

ARC RESOURCES LTD.

INFORMATION CIRCULAR - PROXY STATEMENT

**FOR THE SPECIAL MEETING OF EXCHANGEABLE SHAREHOLDERS
TO BE HELD ON MONDAY, MAY 15, 2006**

SOLICITATION OF PROXIES

This Information Circular - Proxy Statement is furnished in connection with the solicitation of proxies by management of ARC Resources Ltd. ("ARC Resources" or the "Corporation"), for use at the Special Meeting of the holders (the "Exchangeable Shareholders") of exchangeable shares ("Exchangeable Shares") of the Corporation (the "Meeting") to be held on the 15th day of May, 2006, at 2:30 p.m. (Calgary time) in the Neilson 4 Room in the Hyatt Regency Hotel, 700 Centre Street S.E., Calgary, Alberta, and at any adjournment thereof, for the purposes set forth in the Notice of Special Meeting.

Instruments of Proxy must be received by Computershare Trust Company of Canada, 100 University Avenue, Toronto Ontario, M5J 2Y1, not less than 24 hours before the time for the holding of the Meeting or any adjournment thereof. The Corporation has fixed the record date for the Meeting at the close of business on March 31, 2006 (the "Record Date"). Each Exchangeable Share outstanding on the Record Date is entitled to one vote. Only Exchangeable Shareholders of record as at that date are entitled to receive notice of the Meeting. Exchangeable Shareholders of record will be entitled to vote those Exchangeable Shares included in the list of Exchangeable Shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any such Exchangeable Shareholder transfers such shares after the Record Date and the transferee of those shares, having produced properly endorsed certificates evidencing such shares or having otherwise established that he owns such shares, demands, not later than 10 days before the Meeting, that the transferee's name be included in the list of Exchangeable Shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such shares at the Meeting.

The instrument appointing a proxy shall be in writing and shall be executed by the Exchangeable Shareholder or his attorney authorized in writing or, if the Exchangeable Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

The persons named in the enclosed form of proxy are directors and officers of the Corporation. Each Exchangeable Shareholder has the right to appoint a proxyholder other than the persons designated above, who need not be an Exchangeable Shareholder, to attend and to act for the Exchangeable Shareholder and on behalf of the Exchangeable Shareholder at the Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the Exchangeable Shareholder's appointee should be legibly printed in the blank space provided.

NOTICE TO BENEFICIAL HOLDERS OF EXCHANGEABLE SHARES

The information set forth in this section is of significant importance to many Exchangeable Shareholders of the Corporation, as a substantial number of the Exchangeable Shareholders of the Corporation do not hold Exchangeable Shares in their own name. Exchangeable Shareholders who do not hold their Exchangeable Shares in their own name (referred to herein as "Beneficial Exchangeable Shareholders") should note that only proxies deposited by Exchangeable Shareholders whose names appear on the records of the Corporation as the registered holders of Exchangeable Shares can be recognized and acted upon at the Meeting. If Exchangeable Shares are listed in an account

statement provided to a Exchangeable Shareholder by a broker, then in almost all cases those Exchangeable Shares will not be registered in the Exchangeable Shareholder's name on the records of the Corporation. Such Exchangeable Shares will more likely be registered under the name of the Exchangeable Shareholder's broker or an agent of that broker. In Canada, the vast majority of such Exchangeable Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominees for many Canadian brokerage firms). Exchangeable Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Exchangeable Shareholder. Without specific instructions, the broker/nominees are prohibited from voting Exchangeable Shares for their clients. The Corporation does not know for whose benefit the Exchangeable Shares registered in the name of CDS & Co. are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Exchangeable Shareholders in advance of Exchangeable Shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Exchangeable Shareholders in order to ensure that their Exchangeable Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Exchangeable Shareholder by its broker is identical to the form of proxy provided to registered Exchangeable Shareholders; however, its purpose is limited to instructing the registered Exchangeable Shareholder how to vote on behalf of the Beneficial Exchangeable Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to ADP Investor Communications. ADP Investor Communications typically mails a scannable Voting Instruction Form in lieu of the form of proxy. The Beneficial Exchangeable Shareholder is requested to complete and return the Voting Instruction Form to them by mail or facsimile. Alternatively the Beneficial Executive Shareholder can call a toll-free telephone number to vote the Exchangeable Shares held by the Beneficial Exchangeable Shareholder. ADP Investor Communications then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Exchangeable Shares to be represented at the Meeting. **A Beneficial Exchangeable Shareholder receiving a Voting Instruction Form cannot use that Voting Instruction Form to vote Exchangeable Shares directly at the Meeting as the Voting Instruction Form must be returned as directed by ADP Investor Communications well in advance of the Meeting in order to have the Exchangeable Shares voted.**

REVOCABILITY OF PROXY

An Exchangeable Shareholder who has submitted a proxy may revoke it at any time prior to the exercise thereof. If a person who has given a proxy attends at the Meeting in person at which such proxy is to be voted, such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the Exchangeable Shareholder or his attorney authorized in writing or, if the Exchangeable Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized and deposited either at the head office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof, and upon either of such deposits, the proxy is revoked.

PERSONS MAKING THE SOLICITATION

The solicitation is made on behalf of management of the Corporation. The costs incurred in the preparation and mailing of the Instrument of Proxy, Notice of Special Meeting and this Information Circular - Proxy Statement will be borne by the Corporation. In addition to solicitation by mail, proxies may be solicited by personal interviews, telephone or other means of communication and by directors, officers and employees of the Corporation, who will not be specifically remunerated therefor.

EXERCISE OF DISCRETION BY PROXY

The Exchangeable Shares represented by proxy in favour of management nominees shall be voted on any ballot at the Meeting and, where the Exchangeable Shareholder specifies a choice with respect to any matter to be acted upon, the Exchangeable Shares shall be voted on any ballot in accordance with the specification so made.

In the absence of such specification, the Exchangeable Shares will be voted in favour of the matters to be acted upon. The persons appointed under the Instrument of Proxy furnished by the Corporation are conferred with discretionary authority with respect to amendments or variations of those matters specified in the Instrument of Proxy and Notice of Special Meeting. At the time of printing this Information Circular - Proxy Statement, management of the Corporation knows of no such amendment, variation or other matter.

EXCHANGEABLE SHAREHOLDERS AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Exchangeable Shares. As at March 22, 2006, there were 1,567,582 Exchangeable Shares issued and outstanding. At the Meeting, upon a show of hands, every Exchangeable Shareholder present in person or represented by proxy and entitled to vote shall have one vote. On a poll or ballot, every Exchangeable Shareholder present in person or by proxy has one vote for each Exchangeable Share of which such Exchangeable Shareholder is the registered holder. All votes on special resolutions are by a ballot and no demand for a ballot is necessary.

When any Exchangeable Share is held jointly by several persons, any one of them may vote at the Meeting in person or by proxy in respect of such Exchangeable Share, but if more than one of them are present at the Meeting in person or by proxy, and such joint owners of the proxy so present disagree as to any vote to be cast, the joint owner present or represented whose name appears first in the register of Exchangeable Shareholders maintained by the transfer agent and registrar for the Exchangeable Shares is entitled to cast such vote.

To the best of the knowledge of the directors of the Corporation, there is no person or corporation which beneficially owns, directly or indirectly, or exercises control or direction over Exchangeable Shares carrying more than 10% of the voting rights attached to the issued and outstanding Exchangeable Shares of the Corporation which may be voted at the Meeting except as set forth below. All of the common shares of the Corporation are held for the benefit of ARC Energy Trust.

<u>Name</u>	<u>Number of voting securities owned directly or indirectly, or over which control or direction is exercised</u>	<u>Percentage of outstanding voting securities so owned, controlled or directed</u>
Mac H. Van Wielingen	451,295 Exchangeable Shares	29%
John P. Dielwart	239,897 Exchangeable Shares	15%

The percentage of Exchangeable Shares that are owned, directly or indirectly, by all directors and officers of the Corporation as a group is 63.1 per cent (989,728 Exchangeable Shares convertible into 1,862,530 Trust Units of ARC Energy Trust (the "Trust") using the effective exchange ratio of 1.88186 in effect on March 22, 2006).

QUORUM FOR MEETING

At the Meeting, a quorum shall consist of a holder or holders of Exchangeable Shares either present in person or represented by proxy and representing in the aggregate not less than 10% of the outstanding Exchangeable Shares. If a quorum is not present at the Meeting within one half hour after the time fixed for the holding of the Meeting, it shall stand adjourned to such day being not less than ten (10) days later and to such place and time as may be determined by the Chairman of the Meeting. At such Meeting, the Exchangeable Shareholders present either personally or by proxy shall form a quorum.

APPROVAL REQUIREMENTS

The only matter to be considered at the Meeting is the Exchangeable Share Capital Reorganization Resolution (as defined below) which requires approval by not less than 66 2/3% of the votes cast in respect of the resolution by or on behalf of Exchangeable Shareholders present in person or represented by proxy at the Meeting excluding Exchangeable Shares held by the Trust or its affiliates. The Exchangeable Share Capital Reorganization Resolution is subject to implementation at the discretion of the Board of Directors in whole or in part based upon such factors as the Board of Directors may consider relevant.

MATTER TO BE ACTED UPON AT MEETING – EXCHANGEABLE SHARE CAPITAL REORGANIZATION

Management presented to the Board of Directors of the Corporation a plan for the reorganization of the exchangeable share capital of the Corporation and some proposed amendments to the rights, privileges, restrictions and conditions of the Exchangeable Shares (the "Exchangeable Share Provisions") and after considering such reorganization and amendments, the Board of Directors of the Corporation determined to place before the Exchangeable Shareholders a special resolution in the form set forth below (the "Exchangeable Share Capital Reorganization Resolution"). It is proposed that the reorganization of the Exchangeable Shares will occur as follows:

- minor amendments to the Exchangeable Share Provisions to allow for the replacement of 908563 Alberta Ltd. as the corporation facilitating the exchange of the Exchangeable Shares for Trust Units.
- amendment of the Articles of the Corporation to create a new class of exchangeable shares (the "New Exchangeable Share Class"), comprised of an unlimited number of exchangeable shares, issuable in series which provide for the Board of Directors of the Corporation to fix the number and determine the rights, privileges, restrictions and conditions of any such series prior to issuance.
- amendment of the Articles of the Corporation to change the issued and outstanding Exchangeable Shares into the first series of the New Exchangeable Share Class (the "First Series Exchangeable Shares"), which first series will have substantially identical rights, privileges, restrictions and conditions as the rights, privileges, restrictions and conditions of the Exchangeable Shares, on a one for one basis.
- the deletion of the existing class of Exchangeable Shares immediately following the change of the existing issued Exchangeable Shares into the First Series Exchangeable Shares.

The rights, privileges, restrictions and conditions of the Exchangeable Shares will be amended to eliminate the name of 908563 Alberta Ltd. in the Exchangeable Share Provisions in order to provide for the replacement of such company, which has as its sole purpose the facilitation of the exchange of

Exchangeable Shares for Trust Units. This amendment will add flexibility to the exchange structure by allowing a new corporation to be substituted for 908563 Alberta Ltd. from time to time.

The creation of the New Exchangeable Shares Class, which is issuable in series, will provide the Board of Directors of the Corporation with additional financial flexibility in structuring potential acquisitions. The Board of Directors, before the issuance of any series of the New Exchangeable Share Class, will be able to fix the number and determine the rights, privileges, restrictions and conditions attaching to such series to reflect the commercial arrangement with the proposed recipients of the series of the New Exchangeable Share Class. All series of the New Exchangeable Share Class will rank equally in respect of priority for payment of dividends and payments on the voluntary or involuntary liquidation, dissolution or winding-up of the Corporation or any other distribution of its assets among its shareholders for the purpose of winding up its affairs.

The existing outstanding Exchangeable Shares are proposed to be changed into the first series of the New Exchangeable Share Class on a one for one basis in order that such shares will rank equally with any series of the New Exchangeable Share Class which may be issued from time to time. We have been advised that the exchange should qualify as a reorganization of capital such that Exchangeable Shareholders who hold their Exchangeable Shares as capital property will be deemed to have disposed of their Exchangeable Shares at their cost and to have accepted the new exchangeable shares for the same amount. Lastly, the deletion of the existing class of Exchangeable Shares will simplify the share structure.

For additional information relating to the Exchangeable Share Provisions, a copy of the Exchangeable Share Provisions is available on SEDAR (www.sedar.com) or may be obtained free of charge from the Trust at 2100, 440 2nd Avenue S.W., Calgary, Alberta, T2P 5E9.

At a meeting of holders of Trust Units of the Trust (the "Trust Meeting") which is scheduled to be held on May 15, 2006 at 3:30 p.m., Unitholders will also be asked to approve a special resolution directing the Trustee of the Trust to vote its common shares of the Corporation to approve the Exchangeable Share Capital Reorganization Resolution.

In addition to approval by Unitholders of the Exchangeable Share capital reorganization at the Trust Meeting, in accordance with the *Business Corporations Act* (Alberta) (the "ABCA") and in accordance with the rights, privileges, restrictions and conditions attaching to the Exchangeable Shares, the Exchangeable Share Capital Reorganization Resolution must also be approved by a majority of not less than two-thirds of the votes cast by holders of Exchangeable Shares (excluding Exchangeable Shares held by the Trust or its affiliates) at the Meeting. Accordingly, at the Meeting, Exchangeable Shareholders will be asked to consider, and if deemed advisable, to approve a special resolution as follows:

BE IT RESOLVED THAT:

1. The articles of ARC Resources Ltd. be amended by amending the rights, privileges, restrictions and conditions of the class of Exchangeable Shares by replacing the definition of ARC Subco as follows:

"ARC Subco" means 908563 Alberta Ltd., a corporation incorporated under the Act provided, however, that if 908563 Alberta Ltd. transfers or assigns its rights and interest in or under the Support Agreement and the Voting and Exchange Trust Agreement to an affiliate of the Corporation or ARC Energy Trust and such corporation expressly assumes the due and punctual performance and observance of each and every covenant and

condition of such agreements to be performed and observed by 908563 Alberta Ltd., then "ARC Subco" shall mean such corporation;

2. The articles of ARC Resources Ltd. be amended by creating an unlimited number of Exchangeable Shares, issuable in series. The Exchangeable Shares, as a class, shall have the following rights, privileges, restrictions and conditions:

Issuance in Series

Subject to the filing of Articles of Amendment in accordance with the *Business Corporations Act* (Alberta) (the "Act"), the Board of Directors may at any time and from time to time issue the Exchangeable Shares in one or more series, each series to consist of such number of shares as may, before the issuance thereof, be fixed by the Board of Directors. Subject to the filing of Articles of Amendment in accordance with the Act, the Board of Directors may from time to time determine, before issuance, the designation, rights, privileges, restrictions and conditions attaching to each series of Exchangeable Shares including, without limiting the generality of the foregoing, the amount, if any, specified as being payable preferentially to such series on a Distribution, as defined below; the extent, if any, of further participation on a Distribution; voting rights, if any; and dividend rights (including whether such dividends be preferential, or cumulative or non-cumulative), if any.

Dividends

The holders of each series of Exchangeable Shares shall be entitled, in priority to holders of Common Shares, the Second Preferred Shares and any other shares of the Corporation ranking junior to the Exchangeable Shares from time to time with respect to the payment of dividends, to be paid rateably with holders of each other series of Exchangeable Shares, the amount of accumulated dividends, if any, specified as being payable preferentially to the holders of such series.

Liquidation

In the event of the voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, or any other distribution of its assets among its shareholders for the purpose of winding-up its affairs (such event referred to herein as a "Distribution"), holders of each series of Exchangeable Shares shall be entitled, in priority to holders of Common Shares, the Second Preferred Shares and any other shares of the Corporation ranking junior to the Exchangeable Shares from time to time with respect to payment on a Distribution, to be paid rateably with holders of each other series of Exchangeable Shares the amount, if any, specified as being payable preferentially to the holders of such series on a Distribution.

3. The issued Exchangeable Shares of the Corporation be changed into the first series (the "First Series Exchangeable Shares") of the newly created class of Exchangeable Shares, such First Series Exchangeable Shares to be created by the Board of Directors with substantially the same rights, privileges, restrictions and conditions as are attached to the issued Exchangeable Shares on the basis of one First Series Exchangeable Share for each one issued Exchangeable Share.

4. The Articles of ARC Resources be amended by deleting the class of an unlimited number of Exchangeable Shares, immediately following the change of the existing issued Exchangeable Share in accordance with paragraph 3 above.
5. The proper officers of the Corporation, on behalf of the Corporation, be and they are hereby authorized and directed to execute, deliver and file all such documents and other instruments, including the submission of one or more articles of amendment for all or any part of this special resolution, and to otherwise do and perform all such acts and things as they determine to be necessary or desirable for the implementation of this special resolution, at such times as they may determine, provided that the directors of The Corporation may, in their discretion and without further approval of the Unitholders, revoke and rescind this special resolution or any part thereof before it is acted upon.

The board of directors of the Corporation recommends that Exchangeable Shareholders approve the Exchangeable Share Capital Reorganization Resolution.

The completion of the Exchangeable Share capital reorganization will be subject to the receipt of all necessary regulatory approvals including any necessary approvals of the Toronto Stock Exchange and any other securities regulatory authorities.

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS AND OTHERS

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

INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS

There were no material interests, direct or indirect, of directors or senior officers of ARC Resources 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 Corporation other than as disclosed herein.

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

The Corporation is not aware of any material interest of any director or senior officer of the Corporation 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.

OTHER MATTERS

The Corporation knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of 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 the Corporation.