ARC RESOURCES LTD. REPORTS STRONG FIRST QUARTER 2022 RESULTS AND A 20 PER CENT INCREASE TO ITS DIVIDEND

NEWS RELEASE

Calgary, May 5, 2022 (ARX - TSX) ARC Resources Ltd. ("ARC" or the "Company") today reported its first quarter 2022 financial and operational results and provided revisions to its 2022 guidance.

HIGHLIGHTS

- ARC delivered first quarter 2022 production of 344,447 boe[(1)(2)] per day (62 per cent natural gas and 38 per cent crude oil and liquids).
- Cash flow from operating activities was $759 million and funds from operations was $744 million[(3)] ($1.08 per share)[(4)], driven by strong average realized prices across the Company's assets.
    - ARC's average realized natural gas price of $5.98 per Mcf[(4)] was $1.39 per Mcf higher than the average AECO 7A Monthly Index price. ARC's average realized condensate price was $119.15 per barrel[(4)].
- Free funds flow was $410 million[(5)] ($0.60 per share)[(6)]. ARC distributed 64 per cent or $265 million ($0.39 per share)[(4)] to shareholders, with the balance allocated to debt reduction.
    - ARC declared dividends of $68 million or $0.10 per share[(4)] and repurchased 13.1 million common shares for $196 million under its normal course issuer bid ("NCIB").
    - Since instituting the NCIB in September 2021, ARC has repurchased 44.7 million common shares or approximately six per cent of total common shares outstanding at an average price of $12.38 per share for $553 million.
    - Since acquiring Seven Generations Energy Ltd. ("Seven Generations") on April 6, 2021, ARC has generated more than $1.6 billion ($2.29 per share) of free funds flow. Over the period, WTI averaged US$77 per barrel and the AECO 7A Monthly Index price averaged $4.00 per Mcf.
- ARC's board of directors (the "Board") has approved an increase of 20 per cent to ARC's quarterly dividend, from $0.10 per share to $0.12 per share, beginning with the dividend that is expected to be paid on July 15, 2022, to shareholders of record on June 30, 2022. The revised dividend is sustainable at approximately US$40 per barrel WTI and $2.00 per gigajoule ("GJ") AECO.
- As of March 31, 2022, ARC's long-term debt balance was $1.6 billion and its net debt balance was $1.7 billion[(3)] or 0.6 times funds from operations[(3)].
- Cash flow used in investing activities was $347 million, of which $333 million was invested into capital expenditures[(5)]. During the first quarter of 2022, ARC drilled 31 wells and completed 41 wells across its Alberta and British Columbia ("BC") operations.
- As part of its market diversification strategy, ARC has entered into a long-term natural gas supply agreement with Cheniere Energy, Inc. ("Cheniere"). Leveraging its scale, low-emissions profile, and operational excellence, ARC will supply 140,000 million British thermal units ("MMBtu") per day of natural gas for a term of 15 years commencing with commercial operations of Train 7 of the Corpus Christi Stage III expansion, which is expected to occur in 2027. ARC will deliver natural gas to Cheniere through existing pipeline capacity and will receive a liquefied natural gas

("LNG") price based on Platts JKM™ (Japan Korea Marker), after deductions for fixed LNG shipping costs and a fixed liquefaction fee.

- This agreement supports the next phase of ARC's diversification and margin expansion strategy, by leveraging the Company's strategic advantages to secure long-term supply deals in support of the transition to a lower carbon economy underpinned by natural gas.

- In April 2022, ARC received certification under Equitable Origin's EO100™ Standard for Responsible Development for its northeast BC assets, including Greater Dawson and Sunrise. Including its existing certification at Kakwa, ARC now holds the largest certified production base under this standard by a Canadian energy producer, with approximately 95 per cent of its current production certified.

ARC's unaudited condensed consolidated financial statements and notes (the "financial statements") and Management's Discussion and Analysis ("MD&A") as at and for the three months ended March 31, 2022, are available on ARC's website at www.arcresources.com and under ARC's SEDAR profile at www.sedar.com. The disclosure under the section "Non-GAAP and Other Financial Measures" in ARC's MD&A as at and for the three months ended March 31, 2022 (the "Q1 2022 MD&A") is incorporated by reference into this news release.

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(1) ARC has adopted the standard six thousand cubic feet ("Mcf") of natural gas 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.

(2) 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.

(3) See Note 10 *"Capital Management"* in the financial statements and *"Non-GAAP and Other Financial Measures"* in the Q1 2022 MD&A for information relating to this capital management measure, which information is incorporated by reference into this news release.

(4) See *"Non-GAAP and Other Financial Measures"* in the Q1 2022 MD&A for an explanation of the composition of this supplementary financial measure, which information is incorporated by reference into this news release.

(5) Non-GAAP financial measure that is not a standardized financial measure under International Financial Reporting Standards ("IFRS") and may not be comparable to similar financial measures disclosed by other issuers. See *"Non-GAAP and Other Financial Measures"* in the Q1 2022 MD&A for information relating to this non-GAAP financial measure, which information is incorporated by reference into this news release. See *"Non-GAAP and Other Financial Measures"* of this news release for the most directly comparable financial measure disclosed in ARC's current financial statements to which such non-GAAP financial measure relates and a reconciliation to such comparable financial measure.

(6) Non-GAAP financial ratio that is not a standardized financial measure under IFRS and may not be comparable to similar financial measures disclosed by other issuers. Free funds flow, a non-GAAP financial measure, is used as a component of the non-GAAP financial ratio. See *"Non-GAAP and Other Financial Measures"* in the Q1 2022 MD&A for the non-GAAP financial ratio for the comparative period and other information relating to this non-GAAP financial ratio, which information is incorporated by reference into this news release.

FINANCIAL AND OPERATIONAL RESULTS

(Cdn$ millions, except per share amounts[1], boe amounts, and common shares outstanding)	Three Months Ended December 31, 2021	Three Months Ended **March 31, 2022**	Three Months Ended March 31, 2021[2]
FINANCIAL RESULTS			
Net income (loss)	678.0	**(69.4)**	178.0
Per share	0.96	**(0.10)**	0.50
Cash flow from operating activities	668.7	**758.8**	266.8
Per share[3]	0.95	**1.10**	0.75
Funds from operations	833.6	**743.6**	273.9
Per share	1.19	**1.08**	0.77
Free funds flow	458.7	**410.3**	148.2
Per share	0.65	**0.60**	0.42
Dividends declared	69.5	**68.2**	21.3
Per share	0.10	**0.10**	0.06
Cash flow used in investing activities	268.7	**346.7**	104.1
Capital expenditures	374.9	**333.3**	125.7
Long-term debt	1,705.3	**1,578.7**	1,608.8
Net debt	1,828.7	**1,695.5**	568.0
Common shares outstanding, weighted average diluted (millions)	703.0	**688.8**	354.4
Common shares outstanding, end of period (millions)	693.5	**680.9**	353.4
OPERATIONAL RESULTS			
Production			
Crude oil (bbl/day)	7,857	**7,892**	13,647
Condensate (bbl/day)	74,220	**72,956**	13,812
Crude oil and condensate (bbl/day)	82,077	**80,848**	27,459
Natural gas (MMcf/day)	1,293	**1,280**	794
NGLs (bbl/day)	48,299	**50,257**	10,620
Total (boe/day)	345,831	**344,447**	170,430
Average realized price			
Crude oil ($/bbl)[3]	92.11	**111.48**	64.46
Condensate ($/bbl)[3]	96.90	**119.15**	71.59
Natural gas ($/Mcf)[3]	6.45	**5.98**	4.60
NGLs ($/bbl)[3]	27.65	**27.94**	29.45
Average realized price ($/boe)[3]	50.87	**54.10**	34.25
Netback			
Commodity sales from production ($/boe)[3]	50.87	**54.10**	34.25
Royalties ($/boe)[3]	(5.44)	**(7.81)**	(1.69)
Operating expense ($/boe)[3]	(3.50)	**(4.04)**	(3.85)
Transportation expense ($/boe)[3]	(5.47)	**(5.57)**	(3.70)
Netback ($/boe)[4]	36.46	**36.68**	25.01
TRADING STATISTICS[5]			
High price	13.34	**17.50**	8.67
Low price	10.20	**11.66**	5.88
Close price	11.50	**16.74**	7.72
Average daily volume (thousands of shares)	3,173	**4,224**	3,125

(1) Per share amounts, with the exception of dividends, are based on weighted average diluted common shares.

(2) Comparative figures represent ARC's results prior to the closing of the business combination with Seven Generations on April 6, 2021, and therefore do not reflect historical data from Seven Generations.

(3) See *"Non-GAAP and Other Financial Measures"* in the Q1 2022 MD&A for an explanation of the composition of this supplementary financial measure, which information is incorporated by reference into this news release.

(4) Non-GAAP financial ratio that is not a standardized financial measure under IFRS and may not be comparable to similar financial measures disclosed by other issuers. Netback, a non-GAAP financial measure, is used as a component of the non-GAAP financial ratio. See *"Non-GAAP and Other Financial Measures"* in the Q1 2022 MD&A for the non-GAAP financial ratio for the comparative period and other information relating to this non-GAAP financial ratio, which information is incorporated by reference into this news release.

(5) Trading prices are stated in Canadian dollars on a per share basis and are based on intra-day trading on the Toronto Stock Exchange.

OUTLOOK

- ARC's 2022 capital program remains centered around the Company's guiding principles of capital discipline, profitable investment, and financial strength.
    - Planned capital expenditures are unchanged at $1.15 to $1.25 billion.
    - The capital program, including the revised dividend, is expected to be fully funded by funds from operations at approximately US$40 per barrel WTI and $2.00 per GJ AECO.
    - Production guidance is unchanged at 335,000 to 350,000 boe per day.
    - Transportation guidance has been revised upward to reflect an increase in tolls on certain natural gas pipelines, as well as higher fuel gas expense recognized in conjunction with higher natural gas prices. Fuel gas expense is recognized in transportation expense with a corresponding increase to commodity sales from production.
    - General and administrative ("G&A") expense associated with share-based compensation guidance has been revised upward to reflect higher-than-expected expense recognized under ARC's share-based compensation plans during the first quarter of 2022.
    - Current income tax expense guidance has been revised upward to reflect the increase in expected taxable income associated with higher commodity prices.
- Over the balance of year, ARC will re-direct capital to its Kakwa asset. Excess natural gas processing capacity and strong condensate fundamentals will drive higher free funds flow with no changes to total capital expenditures and production guidance.
    - Since acquiring the asset in 2021, ARC has achieved improved capital efficiencies through lower costs and positive well performance. ARC believes the optimal production level to profitably develop the asset over the long term is between 180,000 and 200,000 boe per day. Kakwa production averaged 174,665 boe per day during the first quarter of 2022.
- ARC remains fully prepared to proceed with development of Attachie West Phase I and the Sunrise expansion as soon as the BC regulatory environment supports such investment. The recent receipt of new development permits from the BC Oil and Gas Commission is a positive step towards establishing a solid foundation for future investment in the province.

Market Diversification Strategy

- ARC continues to take a risk-managed approach to building a long-term natural gas strategy that focuses on margin expansion and diversification into key consuming regions. ARC has extensive natural gas price diversification within North America through long-term commitments to sell natural gas into the US Midwest, Henry Hub, Malin, and Dawn.
- The previously announced long-term natural gas supply agreement with an LNG Canada participant was ARC’s first step in directing natural gas to LNG facilities directly, achieving a premium for the Company's natural gas based on North American pricing. The subsequent Cheniere agreement represents the second long-term agreement in the execution of ARC's LNG strategy, achieving internationally benchmarked pricing. As ARC progresses its diversification and margin expansion strategy, the Company is focused on capturing additional opportunities along the value chain in the US Gulf Coast and western Canada. This is consistent with ARC's strategy of creating new markets for its product and competitively diversifying its natural gas sales points.

Free Funds Flow Allocation

- ARC reaffirms its commitment to return between 50 and 80 per cent of free funds flow generated in 2022 to shareholders and the remainder to debt reduction. Currently, the optimal mechanism to return shareholder capital is through a sustainable base dividend that grows over time, and continued share repurchases.
  - The dividend level is designed to grow with the underlying profitability of the business and must be sustainable during extended periods of low commodity prices.
  - Share repurchases will continue to be executed when the intrinsic value of ARC's shares under mid-cycle commodity price assumptions exceeds the current market trading price.

2022 Guidance

	2022 Guidance	**2022 Guidance (May 2022)**
Production		
Crude oil (bbl/day)	7,000 - 9,000	**7,000 - 9,000**
Condensate (bbl/day)	72,000 - 78,000	**72,000 - 78,000**
Crude oil and condensate (bbl/day)	79,000 - 87,000	**79,000 - 87,000**
Natural gas (MMcf/day)	1,240 - 1,280	**1,240 - 1,280**
NGLs (bbl/day)	49,000 - 51,000	**49,000 - 51,000**
Total (boe/day)	335,000 - 350,000	**335,000 - 350,000**
Expenses ($/boe)(1)		
Operating	4.00 - 4.50	**4.00 - 4.50**
Transportation	4.50 - 5.00	**5.35 - 5.75**
G&A expense before share-based compensation expense	0.80 - 0.90	**0.80 - 0.90**
G&A - share-based compensation expense	0.30 - 0.40	**0.60 - 0.70**
Interest and financing(2)	0.55 - 0.65	**0.55 - 0.65**
Current income tax expense as a per cent of funds from operations(1)	1 - 6	**3 - 8**
Capital expenditures ($ billions)(3)	1.15 - 1.25	**1.15 - 1.25**

(1) See *"Non-GAAP and Other Financial Measures"* in the Q1 2022 MD&A for an explanation of the composition of this supplementary financial measure, which information is incorporated by reference into this news release.
(2) Excludes accretion of ARC's asset retirement obligation ("ARO").
(3) See *"About ARC Resources Ltd."* in the Q1 2022 MD&A for historical capital expenditures.

- For a summary of ARC's 2022 year-to-date actuals for production, expenses, and capital expenditures, as compared to revised guidance, see *"Annual Guidance"* in the Q1 2022 MD&A.

OPERATIONAL RESULTS

Cash Flow Used in Investing Activities and Capital Expenditures

- Cash flow used in investing activities was $347 million during the first quarter of 2022, of which $333 million was invested into capital expenditures to drill 31 wells and complete 41 wells.

- The following table details ARC's capital activity by area during the first quarter of 2022.

Area	Three Months Ended March 31, 2022 Wells Drilled[1]	Wells Completed[1]
Kakwa	**21**	**16**
Greater Dawson	**6**	**7**
Sunrise	**—**	**9**
Ante Creek	**4**	**9**
Total	**31**	**41**

(1) Wells drilled and completed for operated assets only.

Production and Operating Expense

Production

- ARC's production averaged 344,447 boe per day during the first quarter of 2022 (62 per cent natural gas and 38 per cent crude oil and liquids), unchanged from the fourth quarter of 2021.
- ARC's field operations and production will be affected by planned turnaround activity during the second quarter of 2022. Accordingly, average production is expected to be approximately three per cent lower than in the first quarter of 2022, with growth planned to resume over the second half of the year.

Operating Expense

- ARC's first quarter 2022 operating expense per boe of $4.04 increased 15 per cent or $0.54 per boe from the fourth quarter of 2021, primarily due to a planned increase in maintenance and workover activities.
- Commensurate with the turnaround activity planned, ARC's operating expense per boe in the second quarter of 2022 is expected to increase from the first quarter, before trending lower on a per boe basis over the balance of 2022.

Physical Marketing

Average Realized Prices

- ARC's diversified sales portfolio enhances the Company's ability to manage risk and generate value through its physical marketing activities.
    - During the first quarter of 2022, ARC's average realized natural gas price of $5.98 per Mcf was $1.39 per Mcf, or 30 per cent higher than the average AECO 7A Monthly Index price.
    - Crude oil and liquids pricing strengthened significantly during the period. ARC's average realized condensate price of $119.15 per barrel increased by 23 per cent, and ARC's average realized crude oil price of $111.48 per barrel increased by 21 per cent relative to the fourth quarter of 2021. ARC's average realized NGLs price of $27.94 per barrel was relatively unchanged.

Transportation Expense

- ARC's first quarter 2022 transportation expense per boe of $5.57 increased by two per cent from the fourth quarter of 2021 primarily due to increased tolls on certain natural gas pipelines, as well as increased fuel gas expense resulting from higher natural gas prices.

FINANCIAL RESULTS

Financial Position

- As of March 31, 2022, ARC's long-term debt balance was $1.6 billion, and its net debt balance was $1.7 billion, or 0.6 times funds from operations.
    - Long-term debt comprised $1.0 billion of senior notes outstanding and $0.6 billion in borrowings under the Company's $2.0 billion credit facility.
- ARC targets its net debt to be in the range of 1.0 to 1.5 times funds from operations at mid-cycle commodity prices.
    - The Company continues to strengthen its financial position with excess free funds flow. During the first quarter of 2022, ARC reduced long-term debt and net debt by $127 million and $133 million, respectively.

Returns to Shareholders

- ARC distributed 64 per cent or $265 million ($0.39 per share) of free funds flow to shareholders during the first quarter of 2022 through a combination of dividends and share repurchases.

Dividends

- ARC declared dividends of $68 million or $0.10 per share during the first quarter of 2022.
- The Board has approved an increase of 20 per cent to ARC's quarterly dividend, from $0.10 per share to $0.12 per share, beginning with the dividend that is expected to be paid on July 15, 2022, to shareholders of record on June 30, 2022.
- ARC's dividend continues to serve as the Company's primary mechanism of returning capital to shareholders over the long term and is designed to grow with the underlying profitability of the business.

Share Repurchases

- ARC repurchased 13.1 million common shares under its NCIB during the first quarter of 2022 at a weighted average price of $15.00 per share for $196 million.
- Since its NCIB commenced on September 1, 2021, ARC has repurchased 44.7 million common shares or approximately six per cent of total shares outstanding. The common shares have been repurchased at a weighted average price of $12.38 per share for $553 million.
- ARC will continue to repurchase common shares when the intrinsic value of the Company's common shares under lower commodity price assumptions exceeds the current market trading price.

Net Income (Loss)

- ARC recognized a net loss of $69 million ($0.10 per share) during the first quarter of 2022, compared to net income of $678 million ($0.96 per share) during the fourth quarter of 2021.
    - During the first quarter of 2022, ARC recognized increased losses on its risk management contracts and recorded increased royalties and current income taxes associated with the increase in average realized commodity prices. Additionally, ARC recorded a higher G&A expense during the period, reflecting higher cash payments made under the Company's share-based compensation plans in conjunction with strong share price appreciation.

- Partially offsetting the reductions to earnings during the first quarter of 2022 was the recognition of a deferred income tax recovery.

Cash Flow from Operating Activities, Funds from Operations, and Free Funds Flow

Cash Flow from Operating Activities

- Cash flow from operating activities was $759 million ($1.10 per share) during the first quarter of 2022, increasing by $90 million ($0.15 per share) from the fourth quarter of 2021.

Funds from Operations

- ARC generated funds from operations of $744 million ($1.08 per share) during the first quarter of 2022, representing a decrease of $90 million ($0.11 per share) from the fourth quarter of 2021.
  - Royalties of $242 million ($0.35 per share)(1) increased by $70 million from the fourth quarter of 2021, reflecting the impact of higher average realized commodity prices.
  - ARC's expected taxable income has also increased with the rise in commodity prices, which resulted in ARC recording a current income tax expense of $55 million ($0.08 per share)(1) during the first quarter of 2022.
  - ARC's first quarter 2022 G&A expense of $72 million ($0.10 per share)(1) increased by $26 million from the fourth quarter of 2021. The increase in G&A expense primarily reflects the increase in the fair value of the Company's share-based compensation plans due to ARC's common share price appreciating by 46 per cent since December 31, 2021.
  - Partially offsetting the reductions to funds from operations were increased commodity sales from production and lower realized losses on ARC's risk management.

- The following table details the change in funds from operations for the first quarter of 2022 relative to the fourth quarter of 2021.

Funds from Operations Reconciliation	$ millions	$/share[2]
Funds from operations for the three months ended December 31, 2021	833.6	1.19
Production volumes		
Crude oil and liquids	**(24.5)**	**(0.04)**
Natural gas	**(24.1)**	**(0.03)**
Commodity prices		
Crude oil and liquids	**161.4**	**0.24**
Natural gas	**(54.3)**	**(0.08)**
Sales of commodities purchased from third parties	**231.9**	**0.33**
Other income	**2.0**	**—**
Realized loss on risk management contracts	**27.2**	**0.04**
Royalties	**(69.6)**	**(0.10)**
Expenses		
Commodities purchased from third parties	**(233.8)**	**(0.33)**
Operating	**(13.8)**	**(0.02)**
Transportation	**1.6**	**—**
G&A	**(25.5)**	**(0.04)**
Interest and financing[3]	**1.5**	**—**
Current income tax	**(69.0)**	**(0.10)**
Realized loss on foreign exchange	**(2.1)**	**—**
Other	**1.1**	**—**
Weighted average shares, diluted	**—**	**0.02**
Funds from operations for the three months ended March 31, 2022	**743.6**	**1.08**

(1) See *"Non-GAAP and Other Financial Measures"* in the Q1 2022 MD&A for an explanation of the composition of this supplementary financial measure, which information is incorporated by reference into this news release.
(2) Per share amounts are based on weighted average diluted common shares.
(3) Excludes accretion of ARC's ARO.

Free Funds Flow

- ARC generated free funds flow of $410 million ($0.60 per share) during the first quarter of 2022. 64 per cent or $265 million ($0.39 per share) of free funds flow was returned to shareholders, with the remaining free funds flow used to strengthen the Company's financial position.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE INITIATIVES

- In April 2022, ARC received certification under Equitable Origin's EO100™ Standard for Responsible Development for its northeast BC assets, including Greater Dawson and Sunrise. ARC now holds the largest certified production base under this standard by a Canadian energy producer, with approximately 95 per cent of its current production certified. This is the second certification for the Company, the first of which was achieved by Seven Generations in 2019 for the Kakwa asset.

- During the quarter, ARC completed a small-scale, emissions-reduction project at its Parkland 03-09 natural gas processing facility. The project included the electrification of the facility's final outstanding natural gas-fired compressor, which is anticipated to reduce greenhouse gas ("GHG") emissions by approximately 6,000 tonnes of carbon dioxide equivalent per year.

BOARD OF DIRECTORS UPDATE

- After 13 years of service, Kathleen O'Neill will be retiring from the Board on May 6, 2022. ARC would like to extend its sincerest gratitude to Ms. O'Neill for the guidance and wisdom she provided to the Board and Management during her tenure.

CONFERENCE CALL

ARC's senior leadership team will be hosting a conference call to discuss the Company's first quarter 2022 results on Friday, May 6, 2022, at 7:00 a.m. Mountain Time ("MT").

Date	Friday, May 6, 2022
Time	7:00 a.m. MT
Dial-in Numbers	
Calgary	587-880-2171
Toronto	416-764-8659
Toll-free	1-888-664-6392
Conference ID	89357067
Webcast URL	https://produceredition.webcasts.com/starthere.jsp?ei=1542881&tp_key=230c530d02

Callers are encouraged to dial in 15 minutes before the start time to register for the event. A replay will be available on ARC's website at www.arcresources.com following the conference call.

NON-GAAP AND OTHER FINANCIAL MEASURES

Throughout this news release and in other materials disclosed by the Company, ARC employs certain measures to analyze its financial performance, financial position, and cash flow. These non-GAAP and other financial measures are not standardized financial measures under IFRS and may not be comparable to similar financial measures disclosed by other issuers. The non-GAAP and other financial measures should not be considered to be more meaningful than generally accepted accounting principles ("GAAP") measures which are determined in accordance with IFRS, such as net income (loss), cash flow from operating activities, and cash flow used in investing activities, as indicators of ARC's performance.

Non-GAAP Financial Measures

Capital Expenditures

ARC uses capital expenditures to monitor its capital investments compared to the Company’s annually budgeted capital investments. ARC’s capital budget excludes acquisition or disposition activities as well as the accounting impact of any accrual changes and payments under certain lease arrangements. The directly comparable GAAP measure to capital expenditures is cash flow used in investing activities. The following table details the composition of capital expenditures and its reconciliation to cash flow used in investing activities.

($ millions)	Three Months Ended **March 31, 2022**	 March 31, 2021
Cash flow used in investing activities	**346.7**	104.1
Acquisition of crude oil and natural gas assets	**(0.8)**	—
Disposal of crude oil and natural gas assets	**7.4**	0.1
Change in non-cash working capital	**(22.7)**	19.8
Other property, plant and equipment ("PP&E")(1)	**2.7**	1.7
Capital expenditures	**333.3**	125.7

(1) Other PP&E comprises non-cash capitalized costs related to the Company's right-of-use asset depreciation and share-based compensation.

Free Funds Flow

ARC uses free funds flow as an indicator of the efficiency and liquidity of ARC's business, measuring its funds after capital investment available to manage debt levels, pay dividends, and return capital to shareholders. ARC computes free funds flow as funds from operations generated during the period less capital expenditures. Capital expenditures is a non-GAAP financial measure. By removing the impact of current period capital expenditures from funds from operations, Management monitors its free funds flow to inform its capital allocation decisions. The most directly comparable GAAP measure to free funds flow is cash flow from operating activities. The following table details the calculation of free funds flow and its reconciliation to cash flow from operating activities.

($ millions)	Three Months Ended **March 31, 2022**	 March 31, 2021
Cash flow from operating activities	**758.8**	266.8
Net change in other liabilities	**40.8**	18.2
Change in non-cash operating working capital	**(56.0)**	(11.1)
Funds from operations	**743.6**	273.9
Capital expenditures(1)	**(333.3)**	(125.7)
Free funds flow	**410.3**	148.2

(1) Certain additional disclosures for these specified financial measures have been incorporated by reference. See *"Cash Flow Used in Investing Activities, Capital Expenditures, Acquisitions, and Dispositions"* in the Q1 2022 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 regarding 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 declaration and payment of future dividends in the amount of $0.12 per share; the anticipated on-stream date of Cheniere's Corpus Christi Stage III expansion and ARC's ability to deliver 140,000 MMBtu per day of natural gas to the facility; ARC's 2022 guidance, including planned capital expenditures (and the commodity prices at which such capital expenditures are fully funded by funds from operations), production guidance, and expenses; ARC's plans to re-direct capital to the Kakwa asset and the optimal production levels of the same, and to proceed with the development of Attachie West Phase I and the Sunrise expansion once the BC regulatory environment becomes more certain; ARC's ability to capture additional opportunities along the value chain in the US Gulf Coast and western Canada through execution of its market diversification strategy; plans to allocate surplus funds from operations to returns to shareholders and debt reduction; ARC's objectives with respect to growing its dividend and share repurchases under its NCIB; ARC's planned turnaround activities in the second quarter of 2022 and the effects thereof on production and operating expenses; ARC's target net debt to funds from operations ratio over the long term; and ARC's ability to reduce GHG emissions at the Parkland 03-09 natural gas processing facility. Further, statements relating to reserves are deemed to be forward-looking information, as they involve the implied assessment, based on certain estimates and assumptions, that the resources and reserves described can be profitably produced in the future. In addition, forward-looking information may include statements attributable to third-party industry sources. There can be no assurance that the plans, intentions, or expectations upon which these forward-looking statements are based will occur.

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. The material assumptions on which the forward-looking information in this news release are based, and the material risks and uncertainties underlying such forward-looking information, include: ARC's ability to successfully integrate and realize the anticipated benefits of completed or future acquisitions and divestitures; access to sufficient capital to pursue any development plans; ARC's ability to issue securities and to repurchase its securities under the NCIB; ARC's ability to meet and maintain certain targets, including with respect to emissions-related reductions and ESG performance; expectations and projections made in light of ARC's historical experience; data contained in key modeling statistics; the potential implementation of new technologies and the cost thereof; forecast commodity prices and other pricing assumptions with respect to ARC's 2022 capital expenditure budget; continuing uncertainty of the impact of the June 29, 2021 BC Supreme Court ruling in *Blueberry River First Nations (Yahey) v. Province of British Columbia* on BC and/or federal laws or policies affecting resource development in northeast BC and potential outcomes of the ongoing negotiations between Blueberry River First Nations and the Government of BC; assumptions with respect to global economic conditions and the accuracy of ARC's market outlook expectations for 2022 and in the future; suspension of or changes to guidance, and the associated impact to production; the assumption that the regulatory environment will be able to support ARC's investment in the execution of Attachie West Phase I and the Sunrise expansion, including that regulatory authorities in BC will resume granting approvals for oil and gas activities relating to drilling, completions, testing, processing facilities, and production and transportation infrastructure in 2022 on time frames, and terms and conditions, consistent with past practice; forecast production volumes based on business and market conditions; the accuracy of outlooks and projections contained herein; that future business, regulatory, and industry conditions will be within the parameters expected by ARC, including with respect to prices, margins, demand, supply, product availability, supplier agreements, availability, and cost of labour and interest, exchange, and effective tax rates; projected capital investment levels, the flexibility of capital spending plans, and associated sources of funding; the ability of ARC to complete capital programs and the flexibility of ARC's capital structure; 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; the existence of alternative uses for ARC's cash resources which may be superior to payment of dividends or effecting repurchases of outstanding common shares; cash flows, cash balances on hand, and access to ARC's 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 risk management transactions to partially mitigate a portion of ARC's risks against wider price differentials; business interruption, property and casualty losses, or unexpected technical difficulties; 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 generally; potential regulatory and industry changes stemming from the results of court actions affecting regions in which ARC holds assets; risks and uncertainties related to oil and gas interests and operations on Indigenous lands; 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; GLJ Ltd.'s estimates with respect to commodity pricing; ARC's ability to access and implement all technology necessary to efficiently and effectively operate its assets; the ongoing impact of the COVID-19 pandemic on commodity prices and the global economy; and other assumptions, risks, and uncertainties described from time to time in the filings made by ARC with securities regulatory authorities.

The forward-looking information contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking information included in this news release are made as of the date of this news release and, except as required by applicable securities laws, ARC undertakes no obligation to publicly update such forward-looking information to reflect new information, subsequent events or otherwise.

About ARC

ARC Resources Ltd. is a pure-play Montney producer and one of Canada's largest dividend-paying energy companies, featuring low-cost operations and leading ESG performance. 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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