

Extractive Sector Transparency Measures Act - Annual Report

Reporting Entity Name	ARC Resources Ltd.					
Reporting Year	From	1/1/2017	To:	12/31/2017	Date submitted	5/16/2018
Reporting Entity ESTMA Identification Number	E256030		<input checked="" type="radio"/> Original Submission <input type="radio"/> Amended Report			
Other Subsidiaries Included (optional field)						
For Consolidated Reports - Subsidiary Reporting Entities Included in Report:	Redwater A&R Trust E472081					
Not Substituted						
Attestation by Reporting Entity						
<i>In accordance with the requirements of the ESTMA, and in particular section 9 thereof, I attest I have reviewed the information contained in the ESTMA report for the entity(ies) listed above. Based on my knowledge, and having exercised reasonable diligence, the information in the ESTMA report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.</i>						
Full Name of Director or Officer of Reporting Entity	Van Dafoe			Date	5/4/2018	
Position Title	Senior Vice President & CFO					

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Reporting Entity Name	ARC Resources Ltd.				Currency of the Report	CAD					
Reporting Entity ESTMA Identification Number	E256030										
Subsidiary Reporting Entities (if necessary)											
Payments by Payee											
Country	Payee Name ¹	Departments, Agency, etc... within Payee that Received Payments ²	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid to Payee	Notes ^{3,4}
Canada	Big Lakes County		420,000							420,000	
Canada	Brazeau County		5,300,000		310,000					5,610,000	
Canada	Clear Hills County		290,000							290,000	
Canada	Clearwater County		130,000							130,000	
Canada	County of Northern Lights				100,000					100,000	
Canada	Federal Government of Canada		13,740,000		180,000					13,920,000	Canada Revenue Agency; Receiver General for Canada; Innovation, Science & Economic Development Canada; Industry Canada
Canada	Municipal District of Greenview No. 16		2,200,000		230,000					2,430,000	
Canada	Municipal District of Taber		140,000							140,000	
Canada	Government of British Columbia		1,230,000	55,560,000	7,510,000		96,750,000			161,050,000	BC Oil & Gas Commission; BC Transportation Financing Authority c/o Ministry of Energy & Mines; Land Title & Survey Authority of British Columbia; Minister of Finance; Ministry of Environment; Ministry of Energy, Mines and Petroleum Resources; Technical Safety BC (British Columbia Safety Authority)
Canada	Government of Alberta		5,190,000	41,890,000	4,920,000		730,000			52,730,000	Royalties paid in-kind total \$32,000,000 and are valued at the fair market value of the volumes taken in-kind, based on ARC's realized sales price; ABSA - Pressure Equipment Safety Authority; Agriculture Financial Services Corporation; Alberta Energy Regulator; Alberta Municipal Affairs Special Areas Board; Alberta Sustainable Resource Development; Alberta Petroleum Marketing Commission (APMC); Eastern Irrigation District; Minister of Finance; Provincial Treasurer of Alberta; Safety Codes Council
Canada	Government of Saskatchewan		140,000	4,180,000						4,320,000	Ministry of the Economy; Minister of Finance
Canada	Saddle Hills County		390,000							390,000	
Canada	Strathcona County		340,000							340,000	
Canada	Sturgeon County		520,000							520,000	
Canada	Thornhill County		580,000							580,000	
Canada	Town of Drayton Valley		460,000							460,000	
Canada	Town of Redwater		240,000							240,000	
Additional Notes:	All payments were made in Canadian dollars.										

¹ Enter the proper name of the Payee receiving the money (i.e. the municipality of x, the province of y, national government of z).

² Optional field.

³ When payments are made in-kind, the notes field must highlight which payment includes in-kind contributions and the method for calculating the value of the payment.

⁴ Any payments made in currencies other than the report currency must be identified. The Reporting Entity may use the Additional notes row or the Notes column to identify any payments that are converted, along with the exchange rate and primary method used for currency conversions.

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Subsidiary Reporting Entities (if necessary)						

Payments by Project

Country	Project Name ¹	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid by Project	Notes ^{2,3}
Canada	Northeast British Columbia	1,240,000	55,560,000	7,510,000		96,750,000			161,060,000	
Canada	Northern Alberta	3,290,000	25,610,000	2,680,000		700,000			32,280,000	Royalties paid in-kind total \$16,850,000 and are valued at the fair market value of the volumes taken in-kind, based on ARC's realized sales price.
Canada	Pembina, Alberta	5,890,000	13,400,000	2,350,000		30,000			21,670,000	Royalties paid in-kind total \$12,220,000 and are valued at the fair market value of the volumes taken in-kind, based on ARC's realized sales price.
Canada	South Central Alberta	1,970,000	2,790,000	720,000					5,480,000	Royalties paid in-kind total \$2,930,000 and are valued at the fair market value of the volumes taken in-kind, based on ARC's realized sales price.
Canada	Southeast Saskatchewan	140,000	4,270,000						4,410,000	
Canada	Corporate- ARC Resources Ltd.	18,770,000							18,770,000	Relates to corporate income tax payments that are not attributable to a specific project and are reported at the corporate level.
Additional Notes ³ :	All Payments were made in Canadian dollars.									

¹ Enter the project that the payment is attributed to. Some payments may not be attributable to a specific project, and do not need to be disclosed in the "Payments by Project" table.

² When payments are made in-kind, the notes field must highlight which payment includes in-kind contributions and the method for calculating the value of the payment.

³ Any payments made in currencies other than the report currency must be identified. The Reporting Entity may use the "Additional Notes" row or the "Notes" column to identify any payments that are converted, along with the exchange rate and primary method used for currency conversions.

INTRODUCTION

ARC Resources Ltd. and its subsidiaries (collectively the “Company” or “ARC”) has prepared the following report (“the Report”) of payments made to government entities for the year ended December 31, 2017 as required by the Extractive Sector Transparency Measures Act S.C. 2014, c.39, s.376 (“ESTMA” or the “Act”).

ARC makes a broader socio-economic contribution to the local areas in which we operate in addition to the payments that are required to be reported under the Act. For further information on such broader contributions, please refer to ARC’s Sustainability Report:

<http://www.arcresources.com/responsibility/sustainability/>

BASIS OF PREPARATION

The Report has been prepared in accordance with the requirements of the Act and the Natural Resources Canada (“NRCan”) Technical Reporting Specifications. The Technical Reporting Specifications provides specifications with regards to the form and manner of reporting. The following is a summary of judgments and definitions that ARC has made for the purpose of preparing the Report.

Payee

For purposes of the Act, a payee is:

- a) Any government in Canada or in a foreign state.
- b) A body that is established by two or more governments.
- c) Any trust, board, commission, corporation or body or other authority that is established to exercise or perform, or that exercises or performs, a power, duty or function of a government for a government referred to in paragraph (a) above or a body referred to in paragraph (b) above.

Payees include governments at any level, including national, regional, state/provincial or local/municipal levels. Payees include Crown corporations and other state-owned enterprises that are exercising or performing a power, duty or function of government.

Indigenous groups and organizations within Canada and in other jurisdictions may be regarded as governments for purposes of qualifying as a payee under the Act. However, the Act deferred the requirement to report on payments made to Indigenous governments in Canada, with reporting on these payments beginning on June 1, 2017. For the year ended December 31, 2017, there were no reportable payments to an Indigenous payee.

The individual department, agency or other body of the payee that received the payment is disclosed, where practical, in a supplementary note to the Report.

Activities within the scope of the Report

Payments made by ARC to payees relating to the commercial development of oil, gas and minerals (“commercial development”) are disclosed in this Report. ARC makes payments related to its initial processing activities which are integrated with its extraction operations and comprise commercial development. The Report excludes payments that are not related to ARC’s commercial development activities, as defined by the Act and in the associated Guidance document published by NRCan.

Project

Payments are reported at the project level except for payments that are not attributable to a specific project and are reported at the entity level. Corporate income taxes, which are typically not levied at a project level, are an example of this.

A “project” means the operational activities that are governed by a single contract, license, lease, concession or similar legal agreement and form the basis for payment liabilities with a government. However, if multiple such agreements are substantially interconnected, ARC has aggregated such interconnected agreements into a single “Project” for reporting purposes, as permitted under the Act and the associated Technical Reporting Specifications published by NRCan.

Cash and in-kind payments

Payments are reported on a cash basis, meaning they are reported in the period in which they are paid. In-kind payments are converted to an equivalent cash value based on cost or, if cost is not determinable, the in-kind payment is reported at the fair market value. The valuation method for each payment has been disclosed in a supplementary note to the Report.

All information is reported in Canadian dollars (“Cdn\$”). Payments to the “same payee” that meet or exceed \$100,000 Cdn in one category of payment are disclosed. Payments disclosed are rounded to the nearest \$10,000 Cdn.

Payments made in situations of joint control

Where ARC has itself made a reportable payment to a payee, regardless of whether ARC is the operator, the full amount paid has been disclosed; this is the case even where ARC as the operator has been proportionally reimbursed by its non-operating partners through a partner billing process.

Payment Categories

The information is reported under the following payment categories.

Taxes

This category may include taxes paid by ARC on its income, profits or production. Taxes reported include property taxes, business taxes and certain provincial resource surcharges. Consumption taxes and personal income taxes are excluded.

Royalties

These are payments for the rights to extract oil and gas resources, typically at a set percentage of revenue less any deductions that may be taken. Royalties paid in kind are also reported under this category.

Fees

This category may include rental fees, entry fees and regulatory charges as well as fees or other consideration for licenses, permits or concessions. Amounts paid in ordinary course commercial transactions in exchange for services provided by a payee are excluded.

Production entitlements

A payee’s share of oil, gas or mineral production under a production sharing agreement or a similar contractual or legislated arrangement is reported under this category. For the year ended December 31, 2017, there were no reportable production entitlement payments to a payee.

Bonuses

Signing, discovery, production and any other type of bonuses paid to a payee are reported under this category.

Dividends

These are dividend payments other than dividends paid to a payee as an ordinary shareholder of ARC. For the year ended December 31, 2017, there were no reportable dividend payments to a payee.

Infrastructure improvement payments

These are payments which relate to the construction of infrastructure that do not relate primarily to the operational purposes of ARC. For the year ended December 31, 2017, there were no reportable infrastructure improvement payments to a payee.