5, 2026, available on ARC's website at www.arcresources.com and on SEDAR+ at www.sedarplus.ca.

QUARTERLY RESULTS (1)

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

Exhibit 1



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

ANNUAL GUIDANCE

ARC's 2025 and 2026 annual guidance and a review of 2025 results are outlined in Table 2:

Table 2

	2025 Guidance	2025 Actual	% Variance from 2025 Guidance	2026 Guidance
Production				
Crude oil and condensate (bbl/d)	107,000 - 112,000	106,984	—	105,000 - 115,000
Natural gas (MMcf/d)	1,290 - 1,310	1,324	1	1,500 - 1,520
NGLs (bbl/d)	43,000 - 45,000	46,625	4	48,000 - 52,000
Total (boe/d)	365,000 - 375,000	374,336	—	405,000 - 420,000
Expenses (\$/boe) ⁽¹⁾				
Operating	5.00 - 5.50	5.39	—	5.40 - 5.90
Transportation	5.00 - 5.50	5.04	—	5.25 - 5.75
General and administrative ("G&A") expense before share-based compensation expense	1.00 - 1.10	1.10	—	1.00 - 1.10
G&A - share-based compensation expense	0.30 - 0.40	0.18	(40)	0.25 - 0.35
Interest and financing ⁽²⁾	0.90 - 1.00	0.98	—	1.10 - 1.20
Current income tax expense, as a per cent of funds from operations ⁽¹⁾	5 - 10	8	—	5 - 10
Capital expenditures (\$ billions) ⁽³⁾	1.85 - 1.95	1.91	—	1.8 - 1.9

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

(2) Excludes accretion expense.

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

2025 results are within stated guidance ranges, with the exception of G&A - share-based compensation expense, which was below the guidance range due to the relative depreciation of ARC's share price as well as a decrease in the performance multiplier associated with certain of ARC's share-based compensation plans.

ARC's priority is to provide an attractive total shareholder return by balancing profitable reinvestment in the Company's assets with a meaningful return of capital through dividends and share repurchases. In 2025, ARC invested \$1.9 billion in capital expenditures. In 2026, ARC has developed a capital budget of between \$1.8 to \$1.9 billion. The planned changes from 2025 to 2026 reflect production growth with a focus on well-related capital investment. The 2026 budget is expected to deliver average annual production of between 405,000 to 420,000 boe per day. For more information regarding 2026 guidance, refer to the news releases dated November 6, 2025 and February 5, 2026, entitled "ARC Resources Ltd. Reports Third Quarter 2025 Results, Announces 2026 Budget and 11 per cent Dividend Increase" and "ARC Resources Ltd. Reports Year-end 2025 Results and Reserves", available on ARC's website at www.arcresources.com and on SEDAR+ at www.sedarplus.ca.

Exhibit 2

2025 Production Guidance

■ 2025 Guidance ■ 2025 Actual

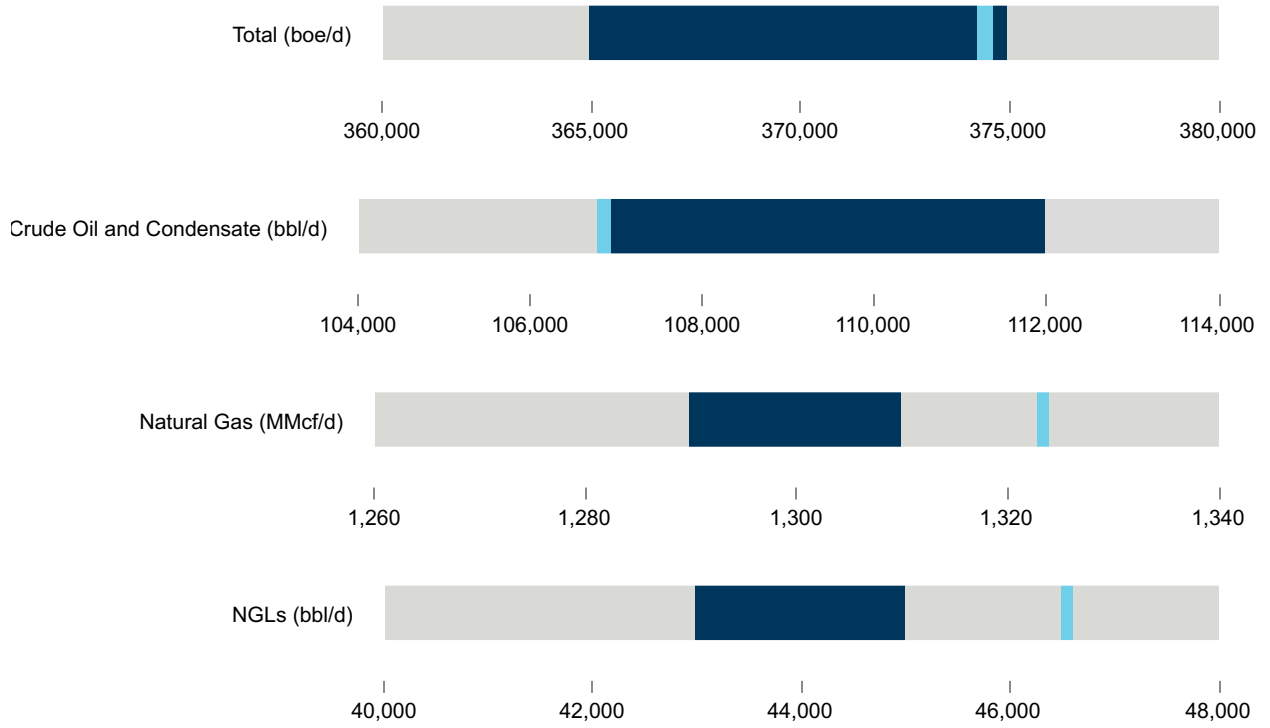
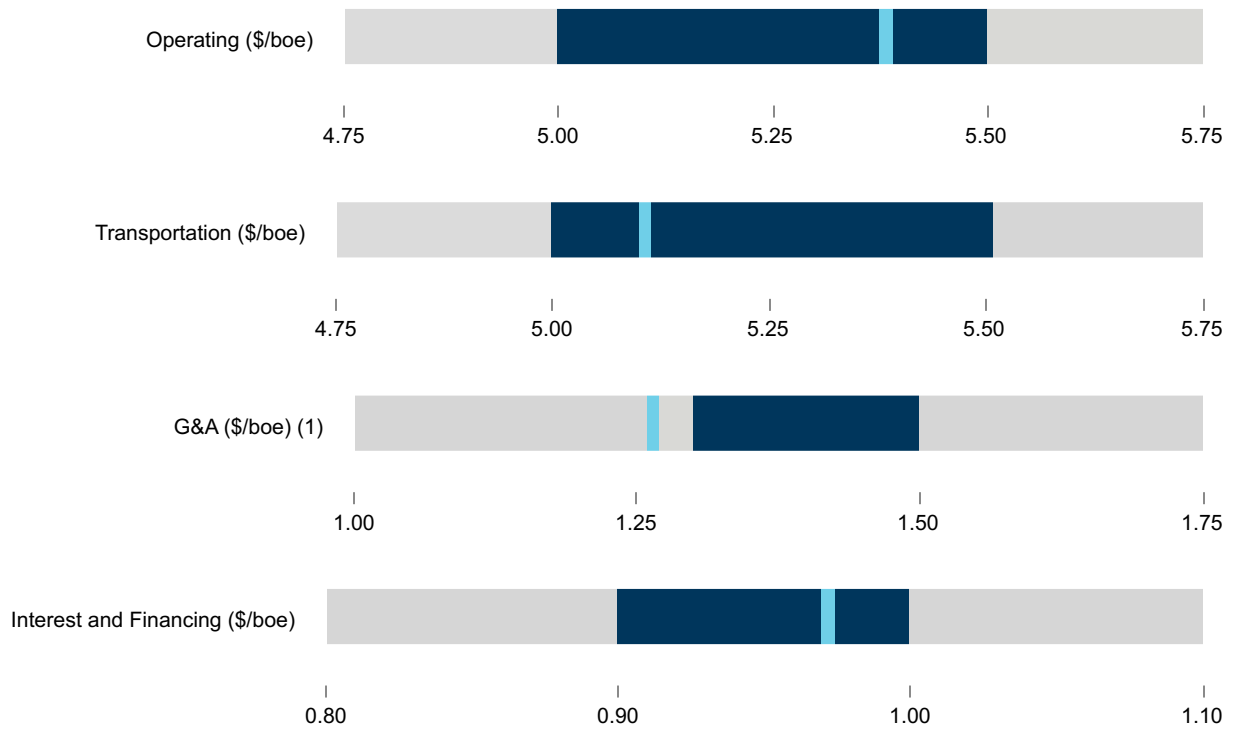


Exhibit 2a

2025 Expense Guidance

■ 2025 Guidance ■ 2025 Actual



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

2025 FOURTH QUARTER FINANCIAL AND OPERATIONAL RESULTS

During the year ended December 31, 2025, ARC completed an acquisition of condensate-rich Montney assets in the Kakwa region in Alberta (the "Kakwa Assets") from Strathcona Resources Ltd. (the "Transaction"). For more information refer to Note 6 "Business Combination" in the financial statements.

The Transaction expands ARC's holdings in its core Kakwa region, increases its drilling inventory in the area, increases ARC's owned-and-operated infrastructure which reinforces a low cost structure and operational flexibility, and presents operational and financial synergies with ARC's contiguous operations. The Transaction reinforces ARC's position as Canada's largest Montney and condensate producer.

Financial Highlights

Table 3

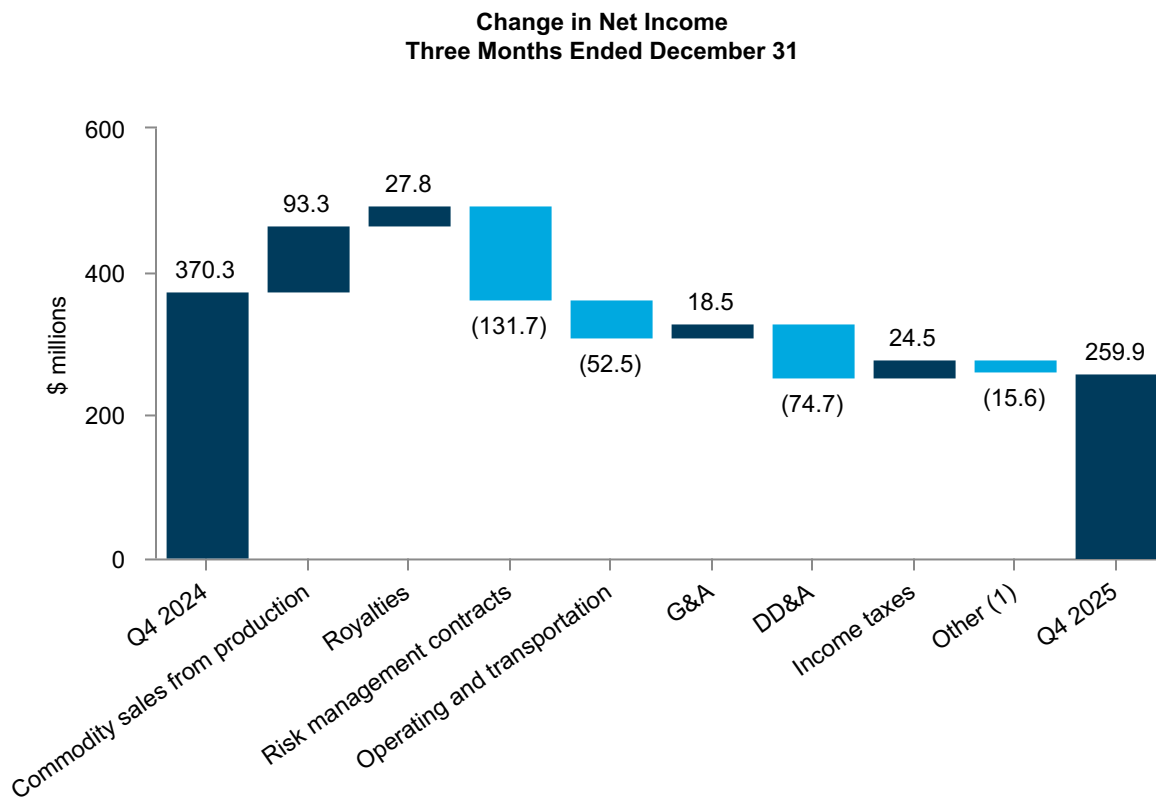
(\$ millions, except per share and production data)	Three Months Ended				Year Ended		
	September 30, 2025	December 31, 2025	December 31, 2024	% Change	December 31, 2025	December 31, 2024	% Change
Net income	214.4	259.9	370.3	(30)	1,275.1	1,124.1	13
Net income per share	0.37	0.45	0.63	(29)	2.19	1.88	16
Cash flow from operating activities	713.3	668.1	650.9	3	3,093.5	2,348.6	32
Cash flow from operating activities per share	1.23	1.16	1.10	5	5.31	3.94	35
Funds from operations	779.0	874.3	770.4	13	3,192.4	2,472.5	29
Funds from operations per share	1.34	1.52	1.30	17	5.48	4.15	32
Free funds flow	282.6	415.4	420.4	(1)	1,283.7	627.0	105
Free funds flow per share	0.49	0.72	0.71	1	2.20	1.05	110
Dividends declared per share ⁽¹⁾	0.19	0.21	0.19	11	0.78	0.70	11
Average daily production (boe/d)	359,236	408,382	382,341	7	374,336	347,908	8

(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 fourth quarter of 2025, ARC recognized net income of \$259.9 million (\$0.45 per share), a decrease of \$110.4 million from ARC's fourth quarter 2024 net income of \$370.3 million (\$0.63 per share). The decrease in net income is primarily attributed to a loss on risk management contracts of \$72.5 million, as compared to a gain of \$59.2 million in the same period of the prior year, and increased depletion, depreciation, and amortization ("DD&A") of \$74.7 million. This was partially offset by an increase in commodity sales from production of \$93.3 million, driven by an increase in production.

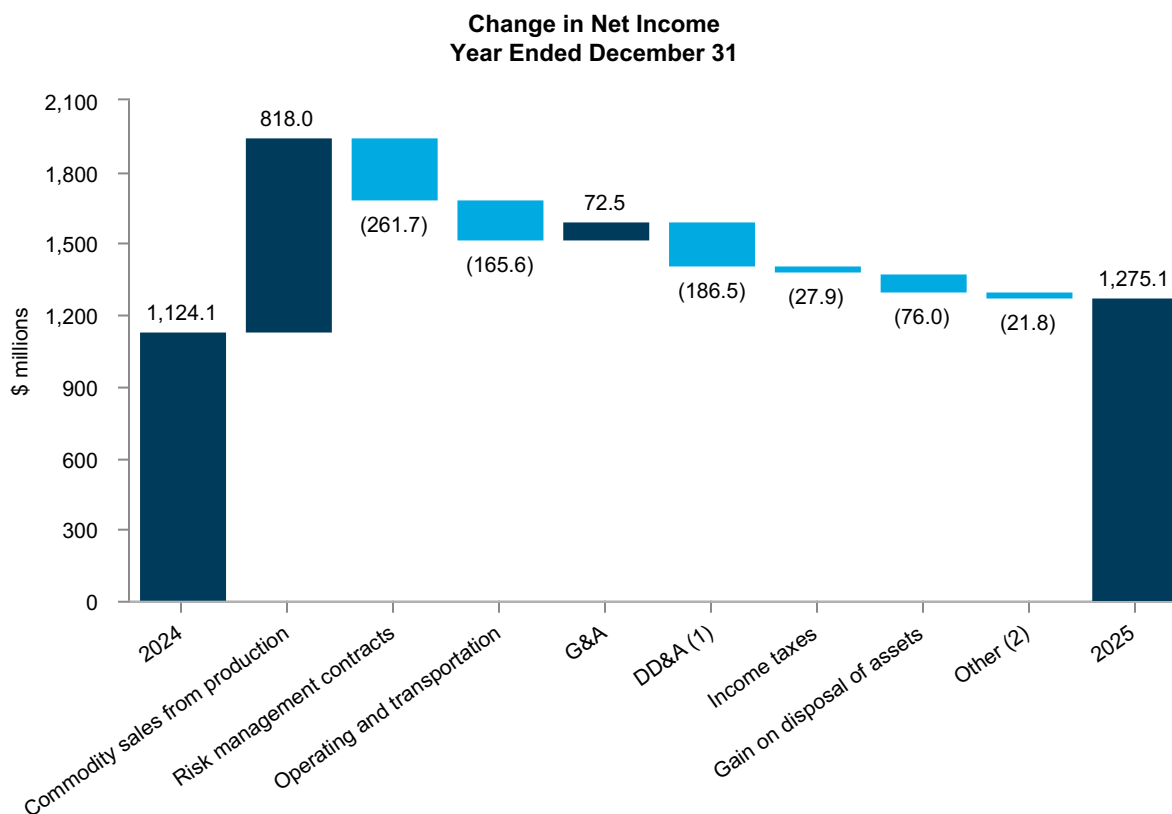
Exhibit 3



(1) Includes sales of third-party purchases, interest and other income, third-party purchases, interest and financing, impairment (reversal of impairment) of financial assets, and foreign exchange.

For the year ended December 31, 2025, ARC recognized net income of \$1.3 billion (\$2.19 per share) compared to \$1.1 billion (\$1.88 per share) for the prior year. The \$151.0 million increase in net income is primarily attributed to an increase in commodity sales from production of \$818.0 million, driven by increased production and a higher average realized natural gas price. This was partially offset by a decreased gain on risk management contracts of \$261.7 million, increased DD&A of \$186.5 million, and increased operating and transportation expense of \$165.6 million.

Exhibit 3a



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

(2) Includes royalties, sales of third-party purchases, interest and other income, third-party purchases, interest and financing, impairment (reversal of impairment) of financial assets, and foreign exchange.

Cash Flow from Operating Activities and Funds from Operations

Cash flow from operating activities for the three months ended December 31, 2025, was \$668.1 million, an increase of \$17.2 million from ARC's fourth quarter 2024 cash flow from operating activities of \$650.9 million. For the year ended December 31, 2025, cash flow from operating activities increased to \$3.1 billion from \$2.3 billion for the year ended December 31, 2024. The increase in cash flow from operating activities for the three months and year ended December 31, 2025, compared to the same periods in the prior year, primarily reflects higher funds from operations.

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

Refer to Note 16 "Capital Management" in the financial statements and to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A. Table 4 is a reconciliation of ARC's net income to funds from operations and its most directly comparable GAAP measure, cash flow from operating activities:

Table 4

(\$ millions)	Three Months Ended			Year Ended	
	September 30, 2025	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Net income	214.4	259.9	370.3	1,275.1	1,124.1
Adjusted for the following non-cash items:					
Unrealized loss (gain) on risk management contracts	111.0	144.0	(9.5)	253.0	(82.4)
DD&A and impairment of PP&E	401.8	447.1	372.4	1,547.2	1,360.7
Unrealized loss (gain) on foreign exchange	0.3	—	(2.7)	3.3	5.1
Gain on disposal of assets	—	—	—	(4.0)	(80.0)
Deferred taxes	43.5	18.2	36.3	98.8	130.5
Other	8.0	5.1	3.6	19.0	14.5
Funds from operations	779.0	874.3	770.4	3,192.4	2,472.5
Net change in other liabilities	(32.5)	(7.8)	3.2	(95.4)	(19.9)
Change in non-cash operating working capital	(33.2)	(198.4)	(122.7)	(3.5)	(104.0)
Cash flow from operating activities	713.3	668.1	650.9	3,093.5	2,348.6

Details of the change in funds from operations from the three months and year ended December 31, 2024 to the three months and year ended December 31, 2025 are included in Table 5 below:

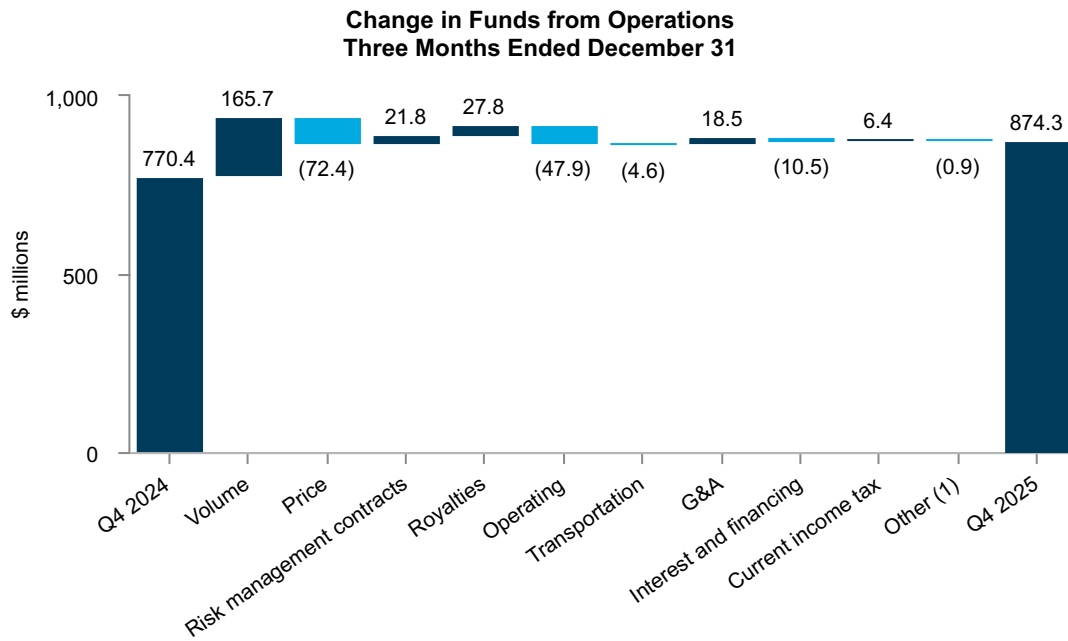
Table 5

	Three Months Ended		Year Ended	
	December 31		December 31	
	\$ millions	\$/share	\$ millions	\$/share
Funds from operations – 2024	770.4	1.30	2,472.5	4.15
Production volume variance				
Crude oil and liquids	167.9	0.28	720.4	1.21
Natural gas	(2.2)	—	11.9	0.02
Commodity price variance				
Crude oil and liquids	(226.7)	(0.39)	(465.4)	(0.78)
Natural gas	154.3	0.26	551.1	0.92
Sales of third-party purchases	100.4	0.17	170.6	0.29
Interest and other income	(1.5)	—	0.2	—
Realized gain on risk management contracts	21.8	0.04	73.7	0.12
Royalties	27.8	0.05	(11.9)	(0.02)
Expenses				
Operating	(47.9)	(0.08)	(139.4)	(0.23)
Transportation	(4.6)	(0.01)	(26.2)	(0.05)
Third-party purchases	(96.0)	(0.16)	(153.5)	(0.26)
G&A	18.5	0.03	72.5	0.12
Interest and financing	(10.5)	(0.02)	(14.5)	(0.02)
Realized loss on foreign exchange	(5.8)	(0.01)	(16.6)	(0.03)
Current income tax	6.4	0.01	(59.6)	(0.10)
Other	2.0	—	6.6	0.01
Weighted average shares, diluted	—	0.05	—	0.13
Funds from operations – 2025	874.3	1.52	3,192.4	5.48

Funds from operations for the three months ended December 31, 2025, was \$874.3 million (\$1.52 per share), an increase of \$103.9 million from \$770.4 million (\$1.30 per share) for the three months ended December 31, 2024. For the year ended December 31, 2025, funds from operations was \$3.2 billion (\$5.48 per share), an increase of \$719.9 million from \$2.5 billion (\$4.15 per share) for the year ended December 31, 2024.

The increase in funds from operations for the three months ended December 31, 2025, is primarily due to an increase in production, partially offset by a decrease in average realized crude oil and liquids prices.

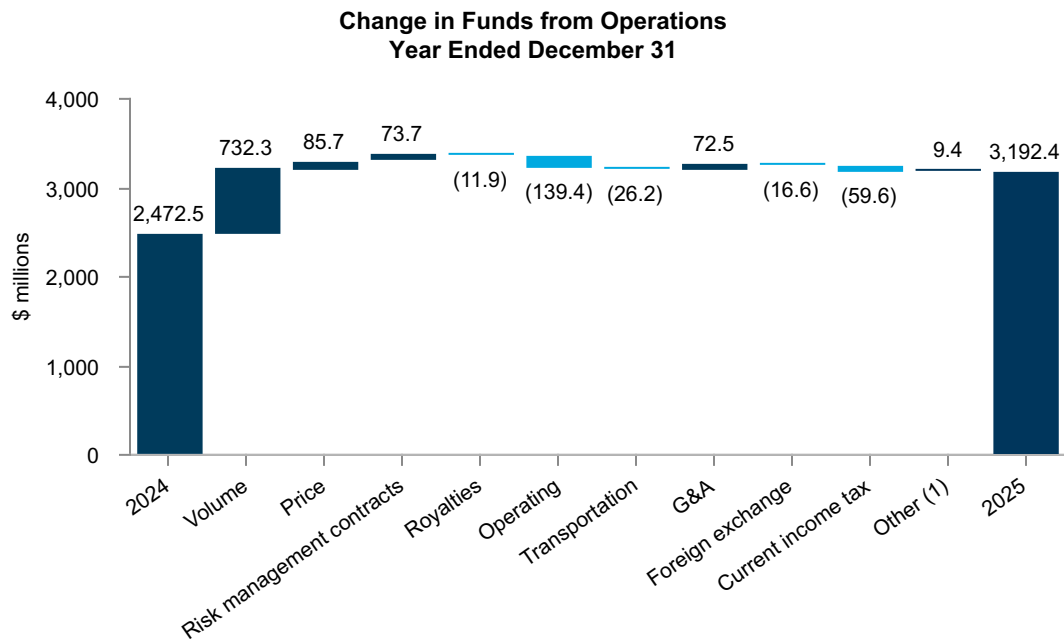
Exhibit 4



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

The increase in funds from operations for the year ended December 31, 2025, is primarily due to an increase in production and an increase in average realized natural gas prices, partially offset by an increase in operating expense.

Exhibit 4a



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

Net Income Sensitivity

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

Table 6

	Assumption	Change	Impact on Annual Net Income	
			Notional Amount (\$ millions)	\$/share
Business Environment ⁽¹⁾				
Crude oil price (\$/bbl) ⁽²⁾⁽³⁾	81.75	10 %	235.6	0.40
Natural gas price (\$/Mcf) ⁽²⁾	3.51	10 %	169.9	0.29
Cdn\$/US\$ exchange rate ⁽²⁾⁽⁴⁾	1.40	5 %	170.4	0.29
Interest rate on floating-rate debt (%)	4.52	1 %	4.6	0.01
Operational ⁽⁵⁾				
Crude oil and liquids production (bbl/d)	153,609	5 %	104.9	0.18
Natural gas production (MMcf/d)	1,324	5 %	1.6	—
Royalties (\$/boe)	3.93	5 %	20.6	0.04
Operating (\$/boe)	5.39	5 %	28.2	0.05
Transportation (\$/boe)	5.04	5 %	26.4	0.05
G&A (\$/boe)	1.28	5 %	6.7	0.01

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

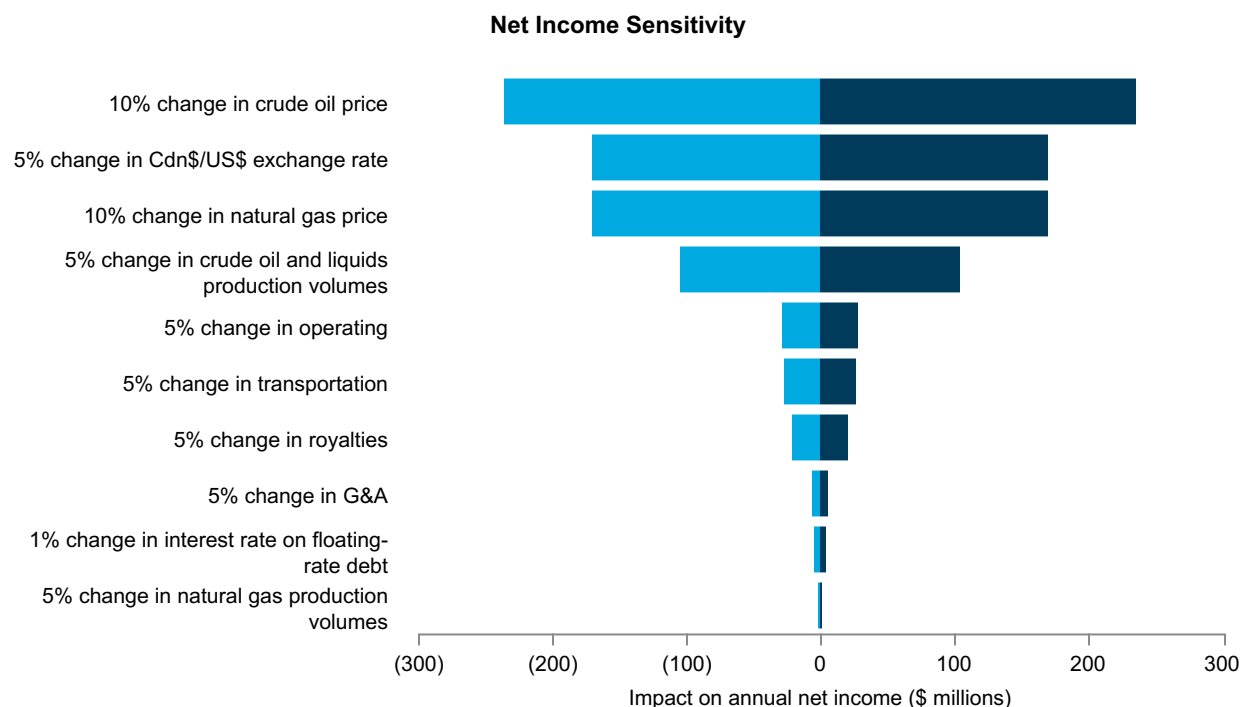
(2) Prices and rates are indicative of ARC's average realized commodity prices for the year ended December 31, 2025. Refer to Table 10 contained within this MD&A for additional details. The calculated impact on net income is indicative of changes in the underlying benchmark prices and differentials and would only be applicable within a limited range of these amounts.

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

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

(5) Operational assumptions are based upon results for the year ended December 31, 2025 and the calculated impact on net income would only be applicable within a limited range of these amounts.

Exhibit 5



Production

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

Table 7

Production	Three Months Ended				Year Ended		
	September 30, 2025	December 31, 2025	December 31, 2024	% Change	December 31, 2025	December 31, 2024	% Change
Crude oil (bbl/d)	7,977	7,872	6,589	19	8,322	6,972	19
Condensate (bbl/d)	105,982	111,026	96,388	15	98,662	80,294	23
NGLs (bbl/d)	50,014	54,500	42,998	27	46,625	42,787	9
Crude oil and liquids (bbl/d)	163,973	173,398	145,975	19	153,609	130,053	18
Natural gas (MMcf/d)	1,172	1,410	1,418	(1)	1,324	1,307	1
Total production (boe/d)	359,236	408,382	382,341	7	374,336	347,908	8
Natural gas production (%)	54	58	62	(4)	59	63	(4)
Crude oil and liquids production (%)	46	42	38	4	41	37	4

For the three months and year ended December 31, 2025, total production increased seven per cent and eight per cent, respectively, as compared to the same periods of the prior year.

For the three months and year ended December 31, 2025, crude oil and liquids production increased 19 per cent and 18 per cent, respectively, as compared to the same periods in the prior year. The increase for the three months and year ended December 31, 2025, was primarily due to new production from ARC's Attachie Phase I facility and incremental production in the Kakwa area as a result of acquiring the Kakwa Assets.

For the three months ended December 31, 2025, natural gas production decreased one per cent as compared to the same period in the prior year. The decrease for the three months ended December 31, 2025, was primarily due to the deliberate curtailment of production from the Sunrise area in response to low western Canadian natural gas prices, partially offset by new production from ARC's Attachie Phase I facility.

For the year ended December 31, 2025, natural gas production increased one per cent, as compared to the prior year. The increase for the year ended December 31, 2025, was due to new production from ARC's Attachie Phase 1 facility and incremental production in the Kakwa area as a result of acquiring the Kakwa Assets, partially offset by the curtailment of production in the Sunrise area.

Exhibit 6

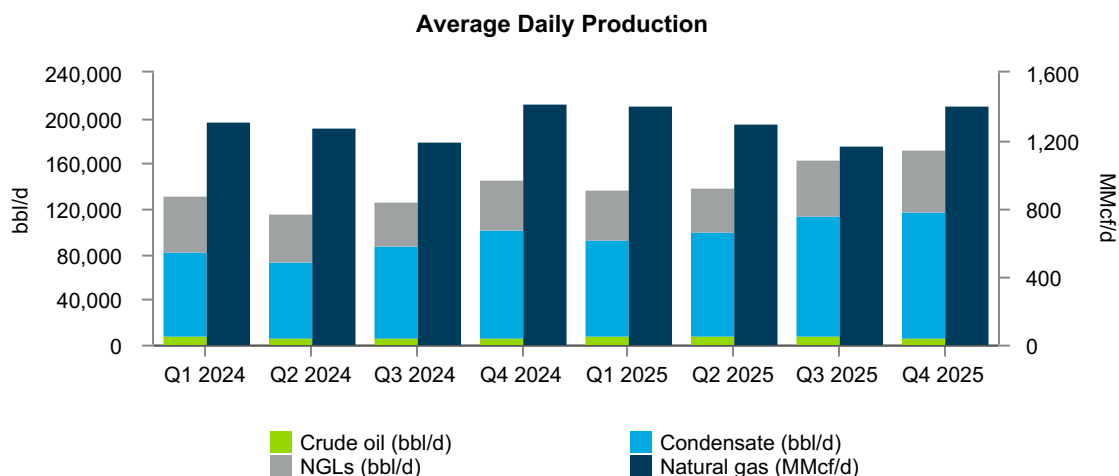


Table 8 summarizes ARC's production by core area for the three months ended December 31, 2025 and December 31, 2024:

Table 8

Three Months Ended December 31, 2025					
Production Core Area	Total (boe/d)	Crude Oil (bbl/d)	Condensate (bbl/d)	Natural Gas (MMcf/d)	NGLs (bbl/d)
Kakwa	215,073	1,039	84,942	537.2	39,563
Greater Dawson	96,826	497	12,077	453.8	8,612
Sunrise	48,644	—	203	290.3	60
Attachie	28,286	—	13,182	69.4	3,530
Ante Creek	18,565	6,335	621	59.1	1,765
All other	988	1	1	0.1	970
Total	408,382	7,872	111,026	1,409.9	54,500

Three Months Ended December 31, 2024					
Production Core Area	Total (boe/d)	Crude Oil (bbl/d)	Condensate (bbl/d)	Natural Gas (MMcf/d)	NGLs (bbl/d)
Kakwa	195,362	20	74,497	543.4	30,276
Greater Dawson	98,149	776	12,466	459.0	8,412
Sunrise	52,545	—	452	311.8	134
Attachie	16,950	—	8,305	40.2	1,952
Ante Creek	18,821	5,675	667	63.6	1,874
All other	514	118	1	0.2	350
Total	382,341	6,589	96,388	1,418.2	42,998

Exhibit 7

**Average Daily Production by Core Area
Three Months Ended December 31, 2025**

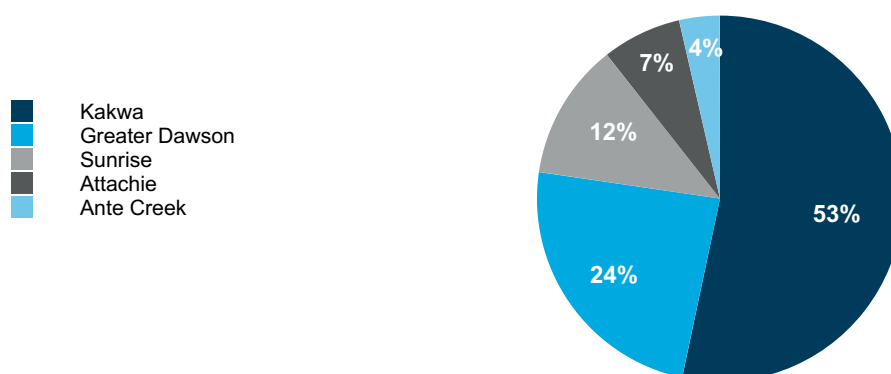


Table 8a summarizes ARC's production by core area for the years ended December 31, 2025 and December 31, 2024:

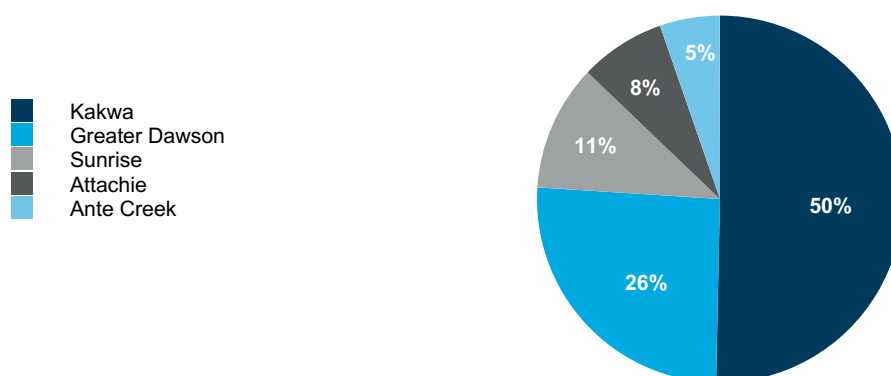
Table 8a

Year Ended December 31, 2025					
Production	Total	Crude Oil	Condensate	Natural Gas	NGLs
Core Area	(boe/d)	(bbl/d)	(bbl/d)	(MMcf/d)	(bbl/d)
Kakwa	188,511	329	72,436	496.7	32,962
Greater Dawson	96,134	562	11,943	451.3	8,417
Sunrise	41,522	—	208	247.5	67
Attachie	28,370	—	13,463	68.6	3,470
Ante Creek	19,839	7,430	612	60.2	1,767
All other	(40)	1	—	0.1	(58)
Total	374,336	8,322	98,662	1,324.4	46,625

Year Ended December 31, 2024					
Production	Total	Crude Oil	Condensate	Natural Gas	NGLs
Core Area	(boe/d)	(bbl/d)	(bbl/d)	(MMcf/d)	(bbl/d)
Kakwa	177,852	19	64,555	486.3	32,228
Greater Dawson	93,556	607	11,452	441.3	7,941
Sunrise	49,997	—	333	297.4	105
Attachie	6,659	—	3,327	16.6	558
Ante Creek	19,517	6,237	626	65.0	1,821
All other	327	109	1	0.5	134
Total	347,908	6,972	80,294	1,307.1	42,787

Exhibit 7a

**Average Daily Production by Core Area
Year Ended December 31, 2025**



Commodity Sales from Production

For the three months and year ended December 31, 2025, commodity sales from production increased by seven per cent and 18 per cent, respectively, as compared to the same periods in 2024. The increases for the three months and year ended December 31, 2025 are primarily due to an increase in crude oil and liquids production volumes, driven by condensate production, and an increase in natural gas prices.

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

Table 9

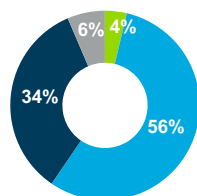
Commodity Sales from Production, by Product Type (\$ millions)	Three Months Ended				Year Ended		
	September 30, 2025	December 31, 2025	December 31, 2024	% Change	December 31, 2025	December 31, 2024	% Change
Crude oil	60.8	53.3	55.5	(4)	248.3	233.4	6
Condensate	825.5	801.4	847.0	(5)	3,104.7	2,850.7	9
Natural gas	296.8	489.0	336.9	45	1,697.6	1,134.6	50
NGLs	80.4	95.1	106.1	(10)	371.1	385.0	(4)
Commodity sales from production	1,263.5	1,438.8	1,345.5	7	5,421.7	4,603.7	18

Table 9a

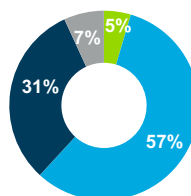
% of Commodity Sales from Production by Product Type	Three Months Ended				Year Ended		
	September 30, 2025	December 31, 2025	December 31, 2024	% Change	December 31, 2025	December 31, 2024	% Change
Crude oil and liquids	77	66	75	(9)	69	75	(6)
Natural gas	23	34	25	9	31	25	6
Commodity sales from production	100	100	100	—	100	100	—

Exhibit 8

**Commodity Sales from Production by Product
Three Months Ended
December 31, 2025**



**Commodity Sales from Production by Product
Year Ended
December 31, 2025**



Commodity Prices

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

Table 10

	Three Months Ended				Year Ended		
	September 30, 2025	December 31, 2025	December 31, 2024	% Change	December 31, 2025	December 31, 2024	% Change
Average Benchmark Prices							
WTI crude oil (US\$/bbl)	64.97	59.14	70.32	(16)	64.73	75.76	(15)
Cdn\$/US\$ exchange rate	1.38	1.39	1.40	(1)	1.40	1.37	2
WTI crude oil (Cdn\$/bbl)	89.66	82.20	98.45	(17)	90.62	103.79	(13)
Peace Sour Price at Edmonton (Cdn\$/bbl)	83.20	73.42	92.16	(20)	82.58	93.13	(11)
Condensate Stream Price at Edmonton (Cdn\$/bbl)	87.16	79.87	99.37	(20)	88.75	100.36	(12)
NYMEX Henry Hub Last Day Settlement (US\$/MMBtu)	3.07	3.55	2.79	27	3.43	2.27	51
Chicago Citygate Monthly Index (US\$/MMBtu)	2.70	3.43	2.71	27	3.26	2.14	52
AECO 7A Monthly Index (Cdn\$/Mcf)	1.00	2.34	1.46	60	1.86	1.44	29
ARC Average Realized Commodity Prices ⁽¹⁾							
Crude oil (\$/bbl)	82.75	73.63	91.46	(19)	81.75	91.46	(11)
Condensate (\$/bbl)	84.66	78.45	95.52	(18)	86.21	97.00	(11)
Natural gas (\$/Mcf)	2.75	3.77	2.58	46	3.51	2.37	48
NGLs (\$/bbl)	17.47	18.97	26.83	(29)	21.81	24.59	(11)
Average realized commodity price (\$/boe)	38.23	38.30	38.25	—	39.68	36.15	10

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

Benchmark Commodity Prices

Average WTI crude oil prices decreased nine per cent in the fourth quarter of 2025 compared to the prior quarter and 16 per cent compared to the fourth quarter of 2024. Crude oil prices declined as global supply outpaced demand, resulting in rising inventory levels across most regions. While geopolitical risks among certain crude oil-producing countries remain elevated, recent escalations had a limited impact on crude oil prices.

The Edmonton condensate benchmark price decreased eight per cent in the fourth quarter of 2025 compared to the prior quarter and 20 per cent compared to the fourth quarter of 2024. With limited change in local market fundamentals and pricing differentials, western Canadian condensate pricing corresponded with declining WTI crude oil pricing in the quarter.

Average NYMEX Henry Hub natural gas prices increased 16 per cent in the fourth quarter of 2025 compared to the prior quarter and 27 per cent compared to the fourth quarter of 2024. Natural gas prices increased during the quarter due to higher early winter domestic heating demand and record levels of US liquefied natural gas ("LNG") exports.

The AECO 7A Monthly Index increased 134 per cent in the fourth quarter of 2025 compared to the prior quarter and 60 per cent compared to the fourth quarter of 2024. Prices increased during the quarter as concerns related to elevated local inventory levels eased with the transition into winter demand season and higher pipeline and LNG export activity out of Western Canada.

ARC's Average Realized Commodity Prices

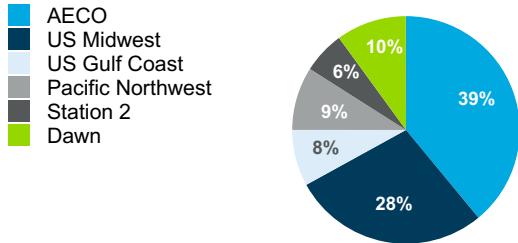
For the three months ended December 31, 2025, ARC's average realized crude oil and condensate prices decreased 19 per cent and 18 per cent, respectively, compared to the same period in the prior year. For the year ended December 31, 2025, both ARC's average realized crude oil and condensate prices decreased 11 per cent compared to the prior year. The decreases for the three months and year ended December 31, 2025, primarily reflect a weaker WTI benchmark price.

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

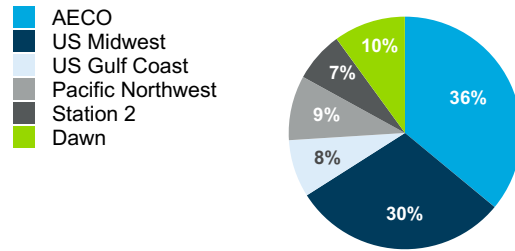
ARC's average realized natural gas price increased 46 per cent and 48 per cent for the three months and year ended December 31, 2025, respectively, compared to the same periods of the prior year. The increases are primarily due to stronger benchmark prices in most North American markets.

Exhibit 9

**Natural Gas Sales Points
Three Months Ended
December 31, 2025**



**Natural Gas Sales Points
Year Ended
December 31, 2025**

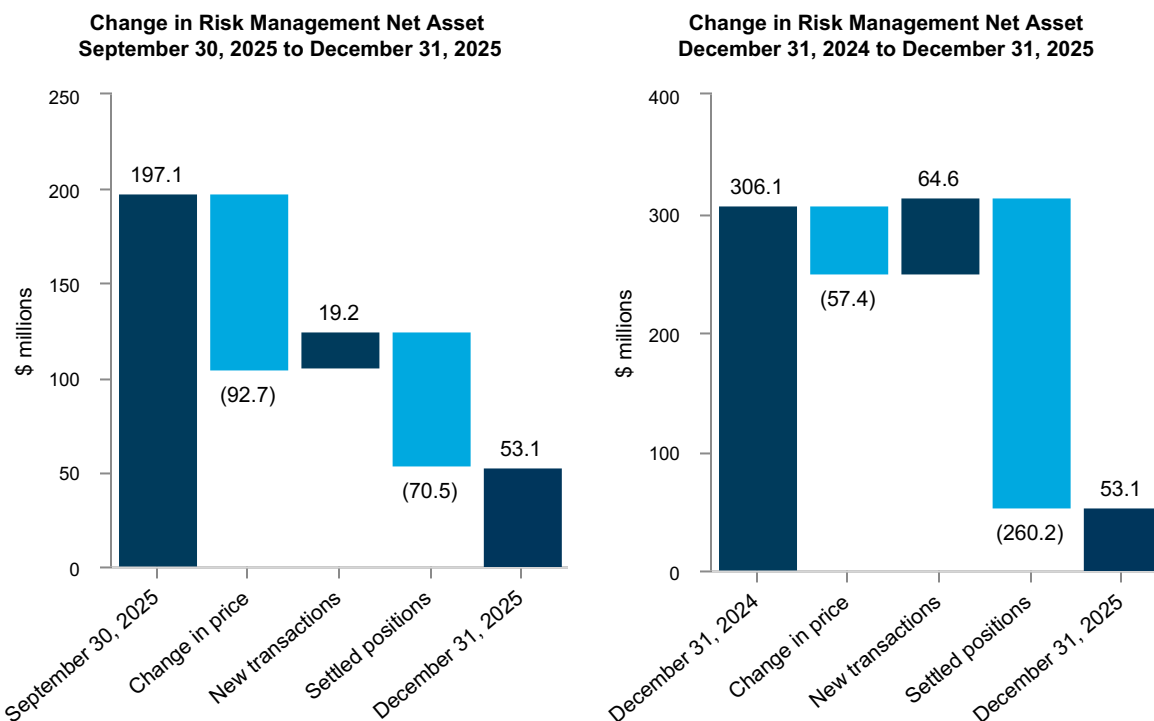


During the year ended December 31, 2025, ARC entered into a long-term LNG sale and purchase agreement (the "Agreement") with ExxonMobil LNG Asia Pacific ("EMLAP"). Under the Agreement, EMLAP will purchase all of ARC's LNG offtake from the Cedar LNG Project, approximately 1.5 million tonnes per annum, at international LNG pricing. For additional information, refer to the news release dated March 11, 2025, entitled "*ARC Resources Ltd. Announces Long-Term Sale and Purchase Agreement with ExxonMobil*", available on ARC's website at www.arcresources.com and on SEDAR+ at www.sedarplus.ca.

Risk Management Contracts

The fair value of ARC's risk management contracts at December 31, 2025 was a net asset of \$53.1 million, representing the expected value of settlement of ARC's contracts at the balance sheet date after adjustments for credit risk. This comprises a net asset of \$40.8 million from crude oil contracts, a net asset of \$6.2 million from natural gas contracts, and a net asset of \$6.1 million from foreign currency contracts.

Exhibit 10



Tables 11 and 11a summarize the gain or loss on risk management contracts for the three months and year ended December 31, 2025 compared to the same periods in 2024:

Table 11

Risk Management Contracts (\$ millions)	Crude Oil & Condensate	Natural Gas	Embedded Derivative ⁽¹⁾	Foreign Currency	Q4 2025 Total	Q4 2024 Total
Realized gain (loss) on risk management contracts ⁽²⁾	33.2	38.5	—	(0.2)	71.5	49.7
Unrealized gain (loss) on risk management contracts ⁽³⁾	(4.6)	16.9	(160.2)	3.9	(144.0)	9.5
Gain (loss) on risk management contracts	28.6	55.4	(160.2)	3.7	(72.5)	59.2

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

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

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

Table 11a

Risk Management Contracts (\$ millions)	Crude Oil & Condensate	Natural Gas	Embedded Derivative ⁽¹⁾	Foreign Currency	2025 Total	2024 Total
Realized gain (loss) on risk management contracts ⁽²⁾	68.5	198.7	—	(3.2)	264.0	190.3
Unrealized gain (loss) on risk management contracts ⁽³⁾	3.4	(115.5)	(163.5)	22.6	(253.0)	82.4
Gain (loss) on risk management contracts	71.9	83.2	(163.5)	19.4	11.0	272.7

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

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

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

ARC's realized gain on risk management contracts for the three months and year ended December 31, 2025, primarily reflects cash settlements received on WTI crude oil, AECO, and AECO basis natural gas contracts. As compared to the same periods of the prior year, the increase in realized gain on risk management contracts for the three months and year ended December 31, 2025, is primarily the result of lower WTI crude oil prices and a wider AECO basis differential relative to contract prices.

ARC's unrealized loss on risk management contracts for the three months ended December 31, 2025, compares to an unrealized gain for the same period of the prior year and primarily reflects revaluation of the embedded derivative positions with narrower differentials between North American and international gas prices. ARC's unrealized loss for the year ended December 31, 2025, compares to an unrealized gain for the prior year and primarily reflects the revaluation of the embedded derivative positions with narrower differentials between North American and international gas prices, as well as AECO and AECO basis natural gas contracts settlements received throughout the period.

Embedded Derivatives

ARC is party to two separate long-term natural gas supply agreements whereby ARC will deliver natural gas to specified North American delivery points and receive international pricing in exchange. These contracts have been determined to contain embedded derivatives that are required by IFRS Accounting Standards to be valued separately from their host contracts. Table 12 summarizes the details of the agreements:

Table 12

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

In respect of these contracts, ARC recognized an unrealized loss on risk management contracts of \$160.2 million and \$163.5 million for the three months and year ended December 31, 2025 (unrealized gain of \$5.2 million and \$31.2 million for the three months and year ended December 31, 2024), respectively. At December 31, 2025, the fair value of the embedded derivatives was a liability of \$138.3 million (asset of \$25.2 million at December 31, 2024). The fair value reflects the estimated differentials between forward pricing at the respective delivery points and those contained in the pricing formulas. Due to the long-term nature of these agreements and multiple variables impacting the estimated valuations, it is anticipated that the estimated fair value of the embedded derivatives will fluctuate over time as the agreements mature. For further information, refer to Note 17 "Financial Instruments and Market Risk Management" in the financial statements.

Netback and Netback per boe

The components of ARC's netback and netback per boe for the three months and year ended December 31, 2025 compared to the same periods in 2024 are summarized in Tables 13 and 13a:

Table 13

Netback (\$ millions) ⁽¹⁾	Three Months Ended				Year Ended		
	September 30, 2025	December 31, 2025	December 31, 2024	% Change	December 31, 2025	December 31, 2024	% Change
Commodity sales from production	1,263.5	1,438.8	1,345.5	7	5,421.7	4,603.7	18
Royalties	(138.0)	(115.3)	(143.1)	(19)	(536.8)	(524.9)	2
Operating	(210.4)	(194.8)	(146.9)	33	(735.8)	(596.4)	23
Transportation	(147.4)	(181.6)	(177.0)	3	(689.1)	(662.9)	4
Netback	767.7	947.1	878.5	8	3,460.0	2,819.5	23

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

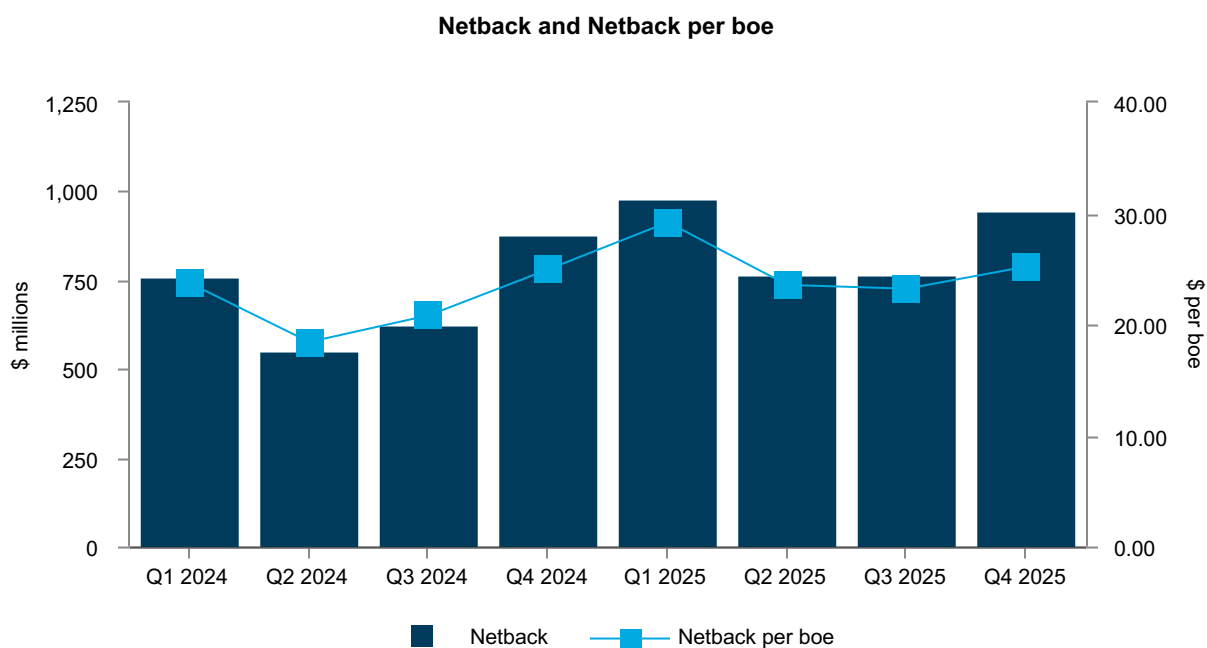
Table 13a

Netback per boe (\$ per boe) ⁽¹⁾	Three Months Ended				Year Ended		
	September 30, 2025	December 31, 2025	December 31, 2024	% Change	December 31, 2025	December 31, 2024	% Change
Commodity sales from production ⁽²⁾	38.23	38.30	38.25	—	39.68	36.15	10
Royalties ⁽²⁾	(4.18)	(3.07)	(4.07)	(25)	(3.93)	(4.12)	(5)
Operating	(6.36)	(5.18)	(4.18)	24	(5.39)	(4.68)	15
Transportation	(4.46)	(4.83)	(5.03)	(4)	(5.04)	(5.21)	(3)
Netback per boe	23.23	25.22	24.97	1	25.32	22.14	14

(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



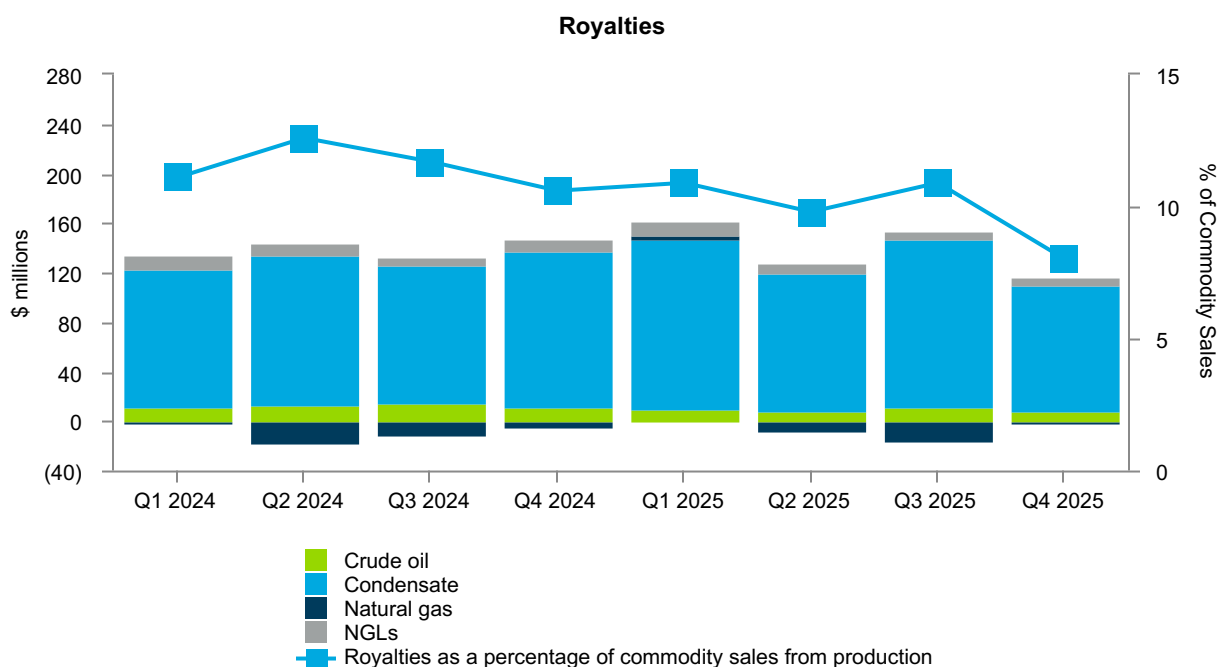
Royalties

Royalties for the three months ended December 31, 2025, decreased 19 per cent to \$115.3 million from \$143.1 million for the same period in 2024. Royalties for the year ended December 31, 2025 increased two per cent to \$536.8 million from \$524.9 million for the year ended December 31, 2024. The decrease in royalties for the three months ended December 31, 2025, as compared to the same period of the prior year, is primarily due to a decrease in average realized crude oil and liquids prices, partially offset by an increase in production. The increase for the year ended December 31, 2025, as compared to the prior year, is primarily due to an increase in production, partially offset by a decrease in average realized crude oil and liquids prices.

Royalties as a percentage of commodity sales from production⁽¹⁾ decreased to eight per cent (\$3.07 per boe) in the fourth quarter of 2025, from 11 per cent (\$4.07 per boe) in the fourth quarter of 2024. Royalties as a percentage of commodity sales from production decreased to 10 per cent (\$3.93 per boe) for the year ended December 31, 2025 from 11 per cent (\$4.12 per boe) for the prior year. The decrease in royalties as a percentage of commodity sales for the three months and year ended December 31, 2025, primarily reflects lower average royalty rates due to decreased average realized crude oil and liquids prices, as compared to 2024.

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

Exhibit 12



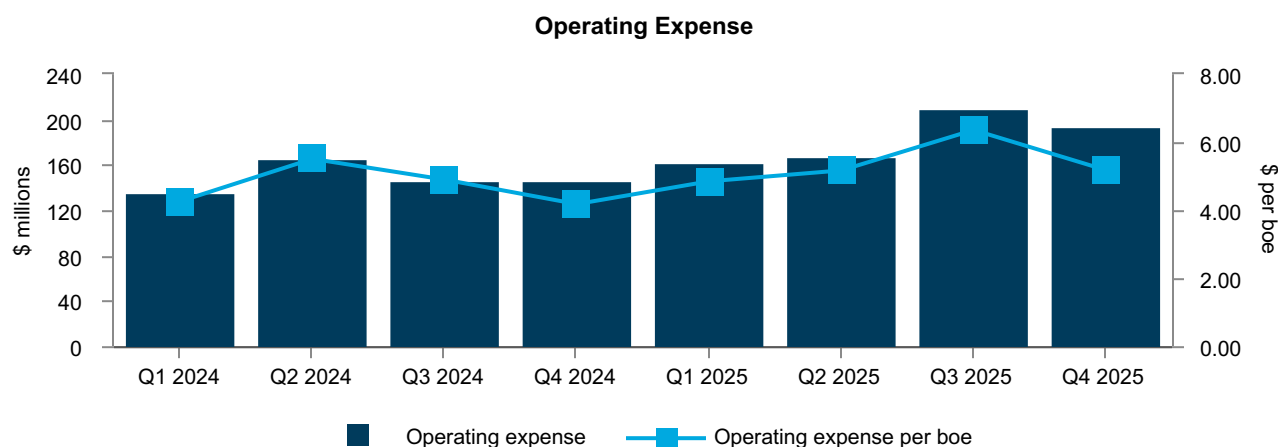
Operating

Operating expense for the three months ended December 31, 2025 was \$194.8 million, an increase of 33 per cent from \$146.9 million for the three months ended December 31, 2024. For the year ended December 31, 2025, operating expense was \$735.8 million, an increase of 23 per cent from \$596.4 million for the year ended December 31, 2024.

Operating expense for the three months and year ended December 31, 2025 increased compared to the same periods of the prior year with the addition of ARC's Attachie Phase I facility, the acquisition of the Kakwa Assets, and increased water-handling costs in the Kakwa area. For the year ended December 31, 2025, the increase in operating expense was partially offset by a decrease in maintenance costs, with less scheduled maintenance required compared to the prior year.

Operating expense per boe for the three months ended December 31, 2025 was \$5.18 per boe, an increase of 24 per cent from \$4.18 per boe for the three months ended December 31, 2024. For the year ended December 31, 2025, operating expense was \$5.39 per boe, an increase of 15 per cent from \$4.68 per boe in the prior year.

Exhibit 13



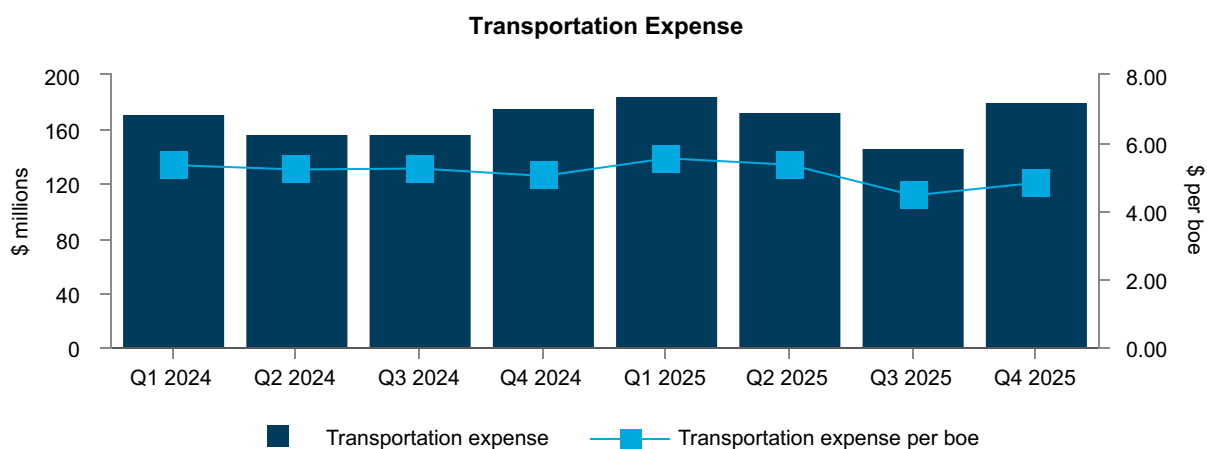
Transportation

Transportation expense for the three months and year ended December 31, 2025 was \$181.6 million and \$689.1 million, an increase of three per cent and four per cent, from \$177.0 million and \$662.9 million for the three months and year ended December 31, 2024, respectively.

The increase in transportation expense for the three months and year ended December 31, 2025, relative to the same periods in 2024, is primarily due to increased crude oil and liquids transportation costs, reflecting the increase in crude oil and liquids production.

Transportation expense per boe for the three months and year ended December 31, 2025 was \$4.83 per boe and \$5.04 per boe, a decrease of four per cent and three per cent, from \$5.03 per boe and \$5.21 per boe for the three months and year ended December 31, 2024, respectively.

Exhibit 14



G&A

G&A expense before share-based compensation expense for the three months ended December 31, 2025 was \$41.0 million, a five per cent decrease from \$43.3 million for the three months ended December 31, 2024. For the year ended December 31, 2025, ARC's G&A expense before share-based compensation expense was \$150.4 million, an eight per cent decrease from \$163.3 million for the prior year. The decrease for the three months and year ended December 31, 2025, is primarily due to a decrease in consulting and information technology costs associated with an enterprise system implementation project that concluded in 2024.

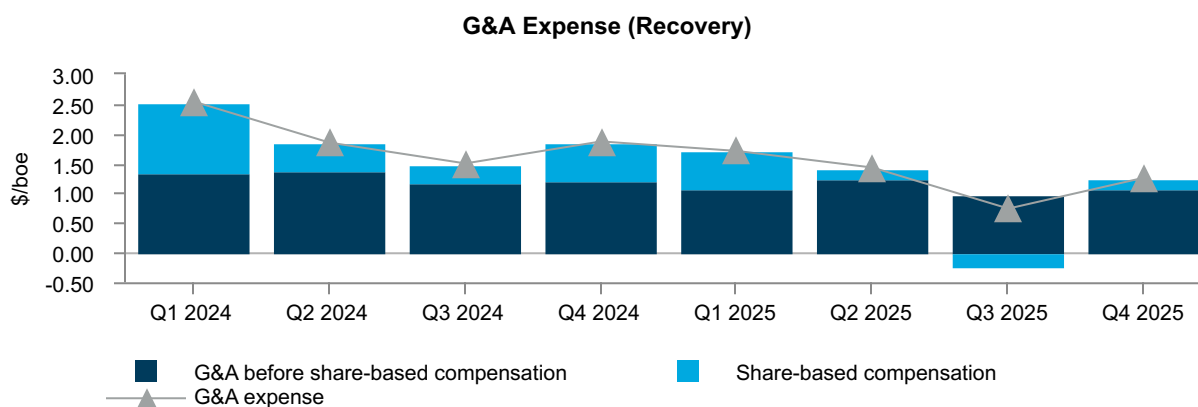
During the three months and year ended December 31, 2025, ARC recognized G&A expense of \$6.4 million and \$25.2 million, respectively, associated with its share-based compensation plans, compared to \$22.6 million and \$84.8 million during the same periods of the prior year. The change for the three months and year ended December 31, 2025, compared to the same periods of the prior year, reflects the revaluation of the liability associated with ARC's share-based compensation plans, based on the movement of ARC's share price and the average performance multiplier associated with certain of its plans.

Table 14 is a breakdown of G&A expense:

Table 14

G&A Expense (\$ millions, except per boe)	Three Months Ended				Year Ended		
	September 30, 2025	December 31, 2025	December 31, 2024	% Change	December 31, 2025	December 31, 2024	% Change
G&A expense before share-based compensation expense	32.3	41.0	43.3	(5)	150.4	163.3	(8)
G&A – share-based compensation expense (recovery)	(7.9)	6.4	22.6	(72)	25.2	84.8	(70)
G&A expense	24.4	47.4	65.9	(28)	175.6	248.1	(29)
G&A expense before share-based compensation expense per boe	0.98	1.09	1.23	(11)	1.10	1.28	(14)
G&A – share-based compensation expense (recovery) per boe	(0.24)	0.17	0.64	(73)	0.18	0.67	(73)
G&A expense per boe	0.74	1.26	1.87	(33)	1.28	1.95	(34)

Exhibit 15



Share-based Compensation Plans

ARC's share-based, long-term incentive plans result in employees, officers and directors (the "plan participants") receiving cash compensation in relation to the value of a specified number of underlying notional share awards. Collectively, ARC's long-term incentive plans are comprised of Restricted Share Unit ("RSU"), Performance Share Unit ("PSU"), and Deferred Share Unit ("DSU") plans. ARC also has certain share-based compensation plans that were acquired through a business combination which are eligible for continuation and exercise (the "Acquired Plans").

RSU and PSU Plans

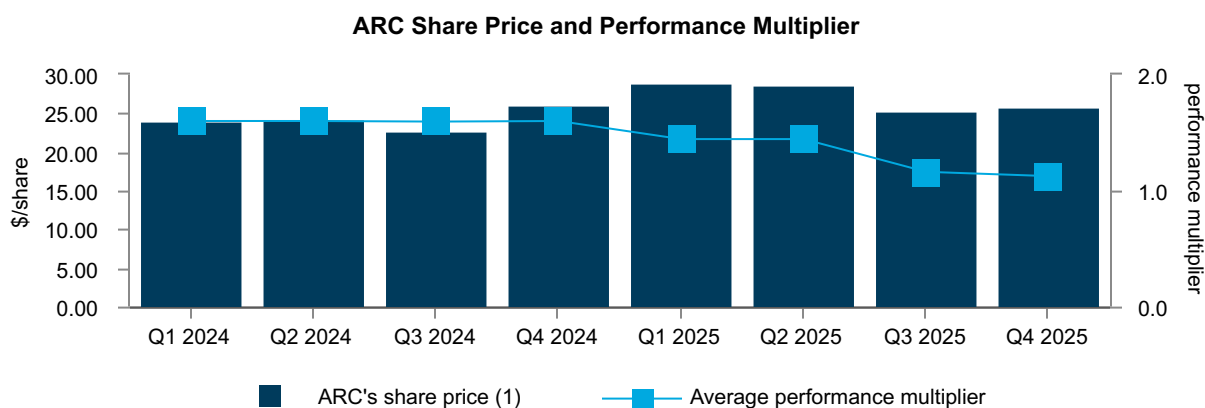
Awards under the RSU and PSU plans consist of RSUs for which the number of share awards is fixed and will vest evenly over a period of three years and PSUs for which the number of share awards is variable and will vest at the end of three years.

Upon vesting of the RSUs, the plan participant receives a cash payment based on the fair value of the underlying share awards plus all dividends accrued since the grant date. The cash compensation of the PSUs issued upon vesting is further dependent upon an adjustment to the final number of PSU awards that eventually vest based on a performance multiplier. The performance multiplier is determined through the assessment of a corporate scorecard, which occurs at the end of the three-year performance period and includes a weighting of 50 per cent based on ARC's relative total shareholder return performance compared to a defined peer group.

The performance multiplier is calculated at the time of payment and can result in cash compensation issued upon vesting of the PSUs ranging from zero to two times the value of the PSU awards originally granted.

At December 31, 2025, ARC had 1.3 million RSUs and 2.7 million PSUs outstanding under these plans. For the three months and year ended December 31, 2025, ARC recognized G&A in relation to its RSU and PSU plans of \$5.0 million and \$21.9 million (\$18.4 million and \$73.7 million for the three months and year ended December 31, 2024), respectively. The change in expense recognized for the three months and year ended December 31, 2025 reflects the change in valuation of awards outstanding throughout the respective periods.

Exhibit 16



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

Table 15 shows the changes to the outstanding RSU and PSU awards during the year ended December 31, 2025:

Table 15

RSU and PSU Plans (number of awards, thousands)	RSUs	PSUs ⁽¹⁾	Total RSUs and PSUs
Balance, December 31, 2024	1,557	2,862	4,419
Granted	683	1,735	2,418
Distributed	(854)	(1,772)	(2,626)
Forfeited	(52)	(147)	(199)
Balance, December 31, 2025	1,334	2,678	4,012

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

Due to the variability in the expected future payments under the plans, ARC estimates that between \$34.4 million and \$172.3 million could be paid out in 2026 through 2028 based on possible future changes to ARC's period-end share price, accrued dividends, market performance relative to peers, and corporate scorecard results. Table 16 is a summary of the range of future expected payments under the RSU and PSU plans based on variability of the performance multiplier and awards outstanding under the RSU and PSU plans as at December 31, 2025:

Table 16

Value of RSU and PSU Awards as at December 31, 2025 (awards thousands and \$ millions, except per share)	Performance Multiplier		
	—	1.0	2.0
Estimated awards to vest ⁽¹⁾			
RSUs	1,334	1,334	1,334
PSUs	—	2,678	5,356
Total awards	1,334	4,012	6,690
Share price ⁽²⁾	25.75	25.75	25.75
Value of RSU and PSU awards upon vesting	34.4	103.3	172.3
2026	17.7	43.3	68.9
2027	11.2	32.9	54.6
2028	5.5	27.1	48.8

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

(2) Per share outstanding. Values will fluctuate over the vesting period based on the volatility of the underlying share price. Assumes a future share price equal to the TSX closing price at December 31, 2025.

Share Option Plans

ARC has certain share options remaining under the Acquired Plans which vest annually over three years and expire 10 years after the date of grant. The final grant was in 2019. The option holder has the right to exercise the options and purchase one common share per option at the original grant price.

At December 31, 2025, ARC had 0.5 million share options outstanding with a weighted average exercise price of \$20.74. All share options were exercisable at December 31, 2025.

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

Issuance of new awards under the LTRSA plan were suspended in 2021. Previously granted LTRSAs consist of restricted common shares that were awarded at the date of grant and a cash payment made equal to the estimated personal tax obligation associated with the total award. The restricted shares issued on the grant date of the award are held in trust until the vesting conditions have been met. In 2020, the LTRSA plan was amended to extend the vesting schedule from three years to five years and to adjust the calculation of the service period.

While in trust, the restricted shares earn cash dividends that are reinvested into the purchase of ARC common shares. These re-invested common shares issued are also held in trust until vested. LTRSA awards granted prior to 2020 vest evenly on the eighth, ninth, and tenth anniversaries of their respective grant dates. LTRSA awards granted subsequent to 2019 vest evenly on the sixth, seventh, eighth, ninth, and tenth anniversaries of their respective grant dates. Restricted shares and any accrued dividends that are subject to forfeiture will be redeemed and cancelled by ARC.

Compensation expense associated with cash payment is recognized at the fair value on the grant date, while expense associated with the restricted common shares is estimated as the fair value of the award equal to the previous five-day weighted average trading price of ARC shares on the TSX on the grant date and is recognized over the vesting period.

At December 31, 2025, ARC had 0.7 million restricted shares outstanding under the LTRSA plan. ARC recognized G&A of \$0.2 million and \$0.7 million relating to the LTRSA plan during the three months and year ended December 31, 2025 (\$0.1 million and \$0.9 million for the three months and year ended December 31, 2024), respectively.

DSU Plans

ARC offers a DSU plan to non-employee directors, under which each director receives a minimum of 60 per cent of their total annual remuneration in the form of DSUs. DSU awards fully vest on the date of grant, but are only available for redemption when the director ceases to be a member of ARC's board of directors (the "Board"). Awards are settled in cash and are determined by the value of the underlying common shares at the time of settlement.

Remaining DSU awards outstanding under the Acquired Plans are vested, but are available for redemption when the director ceases to be a member of the Board. Approximately 35 per cent of these awards are eligible to be settled in equity, with the remainder to be settled in cash.

At December 31, 2025, ARC had 1.2 million DSUs outstanding. For the three months and year ended December 31, 2025, G&A of \$1.2 million and \$2.6 million was recognized in relation to the DSU plans (\$4.1 million and \$10.2 million for the three months and year ended December 31, 2024), respectively.

Interest and Financing

Interest and financing expense for the three months and year ended December 31, 2025 was \$48.3 million and \$151.3 million (\$1.29 per boe and \$1.11 per boe), respectively, compared to \$36.2 million and \$133.8 million (\$1.03 per boe and \$1.05 per boe) for the same periods of the prior year. The increase for the three months and year ended December 31, 2025, as compared to the same periods of the prior year, is primarily due to an increase in long-term debt, in conjunction with the acquisition of the Kakwa Assets. For additional information, refer to Note 6 "Business Combination" and Note 13 "Long-term Debt" in the financial statements.

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

Table 17

Interest and Financing (\$ millions, except per boe amounts)	Three Months Ended				Year Ended		
	September 30, 2025	December 31, 2025	December 31, 2024	% Change	December 31, 2025	December 31, 2024	% Change
Bank debt and long-term notes	28.7	29.6	19.5	52	82.8	65.7	26
Lease obligations	13.0	13.5	13.1	3	51.4	54.0	(5)
Accretion expense	4.8	5.2	3.6	44	17.1	14.1	21
Interest and financing	46.5	48.3	36.2	33	151.3	133.8	13
Interest and financing per boe	1.41	1.29	1.03	25	1.11	1.05	6

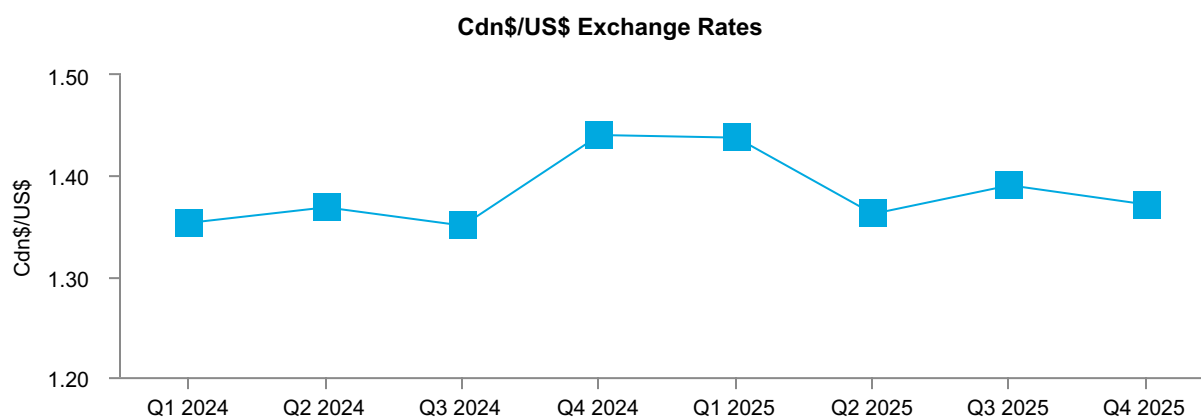
Foreign Exchange Gain and Loss

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

Table 18

Foreign Exchange Gain and Loss (\$ millions)	Three Months Ended				Year Ended		
	September 30, 2025	December 31, 2025	December 31, 2024	% Change	December 31, 2025	December 31, 2024	% Change
Unrealized gain (loss) on US dollar-denominated balances	(0.3)	—	2.7	(100)	(3.3)	(5.1)	35
Realized gain (loss) on US dollar-denominated transactions	1.5	(2.3)	3.5	(166)	(12.8)	3.8	(437)
Foreign exchange gain (loss)	1.2	(2.3)	6.2	(137)	(16.1)	(1.3)	(100)

Exhibit 17



For the three months and year ended December 31, 2025, ARC recognized an unrealized gain on foreign currency translation adjustment in other comprehensive income of \$0.2 million and \$4.2 million (unrealized loss of \$0.5 million and an unrealized gain of \$11.7 million for the three months and year ended December 31, 2024), respectively.

Taxes

ARC recognized current income tax of \$66.0 million for the three months ended December 31, 2025, compared to \$72.4 million for the same period in 2024. The decrease for the three months ended December 31, 2025, as compared to the same period of the prior year, is primarily due to additional tax pool claims available to offset taxable income from the acquisition of the Kakwa Assets.

ARC recognized current income tax of \$260.0 million for the year ended December 31, 2025, compared to \$200.4 million for the year ended December 31, 2024. The increase for the year ended December 31, 2025, as compared to the prior year, reflects higher expected taxable income as a result of increased production volumes and higher average realized natural gas prices.

For the three months and year ended December 31, 2025, ARC recognized deferred income tax of \$18.2 million and \$98.8 million, compared to \$36.3 million and \$130.5 million for the same periods in 2024. The decrease for the three months and year ended December 31, 2025, primarily relates to an unrealized loss on risk management contracts as compared to an unrealized gain on risk management contracts for the same periods in 2024.

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

Table 19

Income Tax Pool Type (\$ millions)	December 31, 2025	Annual Deductibility
Canadian oil and gas property expense	1,891.4	10% declining balance
Canadian development expense	2,098.8	30% declining balance
Undepreciated capital cost	1,969.0	Primarily 25% declining balance
Other	25.6	Various rates, 5% declining balance to 20%
Total federal tax pools	5,984.8	

Depletion, Depreciation and Amortization

For the three months and year ended December 31, 2025, ARC recognized DD&A expense of \$447.1 million and \$1.5 billion, respectively, compared to \$372.4 million and \$1.4 billion for the three months and year ended December 31, 2024. The increase in DD&A expense for the three months and year ended December 31, 2025, compared to the same periods in the prior year, is primarily due to the acquisition of the Kakwa Assets, with an increase in DD&A rate reflecting increases in reserves and future development costs, and increased production volumes.

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

Table 20

DD&A Expense (\$ millions, except per boe amounts)	Three Months Ended				Year Ended		
	September 30, 2025	December 31, 2025	December 31, 2024	% Change	December 31, 2025	December 31, 2024	% Change
Depletion of crude oil and natural gas assets	376.3	419.8	349.3	20	1,447.3	1,263.0	15
Depreciation of corporate assets	2.6	2.8	1.7	65	9.5	9.1	4
Depreciation of right-of-use ("ROU") assets	22.9	24.5	21.4	14	90.4	85.4	6
DD&A expense	401.8	447.1	372.4	20	1,547.2	1,357.5	14
DD&A expense per boe ⁽¹⁾	12.16	11.90	10.59	12	11.32	10.66	6

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

Cash Flow used in Investing Activities, Capital Expenditures, Acquisitions and Dispositions

ARC's cash flow used in investing activities was \$475.5 million and \$3.5 billion during the three months and year ended December 31, 2025, respectively, compared to \$423.3 million and \$1.9 billion for the three months and year ended December 31, 2024. In addition to cash flow used in investing activities, Management uses the non-GAAP financial measure of capital expenditures to monitor its capital investments relative to those budgeted by the Company on an annual basis. ARC excludes acquisition and disposition activities from its annual capital expenditure budget, as well as the accounting impact of any accrual changes or payments under certain lease arrangements. Refer to Table 24 in the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for a reconciliation of ARC's capital expenditures to its most directly comparable GAAP measure, cash flow used in investing activities.

Capital expenditures were \$458.9 million and \$1.9 billion for the three months and year ended December 31, 2025, respectively, compared to \$350.0 million and \$1.8 billion for the three months and year ended December 31, 2024. Capital expenditures for the three months and year ended December 31, 2025, primarily pertain to ARC's drilling and completions activities, which included the drilling of 39 and 144 crude oil and natural gas wells and the completion of 32 and 157 crude oil and natural gas wells, respectively, primarily in the Kakwa and Attachie areas.

During the year ended December 31, 2025, ARC executed an agreement for the earning and development of land in the Attachie area, for which the consideration has been recognized as exploration and evaluation ("E&E").

During the year ended December 31, 2025, ARC completed the Transaction pursuant to which it acquired the Kakwa Assets. This has been accounted for as a business combination. For additional information, refer to Note 6 "Business Combination" in the financial statements and the news release dated July 2, 2025 entitled "ARC Resources Ltd. Announces the Closing of its Montney Acquisition", available on ARC's website at www.arcresources.com and on SEDAR+ at www.sedarplus.ca.

Subsequent to December 31, 2025, ARC executed an agreement to purchase assets in the Kakwa area of Alberta for approximately \$160.0 million. The transaction is expected to close in February 2026.

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

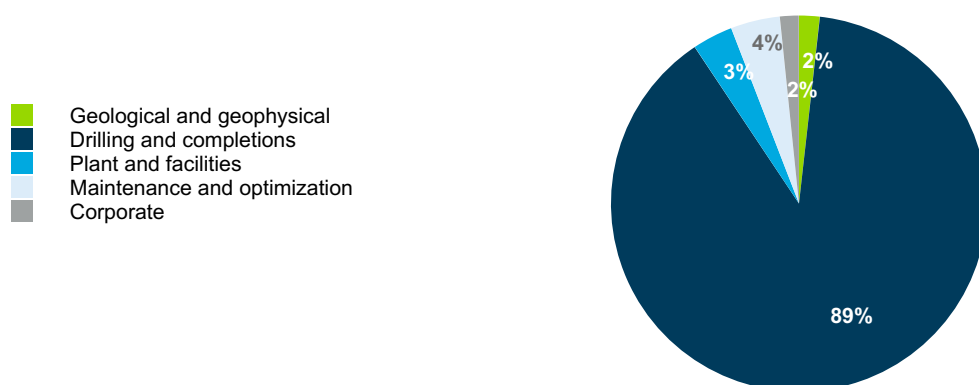
A breakdown of capital expenditures, acquisitions, and dispositions for the three months ended December 31, 2025 and December 31, 2024 is shown in Table 21:

Table 21

	Three Months Ended December 31						
	2025			2024			% Change
Capital Expenditures (\$ millions)	E&E	PP&E	Total	E&E	PP&E	Total	
Geological and geophysical	—	8.2	8.2	—	2.3	2.3	257
Drilling and completions	—	407.8	407.8	4.1	260.2	264.3	54
Plant and facilities	11.0	5.0	16.0	7.1	49.9	57.0	(72)
Maintenance and optimization	—	19.4	19.4	—	9.7	9.7	100
Corporate	—	7.5	7.5	—	16.7	16.7	(55)
Capital expenditures	11.0	447.9	458.9	11.2	338.8	350.0	31
Acquisitions	0.1	2.3	2.4	—	16.4	16.4	(85)
Dispositions	—	—	—	—	(7.6)	(7.6)	(100)
Capital expenditures and net acquisitions and dispositions	11.1	450.2	461.3	11.2	347.6	358.8	29

Exhibit 18

Capital Expenditures by Classification
Three Months Ended December 31, 2025



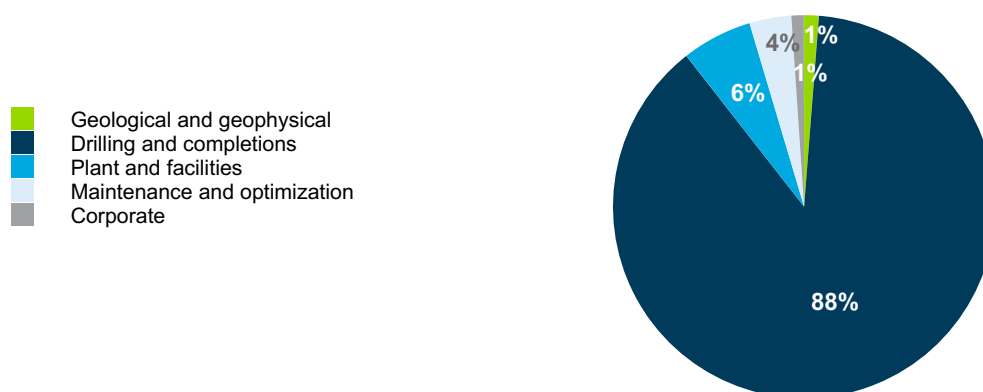
A breakdown of capital expenditures, acquisitions, and dispositions for the years ended December 31, 2025 and December 31, 2024 is shown in Table 21a:

Table 21a

	Year Ended December 31						
	2025			2024			% Change
Capital Expenditures (\$ millions)	E&E	PP&E	Total	E&E	PP&E	Total	
Geological and geophysical	—	23.7	23.7	0.1	11.0	11.1	114
Drilling and completions	—	1,685.1	1,685.1	11.6	1,493.3	1,504.9	12
Plant and facilities	53.6	60.1	113.7	19.5	203.5	223.0	(49)
Maintenance and optimization	—	65.6	65.6	—	76.5	76.5	(14)
Corporate	—	20.6	20.6	—	30.0	30.0	(31)
Capital expenditures	53.6	1,855.1	1,908.7	31.2	1,814.3	1,845.5	3
Acquisitions	49.7	7.1	56.8	—	21.5	21.5	164
Dispositions	—	(4.0)	(4.0)	—	(87.6)	(87.6)	(95)
Capital expenditures and net acquisitions and dispositions	103.3	1,858.2	1,961.5	31.2	1,748.2	1,779.4	10

Exhibit 18a

**Capital Expenditures by Classification
Year Ended December 31, 2025**



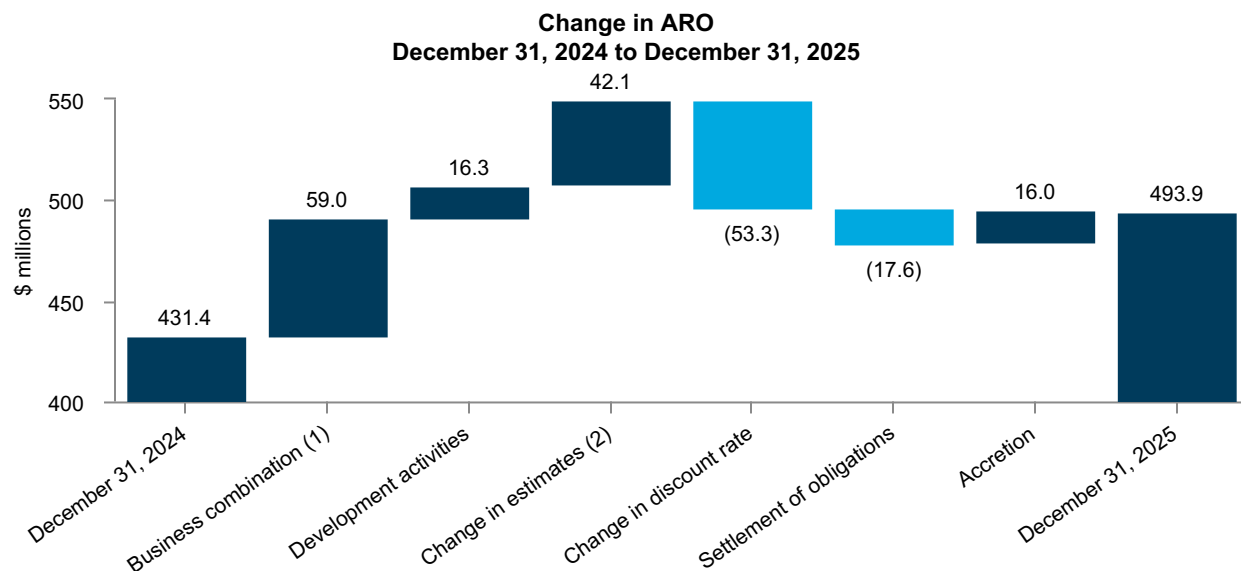
Asset Retirement Obligation

ARC maintains a planned and scheduled approach to its abandonment and reclamation activities. At December 31, 2025, ARC recognized ARO of \$493.9 million (\$431.4 million at December 31, 2024), for the future abandonment and reclamation of its crude oil and natural gas assets, of which \$20.0 million is classified as current and \$473.9 million is classified as long-term (\$17.0 million and \$414.4 million at December 31, 2024, respectively). During the year ended December 31, 2025, ARC's ARO increased \$59.0 million with the acquisition of the Kakwa Assets. For more information, refer to Note 6 "Business Combination" and Note 15 "Asset Retirement Obligation" in the financial statements.

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 3.9 per cent (3.3 per cent at December 31, 2024).

Accretion charges of \$4.6 million and \$16.0 million for the three months and year ended December 31, 2025 (\$3.6 million and \$14.1 million for the same periods in 2024), respectively, have been recognized in interest and financing in the consolidated statements of comprehensive income to reflect the increase in ARO associated with the passage of time. Actual spending under ARC's program for the three months and year ended December 31, 2025 was \$5.1 million and \$17.6 million (\$1.8 million and \$16.2 million for the same periods in 2024), respectively.

Exhibit 19



- (1) For additional information, refer to Note 6 "Business Combination" and Note 15 "Asset Retirement Obligation" in the financial statements.
- (2) Relates to changes in cost estimates of future obligations and anticipated settlement dates of ARO.

Capitalization, Financial Resources and Liquidity

Capital Management

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

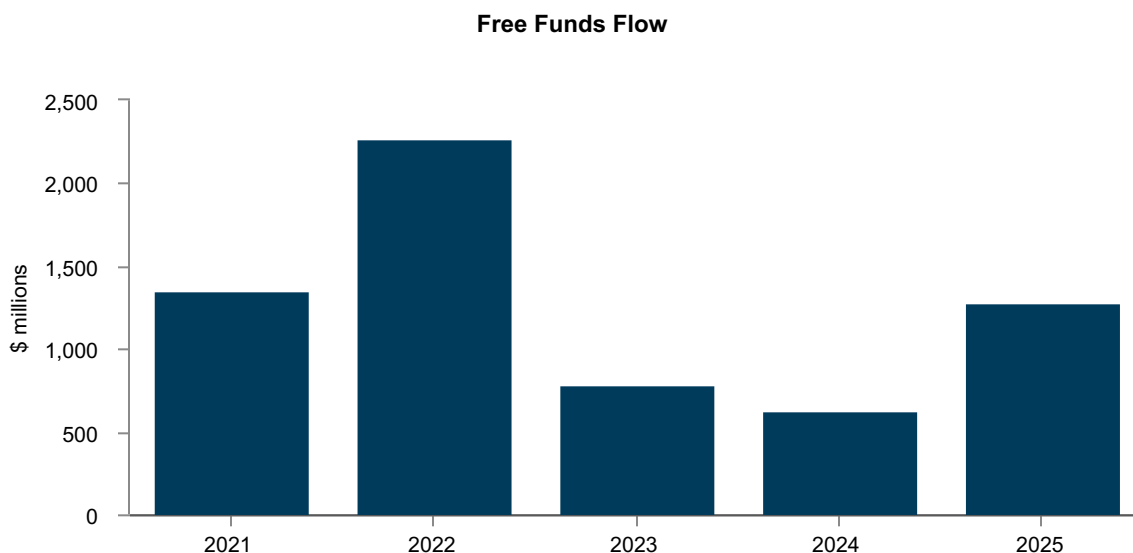
Maintaining targeted debt levels, paying a sustainable dividend, and exercising capital discipline to manage a moderate pace of development and control its corporate decline rate are the basis for ARC's current capital allocation framework. ARC takes a portfolio approach by periodically evaluating its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

ARC uses free funds flow, defined as funds from operations less capital expenditures, as an indicator of the funds available for capital allocation. For the three months and year ended December 31, 2025, ARC generated free funds flow of \$415.4 million and \$1.3 billion (\$420.4 million and \$627.0 million for the three months and year ended December 31, 2024), respectively. For the calculation of free funds flow, refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A.

During the year ended December 31, 2025, ARC distributed 75 per cent of free funds flow to shareholders. ARC plans to distribute essentially all free funds flow in 2026 to shareholders through dividends and share repurchases. Currently, ARC believes that the optimal mechanism to return shareholder capital is through the combination of a sustainable base dividend that grows over time and continued share repurchases.

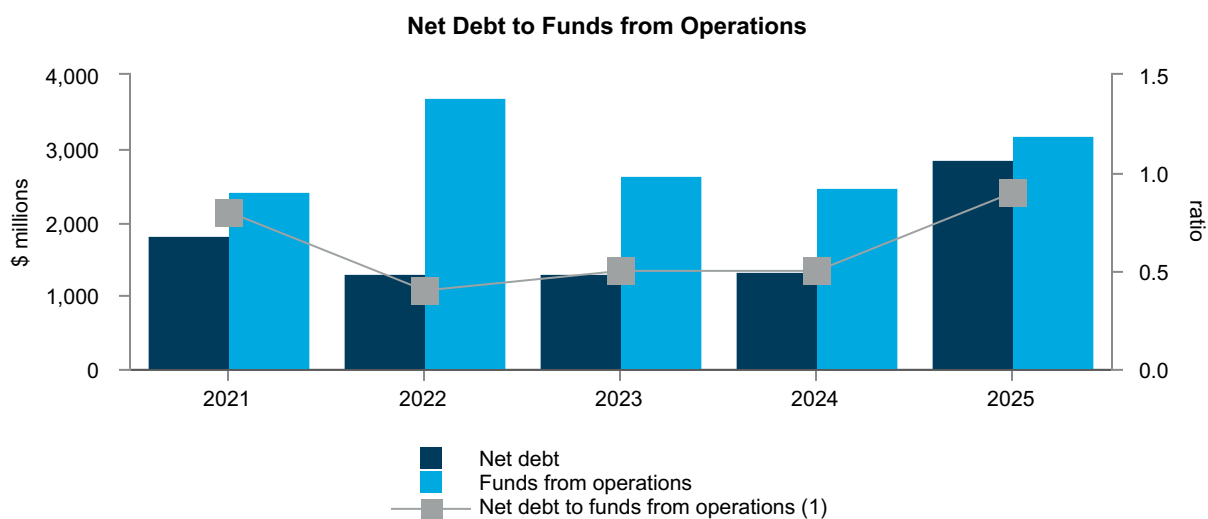
During the year ended December 31, 2025, ARC declared dividends totaling \$0.78 per share and repurchased 19.7 million common shares under its normal course issuer bid ("NCIB") while also renewing its NCIB. During the year ended December 31, 2025, ARC increased its dividend by 11 per cent from \$0.19 per share per quarter to \$0.21 per share per quarter.

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 December 31, 2025, ARC's net debt was 0.9 times its funds from operations.

Exhibit 21



(1) Composed of net debt divided by funds from operations.

Long-term Debt

During the year ended December 31, 2025, ARC issued \$1.0 billion aggregate principal amount of senior unsecured notes (the "2025 Notes"), obtained a \$500.0 million two-year term loan, and increased the borrowing capacity of its revolving credit facility to \$2.0 billion from \$1.7 billion, which the maturity date was extended to March 2029 from February 2028. For more information, refer to Note 13 "Long-Term Debt" in the financial statements.

At December 31, 2025, ARC's total available credit capacity, including its credit facility, term loan, and senior notes, was \$4.5 billion, of which \$2.9 billion was drawn. ARC's long-term debt balance includes a current portion of \$450.0 million at December 31, 2025 (\$nil at December 31, 2024), reflecting the principal payment that is due to be paid within the next 12 months. ARC intends to finance this obligation by using cash on hand or drawing on its syndicated credit facility at the time the payment is due. At December 31, 2025, ARC's long-term debt had a weighted average interest rate of 3.7 per cent. For more information, refer to Note 13 "Long-term Debt" in the financial statements.

There are no financial covenants associated with the 2025 Notes and there were no changes to any existing debt covenants during the year ended December 31, 2025. At December 31, 2025, ARC was in compliance with the financial covenants related to its credit facility as follows:

Table 22

Covenant Description	Position at December 31, 2025
Consolidated Debt not to exceed 60 per cent of Total Capitalization	26 %
Consolidated Tangible Assets of the Restricted Group must exceed 80 per cent of Consolidated Tangible Assets	100 %

Lease Obligations

At December 31, 2025, ARC had lease obligations of \$1.0 billion (\$1.0 billion at December 31, 2024), of which \$112.1 million is due within one year (\$92.8 million at December 31, 2024). ARC's lease obligations comprise office space, equipment used in operations including drilling rigs and camps, vehicles, and third-party processing facilities and gathering infrastructure. ARC assumed additional lease obligations through its acquisition of the Kakwa Assets. For further information, refer to Note 6 "Business Combination" and Note 12 "Lease Obligations" in the financial statements.

Shareholders' Equity

During the year ended December 31, 2025, ARC repurchased 19.7 million common shares under its NCIB at a weighted average price of \$26.54 per share for a total of \$522.9 million, inclusive of all costs. Shares were cancelled upon repurchase.

At December 31, 2025, ARC has recognized a liability of \$15.0 million (\$15.1 million at December 31, 2024) in accounts payable and accrued liabilities on the consolidated balance sheets for share repurchases that may take place during its internal blackout period under an automatic share purchase plan agreement with an independent broker. The transaction has been recognized as a reduction to share capital of \$6.8 million and a reduction to retained earnings of \$8.2 million (\$5.6 million and \$9.5 million at December 31, 2024, respectively).

At December 31, 2025, there were 570.6 million common shares outstanding and 0.5 million share options outstanding under the Acquired Plans. For more information, refer to the section entitled "Share Option Plans" contained within this MD&A.

At December 31, 2025, ARC had 0.7 million restricted shares outstanding under its LTRSA plan. For more information on the restricted shares outstanding and held in trust under ARC's LTRSA plan, refer to the section entitled "Long-term Restricted Share Award Plan" contained within this MD&A.

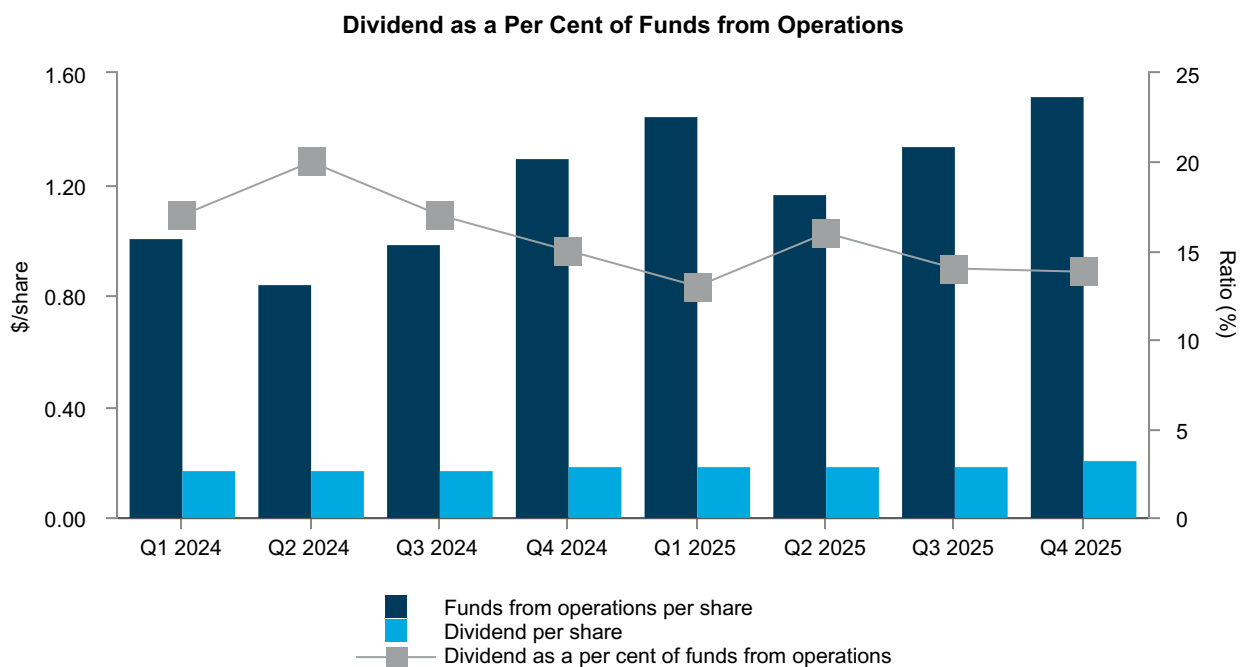
Dividends

ARC's business strategy is focused on value creation and long-term returns to shareholders, with the dividend being an important component. During the year ended December 31, 2025, ARC increased its quarterly dividend by 11 per cent from \$0.19 per share to \$0.21 per share. In the fourth quarter of 2025, ARC declared dividends totaling \$120.0 million (\$0.21 per share) compared to \$112.2 million (\$0.19 per share) in the same period of 2024. ARC declared dividends of \$451.8 million (\$0.78 per share) for the year ended December 31, 2025 compared to \$416.2 million (\$0.70 per share) for the year ended December 31, 2024.

ARC's dividend as a per cent of funds from operations⁽¹⁾ decreased from an average of 15 per cent and 17 per cent for the three months and year ended December 31, 2024, respectively, to an average of 14 per cent for both the three months and year ended December 31, 2025. The decrease in dividend as a per cent of funds from operations for the three months and year ended December 31, 2025, as compared to the same periods of the prior year, reflects the increase in funds from operations.

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

Exhibit 22



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

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

Contractual Obligations and Commitments

The following is a summary of ARC's contractual obligations and commitments as at December 31, 2025:

Table 23

	Payments Due by Period				Total
	1 Year	2-3 Years	4-5 Years	Beyond 5 Years	
Debt repayments	450.0	1,438.0	—	1,000.0	2,888.0
Interest payments ⁽¹⁾	63.9	107.3	77.8	39.3	288.3
Purchase and service commitments ⁽²⁾	170.6	314.4	878.3	7,174.5	8,537.8
Transportation commitments	721.2	1,334.6	1,180.0	4,820.4	8,056.2
Total contractual obligations and commitments	1,405.7	3,194.3	2,136.1	13,034.2	19,770.3

(1) Fixed interest payments on senior notes.

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

At December 31, 2025, ARC's total contractual obligations and commitments were \$19.8 billion, compared to \$17.6 billion at December 31, 2024. The increase during the year ended December 31, 2025, primarily relates to principal and interest amounts associated with the 2025 Notes and additional transportation commitments.

Off-Balance Sheet Financing

ARC does not have any guarantees or off-balance sheet arrangements that have been excluded from the consolidated balance sheets other than commitments disclosed in Note 22 "Commitments and Contingencies" of the financial statements.

Related Parties

ARC's key management personnel consists of its officers and directors. Short-term benefits are composed of salaries and directors' fees, annual bonuses, and other benefits. In addition, the Company provides share-based compensation to its key management personnel under the RSU, PSU, DSU and LTRSA plans, as well as through share options under the Acquired Plans. For the year ended December 31, 2025, ARC recognized G&A of \$24.8 million related to total key management personnel compensation (\$73.3 million for the year ended December 31, 2024).

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 financial statements.

RISK FACTORS

Management is focused on long-term strategic planning and has identified the key risks, uncertainties, and opportunities associated with ARC's business that can impact its financial results. These include, but are not limited to:

Volatility of Commodity Prices

The prices of crude oil and liquids and natural gas are volatile, outside of ARC's control and affect ARC's financial condition, financial performance, cash flows, and future rate of growth.

ARC's revenues, profitability, cash flows, and future rate of growth are highly dependent on commodity prices. Commodity prices may fluctuate widely in response to relatively minor changes in the supply of and demand for crude oil and liquids and natural gas, market uncertainty, and a variety of additional factors that are beyond ARC's control, such as:

- domestic and global supply of and demand for crude oil and liquids and natural gas, as impacted by economic factors that affect gross domestic product growth rates of countries around the world, including impacts from international trade, pandemics, and related concerns;
- market expectations with respect to future supply of crude oil and liquids and natural gas demand and price changes;
- global crude oil and liquids and natural gas inventory levels;
- volatility and trading patterns in the commodity-futures markets;
- the proximity, capacity, cost, and availability of pipelines and other transportation facilities;
- the capacity of refiners to utilize available supplies of crude oil and liquids;
- weather conditions affecting supply and demand;
- overall domestic and global political and economic conditions;
- actions of the Organization of Petroleum Exporting Countries, its members and other state-controlled crude oil companies relating to crude oil price and production controls;
- fluctuations in the value of the US dollar;
- the price and quantity of crude oil and liquids and LNG imports to and exports from the US and other countries;
- the development of new hydrocarbon exploration, production, and transportation methods or technological advancements in existing methods, including hydraulic fracturing;
- capital investments by crude oil and natural gas companies relating to the exploration, development, and production of hydrocarbons;
- social attitudes or policies affecting energy consumption and energy supply;
- domestic and foreign governmental regulations, including environmental regulations, climate change regulations and taxation;
- shareholder activism or activities by non-governmental organizations to limit certain sources of capital for the energy sector or restrict the exploration, development, and production of crude oil and liquids and natural gas; and
- the effect of energy conservation efforts and the price, availability, and acceptance of alternative energies, including renewable energy.

Commodity prices have historically been, and continue to be, volatile. ARC expects this volatility to continue. ARC makes price assumptions that are used for planning purposes. A significant portion of its cash outflows, including transportation commitments, are largely fixed in nature while certain capital expenditures must be committed early in a project schedule. Accordingly, if commodity prices are below the expectations on which these commitments were based, ARC's financial results are likely to be adversely and disproportionately affected because these cash outflows are not variable in the short term and cannot always be quickly reduced to respond to unanticipated decreases in commodity prices. ARC's risk management arrangements will not fully mitigate the effects of price volatility.

Significant or extended price declines could also materially and adversely affect the amount of crude oil and liquids and natural gas that ARC can economically produce, require ARC to make significant downward adjustments to its reserve estimates, or result in deferral or cancellation of ARC's growth projects. A reduction in production could also result in a shortfall in expected cash flows and require ARC to reduce capital spending or borrow funds or access capital markets to cover any such shortfall. Any of these factors could negatively affect ARC's ability to replace its production and its future rate of growth.

Adverse Economic Conditions

Adverse general economic, business, and industry conditions could have a material adverse effect on ARC's results of operations and cash flow.

The demand for energy, including crude oil and liquids and natural gas, is generally linked to broad-based economic activities. If there was a slowdown in economic growth, an economic downturn or recession, or other adverse economic or political developments across the globe, there could be a significant adverse effect on global financial markets and commodity prices. In addition, geopolitical instability and the escalation and expansion of conflict in the Middle East, Europe, South America, and the South China Sea region, and the occurrence or threat of terrorist attacks in the US or other countries, could involve other nations, potentially increasing existing tensions between the US, China, and Russia, and may adversely affect the global economy, financial markets, and shipping and supply chains. Global or national health concerns, including the outbreak of pandemic or contagious diseases may adversely affect ARC by (i) reducing global economic activity thereby resulting in lower demand for crude oil and liquids and natural gas, (ii) impairing its supply chain, for example, by limiting the manufacturing of materials or the supply of goods and services used in ARC's operations, and (iii) affecting the health of its workforce, rendering employees unable to work or travel. These and other factors disclosed elsewhere in this MD&A that generally affect the global economy and the supply and demand for crude oil and liquids and natural gas, and ARC's business and industry, could ultimately have an adverse impact on ARC's financial condition, financial performance, and cash flows.

Political Uncertainty

Political and legal developments in Canada, the US, and elsewhere may adversely affect ARC's business.

Political, legal, and regulatory changes in Canada, the US, and other countries can impact ARC's operations and business performance. The political leadership in many of the world's largest economies has changed in recent years, resulting in substantially different political, social, and economic policy priorities than previous governments on both domestic and foreign policy matters, including the environment, trade and tariffs, and energy.

These political shifts have created uncertainty about government policies, regulations, and trade relationships between major global economies resulting in broad-based volatility and decreased investor confidence. Adverse changes to the trade relations between the governments of the United States, Canada, and Mexico on matters related to energy could have a material adverse effect on ARC and its business considering the physical and economic integration of North American energy markets.

Political risks faced by ARC that could impact its operations or planned projects include:

- changes in government policy and regulations;
- new interpretations of existing laws;
- implementation of new, or expansion of existing, tariffs on exported and/or imported products;
- opposition from government or other political actors to industrial activities;
- extended regulatory review periods and third-party consultation requirements;
- delays or denials of necessary permits and licenses; and
- disruption of critical third-party infrastructure and supply chains.

Changing environmental regulations pose additional challenges. Changes in assessment processes and expanding stakeholder consultation requirements and expectations, including with Indigenous stakeholders, may extend project timelines, increase compliance costs, increase project execution risk, and limit business opportunities.

In recent years there has been an increase in both federal and provincial government involvement in Canadian infrastructure projects, creating investment uncertainty.

Other potential governmental impacts include:

- tax increases;
- higher government royalty rates, including possible retroactive claims;
- new efficiency standards;
- alternative fuel mandates;
- tax and other subsidies for competing energy sources; and
- government support for research into, and mandated uses of, alternative energy technologies.

These government initiatives, particularly those promoting emissions reductions and alternative energy sources, could reduce demand for ARC's products.

Gathering and Processing Facilities, Pipeline Systems, and Rail

Lack of capacity on, and/or regulatory constraints and uncertainty regarding, gathering and processing facilities, pipeline systems, and railway lines may have a negative impact on ARC's ability to produce and sell its crude oil and liquids and natural gas.

ARC delivers its products through gathering and processing facilities, pipeline systems, and in certain circumstances, by rail. The amount of crude oil and liquids and natural gas that ARC can produce and sell is subject to the accessibility, availability, proximity, and capacity of these gathering and processing facilities and pipeline systems. The lack of firm pipeline capacity, production limits, and limits on availability of capacity in gathering and processing facilities continues to affect the crude oil and natural gas industry and may limit the ability for ARC to transport produced crude oil and liquids and natural gas to domestic and international markets. Unexpected shut-downs or curtailment of capacity of pipelines for maintenance or integrity work or because of actions taken by regulators or governments related to trade disputes, export controls or other protectionist economic policies could also affect ARC's access to markets, production, operations, and financial results.

A portion of ARC's production may, from time to time, be processed through facilities owned by third parties and over which ARC does not have control. From time to time, these facilities may discontinue or decrease operations either as a result of normal servicing requirements or as a result of unexpected events. A discontinuation or decrease of operations could have a material adverse effect on ARC's ability to process its production and deliver the same to market. Midstream and pipeline companies may take actions to maximize their return on investment, which may in turn adversely affect producers and shippers, especially when combined with a regulatory framework that may not always align with the interests of particular shippers.

Indigenous Land and Rights Claims

Opposition by Indigenous groups to the conduct of ARC's operations, development, or exploratory activities may negatively impact ARC.

Opposition by Indigenous groups to the conduct of ARC's operations, development, or exploratory activities in any of the jurisdictions in which ARC conducts business may negatively impact it in terms of public perception, diversion of management's time and resources, legal and other advisory expenses, and could adversely impact ARC's progress and ability to explore and develop assets.

Some Indigenous groups have established or asserted Indigenous treaty, title, and rights to portions of Canada. There are outstanding Indigenous and treaty rights claims, which may include Indigenous title claims, on lands where ARC operates, and such claims, if successful, could have a material adverse impact on its operations or pace of growth. No certainty exists that any lands currently unaffected by claims brought by Indigenous groups will remain unaffected by future claims.

The Canadian federal and provincial governments have a duty to consult with Indigenous people when contemplating actions that may adversely affect the asserted or proven Indigenous or treaty rights and, in certain circumstances,

accommodate their concerns. The scope of the duty to consult by federal and provincial governments varies with the circumstances and is often the subject of ongoing litigation. The fulfillment of the duty to consult Indigenous people and any associated accommodations may adversely affect ARC's ability to, or increase the timeline to, obtain or renew, permits, leases, licences and other approvals, or to meet the terms and conditions of those approvals. For example, regulatory authorities in British Columbia ceased granting approvals, and, in some cases, revoked existing approvals, for, among other things crude oil and natural gas activities relating to drilling, completions, testing, production, and transportation infrastructure following a British Columbia Supreme Court decision that the cumulative impacts of government-sanctioned industrial development on the traditional territories of an Indigenous group in northeast British Columbia breached that group's treaty rights. Following that decision, the Government of British Columbia signed an implementation agreement with that Indigenous group to address cumulative effects of development on that group's claim area through restoration work, establishment of areas protected from industrial development, and a constraint on development activities. These measures, which have and are expected to continue to form the basis of similar arrangements with other Indigenous groups in British Columbia, are expected to remain in place while a long-term cumulative effects management regime is implemented. The long-term impacts of, and associated risks with, the court decision and arrangements with Indigenous groups to address the cumulative effects of development on claimed lands on the Canadian crude oil and natural gas industry and ARC remain uncertain and subject to ongoing legal actions by Indigenous groups.

In addition, in 2021, the federal government introduced legislation to implement the United Nations Declaration on the Rights of Indigenous Peoples ("UNDRIP"). Other Canadian jurisdictions have also introduced or passed similar legislation, including British Columbia, or begun considering the principles and objectives of UNDRIP, or may do so in the future. Such legislation generally requires that the governments implementing UNDRIP take measures necessary to ensure the laws of those jurisdictions are consistent with the principles of UNDRIP and to implement an action plan to address UNDRIP's objectives. In certain cases, existing laws may be changed to ensure such consistency, including laws relevant to ARC's business and operations. Indigenous groups in Canada have increasingly commenced legal proceedings to hold the federal and British Columbia governments accountable for their obligations under legislation passed to implement UNDRIP. The means and more detailed timelines associated with UNDRIP's implementation by federal and provincial governments, and the extent to which Indigenous groups will continue to hold governments accountable for UNDRIP related obligations, is uncertain. With a view to implementing UNDRIP, additional processes may be created and legislation associated with project development and operations and environmental matters affecting Indigenous health and communities may be amended or introduced, further increasing uncertainty with respect to project regulatory approval timelines and requirements.

Environmental

Compliance with environmental regulations requires the dedication of a portion of ARC's financial and operational resources.

All phases of the crude oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial, and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on the spill, release, or emission of various substances produced in association with crude oil and natural gas industry operations. In addition, such legislation sets out the requirements with respect to oilfield waste-handling and storage, habitat protection and the satisfactory operation, maintenance, abandonment, and reclamation of well and facility sites.

Compliance with environmental legislation can require expenditures and a breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of crude oil and liquids, natural gas, or other pollutants into the air, soil, or water may give rise to liabilities to governments and third parties and may require ARC to incur costs to remedy such discharge.

Climate Change

Climate change concerns could result in increased operating costs and reduced demand for ARC's products while the potential physical effects of climate change could disrupt ARC's production and cause it to incur significant costs in preparing for or responding to those effects.

Reports, such as the Fourth, Fifth, and Sixth Assessment Reports of the Intergovernmental Panel on Climate Change, have engendered concern about the impacts of human activity, especially hydrocarbon combustion, on global climate issues. Public, government, and investor attention often focuses on the emission of greenhouse gases ("GHG"), including emissions of carbon dioxide and methane from the production and use of crude oil and liquids and

natural gas. The majority of countries, including Canada, have agreed to reduce their carbon emissions in accordance with the Paris Agreement.

Transition risks

Foreign and domestic governments continue to evaluate and implement policy, legislation, and regulations focused on restricting GHG emissions and promoting the transition to a low-carbon economy. It is not possible to predict what measures foreign and domestic governments may implement in this regard, nor is it possible to predict the requirements that such measures may impose or when such measures may be implemented. However, international multilateral agreements, the obligations adopted thereunder and legal challenges concerning the adequacy of climate-related policy brought against foreign and domestic governments may influence the implementation of these measures. Given the evolving nature of climate change policy and the control of GHG emissions and resulting requirements, it is possible that future climate change regulations will have the effect of increasing ARC's operating expense and potentially reducing the demand for crude oil and liquids and natural gas in the long-term, resulting in a decrease in ARC's profitability and a reduction in the value of its assets.

Claims have been made against certain energy companies alleging that GHG emissions from crude oil and natural gas operations constitute a public nuisance under certain laws or that such energy companies provided misleading disclosure to the public and investors of current or future risks associated with climate change. As a result, individuals, government authorities, or other organizations may make claims against crude oil and natural gas companies, including ARC, for alleged personal injury, property damage, or other potential liabilities. While ARC is not currently a party to any such litigation or proceedings, it could be named in actions making similar allegations. An unfavorable ruling in any such case could adversely affect ARC's cost of capital, impact its operations and have an adverse impact on its financial condition.

Given the perceived elevated long-term risks associated with policy development, regulatory changes, public and private legal challenges, or other market developments related to climate change, there have also been efforts in recent years affecting the investment community, including investment advisors, sovereign wealth funds, public pension funds, universities and other institutional investors, promoting direct engagement and dialogue with companies in their portfolios on climate change action (including exercising their voting rights on matters relating to climate change) and increased capital allocation to investments in low-carbon assets and businesses while decreasing the carbon intensity of their portfolios through, among other measures, divestments of companies with high exposure to GHG-intensive operations and products.

Along with government policy and regulations, sustainability reporting requirements continue to evolve at a varying pace across the globe. ARC considers existing standards such as the Global Reporting Initiative Sustainability Reporting Standards, the Sustainability Accounting Standards Board's documentation, and recommendations issued by the Task Force for Climate Related Financial Disclosures when evaluating its sustainability performance. If ARC is not able to meet future sustainability reporting requirements of regulators or current and future expectations of investors, insurance providers, or other stakeholders, its business and ability to attract and retain skilled employees, obtain regulatory permits, licences, registrations, approvals, and authorizations from various governmental authorities, and raise capital may be adversely affected.

Physical risks

The potential physical risks resulting from climate change are long-term in nature and associated with a high degree of uncertainty regarding timing, scope, and severity of potential impacts. Certain experts believe global climate change could increase extreme variability in weather patterns such as increased frequency of severe weather, rising mean temperature and sea levels, and long-term changes in precipitation patterns. Extreme hot and cold weather, heavy snowfall, heavy rainfall, and wildfires may restrict ARC's ability to access its assets and cause operational difficulties, including damage to equipment and infrastructure. Extreme weather also increases the risk of personnel injury as a result of dangerous working conditions. Certain of ARC's assets are in locations that are proximate to forests and rivers and a wildfire or flood may lead to significant downtime and/or damage to ARC's assets or cause disruptions to the production and transport of its products or the delivery of goods and services in its supply chain.

Skilled Workforce

An inability to recruit and retain a skilled workforce and key personnel may negatively impact ARC.

The operations and management of ARC require the recruitment and retention of a skilled workforce, including engineers, technical personnel, and other professionals. The loss of key members of such workforce, or a substantial portion of the workforce as a whole, could result in the failure to implement ARC's business plans which could have a material adverse effect on ARC's business, financial condition, results of operations, and prospects.

Competition for qualified personnel in the crude oil and natural gas industry is intense and there can be no assurance that ARC will be able to continue to attract and retain all personnel necessary for the development and operation of its business. ARC does not have any key personnel insurance in effect. Contributions of the existing management team to the immediate and near-term operations of ARC are likely to be of central importance. In addition, certain of ARC's current employees have significant institutional knowledge that must be transferred to other employees prior to their departure from ARC. If ARC is unable to: (i) retain current employees; (ii) successfully complete effective knowledge transfers; and/or (iii) recruit new employees with the requisite knowledge and experience, ARC could be negatively impacted. In addition, ARC could experience increased costs to retain and recruit these professionals.

Development and Production Risks

ARC's future performance may be affected by the financial, operational, environmental, and safety risks associated with the exploration, development, and production of crude oil and liquids and natural gas.

Crude oil and natural gas operations involve many risks that even a combination of experience, knowledge, and careful evaluation may not be able to overcome. Drilling hazards, environmental damage, and various field operating conditions could greatly increase the cost of operations and adversely affect the production from successful wells. Adverse field operating conditions include, but are not limited to, delays in obtaining governmental approvals or consents, shut-ins of wells resulting from extreme weather conditions, insufficient storage or transportation capacity, or geological and mechanical conditions. While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, it is not possible to eliminate production delays and declines from normal field operating conditions, which can negatively affect revenue and cash flow to varying degrees.

Restrictions on the availability and cost of materials and equipment may impede ARC's exploration, development, and operating activities as crude oil and natural gas exploration, development, and operating activities are dependent on the availability and cost of specialized materials and equipment (typically sourced from third parties) in the areas where such activities are conducted. The availability of such material and equipment is limited. An increase in demand or cost, or a decrease in the availability of such materials and equipment may impede ARC's exploration, development, and operating activities.

ARC's business is subject to all the risks and hazards typically associated with crude oil and natural gas exploration, development, and production operations, including, but not limited to, fire, explosion, blowouts, cratering, sour gas releases, spills, and other environmental hazards. These typical risks and hazards could result in substantial damage to crude oil and natural gas wells, production facilities, other property and the environment and cause personal injury or threaten wildlife. Particularly, ARC may explore for and produce sour gas in certain areas. An unintentional leak of sour gas could result in personal injury, loss of life, or damage to property and may necessitate an evacuation of populated areas, all of which could result in liability to ARC.

Crude oil and natural gas production operations are also subject to geological and seismic risks, including encountering unexpected formations or pressures, premature decline of reservoirs, and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks may have a material adverse effect on ARC's business, financial condition, results of operations, and prospects.

ARC's long-term commercial success depends on its ability to find, acquire, develop, and commercially produce crude oil and liquids and natural gas reserves. Without the continual addition of new reserves, ARC's existing reserves, and the production from them, will decline over time as ARC produces from such reserves. A future increase in ARC's reserves will depend on both the ability of ARC to explore and develop its existing properties and its ability to select and acquire suitable producing properties or prospects. There is no assurance that ARC will be able to continue to find satisfactory properties to acquire or participate in. Moreover, Management may determine that current markets, terms of acquisition, participation or pricing conditions make potential acquisitions or participation uneconomic. There is also no assurance that ARC will discover or acquire further commercial quantities of crude oil and liquids and natural gas.

Future crude oil and natural gas exploration may involve unprofitable efforts from dry wells or from wells that are productive but do not produce sufficient quantities to return a profit after drilling, completing (including hydraulic fracturing), operating, and other costs. Completion of a well does not ensure a profit on the investment or recovery of drilling, completion, and operating costs.

Project Risks

The success of ARC's operations may be negatively impacted by factors outside of its control resulting in operational delays and cost overruns.

ARC manages a variety of small and large projects in the conduct of its business. Project interruptions may delay expected revenues from operations. Significant project cost overruns could make a project uneconomic. ARC's ability to execute projects and to market crude oil and liquids and natural gas depends upon numerous factors beyond ARC's control, including:

- availability of processing capacity;
- availability and proximity of pipeline capacity;
- availability of storage capacity;
- availability of, and the ability to acquire, water supplies needed for drilling and hydraulic fracturing or ARC's ability to dispose of water used or removed from strata at a reasonable cost and in accordance with applicable environmental regulations;
- effects of inclement and severe weather events, including fire, drought and flooding;
- availability of equipment;
- unexpected cost increases;
- accidental events;
- currency fluctuations;
- regulatory changes;
- availability and productivity of skilled labour; and
- regulation of the crude oil and natural gas industry by various levels of government and governmental agencies.

If cash flow from operating activities and funds from external financing sources are not sufficient to cover ARC's capital expenditure requirements, ARC may be required to reallocate available capital among its projects or modify its capital expenditure plans, which may result in delays to, or cancellation of, certain projects or deferral of certain capital expenditures. Any change to ARC's capital expenditure plans could, in turn, have a material adverse effect on ARC's growth objectives and its business, financial position, and results of operations. Because of these factors, ARC could be unable to execute projects on time, on budget, or at all.

Regulatory Approvals

Failure to obtain applicable regulatory approvals or satisfy regulatory conditions on a timely basis could result in delays, abandonment, or restructuring of projects and increased costs.

ARC's operations require it to obtain approvals from various regulatory authorities and there are no guarantees that it will be able to obtain all necessary licences, permits, and other approvals that may be required to carry out certain exploration, development, and operating activities on ARC's assets. In addition, obtaining certain approvals from regulatory authorities can involve, among other things, stakeholder and Indigenous consultation, environmental impact assessments, and public hearings. Regulatory approvals obtained may be subject to the satisfaction of certain conditions including, but not limited to: security deposit obligations; ongoing regulatory oversight of projects; mitigating or avoiding project impacts; environmental and habitat assessments; and other commitments or obligations. Failure to obtain applicable regulatory approvals or satisfy any of the conditions thereto on a timely basis on satisfactory terms could result in delays, abandonment or restructuring of projects, and increased costs.

Reputational Risk

ARC relies on its reputation to continue its operations and to attract and retain employees and capital.

ARC's business, operations, or financial condition may be negatively impacted by negative public opinion toward ARC or as a result of any negative sentiment toward, or in respect of, ARC's reputation with stakeholders, special interest groups, political leadership, the media, or other entities. Public opinion may be influenced by certain media and special interest groups' negative portrayal of the industry in which ARC operates as well as their opposition to certain crude oil and natural gas projects. Potential impacts of negative public opinion or reputational issues may include delays or interruptions in operations, legal or regulatory actions or challenges, blockades, increased regulatory oversight, reduced support for, delays in, challenges to, or the revocation of regulatory approvals, permits and/or licences and increased costs and/or cost overruns. ARC's reputation and public opinion could also be impacted by

the actions and activities of other companies operating in the crude oil and natural gas industry, particularly other producers, over which ARC has no control. Similarly, ARC's reputation could be impacted by negative publicity related to loss of life, injury or damage to property and the environment caused by ARC's operations. In addition, if ARC develops a reputation of having an unsafe work site, this may impact the ability of ARC to attract and retain the necessary skilled employees and consultants to operate its business. Opposition from special interest groups opposed to crude oil and natural gas development and the possibility of climate-related litigation against governments and natural resource companies may impact ARC's reputation.

Reputational risk cannot be managed in isolation from other forms of risk. Credit, market, operational, insurance, regulatory, and legal risks, among others, must all be managed effectively to safeguard ARC's reputation. Damage to ARC's reputation could result in negative investor sentiment toward ARC, which may result in limiting ARC's access to capital and increasing the cost of capital.

Changing Investor Sentiment

Changing investor sentiment toward the crude oil and natural gas industry may impact ARC's access to, and cost of, capital.

A number of factors, including the concerns of the effects of the use of hydrocarbons on climate change, the impact of crude oil and natural gas operations on the environment, environmental damage relating to spills of crude oil products during production and transportation, and Indigenous rights, have affected certain investors' sentiments toward investing in the crude oil and natural gas industry. As a result of these concerns, some institutional, retail, and governmental investors have announced that they are no longer funding or investing in crude oil and natural gas assets or companies, or are reducing the amount of such investments over time. In addition, certain institutional investors are requesting that issuers develop and implement more robust environmental, social, and governance policies and practices. Developing and implementing such policies and practices can involve significant costs and require a significant time commitment from the Board, Management and employees of ARC. Failing to implement the policies and practices, as requested by institutional investors, may result in such investors reducing their investment in ARC, or not investing in ARC at all. Any reduction in the investor base interested or willing to invest in the crude oil and natural gas industry and more specifically, ARC, may limit ARC's access to capital and increase the cost of capital, even if ARC's operating results, underlying asset values, or prospects have not changed.

Asset Concentration

ARC's operations and drilling activities are concentrated in the Montney basin in British Columbia and Alberta. Such concentration may make ARC vulnerable to risks associated with operating in a limited geographic area.

ARC's producing properties are geographically concentrated in the Montney basin in British Columbia and Alberta, an area comprising approximately 130,000 square kilometres, stretching from northeast British Columbia into northwest Alberta. Industry activity is high in the Montney basin and the demand for, and costs of, personnel, equipment, power, services, and resources remains high. Any delay or inability to secure the personnel, equipment, power, services, and resources could result in crude oil and liquids and natural gas production volumes being below ARC's forecasted production volumes. In addition, any such negative effect on production volumes, or significant increases in costs, could have a material adverse effect on ARC's financial conditions, results of operations, cash flow, and profitability.

As a result of this geographical concentration, ARC may be disproportionately exposed to the impact of delays or interruptions of operations or production in this area caused by external factors such as governmental regulation, provincial and inter-provincial politics, Indigenous rights claims, market limitations, supply shortages, or extreme weather-related conditions.

Information Technology Systems and Cyber-security

Breaches of ARC's cyber-security and loss of, or unauthorized access to, electronic data may adversely impact ARC's operations and financial position.

ARC is dependent upon the confidentiality, integrity, and availability of our information technology infrastructure and our ability to maintain this infrastructure to conduct daily operations. ARC depends on various information technology systems to estimate reserve quantities, process and record financial data, manage ARC's land base, manage financial resources, analyze seismic information, administer contracts with operators and lessees, and communicate with employees and third-party partners.

Further, ARC is subject to a variety of information technology and system risks as a part of its normal course operations, including potential breakdown, invasion, virus, cyber-attack, cyber-fraud, security breach, and destruction or interruption of ARC's information technology systems by third parties or insiders.

Along with general cyber-security risks, additional risks are emerging specifically related to artificial intelligence ("AI"). ARC currently approaches its use and integration of AI in accordance with three pillars: user enablement, business process optimization and strategic projects. Each of these introduces risks such as operational disruptions, cyber-security and data privacy threats, an evolving regulatory landscape, ethical and reputational concerns, and additional reliance on third-party providers.

State-sponsored cyber programs pose strategic cyber threats to Canada, the United States, and other crude oil and natural gas producing and consuming nations. Critical infrastructure providers and partners in the energy and associated industries are known to be targeted, or possible targets, for both cybercriminals and state-sponsored actors alike. With increased geopolitical instability there may be a rise in the frequency of state-sponsored cyber activity and risk affecting ARC or third-party infrastructure that ARC relies upon in connection with its business. Unauthorized access to ARC's systems by employees or third parties could lead to corruption or exposure of confidential, fiduciary or proprietary information, interruption to communications or operations or disruption to business activities, or ARC's competitive position. In addition, cyber-phishing attempts, in which a malicious party attempts to obtain sensitive information such as usernames, passwords, credit card and banking details, or approval of wire transfer requests by disguising as a trustworthy entity in an electronic communication, have become more widespread and sophisticated in recent years.

Increasingly, social media is used as a vehicle to carry out cyber-phishing attacks. Information posted on social media sites, for business or personal purposes, may be used by attackers to penetrate ARC's systems and obtain confidential information. ARC provides employees with social media guidelines that align with its Business Code of Conduct and Ethics Policy. Despite these efforts, as social media continues to grow in influence and access to social media platforms becomes increasingly prevalent, there are significant risks that ARC may not be able to properly regulate social media use and preserve adequate records of business activities.

If ARC becomes a victim to a cyber-phishing attack it could result in a loss or theft of ARC's financial resources or critical data and information, or could result in a loss of control of ARC's technological infrastructure or financial resources. ARC's employees are often the targets of such cyber-phishing attacks, as they are and will continue to be targeted by parties using fraudulent emails to misappropriate information or to introduce viruses or other malware to ARC's computers. These emails appear to be legitimate, but direct recipients to fake websites operated by the sender of the email or request recipients to send a password or other confidential information through email or to download malware.

ARC mitigates these risks through its use of governance frameworks, adhering to responsible practices and oversight from the Board. Specifically, ARC maintains policies and procedures that address and implement employee protocols with respect to electronic communications and electronic devices and conducts regular cyber-security risk assessments and training and education programs for its employees. ARC also employs encryption protection of its confidential information on all computers and other electronic devices.

Despite ARC's efforts to mitigate such cyber-phishing attacks through education and training, cyber-phishing activities remain a serious problem that may damage its information technology infrastructure. ARC applies technical and process controls in line with industry-accepted standards to protect its information, assets and systems, including a written incident response plan for responding to a cyber-security incident. However, these controls may not adequately prevent cyber-security breaches. Disruption of critical information technology services, or breaches of information security, could have a negative effect on ARC's performance and earnings, as well as its reputation, and any damages sustained may not be adequately covered by ARC's current insurance coverage, or at all. The significance of any such event is difficult to quantify, but may in certain circumstances be material and could have a material adverse effect on ARC's business, financial condition, and results of operations.

Hydraulic Fracturing

Implementation of new regulations on hydraulic fracturing may lead to operational delays, increased costs and/or decreased production volumes, adversely affecting ARC's financial position; ARC's operations are dependent upon the availability of water and its ability to dispose of produced water.

Hydraulic fracturing involves the injection of water, sand, and small amounts of additives under high pressure into tight rock formations to stimulate the production of crude oil and liquids and natural gas. Any new laws, regulations, or permitting requirements regarding hydraulic fracturing could lead to operational delays, increased operating costs, and/or third-party or governmental claims, and could increase ARC's costs of compliance and doing business, as well as delay the development of crude oil and liquids and natural gas resources from shale formations, which are not commercial without the use of hydraulic fracturing. Restrictions on hydraulic fracturing could also reduce the amount of crude oil and liquids and natural gas that ARC is ultimately able to produce from its reserves.

Water is an essential component of ARC's drilling and hydraulic fracturing processes. Limitations or restrictions on ARC's ability to secure sufficient amounts of water (including limitations resulting from natural causes such as drought), could materially and adversely impact its operations. Severe drought conditions can result in local water authorities taking steps to restrict the use of water in their jurisdiction for drilling and hydraulic fracturing in order to protect the local water supply. If ARC is unable to obtain water to use in its operations from local sources, it may need to be obtained from new sources and transported to ARC's sites, resulting in increased costs. Cost increases could have a material adverse effect on drilling economics resulting in delays or suspensions of drilling, which ultimately would have a detrimental effect on ARC's financial condition, results of operations, and cash flows.

ARC must dispose of the fluids produced from crude oil and liquids and natural gas production operations, including produced water, which it does directly or through the use of third-party vendors. The legal requirements related to the disposal of produced water into a non-producing geologic formation by means of underground injection wells are subject to change based on concerns of the public or governmental authorities.

Government authorities may issue orders to temporarily shut down hydraulic fracturing operations or to curtail the injection depth of existing wells in the vicinity of seismic events. Another consequence of seismic events may be lawsuits alleging that operations have caused damage to neighbouring properties or otherwise violated laws and regulations. These developments could result in additional regulation and restrictions on the use of injection wells by ARC or by commercial disposal well vendors that ARC may use from time to time to dispose of produced water. Increased regulation and attention given to induced seismicity could also lead to greater opposition, including litigation to limit or prohibit hydraulic fracturing operations or crude oil and natural gas activities utilizing injection wells for produced water disposal. Any one or more of these developments may result in ARC or its vendors having to limit disposal well volumes, disposal rates, pressures or locations, or require ARC or its vendors to shut down or curtail the injection of produced water into disposal wells, which events could have a material adverse effect on ARC's business, financial condition, and results of operations.

Liquidity

ARC's ability to fund current and future capital projects and carry out the business plan is dependent on its ability to generate cash flow and raise capital.

ARC's ability to fund current and future capital projects and carry out the business plan is dependent on its ability to generate cash flow, as well as raise capital in a timely manner under favourable terms and conditions and is impacted by the Company's credit ratings and the condition of the capital and credit markets. In addition, changes in credit ratings may affect the ability to, and the associated costs of, entering into derivative or hedging transactions, as well as entering into and maintaining certain contracts with customers and suppliers on acceptable terms. For example, if ARC experiences a downgrade in its credit ratings, it may be required to post collateral, letters of credit, cash or other forms of security as financial assurance for its performance under certain contractual arrangements with third parties. The occurrence of any of the foregoing could adversely impact ARC's ability to execute portions of its business strategy, including hedging, and could have a material adverse effect on ARC's liquidity and capital position. Management of liquidity risk requires ARC to maintain sufficient cash and cash equivalents, along with other sources of capital consisting of cash flow from operating activities, available credit facilities, commercial paper, and access to debt capital markets, to meet its obligations as they become due.

Inflation, Cost Management, and Interest Rates

A failure to secure the services and equipment necessary to ARC's operations for the expected price, on the expected timeline, or at all, may have an adverse effect on ARC's financial performance and cash flows.

ARC may experience inflation, supply chain disruptions, inflationary cost pressures, equipment limitations, as well as escalating supply costs and commodity prices. These factors could increase ARC's operating costs. ARC's inability to manage costs may impact project returns and future development decisions, which could have a material adverse effect on its financial performance and cash flows.

The cost or availability of crude oil and natural gas field equipment may adversely affect ARC's ability to undertake exploration, development and construction projects. The crude oil and natural gas industry is cyclical in nature and is prone to shortages of supply of equipment and services including drilling rigs, geological and geophysical services, engineering and construction services, major equipment items for infrastructure projects, and construction materials generally. These materials and services may not be available at reasonable prices when required. A failure to secure the services and equipment necessary to ARC's operations for the expected price, on the expected timeline, or at all, may have an adverse effect on ARC's financial performance and cash flows.

An increase in interest rates could result in a significant increase in the amount ARC pays to service debt, resulting in a reduced amount of funds available to finance its exploration and development activities, and if applicable, the cash available for dividends and/or share repurchases.

An increase in borrowing costs, and the volatility of interest rates in the future, may impact project returns and future development decisions, which could have a material adverse effect on ARC's financial performance and cash flows. Rising interest rates could also result in a recession in Canada, the United States, or other countries. A recession may have a negative impact on demand for crude oil and natural gas, causing a decrease in commodity prices.

Third-Party Credit Risk

ARC is exposed to credit risk of third-party customers, counterparties to ARC's derivative risk management contracts, and purchasers of assets from ARC.

ARC may be exposed to third-party credit risk through its contractual arrangements with its current or future customers of its crude oil and liquids and natural gas sales and counterparties to ARC's derivative risk management contracts. In addition, ARC may be exposed to third-party credit risk from purchasers' of assets from ARC for various liabilities, including well abandonment and reclamation obligations assumed by the purchasers. If such third parties fail to meet their contractual obligations to ARC, such failures may have a material adverse effect on ARC's business, financial condition, results of operations, and prospects.

The use of derivative risk management contracts involves the risk that the counterparties will be unable to meet the financial terms of such transactions. ARC is unable to predict changes in a counterparty's creditworthiness or ability to perform. Even if ARC accurately predicts the sudden changes, ARC's ability to negate this risk may be limited depending upon market conditions and the contractual terms of the agreements. During periods of declining commodity prices, ARC's derivative receivable positions generally increase, which increases ARC's counterparty credit exposure.

To the extent that any of such third parties go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency, it could result in ARC being unable to collect all or a portion of any money owing from such parties. Any of these factors could materially adversely affect ARC's financial and operational results.

Variations in Foreign Exchange Rates

Variations in foreign exchange rates and interest rates could adversely affect ARC's financial condition.

Global crude oil and natural gas prices are quoted in US dollars. The Canadian/US dollar exchange rate, which fluctuates over time, consequently affects the price received by Canadian producers of crude oil and natural gas. Material increases in the value of the Canadian dollar relative to the US dollar will negatively affect ARC's production revenues. Accordingly, exchange rates between Canada and the US could affect the future value of ARC's reserves as determined by the Company's IQRE. Although a low value of the Canadian dollar relative to the US dollar may positively affect the price ARC receives for its crude oil and liquids and natural gas production, it could also result in an increase in the price for certain goods used in ARC's operations, which may have a negative impact on ARC's financial results.

ARC may maintain certain debt arrangements denominated in US dollars. As such, an increased value of the US dollar relative to the Canadian dollar may increase Canadian dollar equivalent payments of interest and debt.

Royalty Regimes

Changes to royalty regimes may negatively impact ARC's cash flows.

The governments of Alberta and British Columbia may adopt new royalty regimes, or modify the existing royalty regimes, which may impact the economics of ARC's projects. An increase in royalties reduces ARC's earnings and could make future capital investments, or ARC's operations, less economic.

Industry Competition

ARC competes with other crude oil and natural gas companies, some of which have greater financial and operational resources or other competitive advantages.

The crude oil and natural gas industry is competitive in all of its phases. ARC competes with numerous other entities in the exploration for, and the development, production, and marketing of, crude oil and liquids and natural gas. ARC's competitors include crude oil and natural gas companies that may have substantially greater financial resources, staff, and facilities than those of ARC and as such, ARC may be at a competitive disadvantage in the identification,

acquisition and development of assets that complement ARC's operations. Some of these companies not only explore for, develop and produce crude oil and liquids and natural gas, but also carry on refining operations and market third-party crude oil and liquids and natural gas. As a result of these complementary activities, some of these competitors may have greater and more diverse competitive resources to draw on than ARC and less volatility in their earnings. ARC's ability to increase its reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire other suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of crude oil and liquids and natural gas include price, process, methods and reliability of delivery and storage. To a lesser extent, ARC also faces competition from companies that supply alternative sources of energy, such as wind or solar power. Other factors that could affect competition in the marketplace include additional discoveries of hydrocarbon reserves by ARC's competitors, the cost of production, and political and economic factors and other factors outside of ARC's control.

The crude oil and natural gas industry is characterized by rapid and significant technological advancements and introductions of new products and services utilizing new technologies that may increase the viability of reserves or reduce production costs. Other companies may have greater financial, technical, and personnel resources that allow them to implement and benefit from such technological advantages. There can be no assurance that ARC will be able to respond to such competitive pressures and implement such technologies on a timely basis, or at an acceptable cost. If ARC does implement such technologies, there is no assurance that ARC will do so successfully. One or more of the technologies currently utilized by ARC or implemented in the future may become obsolete. If ARC is unable to utilize the most advanced commercially available technology, or is unsuccessful in implementing certain technologies, its business, financial condition, and results of operations could also be adversely affected in a material way.

Litigation

ARC may be involved in litigation in the course of its normal operations and the outcome of any such litigation may adversely affect ARC and its reputation.

In the normal course of ARC's operations, it may become involved in, be named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings, or legal actions. Potential litigation may develop in relation to personal injuries including resulting from exposure to hazardous substances, property damage, property taxes, land and access rights or environmental issues, including claims relating to contamination or natural resource damages, and contract disputes. The outcome with respect to outstanding, pending, or future proceedings cannot be predicted with certainty and may be determined adversely to ARC and could have a material adverse effect on ARC's assets, liabilities, business, financial condition, and results of operations. Even if ARC prevails in any such legal proceedings, the proceedings could be costly and time-consuming and may divert the attention of Management and key personnel from business operations, which could have an adverse effect on ARC's financial condition.

Insurance Coverage

Not all risks of conducting crude oil and natural gas activities are insurable and insurance may become unavailable or only available on reduced amounts of coverage, the occurrence of which would increase ARC's overall risk exposure.

ARC maintains insurance coverage as part of its risk management program. However, such insurance may not provide comprehensive coverage in all circumstances, nor are all such risks insurable. ARC self-insures some risks, and its insurance coverage does not cover all the costs arising out of the allocation of liabilities and risk of loss arising from ARC's operations. ARC's insurance policies are generally renewed on an annual basis and, depending on factors such as market conditions, the premiums, policy limits and/or deductibles for certain insurance policies can vary substantially. In some instances, certain insurance may become unavailable or available only for reduced amounts of coverage. Significantly increased costs could lead ARC to decide to reduce or possibly eliminate, coverage. In addition, insurance is purchased from a number of third-party insurers, often in layered insurance arrangements, some of whom may discontinue providing insurance coverage for their own policy or strategic reasons. Should any of these insurers refuse to continue to provide insurance coverage, ARC's overall risk exposure could be increased and ARC could incur significant costs.

Reserves Estimates

ARC's estimated reserves are based on numerous factors and assumptions which may prove incorrect.

There are numerous uncertainties inherent in estimating reserves and the future cash flows attributed to such reserves. The reserves and associated cash flow information set forth in this document, or any other documents published by ARC, are estimates only. Generally, estimates of economically recoverable crude oil and liquids and

natural gas reserves (including the breakdown of reserves by product type) and the future net cash flows from such estimated reserves are based upon a number of variable factors and assumptions, such as:

- commodity prices;
- historical production from properties;
- production rates;
- future production costs;
- ultimate reserve recovery;
- timing and amount of capital expenditures;
- marketability of crude oil and liquids and natural gas;
- royalty rates; and
- the assumed effects of regulation by governmental agencies and future operating costs (all of which may vary materially from actual results).

For those reasons, estimates of the economically recoverable crude oil and liquids and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery, and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineers at different times may vary. ARC's actual production, revenues, taxes, and development and operating expenditures with respect to its reserves will vary from estimates and such variations could be material.

The estimation of proved and probable reserves that may be developed and produced in the future is often based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. Recovery factors and drainage areas are often estimated by experience and analogy to similar producing pools. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history and production practices will result in variations in the estimated reserves and such variations could be material.

In accordance with applicable securities laws, an IQRE has used forecast prices and costs in estimating ARC's reserves and future net cash flows as summarized herein. Actual future net cash flows will be affected by other factors, such as actual production levels, supply and demand for crude oil and liquids and natural gas, curtailments or increases in consumption by crude oil and natural gas purchasers, changes in governmental regulation or taxation, and the impact of inflation on costs.

Actual production and cash flows derived from ARC's crude oil and liquids and natural gas reserves will vary from the estimates contained in the reserve evaluation, and such variations could be material. The reserve evaluation is based in part on the assumed success of activities ARC intends to undertake in future years. The reserves and estimated cash flows to be derived therefrom and contained in the reserve evaluation will be reduced to the extent that such activities do not achieve the level of success assumed in the reserve evaluation. The reserve evaluation is effective as of a specific date and, except as may be specifically stated, has not been updated and therefore does not reflect changes in ARC's reserves since that date.

Derivative Risk Management Contracts

Risk management activities expose ARC to the risk of financial loss and counter-party risk.

From time to time, ARC may enter into physical or financial agreements to receive fixed prices on its crude oil and liquids and natural gas production intended to mitigate the effect of commodity price volatility and to support ARC's capital budgeting and expenditure plans. However, to the extent that ARC engages in price risk management activities to protect itself from commodity price declines, it may also be prevented from realizing the full benefits of price increases above the levels of the derivative instruments used to manage price risk. In addition, ARC's risk management arrangements may expose it to the risk of financial loss in certain circumstances, including instances in which:

- production falls short of the contracted volumes or prices fall significantly lower than projected;
- there is a widening of price-basis differentials between delivery points for production and the delivery point assumed in the arrangement;

- the counterparties to the arrangements or other price risk management contracts fail to perform under those arrangements; or
- a sudden unexpected event materially impacts crude oil and liquids or natural gas prices.

On the other hand, failure to protect against a decline in commodity prices exposes ARC to reduced liquidity when prices decline. A sustained lower commodity price environment would result in lower realized prices for unprotected volumes and reduce the prices at which ARC would enter into derivative contracts on future volumes. This could make such transactions unattractive, and, as a result, some or all of ARC's future production volumes forecasted may not be protected by derivative arrangements.

Similarly, from time to time, ARC may enter into agreements to fix the exchange rate of Canadian dollars to US dollars or other currencies in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to other currencies. However, if the Canadian dollar declines in value compared to such fixed currencies, ARC will not benefit from the fluctuating exchange rate.

CONTROL ENVIRONMENT

Disclosure Controls and Procedures

As of December 31, 2025, ARC conducted an internal evaluation of the effectiveness of ARC's disclosure controls and procedures as defined in Canada by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"). Based on that evaluation, the President and Chief Executive Officer and the Senior Vice President and Chief Financial Officer concluded that the disclosure controls and procedures are effective to ensure that the information required to be disclosed in the reports that ARC files or submits under securities legislation is recorded, processed, summarized, and reported, within the time periods specified in the rules and forms therein. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that the information required to be disclosed by ARC in the reports that it files or submits under securities legislation is accumulated and communicated to ARC's Management, including the senior executive and financial officers, as appropriate to allow timely decisions regarding the required disclosure.

Internal Control over Financial Reporting ("ICFR")

ICFR is a set of processes designed to provide reasonable assurance that all assets are safeguarded, transactions are appropriately authorized, and facilitate the preparation of relevant, reliable, and timely information. Because of its inherent limitations, ICFR may not prevent or detect misstatements. Management has assessed the effectiveness of ARC's ICFR as defined in Canada by NI 52-109. The assessment was based on the framework in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management concluded that ARC's ICFR was effective as of December 31, 2025. No changes were made to ARC's ICFR during the year ended December 31, 2025 that have materially affected, or are reasonably likely to materially affect, the ICFR.

FINANCIAL REPORTING UPDATE

Future Accounting Pronouncements

Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

In May 2024, the International Accounting Standards Board (the "IASB") issued amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* relating to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets. The amendments will be effective on January 1, 2026, but will not have a material impact on ARC's financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements* ("IFRS 18"), which will replace IAS 1 and includes requirements for all entities applying IFRS Accounting Standards for the presentation and disclosure of information in the financial statements. IFRS 18 will introduce new totals, subtotals, and categories for income and expenses in the statements of comprehensive income, as well as classification changes to the consolidated statements of cash flows. IFRS 18 also requires disclosure for management-defined performance measures ("MPMs") and adds requirements regarding the aggregation and disaggregation of certain information. The standard will be effective on January 1, 2027 and it must be adopted on a retrospective basis.

ARC is currently assessing the required adjustments to its chart of accounts, along with other enterprise system change requirements. Draft financial statements are being prepared to quantify the impact of changes, as are draft MPMs and the related disclosures. Throughout 2026, ARC will finalize its drafted disclosures, prepare retrospective disclosures for the comparative period, and continue communication with Management and other stakeholders.

NON-GAAP AND OTHER FINANCIAL MEASURES

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

Non-GAAP Financial Measures

Capital Expenditures

ARC uses capital expenditures to monitor its capital investments relative to those budgeted by the Company on an annual basis. ARC's capital budget excludes acquisition and disposition activities as well as the accounting impact of any accrual changes or payments under certain lease arrangements. The most directly comparable GAAP measure for capital expenditures is cash flow used in investing activities. Table 24 details the composition of capital expenditures and its reconciliation to cash flow used in investing activities.

Table 24

Capital Expenditures (\$ millions)	Three Months Ended			Year Ended	
	September 30, 2025	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Cash flow used in investing activities	2,160.0	475.5	423.3	3,536.0	1,906.2
Business combination	(1,672.1)	—	—	(1,672.1)	—
Acquisition of assets	(10.6)	(2.4)	(8.8)	(17.8)	(13.9)
Disposal of assets	—	—	—	4.0	80.0
Long-term investments	(0.8)	(1.5)	(2.1)	(3.5)	(6.8)
Change in non-cash investing working capital	9.6	(21.8)	(70.9)	26.1	(146.5)
Capitalized ROU asset depreciation	10.3	9.1	8.5	36.0	26.5
Capital expenditures	496.4	458.9	350.0	1,908.7	1,845.5

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 and return capital to shareholders through dividends and share repurchases. ARC computes free funds flow as funds from operations generated during the period less capital expenditures. Capital expenditures is a non-GAAP financial measure. By removing the impact of current period capital expenditures from funds from operations, Management monitors its free funds flow to inform its capital allocation decisions. The most directly comparable GAAP measure to free funds flow is cash flow from operating activities. Table 25 details the calculation of free funds flow and its reconciliation to cash flow from operating activities.

Table 25

Free Funds Flow (\$ millions)	Three Months Ended			Year Ended	
	September 30, 2025	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Cash flow from operating activities	713.3	668.1	650.9	3,093.5	2,348.6
Net change in other liabilities	32.5	7.8	(3.2)	95.4	19.9
Change in non-cash operating working capital	33.2	198.4	122.7	3.5	104.0
Funds from operations	779.0	874.3	770.4	3,192.4	2,472.5
Capital expenditures	(496.4)	(458.9)	(350.0)	(1,908.7)	(1,845.5)
Free funds flow	282.6	415.4	420.4	1,283.7	627.0

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 13 within this MD&A which includes its most directly comparable GAAP measure, commodity sales from production.

Adjusted EBIT

ARC calculates adjusted EBIT as net income plus interest and financing, less accretion expense, plus total income taxes. ARC uses adjusted EBIT as a measure of long-term operating performance and as a component in the calculation for ROACE, which is calculated by ARC on an annual and five-year basis. Table 26 contains a reconciliation of adjusted EBIT to the most directly comparable GAAP measure, net income.

Table 26

Adjusted EBIT (\$ millions)	2025	2024	2023	2022	2021	Five Year
Net income	1,275.1	1,124.1	1,596.5	2,302.3	786.6	1,416.9
Add interest and financing	151.3	133.8	105.5	97.2	126.1	122.8
Less accretion expense	(17.1)	(14.1)	(13.2)	(11.0)	(9.5)	(13.0)
Add income taxes	358.8	330.9	460.8	675.9	208.5	407.0
Adjusted EBIT	1,768.1	1,574.7	2,149.6	3,064.4	1,111.7	1,933.7

Average Capital Employed

ARC calculates average capital employed as the total of net debt plus current and long-term portions of lease obligations and shareholders' equity. ARC uses average capital employed as a measure of long-term capital management and operating performance, and as a component in the calculation for ROACE. Table 27 contains a reconciliation of average capital employed to the most directly comparable GAAP measure, shareholders' equity.

Table 27

Average Capital Employed (\$ millions)	2025	2024	2023	2022	2021	Five Year
Net debt - beginning of period	1,335.6	1,317.1	1,301.5	1,828.7	693.5	693.5
Current portion of lease obligations	92.8	85.2	92.4	109.3	15.3	15.3
Long-term portion of lease obligations	908.5	974.6	702.9	760.0	33.9	33.9
Shareholders' equity - beginning of period	7,948.2	7,427.8	6,653.5	5,927.5	2,790.6	2,790.6
Opening capital employed (A)	10,285.1	9,804.7	8,750.3	8,625.5	3,533.3	3,533.3
Net debt - end of period	2,866.1	1,335.6	1,317.1	1,301.5	1,828.7	2,866.1
Current portion of lease obligations	112.1	92.8	85.2	92.4	109.3	112.1
Long-term portion of lease obligations	922.1	908.5	974.6	702.9	760.0	922.1
Shareholders' equity - end of period	8,264.0	7,948.2	7,427.8	6,653.5	5,927.5	8,264.0
Closing capital employed (B)	12,164.3	10,285.1	9,804.7	8,750.3	8,625.5	12,164.3
Average capital employed (A+B)/2	11,224.7	10,044.9	9,277.5	8,687.9	6,079.4	7,848.8

Non-GAAP Ratios

Netback per boe

ARC calculates netback per boe as netback divided by weighted average daily production. Netback is a non-GAAP financial measure component of netback per boe. Management believes that netback per boe is a key industry performance measure of operational efficiency and one that provides investors with information that is also commonly presented by other crude oil and natural gas producers. ARC's netback per boe is disclosed in Table 13a within this MD&A.

Free Funds Flow per Share

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

Return on Average Capital Employed

ARC calculates ROACE, expressed as a percentage, as adjusted EBIT divided by the average capital employed. The components adjusted EBIT and average capital employed are non-GAAP financial measures. ARC uses ROACE as a measure of long-term financial performance, to measure how effectively Management utilizes the capital it has been provided and to demonstrate to shareholders the returns generated over the long term. ROACE is calculated by ARC on an annual and five-year basis in Table 28:

Table 28

ROACE (\$ millions)	2025	2024	2023	2022	2021	Five Year
Adjusted EBIT	1,768.1	1,574.7	2,149.6	3,064.4	1,111.7	1,933.7
Divided by average capital employed	11,224.7	10,044.9	9,277.5	8,687.9	6,079.4	7,848.8
ROACE (%)	16	16	23	35	18	25

Capital Management Measures

Funds from Operations

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

Funds from operations is calculated as follows in Table 29:

Table 29

Funds from Operations (\$ millions)	Three Months Ended			Year Ended	
	September 30, 2025	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Cash flow from operating activities	713.3	668.1	650.9	3,093.5	2,348.6
Net change in other liabilities	32.5	7.8	(3.2)	95.4	19.9
Change in non-cash operating working capital	33.2	198.4	122.7	3.5	104.0
Funds from operations	779.0	874.3	770.4	3,192.4	2,472.5

Net Debt and Net Debt to Funds from Operations

Net debt and net debt to funds from operations are used by Management as key measures to assess the Company's liquidity position at a point in time. Net debt and net debt to funds from operations is reflective of the measures used by Management to monitor its liquidity in light of operating and capital budgeting decisions. Net debt is not a standardized measure and therefore may not be comparable with the calculation of similar measures by other entities. Table 30 details the composition of ARC's net debt and net debt to funds from operations as at December 31, 2025 and December 31, 2024:

Table 30

Net Debt (\$ millions, except ratio amounts)	December 31, 2025	December 31, 2024
Long-term debt ⁽¹⁾	2,878.1	1,387.4
Accounts payable and accrued liabilities	760.8	634.4
Dividends payable	120.0	112.2
Cash and cash equivalents, accounts receivable, and prepaid expense	(892.8)	(798.4)
Net debt	2,866.1	1,335.6
Funds from operations	3,192.4	2,472.5
Net debt to funds from operations (ratio) ⁽²⁾	0.9	0.5

(1) Includes current portion of long-term debt of \$450.0 million at December 31, 2025 (\$nil at December 31, 2024).

(2) Composed of net debt divided by funds from operations.

Supplementary Financial Measures

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Forward-looking Information and Statements

This MD&A contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect," "anticipate," "continue," "estimate," "objective," "ongoing," "may," "will," "project," "should," "believe," "plans," "intends," "strategy," and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this MD&A contains forward-looking information and statements pertaining to the following: ARC's 2026 annual guidance, including production guidance, expense guidance and guidance with respect to current income tax expense as a per cent of funds from operations and ARC's expectations related thereto, the approved 2026 capital budget of between \$1.8 and \$1.9 billion, with planned changes from 2025 intending to reflect production growth and a focus on well-related capital investment, and the expectation that it will deliver average annual production of 405,000 to 420,000 boe per day under the heading "Annual Guidance"; ARC's previously announced LNG agreement with EMLAP and the anticipated volumes and terms associated therewith under the heading "Commodity Prices"; the terms, including the anticipated timing of commencement, volumes, terms, delivery points, and pricing formulas, under certain of ARC's long-term natural gas supply agreements and the expectation that the estimated fair value of such contracts may fluctuate over time under the heading "Risk Management Contracts"; the anticipated vesting of RSUs and PSUs, expected variability of future payments under the RSU and PSU plans, the estimated range of future expected payments under such plans and the timing range of such payments, expectations regarding the value of RSUs and PSUs upon vesting and that restricted shares and any accrued dividends that are subject to forfeiture will be redeemed and cancelled by ARC under the heading "Share-based Compensation Plans"; expectations regarding ARC's available tax pools under the heading "Taxes"; expectations regarding the timing of closing the transaction to purchase certain assets in the Kakwa area entered into after December 31, 2025 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 to shareholders through dividends and the repurchase of shares, and ARC's target net debt to funds from operations under the heading "Capitalization, Financial Resources and Liquidity"; ARC's intentions regarding ARC's long-term debt, its sources of financing for repayment and the anticipated timing thereof under the heading "Long-term Debt"; ARC's estimated value of lease obligations and the portion of its lease obligations that is due within one year under the heading "Lease Obligations"; ARC's expectations regarding share repurchases during its internal blackout period under the heading "Shareholders' Equity"; ARC's intentions to continue paying dividends under the heading "Dividends"; expectations with respect to ARC's commitments under its contracts including the timing and value thereof under the heading "Contractual Obligations and Commitments"; ARC's intentions to assess required adjustments, finalize draft disclosure, prepare retrospective disclosure and continue to communicate with management and other stakeholders with respect to the IASB changes under the heading "Financial Reporting Update"; and similar statements.

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

The forward-looking information and statements included in this MD&A are not guarantees of future performance and should not be unduly relied upon. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-

looking information or statements including, without limitation: volatility of commodity prices; adverse economic conditions; political uncertainty; the risk that (i) the tariffs that are currently in effect on goods exported from or imported into Canada continue in effect for an extended period of time, the tariffs that have been threatened are implemented, that tariffs that are currently suspended are reactivated, the rate or scope of tariffs are increased, or new tariffs are imposed, including on crude oil and natural gas, (ii) the U.S. and/or Canada imposes any other form of tax, restriction, or prohibition on the import or export of products from one country to the other, including on crude oil and natural gas, and (iii) the tariffs imposed or threatened to be imposed by the U.S. on other countries and retaliatory tariffs imposed or threatened to be imposed by other countries on the U.S., will trigger a broader global trade war which could have a material adverse effect on the Canadian, U.S., and global economies, and by extension the Canadian crude oil and natural gas industry and the Company, including by decreasing demand for (and the price of) crude oil and natural gas, disrupting supply chains, increasing costs, causing volatility in global financial markets, and limiting access to financing; the impacts of the ongoing Middle-East conflicts, Russia-Ukraine war and geopolitical developments in Venezuela (and any associated sanctions) on the global economy and commodity prices; lack of capacity on, and/or regulatory constraints and uncertainty regarding, gathering and processing facilities, pipeline systems, and railway lines; Indigenous land and rights claims; compliance with environmental regulations; risks relating to climate change, including transition and physical risks; ARC's ability to recruit and retain a skilled workforce and key personnel; development and production risks; project risks; risks relating to failure to obtain regulatory approvals; reputational risks; risks relating to a changing investor sentiment; asset concentration; risks relating to information technology systems and cyber security; risks related to hydraulic fracturing (including risks with respect to water production and disposal); liquidity; inflation, cost management, and interest rates; third-party credit risks; variations in foreign exchange rates; risks relating to royalty regimes; the impact of competitors; risks related to potential or ongoing litigation; lack of adequate insurance coverage; inaccurate estimation of ARC's reserve volumes; risks related to derivative risk management contracts; limited, unfavorable or a lack of access to capital markets; market access constraints or transportation interruptions; unanticipated operating results or production declines; increased debt levels or debt service requirements; increased costs; potential regulatory and industry changes stemming from the results of court actions affecting regions in which ARC holds assets; ARC's ability to successfully close, integrate and realize the anticipated benefits of completed, contemplated, or future acquisitions and divestitures; and certain other risks detailed in ARC's public disclosure documents. Readers should also carefully consider the risks discussed in the section entitled "Risk Factors" contained within this MD&A.

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

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

GLOSSARY

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

Measurement

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

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

Financial and Business Environment

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

ANNUAL HISTORICAL REVIEW

For the year ended December 31					
(\$ millions, except per share amounts)	2025	2024	2023	2022	2021
FINANCIAL					
Commodity sales from production	5,421.7	4,603.7	5,260.4	7,969.9	4,572.6
Per share, basic ⁽¹⁾	9.32	7.74	8.64	12.05	7.30
Per share, diluted ⁽¹⁾	9.31	7.72	8.61	12.02	7.29
Net income	1,275.1	1,124.1	1,596.5	2,302.3	786.6
Per share, basic	2.19	1.89	2.62	3.48	1.26
Per share, diluted	2.19	1.88	2.61	3.47	1.25
Cash flow from operating activities	3,093.5	2,348.6	2,394.3	3,833.3	2,006.5
Per share, basic ⁽¹⁾	5.32	3.95	3.93	5.80	3.20
Per share, diluted ⁽¹⁾	5.31	3.94	3.92	5.78	3.20
Funds from operations	3,192.4	2,472.5	2,639.6	3,712.5	2,415.4
Per share, basic ⁽¹⁾	5.49	4.16	4.34	5.61	3.86
Per share, diluted ⁽¹⁾	5.48	4.15	4.32	5.60	3.85
Free funds flow	1,283.7	627.0	789.8	2,270.6	1,353.6
Per share, basic ⁽¹⁾	2.21	1.05	1.30	3.43	2.16
Per share, diluted ⁽¹⁾	2.20	1.05	1.29	3.42	2.16
Cash flow used in investing activities	3,536.0	1,906.2	1,690.7	1,413.2	808.1
Dividends declared	451.8	416.2	400.3	318.2	181.4
Per share	0.78	0.70	0.66	0.49	0.29
Total assets	15,310.3	13,099.7	12,382.9	11,623.9	11,380.3
Total liabilities	7,046.3	5,151.5	4,955.1	4,970.4	5,452.8
Net debt	2,866.1	1,335.6	1,317.1	1,301.5	1,828.7
Weighted average shares, basic	581.5	594.9	608.8	661.2	626.3
Weighted average shares, diluted	582.6	596.4	610.6	663.1	627.3
Shares outstanding, end of period	570.6	589.6	596.9	620.9	693.5
CAPITAL EXPENDITURES					
Geological and geophysical	23.7	11.1	8.3	9.5	7.4
Drilling and completions	1,685.1	1,504.9	1,552.6	1,128.0	747.1
Plant and facilities	113.7	223.0	227.8	232.3	201.9
Maintenance and optimization	65.6	76.5	42.6	58.0	56.0
Corporate assets	20.6	30.0	18.5	14.1	49.4
Capital expenditures	1,908.7	1,845.5	1,849.8	1,441.9	1,061.8
Acquisitions	56.8	21.5	25.5	6.4	22.4
Dispositions	(4.0)	(87.6)	(142.9)	(15.5)	(101.0)
Capital expenditures, and net acquisitions and dispositions	1,961.5	1,779.4	1,732.4	1,432.8	983.2
OPERATING					
Production					
Crude oil and condensate (bbl/d)	106,984	87,266	83,880	86,393	70,393
Natural gas (MMcf/d)	1,324	1,307	1,322	1,259	1,149
NGLs (bbl/d)	46,625	42,787	47,760	49,385	40,084
Total (boe/d)	374,336	347,908	351,954	345,613	302,003
Average realized commodity prices					
Crude oil (\$/bbl)	81.75	91.46	95.05	115.66	75.08
Condensate (\$/bbl)	86.21	97.00	99.92	118.17	86.04
Natural gas (\$/Mcf)	3.51	2.37	3.77	8.15	4.82
NGLs (\$/bbl)	21.81	24.59	22.79	27.98	26.16
Oil equivalent (\$/boe)	39.68	36.15	40.95	63.18	41.48
RESERVES (company gross) ⁽²⁾					
Proved plus probable reserves					
Crude oil and liquids (Mbbl)	784,842	704,349	672,082	643,978	607,616
Natural gas (Bcf)	8,956	8,363	7,933	7,107	6,918
Total (MMboe)	2,277	2,098	1,994	1,829	1,761
TRADING STATISTICS (\$, based on intra-day trading) ⁽³⁾					
High	31.56	27.40	23.77	22.88	13.34
Low	22.63	19.44	14.33	11.66	5.88
Close	25.75	26.07	19.67	18.25	11.50
Average daily volume (thousands)	4,431	3,610	4,488	6,563	3,160

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

(2) Company gross reserves are the gross interest reserves before deduction of royalties and without including any royalty interests.

(3) Trading statistics denote trading activity on the TSX only.

QUARTERLY HISTORICAL REVIEW

(\$ millions, except per share amounts)	2025				2024			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
FINANCIAL								
Commodity sales from production	1,438.8	1,263.5	1,229.2	1,490.2	1,345.5	1,054.4	1,001.7	1,202.1
Per share, basic	2.51	2.18	2.10	2.53	2.28	1.77	1.68	2.01
Per share, diluted	2.51	2.17	2.10	2.53	2.27	1.77	1.67	2.01
Net income	259.9	214.4	396.1	404.7	370.3	328.9	239.5	185.4
Per share, basic	0.45	0.37	0.68	0.69	0.63	0.55	0.40	0.31
Per share, diluted	0.45	0.37	0.68	0.69	0.63	0.55	0.40	0.31
Cash flow from operating activities	668.1	713.3	699.1	1,013.0	650.9	518.4	543.0	636.3
Per share, basic	1.17	1.23	1.20	1.72	1.10	0.87	0.91	1.07
Per share, diluted	1.16	1.23	1.19	1.72	1.10	0.87	0.91	1.06
Funds from operations	874.3	779.0	682.1	857.0	770.4	592.4	502.8	606.9
Per share, basic	1.53	1.34	1.17	1.46	1.30	1.00	0.84	1.02
Per share, diluted	1.52	1.34	1.17	1.45	1.30	0.99	0.84	1.01
Free funds flow	415.4	282.6	185.8	399.9	420.4	133.8	(29.5)	102.3
Per share, basic	0.72	0.49	0.32	0.68	0.71	0.22	(0.05)	0.17
Per share, diluted	0.72	0.49	0.32	0.68	0.71	0.22	(0.05)	0.17
Cash flow used in investing activities	475.5	2,160.0	471.2	429.3	423.3	339.7	643.4	499.8
Dividends declared	120.0	109.6	110.9	111.3	112.2	100.8	101.6	101.6
Per share	0.21	0.19	0.19	0.19	0.19	0.17	0.17	0.17
Total assets	15,310.3	15,181.3	14,177.9	13,040.2	13,099.7	12,901.2	12,593.4	12,325.5
Total liabilities	7,046.3	6,977.1	5,881.9	4,942.1	5,151.5	5,172.2	4,965.4	4,827.1
Net debt	2,866.1	3,056.6	1,289.2	1,260.5	1,335.6	1,560.6	1,477.9	1,336.1
Weighted average shares, basic	573.2	580.6	584.0	588.5	591.0	595.1	596.6	596.7
Weighted average shares, diluted	574.1	581.5	585.0	589.7	592.3	596.4	598.2	598.4
Shares outstanding, end of period	570.6	575.7	582.5	585.0	589.6	591.7	596.7	596.7
CAPITAL EXPENDITURES								
Geological and geophysical	8.2	3.2	1.8	10.5	2.3	4.6	1.5	2.7
Drilling and completions	407.8	445.5	436.1	400.4	264.3	390.3	470.2	380.1
Plant and facilities	16.0	25.1	29.4	38.5	57.0	52.7	11.4	101.9
Maintenance and optimization	19.4	25.2	15.3	5.7	9.7	17.0	35.7	14.1
Corporate	7.5	(2.6)	13.7	2.0	16.7	(6.0)	13.5	5.8
Capital expenditures	458.9	496.4	496.3	457.1	350.0	458.6	532.3	504.6
Acquisitions	2.4	49.6	0.8	4.0	16.4	—	5.0	0.1
Dispositions	—	—	(4.0)	—	(7.6)	(80.0)	—	—
Capital expenditures, and net acquisitions and dispositions	461.3	546.0	493.1	461.1	358.8	378.6	537.3	504.7
OPERATING								
Production								
Crude oil and condensate (bbl/d)	118,898	113,959	100,399	94,334	102,977	88,517	74,713	82,672
Natural gas (MMcf/d)	1,410	1,172	1,307	1,411	1,418	1,203	1,286	1,322
NGLs (bbl/d)	54,500	50,014	38,999	42,821	42,998	37,797	40,994	49,411
Total (boe/d)	408,382	359,236	357,228	372,265	382,341	326,768	330,046	352,328
Average realized commodity prices								
Crude oil (\$/bbl)	73.63	82.75	82.56	87.90	91.46	92.22	100.28	83.83
Condensate (\$/bbl)	78.45	84.66	85.35	99.28	95.52	95.38	103.73	94.58
Natural gas (\$/Mcf)	3.77	2.75	3.19	4.19	2.58	1.78	1.86	3.19
NGLs (\$/bbl)	18.97	17.47	20.39	31.98	26.83	23.77	21.69	25.65
Oil equivalent (\$/boe)	38.30	38.23	37.81	44.48	38.25	35.07	33.35	37.49
TRADING STATISTICS ⁽¹⁾								
(\$, based on intra-day trading)								
High	27.20	29.27	31.56	29.05	27.40	26.45	26.18	24.32
Low	23.54	23.67	22.63	23.85	22.48	21.44	23.45	19.44
Close	25.75	25.38	28.71	28.93	26.07	22.86	24.41	24.15
Average daily volume (thousands)	5,431	5,046	3,559	3,674	3,747	3,696	3,648	3,343

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