Extractive Sector Transparency Measures Act Report

Reporting Year From: 1/1/2016 To: 12/31/2016
Reporting Entity Name ARC Resources Ltd.

Reporting Entity ESTMA Identification Number E256030

Subsidiary Reporting Entities (if necessary) ARC Resources General Partnership E137009, 1504793 Alberta Ltd. E255599, Redwater A&R Trust E472081

Attestation: Please check one of the boxes below and provide the required information

☐ Attestation (by Reporting Entity)

In accordance with the requirements of the ESTMA, and in particular section 9 thereof, I attest I have reviewed the information contained in the ESTMA report for the entity(ies) listed above. Based on my knowledge, and having exercised reasonable diligence, the information in the ESTMA report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

☐ Attestation (through independent audit)

In accordance with the requirements of the ESTMA, and in particular section 9 thereof, I attest that I engaged an independent auditor to undertake an audit of the ESTMA report for the entity(ies) and period listed above. Such an audit was conducted in accordance with the Technical Reporting Specifications issued by Natural Resources Canada for independent attestation of ESTMA reports.

The auditor expressed an unmodified opinion, dated 5/3/2017, on the ESTMA report for the entity(ies) and period listed above.
The independent auditor’s report is on page 8 of the ESTMA report which can be found at http://www.arcresources.com/investors/reporting/estma

Director or Officer of Reporting Entity Full Name: P. Van R. Dafoe
Position Title: Senior Vice President & Chief Financial Officer
Date: 5/3/2017
### Payments by Payee

<table>
<thead>
<tr>
<th>Country</th>
<th>Payee Name</th>
<th>Taxes</th>
<th>Royalties</th>
<th>Fees</th>
<th>Production Entitlements</th>
<th>Bonuses</th>
<th>Dividends</th>
<th>Improvement Payments</th>
<th>Total Amount paid to Payee</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>Big Lakes County</td>
<td>$510,000</td>
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<td></td>
<td></td>
<td>$510,000</td>
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<tr>
<td>Canada</td>
<td>Brazeau County</td>
<td>$5,280,000</td>
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<td>$5,280,000</td>
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<tr>
<td>Canada</td>
<td>Clear Hills County</td>
<td>$330,000</td>
<td>$110,000</td>
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<td></td>
<td></td>
<td>$440,000</td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>Clearwater County</td>
<td>$140,000</td>
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<td></td>
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<td></td>
<td>$140,000</td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>County of Grande Prairie No. 1</td>
<td>$150,000</td>
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<td>$150,000</td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>County of Northern Lights</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$100,000</td>
<td></td>
<td></td>
<td>$100,000</td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>Federal Government of Canada</td>
<td>$13,310,000</td>
<td>$110,000</td>
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<td></td>
<td></td>
<td>$13,310,000</td>
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</tr>
<tr>
<td>Canada</td>
<td>Municipal District of Greenview No. 15</td>
<td>$2,310,000</td>
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<td></td>
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<td>$2,310,000</td>
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</tr>
<tr>
<td>Canada</td>
<td>Municipal District of Taber</td>
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<td></td>
<td></td>
<td>$140,000</td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>Government of Alberta</td>
<td>$6,370,000</td>
<td>$22,820,000</td>
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<td></td>
<td></td>
<td></td>
<td>$36,810,000</td>
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</tr>
<tr>
<td>Canada</td>
<td>Government of British Columbia</td>
<td>$1,160,000</td>
<td>$36,680,000</td>
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<td>$6,270,000</td>
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<td></td>
<td></td>
<td>$47,110,000</td>
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<tr>
<td>Canada</td>
<td>Government of Saskatchewan</td>
<td>$2,090,000</td>
<td>$11,880,000</td>
<td></td>
<td>$730,000</td>
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<td></td>
<td></td>
<td>$15,870,000</td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>Red Deer County</td>
<td>$280,000</td>
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<td></td>
<td>$280,000</td>
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</tr>
</tbody>
</table>

- Royalties paid in-kind total $18,230,000 and are valued at the fair market value of the volumes taken in-kind, based on ARC's realized sales price.
- Payee includes recipients:
  - Innovation, Science & Economic Development Canada;
  - Receiver General for Canada;
  - ABSA - Pressure Equipment Safety Authority;
  - Agriculture Financial Services Corporation;
  - Alberta Energy Regulator;
  - Alberta Municipal Affairs Special Areas Board;
  - Alberta Sustainable Resource Development;
  - Alberta Petroleum Marketing Commission (APMC);
  - Eastern Irrigation District;
  - Minister of Finance;
  - Provincial Treasurer of Alberta;
  - Safety Codes Council.

- Royalties paid in-kind total $18,230,000 and are valued at the fair market value of the volumes taken in-kind, based on ARC's realized sales price.
- Payee includes recipients:
  - BC Oil & Gas Commission;
  - British Columbia Safety Authority;
  - BC Transportation Financing Authority (Ministry of Energy & Mines);
  - Land Title & Survey Authority of British Columbia;
  - Ministry of Environment;
  - Minister of Finance;
  - Ministry of Forests, Lands & Natural Resource Operations;
  - Ministry of Natural Gas Development;
  - Ministry of Transportation & Infrastructure.

- Royalties paid in-kind total $18,230,000 and are valued at the fair market value of the volumes taken in-kind, based on ARC's realized sales price.
- Payee includes recipients:
  - Information Services Corporation;
  - Ministry of Agriculture;
  - Ministry of the Economy;
  - Saskatchewan Research Council;
  - Southeast Saskatchewan Aboriginal Association;
  - Technical Safety Authority of Saskatchewan;
  - Water Security Agency.
<table>
<thead>
<tr>
<th>Canada Rural Municipality of Argyle No. 1</th>
<th>$210,000</th>
<th>$210,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada Rural Municipality of Browning No. 34</td>
<td>$470,000</td>
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<tr>
<td>Canada Rural Municipality of Lavelle No. 38</td>
<td>$130,000</td>
<td>$130,000</td>
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<tr>
<td>Canada Rural Municipality of Lomond No. 37</td>
<td>$540,000</td>
<td>$540,000</td>
</tr>
<tr>
<td>Canada Rural Municipality of Moose Creek No. 33</td>
<td>$130,000</td>
<td>$130,000</td>
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<tr>
<td>Canada Rural Municipality of Petipsy No. 32</td>
<td>$140,000</td>
<td>$140,000</td>
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<td>Canada Rural Municipality of Wawken No. 93</td>
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<td>Canada Rural Municipality of Souris Valley No. 7</td>
<td>$740,000</td>
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</tr>
<tr>
<td>Canada Saddle Hills County</td>
<td>$450,000</td>
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<tr>
<td>Canada Strathcona County</td>
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<tr>
<td>Canada Sturgeon County</td>
<td>$620,000</td>
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<tr>
<td>Canada Thorsby County</td>
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<td>$620,000</td>
</tr>
<tr>
<td>Canada Town of Drayton Valley</td>
<td>$480,000</td>
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</tr>
<tr>
<td>Canada Town of Redwater</td>
<td>$230,000</td>
<td>$230,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$38,210,000</strong></td>
<td><strong>$74,380,000</strong></td>
</tr>
</tbody>
</table>

All payments were made in Canadian dollars.
# Extractive Sector Transparency Measures Act - Annual Report

Reporting Year From: 1/1/2016 To: 12/31/2016

Reporting Entity Name: ARC Resources Ltd.

Reporting Entity ESTMA Identification Number: E298020

Subsidiary Reporting Entities (if necessary):
- ARC Resources General Partnership E137009, 1504793 Alberta Ltd. E255599, Redwater A&R Trust E472081

## Payments by Project

<table>
<thead>
<tr>
<th>Country</th>
<th>Project Name</th>
<th>Taxes</th>
<th>Royalties</th>
<th>Fees</th>
<th>Production Entitlements</th>
<th>Bonuses</th>
<th>Dividends</th>
<th>Infrastructure Improvement Payments</th>
<th>Total Amount paid by Project</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>Northeast British Columbia</td>
<td>$1,170,000</td>
<td>$26,680,000</td>
<td>$6,290,000</td>
<td></td>
<td>$2,560,000</td>
<td></td>
<td></td>
<td>$49,700,000</td>
<td>Royalties paid in-kind total $9,340,000 and are valued at the fair market value of the volumes taken in-kind, based on ARC's realized sales price.</td>
</tr>
<tr>
<td>Canada</td>
<td>Northern Alberta</td>
<td>$3,780,000</td>
<td>$14,730,000</td>
<td>$2,490,000</td>
<td></td>
<td></td>
<td>$80,000</td>
<td></td>
<td>$19,070,000</td>
<td>Royalties paid in-kind total $7,980,000 and are valued at the fair market value of the volumes taken in-kind, based on ARC's realized sales price.</td>
</tr>
<tr>
<td>Canada</td>
<td>Pembina, Alberta</td>
<td>$5,900,000</td>
<td>$9,300,000</td>
<td>$1,900,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$17,150,000</td>
<td>Royalties paid in-kind total $7,180,000 and are valued at the fair market value of the volumes taken in-kind, based on ARC's realized sales price.</td>
</tr>
<tr>
<td>Canada</td>
<td>South Central Alberta</td>
<td>$2,830,000</td>
<td>$890,000</td>
<td>$870,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$4,600,000</td>
<td>Royalties paid in-kind total $4,600,000 and are valued at the fair market value of the volumes taken in-kind, based on ARC's realized sales price.</td>
</tr>
<tr>
<td>Canada</td>
<td>Southeast Saskatchewan</td>
<td>$5,130,000</td>
<td>$11,740,000</td>
<td>$790,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$17,620,000</td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>Corporate-ARC Resources Ltd.</td>
<td>$19,400,000</td>
<td></td>
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<td></td>
<td></td>
<td>Relates to corporate income tax payments that are not attributable to a specific project and are reported at the corporate level.</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>$38,210,000</strong></td>
<td><strong>$74,380,000</strong></td>
<td><strong>$12,300,000</strong></td>
<td></td>
<td></td>
<td><strong>$2,640,000</strong></td>
<td></td>
<td><strong>$127,530,000</strong></td>
<td>All payments were made in Canadian dollars.</td>
</tr>
</tbody>
</table>

All payments were made in Canadian dollars.
INTRODUCTION

ARC Resources Ltd. and its subsidiaries (collectively the “Company” or “ARC”) has prepared the following audited consolidated report ("the Report") of payments made to government entities for the year ended December 31, 2016 as required by the Extractive Sector Transparency Measures Act S.C. 2014, c.39, s.376 ("ESTMA“ or “the Act”).

ARC makes a broader socio-economic contribution to the local areas in which we operate in addition to the payments that are required to be reported under the Act. For further information on such broader contributions, please refer to ARC’s 2016 Sustainability Report.

BASIS OF PREPARATION

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

Payee

For purposes of the Act, a payee is:

a) Any government in Canada or in a foreign state.

b) A body that is established by two or more governments.

c) Any trust, board, commission, corporation or body or other authority that is established to exercise or perform, or that exercises or performs, a power, duty or function of a government for a government referred to in paragraph (a) above or a body referred to in paragraph (b) above.

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

Aboriginal and indigenous groups and organizations within Canada and in other jurisdictions may be regarded as governments for purposes of qualifying as a payee under the Act. However, the Act defers the requirement to report on payments made to Aboriginal governments in Canada, with reporting on these payments beginning on June 1, 2017. For the year ended December 31, 2016, there were no reportable payments to an Aboriginal payee.

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

Activities within the scope of the Report

Payments made by ARC to payees relating to the commercial development of oil, gas and minerals ("commercial development") are disclosed in this Report. ARC makes payments related to its initial processing activities which are integrated with its extraction operations and comprise commercial development. The Report excludes payments that are not related to ARC’s commercial development activities, as defined by the Act and in the associated Guidance document published by NRCan.
Project
Payments are reported at the project level except for payments that are not attributable to a specific project and are reported at the entity level. Corporate income taxes, which are typically not levied at a project level, are an example of this.

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

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

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

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

Payment Categories
The information is reported under the following payment categories.

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

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

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

Production entitlements
A payee’s share of oil, gas or mineral production under a production sharing agreement or a similar contractual or legislated arrangement is reported under this category. For the year ended December 31, 2016, there were no reportable production entitlement payments to a payee.
Bonuses
Signing, discovery, production and any other type of bonuses paid to a payee are reported under this category.

Dividends
These are dividend payments other than dividends paid to a payee as an ordinary shareholder of ARC. For the year ended December 31, 2016, there were no reportable dividend payments to a payee.

Infrastructure improvement payments
These are payments which relate to the construction of infrastructure that do not relate primarily to the operational purposes of ARC. For the year ended December 31, 2016, there were no reportable infrastructure improvement payments to a payee.
May 3, 2017

Independent Auditor’s Report

To Those Charged with ESTMA Governance at ARC Resources Ltd.

We have audited the accompanying Extractive Sector Transparency Measures Act – Annual Report of ARC Resources Ltd. which comprise the schedules of payments by payee and payments by project for the year ended December 31, 2016, and the related notes, which comprise a summary of significant accounting policies and other explanatory information (the “ESTMA Report”). The ESTMA Report has been prepared by management using the basis of accounting described in the notes, which is in accordance with the Extractive Sector Transparency Measures Act S.C. 2014, c.39, s 376 (the ”Act”).

Management’s responsibility for the ESTMA Report
Management is responsible for the preparation of the ESTMA Report in accordance with the basis of accounting described in the notes, and for such internal control as management determines is necessary to enable the preparation of an ESTMA Report that is free from material misstatement, whether due to fraud or error.

Auditor’s responsibility
Our responsibility is to express an opinion on the ESTMA Report based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the ESTMA Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the ESTMA Report. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the ESTMA Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of the ESTMA Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the ESTMA Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
Opinion
In our opinion, the Extractive Sector Transparency Measures Act – Annual Report of ARC Resources Ltd. for the year ended December 31, 2016 is prepared, in all material respects, in accordance with the basis of accounting described in the notes.

Basis of accounting
Without modifying our opinion, we draw attention to the notes to the ESTMA Report, which describes the basis of accounting. The ESTMA Report is prepared to assist ARC Resources Ltd. to comply with the reporting requirements of the Act. As a result, the ESTMA Report may not be suitable for another purpose.

PricewaterhouseCoopers LLP
Chartered Professional Accountants
Calgary, Alberta