

CORPORATE GOVERNANCE DISCLOSURE

National Instrument 58-101 entitled "Disclosure of Corporate Governance Practices" ("NI 58-101") requires that if management of an issuer solicits proxies from its security holders for the purpose of electing directors that certain prescribed disclosure respecting corporate governance matters be included in its management information circular. The TSX also requires listed companies to provide, on an annual basis, the corporate governance disclosure which is prescribed by NI 58-101.

The prescribed corporate governance disclosure for the Trust is that contained in Form 58-101F1 which is attached to NI 58-101 ("Form 58-101F1 Disclosure").

The Board of Directors of ARC Resources is responsible for the overall stewardship and governance of the Trust, and has put in place standards and benchmarks by which that responsibility can be measured.

Set out below is a description of the Trust's current corporate governance practices, relative to the Form 58-101F1 Disclosure (which is set out below in bold type).

1. **Board of directors**

(a) **Disclose the identity of directors who are independent.**

The Board of Directors of ARC Resources has determined that the following seven (7) directors of ARC Resources are independent within the meaning of NI 58-101:

Fred Coles
Walt DeBoni
Fred Dymment
Michael Kanovsky
Herbert C. Pinder, Jr.
John Stewart
Mac Van Wielingen

(b) **Disclose the identity of directors who are not independent, and describe the basis for that determination.**

The Board of Directors has determined that John Dielwart is not independent. John Dielwart is not considered to be independent as he is the President and Chief Executive Officer.

(c) **Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the board) does to facilitate its exercise of independent judgement in carrying out its responsibilities.**

The Board of Directors has determined that a majority of the directors are independent. There are eight directors in total, seven of whom are independent.

(d) **If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.**

<u>Name of Director</u>	<u>Names of Other Reporting Issuers</u>
Fred Coles	Crew Energy Inc. Cyries Energy Inc. Deep Resources Ltd. ExAlta Energy Inc. Galleon Energy Inc. Grand Petroleum Inc. Masters Energy Inc. Mission Oil and Gas Inc. Progress Energy Trust TriStar Oil & Gas Ltd.
Walt DeBoni	Niko Resources Inc.
John Dielwart	NIL
Fred Dymont	Tesco Corporation Transglobe Energy Corp. ZCL Composites Inc.
Michael Kanovsky	Accrete Energy Inc. Bonavista Energy Trust Devon Energy Corporation Pure Technologies Inc. TransAlta Corporation
Herbert C. Pinder, Jr.	C1 Energy Inc. Saskatchewan Wheat Pool
John Stewart	ProEx Energy Ltd.
Mac Van Wielingen	Western Oil Sands Inc.

- (e) **Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.**

The independent directors meet without members of management (which includes Mr. Dielwart, the President and Chief Executive Officer, who is the only non-independent director) at the end of every meeting of the Board of Directors and every meeting of any committee of the Board of Directors. The number of meetings held in 2005 is disclosed below.

- (f) **Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and**

responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.

The Board of Directors has determined that the chair of the board, Mac Van Wielingen, is an independent director within the meaning of NI 58-101. The Board of Directors in conjunction with the Policy and Board Governance Committee and Mr. Van Wielingen, has developed broad terms of reference for the chair of the Board of Directors which includes managing and developing a more effective board and ensuring that such Board of Directors can function independently of management and working with management to monitor and influence strategic management and shareholder and other party relations.

The Board of Directors has also determined that the vice chair, Walter DeBoni, is an independent director within the meaning of NI 58-101. In general terms the Vice-Chairman will, at the request of the Chairman, assist the Chairman in managing the affairs of the Board of Directors and its committees including assisting the Chairman in ensuring the Board of Directors is organized properly, functions effectively and meets its obligations and responsibilities.

- (g) **Disclose the attendance record of each directors for all board meetings held since the beginning of the issuer's most recently completed financial year.**

The attendance record of each director for all board meetings and meetings of any committee of the board for the financial year ended December 31, 2005 is set forth below.

Director	Board	Audit Committee	Reserves Committee	Policy & Board Governance	Health, Safety & Environmental	Human Resources & Compensation
Walt DeBoni	11	8	-	6	4	-
Fred Coles	12	-	6	-	4	7
John Dielwart	12	-	-	-	-	-
Fred Dymont	12	8	5	-	-	-
Michael Kanovsky	9	8	6	-	-	-
John Stewart	12	-	-	6	4	8
Mac Van Wielingen	9	7	-	6	-	8
Total number of Meetings	12	8	6	6	4	8

Mr. Herbert C. Pinder, Jr. joined the Board of Directors on January 1, 2006. Mr. Dielwart, the President and Chief Executive Officer of the Board of Directors is invited to all and attends virtually all of the meetings of the committees of the Board of Directors.

2. **Board Mandate – Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.**

The mandate of the Board of Directors is attached to this Management Information Circular as Schedule B.

3. Position Descriptions

- (a) **Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.**

The Board of Directors has developed written position descriptions for the chair of the Board of Directors and the chair of each committee of the Board or Directors.

- (b) **Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.**

The Board of Directors, in conjunction with the CEO, has developed a written position description for the CEO.

4. Orientation and Continuing Education

- (a) **Briefly describe what measures the board takes to orient new directors regarding (i) the role of the board, its committees and its directors, and (ii) the nature and operation of the issuer's business.**

The Board of Directors provides new directors with access to all background documents of the Trust, including all corporate records and prior board materials. New members of the Board of Directors are offered access to all officers of the Trust for orientation of new members as to the nature and operations of the business and are invited to all meetings of committees of the Board of Directors.

- (b) **Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.**

The Board of Directors has approved a policy of paying for any education courses for any members of the Board of Directors relating to corporate governance, financial literacy or related matters.

5. Ethical Business Conduct

- (a) **Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:**
- (i) **disclose how a person or company may obtain a copy of the code;**

The Board of Directors has adopted a written Code of Business Conduct and Ethics applicable to all members of ARC Resources, including directors, officers and employees and a Code of Ethics for Senior Financial Officers applicable to

all senior financial officers, each of which is located on SEDAR at www.sedar.com.

- (ii) **describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and**

The Board of Directors monitors compliance with the code by requiring quarterly certifications by its senior financial officers as to their compliance with the code and through the "whistleblower" policy which provides a procedure for the submission of information by any director, officer or employee relating to possible violations of the code.

- (iii) **provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.**

There were no material change reports filed pertaining to any conduct of a director or executive officer that constitutes a departure from the code.

- (b) **Describe any steps the board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.**

In accordance with the *Business Corporations Act* (Alberta), directors who are a party to or are a director or an officer of a person who is a party to a material contract or material transaction or a proposed material contract or proposed material transaction are required to disclose the nature and extent of their interest and not to vote on any resolution to approve the contract or transaction. In certain cases an independent committee may be formed to deliberate on such matters in the absence of the interested party.

- (c) **Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.**

ARC Resources distributes to each new employee and reviews annually with its employees the Code of Business Conduct and Ethics. In addition, ARC Resources conducts an annual survey titled "Measuring the Strength of the Workplace" which in part inquires as to the vision, values and culture at ARC Resources with a view to emphasizing and strengthening the culture of honesty, integrity, respect and accountability in the workplace.

6. Nomination of Directors

- (a) **Describe the process by which the board identifies new candidates for board nomination.**

The Policy and Board Governance Committee is responsible for identifying and recommending to the Board of Directors new candidates for additions to the Board of Directors or for nomination to the Board of Directors having regard to the strengths and

constitution of the members of the Board of Directors and their perception of the needs of the Trust.

- (b) **Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.**

The Policy and Board Governance Committee is comprised of only independent directors.

- (c) **If the board has nominating committee, describe the responsibilities, powers and operation of the nominating committee.**

The Policy and Board Governance Committee has within its mandate the responsibilities of the nominating committee. The committee is responsible for identifying and recommending to the board new candidates for nomination to the Board of Directors having regard to the competencies, skills and personal qualities of the candidates and the members of the Board of Directors and their perception of the needs of the Trust. The committee also reviews the slate of directors for the annual management information circular and recommends such slate for approval by the Board of Directors.

7. Compensation

- (a) **Describe the process by which the board determines the compensation for the issuer's directors and officers.**

Compensation of Directors

The Policy and Board Governance Committee reviews annually the form and amount of compensation for directors to ensure such compensation reflects the responsibilities and risks of being an effective director. The committee also conducts such yearly review of directors' compensation having regard to various governance reports on current trends in directors' compensation and compensation data for directors of reporting issuers of comparative size to the Trust.

Compensation of Officers

ARC Resources' compensation plan for its executive officers, including the CEO, consists of a combination of base salary, bonus payments, the grant of Performance Awards under the LTIP, and the grant of Restricted Awards under the LTIP. The Human Resources & Compensation Committee when making such salary, bonus and other incentive determinations, takes into consideration individual salaries, bonuses, and benefits paid to executives and CEO's of certain comparable Canadian conventional oil and gas trusts and mid-sized oil and gas companies (the "Industry Peer Group") with a view to ensuring that the overall compensation packages for each of the executive officers, including the CEO, are competitive and reflective of the officers performance. In May of each year, the Human Resources & Compensation Committee revisits the level of bonus awards taking into account the comparative peer information which is then available. In considering the grant of Performance Awards or the grant of Restricted Awards, the same criteria as above applies to the LTIP. The same competitive standards

are applied to all components of the compensation packages of the executive officers, including the CEO. In general, as the LTIP for the officers is dominated by Performance Awards, if the Trust's performance relative to its peers is top quartile, the total compensation will be top quartile as well.

ARC Resources' compensation plan is intended, as noted above, to be competitive with industry, so as to act as a retention tool, while at the same time encouraging performance excellence. The terms of the LTIP and the award levels are set forth in greater detail herein. The Human Resources & Compensation committee may, however, change the weighting of such measures from time to time in order to achieve the objectives of the LTIP. In addition, the Human Resources & Compensation Committee will take into account the individual performance of the participants in determining the awards.

- (b) Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.**

The Human Resources and Compensation Committee is composed entirely of independent directors.

- (c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.**

The Human Resources and Compensation Committee was constituted to assist the board in meeting their responsibilities by reviewing and, as appropriate, approving:

- Overall human resource policies, trends and/or organizational issues including in respect of recruitment, performance management, compensation, benefit programs, resignations/terminations, training and development, succession planning and organizational planning and design.
- Overall budget salary increases for staff, including cash compensation consisting of salary and bonuses, and the number of LTIP units awarded excluding compensation of the CEO.
- Compensation and benefit proposals for the officers excluding the CEO.
- In consultation with the board, undertake an annual performance review with the President and CEO, and review the CEO appraisal of Officers' performance. The Committee shall review and provide recommendations to the board of any compensation adjustments to be made for the CEO.
- Employment contracts or other major agreements for employees.
- Report to Unitholders annually in the Report of the Compensation Committee.

- (d) If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which**

they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.

No consultants or advisors were hired during 2005. ARC Resources uses a variety of independent research provided by a number of consultants pertaining to the employee compensation packages of the Industry Peer Group to ensure that the overall compensation packages for the employees are competitive.

8. Other board Committees – If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

Policy and Board Governance Committee

Members: Walter DeBoni (Chair), Herbert C. Pinder, Jr., John Stewart and Mac Van Wielingen, all of whom are independent directors.

The Policy and Board Governance Committee assists the Board of Directors in fulfilling its oversight responsibilities with respect to reviewing the effectiveness of the board and its committees; developing and reviewing the Trust's approach to corporate governance matters; and reviewing, developing and recommending to the board for approval, procedures designed to ensure that the Board of Directors can function independently of management. The committee annually reviews the need to recruit and recommend new members to fill vacancies on the Board of Directors giving consideration to the competencies, skills and personal qualities of the candidates and of the existing board; and recommends to the Board of Directors the nominees for election at each annual meeting. The effectiveness of individual members of the Board of Directors and the Board of Directors is reviewed through a yearly self assessment and inquiry questionnaire.

Health, Safety & Environment Committee

Members: Walt DeBoni (Chair), Fred Coles and John Stewart, all of whom are independent directors.

The Health, Safety and Environment Committee assists the board in its responsibility for oversight and due diligence by reviewing, reporting and making recommendations to the board on the development and implementation of the standards and policies of ARC Resources with respect to the areas of health, safety and environment. This committee meets separately with management of ARC Resources, which has responsibility for such matters and reports to the Board.

Reserves Committee

Members: Fred Coles (Chair), Fred Dymont and Michael Kanovsky, all of whom are independent directors.

The Reserves Committee assists the board in meeting its responsibilities to review the qualifications, experience, reserve evaluation approach and costs of the independent engineering firm that performs ARC Resources' reserve evaluation; and to review the annual independent engineering report. The committee reviews and recommends for approval by the board on an

annual basis the statements of reserve data and other information specified in National Instrument 51-101. The committee also reviews any other oil and gas reserve report prior to release by the Trust to the public and reviews all of the disclosure in the Annual Information Form and elsewhere related to the oil and gas activities of the Trust.

- 9. Assessments – Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.**

The effectiveness of individual members of the Board of Directors, the Board of Directors and each committee of the Board of Directors is reviewed through a yearly self assessment and inquiry questionnaire. The results from the self evaluations and inquiry questionnaires are reviewed by the Policy and Board Governance Committee and the results are presented to the Board of Directors as a whole for its review. The committees of the Board of Directors are also assessed on a yearly basis by the chair and vice-chair of the Board of Directors in conjunction with the Policy and Board Governance Committee.

Other Activities of the Board of Directors of ARC Resources

The Board of Directors holds regularly scheduled meetings at least quarterly to perform its responsibilities, including those specific responsibilities delegated to it under the Trust Indenture which includes substantially all management matters related to the Trust or adopted by the Board. In particular, significant operational decisions and all decisions relating to: (i) the acquisition and disposition of properties for a purchase price or proceeds in excess of an amount established by the Board of Directors from time to time; (ii) the approval of capital expenditure budgets; and (iii) establishment of credit facilities are made by the Board of Directors of ARC Resources. In addition, the Trustee has delegated certain matters to the Board of Directors of ARC Resources including all decisions relating to: (i) matters relating to any offers for Trust Units; (ii) issuances of additional Trust Units; and (iii) the determination of the amount of distributable income.

The Board of Directors and its committees has access to senior management on a regular basis as Mr. Dielwart, the Chief Executive Officer, is a director and attends all meetings of the Board of Directors along with other executive officers who are invited to attend directors meetings to provide necessary information to facilitate decision making activities.

The Board of Directors and the Policy and Board Governance Committee have developed position descriptions for the Chairman of the Board and the Chief Executive Officer with a view to ensuring that the Board of Directors can operate efficiently on a fully informed basis independent of management. As such, the Chief Executive Officer reports directly to the Board of Directors. The Board has determined that none of the directors who serve on its committees has a material relationship with ARC that could reasonably interfere with the exercise of a director's independent judgment. The Chairman of the Board is an independent director and, in conjunction with the Vice-Chairman, is responsible for managing the affairs of the Board and its committees, including ensuring the Board is organized properly, functions effectively and independently of management and meets its obligations and responsibilities.

The Board, in part, performs its mandated responsibilities through the activities of its five committees: the Audit Committee, the Policy and Board Governance Committee, the Health, Safety and

Environment Committee, the Human Resources and Compensation Committee and the Reserve Committee, all of which are entirely comprised of unrelated directors.

Other Matters Relating to the Audit Committee

All of the members of the Audit Committee are independent and financially literate. For more information relating to the background of the Audit Committee members, see "Matters to be Acted Upon at the Meeting – Election of Directors of ARC Resources".

The Audit Committee pre-approves all non-audit services performed by the Trust's external auditor. The aggregate fees billed by the Trust's external auditor for audit services in 2005 was \$280,750 and in 2004 was \$235,000. In addition, there was \$110,900 in 2005 and \$46,165 in 2004 billed by the Trust's external auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Trust's financial statements. The services for the fiscal years ended December 31, 2004 and 2005 related to the French translation of certain publicly filed financial documents.

The external auditor also billed \$110,532 in 2005 and \$72,503 in 2004 for municipal property tax compliance, tax advice and tax planning.

Code of Business Conduct and Ethics

In 2004, ARC Resources revised and distributed to all of its directors, officers and employees a code of business conduct and ethics dealing with business integrity, accuracy of records and reporting, conflicts of interest, insider trading, protection and proper use of the Trust's assets, reporting of illegal or unethical behavior and other matters. Employees are required to contact the Chair of the Audit Committee in relation to any concerns as to questionable accounting, auditing or financial reporting. The code specifically addresses standards of conduct for senior financial officers and requires a quarterly affirmation of compliance. The code is available on the Trust's website at www.arcresources.com.

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS AND OTHERS

There is not, and has not been, any indebtedness outstanding from directors or senior officers of ARC Resources or directors or senior officers of the Manager or the Trustee to the Trust or ARC Resources in fiscal 2004 or 2005.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

There were no other material interests, direct or indirect, of directors or senior officers of ARC Resources or directors and senior officers of the Manager, nominees for director of ARC Resources, any Unitholder who beneficially owns more than 10 per cent of the Trust Units of the Trust (or any director or executive officer of any such Unitholder), or any known associate or affiliate of such persons, in any transaction during 2005 or in any proposed transaction which has materially affected or would materially affect the Trust or ARC Resources or any of their subsidiaries other than as disclosed herein.

INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON

Management of ARC Resources is not aware of any material interest of any director, senior officer or nominee for director of ARC Resources, or of any associate or affiliate of any of the foregoing, in respect of any matter to be acted on at the Meeting except as disclosed herein.

ADDITIONAL INFORMATION

Additional information relating to the Trust is available on SEDAR at www.sedar.com. Financial information in respect of the Trust and its affairs is provided in the Trust's annual audited comparative financial statements for the year ended December 31, 2005 and the related management's discussion and analysis. Copies of the Corporation's financial statements and related management discussion and analysis are available upon request from the Trust at 2100, 440 - 2nd Avenue S.W., Calgary, Alberta, T2P 5E9 (toll free number 1-888-272-4900).

OTHER MATTERS

Management of ARC Resources knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Annual and Special Meeting; however, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

APPROVAL

The contents and sending of this Information Circular - Proxy Statement has been approved by the Board of Directors of ARC Resources on behalf of the Trust.

SCHEDULE "B"

MANDATE OF THE BOARD OF DIRECTORS

The Board of Directors (the "Board") of ARC Resources Ltd. (the "Corporation") is responsible for the stewardship of the Corporation, the other subsidiaries of ARC Energy Trust and ARC Energy Trust to the extent delegated to the Corporation under the Trust Indenture (together, "ARC"). In discharging its responsibility, the Board will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and will act honestly and in good faith with a view to the best interests of ARC. In general terms, the Board will:

- (a) in consultation with management of the Corporation, define the principal objectives of ARC;
- (b) monitor the management of the business and affairs of ARC with the goal of achieving ARC's principal objectives as defined by the Board;
- (c) discharge the duties imposed on the Board by applicable laws; and
- (d) for the purpose of carrying out the foregoing responsibilities, take all such actions as the Board deems necessary or appropriate.

Without limiting the generality of the foregoing, the Board will perform the following duties.

Strategic Operating, Capital Plans and Financing Plans

- require the Chief Executive Officer (the "CEO") to present annually to the Board a longer range strategic plan and a shorter range business plan for ARC's business, which plans must:
 - be designed to achieve ARC's principal objectives,
 - identify the principal strategic and operational opportunities and risks of ARC's business, and
 - be approved by the Board as a pre-condition to the implementation of such plans;
- review progress towards the achievement of the goals established in the strategic, operating and capital plans;
- identify the principal risks of the ARC's business and take all reasonable steps to ensure the implementation of the appropriate systems to manage these risks;
- approve the annual operating and capital plans;
- approve acquisitions and dispositions in excess of \$25 million and all acquisitions outside of the conventional oil and gas industry, regardless of size;
- approve the establishment of credit facilities; and
- approve issuances of additional Trust units or other instruments to the public.

Monitoring and Acting

- monitor ARC's progress towards its goals, and to revise and alter its direction through management in light of changing circumstances;
- monitor overall human resource policies and procedures, including compensation and succession planning;
- appoint the CEO and determine the terms of the CEO's employment with ARC;
- approve the distribution policy of ARC;
- ensure systems are in place for the implementation and integrity of ARC's internal control and management information systems;
- monitor the "good corporate citizenship" of ARC, including compliance by ARC with all applicable safety, health and environmental laws;
- in consultation with the CEO, establish the ethical standards to be observed by all officers and employees of ARC and use reasonable efforts to ensure that a process is in place to monitor compliance with those standards;
- require that the CEO institute and monitor processes and systems designed to ensure compliance with applicable laws by ARC and its officers and employees; and
- approve all matters relating to a takeover bid of ARC.

Compliance Reporting and Corporate Communications

- ensure that the financial performance of ARC is properly reported to unitholders, other security holders and regulators on a timely and regular basis;
- recommend to unitholders of ARC a firm of chartered accountants to be appointed as ARC's auditors;
- ensure that the financial results are reported fairly and in accordance with generally accepted accounting principles;
- ensure the timely reporting of any change in the business, operations or capital of ARC that would reasonably be expected to have a significant effect on the market price or value of the Trust Units of ARC;
- ensure the corporate oil and gas reserve report fairly represents the quantity and value of corporate reserves in accordance with generally accepted engineering principles;
- report annually to unitholders on the Board's stewardship for the preceding year; and
- ensure that ARC has in place a policy to enable ARC to communicate effectively with its unitholders and the public generally.

Governance

- in consultation with the Chairman of the Board, develop a position description for the Chairman of the Board;
- facilitate the continuity, effectiveness and independence of the Board by, amongst other things:
 - appointing a Chairman of the Board who is not a member of management;
 - appointing from amongst the directors an audit committee and such other committees of the Board as the Board deems appropriate,
 - defining the mandate of each committee of the Board and the terms of reference for the chair of each committee,
 - ensuring that processes are in place and are utilized to assess the effectiveness of the Chairman of the Board, the Board as a whole, each director, each committee of the Board and its chair, and
 - establishing a system to enable any director to engage an outside adviser at the expense of ARC; and
- review annually the composition of the Board and its committees and assess Directors' performance on an ongoing basis, and propose new members to the Board;
- review annually the adequacy and form of the compensation of directors.

Delegation

- The Board may delegate its duties to and receive reports and recommendations from the Audit, Reserves, Human Resources and Compensation, Health, Safety and Environmental and Policy and Board Governance committees.

Composition

- The Board shall be composed of at least seven individuals appointed by the unitholders at the Annual Meeting.
- A majority of Board members should be independent Directors (within the meaning of section 1.4 of Multilateral Instrument 52-110) and free from any direct or indirect material relationship, being one that could, in the view of the Board of Directors, reasonably interfere with the exercise of the member's independent judgment.
- Members should have or obtain sufficient knowledge of ARC and the oil and gas business to assist in providing advice and counsel on relevant issues.
- Board members should offer their resignation from the Board to the Chairman of the Policy and Board Governance Committee following:
 - change in personal circumstances which would reasonably interfere with the ability to serve as a Director, including a conflict of interest,

- change in personal circumstances which would reasonably reflect poorly on the Trust (for example, finding by a Court of fraud, or conviction under Criminal Code or securities legislation); and
 - change in position or occupation of a Board member who was appointed or nominated for election to the Board on the basis of such member holding such position or occupation.
- Board members should offer their resignation from the Board to the Chairman of the Policy and Board Governance Committee upon reaching age 65 and annually thereafter.

Meetings

- The Board shall meet at least four times per year and/or as deemed appropriate by the Board Chair.
- The Board shall meet at the end of its regular quarterly meetings without members of management being present.
- Minutes of each meeting shall be prepared by the Secretary to the Board.
- The Chief Executive Officer shall be available to attend all meetings of the Board upon invitation by the Board.
- Vice-Presidents and such other staff as appropriate to provide information to the Board shall attend meetings at the invitation of the Board.

Reporting / Authority

- Following each meeting, the Secretary will promptly report to the Board by way of providing draft copies of the minutes of the meetings.
- Supporting schedules and information reviewed by the Board at any meeting shall be available for examination by any Director upon request to the Chief Executive Officer.
- The Board shall have the authority to review any corporate report or material and to investigate activity of the Trust and to request any employees to cooperate as requested by the Board.
- The Board may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities at the expense of ARC.