

Dividend Reinvestment Plan and Stock Dividend Program Frequently Asked Questions

1) Can I continue to receive my dividend in cash?

Participation in the DRIP and SDP is optional. If you choose to not participate in either plan you will continue to receive cash dividends in the usual manner.

2) What is the Dividend Reinvestment Plan?

The Dividend Reinvestment Plan (“DRIP”) allows eligible shareholders to conveniently purchase additional common shares by reinvesting their cash dividends into additional common shares. Under the plan, additional common shares are acquired by the participant at the prevailing market price (as defined in the answer to Question 11) with no additional brokerage fees or commissions.

3) What is the Stock Dividend Program?

The Stock Dividend Program (“SDP”) provides eligible shareholders the option to receive dividends in the form of common shares. Shareholders enrolled in the SDP will receive additional common shares at the prevailing market price (as defined in the answer to Question 11) with no additional brokerage fees or commissions. However, beneficial owners should contact their broker, investment dealer, financial institution or other nominee through whom their shares are held to determine if any fees are applicable from their nominee.

4) What are the advantages of the plans?

- a) The plans offer a convenient cost effective way for shareholders to increase their investment in ARC, without incurring commissions, service charges or brokerage fees.
- b) The SDP is expected to provide many shareholders with more favorable Canadian income tax treatment than ARC’s existing DRIP.
- c) The plans allow ARC to retain cash and therefore provide a source of capital.

5) What are the primary differences between the DRIP and SDP?

- a) Under the DRIP, a cash dividend is paid to the Shareholder and then immediately reinvested into new shares. The full amount of the reinvested dividend is included in the shareholder’s income in the year the cash dividend is received and reinvested. Under the SDP, there is no cash dividend payment; rather common shares are credited directly to the Shareholders’ account. No material amount is expected to be included in income in the year the stock dividend is received. However, stock dividends may increase capital gains (or decrease capital loss) on subsequent disposition of the Common shares received.
- b) Currently the DRIP is only available to Canadian resident shareholders, while the SDP will be available to most Shareholders with the exception of residents in certain U.S. States. For more information on eligibility please see the *Stock Dividend Program*.

6) What are the Canadian income tax consequences of participating in the plans?

The stock dividend is expected to provide many shareholders with Canadian income tax treatment that is more favorable than a cash dividend (whether or not reinvested under the DRIP).

For Canadian shareholders, the amount of any cash dividend will be included in computing income in the taxation year in which the cash dividend is received. A stock dividend is not expected to generate dividend income as ARC's shares issued under the SDP will have a nominal cost base for Canadian tax purposes. However, stock dividends may increase capital gains (or decrease capital loss) realized on subsequent disposition of the common shares received. In general, the Canadian tax consequences associated with the SDP could be described as tax deferred, as a tax event occurs when the shares are sold rather than when the dividend is received.

For non-resident shareholders, the amount of any cash dividend is subject to Canadian withholding tax. In contrast, ARC shares issued pursuant to the SDP are not expected to be subject to Canadian withholding tax.

Registered shareholders should expect to receive tax information from our transfer agent, Computershare. For shareholders holding their shares through a broker or other intermediary, tax information should be received from that intermediary.

Shareholders are encouraged to consult their own tax advisors regarding the tax consequences to them of receiving cash or stock dividends.

Further information discussing the potential tax consequences with respect to ARC's dividend plans can be found on ARC's website at www.arcresources.com/investors or in the 2013 Information Circular.

7) Who is eligible to participate?

Currently the DRIP is only available to Canadian resident shareholders, while the SDP will be available to most shareholders with the exception of residents in certain U.S. States. Please see the *Stock Dividend Program* for more details.

8) How do I enroll?

For enrollment in the DRIP:

Eligible Registered Shareholders (ie. owners of common shares who hold a physical share certificate in their own name) must deliver a properly completed *DRIP and SDP Enrollment Form* to Computershare Trust Company of Canada ("Computershare"). Once enrolled, participation will continue automatically unless terminated.

Eligible Beneficial Shareholders (ie. owners of common shares which are held through a broker, investment dealer, financial institution or other nominee) can have their common shares transferred into their own name or direct their broker, investment dealer, financial institution or other nominee to enroll their account in the DRIP. Once enrolled, participation will continue automatically unless terminated.

For enrollment the SDP:

Registered Shareholders (ie. owners of common shares who hold a physical share certificate in their own name) must deliver a properly completed Dividend Reinvestment and *DRIP and SDP Enrollment Form* to Computershare. The form must be received by the Program Agent at least five business days prior to the record date of a declared dividend. Once enrolled, participation will continue until notice of termination is given by the shareholder.

Beneficial Shareholders (ie. owners of common shares which are held through a broker, investment dealer, financial institution or other nominee) should contact the broker, investment dealer, financial institution or other nominee who holds their common shares to inquire about enrollment in the plan and applicable deadlines.

Please note: Shareholders who participate in our DRIP program will not be automatically enrolled in the SDP. Any shareholder currently enrolled in the DRIP who wishes to participate in the SDP is required to send an enrollment form indicating SDP participation to Computershare 5 days prior to the record date. At which time, termination of the DRIP and enrollment in the SDP will be carried out as one event.

9) Can I participate in both plans simultaneously?

Shareholders are not entitled to participate in both plans concurrently. Any shareholder currently enrolled in the DRIP who wishes to participate in the SDP must first terminate participation in the DRIP before they can participate in the SDP.

10) How do I terminate participation in the plans?

Termination of the DRIP:

Registered Shareholders (ie. owners of common shares who hold a physical share certificate in their own name) can terminate enrollment by completing the termination portion of the voucher (located on the reverse of the participant's statement of account) and sending to Computershare Trust Company of Canada ("Computershare"). The document must be signed by the registered holder and their agent. The Program Agent must receive notice of termination at least three business days before the dividend payment record date. For more information on settlement of the registered holder's account please view the *Dividend Reinvestment Plan*.

Beneficial Shareholders (ie. owners of common shares which are held through a broker, investment dealer, financial institution or other nominee) should contact their broker, investment dealer, financial institution or other nominee for information on how to terminate participation as well as applicable deadlines.

Termination of the SDP:

Registered Shareholders (ie. owners of common shares who hold a physical share certificate in their own name) should complete and send the revocation notice form to Computershare.

Beneficial Shareholders (ie. owners of common shares which are held through a broker, investment dealer, financial institution or other nominee) should contact their broker,

investment dealer, financial institution or other nominee for information on how to terminate participation as well as applicable deadlines.

After termination of participation in either plan, all dividends will be paid to the holder of common shares in cash.

11) What will be the price of new shares purchased for my account under the DRIP or issued as stock dividends under the SDP?

New shares purchased under the DRIP or issued as stock dividends under the SDP will be purchased or issued from treasury at the “Average Market Price” of the shares in respect of the applicable dividend payment. “Average Market Price” means the weighted average trading price of the shares on the Toronto Stock Exchange for the five trading days immediately preceding the dividend payment date.

12) What statements will I receive under the DRIP or SDP?

Registered shareholders will receive a monthly statement of account from Computershare Trust Company of Canada. These statements are your continuing record of purchases and should be retained for income tax purposes. In addition, you will be sent annually the appropriate information for tax reporting purposes. If you are a beneficial owner of shares who is enrolled in the SDP through a nominee, you should receive tax information directly from your nominee.

13) Will I receive share certificates for shares received under the plans?

DRIP: Generally, certificates for additional common shares purchased through the DRIP will be held for participants and reported on the statement of their account. For more information consult the *Dividend Reinvestment Plan*.

SDP: A certificate representing the number of whole stock dividend shares registered in the name of the participating shareholder as a result of a stock dividend will only be provided upon request in writing to the Program Agent.

14) Where can I get further information?

If you have further questions regarding the plans please consult the *Dividend Reinvestment Plan* and *Stock Dividend Program*.

Or direct them to:

Computershare Trust Company of Canada

8th Floor, 100 University Avenue, North Tower

Toronto, ON M5J 2Y1

Attention: Stock Dividend / Reinvestment Department

or by calling the National Customer Contact Centre at 1-800-564-6253 or 514-982-7555

or by visiting www.computershare.com/service

Or to **ARC Investor Relations:**

ARC Resource Ltd

Suite 1200, 308 4th Avenue SW

Calgary, AB T2P 0H7

Attention: Investor Relations

Telephone: 403-503-8600 or 1-888-272-4900 (Toll Free)

Fax: 403-509-6417

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