ARC RESOURCES LTD. REPORTS FIRST QUARTER 2021 RESULTS AND PROVIDES 2021 GUIDANCE

NEWS RELEASE

Calgary, May 5, 2021 (ARX - TSX) ARC Resources Ltd. ("ARC" or the "Company") today reported its first quarter 2021 financial and operational results and 2021 guidance following the successful close of its strategic Montney combination (the "Business Combination") with Seven Generations Energy Ltd. ("Seven Generations").

FIRST QUARTER 2021 HIGHLIGHTS

- On February 10, 2021, ARC and Seven Generations announced a definitive agreement to combine in an all-share transaction to become the largest pure-play Montney producer. The Business Combination closed on April 6, 2021, making ARC Canada's largest condensate producer, third-largest natural gas producer, and sixth-largest upstream energy company.
- Driven by strong average realized commodity prices and ARC's continued focus on proactive market diversification activities, ARC generated funds from operations(1) of $273.9 million ($0.77 per share) and recognized net income of $178.0 million ($0.50 per share). ARC's average realized natural gas price of $4.60 per Mcf was a 57 per cent premium to the average AECO 7A Monthly Index price.
  - ARC's and Seven Generations' combined pro forma funds from operations(1)(2) was $574.5 million.
- ARC generated free funds flow(3) of $148.2 million ($0.42 per share), which was allocated to paying ARC's dividend of $21.3 million ($0.06 per share) and reducing the Company's net debt excluding lease obligations(1) outstanding by $125.5 million or 18 per cent. ARC's ratio of net debt excluding lease obligations to annualized funds from operations was 0.5 times as of March 31, 2021.
  - ARC's and Seven Generations' combined pro forma free funds flow(2)(3) was $300.5 million.
- Supported by profitable half-cycle investments made in late 2020, the Company delivered record average daily production of 170,430 boe(4) per day (78 per cent natural gas and 22 per cent crude oil and liquids)(5).
  - ARC's and Seven Generations' combined pro forma production was 351,204 boe per day (60 per cent natural gas and 40 per cent crude oil and liquids).
- Capital investments totalled $125.7 million and were focused on drilling and completions activities in Greater Dawson, Sunrise, and Ante Creek. ARC drilled 15 wells and completed 32 wells, and progressed two small-scale infrastructure optimization projects.
  - ARC's and Seven Generations' combined pro forma capital expenditures were $274.0 million.
- ARC demonstrated continued operational excellence by delivering an operating expense of $3.85 per boe through prudent cost control. ARC's operating expense was down three per cent from the fourth quarter of 2020 and 13 per cent from the first quarter of 2020.
- Exhibiting the underlying strength and profitability of the business, as well as the Company's risk-managed approach to value creation, ARC was assigned an investment-grade credit rating, which lowers the Company's overall cost of debt.

Notes:
(1) Refer to Note 9 *"Capital Management"* in ARC's unaudited condensed interim consolidated financial statements and notes ("financial statements") and to the sections entitled *"Funds from Operations"* and *"Capitalization, Financial Resources and Liquidity"* in ARC's Management's Discussion and Analysis ("MD&A").
(2) Refer to the section entitled *"Combined Pro Forma Reconciliations"* within this news release for the calculations of Seven Generations' funds from operations and free funds flow for the three months ended March 31, 2021.
(3) Non-GAAP measure that does not have any standardized meaning under International Financial Reporting Standards ("IFRS") and therefore may not be comparable to similar measures presented by other entities. Refer to the section entitled *"Non-GAAP Measures"* in ARC's MD&A.
(4) ARC has adopted the standard six thousand cubic feet ("Mcf") to one barrel ("bbl") of crude oil ratio when converting natural gas to barrels of oil equivalent ("boe"). Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf:1 bbl 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.
(5) Throughout this news release, crude oil ("crude oil") refers to light, medium, and heavy crude oil product types 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 news release, natural gas liquids ("NGLs") comprise all natural gas liquids as defined by NI 51-101 other than condensate, which is disclosed separately. Throughout this news release, crude oil and liquids ("crude oil and liquids") refers to crude oil, condensate, and NGLs.

A video update from ARC's senior management team and an updated investor presentation are available on ARC's website at www.arcresources.com. ARC's financial statements and MD&A as at and for the three months ended March 31, 2021, are available on ARC's website at www.arcresources.com and under ARC's SEDAR profile at www.sedar.com.

Analyst and Investor Update

ARC will be hosting a virtual analyst and investor update at 9:00 a.m. (Calgary time) on May 27, 2021, where ARC's senior management team will provide an update on ARC's business following the Business Combination. A live webcast of the event will be available on ARC's website at www.arcresources.com.

BUSINESS COMBINATION WITH SEVEN GENERATIONS

On February 10, 2021, ARC announced that it entered into a strategic Montney combination with Seven Generations. The Business Combination was structured through a plan of arrangement under the *Canada Business Corporations Act*. Through the transaction, Seven Generations shareholders received 1.108 common shares of ARC for each class "A" common share of Seven Generations held. On April 6, 2021, following the successful close of the Business Combination, ARC issued approximately 369.4 million common shares to acquire all of the outstanding Seven Generations class "A" common shares and Seven Generations became a wholly-owned subsidiary of ARC. On May 1, 2021, ARC amalgamated with Seven Generations.

Building on excellent first quarter 2021 results, which were underscored by record production and substantial free funds flow generation, ARC is entering this transformational phase in a position of significant strength. ARC is focused on successfully integrating the two companies and delivering on expected cost savings and synergies to become a more resilient, profitable, and efficient business. Annual synergies of approximately $160 million are expected to be achieved by 2022 and will be attained through corporate and finance cost savings, operating efficiencies, market optimization opportunities, and drilling and completions efficiencies. With the Company's refinancing completed at the close of the Business Combination, finance costs are expected to be approximately $50 million lower than they would have been had the Seven Generations senior notes remained outstanding.

For the balance of 2021, ARC plans to sustain production at its core operating areas while maximizing free funds flow generation. ARC anticipates generating significant free funds flow in 2021, which will be used to strengthen the Company's financial position. Following the Business Combination and based on current forward commodity prices, ARC expects to reduce its ratio of net debt excluding lease obligations to annualized funds from operations to the low end of the Company's targeted range of 1.0 to 1.5 times by year-end. Once the Company's debt reduction targets are met, ARC will have increased optionality to invest in development at Attachie as well as deliver increased returns to shareholders. ARC will continue to pay its quarterly dividend of $0.06 per share.

This news release includes certain financial and operational results of Seven Generations for the three months ended March 31, 2021, which are derived from the unaudited condensed interim consolidated financial statements of Seven Generations as at and for the three months ended March 31, 2021 (the "Seven Generations Financial Statements"). The Seven Generations Financial Statements have been prepared in accordance with IFRS following the same accounting policies as the annual audited consolidated financial statements of Seven Generations as at and for the years ended December 31, 2020 and 2019. Copies of the annual audited consolidated financial statements of Seven Generations as at and for the years ended December 31, 2020 and 2019 are available under Seven Generations' SEDAR profile at www.sedar.com. The Seven Generations Financial Statements were reviewed and approved by the Board of Directors of Seven Generations, consisting of ARC management, on April 29, 2021, and were reviewed by the Audit Committee of ARC on May 5, 2021. These results are included to provide the reader with an understanding of how ARC established its expectations of the financial and operational results of the Company for the balance of 2021 and beyond following the completion of the Business Combination. In this news release, when these financial and operational results are added to the results of ARC for the three months ended March 31, 2021, they are referred to as "combined pro forma" results and assume the completion of the Business Combination as of such date. The combined pro forma results stated herein do not have any standardized meanings under IFRS and therefore may not be comparable to similar measures presented by other entities. Refer to the section entitled *"Combined Pro Forma Reconciliations"* within this news release.

2021 GUIDANCE

The original 2021 capital budgets set out by both ARC and Seven Generations had the goal of sustaining production while maximizing free funds flow generation. With the Business Combination complete, ARC's updated 2021 capital budget of $950 million to $1.0 billion is designed to sustain production and maximize free funds flow generation while centering around the Company's longstanding principles of capital discipline, profitability, and financial strength. Upholding ARC's and Seven Generations' strong safety cultures, and advancing the Company's environmental, social, and governance ("ESG") leadership and performance, are also top priorities in 2021.

ARC plans to sustain production at Greater Dawson, Sunrise, Kakwa, and Ante Creek through the balance of 2021, delivering average daily production of between 290,000 boe per day and 305,000 boe per day, of which approximately 60 per cent is natural gas and 40 per cent is crude oil and liquids.

During the second quarter of 2021, ARC's field operations and production will be affected by significant turnaround activity and the anticipated impact of spring break-up. As such, ARC anticipates its second quarter 2021 production will be approximately seven per cent lower than the first quarter 2021 combined pro forma production of 351,204 boe per day. Production during the second half of 2021 is expected to average approximately 340,000 boe per day.

ARC's 2021 guidance estimates, which incorporate the expected impacts of the Business Combination, are outlined below.

	Q1 2021 Actuals	**Q2 2021 to Q4 2021 Guidance(1)(2)**	**2021 Guidance(1)(2)**
Crude oil (bbl/day)	13,647	**12,000 - 13,500**	**12,000 - 13,500**
Condensate (bbl/day)	13,812	**69,000 - 75,000**	**55,000 - 60,000**
Crude oil and condensate (bbl/day)	27,459	**81,000 - 88,500**	**67,000 - 73,500**
Natural gas (MMcf/day)	794	**1,200 - 1,255**	**1,100 - 1,140**
NGLs (bbl/day)	10,620	**49,000 - 52,000**	**40,000 - 42,000**
Total (boe/day)	170,430	**330,000 - 350,000**	**290,000 - 305,000**

	2021 Guidance(1)(2)
Expenses ($/boe)	
Operating	**4.10 - 4.60**
Transportation	**4.50 - 5.00**
General and administrative ("G&A") expense before share-based compensation expense(3)	**0.90 - 1.00**
G&A - share-based compensation expense(4)	**0.30 - 0.45**
Transaction costs	**0.20 - 0.30**
Interest and financing	**0.70 - 0.80**
Current income tax expense as a per cent of funds from operations	**1 - 5**
Capital expenditures before undeveloped land purchases and net property acquisitions (dispositions) ($ millions)	**950 - 1,000**

(1) The Business Combination closed on April 6, 2021 and as such, 2021 guidance includes ARC's financial and operational results for the three months ended March 31, 2021 plus the Company's expectations for the combined financial and operational results of ARC's and Seven Generations' operations for the remaining nine months of 2021.
(2) COVID-19 impacts on demand and market volatility may impact ARC's future financial and operational results. ARC will continuously monitor its guidance and provide updates as deemed appropriate.
(3) Excludes transaction costs associated with the Business Combination.
(4) Comprises expense recognized under all share-based compensations plans, with the exception of the Deferred Share Unit Plans.

Going forward, ARC estimates the annual capital requirements to sustain production at approximately 340,000 boe per day are between $1.0 billion and $1.1 billion.

OPERATIONAL REVIEW

ARC's leading position in the Montney resource play comprises more than 1.1 million net acres of land and features a deep inventory of high-return, de-risked development opportunities. The enhanced commodity and geographic diversity established through the Business Combination provides significant optionality within ARC's portfolio and improves the Company's ability to mitigate the impacts of future commodity price volatility.

ARC processes the majority of its production through owned-and-operated infrastructure. This affords the Company greater control over its low cost structure, liquids recoveries and the ability to optimize revenue streams, and supports strong safety and environmental performance. Given the recent strength in NGLs pricing, ARC is currently maximizing the liquids recoveries at its processing facilities.

Capital Expenditures

ARC invested $125.7 million during the first quarter of 2021 to drill 15 wells and complete 32 wells, as well as progress two highly economical facility optimization projects. The Sunrise Phase I and Phase II facilities expansion is expected to be completed during the second quarter of 2021 and will add 40 MMcf per day of low-cost natural gas processing and sales capacity. The Parkland/Tower facility sour conversion and expansion is scheduled to be completed in the third quarter of 2021, which will support the continued development of the lower Montney horizon and add approximately 6 MMcf per day of natural gas processing and sales capacity.

Including Seven Generations' capital expenditures for the Kakwa asset, which totalled $148.3 million to drill 21 wells and complete eight wells, the combined pro forma capital expenditures for the first quarter of 2021 were $274.0 million.

ARC's planned approach to developing the Kakwa asset is to maximize free funds flow extraction through improved deliverability and profitability. Over the next several years, ARC aims to keep production relatively flat, at approximately 180,000 boe per day, to moderate the asset's current decline rate of approximately 40 per cent. Leveraging Seven Generations' recent innovations on well and pad designs, ARC plans to continue on the path of optimizing the inter-well spacing for future pad development in the area to maximize profitability. ARC will seek to realize additional capital efficiency improvements through drilling and completions activities and knowledge-sharing between ARC's and Seven Generations' technical teams.

	Three Months Ended March 31, 2021		
	Capital Expenditures(5) ($ millions)	**Wells Drilled(6)**	**Wells Completed(6)**
Greater Dawson(1)	**53.1**	**9**	**14**
Sunrise	**38.9**	**4**	**9**
Ante Creek	**17.9**	**2**	**9**
Attachie West	**0.9**	**—**	**—**
All other(2)	**14.9**	**—**	**—**
Total	**125.7**	**15**	**32**
Kakwa(3)	**148.3**	**21**	**8**
Combined pro forma capital expenditures and activities(4)	**274.0**	**36**	**40**

(1) Comprises Dawson and Parkland/Tower assets.
(2) Comprises spending and activity for ARC's non-core and corporate assets and includes capitalized G&A.
(3) Assets acquired through the Business Combination, which closed on April 6, 2021.
(4) Represents capital expenditures and activities of ARC plus Seven Generations for the three months ended March 31, 2021.
(5) Undeveloped land purchases and net property acquisitions and dispositions are not included.
(6) Wells drilled and completed for operated assets only.

Production

ARC's first quarter 2021 production averaged 170,430 boe per day, relatively unchanged from the fourth quarter of 2020. Increased natural gas production at Dawson and Sunrise offset production impacts from planned downtime to accommodate offset completions operations at Tower and Ante Creek.

Including Seven Generations' production from the Kakwa asset, which totalled 180,774 boe per day, the combined pro forma production averaged 351,204 boe per day during the first quarter of 2021.

	Three Months Ended					
	March 31, 2021					December 31, 2020
	Crude Oil (bbl/day)	**Condensate** (bbl/day)	**Natural Gas** (MMcf/day)	**NGLs** (bbl/day)	**Total** (boe/day)	Total (boe/day)
Greater Dawson(1)	**1,663**	**10,617**	**469**	**8,605**	**99,003**	97,015
Sunrise	**—**	**10**	**245**	**31**	**40,913**	39,098
Ante Creek	**6,641**	**445**	**51**	**1,448**	**17,099**	18,274
Attachie West	**—**	**2,500**	**12**	**119**	**4,593**	5,386
All other(2)	**5,343**	**240**	**17**	**417**	**8,822**	9,695
Total	**13,647**	**13,812**	**794**	**10,620**	**170,430**	169,468
Kakwa(3)	**—**	**59,038**	**477**	**42,262**	**180,774**	190,139
Combined pro forma production(4)	**13,647**	**72,850**	**1,271**	**52,882**	**351,204**	359,607

(1) Comprises Dawson and Parkland/Tower assets.
(2) Comprises production from ARC's non-core assets.
(3) Assets acquired through the Business Combination, which closed on April 6, 2021.
(4) Represents production of ARC plus Seven Generations for the three months ended March 31, 2021.

ESG REVIEW

ARC continues to advance initiatives in support of the Company's leading ESG performance and overarching commitment to responsible development. During the first quarter of 2021, ARC announced its investment in Natural Gas Innovation Fund (NGIF)'s Cleantech Ventures, an industry-led equity fund focused on advancing technologies and solutions that enhance the environmental and economic performance of the natural gas sector. The mandate of this new fund is to invest in cleantech enterprises across the value chain, from production, transmission, distribution, storage, and end-use applications, as well as innovations leading to the expanded production of emerging fuels like renewable natural gas and hydrogen. ARC is committed to upholding its strong environmental performance by reducing its greenhouse gas ("GHG") emissions, including through planned electrification of its Dawson Phase III and Phase IV facilities and through ongoing electrification of well sites across the asset base. ARC currently ranks as the producer with the lowest GHG emissions intensity amongst its Canadian peers.

ARC has commenced its integration of Seven Generations' ESG initiatives to formulate a cohesive ESG strategy that leverages the strengths and shared learnings of each company.

FINANCIAL REVIEW

Capital Allocation

Managing reasonable debt levels, paying a sustainable dividend, and delivering modest production growth through profitable development activities are the basis for ARC's capital allocation. Upon closing of the Business Combination, free funds flow generated is being directed at strengthening the Company's financial position. Once the Company's debt reduction targets are met, ARC will have increased optionality to invest in development at Attachie as well as deliver increased returns to shareholders. ARC will continue to pay its quarterly dividend of $0.06 per share, and will consider modest dividend increases over time.

Balance Sheet and Liquidity

On March 10, 2021, ARC completed the issuance of two tranches of private unsecured notes of $1.0 billion aggregate principal amount with a weighted average interest rate of 2.965% and an average term of 7.75 years (the "2021 Notes"). The 2021 Notes are rated BBB with a stable trend by DBRS Morningstar.

As of March 31, 2021, ARC had $568.0 million of net debt excluding lease obligations outstanding, and the ratio of net debt excluding lease obligations to annualized funds from operations was 0.5 times. Seven Generations' net debt excluding lease obligations outstanding as of March 31, 2021 was approximately $1.8 billion. The combined pro forma net debt excluding lease obligations as of March 31, 2021 was approximately $2.4 billion. Refer to the section entitled *"Combined Pro Forma Reconciliations"* within this news release for the calculation of Seven Generations' net debt excluding lease obligations as at March 31, 2021.

Upon closing of the Business Combination, ARC obtained access to additional liquidity with a new syndicated $2.0 billion unsecured extendible revolving credit facility with a maturity date of 2024 (the "Credit Facility"). ARC concurrently cancelled its former $950 million financial covenant-based syndicated credit facility.

On April 6, 2021, ARC used the proceeds from the 2021 Notes, combined with draws on the Credit Facility, to repay and/or defease all of Seven Generations' outstanding senior notes and repay the Seven Generations credit facility. The principal outstanding on the senior notes totalled US$1,192.0 million and had a weighted average interest rate of 5.955%.

ARC has ample liquidity and a strong deleveraging profile in 2021, with approximately $1.2 billion of undrawn credit capacity. Based on current forward commodity prices, ARC expects its net debt excluding lease obligations outstanding to be reduced to the low end of the Company's targeted range of 1.0 to 1.5 times annualized funds from operations by year-end.

Net Income

ARC recognized net income of $178.0 million ($0.50 per share) during the first quarter of 2021. Compared to the fourth quarter of 2020, the increase in earnings was primarily the result of increased commodity sales from production due to higher average realized commodity prices. ARC also recognized a reversal of impairment of $112.6 million on its property, plant, and equipment during the first quarter of 2021, primarily for the Northern Alberta cash-generating unit as a result of increased forward commodity pricing for crude oil and natural gas. Partially offsetting these increases to earnings were losses recognized on ARC's risk management contracts and increased current tax expense.

Funds from Operations and Free Funds Flow

ARC generated funds from operations of $273.9 million ($0.77 per share) during the first quarter of 2021, a 29 per cent increase from the fourth quarter of 2020. Increased commodity sales from production due to higher average realized commodity prices drove higher funds from operations in the period, which was partially offset by increased current tax expense and increased realized losses on risk management contracts. Including the $300.6 million of funds from operations generated by Seven Generations, the combined pro forma funds from operations was $574.5 million during the first quarter of 2021. Refer to the section entitled *"Combined Pro Forma Reconciliations"* within this news release for the calculation of Seven Generations' funds from operations for the three months ended March 31, 2021.

ARC generated free funds flow of $148.2 million ($0.42 per share) during the first quarter of 2021, an increase of $12.9 million from the fourth quarter of 2020, despite higher capital investments in the period. Free funds flow was used to pay the Company's dividend obligations of $21.3 million ($0.06 per share) and to strengthen the Company's balance sheet, reducing net debt excluding lease obligations outstanding by $125.5 million or 18 per cent. Including the $152.3 million of free funds flow generated by Seven Generations, the combined pro forma free funds flow was $300.5 million during the first quarter of 2021. Refer to the section entitled *"Combined Pro Forma Reconciliations"* within this news release for the calculation of Seven Generations' free funds flow for the three months ended March 31, 2021.

	$ millions	$/share[1]
Funds from operations for the three months ended December 31, 2020	212.0	0.60
Volume		
Crude oil and liquids	**(12.7)**	**(0.04)**
Natural gas	**(1.5)**	**—**
Price		
Crude oil and liquids	**53.3**	**0.14**
Natural gas	**123.1**	**0.35**
Sales of commodities purchased from third parties	**14.2**	**0.04**
Interest income	**(0.1)**	**—**
Other income	**1.4**	**—**
Realized gain (loss) on risk management contracts	**(35.6)**	**(0.10)**
Royalties	**(9.7)**	**(0.03)**
Expenses		
Commodities purchased from third parties	**(15.9)**	**(0.04)**
Operating	**3.0**	**0.01**
Transportation	**(10.6)**	**(0.03)**
G&A and transaction costs	**(9.4)**	**(0.03)**
Interest and financing	**0.4**	**—**
Current income tax	**(36.9)**	**(0.10)**
Realized gain (loss) on foreign exchange	**(1.2)**	**—**
Other	**0.1**	**—**
Funds from operations for the three months ended March 31, 2021	**273.9**	**0.77**
Seven Generations funds from operations for the three months ended March 31, 2021[2]	**300.6**	
Combined pro forma funds from operations for the three months ended March 31, 2021[3]	**574.5**	

(1) Per share amounts are based on weighted average diluted common shares.
(2) The Business Combination closed on April 6, 2021.
(3) Refer to the section entitled *"Combined Pro Forma Reconciliations"* within this news release for the calculation of Seven Generations' funds from operations for the three months ended March 31, 2021.

Financial and Physical Price Management

ARC sells into multiple downstream markets across North America, and during the winter months, elects to maximize its exposure to spot pricing to capture anticipated strength in pricing owing to potentially cold weather. Approximately 25 per cent of ARC's natural gas was sold into the Midwest market during the first quarter of 2021, where regional prices experienced significant strength and oftentimes traded at premiums to other North American sales points. ARC maximized its throughput of natural gas production to capture this strength in natural gas pricing during the period, and as a result, realized an incremental $101.1 million in cash flows from its natural gas market diversification activities.

The following table summarizes ARC's average realized prices for the first quarter of 2021 relative to the fourth quarter of 2020.

	Three Months Ended		
	March 31, 2021	December 31, 2020	% Change
Average natural gas price before diversification activities ($/Mcf)	**3.19**	2.94	9
Natural gas diversification activities ($/Mcf)	**1.41**	(0.06)	2,450
Realized loss on risk management contracts ($/Mcf)(1)	**(0.21)**	(0.06)	(250)
Average realized natural gas price including realized loss on risk management contracts ($/Mcf)	**4.39**	2.82	56
Average realized crude oil price ($/bbl)	**64.46**	48.14	34
Average realized condensate price ($/bbl)	**71.59**	53.55	34
Average realized NGLs price ($/bbl)	**29.45**	18.03	63
Total average realized commodity price ($/boe)	**34.25**	23.29	47

(1) Realized loss on risk management contracts is not included in ARC's average realized natural gas price.

As of May 5, 2021, approximately 50 per cent of ARC's anticipated crude oil and condensate production and approximately 50 per cent of ARC's anticipated natural gas production is hedged for the balance of 2021.

Netback(1)

ARC's first quarter 2021 netback increased 63 per cent from the fourth quarter of 2020. The higher netback was primarily due to an increase in average realized commodity prices across ARC's diversified sales portfolio. Increased transportation expense, reflecting new transportation arrangements and increased pipeline tolls, partially offset the impact of increased average realized commodity prices, which was further offset by realized losses on risk management contracts.

	Three Months Ended		
($/boe)	**March 31, 2021**	December 31, 2020	% Change
Commodity sales from production	**34.25**	23.29	47
Royalties	**(1.69)**	(1.04)	(63)
Operating expense	**(3.85)**	(3.97)	3
Transportation expense	**(3.70)**	(2.97)	(25)
Netback	**25.01**	15.31	63
Realized gain (loss) on risk management contracts	**(1.75)**	0.56	(413)
Netback including realized gain (loss) on risk management contracts	**23.26**	15.87	47

(1) Non-GAAP measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. Refer to the section entitled *"Non-GAAP Measures"* in ARC's MD&A.

COMBINED PRO FORMA RECONCILIATIONS

Combined Pro Forma Funds from Operations

$ millions	For the three months ended March 31, 2021
Seven Generations	
Cash provided by operating activities	327.5
Change in non-cash working capital	(53.1)
Change in other long-term liabilities related to operating activities	26.2
Seven Generations funds from operations	300.6
ARC funds from operations(1)	273.9
Combined pro forma funds from operations	**574.5**

(1) Refer to Note 9 *"Capital Management"* in ARC's financial statements and to the sections entitled *"Funds from Operations"* and *"Capitalization, Financial Resources and Liquidity"* in ARC's MD&A.

Combined Pro Forma Free Funds Flow

$ millions	For the three months ended March 31, 2021
Seven Generations	
Cash provided by operating activities	327.5
Change in non-cash working capital	(53.1)
Change in other long-term liabilities related to operating activities	26.2
Funds from operations	300.6
Investments in oil and natural gas assets	(148.3)
Seven Generations free funds flow	152.3
ARC free funds flow(1)	148.2
Combined pro forma free funds flow	**300.5**

(1) Non-GAAP measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. Refer to the section entitled *"Non-GAAP Measures"* in ARC's MD&A.

Combined Pro Forma Net Debt excluding Lease Obligations

$ millions	As at March 31, 2021
Seven Generations	
Senior notes	1,536.8
Credit facility draws	180.0
Long-term portion of lease liabilities	50.1
Long-term portion of share-based compensation liability	7.1
Current assets	(411.8)
Current liabilities	567.9
	1,930.1
Current portion of risk management assets	22.5
Current portion of risk management liabilities	(115.6)
Net debt	1,837.0
Long-term portion of lease liabilities	(50.1)
Seven Generations net debt excluding lease obligations	1,786.9
ARC net debt excluding lease obligations[1]	568.0
Combined pro forma net debt excluding lease obligations	**2,354.9**

(1) Refer to Note 9 *"Capital Management"* in ARC's financial statements and to the section entitled *"Capitalization, Financial Resources and Liquidity"* in ARC's MD&A.

FORWARD-LOOKING INFORMATION AND STATEMENTS

This news release contains certain forward-looking statements and forward-looking information (collectively referred to as "forward-looking information") within the meaning of applicable securities legislation about current expectations about the future, based on certain assumptions made by ARC. Although ARC believes that the expectations represented by such forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. Forward-looking information in this news release is identified by words such as "anticipate", "believe", "ongoing", "may", "expect", "estimate", "plan", "will", "project", "continue", "target", "strategy", "upholding", or similar expressions and includes suggestions of future outcomes. In particular, but without limiting the foregoing, this news release contains forward-looking information with respect to: the ability of ARC to generate free funds flow and the anticipated uses thereof; the anticipated impacts of turnaround activity and spring break-up on production and field operations and the corresponding decrease to production; estimated production amounts and quantities thereof; the continued electrification of well sites across ARC's asset base; the potential impact of COVID-19, its effect on demand and market volatility, and its possible effect on ARC's future financial and operational results; the anticipated synergies expected to be attained through corporate and finance cost savings, operating efficiencies, market optimization opportunities, and drilling and completions efficiencies; the expected decrease in costs resulting from the satisfaction of Seven Generations' senior notes; the expected reduction in ARC's ratio of net debt excluding lease obligations to annualized funds from operations; the expected increased optionality resulting from reaching ARC's debt reduction targets; the estimated annual capital requirements to sustain ARC's production; the anticipated core areas of ARC's future production; the planned approach to developing the Kakwa asset including plans to continue on the path of optimizing the inter-well spacing for future pad development in the area; ARC's continued commitment to upholding strong environmental performance by reducing its GHG emissions and a continued focus on a strong safety culture; the anticipated timing and content of ARC's virtual analyst and investor update; ARC's intention to monitor its guidance in respect of COVID-19 and provide updates as required; ARC's priorities for the remainder of 2021; the continued payment of ARC's quarterly dividend and the value thereof; anticipated increases to production; the anticipated creation of a cohesive ESG strategy and the implementation thereof; impacts of and the timing of achieving ARC's target range of net debt excluding lease obligations to annualized funds from operations; anticipated cost savings and synergies; and other statements.

Readers are cautioned not to place undue reliance on forward-looking information as ARC's actual results may differ materially from those expressed or implied. ARC undertakes no obligation to update or revise any forward-looking information except as required by law. Developing forward-looking information involves reliance on a number of assumptions and consideration of certain risks and uncertainties, some of which are specific to ARC and others that apply to the industry generally. Material factors or assumptions on which the forward-looking information in this news release include: ARC's ability to successfully integrate the business of Seven Generations; access to sufficient capital to pursue any development plans; ARC's ability to issue securities; the impacts the Business Combination may have on the current credit ratings of ARC; forecast commodity prices and other pricing assumptions; forecast production volumes based on business and market conditions; the accuracy of outlooks and projections contained herein; projected capital investment levels, the flexibility of capital spending plans, and associated sources of funding; achievement of further cost reductions and sustainability thereof; applicable royalty regimes, including expected royalty rates; future improvements in availability of product transportation capacity; opportunity for ARC to pay dividends and the approval and declaration of such dividends by the board of directors of ARC; cash flows, cash balances on hand, and access to the Credit Facility being sufficient to fund capital investments; foreign exchange rates; near-term pricing and continued volatility of the market; the ability of ARC's existing pipeline commitments and financial hedge transactions to partially mitigate a portion of ARC's risks against wider price differentials; estimates of quantities of crude oil, natural gas, and liquids from properties and other sources not currently classified as proved; accounting estimates and judgments; future use and development of technology and associated expected future results; ARC's ability to obtain necessary regulatory approvals; the successful and timely implementation of capital projects or stages thereof; the ability to generate sufficient cash flow to meet current and future obligations; estimated abandonment and reclamation costs, including associated levies and regulations applicable thereto; ARC's ability to obtain and retain qualified staff and equipment in a timely and cost-efficient manner; ARC's ability to carry out transactions on the desired terms and within the expected timelines; forecast inflation and other assumptions inherent in the guidance of ARC; the retention of key assets; the continuance of existing tax, royalty, and regulatory regimes; the accuracy of the estimates of each of ARC's and Seven Generations' reserve volumes; ARC's ability to access and implement all technology necessary to efficiently and effectively operate its assets; the ongoing impact of COVID-19 on commodity prices and the global economy; and other risks and uncertainties described from time to time in the filings made by ARC with securities regulatory authorities.

The forward-looking information in this news release also includes financial outlooks and other related forward-looking information (including production and financial-related metrics) relating to ARC following the completion of the Business Combination, including: the expectations of ARC regarding the impact of the Business Combination on free funds flow, net debt excluding lease obligations, production, and net debt excluding lease obligations to annualized funds from operations. Any financial outlook and forward-looking information implied by such forward-looking statements are described in the joint management information circular of ARC and Seven Generations dated March 1, 2021, and the documents incorporated by reference therein, the MD&A, and ARC's most recent annual information form, which are available on ARC's website at www.arcresources.com and under ARC's SEDAR profile at www.sedar.com and are incorporated by reference herein.

Advisory – Credit Ratings

Credit ratings are intended to provide investors with an independent measure of credit quality of an issue of securities. Credit ratings are not recommendations to purchase, hold, or sell securities and do not address the market price or suitability of a specific security for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by the rating agency in the future if, in its judgment, circumstances so warrant.

About ARC

ARC Resources Ltd. is the largest pure-play Montney producer and one of Canada's largest dividend-paying energy companies, featuring low-cost operations and leading ESG characteristics. ARC's investment-grade credit profile is supported by commodity and geographic diversity and robust risk management practices around all aspects of the business. ARC's common shares trade on the Toronto Stock Exchange under the symbol ARX.

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