ARC Resources Ltd.

Notice of Meeting
Information Circular -
Proxy Statement

2018

TSX: ARX

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NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

Meeting Information

Date: Thursday,
the 3rd day of May 2018

Time: 3:00 p.m.
(mountain standard time)

Place: Ballroom in the Metropolitan Centre
333 – 4th Avenue SW
Calgary, Alberta

Agenda

1. To receive and consider the Consolidated Financial Statements of the Corporation for the year ended December 31, 2017 and the auditors' report thereon.
2. To elect the directors of the Corporation.
3. To appoint the auditors of the Corporation.
4. To approve an advisory resolution to accept the Corporation's approach to executive compensation.
5. To approve an ordinary resolution to confirm the amendments to the bylaws of the Corporation to include advance notice provisions.
6. To transact such other business as may properly be brought before the meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the meeting are set forth in the information circular —proxy statement accompanying and forming part of this Notice.

Registered shareholders of the Corporation who are unable to attend the meeting in person are requested to complete, date and sign the form of proxy and return it by mail, hand delivery or fax to our transfer agent, Computershare Trust Company of Canada, as follows:

BY MAIL	BY HAND	BY FACSIMILE
Computershare Trust Company of Canada, Proxy Department, 135 West Beaver Creek, P.O. Box 300, Richmond Hill, Ontario, L4B 4R5	Computershare Trust Company of Canada, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1	(416) 263-9524 or 1-866-249-7775

Alternatively, you may vote through the internet at **www.investorvote.com** or by telephone at 1-866-732-8683 (toll free). You will require your 15-digit control number found on your proxy form to vote through the internet or by telephone.

In order to be valid and acted upon at the meeting, forms of proxy as well as votes by internet and telephone must be received in each case not less than 48 hours (excluding weekends and holidays) before the time set for the holding of the meeting or any adjournment thereof.

If you hold your Common Shares through an intermediary, then you should follow the instructions on the voting instruction form provided by the intermediaries with respect to the procedures to be followed for voting at the meeting.

The Board of Directors of the Corporation has fixed the record date for the meeting at the close of business on March 15, 2018.

DATED at Calgary, Alberta, this 15th day of March 2018.
BY ORDER OF THE BOARD OF DIRECTORS

Myron M. Stadnyk
President and Chief Executive Officer

LETTER TO SHAREHOLDERS

Dear Shareholders,

On behalf of ARC's Board of Directors, I am pleased to invite you to our 2018 Annual and Special Meeting. The meeting will take place at 3:00 p.m. on Thursday, May 3rd, at the Metropolitan Centre in Calgary, Alberta. We hope that you can attend. If you cannot attend, please keep in mind that your vote is very important to us and we hope that you will still vote - online, by phone or by mail with the enclosed Proxy or Voting Information Form (page 2). The matters to be discussed and voted on at the meeting include the election of directors (page 4), appointment of auditors (page 4), an advisory vote on executive compensation (page 4) and the amendment of our bylaws to include advance notice provisions (page 5).

ARC had a successful year in 2017, despite difficult equity market conditions. ARC's unrelenting commitment to our long-term strategy of risk-managed value creation resulted in record production, record replacement of produced reserves and the completion and start-up of the Dawson Phase III Gas Plant, ahead of schedule and under budget. ARC completed an ambitious development program and delivered outstanding production results, all with an excellent safety and environmental compliance record. In addition to the success of our 2017 operations, we were thrilled to receive six awards from Investor Relations Magazine for our investor relations and reporting in addition to being ranked the number one best run company in the Canadian energy sector by the Brendan Wood Shareholder Confidence Report. We deeply appreciate the sustained support of our shareholders.

In 2018, the board moved to adopt a new Diversity Policy, to reinforce our view of the benefits of diversity on the board and throughout the ARC organization. This year we will have 10 existing board members standing for re-election, including myself. Tim Hearn has decided not to stand for re-election, and we will miss the wisdom, guidance and motivation that he has brought to our board and our management team over the past seven years. I will take this opportunity, on behalf of the board and management, to thank Mr. Hearn for his many contributions to ARC Resources. Best wishes Tim!

ARC is committed to maintaining the highest level of integrity, transparency and communication with its shareholders. Please take time to read through our Information Circular in determining your vote. On behalf of the board and management, we thank you for your continued support and confidence in ARC and we look forward to seeing you on May 3rd.

Sincerely,

Harold Kvisle
Chair of the Board of Directors

ARC RESOURCES LTD.
INFORMATION CIRCULAR – PROXY STATEMENT

FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON THURSDAY, MAY 3, 2018

SOLICITATION OF PROXIES

This information circular – proxy statement is furnished in connection with the solicitation of proxies by Management of ARC Resources Ltd. (the "**Corporation**" or "**ARC**") for use at the Annual and Special Meeting of the holders of Common Shares of the Corporation to be held on the **3rd** day of **May 2018**, at **3:00 p.m.** (mountain standard time) in **the Ballroom at the Metropolitan Centre, 333 – 4th Avenue SW,** Calgary, Alberta, and at any adjournment thereof, for the purposes set forth in the Notice of Annual and Special Meeting.

The Board of Directors of the Corporation has fixed the **record date** for the meeting to be the close of business on **March 15, 2018**. Only shareholders whose names have been entered in the register of Common Shares on the close of business on the record date will be entitled to receive notice of and to vote at the meeting provided, however, if any shareholder transfers Common Shares after the record date and the transferee of those shares, having produced properly endorsed certificates evidencing such shares or having otherwise established that such transferee owns such shares, demands, not later than 10 days before the meeting, that the transferee's name be included in the list of shareholders entitled to vote at the meeting, such transferee shall be entitled to vote such Common Shares at the meeting.

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

NOTICE-AND-ACCESS

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

The Corporation has elected to use the "notice-and-access" provisions under National Instrument 54-101 *Communications with Beneficial Owners of Securities of a Reporting Issuer* (the "**Notice-and-Access Provisions**") for the meeting in respect of mailings to its beneficial shareholders (as defined below) but not in respect of mailings to its registered shareholders (as defined below). The Notice-and-Access Provisions are rules developed by the Canadian Securities Administrators that reduce the volume of materials that must be physically mailed to shareholders by allowing a reporting issuer to post an information circular in respect of a meeting of its shareholders and related materials online.

The Corporation has also elected to use procedures known as 'stratification' in relation to its use of the Notice-and-Access Provisions. Stratification occurs when a reporting issuer using the Notice-and-Access Provisions provides a paper copy of an information circular and, if applicable, a paper copy of financial statements and related Management's Discussion and Analysis ("**Financial Information**"), to some shareholders together with a notice of a meeting of its shareholders. In relation to the meeting, registered shareholders will receive a paper copy of a notice of the meeting, this information circular and a form of proxy whereas beneficial shareholders will receive a Notice-and-Access Notification and a request for voting instructions. Furthermore, a paper copy of the financial statements and management's discussion and analysis of the most recent financial year of the Corporation will be mailed to registered shareholders as well as to those beneficial shareholders who have previously requested to receive them.

The Corporation will be delivering proxy-related materials directly to non-objecting beneficial owners of its Common Shares with the assistance of Broadridge Investor Communications Corporation ("Broadridge") and intends to pay for intermediaries to deliver proxy-related materials to objecting beneficial owners of its Common Shares.

Voting Information

REGISTERED SHAREHOLDER VOTING INFORMATION

You are a registered shareholder if your name appears on your share certificate.

Registered shareholders who are eligible to vote can vote their Common Shares either in person at the meeting or by proxy.

For your Common Shares to be voted by proxy, you must complete, date and sign the form of proxy and return it by mail, hand delivery or fax to our transfer agent, Computershare Trust Company of Canada. Registered shareholders are also entitled to vote their Common Shares through the internet at **www.investorvote.com** or by telephone at **1-866-732-8683** (toll free). For internet and telephone voting, you will require your 15 digit control number found on your proxy form.

To be valid and acted upon at the meeting, forms of proxy as well as votes by internet and telephone must be received in each case not less than 48 hours (excluding weekends and holidays) before the time set for the holding of the meeting or any adjournment thereof.

BENEFICIAL SHAREHOLDER VOTING INFORMATION

Most shareholders of the Corporation are “beneficial owners”. You are a beneficial shareholder if you beneficially own Common Shares that are held in the name of an intermediary such as a bank, a trust company, a securities broker, a trustee or other nominee, and not your own name. As required by Canadian securities laws, you will receive a request for voting instructions for the number of Common Shares you own.

Beneficial shareholders may vote their Common Shares either in person at the meeting or by proxy.

For your Common Shares to be voted by proxy, you must carefully follow the instructions on the request for voting instructions that is provided to you including completing, dating and signing the request for voting instructions and returning it by mail, hand delivery or fax as directed. Beneficial shareholders are also entitled to vote their Common Shares through the internet or by telephone by carefully following the instructions on the voting instruction form.

To be valid and acted upon at the meeting, voting instructions as well as votes by internet and telephone must be received in each case not less than 72 hours (excluding weekends and holidays) before the time set for the holding of the meeting or any adjournment thereof.

Beneficial shareholders may also vote in person at the meeting by completing the following steps: (a) insert your own name in the space provided in the request for voting instructions or mark the appropriate box on the request for voting instructions to appoint yourself as the proxy holder; and (b) return the document in the envelope provided or as otherwise permitted by your intermediary. No other part of the form should be completed. In some cases, your intermediary may send you additional documentation that must also be completed for you to vote in person at the meeting.

REVOCABILITY OF PROXY

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

If you are a beneficial shareholder, please contact your intermediary for instructions on how to revoke your voting instructions.

PERSONS MAKING THE SOLICITATION

The solicitation is made on behalf of Management of the Corporation. The costs incurred in the preparation and mailing of the proxy-related materials for the meeting will be borne by the Corporation. In addition to solicitation by mail, proxies may be solicited by personal interviews, telephone or other means of communication and by officers and employees of the Corporation, who will not be specifically remunerated therefor.

EXERCISE OF DISCRETION BY PROXY

The Common Shares represented by proxy by the management nominees shall be voted at the meeting in respect of the matters to be acted upon and, where the shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares shall be voted in accordance with the specification made. **In the absence of such specification, the Common Shares will be voted in favour of the matters to be acted upon. The persons appointed under the enclosed form of proxy furnished by the Corporation are conferred with discretionary authority with respect to the amendments or variations of those matters specified therein and in the Notice of Annual and Special Meeting. At the time of printing this information circular, management of the Corporation knows of no such amendment, variation or other matter.**

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Common Shares without nominal or par value. As at March 15, 2018, there were 353,755,718 Common Shares issued and outstanding. At the meeting, upon a show of hands, every shareholder present in person or represented by proxy and entitled to vote shall have one vote. On a poll or ballot, every shareholder present in person or by proxy has one vote for each Common Share of which such shareholder is the registered holder.

The Corporation is also authorized to issue 50 million preferred shares without nominal or par value issuable in series. As at March 15, 2018, there were no preferred shares issued and outstanding.

When any Common Share is held jointly by several persons, one of those holders present at the meeting may, in the absence of the others, vote such Common Share but if two or more of those persons are present at the meeting, in person or by proxy, they shall vote as one on the Common Share jointly held by them.

To the knowledge of the directors and executive officers of the Corporation, there is no person or corporation which beneficially owns, or controls or directs, directly or indirectly, Common Shares carrying more than 10 per cent of the voting rights attached to the issued and outstanding Common Shares of the Corporation which may be voted at the meeting.

As at March 15, 2018, the percentage of Common Shares that are beneficially owned, or controlled or directed, directly or indirectly, by all directors and officers of the Corporation as a group is 0.7 per cent of the issued and outstanding Common Shares (2,477,349 Common Shares).

QUORUM FOR MEETING AND APPROVAL REQUIREMENTS

At the meeting, a quorum shall consist of two (2) or more persons present and holding or representing by proxy not less than 25 per cent of the outstanding Common Shares. If a quorum is not present at the opening of the meeting, the shareholders present may adjourn the meeting to a fixed time and place but may not transact any other business.

All matters to be considered at the meeting are ordinary resolutions requiring approval by more than 50 per cent of the votes cast in respect of the resolution at the meeting other than the resolution to accept the Corporation’s approach to executive compensation which is advisory only.

REQUEST FOR MATERIALS

Beneficial shareholders who wish to receive a paper copy of the information circular and/or the financial information should contact Broadridge at the toll-free number 1-877-907-7643 at any time up to and including the date of meeting or any adjournment thereof. To allow beneficial shareholders a reasonable time to receive paper copies of the information circular and related materials and to vote their Common Shares, any beneficial shareholders wishing to request paper copies as described above should ensure that such request is made by 5:00 p.m. (mountain standard time) on April 20, 2018. A beneficial shareholder may also call the Corporation at 1-888-272-4900 (toll free) to obtain additional information about the Notice-and-Access Provisions.

Matters to Be Acted Upon at the Meeting

ELECTION OF DIRECTORS

The Articles of the Corporation provide for a minimum of three directors and a maximum of twelve directors. All current directors have been elected or appointed for a term ending immediately prior to the meeting or any adjournment thereof. The 10 nominees for election as directors of the Corporation are as follows:

Harold N. Kvisle	Kathleen M. O'Neill
David R. Collyer	Herbert C. Pinder, Jr.
John P. Dielwart	William G. Sembo
Fred J. Dyment	Nancy L. Smith
James C. Houck	Myron M. Stadnyk

If, for any reason, any of the proposed nominees does not stand for election or is unable to serve as such, the management designees named in the enclosed form of proxy reserve the right to vote for any other nominee in their sole discretion unless the shareholder has specified therein that its Common Shares are to be withheld from voting on the election of directors. At the 2017 Annual Meeting of Shareholders, this resolution was approved with shares voted in favour for the individual directors ranging from 98.80 per cent to 99.86 per cent.

The term of office of each director nominee will be from the date of the meeting until the next annual meeting or until his or her successor is elected or appointed.

See *"Director Nominees"* in this information circular for additional information on the director nominees.

The Board of Directors unanimously recommends that shareholders vote FOR the election of each of the director nominees and unless instructed otherwise, the persons named in the enclosed form of proxy will vote FOR the election of each of the director nominees.

APPOINTMENT OF AUDITORS

At the meeting, shareholders will consider an ordinary resolution to appoint the firm of PricewaterhouseCoopers LLP ("**PwC**"), to serve as auditors of the Corporation until the next annual meeting of the shareholders. PwC was appointed ARC's auditor on July 28, 2016 for the 2017 fiscal year. At the 2017 Annual Meeting of the Shareholders, the appointment of our auditors was approved with 99.85 per cent of shares voted in favour.

See *"Corporate Governance Disclosures – Committee Mandates and Responsibilities – Audit Committee"* in this information circular for additional information regarding the fees paid to our external auditors in 2017.

The Board of Directors unanimously recommends that shareholders vote FOR the appointment of the auditors and unless instructed otherwise, the persons named in the enclosed form of proxy will vote FOR the appointment of auditors.

ADVISORY VOTE ON EXECUTIVE COMPENSATION

The underlying principle for executive pay throughout the Corporation is "pay-for-performance". We believe that this philosophy achieves the goal of attracting and retaining excellent employees and executive officers, while rewarding the demonstrated behaviors that reinforce the Corporation's values and help to deliver on its corporate objectives. A detailed discussion of our executive compensation program is provided in the "*Compensation Discussion and Analysis*" section of this information circular.

After monitoring recent developments and emerging trends in the practice of holding advisory votes on executive compensation (commonly referred to as "**Say on Pay**"), the Board of Directors has determined to continue to provide shareholders with a "Say on Pay" advisory vote at the meeting. This non-binding advisory vote on executive compensation will provide you as a shareholder with the opportunity to vote "for" or "against" our approach to executive compensation through the following resolution:

"Resolved, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors, that the shareholders accept the approach to executive compensation disclosed in the information circular made available in advance of the 2018 Annual and Special Meeting of Shareholders of the Corporation."

As this is an advisory vote, the results will not be binding upon the Board of Directors. However, the Board of Directors will consider the outcome of the vote as part of its ongoing review of executive compensation. The Board of Directors believes that it is essential for shareholders to be well informed of the Corporation's approach to executive compensation and considers this advisory vote to be an important part of the ongoing process of engagement between shareholders and the Board of Directors. At the 2017 Annual Meeting of Shareholders, this resolution was approved with 96.51 per cent of shares voted in favour.

The Board of Directors unanimously recommends that shareholders vote FOR the advisory vote on executive compensation and unless instructed otherwise, the persons named in the enclosed form of proxy will vote FOR the advisory vote on executive compensation.

AMENDMENT OF EXISTING BYLAWS TO INCLUDE ADVANCE NOTICE PROVISIONS

On February 8, 2018, the Board of Directors approved amending the existing bylaws of the Corporation to include advance notice provisions in the form set out at "*Schedule G – Amended Bylaws*" attached to this Information Circular (the "**Amended Bylaws**"), effective on shareholder approval. The Amended Bylaws would incorporate advance notice provisions with respect to director nominations at future meetings of the shareholders. The adoption of the Amended Bylaws at the Meeting must be approved by an ordinary resolution of the shareholders at the Meeting to take effect.

Advanced Notice Provisions

The Amended Bylaws contain advance notice provisions which provide shareholders, the Board of Directors and Management of the Corporation with a clear framework for the nomination of directors to ensure that shareholders will have sufficient time and information to consider proposed director nominees and to ensure the orderly conduct of business at the Corporation's shareholder meetings. The proposed amendments are set forth in sections 18 through 27 of the bylaws contained in "*Schedule G – Amended Bylaws*".

The Amended Bylaws set forth a procedure requiring advance notice to the Corporation by any shareholder who intends to nominate a person for election as a director of the Corporation other than pursuant to: (i) a requisition of a meeting made pursuant to the provisions of the *Business Corporations Act* (Alberta) (the "**ABCA**"); or (ii) a shareholder proposal made pursuant to the provisions of the ABCA. Among other things, the Amended Bylaws set a deadline by which such shareholders must notify the Corporation in writing of an intention to nominate directors prior to any meeting of shareholders at which directors are to be elected and specify the information that a nominating shareholder must include in the notice for director nominees to be eligible for nomination and election at the meeting.

In the case of an annual meeting of shareholders, notice to the Corporation must be made not less than 30 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made no later than the close of business on the 10^{th} day following the public announcement.

In the case of a special meeting (which is not also an annual meeting) of shareholders called for any purpose including the election of directors, notice to the Corporation must be made no later than the close of business on the 15^{th} day following the date on which the first public announcement of the date of the special meeting of shareholders was made.

If notice-and-access is used for delivery of proxy related materials in respect of an annual meeting of shareholders or a special meeting of shareholders (which is not also an annual meeting) called for any purpose including the election of directors, and the date on which the first public announcement of the date of the meeting is not less than 50 days before the date of the applicable meeting, the notice must be received not later than the close of business on the 40th day before the date of the applicable meeting.

In the event of an adjournment or postponement of an annual meeting or special meeting of shareholders or any announcement thereof, a new time period shall commence for the giving of timely notice.

The foregoing is only a summary of the principal provisions of the Amended Bylaws and is qualified by reference to the full text of the Amended Bylaws attached as "*Schedule G – Amended Bylaws*" to this information circular. Shareholders are urged to review the Amended Bylaws in their entirety.

Shareholder Approval

At the meeting, shareholders will be asked to consider and, if thought appropriate, pass the following resolution confirming the adoption of the Amended Bylaws, subject to such amendments, variations or additions as may be approved at the meeting:

BE IT RESOLVED THAT:

1. the amended bylaws of the Corporation attached as "*Schedule G – The Amended Bylaws"* to the information circular of the Corporation dated March 15, 2018 are confirmed; and

2. any one director or officer of the Corporation is hereby authorized and directed for and in the name of and on behalf of the Corporation to execute or cause to be executed, whether under corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in order to carry out the terms of this resolution, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing.

The Board of Directors unanimously recommends that shareholders vote FOR the confirmation of the Amended Bylaws and unless instructed otherwise, the persons named in the enclosed form of proxy will vote FOR the confirmation of the Amended Bylaws.

2017 VOTING RESULTS

Motions	Votes in Favour	Percentage of Votes in Favour	Votes Withheld	Percentage of Votes Withheld	Votes Against	Percentage of Votes Against
Elect Harold Kvisle	228,491,930	99.86	325,945	0.14	N/A	N/A
Elect David Collyer	228,471,926	99.85	345,949	0.15	N/A	N/A
Elect John Dielwart	227,790,556	99.55	1,027,319	0.45	N/A	N/A
Elect Fred Dyment	226,062,875	98.80	2,755,000	1.20	N/A	N/A
Elect Timothy Hearn	228,070,209	99.67	747,666	0.33	N/A	N/A
Elect James Houck	228,491,538	99.86	326,337	0.14	N/A	N/A
Elect Kathleen O'Neill	228,432,826	99.83	385,049	0.17	N/A	N/A
Elect Herbert Pinder	227,380,851	99.37	1,437,024	0.63	N/A	N/A
Elect William Sembo	228,495,328	99.86	322,547	0.14	N/A	N/A
Elect Nancy Smith	228,217,359	99.74	600,516	0.26	N/A	N/A
Elect Myron Stadnyk	228,432,139	99.83	385,736	0.17	N/A	N/A
Appointment of Auditors	230,971,668	99.85	354,457	0.15	N/A	N/A
Advisory Vote on Executive Compensation	220,823,263	96.51	N/A	N/A	7,994,612	3.49

Director Nominees

The following pages set out the director nominees, including a brief summary of their experience and qualifications together with their age, place of primary residence, principal occupation, year first elected or appointed as a director, membership on Committees of the Board of Directors as at December 31, 2017, attendance at Board and Committee meetings during 2017, past and current directorships of other public and private entities and votes for and withheld at the 2017 Annual Meeting of Shareholders (the "**2017 AGM**"). Also indicated for each director nominee is the number of Common Shares and share equivalents beneficially owned, or controlled or directed, directly or indirectly, on the record date, March 15, 2018, and, as at such date, the value of such Common Shares and share equivalents.

The Board of Directors has determined that all director nominees, with the exception of Myron M. Stadnyk, are independent within the meaning of National Instrument 58-101 *Disclosure of Corporate Governance Practices* of the Canadian Securities Administrators ("**NI 58-101**").

Harold N. Kvisle, B.Sc., P.Eng., MBA

Calgary, Alberta, Canada

Independent Business Person
Age: 65
Director Since: 2009

Independent

Board Committee Membership [1]	
Membership	**Meeting Attendance**
Board (Chair)	7/7
Policy and Board Governance	5/5
Total	**12/12**
Current Public Board Directorships	
Public Boards	
ARC Resources Ltd.	
Cona Resources Ltd.	
Finning International Inc.	
Voting Results of 2017 AGM	
Number of Votes	**% of Votes**
228,491,930 Votes For	99.86 Votes For
325,945 Votes Withheld	0.14 Votes Withheld
Common Share and Share Equivalents [2]	
Number	**Total Value**
236,584	$3,006,983
Shareholding Requirements [3]	
% of Shareholding Requirements	**Target Date to Meet Requirements**
1,183	Met

Mr. Kvisle has over 40 years of experience as a leader in the oil and gas, utilities and power generation industries. Most recently he held the position of President and Chief Executive Officer of Talisman Energy Inc., from September 2012 to May 2015. From 2001 to 2010, Mr. Kvisle was President and Chief Executive Officer of TransCanada Corporation and its predecessor, TransCanada PipeLines Ltd. Prior to joining TransCanada in 1999, Mr. Kvisle was President of Fletcher Challenge Energy Canada from 1990 to 1999 and he held engineering, finance and management positions with Dome Petroleum Limited from 1975 to 1988. Mr. Kvisle holds a Bachelor of Science in Engineering from the University of Alberta and a Master's in Business Administration from the University of Calgary.

Strategic Qualifications – The Board of Directors has determined that Mr. Kvisle's 40 years of diverse energy-related experience, his leadership roles in complex, public organizations and his direct experience with oil and gas transportation uniquely qualify him to serve as Chairman of the Board of Directors.

David R. Collyer, B.Sc., P.Eng., MBA

Calgary, Alberta, Canada

Independent Business Person
Age: 62
Director Since: 2016

Independent

Board Committee Membership (1)	
Membership	**Meeting Attendance**
Board	7/7
Health, Safety and Environment	4/4
Risk	5/5
Total	**16/16**
Current Public Board Directorships	
Public Boards	
ARC Resources Ltd.	
Voting Results of 2017 AGM	
Number of Votes	**% of Votes**
228,471,926 Votes For	99.85 Votes For
345,949 Votes Withheld	0.15 Votes Withheld
Common Share and Share Equivalents (2)	
Number	**Total Value**
8,815	$112,039
Shareholding Requirements (3)(4)	
% of Shareholding Requirements	**Target Date to Meet Requirements**
44	November 2021

Mr. Collyer has been involved in the energy industry for nearly 40 years and has extensive experience in all aspects of the upstream and downstream oil and gas industry, including marketing both domestically and internationally, and concluded his 30-year career as President and Country Chair for Shell in Canada. Upon his retirement, Mr. Collyer served as President of the Canadian Association of Petroleum Producers from 2008 to 2014, and currently provides energy-related consulting services and serves on a number of not-for-profit and corporate boards. Mr. Collyer holds a Bachelor of Science in Mineral Engineering and a Master's in Business Administration from the University of Alberta, he is also a member of the Association of Professional Engineers and Geoscientists of Alberta.

Strategic Qualifications – The Board of Directors has determined that Mr. Collyer's 40 years of diverse domestic and international oil and gas experience at the executive level qualify him to serve as a director.

John P. Dielwart, B.Sc., P.Eng.

Calgary, Alberta, Canada

Vice-Chairman of ARC Financial Corp.
Age: 65
Director Since: 1996

Independent (5)

Board Committee Membership (1)	
Membership	**Meeting Attendance**
Board	7/7
Reserves	4/4
Health, Safety and Environment (Chair)	4/4
Total	**15/15**
Current Public Board Directorships	
Public Boards	
ARC Resources Ltd.	
Denbury Resources Inc. (Chair)	
TransAlta Corporation	
Voting Results of 2017 AGM	
Number of Votes	**% of Votes**
227,790,556 Votes For	99.55 Votes For
1,027,319 Votes Withheld	0.45 Votes Withheld
Common Shares and Share Equivalents (2)	
Number	**Total Value**
394,084	$5,008,808
Shareholding Requirements (3)	
% of Shareholding Requirements	**Target Date to Meet Requirements**
1,970	Met

Mr. Dielwart is a founding member of ARC and held the position of Chief Executive Officer until December 31, 2012. Currently, Mr. Dielwart is Vice Chairman and director of ARC Financial Corp., Canada's largest energy-focused private equity manager. Prior to joining ARC in 1996, Mr. Dielwart spent 12 years with a major Calgary based oil and natural gas engineering consulting firm, as senior Vice-President and a director, where he gained extensive technical knowledge of oil and natural gas properties in western Canada. He began his career with a major oil and natural gas company in Calgary. Mr. Dielwart received a Bachelor of Science with Distinction (Civil Engineering) degree from the University of Calgary. Mr. Dielwart is a member of the Association of Professional Engineers and Geoscientists of Alberta and is a Past-Chairman of the Board of Governors for the Canadian Association of Petroleum Producers. In 2015, Mr. Dielwart was inducted into the Calgary Business Hall of Fame.

Strategic Qualifications – The Board of Directors has determined that Mr. Dielwart's extensive experience in the oil and gas industry and his intimate historical knowledge of ARC qualify him to serve as a director and Chair of the Health, Safety and Environment Committee.

Fred J. Dyment, CPA, CA

Calgary, Alberta, Canada

Independent Business Person
Age: 69
Director Since: 2003

Independent

Board Committee Membership (1)	
Membership	**Meeting Attendance**
Board	6/7
Policy and Board Governance	5/5
Risk (Chair)	4/5
Total	**15/17**

Current Public Board Directorships
Public Boards
ARC Resources Ltd.
TransGlobe Energy Corporation
Major Drilling Group International Inc.

Voting Results of 2017 AGM	
Number of Votes	**% of Votes**
226,062,875 Votes For	98.80 Votes For
2,755,000 Votes Withheld	1.20 Votes Withheld

Common Shares and Share Equivalents (2)	
Number	**Total Value**
97,906	$1,244,385

Shareholding Requirements (3)	
% of Shareholding Requirements	**Target Date to Meet Requirements**
490	Met

Mr. Dyment has over 40 years of extensive experience in the oil and gas industry and is currently an independent businessman. From 1978 to 2000, Mr. Dyment held various positions with Ranger Oil Limited, including Chief Financial Officer, President and Chief Executive Officer. From 2000 to 2001, Mr. Dyment served as President and Chief Executive Officer of Maxx Petroleum Company. Mr. Dyment has also served as Governor of the Canadian Association of Petroleum Producers from 1995 to 1997 and holds a Chartered Accountant designation from the Province of Ontario.

Strategic Qualifications – The Board of Directors has determined that Mr. Dyment's 40 years of oil and gas experience coupled with his extensive financial risk management expertise qualify him to serve as a director and Chair of the Risk Committee

James C. Houck, B.Sc., MBA

Santa Barbara, California, USA

Independent Business Person
Age: 69
Director Since: 2008

Independent

Board Committee Membership (1)	
Membership	**Meeting Attendance**
Board	7/7
Audit	5/5
Reserves (Chair)	4/4
Total	**16/16**
Current Public Board Directorships	
Public Boards	
ARC Resources Ltd.	
Voting Results of 2017 AGM	
Number of Votes	**% of Votes**
228,491,538 Votes For	99.86 Votes For
326,337 Votes Withheld	0.14 Votes Withheld
Common Shares and Share Equivalents (2)	
Number	**Total Value**
78,698	$1,000,252
Shareholding Requirements (3)	
% of Shareholding Requirements	**Target Date to Meet Requirements**
393	Met

Mr. Houck has over 40 years of diversified experience in the oil and gas industry. Most recently, he held the position as President and Chief Executive Officer of the Churchill Corporation, a construction and industrial services company. Previously he was President and Chief Executive Officer of Western Oil Sands Inc. The greater part of his career was spent with ChevronTexaco Inc., where he held a number of senior management and officer positions, including President, Worldwide Power and Gasification Inc., and Vice President and General Manager, Alternate Energy Department. Earlier in his career, Mr. Houck held various positions of increasing responsibility in Texaco's conventional oil and gas operations. Mr. Houck has a Bachelor of Engineering Science from Trinity University in San Antonio and a Master's in Business Administration from the University of Houston.

Strategic Qualifications – The Board of Directors has determined that Mr. Houck's 40 years of energy related experience from the service and midstream perspectives in both Canada and the United States qualify him to serve as a director and Chair of the Reserves Committee.

Kathleen M. O'Neill, B.Comm, FCPA, FCA

Toronto, Ontario, Canada

Independent Business Person
Age: 64
Director Since: 2009

Independent

Board Committee Membership (1)	
Membership	**Meeting Attendance**
Board	7/7
Audit (Chair)	5/5
Reserves	4/4
Total	**16/16**
Current Public Board Directorships	
Public Boards	
ARC Resources Ltd.	
Finning International Inc.	
Voting Results of 2017 AGM	
Number of Votes	**% of Votes**
228,432,826 Votes For	99.83 Votes For
385,049 Votes Withheld	0.17 Votes Withheld
Common Shares and Share Equivalents (2)	
Number	**Total Value**
83,524	$1,061,590
Shareholding Requirements (3)	
% of Shareholding Requirements	**Target Date to Meet Requirements**
418	Met

Ms. O'Neill is a corporate director and has extensive experience in accounting and financial services. Previously, she was an Executive Vice-President of the Bank of Montreal (BMO) Financial Group with accountability for a number of major business units. Prior to joining BMO Financial Group in 1994, she was a partner with PricewaterhouseCoopers LLP. Ms. O'Neill is a FCPA, FCA (Fellow of Institute of Chartered Accountants) and has an ICD.D designation from the Institute of Corporate Directors. Ms. O'Neill was a member of the Steering Committee on Enhancing Audit Quality sponsored by the Chartered Professional Accountants of Canada and the Canadian Public Accountability Board. Ms. O'Neill is the past Chair of St Joseph's Health Centre and St Joseph's Health Centre Foundation of Toronto and she is a current director of the Ontario Teachers' Pension Plan. In 2014, 2015 and 2016, Ms. O'Neill was awarded Canada's Most Powerful Women: Top 100 Award by the Women's Executive Network and was inducted into the Hall of Fame in 2017.

Strategic Qualifications – The Board of Directors has determined that Ms. O'Neill's expertise and vast experience from her senior roles in accounting and financial firms in combination with her professional designation qualify her to serve as a director and Chair of the Audit Committee.

Herbert C. Pinder, Jr., B.A., L.L.B., MBA

Saskatoon, Saskatchewan, Canada

Independent Business Person
Age: 71
Director Since: 2006

Independent

Board and Committee Membership [1]	
Membership	**Meeting Attendance**
Board	7/7
Human Resources and Compensation	4/4
Policy and Board Governance (Chair)	5/5
Total	**16/16**

Current Public Board Directorships
Public Boards
ARC Resources Ltd.

Voting Results of 2017 AGM	
Number of Votes	**% of Votes**
227,380,851 Votes For	99.37 Votes For
1,437,024 Votes Withheld	0.63 Votes Withheld

Common Shares and Share Equivalents [2]	
Number	**Total Value**
250,594	$3,185,050

Shareholding Requirements [3]	
% of Shareholding Requirements	**Target Date to Meet Requirements**
1,253	Met

Mr. Pinder is the President of Goal Group, a private equity management firm located in Saskatoon, Saskatchewan. Previously, he was the President of Pinder Drugs, a family business, and Goal Sports Corp., which managed contractual and financial matters for professional hockey players. Mr. Pinder is also an experienced corporate director serving on more than 40 public, private, not-for-profit and crown boards with a focus on the energy sector. Mr. Pinder has a Bachelor of Arts degree from the University of Saskatchewan, a Bachelor of Law degree from the University of Manitoba, a Master's in Business Administration degree from Harvard University Graduate School of Business and was awarded an Honorary Doctorate of Law from the University of Saskatchewan. Mr. Pinder is involved in a number of not-for-profit activities including acting as an Honorary Colonel with the 38th Battalion and as a Director of the Fraser Institute where he chairs the Governance Committee.

Strategic Qualifications – The Board of Directors has determined that Mr. Pinder's entrepreneurial experience, his investment expertise and corporate governance experience gained from executive and director roles within both public and private companies qualify him to serve as a director and Chair of the Policy and Board Governance Committee.

William G. Sembo, B.A.

Calgary, Alberta, Canada

Independent Business Person
Age: 64
Director Since: 2013

Independent

Board and Committee Membership (1)	
Membership	**Meeting Attendance**
Board	7/7
Human Resources and Compensation	4/4
Health, Safety and Environment	4/4
Total	**15/15**
Current Public Board Directorships	
Public Boards	
ARC Resources Ltd.	
Voting Results of 2017 AGM	
Number of Votes	**% of Votes**
228,495,328 Votes For	99.86 Votes For
322,547 Votes Withheld	0.14 Votes Withheld
Common Shares and Share Equivalents (2)	
Number	**Total Value**
42,432	$539,311
Shareholding Requirements (3)	
% of Shareholding Requirements	**Target Date to Meet Requirements**
212	Met

Mr. Sembo has over 40 years of industry and financial services experience. He retired from his role as Vice Chairman at RBC Capital Markets LLC in 2013. Mr. Sembo has spent the majority of his career in the global energy industry and has expertise in investment banking, corporate credit and mergers and acquisitions. Prior to joining RBC in 1986, Mr. Sembo held corporate finance and financial planning positions with Toronto Dominion Bank and Asamera Inc., respectively. Mr. Sembo has a Bachelor of Arts in Economics from the University of Calgary. He brings extensive capital markets expertise as well as a broad base of corporate governance experience to ARC, having served as a director for both private and public boards as well as numerous not-for-profit organizations.

Strategic Qualifications – The Board of Directors has determined that Mr. Sembo's 40 years of industry related experience combined with his extensive experience as a financial services executive qualify him to serve as a director.

Nancy L. Smith, B.A., MBA

Calgary, Alberta, Canada

Director
ARC Financial Corp.
Age: 56
Director Since: 2016

Independent

Board and Committee Membership (1)	
Membership	**Meeting Attendance**
Board	7/7
Audit	5/5
Risk	5/5
Total	**17/17**
Current Public Board Directorships	
Public Boards	
ARC Resources Ltd.	
Voting Results of 2017 AGM	
Number of Votes	**% of Votes**
228,217,359 Votes For	99.74 Votes For
600,516 Votes Withheld	0.26 Votes Withheld
Common Shares and Share Equivalents (2)	
Number	**Total Value**
33,021	$419,697
Shareholding Requirements (3)	
% of Shareholding Requirements	**Target Date to Meet Requirements**
165	Met

Ms. Smith is a director and member of the Investment Committee of ARC Financial Corp., Canada's largest energy focused private equity manager. Prior to joining ARC Financial in 1999, she held executive positions in finance and upstream marketing at a Canadian integrated energy company and spent the first five years of her career in corporate banking. Ms. Smith received a Bachelor of Arts (Economics) from the University of Alberta, a Master's in Business Administration and has an ICD.D designation from the Institute of Corporate Directors.

Strategic Qualifications – The Board of Directors has determined that Ms. Smith's in depth experience in both finance and marketing tied with her expertise in investment strategizing and risk management qualify her to serve as a director.

Myron M. Stadnyk, B.Sc., P.Eng.

Calgary, Alberta, Canada

President and Chief Executive Officer
ARC Resources Ltd.
Age: 55
Director Since: 2013

Management Director

Board and Committee Membership (1)	
Membership	**Meeting Attendance**
Board	7/7
Mr. Stadnyk is not a member of any Committees, however he attended substantially all Committee meetings during 2017.	
Current Public Board Directorships	
Public Boards	
ARC Resources Ltd.	
Voting Results of 2017 AGM	
Number of Votes	**% of Votes**
228,432,139 Votes For	99.83 Votes For
385,736 Votes Withheld	0.17 Votes Withheld
Common Shares and Share Equivalents (2)	
Number	**Total Value**
488,438	$6,208,047
Shareholding Requirements (3)	
% of Shareholding Requirements	**Target Date to Meet Requirements**
218	Met

Mr. Stadnyk is President and Chief Executive Officer ("CEO") of ARC and has overall management responsibility for the Corporation. Mr. Stadnyk joined ARC in 1997, as the Corporation's first operations employee and has been President since 2009 and CEO since 2013. Prior to joining ARC, Mr. Stadnyk worked with a major oil and gas company in both domestic and international operations. He holds a Bachelor of Science in Mechanical Engineering from the University of Saskatchewan and is a graduate of the Harvard Business School Advanced Management program. Mr. Stadnyk joined ARC's Board of Directors in 2013. He is a member of the Association of Professional Engineers and Geoscientists of Alberta and currently sits on the Canadian Association of Petroleum Producers Board of Governors and is the current Chair of the British Columbia Executive Policy Group. Mr. Stadnyk is a board member of the University of Saskatchewan Engineering Advancement Trust, STARS (Shock Trauma Air Rescue Society) Air Ambulance and is active with various charitable organizations.

Strategic Qualifications – The Board of Directors has determined that Mr. Stadnyk's extensive domestic and international experience in oil and gas development and his position as CEO qualify him to serve as a director.

(1) Committee membership as at December 31, 2017. See "*Corporate Governance Disclosure*" for current committee memberships and Board meeting and Committee meeting attendance in 2017.
(2) See "*Share Ownership Requirements*" for a detailed breakdown of Common Shares and share equivalents for 2017 and 2016. Share equivalents include deferred share units ("**DSUs**") issued under the Directors' Deferred Share Unit Plan (the "**DSU Plan**") as at March 15, 2018 (see "*Equity-Based Compensation*" and Schedule F for additional information about the DSU Plan) and Restricted Shares issued under ARC's Long-term Restricted Share Award Plan to Mr. Stadnyk. Share equivalents does not include restricted share units ("**RSUs**") or performance share units ("**PSUs**") issued under ARC's RSU and PSU Plan (See Schedule C for additional information about ARC's RSU and PSU Plan) or options issued under ARC's Share Option Plan to Mr. Dielwart and Mr. Stadnyk. The value is based on the March 15, 2018 closing price of $12.71.
(3) See "*Share Ownership Requirements*" for information regarding share ownership requirements for directors.
(4) Mr. Collyer has until November 10, 2019 to accumulate minimum share ownership of 10,000 Common Shares and share equivalents and until November 10, 2021 to accumulate minimum share ownership of 20,000 Common Shares and share equivalents.
(5) On February 8, 2018, the Board of Directors deemed Mr. Dielwart to be independent five years following his December 31, 2012 resignation as Chief Executive Officer of ARC.
(6) Ms. Smith was a director of Corinthian Oil Corp. ("**Corinthian**") until September 19, 2017 when it was acquired by a third party. Corinthian was solvent, had positive working capital and no long-term debt when it was sold. Ms. Smith resigned her directorship on closing of the transaction. Corinthian was amalgamated with a wholly-owned subsidiary of the third party and the amalgamated subsidiary subsequently guaranteed debt of the third party purchaser. In the following year, the third party filed a notice of intention under the *Bankruptcy and Insolvency Act* (which ultimately included its subsidiaries as a result of the guarantees provided by the subsidiaries) pursuant to which a receiver and manager of its assets was appointed under a court order and the third party and its subsidiaries were declared bankrupt.

MAJORITY VOTING FOR DIRECTORS

The board has adopted a policy stipulating that if the votes in favour of the election of a director nominee at a shareholders' meeting represent less than a majority of the Common Shares voted and withheld, the nominee will submit his or her resignation promptly after the meeting for the Policy and Board Governance Committee's consideration. The committee will make a recommendation to the board after reviewing the matter, and the board's decision to accept or reject the resignation offer will be disclosed to the public within 90 days of the applicable shareholders meeting. Resignations will be accepted except in situations where special circumstances would warrant the applicable director's continuation as a board member. The nominee will not participate in any committee or board deliberations on the resignation offer. The policy does not apply in circumstances involving contested director elections.

Remuneration of Directors

DIRECTOR COMPENSATION PHILOSOPHY AND OBJECTIVES

The compensation program for ARC's non-management directors is designed to attract and retain high quality individuals with the experience and capability to meet the responsibilities of a director and to align the interests of directors with the interests of shareholders. The Board reviews directors' compensation on a biennial basis through an analysis of the proxy circulars of other oil and gas companies together with a review of director compensation surveys performed by third parties to ensure that the composition of ARC's compensation program is appropriate, and that total compensation is competitive in order to attract well qualified directors.

For the purposes of benchmarking director compensation, ARC reviews and considers data from a group of Canadian energy industry peers on a biennial basis. The peer group is determined based on production levels, total enterprise value, nature and location of operations to ensure consistency and relevancy of the comparison**.** The following table lists the companies which were included in ARC's peer group for purposes of benchmarking director compensation when last performed in 2016.

2016 Proxy Peer Group – Canadian Oil and Gas Production Companies	
Baytex Energy Corporation	Pengrowth Energy Corporation
Bonavista Energy Corporation	Peyto Exploration & Development Corporation
Crescent Point Energy Corporation	Seven Generations Corporation
EnCana Corporation	Tourmaline Energy Corporation
Enerplus Corporation	Vermillion Energy Ltd.
Odsidian Energy Ltd.	Whitecap Resources Inc.
Paramount Resources Ltd.	

ARC's compensation program for non-management directors consists of both a cash component and an equity component for non-management directors paid in the form of DSUs. The maximum cash component received is 40 per cent of total compensation with the remaining compensation received in the form of DSUs.

A non-management director may elect to receive all of his or her compensation in the form of DSUs, therefore, a director may receive up to 100 per cent of his or her total compensation in the form of DSUs which many did in 2017. DSUs vest immediately upon grant but cannot be redeemed until the holder ceases to be a director. For additional information on the DSU Plan and the terms of the DSUs, see *"Equity-Based Compensation"* below as well as Schedule F.

The payment of board and committee cash retainers and granting of DSUs occurs on a quarterly basis. The two elements of ARC's compensation program for non-management directors are described below.

BOARD AND COMMITTEE RETAINERS

The following table outlines the board and committee retainer fee schedule for non-management directors for 2017. There were no changes to the fee schedule during 2017.

2017 Directors Fees	
Cash Retainer:	
Board Chair	$166,000
Board Member	$ 88,000
Audit Committee Chair	$ 10,000
Other Committee Chair	$ 6,000
Equity Compensation	150% of Cash Retainer
Total Director Compensation (1)	40% Cash / 60% Equity

(1) A non-management director may elect to receive all of his or her total compensation in the form of DSUs, therefore, a director may receive up to 100 per cent of his or her total compensation in the form of DSUs.

EQUITY-BASED COMPENSATION

ARC believes that equity-based compensation for directors provides for greater alignment of the interests of directors and shareholders. ARC's non-management directors receive equity-based compensation in the form of DSUs which are notional shares granted to the director and are linked directly to share price performance from the grant date to the date on which the DSUs are redeemed. DSUs vest immediately upon grant but cannot be redeemed until the holder ceases to be a director. In addition, each time that dividends are paid on the Common Shares, the number of DSUs in the directors' DSU account is increased to reflect the value of dividends that are paid on the notional underlying Common Shares.

The number of DSUs awarded to non-management directors on a quarterly basis is calculated by dividing the value of the award by the weighted average trading price of the Common Shares on the Toronto Stock Exchange ("TSX") for the five trading days prior to the date of grant. On the date that a holder of DSUs ceases to be a director of ARC, he or she has until December 1st in the calendar year following the date on which the holder ceases to be a director to redeem his or her awards in exchange for a cash payment equal to the number of DSUs held multiplied by the weighted average trading price of the Common Shares on the TSX for the five trading days prior to the date of settlement.

Non-management directors are not eligible to participate in the RSU and PSU Plan, the Share Option Plan or the Long-term Restricted Share Award Plan.

TOTAL DIRECTOR COMPENSATION

The following table details total compensation paid to each non-management director during 2017.

Director (1)	Board Chair or Member Retainer	Committee Chair Retainer	Total Cash Retainer Fees Earned	Equity (DSUs) (2)	Total Compensation	Portion Taken as Cash	Portion Taken as DSUs (3)
Harold Kvisle	$166,000	$ —	$166,000	$ 249,018	$ 415,018	$ —	$ 415,018
David Collyer	$ 88,000	$ —	$ 88,000	$ 132,000	$ 220,000	$ 87,978	$ 132,022
John Dielwart	$ 88,000	$ 6,000	$ 94,000	$ 141,000	$ 235,000	$ 93,970	$ 141,030
Fred Dyment	$ 88,000	$ 6,000	$ 94,000	$ 141,000	$ 235,000	$ 93,970	$ 141,030
Timothy Hearn	$ 88,000	$ 6,000	$ 94,000	$ 141,000	$ 235,000	$ 93,970	$ 141,030
James Houck	$ 88,000	$ 6,000	$ 94,000	$ 141,000	$ 235,000	$ 70,456	$ 164,544
Kathleen O'Neill	$ 88,000	$10,000	$ 98,000	$ 147,000	$ 245,000	$ 48,985	$ 196,015
Herbert Pinder	$ 88,000	$ 6,000	$ 94,000	$ 141,052	$ 235,052	$ —	$ 235,052
William Sembo	$ 88,000	$ —	$ 88,000	$ 132,000	$ 220,000	$ 87,978	$ 132,022
Nancy Smith	$ 88,000	$ —	$ 88,000	$ 132,038	$ 220,038	$ —	$ 220,038
Total	**$958,000**	**$40,000**	**$998,000**	**$1,497,108**	**$2,495,108**	**$577,307**	**$1,917,801**

(1) Excludes Mr. Stadnyk as he was a management director during 2017.
(2) This amount is equal to approximately 150 per cent of the amount of Total Cash Retainer Fees Earned, and must be taken as DSUs.
(3) Approximately 60 per cent of a director's Total Compensation is paid in DSUs, the remaining portion of approximately 40 per cent may be paid in cash or the director may elect to increase the percentage of DSUs.

EQUITY-BASED AWARDS – OUTSTANDING AND VESTED DURING 2017

The following table sets forth information in respect of the number and value of DSU awards held by non-management directors which were outstanding and were fully vested as at December 31, 2017.

Director (1)	Number of DSUs	Estimated Payout Value of DSUs (2)
Harold Kvisle	90,601	$1,336,367
David Collyer	8,721	$ 128,630
John Dielwart	46,983	$ 693,003
Fred Dyment	47,113	$ 694,924
Timothy Hearn	41,699	$ 615,057
James Houck	53,359	$ 787,046
Kathleen O'Neill	62,184	$ 917,215
Herbert Pinder	80,414	$1,186,110
William Sembo	26,841	$ 395,910
Nancy Smith	22,637	$ 333,902

(1) Excludes Mr. Stadnyk as he was a management director during 2017.
(2) Calculated based on the closing price of the Common Shares on December 31, 2017 of $14.75 multiplied by the number of DSUs on such date adjusted to reflect cash dividends on the underlying Common Shares for the period from the grant date to December 31, 2017. DSUs vest immediately upon grant but cannot be redeemed until death or retirement of the director.

The table above does not include any share based compensation which was outstanding and held by Mr. Dielwart, as at December 31, 2017, other than DSUs which were awarded to him in his capacity as a non-management director. Mr. Dielwart, however, does continue to hold share options which were awarded to him in relation to his former role as CEO ("CEO"). As at December 31, 2017, Mr. Dielwart held an aggregate 148,748 unvested share options which had a value of approximately $4,760. These values have been calculated in the same manner that ARC has valued the unvested stock options held by its Named Executive Officers ("NEO") as described later in this information circular under *"2017 Executive Compensation".* As a director, Mr. Dielwart is no longer eligible to receive options, but the options he received during his tenure as CEO continue to vest under the terms and conditions of ARC's Share Option Plan. See Schedule D for additional information about ARC's Share Option Plan.

SHARE OWNERSHIP REQUIREMENTS

In order to align the interests of directors with those of ARC's shareholders, each non-management director is required to own a minimum of 20,000 Common Shares or share equivalents of the Corporation after having been on the Board for five years. A minimum of 10,000 Common Shares or share equivalents must be held after three years on the Board. The Board of Directors considered an ownership requirement based on a multiple of fees received but determined that setting a numeric threshold of 20,000 Common Shares or share equivalents, that at the time was approximately equal to three times the cash retainer fees for the Chairman of the Board and in excess of four times the cash retainer fees for other Board members, was appropriate. As at December 31, 2017, and as outlined on the following page, all non-management directors meet or exceed the minimum share ownership requirement other than Mr. Collyer who has until 2019 to meet the 10,000 Common Share or share equivalent minimum and until 2021 to meet the 20,000 Common Share or share equivalent minimum. Management directors are subject to separate share ownership requirements which are outlined in the *"Compensation Discussion and Analysis"* section of this information circular.

Director	Year Ended December 31	Common Shares	DSUs (1)	Total Common Shares and Share Equivalents	Total Market Value of Common Shares and Share Equivalents (2)	Value At Risk as Multiple of Cash Retainer Fees Earned (3)	Meets Minimum Share Ownership Guidelines (3)
Harold Kvisle	2017	115,000	90,601	205,601	$3,032,615	18	Yes
	2016	80,500	63,664	144,164	$3,331,630	20	Yes
David Collyer (4)	2017	—	8,721	8,721	$ 128,635	1	Yes
	2016	—	812	812	$ 18,765	0	Yes
John Dielwart	2017	346,591	46,983	393,574	$5,805,217	61	Yes
	2016	384,735	37,297	422,032	$9,753,160	103	Yes
Fred Dyment	2017	50,282	47,113	97,395	$1,436,576	15	Yes
	2016	50,044	37,423	87,467	$2,021,362	21	Yes
Timothy Hearn	2017	101,550	41,699	143,249	$2,112,923	22	Yes
	2016	101,550	32,187	133,737	$3,090,662	32	Yes
James Houck	2017	24,760	53,359	78,119	$1,152,255	12	Yes
	2016	24,760	42,106	66,866	$1,545,273	16	Yes
Kathleen O'Neill	2017	20,516	62,184	82,700	$1,219,825	12	Yes
	2016	20,516	48,824	69,340	$1,602,447	16	Yes
Herbert Pinder	2017	169,308	80,414	249,722	$3,683,400	39	Yes
	2016	95,308	64,202	159,510	$3,686,276	39	Yes
William Sembo	2017	15,300	26,841	42,141	$ 621,580	7	Yes
	2016	15,300	18,337	33,637	$ 771,351	8	Yes
Nancy Smith	2017	10,102	22,637	32,739	$ 482,900	5	Yes
	2016	5,102	9,190	14,292	$ 330,288	3	Yes

(1) The number of DSUs reflects dividends paid on Common Shares to December 31, 2017 or 2016, as applicable.
(2) Value based on closing share price of Common Shares of $14.75 at December 31, 2017 ($23.11 at December 31, 2016).
(3) Based on total market value of Common Shares and share equivalents including DSUs.
(4) Mr. Collyer was appointed to the Board of Directors on November 10, 2016 and has until November 10, 2019 to accumulate 10,000 Common Shares or share equivalents and until November 10, 2021 to accumulate 20,000 Common Shares or share equivalents.

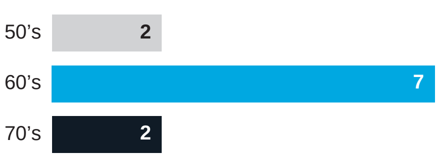
Corporate Governance Disclosure

NI 58-101 requires that if management of an issuer solicits proxies from its security holders for the purpose of electing directors certain prescribed disclosure respecting corporate governance matters must be included in its management information circular. The TSX also requires listed companies to provide, on an annual basis, the corporate governance disclosure which is prescribed by NI 58-101. The prescribed corporate governance disclosure for the Corporation is that contained in Form 58-101F1 which is attached to NI 58-101.

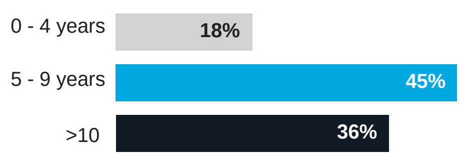
ABOUT THE BOARD OF DIRECTORS

The Board of Directors is responsible for the stewardship of ARC with oversight in several key areas including vision, culture, strategy and leadership, risk management, succession planning and corporate governance practices. The Board of Director's duties are set out in the Board Mandate which is reviewed each year and found in Schedule B. A quick overall look at the diversity of the Board of Directors in 2017 is captured and summarized by the graphs below:

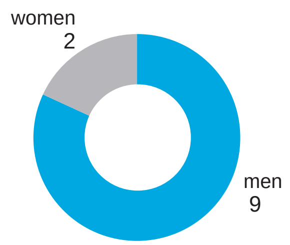
AGE



TENURE



GENDER



Board Committees

The Board of Directors, in part, performs its mandated responsibilities through the activities of its six committees outlined below. Each of the six committees has their own mandate which is reviewed and approved each year. Throughout 2017, the Audit, Human Resources and Compensation, Policy and Board Governance and Risk Committees were comprised entirely of independent directors. The Health Safety and Environment and the Reserves Committees were comprised of a majority of independent directors. Mr. Dielwart, the former CEO of ARC was, on February 8, 2018, deemed independent by the Board of Directors. None of the members of these committees have a material relationship with ARC that could reasonably interfere with the exercise of a director's independent judgment.

Audit Committee
Human Resources and Compensation Committee (1)
Policy and Board Governance Committee (2)
Health, Safety and Environment Committee (3)
Reserves Committee
Risk Committee

(1) Referred to as "HRC Committee" or "HRCC".
(2) Referred to as "Governance Committee".
(3) Referred to as "HSE Committee".

The Board of Directors holds regularly scheduled meetings at least quarterly to perform its responsibilities. The Board of Directors and members of management hold strategic planning sessions at least annually and revisit strategic planning at each quarterly meeting of the Board of Directors. Significant operational decisions and all decisions relating to the following are made by the Board of Directors:

- the acquisition and disposition of properties for a purchase price or proceeds in excess of an amount established by the Board of Directors from time-to-time;
- the approval of capital expenditure budgets;
- the establishment of credit facilities;
- issuances of additional Common Shares;

- the determination of the amount of dividends paid on Common Shares;
- long-term marketing, transportation and hedging arrangements in excess of an amount established by the Board of Directors from time-to-time;
- CEO compensation and other compensation matters or concerns;
- human resource concerns; and
- the appointment of directors and officers.

The Board of Directors and the Governance Committee have developed position descriptions for the Chair of the Board and the CEO with a view of ensuring that the Board of Directors can operate efficiently on a fully informed basis independent of Management. As such, the CEO reports directly to the Board of Directors. The Chair of the Board of Directors is an independent director and is responsible for managing the affairs of the Board of Directors and its committees, including ensuring the Board of Directors is organized properly, functions effectively and independently of Management and meets its obligations and responsibilities.

Strategic Planning Oversight

The Board of Directors oversees the development and execution of a long-range strategic plan and a short-range business plan for ARC's business which are designed to achieve ARC's principal objectives and identify the principal strategic and operational opportunities and risks of ARC's business. To assist the Board of Directors in meeting this responsibility, the agenda for every regularly scheduled board meeting includes a discussion of the progress of the short-term business plan and quarterly results as well as a "Strategy Update" where management provides a review of business development, exploration, financial forecasts, human resources and emerging trends and opportunities so as to provide the Board of Directors the information required for them to discuss and analyze the main risks associated with ARC's business plan and make recommendations to adjust the plan if necessary. In addition, the Board of Directors sets aside two days every year for a strategic planning session where they meet and discuss the long-term plan for the organization in detail with Management.

Board Oversight of Risk Management

Over the past several years, we continue to focus on identification, management, mitigation and reporting of risks. The Board of Directors is responsible for the identification of principal risks of the business and to ensure that all reasonable steps are taken to ensure the implementation of appropriate systems and procedures to manage such risks. The Board of Directors has a well-established Risk Committee that assists the Board of Directors in meeting its responsibilities with respect to risk identification, oversight and mitigation. The Risk Committee maintains a "Business Risk Matrix" which identifies risks to the organization along with a ranking of severity of such risks. The Business Risk Matrix is reviewed regularly by the Board of Directors. ARC has categorized the organizational risks, taking into consideration the mitigation strategies that ARC has in place, as follows:

Strategic
Culture, Organizational
Business Environment
Operational
Reserves
Organization and Systems

The Board of Directors has assigned responsibility for specific risk oversight and mitigation to the appropriate committees as outlined below:

Committee	Risk Oversight Responsibility	Specific Risk Oversight
Risk	• Identify the principal business, financial, organizational and other risks of the Corporation. • Ensure that management, the Board of Directors or a committee takes adequate steps to mitigate risks. • Establish accountability for such mitigation.	• Business environment, commodity price risk, hedging program, credit risk monitoring and mitigation and insurance.
Audit	• Financial reporting risk oversight. • Financial compliance risk oversight.	• Internal controls, integrity of reporting systems. • Compliance with financial and regulatory requirements. • Compliance with financial contractual requirements.
HRCC	• Talent management and succession risk oversight. • Compensation risk oversight.	• Succession planning • Compliance with contractual requirements.
Governance	• Governance and regulatory risk oversight.	• Compliance with corporate governance. • Compliance with legal and regulatory requirements.
Reserves	• Reserves and resources evaluation and reserves reporting risk oversight.	• Accuracy and integrity of reserves evaluation and reporting • Compliance with regulatory requirements.
HSE	• Health, safety and environment risk oversight. • Infrastructure integrity and security risk oversight. • Operational risk oversight.	• Operational performance monitoring and reporting. • Compliance with operational regulatory requirements.

See "*Committee Membership, Mandates, Responsibilities and Other Information"* for additional information.

Succession Planning

The Board of Directors has responsibility for director succession planning. Succession planning is a routine agenda item at Policy and Board Governance Committee meetings and potential candidates are considered and discussed.

The Board of Directors also has responsibility for senior officer succession planning and specifically, succession planning for the CEO. Succession planning is an agenda item at all quarterly HRCC meetings where the CEO provides regular updates on the progression and development of individual executives. Succession planning is a regular part of the board agenda, in-camera discussions and is discussed formally at a separate succession, progression and development meeting held in conjunction with the third quarter board and committee meetings, where the CEO, without other members of senior management present, discusses his views on the executive leadership team in general and his potential successors. At these sessions, the Board of Directors and the CEO discuss succession plans and candidates for all senior officer positions, including the CEO role.

The Board of Directors meet for an informal dinner session the evening prior to every regularly scheduled Board of Directors meeting. This provides the Board of Directors the opportunity to meet in a less formal atmosphere to discuss succession planning, corporate culture and a variety of other topics as well as strengthening the collegial working relationship of our directors.

The Board of Directors and its committees engage with senior management and employees on a regular basis in both formal and informal settings. Mr. Stadnyk, the President and CEO, is a director and attends substantially all meetings of the

Board of Directors and its committees, along with other executive officers and employees who are invited to attend directors' meetings and committee meetings to provide necessary information to facilitate decision making activities. All executive officers of ARC attend the annual strategic planning session providing additional opportunity for the Board of Directors to interact with management.

The HRCC has become increasingly more detailed and formalized in its succession planning process for the CEO, senior management and other strategic positions considered critical to the success of ARC. The HRCC's succession planning process involves working with the CEO to review the internal talent pool on a regular basis, and identifying potential candidates, selecting executive development opportunities and evaluating performance and progress, as well as planning for illness, disability and other unscheduled absences. This includes long-range planning for executive development and succession to ensure leadership sustainability and continuity. The HRCC is responsible for ensuring ARC has appropriate programs for succession planning, overseeing human capital risk to ensure ARC's management programs (including those for officers) effectively address succession planning and reporting and recommending to the Board of Directors on succession planning matters.

The Charter of the Board of Directors and the Mandate of the Board of Directors are found in Schedules A and B, respectively, and describe in more detail the general duties of the Board, its composition, retirement policies and other matters.

DIRECTOR INDEPENDENCE

The Board of Directors has determined that a majority of the directors (nine of the 10) standing for election are considered to be independent within the meaning of NI 58-101, which prescribes that such director is independent if he or she has no material relationship with the Corporation. A material relationship is a relationship which could, in the view of the Board of Directors, be reasonably expected to interfere with the exercise of a member's independent judgment.

The Board of Directors determined that as at December 31, 2017, all its current directors, except for Mr. Dielwart and Mr. Stadnyk, were independent. Mr. Dielwart retired as CEO of the Corporation on December 31, 2012 and was deemed independent by the Board of Directors on February 8, 2018. Mr. Stadnyk is the current President and CEO of the Corporation and is not independent.

INDEPENDENCE OF BOARD CHAIR

The Board of Directors has determined that the Chair of the Board of Directors, Mr. Kvisle, is an independent director within the meaning of NI 58-101. The Board of Directors, in conjunction with the Policy and Board Governance Committee and Mr. Kvisle, have developed broad terms of reference for the Chair of the Board of Directors which includes managing and developing a more effective Board of Directors, ensuring that such Board of Directors can function independently of management and working with management to monitor and influence strategic management and stakeholder relations. ARC believes that having an independent Chair of the Board of Directors fosters strong leadership, robust discussion and effective decisions while avoiding potential conflicts of interest.

INTERLOCKING BOARDS

The charter of the Board of Directors does not specifically prohibit interlocking board positions. The Board of Directors prefers to examine each situation on its own merits with a view to examine material relationships which may affect independence.

Company	Director	Committee Membership
Finning International Inc.	Harold N. Kvisle (1)	Director Policy and Board Governance Committee Human Resources & Compensation Committee
	Kathleen M. O'Neill	Director Policy and Board Governance Committee Audit Committee

(1) Mr. Kvisle joined the Board of Directors of Finning International Inc. on June 29, 2017.

The Board of Directors has determined that the above common board memberships do not impair the ability of these directors to exercise independent judgment as a member of ARC's Board of Directors.

COMMITTEE COMPOSITION

There are six committees of the Board of Directors, all of which are now comprised entirely of independent directors**,** except for the HSE Committee and the Reserves Committee in 2017, on which Mr. Dielwart was either the committee chair or a member. The following table outlines the composition of the committees of the Board of Directors in 2017.

Director	Year Appointed	Independent	Audit	HRCC	Governance	HSE	Reserves	Risk
Independent Directors:								
Harold Kvisle	2009	●			●			
David Collyer	2016	●				●		●
Fred Dyment	2003	●			●			Chair
Timothy Hearn	2011	●		Chair	●			
James Houck	2008	●	●				Chair	
Kathleen O'Neill	2009	●	Chair				●	
Herbert Pinder	2006	●		●	Chair			
William Sembo	2013	●		●		●		
Nancy Smith	2016	●	●					●
Non-Independent Directors:								
John Dielwart	1996					Chair	●	
Management Directors:								
Myron Stadnyk (1)	2013							

(1) Mr. Stadnyk is the current President and CEO of ARC, is not independent and does not sit on any committee but he does attend substantially all of the meetings for each committee.

BOARD AND COMMITTEE MEETING ATTENDANCE

Directors are expected to attend all meetings of the Board of Directors and the committees on which they participate either in person or by teleconference subject to unavoidable conflicts. Directors are also expected to attend the annual shareholders meeting. At a minimum, directors are expected to attend at least 75 per cent of such board and committee meetings held in the year. Directors are welcome to attend all committee meetings regardless of membership.

During 2017, board and committee meeting attendance was 98.7 per cent for non-management directors as outlined below. Mr. Stadnyk is a management director and is not a member of any of the committees, however he attended substantially all the committee meetings during 2017 by invitation.

Director (1)(2)	Board Meeting Attendance	Audit	HRCC	Governance	HSE	Reserves	Risk	Total Board and Committee Meeting Attendance
Harold Kvisle	7 of 7			5 of 5				12/12 (**100%**)
David Collyer	7 of 7				4 of 4		5 of 5	16/16 (**100%**)
John Dielwart	7 of 7				4 of 4	4 of 4		15/15 (**100%**)
Fred Dyment	6 of 7			5 of 5			4 of 5	15/17 (**88%**)
Timothy Hearn	7 of 7		4 of 4	5 of 5				16/16 (**100%**)
James Houck	7 of 7	5 of 5				4 of 4		16/16 (**100%**)
Kathleen O’Neill	7 of 7	5 of 5				4 of 4		16/16 (**100%**)
Herbert Pinder	7 of 7		4 of 4	5 of 5				16/16 (**100%**)
William Sembo	7 of 7		4 of 4		4 of 4			15/15 (**100%**)
Nancy Smith	7 of 7	5 of 5					5 of 5	17/17 (**100%**)

(1) Does not include Mr. Stadnyk who was a management director during 2017.
(2) The above does not reflect attendance by directors at meetings of committees of which they are not members.

BOARD AND COMMITTEE MEETINGS WITHOUT MANAGEMENT

The non-management directors meet without members of management present at every meeting of the Board of Directors and at every meeting of the committees. Each regularly-scheduled board and committee meeting’s agenda includes an in-camera session at the beginning and/or end of each meeting.

COMMITTEE MEMBERSHIP, MANDATES, RESPONSIBILITIES AND OTHER INFORMATION

Set forth below is information with respect to each of the committees of the Board of Directors, including membership and a description of their board approved mandate which outlines the roles and responsibilities of the committee.

Audit Committee	
Current Members	*All members of the Audit Committee are independent, as such term is defined in NI 52-110 Audit Committee, and financially literate.* • Kathleen M. O'Neill (Chair) • James C. Houck • Nancy Smith
Membership changes since January 1, 2017	There were no changes in committee membership in 2017.
Mandate	*Oversight on behalf of the Board of Directors for the following:* • Adequacy and effectiveness of internal controls and process over financial reporting • Review of annual and quarterly financial statements • Review of financial information included in ARC's prospectuses, management's discussion and analysis, information circulars, annual information forms and press releases • Review terms of engagement of external auditors and conduct of external audit • Review and approval of all audit and non-audit services performed by the external auditor; and • Compliance with legal and regulatory requirements *This committee is required to be composed of at least three individual members appointed by the Board of Directors from amongst its members, all of which are to be independent within the meaning of National Instrument 52-110 Audit Committees.* *The Audit Committee also oversees and monitors the qualifications, independence and performance of our external auditors.* *There were no substantive changes to the mandate of the Audit Committee in 2017.*

For more information relating to the background of the Audit Committee members, see "*Director Nominees*".

There were no "reportable events" within the meaning of National Instrument 51-102 *Continuous Disclosure Obligations*. For further information about the Audit Committee and Audit Committee Mandate, please see ARC's Annual Information Form for the year ended December 31, 2017 filed on SEDAR at www.sedar.com.

The Audit Committee pre-approves all audit and non-audit services performed by ARC's external auditors except for audit-related services and non-audit services provided by the external auditors for individual engagements with estimated fees of $50,000 and under which may be approved by the Chair of the Audit Committee between scheduled meetings. The aggregate fees billed by PwC for audit services in 2017 and by Deloitte LLP in 2016 are summarized in the following table.

External Audit Service Fees	Billed in 2017 (4)	Billed in 2016 (5)
Audit Fees	$ 808,740(6)	$694,430
Audit-related Fees (1)	$ 9,630	$ —
Total Audit and Audit-related Fees	$ 818,370	$694,430
Tax Fees (2)	$ 34,101	$ 14,499
Other Fees (3)	$ 58,946	$ 17,452
Total Fees	$911,417	$726,381

(1) The aggregate fees billed by our external auditor for assurance and related services that are reasonably related to the performance of the audit or review of the financial statements but which are not included in audit services fees.

(2) The aggregate fees billed by our external auditor for professional services for various tax advice.
(3) The assessment fee billed by the Canadian Public Accountability Board per the National Instrument 52-108 *Auditor Oversight* mandate for reporting issuers to have an audit completed by a CPAB participant firm.
(4) The 2017 fees are the audit and non-audit fees incurred by PwC who replaced Deloitte LLP following the results of the 2017 AGM. ARC's Change of Auditor Notice and related materials were filed August 5, 2016 on SEDAR at www.sedar.com,
(5) The 2016 fees are the audit and non-audit fees incurred by Deloitte LLP who was still acting as ARC's auditor for the fiscal year ending December 31, 2016.
(6) 2017 audit fees include $125,190 by Deloitte LLP related to the December 31, 2016 audit.

Human Resources and Compensation Committee	
Current Members	*All members of the Human Resources and Compensation Committee are independent.* • Timothy J. Hearn (Chair) • Herbert C. Pinder, Jr. • William G. Sembo
Membership changes since January 1, 2017	There were no changes in committee membership in 2017.
Mandate	*Oversight on behalf of the Board of Directors for the following:* • Ensure ARC's human resources and compensation policies and practices are aligned with its corporate vision and strategy; • Review of compensation, including salary and bonuses and the granting of PSUs and RSUs, options and long-term restricted shares for all staff including the officers of the Corporation but excluding the CEO; • Review of human resource policies and programs, performance management, benefit programs, resignations and terminations, training and development; • Review of executive succession planning and organizational planning and design; • Review of employment contracts or other major agreements for employees; • Lead an annual process for reviewing corporate performance benchmarking and approve annual executive compensation (other than the CEO); • Annual performance review of the CEO, and review of the CEO's appraisal of officers' performance; and • Review and provide recommendations to the Board of Directors on the compensation for the CEO *This committee is required to be composed of at least three individual members appointed by the Board of Directors from amongst its members, all of which are to be independent within the meaning of National Instrument 52-110 Audit Committees.* *There were no substantive changes to the mandate of the Human Resources and Compensation Committee in 2017.*

See *"Compensation Discussion and Analysis"* in this information circular for more information in relation to the role of the HRCC in determining executive compensation.

In addition to the background information on the members of the HRCC provided under "*Director Nominees*", the following provides a summary of the human resources and executive compensation experience of each current member of the committee.

Timothy J. Hearn (Chair) – Mr. Hearn has extensive leadership experience in human resources management, compensation and executive development from both a business leadership position and human resource function management. He was ExxonMobil's Vice President of Human Resources for five years where he was responsible for all aspects of the function globally. He culminated his career as Chief Executive Officer of Imperial Oil Ltd. where the Vice-President of Human Resources reported directly to him and provided the overall strategic direction of the human resources function. Mr. Hearn has also served on the Compensation Committee of another public company's board.

Herbert C. Pinder, Jr. – Over the last 35 years Mr. Pinder has served on more than 40 boards. On most of the public and private companies he has served on either the Compensation or Governance Committee, or both, often as the chair. He stays current with evolving compensation and governance practices including attending a Harvard Business School Seminar entitled “Compensation Committees: New Challenges, New Solutions”. He has been a member of the Human Resources and Compensation Committee since joining the Board in January of 2006 and was the Chair from 2009 to 2012.

William G. Sembo – Mr. Sembo has over 40 years of experience working in large organizations where he held senior leadership positions. He currently serves as a director on three privately-owned enterprises where he has gained experience in leadership, management and compensation practices. Mr. Sembo recently retired from his role as Vice Chairman at RBC Capital Markets LLC and has extensive governance expertise from this role as well as serving on various public, private and not-for-profit boards. Mr. Sembo joined the Human Resources and Compensation Committee in 2016.

Policy and Board Governance Committee	
Current Members	*All members of the Policy and Board Governance Committee are independent.* • Herbert C. Pinder, Jr. (Chair) • Fred J. Dyment • Harold N. Kvisle • Timothy J. Hearn
Membership changes since January 1, 2017	*Timothy J. Hearn stepped down from the Policy and Board Governance Committee on April 29, 2016 and was reappointed as a member of the Policy and Board Governance Committee on February 7, 2017.*
Mandate	*Oversight on behalf of the Board of Directors for the following:* • Review and assess effectiveness of the Board of Directors and committees and individual members of each; • Develop and review of the Corporation’s approach and procedures in relation to governance matters; • Reviews and recommends procedures to ensure the Board of Directors acts independently of management; • Review of member competencies and skills to identify and recommend new director nominees; and • Review of the Board of Directors and individual member effectiveness and performance through annual assessment *This committee is required to be composed of at least three individual members appointed by the Board of Directors from amongst its members, all of which are to be independent within the meaning of National Instrument 52-110 Audit Committees.* *There were no substantive changes to the mandate of the Policy and Board Governance Committee in 2017.*

Health, Safety and Environment Committee	
Current Members	*All members of the Health, Safety and Environment Committee are independent* • John P. Dielwart (Chair) • William G. Sembo • David R. Collyer
Membership changes since January 1, 2017	*Timothy J. Hearn stepped down from the Health, Safety and Environment Committee on February 7, 2017. David R. Collyer was appointed as a member of the Health, Safety and Environment Committee on February 7, 2017.*
Mandate	*Oversight on behalf of the Board of Directors for the following:* • Review of performance with respect to health, safety and environmental programs and activities; • Review and recommend development and implementation of standards and policies with respect to health, safety and environment; and • Compliance with legal and regulatory requirements *This committee is required to be composed of at least three individual members appointed by the Board of Directors from amongst its members, the majority of which shall be independent within the meaning of National Instrument 52-110 Audit Committees.* *There were no substantive changes to the mandate of the Health, Safety and Environment Committee in 2017.*

Reserves Committee	
Current Members	*All members of the Reserves Committee are independent* • James C. Houck (Chair) • John P. Dielwart • Kathleen M. O'Neill
Membership changes since January 1, 2017	There were no changes in committee membership in 2017.
Mandate	*Oversight on behalf of the Board of Directors for the following:* • Review terms of engagement of independent reserves and resources evaluators and conduct of reserves and resources evaluations; • Review of qualifications, experience and approach to reserves and resources evaluation of the independent engineering firm performing the reserves and resources evaluations; • Review of annual independent engineering reports; • Review of reserves and resources data and other information specified in National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities; and • Review of reports on reserves and resources and such information included in ARC's prospectuses and annual information form *This committee is required to be composed of at least three individual members appointed by the Board of Directors from amongst its members, the majority of which shall be independent for the purposes of National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.* *There were no substantive changes to the mandate of the Reserves Committee in 2017.*

Risk Committee	
The Risk Committee was specifically formed to assist the Board of Directors in meeting its responsibilities to generally review the principal organizational, business, financial, operational and strategic risks of the Corporation and to ascertain the allocation of responsibility of the Board of Directors, the Risk Committee or other committees for the review of such risks. The Risk Committee assumes primary responsibility for the review of risk assessment and risk management relating to hedging, credit and insurance and the consideration of such matters in light of current risk management policies in place from time-to-time. The Risk Committee meetings are often attended by the full board.	
Current Members	*All members of the Risk Committee are independent.* • Fred J. Dyment (Chair) • David R. Collyer • Nancy Smith
Membership changes since January 1, 2017	*Harold N. Kvisle stepped down from the Risk Committee on February 7, 2017. David R. Collyer was appointed as a member of the Risk Committee on February 7, 2017.*
Mandate	*Oversight on behalf of the Board of Directors for the following:* • Identify and review principal business risks of the Corporation, including detailed annual review of business risk matrix document, and the actions taken by the Corporation to mitigate the risks; • Identify and review the principal financial risks of the Corporation, including but not limited to changes in commodity prices, interest rates, foreign currency exchange rates and counterparty credit and the actions taken by the Corporation to mitigate these risks; • Ensure all business risks, both financial and operational, are monitored by the appropriate board committee; • Review of hedging mandate and policy to ensure compliance with strategic objectives; • Review of counterparty credit policy for both financial and physical contracts to ensure compliance with strategic objectives; • Review and identify risks to transportation commitments; and • Review of director and officer's insurance policy *This committee is required to be composed of at least three individual members appointed by the Board of Directors from amongst its members, the majority of which shall be independent within the meaning of National Instrument 52-110 Audit Committees.* *There were no substantive changes to the mandate of the Risk Committee in 2017.*

BOARD CHAIR, COMMITTEE CHAIR AND CEO POSITION DESCRIPTION

The Board of Directors has developed written position descriptions for the Chair of the Board of Directors and the Chair of each committee of the Board of Directors. In conjunction with the CEO, the Board of Directors has developed a written position description for the CEO. The position descriptions for the Board Chair, Committee Chairs and CEO are available on the Corporation's website under the Corporate Governance section – Board Committees – Terms of Reference.

NOMINATION OF NEW DIRECTORS

The Governance Committee reviews the makeup of the Board of Directors and committees annually and is responsible for identifying and recommending to the Board of Directors new candidates. The Governance Committee considers the skills, experience, strengths, knowledge and constitution of the members of the Board of Directors and the committee's perception of the needs of the Corporation. Some of the key competencies that the Corporation believes directors should have are: corporate executive experience, oil and gas operational experience, financial acumen, and knowledge in the areas of compensation, governance and health, safety and environment. Character and behavioral qualities including credibility, integrity and communication skills are also important attributes considered when recruiting new and diverse directors. The Governance Committee uses a two-tier selection process when evaluating prospective candidates which is outlined below.

The first tier is in respect of the person's character, personality and fit with ARC's culture. The ideal candidate for a board seat would be described as follows:

1. **Respected for ethics, integrity and trustworthiness;**
2. **Independent thinker with conviction and courage of thought;**

3. **Possesses flexibility to evolve views with the benefit of new information or perspective;**
4. **A team player with good listening skills and the ability to lead laterally;**
5. **Has intellectual curiosity, creativity and a long-term perspective;**
6. **Has demonstrated commitment, drive, work ethic and excellence in judgment; and**
7. **Is committed to transparency and accountability.**

The second tier addresses broad and specific governance and industry skills. The ideal candidate for a board seat would possess some combination of the following skill set bundles:

1) Oil and Gas Experience
   - Experience managing oil and gas operation and development programs.
   - Direct experience in managing health, safety and environmental issues.
   - General experience with and/or executive responsibility for oil and gas reserves evaluation.
   - Direct experience with respect to oil and gas marketing and/or transportation.
2) People and Organizational Experience
   - Management or executive experience with responsibility for human resources and talent management.
   - Experience in leading major organizational change and/or managing a significant merger.
   - Direct experience in managing information technology or responsibility for the IT role.
3) Financial and/or Investment Management Experience
   - Financial management experience or financial accounting, reporting and corporate finance and/or investment management.
   - Management or executive responsibility for creating value and/or business development.
4) Governance
   - An understanding of corporate governance gained through experience as a senior executive and/or board member of public and/or private companies and/or not-for-profits.
   - Experience with the decision-making process.
5) Risk Management
   - Management or executive experience in evaluating the broad range of risks faced by an oil and gas company, including hedging and other approaches to risk management.
6) Communications and Stakeholder Relationships
   - Experience in regulatory matters.
   - Experience in government relations.
   - Understanding social media, public policy processes and the political process.
7) Strategy Development
   - Demonstrated experience in the development of strategy.
   - An understanding of the importance of the role of capital allocation and risk in value creation.

The Policy and Board Governance Committee considers the skill set and the diversity of the Board of Directors when considering new candidates. On an annual basis, board members are required to complete a “Skills Matrix” where they rate their knowledge and abilities as outlined against the skill set described above.

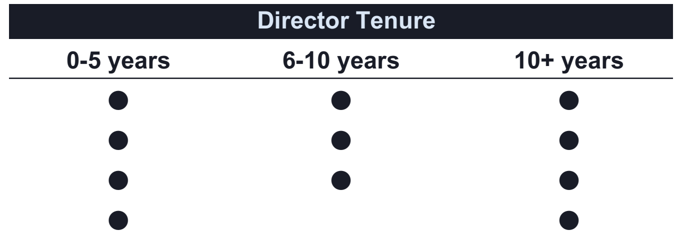
The Policy and Board Governance Committee is comprised entirely of independent directors and has within its mandate the responsibilities of identifying and recommending to the Board of Directors new candidates for appointment or nomination to the Board of Directors. The committee maintains a list of potential directors but also has the authority to hire an external search firm when deemed necessary to access a broader pool of director candidates. The committee also reviews the list of directors to be nominated for election at the annual meeting of shareholders and recommends such nominees for approval by the Board of Directors.

BOARD TENURE AND RETIREMENT POLICY

ARC has not adopted a policy which imposes term limits for directors. We believe that it is critical that directors understand our industry and our business, and this requires a certain length of tenure on the Board of Directors. Long-term directors accumulate extensive company knowledge while new directors bring new experience and perspectives to the Board of Directors. It is important to achieve an appropriate balance of both to ensure an effective Board of Directors.

ARC’s retirement policy does not have a designated age of retirement or a term limit. Rather, and because of ARC’s comprehensive director evaluation and accountability, ARC wanted its retirement policy to be reflective of its performance-driven culture. In addition, the retirement policy states that a director is recruited with the expectation of serving a minimum of seven years, subject always to their annual performance review, a change in personal circumstances or ARC's majority voting policy.

As at December 31, 2017, the Board of Directors of the Corporation was comprised of 10 non-management directors with an average tenure of seven years on the Board. The tenure and age of the directors is summarized in *About the Board* on page 22.



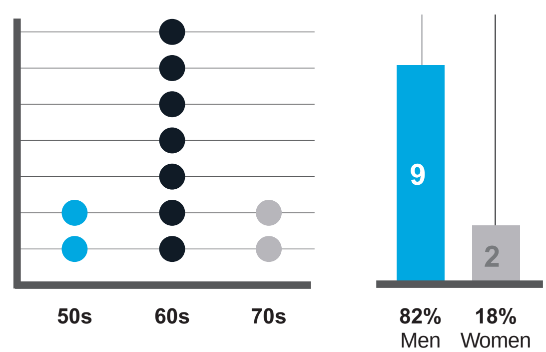
DIVERSITY POLICY

Board appointments at ARC have always been based on finding the best individual based on merit and the requirements of the Board of Directors at that time. ARC does not differentiate by race, colour, ethnicity, religion, gender, sexual orientation or any other aspect. In March 2018, the Board of Directors adopted a new Diversity Policy to reinforce its view of the benefits of diversity on a board and the Corporation, founded on the aforementioned principles. The policy provides that the Policy and Board Governance Committee, which is responsible for recommending director nominees to the Board of Directors, will consider candidates on merit, based on a balance of skills, background, experience, diversity, knowledge and cultural fit with the Board of Directors.

ARC has purposely constructed a board with a broad range of experience and expertise specific to the energy sector and other sectors that we believe are beneficial to the organization and ARC's shareholders. To ensure that ARC accesses a broad pool of the best qualified individuals, an external search firm may be retained to help identify outstanding candidates for future openings for new directors with the mandate that the pool must take diversity into account, in addition to other desired attributes. The ultimate decision will be based on merit and the contribution that the chosen candidate will bring to the Board of Directors. For the reasons described above, ARC does not specifically consider the level of representation of women on the Board of Directors and has not adopted a specific target regarding the number or percentage of women on the Board of Directors. ARC currently has two women on the Board of Directors or approximately 18 per cent of the Board of Directors with the same number proposed for election.

Similarly, executive appointments at ARC are determined based on merit and qualifications relevant for the specific role. Consideration is given to a broad range of skills, background, experience, knowledge, merit, and cultural fit within the organization. First consideration is given to internal candidates, and second, external search firms are engaged to identify top candidates for the role. Diversity is considered; however, the ultimate decision is determined based on the best candidate for the role. For the reasons described above, ARC does not specifically consider the level of representation of women in executive positions and has not adopted a specific target regarding the number or percentage of women in executive positions. ARC currently has two women who are executive officers of the Corporation, or 16 per cent of the executive team, holding the positions of VP Engineering and Planning and VP Human Resources. Further, and in addition, the broader management team at ARC is comprised of 43 employees 16 of which are women, or 37 per cent of the broader management team.

DIRECTOR AGE AND GENDER



DIRECTOR SKILLS AND EXPERIENCE

The Board of Directors and the Policy and Board Governance Committee review the experience, qualifications and skills of our directors each year to ensure that the composition of the Board of Directors and committees and the competencies and skills of the members are in line with those that the Governance Committee considers that the Board of Directors and respective committees should possess.

The Board maintains a skills matrix to identify and evaluate the competencies and skills of the members based on the individual experience and background of each director. The skills matrix is reviewed and updated each year based on self-assessment by each director whereby each director is asked to rate their experience and background in a variety of key subject areas. This data is compiled into a matrix representing the broad skills of the current directors. This matrix is maintained to identify areas for strengthening the Board of Directors, if any, and address them through the recruitment of new members.

The following skills matrix outlines the experience and background of, but not necessarily the technical expertise of, the current individual directors based on information provided by such individuals.

	Kvisle	Collyer	Dielwart	Dyment	Hearn	Houck	O'Neill	Pinder	Sembo	Smith	Stadnyk
Oil and Gas Experience											
Experience managing large, multinational and complex organizations.	●	●	●	●	●	●	●	○	●	○	●
Experience in leading major organizational change and/or managing a significant merger.	●	●	●	●	●	●	●	◐	◐	◐	●
General experience with and/or executive responsibility for oil and gas reserves evaluation.	●	●	●	●	●	●	◐	○	◐	◐	●
Direct experience in managing information technology or responsibility for the IT role.	◐	●	●	◐	●	●	●	○	◐	◐	●
Management or executive experience with responsibility to human resources and talent management.	●	●	●	●	●	●	●	●	◐	●	●
Direct experience in managing health, safety and environmental issues.	●	●	●	●	●	●	●	◐	◐	◐	●
Successful entrepreneurial background, preferably building an exploration and production company.	●	◐	●	●	●	●	○	●	◐	◐	●
Financial and/or Investment Management Experience											
Financial management experience or financial accounting, reporting and corporate finance and/or investment management.	●	●	●	●	●	●	●	●	●	●	●
Management or executive responsibility for creating value and/or business development.	●	●	●	●	●	●	●	●	●	●	●
Governance											
An understanding of corporate governance gained through experience as a senior executive and/or board member of public and/or private companies and/or not-for-profits.	●	●	●	●	●	●	●	●	●	●	●
Experience with the decision-making process.	●	●	●	●	●	●	●	●	●	●	●
Risk Management											
Management or executive experience in evaluating the broad range of risks faced by an oil and gas company, including hedging and other approaches to risk management.	●	●	●	●	●	●	●	●	◐	●	●
Communications and Stakeholder Relationships											
Experience in the regulatory arena.	●	●	●	◐	●	●	◐	◐	◐	◐	●
Experience in government relations, public policy processes and the political process.	●	●	●	●	●	●	◐	○	◐	◐	●
Strategy Development											
Demonstrated experience in the development of strategy.	●	●	●	●	●	●	●	●	●	●	●
An understanding of the importance of the role of capital allocation and risk in value creation.	●	●	●	●	●	●	●	●	●	●	●

● Worked directly or had individuals directly reporting to you in specific area
◐ Have general experience in specific area
○ Limited experience or expertise in specific area
No experience or expertise in specific area

DIRECTOR ORIENTATION AND CONTINUING EDUCATION

The Board of Directors provides new directors with access to all background documents of the Corporation, including all corporate records, corporate policies, ARC's Code of Conduct, reporting guidelines, compensation, prior board materials and relevant information on the industry and the Corporation. New members of the Board of Directors are invited to meet with each of the directors as well as the officers of the Corporation for orientation as to the nature and operations of the business and are invited to attend all meetings of the committees of the Board of Directors, as are all directors. Field visits to familiarize the new director with ARC's operations are arranged, as required, and are often in conjunction with a meeting which the HSE Committee holds at a field location on a periodic basis, to which all directors are invited to attend. The visit to the field provides directors with the opportunity to broaden their understanding of ARC's operations and interact with a broader spectrum of employees.

Presentations are made regularly to the Board of Directors and committees to educate and inform them of changes within the Corporation and on other relevant subjects such as regulatory and industry requirements and standards, capital markets, commodity markets, and corporate governance as summarized below.

- The Audit Committee receives quarterly presentations on emerging trends and issues in the accounting and audit fields from management and the external auditor of the Corporation is present at all Audit Committee meetings.
- The Reserves Committee receives quarterly presentations on operational results and technical and regulatory issues pertaining to reserves and resources evaluation from management and the independent reserves evaluator is present at a minimum of two Reserves Committee meetings each year.
- The Policy and Board Governance Committee receives quarterly updates from Burnet, Duckworth & Palmer LLP on material changes in securities regulation and corporate governance matters. Management provides regular updates on corporate governance "best practices" from third-party publications.
- The Health, Safety and Environment Committee receives quarterly updates on new legislation or regulations relating to health, safety and environmental matters from management.
- The Risk Committee receives quarterly updates on the macro-economy and the outlook for crude oil, natural gas liquids and natural gas prices, and updates on issues relating to commodity marketing and infrastructure from management.
- The Human Resources and Compensation Committee receives regular updates on compensation programs and trends, recruitment and leadership development from management, and on occasion from external independent compensation advisors.

The directors attend an annual strategy session with management. At the 2017 strategy session, outside experts from TD Securities were invited to present on "Equity Capital Markets Update – Changes and Implications to ARC Resources Ltd." to the directors and management. Management invites all directors to attend presentations on a variety of topics presented by leading economists and commodity and currency specialists. Directors are invited to attend meetings of all committees of the Board of Directors as well as any committee presentations on specific issues that may be beneficial to all directors.

The Corporation has approved a policy of paying for any educational courses for any members of the Board of Directors relating to corporate governance, financial literacy or related matters. The Corporation also pays for membership dues for each of the directors in an appropriate organization that provides relevant publications and educational opportunities. Individual directors attend seminars and presentations and read publications from public accounting firms, legal firms, oil and gas research analysts, various publications on governance and various chapters of the Institute of Corporate Directors.

During 2017, the directors attended presentations and events as outlined in the following table:

Date	Topic	Host/Presenter	Director Attendees
January	Board Governance	Institute of Corporate Directors	David Collyer
January	Global Energy Outlook	Calgary Chamber of Commerce	David Collyer
January	Tudor Pickering Fundamentals	ARC Resources Ltd.	Myron Stadnyk
January	US Election: What does it mean for Canada? / Digital disruption and board oversight of Big Data	EY Canadian Directors Networks	Kathleen O'Neill

Date	Topic	Host/Presenter	Director Attendees
February	Corporate Governance Update – Governance Rankings (Publications: Globe and Mail "Board Games" and University of Toronto Clarkson Centre for Board Effectiveness "Board Shareholder Confidence Index")	Bevin Wirzba, Senior VP, Business Development and Capital Markets	Policy and Board Governance Committee Members
February	Energy Outlook	Peter Tertzakian, Executive Director, ARC Energy Research Institute	David Collyer
February	Carbon and other ESG Issues for Canada's Largest Oil and Gas Companies Conference	CIBC/Presenter: Myron Stadnyk, President & CEO	Myron Stadnyk
March	Tax implications to LTIP programs due to the elimination of the DRIP/SPD	Van Dafoe, Senior VP & CFO/ Lisa Olsen, VP Human Resources	HRCC Members
April	Panel Member at Climate Change Conference	Conference Board of Canada	David Collyer
April	2017 Investment Forum –The Battle for the Hearts and Wheels of the Market	ARC Energy Research Institute	Nancy Smith
April	Current Energy Issues	Jarislowsky Dinner and Discussion Series, University of Calgary, Haskayne School of Business	William Sembo / David Collyer
May	Presented on Energy and Climate Issues	AGM, Petroleum Technology Alliance Canada	David Collyer
May	Workshop, assessing future energy and environment trends	Energy Futures Lab	David Collyer
June	Equity Capital Markets Update – Changes and Implications to ARC Resources Ltd.	TD Securities: Sante Cornoa, Executive Managing Director & Head of Equity Capital Markets / Geoff Bertram, Managing Director, Equity Capital Markets / Roger A. Serin, Managing Director, Senior Energy Advisor / Peter Haynes, Managing Director & Head of Index Products	All Directors
June	Market Fundamentals Update	Kris Bibby, VP Finance	All Directors
June	Valuation Methodology for Long Term Restricted Shares	PwC	HRCC Members
June	Brendan Wood Shareholder Confidence Survey	Myron Stadnyk, President & CEO/Lisa Olsen, VP Human Resources	HRCC Members
June	Executive and CEO Compensation Market Analysis	Kenneth Yung, Mercer	HRCC Members
June	Canadian Climate Policy	Environment and Climate Change Canada	David Collyer

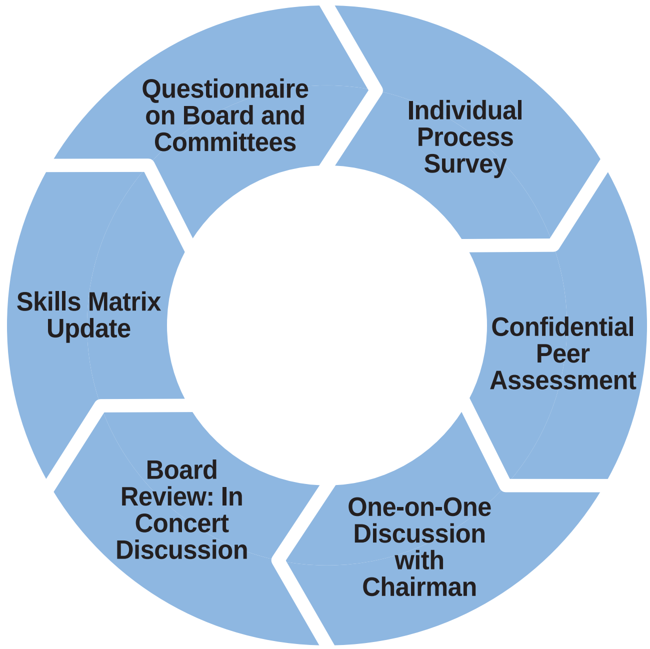
Date	Topic	Host/Presenter	Director Attendees
June	Generation Energy Workshop	Natural Resources Canada	David Collyer
June	Presented on Positive Energy	Positive Energy, University of Ottawa	David Collyer
June	Presented on Energy Outlook	University of Calgary, Haskayne School of Business	David Collyer
June	Presented on Energy and Environment	Public Policy Forum	David Collyer
June	Attended Toronto Chapter Event	EY Canadian Directors Networks	Kathleen O'Neill
June	Seminar on Blockchain	Women Corporate Directors/ KPMG	Kathleen O'Neill
July	Field Tour of Dawson Phase III Plant	ARC Resources Ltd.	All Directors
July	Benchmarking on Share Ownership Guidelines	Lisa Olsen, VP Human Resources	HRCC Members
July	Benchmarking on Retirement Provisions	Lisa Olsen, VP Human Resources	HRCC Members
July	Water and Carbon Strategies	Sean Calder, VP Production/ Armin Jahangiri, VP Operations	HSEC Members
August	Participated in Energy Strategy Workshop	Independent Energy Experts	David Collyer
September	Oil & Gas Industry Forum	Canadian Public Accounting Board	Nancy Smith
September	Attended Engineering Expo	University of Alberta	David Collyer
October	Political & Government Policy Disruptions	Institute of Corporate Directors	Nancy Smith
October	Chaired panel on GHG emissions reductions in oil and gas	Petroleum Technology Alliance Canada	David Collyer
October	Disruptive Change and Board Governance	Institute of Corporate Directors	David Collyer
October	Attended Board Effectiveness Seminar	Egon Zehnder	Kathleen O'Neill
October	Attended Toronto Chapter Event	EY Canadian Directors Networks	Kathleen O'Neill
October	Attended Audit Quality Symposium	Canadian Public Accountability Board	Kathleen O'Neill
October	Business and Engineering Ethics	Engineering Advisory Board, Trinity University	James Houck
October	CAPP Strategic Planning – BC Overview and Commodities Review	CAPP	Myron Stadnyk
November	Attended Board Diversity Seminar	KPMG	Kathleen O'Neill
November	Canada's Energy Crossroads	University of Calgary, Haskayne School of Business	Nancy Smith
November	Panel Moderator for Oil Sands Technology Conference	Emissions Reduction Alberta	David Collyer

Date	Topic	Host/Presenter	Director Attendees
November	Compensation Practice in Northeast BC	Lisa Olsen, VP Human Resources / Mercer	HRCC Members
November	What Drives Share Price?	Randy Ollenberger, BMO	All Directors
December	Member, Government of British Columbia Climate Solutions and Clean Growth Advisory Council advising the BC government actions to reduce GHG emissions and grow the economy	Government of British Columbia	David Collyer
Quarterly	Market Fundamentals & Outlook	Kris Bibby, VP Finance	All Directors
Ongoing	Co-Chair, Government of Alberta Oil Sands Advisory Group advising GoA on implementation	Alberta Climate Leadership Plan	David Collyer
Ongoing	Member, Generation Energy Council advising Government of Canada Minister of Natural Resources on Canada's energy future	Generation Energy Council	David Collyer
Ongoing	Member of ICD Accounting Policy Advisory Group	Institute of Corporate Directors	Kathleen O'Neill
Ongoing	Member of the CPA Corporate Oversight and Governance Board	CPA	Kathleen O'Neill
Ongoing	Energy: Technical and Business	Discussions with industry experts; extensive reading	Hal Kvisle
Ongoing	Governance	Extensive review of governance literature	Herb Pinder

BOARD, COMMITTEE AND MEMBER ACCOUNTABILITY

On an annual basis, the effectiveness of the Board of Directors, the committees of the Board of Directors and individual directors are reviewed through a self-assessment and inquiry process. A key component of the process is a four-part questionnaire that each member of the board completes. The first three sections ask directors to evaluate the Board of Directors and where appropriate, the committees and committee chairs, with regards to responsibility, operations and effectiveness. The questionnaire provides quantitative rankings for key questions and seeks subjective content and suggestions for improvements in all areas. The data is compiled independently and reviewed by the Chair of the Policy and Board Governance Committee and is presented in summary form to the Policy and Board Governance Committee for discussion and follow-up as required.

To enhance director accountability, each director participates in an annual assessment process that begins in the third quarter and is completed by the end of the fourth quarter.



The directors perform an individual assessment and receive an anonymous and confidential peer assessment, from their board peers, of their work on the Board of Directors and its committees. The results are compiled and provided to the Chair of the Board of Directors, who meets with each director one-on-one to engage in a full and frank two-way discussion on any issues that either wants to raise, with an emphasis placed on maximizing the contribution of each director to the Board of Directors and continually improving the effectiveness of the Board of Directors. At this meeting, directors may comment on their contributions to the Board of Directors as well as the contributions of their peers.

The final piece of the individual assessment process is the review of the “Skills Matrix”, which is the fourth section in the questionnaire discussed above, outlining the experience and background of the directors in a variety of key subject areas. This matrix is maintained so that the Board of Directors can identify areas for strengthening the board, if any, and address them through the recruitment of new members.

In addition to the above, the Board of Directors devotes one meeting, on an annual basis, to review and discuss as a group ways to improve the effectiveness and efficiency of the board.

ETHICAL BUSINESS CONDUCT

The Board of Directors has adopted a written Code of Business Conduct and Ethics applicable to all members of the Corporation, including directors, officers and employees and a Code of Ethics for senior financial officers applicable to all senior financial officers, each of which has been filed on the Corporation’s SEDAR profile at www.sedar.com. Both documents are also available on the Corporation’s website under the Corporate Governance section.

The Code of Business Conduct and Ethics deals with business integrity, accuracy of records and reporting, conflicts of interest, insider trading, protection and proper use of the Corporation’s assets, reporting of illegal or unethical behaviour and other matters. Employees are required to contact the Chair of the Audit Committee in relation to any concerns about questionable accounting, auditing or financial reporting.

The Policy and Board Governance Committee monitors compliance with the Code of Business Conduct and Ethics through an annual sign-off, that is completed by all employees of the Corporation including senior management. Employees are asked to confirm that they have read, understood and complied with the code and have reported any known violations of the code. The Board of Directors monitors compliance with the Code of Ethics for senior financial officers through the Policy and Board Governance Committee, which requires quarterly certifications by ARC’s senior financial officers of their compliance with the code.

In addition, the Corporation has a "whistleblower" policy which provides a procedure for the submission of information by any director, officer, employee or external party relating to possible violations of the code. A whistleblower hotline is available as a means of communicating any violation of either code.

In addition, the Corporation conducts a mandatory annual survey entitled "Measuring the Strength of the Workplace" which inquires as to the vision, values and culture of the Corporation with a view of emphasizing and strengthening the culture of trust, integrity, respect and accountability in the workplace. Management reviews the results of the survey with the Board of Directors and the Human Resources and Compensation Committee.

There were no material change reports filed since the beginning of the Corporation's most recently completed financial year pertaining to any conduct of a director or executive officer that constitute a departure from the code.

CORPORATE SOCIAL RESPONSIBILITY

ARC is committed to conducting its business in a safe and responsible manner to protect the health and safety of employees, contractors, stakeholders and the public. Safeguarding the environment and the integrity of ARC's infrastructure is inherent in ARC's day-to-day operations. ARC's culture promotes responsibility and accountability for health, safety and environmental performance throughout the entire organization. Management continually reviews actual performance in these areas relative to corporate objectives, regulatory requirements and industry peers. Management reports to the Board of Directors on a quarterly basis with respect to health, safety and environmental performance and identifies areas for continuous improvement.

ARC has detailed policies to address health and safety management, environmental management and asset and infrastructure integrity management. These policies outline performance objectives, procedures and key accountabilities throughout all levels of the organization. The policies are reviewed annually by management and the Board of Directors and are revised accordingly.

ARC publishes a biennial Corporate Sustainability Report which outlines ARC's objectives and performance in the areas of health, safety, environment, stakeholder engagement and community investment, but ARC's website is updated annually with this information. The most recent report was published in August 2016 and a new report will be published in August 2018. Additionally, ARC publishes an annual update of key sustainability performance indicators, available on our website at www.arcresources.com/community/sustainability-performance-table. ARC prides itself on its leadership in corporate sustainability, governance and financial disclosure. The Board of Directors considers ARC to be a leader in corporate sustainability and responsibility, having been recognized in 2017 by Hermes Creative Awards as the Platinum winner for its sustainability report.

MATERIAL INTERESTS

The Corporation is engaged in the oil and gas business. In general, private investment activities of directors are not prohibited, however, should an existing investment pose a potential conflict of interest the potential conflict is required to be disclosed to the President and CEO or the Board of Directors.

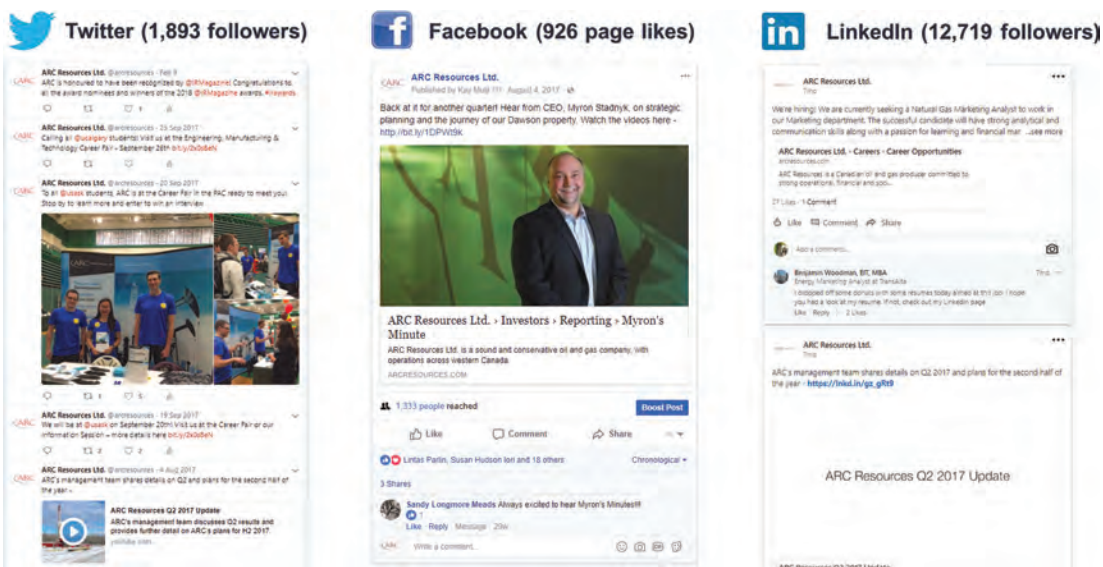
It is acknowledged that directors may be directors or officers of other entities engaged in the oil and gas business, and that such entities may compete directly or indirectly with the Corporation. Any director who is a director or officer of any entity engaged in the oil and gas business is required to disclose such involvement to the Board of Directors. Any director of the Corporation who is actively engaged in the management of, or who owns an investment of one per cent or more of the outstanding shares, in public or private entities is required to disclose such holdings to the Board of Directors. In the event that any circumstance should arise as a result of such positions or investments being held or otherwise which in the opinion of the Board of Directors constitutes a conflict of interest which may reasonably affect such person's ability to act with a view to the best interests of the Corporation, the Board of Directors will take such actions as are reasonably required to resolve such matters with a view to the best interests of the Corporation. Such actions, without limitation, may include excluding such directors from certain information or activities of the Corporation. The Charter of the Board of Directors also provides that directors shall give notice to the Chair of the Board of Directors of any participation on a board of any public corporation, that directors shall not sit on more than four boards without the approval of the Board of Directors and that directors shall not participate on the board of any public corporation where such participation may constitute a conflict of interest, without the approval of the Chair of the Board of Directors.

In accordance with the *Business Corporations Act* (Alberta), directors who are a party to or are a director or an officer of a corporation who is a party to a material contract or material transaction or a proposed material contract or proposed material transaction are required to disclose the nature and extent of their interest and not to vote on any resolution to approve the contract or transaction. In certain cases, an independent committee may be formed to deliberate on such matters in the absence of the interested party.

SHAREHOLDER ENGAGEMENT

ARC conducts an active shareholder engagement program through a variety of vehicles. ARC communicates regularly with shareholders through annual and quarterly reports, news releases, its corporate responsibility report, through ARC's website www.arcresources.com and through other disclosure and regulatory documents filed on SEDAR at www.sedar.com. ARC's management team regularly meets with large institutional shareholders and investment advisors. ARC hosts its' annual investor day in November, providing shareholders with an opportunity to meet and hear directly from senior management as they discuss various aspects of the business and answer questions from the attendees. ARC webcasts the annual shareholders meeting as well as the annual investor day presentation. In addition, the Corporation posts quarterly video updates with its executive officers, including the President and CEO, Chief Financial Officer ("CFO"), Chief Operating Officer ("COO") and the Senior Vice President of Business Development and Capital Markets on ARC's website to allow individual shareholders the opportunity to listen in on a discussion regarding the financial and operational highlights and results for each quarter. Further, investors may contact ARC's investor relations department by letter, e-mail or phone on a continuing basis.

In 2017, the Board of Directors adopted a Social Media Policy enabling ARC to further engage shareholders through social media. An excerpt of our social media activity is provided below:



The Board of Directors also recognizes that it is important for the board to communicate with shareholders, including organizations that represent or advise shareholders on matters of governance, such as the Canadian Coalition for Good Governance. Those shareholders, employees and other interested parties wishing to communicate directly with the Board of Directors on questions or concerns related to the board and executive succession, compensation and board level corporate governance may do so through the Chair of the Board of Directors or the Corporate Secretary.

Compensation Discussion and Analysis

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INTRODUCTION

At ARC, we believe that attracting and retaining high-performing talent is crucial to our long-term success. Having a competitive compensation program that motivates top talent to achieve long-term performance and results is one of our core principles. The oil and gas industry is linked to the commodity cycles and requires significant strategic planning and long-term capital investments. This requires a focus on profitable growth, achieved through capital discipline and reliable operations that are conducted in a safe and environmentally responsible way. Our compensation programs are designed to align the interests of our executive and employees with shareholder interests to deliver annual and longer-term results and create shareholder value. At ARC, we embody a high level of trust throughout the organization that is manifested in the way we do business and in the way Management and the Board interact. We structure our compensation programs with a clear focus on pay-for-performance and alignment with the interests of ARC's shareholders. Our compensation programs are designed to motivate executives to achieve our primary corporate objective of creating shareholder value over the long term.

COMPENSATION PHILOSOPHY AND OBJECTIVES

Our executive compensation plans are designed with the following principles and objectives in mind:

- **Encourage long-term thinking and long-term performance** – Approximately 80 per cent of our executive compensation is "at risk" to reinforce our pay-for-performance philosophy and ensure behaviors are aligned with the long-term interests of ARC and its shareholders. Approximately 65 per cent of our executive compensation is weighted to medium and long-term awards and relates directly to ARC's total shareholder return ("TSR") including a mix of relative and absolute performance. The desired outcome is to continue to sustain a high performing organization that delivers results and drives the long-term success of the business and increases shareholder value.
- **Ensure market competitiveness to attract and retain top talent** – At ARC, we believe that attracting, motivating and retaining top caliber executives is crucial to our long-term success. In support of this, it is important that our executive compensation plans are competitive in the marketplace, designed with a clear focus on pay-for-performance, and aligned with the long-term interests of shareholders. The targeted compensation structure is market 50th percentile for base salary, market 75th percentile for total cash (base salary + bonus) and market 75th percentile for total direct compensation (total cash + medium and long-term incentives).
- **Provide opportunity for meaningful pay for significant out-performance on a relative basis** – Our general guideline is to target executive's total compensation at the 75th percentile of the market, because we expect continual top-quartile performance and initiative. Executives are rewarded commensurate with their achievements in advancing ARC's long-term business strategy and for consistently delivering top quartile total shareholder returns relative to peers.

The following section discusses the alignment between ARC's performance and our compensation practices. Specifically, we will cover:

- the 2017 Performance Assessment;
- the elements of our compensation programs;
- the process of determining executive compensation and governance practices and;
- the 2017 Executive Compensation Tables.

2017 Performance Assessment

On an annual basis, Management and the Board develop corporate objectives to create clarity and focus for the executive team and the organization on performance outcomes. To determine base salaries, bonuses and medium and long-term incentives for executives, the Human Resources and Compensation Committee ("HRCC") and the Board consider two overarching measures – the overall performance of the Corporation and the individual performance of each executive. ARC's strategy of risk managed value creation and its enduring focus on profitability and sustainability have been paramount since inception, and those traits have become increasingly important to investors in the face of volatile commodity markets and competitive pressures. In 2017, ARC achieved strong operational and business performance and further advanced its strategy by achieving excellence in all aspects of our strategy. The team delivered record production levels, had our largest development reserves addition in corporate history with 320 per cent of produced reserves replaced through development activities, and grew 2017 cash flow per share by 15 per cent relative to 2016 while completing a major infrastructure project at Dawson and managing active risk management and market diversification programs. All this was accomplished with zero employee lost time incidents ("LTIs") and ARC ended 2017 with 1,448 employee days LTI free.

The following chart outlines ARC's 2017 key objectives and performance targets and resulting achievements:

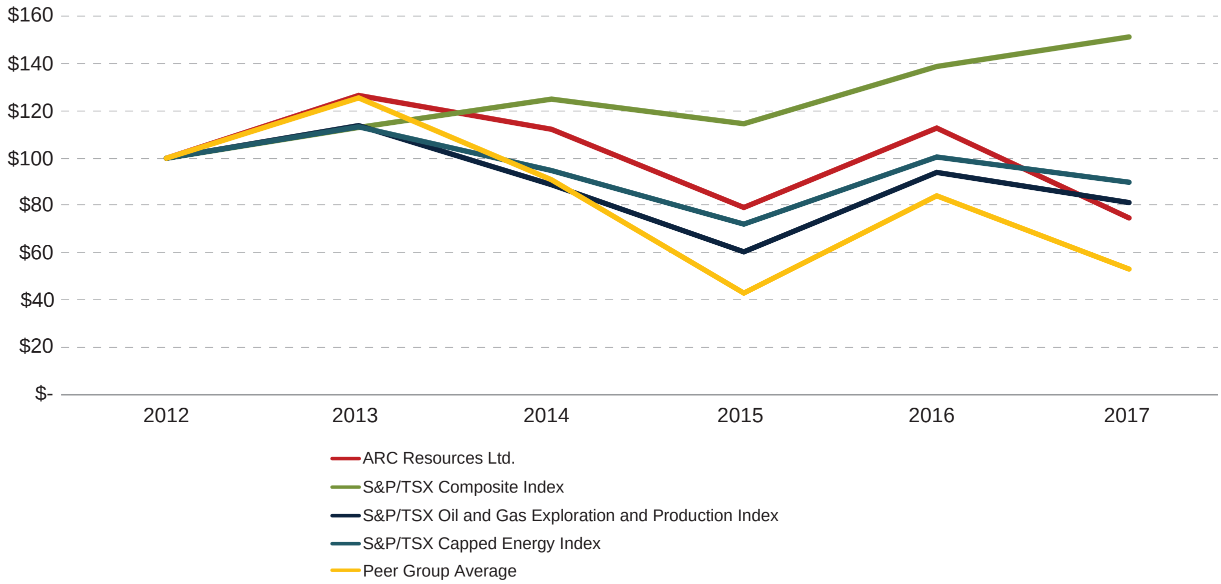
Objectives and Performance Targets	Key Achievements
Deliver long-term **Risk-managed Value Creation** • Deliver top quartile total shareholder returns (TSR) over the three, five and ten-year timeframes. • Create shareholder returns in the form of a regular dividend. • Maintain our leadership position in corporate governance and disclosure.	√ ARC's trailing five-year annualized total return was -5.7 per cent, outperforming the peer group average of -11.4 per cent, ARC's ten-year total return was 2.2 per cent, significantly outperforming both the S&P/TSX Oil & Gas Exploration and Production index -4.2 per cent and ARC's peer group -5.2 per cent over the period. √ Delivered income by paying a dividend of $0.05 per month. √ Achieved Top Guns status in the Brendan Wood Survey including Confidence in Corporate Strategy, Confidence in CEO, Confidence in CFO, Confidence in Senior Management, Confidence in Executive Board and Confidence in Reporting and Disclosure. √ Recognized by IR Magazine with the following awards: Best IR in Energy Sector, Best IRO (mid-cap), Best IR by a CEO (mid-cap), Best Financial Reporting, Best Use of Technology and Best IR for a Mid-Cap. √ Strong Board oversight on corporate governance including financial, operational, social, health, safety and environment. Recognized by ISS as low concern through their qualitative assessment of our disclosure.

Objectives and Performance Targets	Key Achievements
Ensure **Financial Flexibility** by maintaining a strong balance sheet and access to capital to fund our business plans. Ensure optimal **Market Access** for all ARC's commodities. • Target net debt/funds from operations below 1.5x. • Manage long-term profitability as measured by Return on Average Capital Employed ("ROACE") • Manage business efficiencies and per share funds from operations. • Create optionality and value with marketing plans in a cost-effective manner. • Maintain a strategic hedging program to support long-term business plans.	√ Strong financial performance with net income of $388.9 million ($1.10 per share) and funds from operations of $731.9 million ($2.07 per share) √ Funds from operations per share increased 15 per cent relative to 2016. √ Profitability (ROACE) of 14 per cent and a five-year average of seven per cent demonstrating ARC's ability to invest its capital both efficiently and responsibly. √ Maintained a strong balance sheet with net debt to funds from operations of 1.0 times with year-end net debt of $728.0 million, well within target. √ 60 per cent of ARC's sales revenue came from its crude oil and liquids production. ARC's natural gas diversification and financial risk management activities helped to significantly reduce exposure to weakness in natural gas prices. For natural gas, physical diversification activities added an incremental $0.39 per Mcf to ARC's realized natural gas price. Realized hedging gains amounted to $0.78 per Mcf. √ Managed our hedging strategy to protect the company's business plan. ARC recorded gains of $145.0 million on its risk management contracts and proactively placed risk management contracts through 2019 on oil and through 2022 on natural gas. √ Increased optionality of ARC's natural gas sales portfolio through physical and financial diversification to multiple downstream markets including the US Midwest, Henry Hub, US Pacific Northwest and Dawn markets.
Drive **Operational Excellence** through capital discipline and cost management in a **Safe** and **Environmentally** responsible manner. • Target zero lost time incidents (LTI) for employees and contractors. • Display leadership in environmental performance. • Meet or exceed guidance targets, including production growth. • Target industry leading capital efficiencies and operating costs. • Optimize economics of existing infrastructure to maximize value.	√ Continuous improvement within our safety management system including zero employee lost time incidents. ARC ended 2017 with 1,448 employee days LTI free. We have been focused on improving contractor safety performance over the last three years which has resulted in a 50 per cent reduction in our contractor Total Recordable Injury Frequency ("TRIF"). √ ARC's Environment, Sustainability and Governance ("ESG") reporting has qualified ARC as a leader by the MSCI Global Sustainability Index and Jantzi Social Index. Implemented several initiatives including building low-emissions natural gas plants, new technologies to reduce the impact of hydraulic fracturing operations, water use and recycling policies and a strong safety culture. √ Delivered record production of 122,937 boe per day which is a four per cent increase over 2016. New production was added at Dawson Phase III, more than offsetting the 8,800 boe per day of non-core production that was divested in 2016. √ Continuously improving with industry leading results in our cost structure with operating costs well within guidance at $6.41 per boe and four per cent lower than the prior year. Operating costs have reduced by approximately 40 per cent since 2009 on a per boe basis. √ Successful execution of our 2017 capital expenditures totaling $829.7 million (in line with guidance) included the drilling of 122 wells (62 crude oil wells, 59 natural gas and liquids-rich natural gas wells, and one disposal well) as well as the completion of Dawson Phase III and Sunrise Phase II gas processing expansion. Capital investments were directed primarily at development activities across ARC's Montney assets and included significant investment in appraising the long-term development potential of the Lower Montney horizon. √ Continuous improvement in well fracturing and completions design in northeast British Columbia resulting in efficiency and productivity gains. √ Developed plan to increase ARC's ownership of infrastructure.

Objectives and Performance Targets	Key Achievements
Pursue **High quality, Long-life Assets** that will provide sustainable value growth. • Critically assess cost structure and profitability of all potential projects. • Create value with capital investments. • Strategic portfolio management and reserve to maximum long-term value.	√ Achieved excellent economic returns on all project investments. √ Successful appraisal of the Lower Montney that created significantly more liquids development potential and proven multi-horizon development opportunities. √ Dawson Lower Montney wells are producing strong liquids and natural gas rates. √ Through 2017 development activities, achieved 320 per cent produced reserves replacement adding approximately 145 MMboe of proved plus probable reserves ("2P") at low finding and development costs of $6.41 per boe. √ Over the last 10 years, ARC has delivered an average of approximately 200 per cent or greater produced reserves replacement through capital development activities reaffirming our significant resource potential in our Montney assets. ARC's 2P Reserves Life Index is 17.4 years. √ Increased land position at Attachie by acquiring 21 sections through a successful Crown sale. √ Drilled a seven-well demonstration pad at Attachie West to appraise the multi-layer development potential in this important growth area.
Build **Top Talent** and **Strong Leadership Culture** to perpetuate success over the long-term. • Perpetuate and measure ARC's leadership culture of trust, respect, accountability and integrity. • Inspire and motivate employees for high levels of engagement and discretionary effort. • Execute on succession, progression and development plans of key staff. • Align corporate objectives, personal performance and work processes to ensure an efficient organization.	√ Achieved 89 per cent employee engagement score in our annual "Strength of Workplace" employee survey. √ Continued with our deliberate focus on succession planning, specifically with the promotion of Armin Jahangiri to VP, Operations. Internally there were several cross-functional development opportunities for up-and-comers to ensure a strong succession plan at all levels within the organization. √ Demonstrated commitment to corporate culture, talent management and training and development while maintaining a lean workforce. √ Managed 2017 General & Administrative ("G&A") costs to ensure an efficient organization through all cycles. 2017 G&A was $1.54 per boe, well within guidance. √ Ensured organizational efficiencies by restructuring to be better aligned with the business and work processes.

PERFORMANCE GRAPH

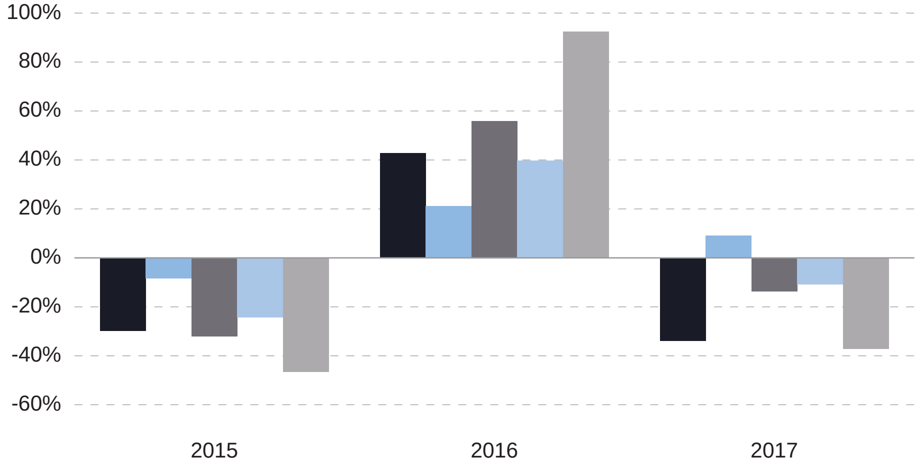
In addition to corporate and individual performance, ARC benchmarks against its peers to understand our relative performance (refer to "*Peer Group*" for more information). The graph below compares the performance of ARC over the past five years (with all dividends and distributions reinvested) to the S&P/TSX Composite index, the S&P/TSX Oil & Gas Exploration and Production index, and the S&P/TSX Capped Energy index, each starting with an investment of $100 at the end of 2012.



	2012	2013	2014	2015	2016	2017	Annualized Return
ARC Resources Ltd.	$100.00	$126.53	$112.13	$ 78.95	$112.75	$ 74.49	-5.72%
S&P/TSX Composite	$100.00	$112.98	$124.90	$114.50	$138.63	$151.22	8.63%
S&P/TSX Oil and Gas E&P Index	$100.00	$113.81	$ 88.62	$ 60.18	$ 93.83	$ 81.08	-4.11%
S&P/TSX Capped Energy Index	$100.00	$113.31	$ 94.80	$ 71.89	$100.39	$ 89.74	-2.14%
2017 Peer Group Average	$100.00	$120.89	$ 99.99	$ 53.73	$103.32	$ 65.24	-11.36%

From 2013 to 2016, ARC outperformed the two energy indices and its peer group. In 2017, ARC was outperformed by the two energy indices while the capital markets continued to be conservative in their views of natural gas and the Canadian energy industry. While our share price was challenged in 2017, we have outperformed our peer group in all five years by managing an efficient business with an active risk management and physical marketing diversification programs while maintaining a strong balance sheet.

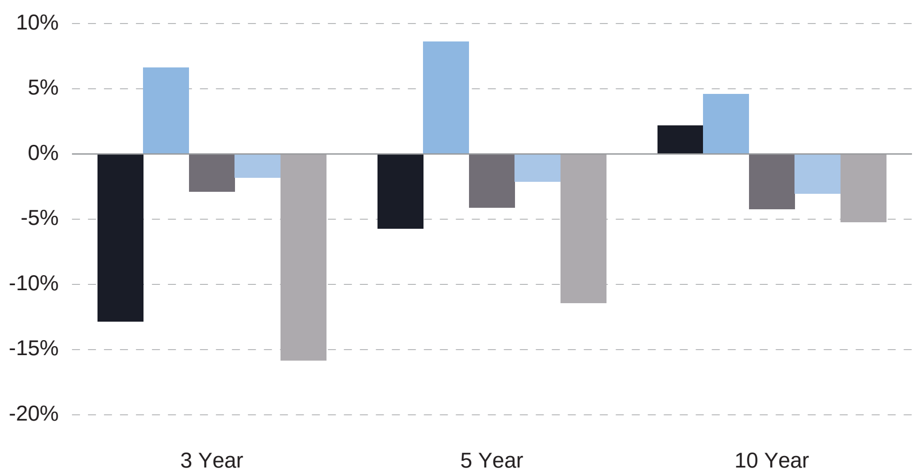
ARC's Performance versus Peers and Indices



	2015	2016	2017
ARC	-29.6%	42.8%	-33.9%
SPTSX Comp	-8.3%	21.1%	9.1%
SPTSX Oil and Gas E&P	-32.1%	55.9%	-13.6%
SPTSX Capped Energy	-24.2%	39.6%	-10.6%
2017 Peer Group Average	-46.3%	92.3%	-36.9%

Ongoing commodity price volatility has resulted in the S&P/TSX Capped Energy Index, the S&P/TSX Oil & Gas Exploration and Production Index and ARC's peer group having negative returns on a three-year and five-year basis. The S&P/TSX Composite Index had positive returns on a three-year and five-year basis due to the performance of non-energy stocks in this index. On a 10-year basis, ARC's total return was 24.8 per cent with an average annual return of 2.2 per cent which significantly outperformed both the S&P/TSX Oil & Gas Exploration and Production Index and S&P/TSX Capped Energy Index which had average annual returns of -4.2 per cent and -3.0 per cent, respectively. During this period ARC's peers had an average total return of -5.2 per cent.

The following table illustrates the average annual returns for the aforementioned periods.



	3 Year	5 Year	10 Year
ARC	-12.8%	-5.7%	2.2%
SPTSX Comp	6.6%	8.6%	4.6%
SPTSX Oil and Gas E&P	-2.9%	-4.1%	-4.2%
SPTSX Capped Energy	-1.8%	-2.1%	-3.0%
2017 Peer Group Average	-15.8%	-11.4%	-5.2%

Since inception in 1996, ARC has delivered an average annual total return of 12.3 per cent, significantly outperforming both the S&P/TSX Composite Index and S&P/TSX Oil and Gas Exploration and Production Index.

Elements of Compensation Programs

ELEMENTS OF EXECUTIVE COMPENSATION

ARC's executive compensation program is designed with a clear focus on pay-for-performance and alignment with the interests of our shareholders. ARC's total compensation is comprised of base salary, bonus and medium and long-term incentives (PSUs, Share Options and Long-term Restricted Share Awards). A significant portion of executive compensation is provided in variable performance based compensation designed to reward superior business performance and increasing shareholder returns. The following chart describes the elements of compensation, the objectives and information related to the timing.

Element	Description	Objective	Approval	Effective/Payment Date
Base Salary	Fixed level of cash compensation targeted at the market 50th percentile	• Market competitive compensation • Attraction and retention	December for all employees and June for senior executives	Increases effective in January
Bonus	Cash compensation that rewards employees for their contribution and achievement of short-term business results. Total cash (base salary plus bonus) is targeted at the market 75th percentile. This element is variable and "at risk" and in certain circumstances could be and has been zero.	• Pay-for-performance • Alignment with ARC's business strategy • Encourage superior performance – individual & ARC • Attraction and retention	June and December	January and July
Medium-term Incentives				
Performance Share Units ("**PSUs**")	A notional share-based award that rewards employees in the medium term (within a three-year period) for delivering TSR that exceeds our peer group. PSUs cliff vest after three years and based on ARC's relative performance rank, a multiplier (range from 0 to 2) is applied to the underlying value to determine payout. Bottom quartile performance results in a zero payout.	• Alignment with the interests of ARC's shareholders • Pay-for-performance • Encourage superior medium-term performance • Includes share price relative performance component • Attraction and retention	February and July	Granting in March and September and cliff vesting after three years
Long-term Incentives				
Share Options	Share Options reward senior employees for creating long-term shareholder value. Vesting occurs 50 per cent on each of the fourth and fifth anniversaries of the date of grant and the options expire in year seven.	• Alignment with the interests of ARC's shareholders • Pay-for-performance • Remove the bias for growth and encourage TSR • Alignment with ARC's long-term business strategy • Encourage superior long-term performance • Attraction and retention	June	Vesting occurs 50 per cent in years four and five, expiry in year seven

Element	Description	Objective	Approval	Effective/Payment Date
Long-term Restricted Share Awards	Awards consisting of Common Shares which are held by a third-party trustee until vesting (“**Restricted Shares**”) and a cash component to offset employee taxes. Vesting on the Restricted Shares occurs as to one-third in years eight, nine and 10.	• Alignment with the interests of ARC’s shareholders • Alignment with ARC’s long-term business strategy • Encourage superior long-term performance • Foster long-term retention	June	Vesting occurs as to one-third in years eight, nine and 10

The following chart further illustrates the performance period and risk to ARC executives of each element of their compensation.

	Direct Compensation					Indirect Compensation
Program	Salary	Bonus	PSUs	Share Options	Restricted Share Awards	Group Benefits
Performance Period	—	1 year	3 years	4-7 years	8-10 years	—
Risk	—	Moderate	Payout highly at risk		Moderate [(1)]	—

(1) Although Restricted Shares have inherent value, they are at risk due to the length of time until vesting, the tenure of the executive and the volatility of ARC’s share price.

Base Salary

Base salaries are set based on market data (Mercer survey) and proxy data from ARC’s peer group and are targeted at the 50th percentile of the market. Base salaries also take into account each executive’s job responsibilities and the level of skill and experience required to perform their given role. Base salaries and subsequent increases are approved by the Human Resources and Compensation Committee (“HRCC”) and, where applicable, the Board.

Bonus

ARC’s bonus program is designed to encourage superior short-term performance that advances ARC’s long-term strategy. A unique aspect of our bonus program is that payments are made to executives (and all other employees) twice a year.

In determining bonus awards, consideration is given to both the executive’s individual performance and the performance of ARC relative to both ARC’s corporate objectives and its peers. Once a comprehensive review is conducted, the HRCC and, where applicable, the Board determines the appropriate bonus payment to be made to each executive.

From time-to-time, the HRCC and the Board may recommend a special bonus payment. These special bonuses are intended to recognize performance that exceeds expectations, and significantly impacted ARC’s business results. There were no special bonuses paid to executives in 2017.

Medium-term Compensation

Performance Share Units

ARC’s PSUs are designed to focus and reward executives for enhancing total shareholder return over the medium to long term both on an absolute and relative basis. To determine the size of PSU awards, the HRCC and, where applicable, the Board, allocates to each executive an appropriate dollar amount based on the responsibilities of the executive, comparative market data and the HRCC’s or Board’s assessment of the performance of the executive and the performance of ARC (including ARC’s performance relative to its peers). These award values are then divided by the weighted average trading price of ARC’s Common Shares for the five trading days ending immediately prior to the grant date of the PSUs to calculate the number of PSUs granted.

ARC’s PSUs cliff vest (all at once) after three years, and upon vesting the executive receives a cash payment based on the fair value of the underlying Common Shares plus accrued dividends, subject to a performance multiplier. To further link pay to performance this multiplier ranges on a sliding scale from zero (for bottom quartile performance) to two (for top quartile performance) based on ARC’s total shareholder return as compared to a peer group, comprised of certain members of the S&P/TSX Oil & Gas Exploration and Production Index. If ARC performs in the bottom 25th percentile of its peer group, participants will receive a zero payout. A detailed description of the terms of ARC’s RSU and PSU Plan can be found in Schedule C.

Long-term Compensation

Share Option Plan

ARC's Share Option Plan is designed to focus and reward executives for enhancing total shareholder return over the long-term on an absolute basis.

ARC's Share Option Plan is unique compared to the option plans of ARC's peers in many respects. First, to encourage a longer-term orientation, options do not vest until the fourth and fifth anniversary dates of the grant with 50 per cent of the options vesting each year. As a result, ARC employees who are granted options will not be able to realize the value of options held by them until a considerable time (four to five years) has passed since the date of grant, thereby encouraging long-term thinking and behaviours. Second, ARC employees who are granted options have the choice to elect that the exercise price of their options be reduced by dividends that were paid on the underlying Common Shares. If absolute total shareholder return is negative, the options will have no value to the holder.

The number of options awarded to each employee, takes into account the expected value of dividends that will be paid on the underlying common shares over the term of the options. Therefore, the option holder has the ability to elect a reduction of the option exercise price that is equivalent to the value of the dividends paid during this time period. The rationale behind the declining exercise feature of the Share Option Plan is to remove the bias that typical share option plans create towards encouraging capital growth rather than distributing earnings or a combination of growth and distributions and instead encourages executives to create total shareholder return in whichever manner is in the best interests of ARC and its shareholders. ARC's business strategy includes distributing a portion of cash flow to shareholders by way of dividends. It is expected that this focused strategy will be reflected in the trading price of the Common Shares over the life of the options. If the exercise price was not adjusted to reflect dividends paid, the options would be a less effective means of rewarding employees for the long-term performance of ARC, given that dividends represent a key component of the total return to shareholders.

The ability to elect a reduction of the exercise price results in an alternative tax treatment for the individual and is not mandatory. If an employee chooses to elect this option, any gain will be taxed as "regular income" as opposed to any gain being taxed as a "capital gain" if the employee chooses not to reduce the original exercise price. This is **not repricing of options** and aligns with ARC's strategy of paying a monthly dividend. To be clear, the Share Option Plan prohibits ARC from reducing the exercise price of any outstanding options other than to reflect dividends paid.

The maximum number of Common Shares issuable on exercise is limited to ARC's approved share reserve of 14,225,000 shares. The details of ARC's share option grants are below:

Year	Options Granted	Grant Price	Weighted Average Shares Outstanding	Options Granted as a % of Shares Outstanding (Burn Rate)
2017	1,312,271	$16.59	353,429,395	0.37
2016	955,338	$21.13	350,906,768	0.27
2015	998,545	$21.86	340,542,209	0.29
2014	568,538	$32.94	316,620,533	0.18
2013	713,248	$27.15	311,537,108	0.23
2012	1,056,373	$20.20	297,161,471	0.36
2011	430,990	$27.11	286,592,841	0.15

As of December 31, 2017, ARC has outstanding options representing approximately one per cent of ARC's total Common Shares outstanding and 34 per cent of the approved share reserve.

Weighted Average Shares Outstanding	Approved Share Reserve	Share Reserve as a % of Shares Outstanding	Options Outstanding at Year-end	Options Granted as a % of Shares Outstanding (Burn Rate)	Options Outstanding as a % of Approved Reserve
353,429,395	14,225,000	4.02	4,893,324	1.38	34.40

A more detailed description of the Share Option Plan can be found in Schedule D.

Long-term Restricted Share Award Plan

ARC's Long-term Restricted Share Award Plan was implemented in 2015 and is designed to retain and encourage ARC's executive talent to think and act with a long-term orientation, specifically regarding long-term strategy development and execution. The plan is designed to further align executive compensation with the long-term interests of ARC and its shareholders.

Restricted Share Awards include a grant of Common Shares, issued from treasury to officers, thereby providing participants with actual equity ownership and promoting further alignment with shareholder interests. Common Shares are issued under the plan at a price equal to the weighted average trading price of ARC's Common Shares for the five trading days ending immediately prior to the grant date. Shares issued under the plan have a 10-year term with one-third vesting on each of the eighth, ninth and tenth anniversaries of the date of grant. These extended vesting periods are substantially longer than typical practices in the energy sector and are designed to encourage our executives to think and act with a clear focus on the long term. Restricted Share Awards are taxed at the time of grant rather than at the time payments are received and as a result, awards consist of a cash component intended to offset the executive's upfront taxes and a share component that makes up the remaining portion. The cash component is a much smaller component than the share component. Dividends paid on share awards remain in the plan and are reinvested with after-tax dollars to purchase additional shares throughout the restriction period. Unvested share awards (including dividends paid on such shares) are held in trust by a third-party trustee.

The maximum number of Common Shares issuable under the plan is limited to 1,600,000 shares. The details of the awards granted are below. The approved share reserve represents less than half a percentage of the Common Shares outstanding as of December 31, 2017.

Year	Long-term Restricted Shares	Grant Price	Weighted Average Shares Outstanding	Restricted Shares Granted as a % of Shares Outstanding (Burn Rate)
2017	122,612	$16.59	353,429,395	0.0347
2016	93,678	$21.13	350,906,768	0.0267
2015	88,635	$21.86		
	11,652	$19.26		
Total 2015	100,287		340,542,209	0.0294

As at December 31, 2017 ARC had Restricted Share Awards outstanding representing 19 per cent of the approved share reserve.

Weighted Average Shares Outstanding	Approved Share Reserve	Share Reserve as a % of Shares Outstanding	Restricted Shares Outstanding at Year-end	Restricted Shares Outstanding as a % of Shares Outstanding (Burn Rate)	Restricted Shares Outstanding as a % of Approved Reserve
353,429,395	1,600,000	0.45	299,259	0.08	18.70

A more detailed description of the Long-term Restricted Share Award Plan can be found in Schedule E.

Other Compensation

Benefits Program

ARC offers executives and all other employees a comprehensive benefits program that is designed to offer flexibility and choice. We offer medical and dental coverage, life, accident, short-term and long-term disability benefits, employee family assistance, and critical illness coverage. We also provide $2,300 plus five per cent of base salary for employees to purchase additional health and dental coverage and enhance other benefits provided by the Corporation.

Employee Savings Plan

ARC provides executives and all other employees with a dollar-for-dollar match of up to eight per cent of base salary which can be directed towards the purchase of ARC shares and/or investment funds in registered or non-registered accounts within a group plan.

Pension Plan

ARC does not have a pension plan.

Determining Compensation and Governance

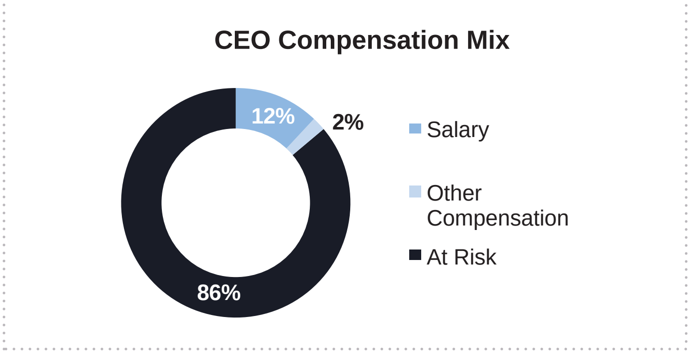
Our Board and HRCC consider a broad range of quantitative and qualitative factors to assess the overall performance of ARC and its executives. These factors directly link the overall performance of the Corporation and the individual performance of each executive. In addition to the measurement of the execution of our corporate strategy, the HRCC and the Board consider other metrics, such as ARC's overall performance relative to ARC's proxy peer group, ARC's compensation relative to the market and our proxy peer companies, individual performance, succession planning and compensation mix. This comprehensive approach of including a broad, integrated set of factors provides a thorough and valid basis for ARC's HRCC and Board to determine the appropriate compensation awards for executives.

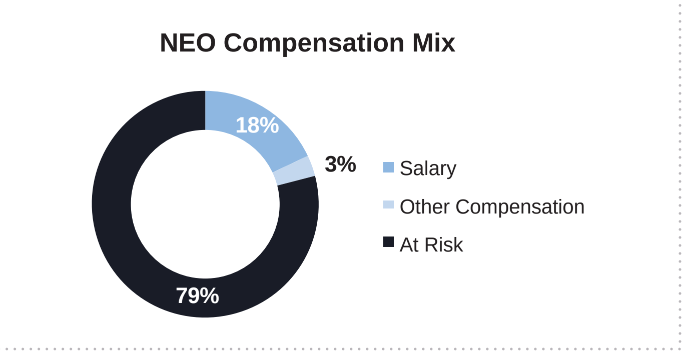
Specifically, the following section outlines our processes in determining executive compensation.

- **Rigorous and disciplined process** – To determine compensation awards for executives, the HRCC and Board considers a broad range of quantitative and qualitative factors related to corporate performance, the executive's individual performance and the performance of ARC relative to its peers. This includes comparing operating and financial results of ARC to the results of ARC's peers, as well as the compensation paid to this group's top executives. There are systematic processes in place for the Board to regularly assess and monitor these performance measures throughout the year and a comprehensive review is conducted on an annual basis.
- **Importance of applying sound judgment** – The oil and gas industry is complex and volatile; therefore, it is important that ARC's compensation plans are focused on encouraging behaviors that will ensure business outcomes are in line with the long-term strategy of ARC and the interests of its shareholders. ARC does not use a rigid mechanistic approach in determining executive compensation. The Board is of the view that prescriptive formulas and weightings applied to forward-looking objectives cannot capture all aspects of business circumstances and can lead to unintended consequences and potentially foster "narrow-minded" thinking and behaviors. For these reasons, the Board deliberately avoids the use of a mechanical approach and focuses on applying sound judgment in combination with reviewing several sources of information.
- **Use of multiple data sources** – For the purposes of benchmarking executive compensation, ARC reviews and considers several sources of reference information: proxy data from a group of industry peers and Mercer survey data. That said, the Board recognizes that market data can be "imperfect" (due to imperfect peer groups) especially for the most senior positions (i.e. CEO, CFO, COO) and thus applies judgment to interpret the information. This involves analyzing various differentials (gap between 50th percentile versus 75th percentile and 90th percentile) to ensure reasonability and avoid over payments. Also, the Board reviews both one-year and three-year data as useful reference points. All benchmarking data is used only for informational purposes as the Board emphasizes applying sound judgment in arriving at compensation decisions.
- **Stress testing of compensation plans** – We analyze current and potential payouts to ensure compensation outcomes are aligned with shareholder outcomes over the long term. This includes a look-back analysis of actual pay as compared to peer group performance and a forward-looking analysis based on various performance scenarios. The Board also contemplates the appropriate compensation mix to encourage performance and long-term thinking.

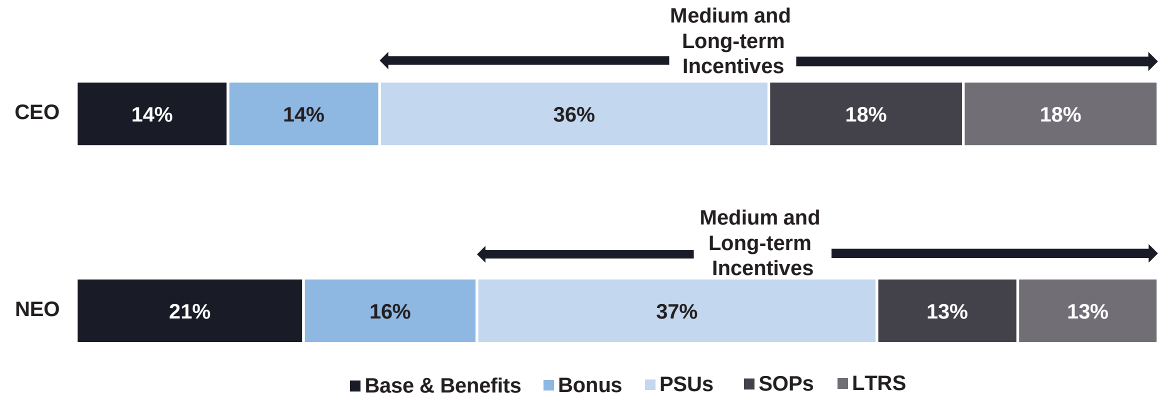
TOTAL COMPENSATION MIX

ARC's compensation philosophy is designed to align compensation with corporate performance and therefore the majority of executive compensation is performance based and "at risk". The two graphs below demonstrate the "at risk" pay for the CEO as well as the average "at risk" pay for all other Named Executive Officers ("NEOs"). Approximately 86 per cent of the CEO's compensation and on average 79 per cent of other NEO's compensation is "at risk" (bonus, PSUs, Share Options and Restricted Shares).





Below is a further breakdown of CEO and all other NEO compensation by component. Medium and long-term incentives (PSUs, Share Options and Long-term Restricted Shares) comprise on average approximately 65 per cent of an NEO's total compensation and 72 per cent of the CEO's total compensation. To further illustrate the link to performance, approximately 37 per cent of each of the NEO's total compensation is awarded in PSUs that are only paid out when ARC performs above the 25th percentile as compared to its peers. PSU payments range from zero for bottom quartile performance to two for top-quartile performance.



Process

Salaries for executives are determined using market data and take into account the scope and job responsibilities of the executive. To determine bonus, PSUs, Share Options and Long-term Restricted Share Awards for executives, the HRCC and Board consider multiple factors including: ARC's corporate performance, the performance of ARC relative to its peers, the executive's individual performance, and the compensation paid to the top executives of ARC's peers. As well, Management, the HRCC and the Board have a strong relationship built on trust and collaboration. On an ongoing basis, Management and the HRCC discuss executive performance, collaborate on motivation and retention strategies as well as monitor executive compensation and the alignment with organizational performance.

The following schedule illustrates the timing and process for determining executive compensation:

January	• Senior executives (other than the CEO) receive 50 per cent of their second half (July – December) bonus for the previous year. For the CEO, a decision on the second half bonus for the previous year is deferred until June. The estimated amount of these bonuses is determined in the previous December by the HRCC. These bonuses are intentionally held back until operational and financial results are available for both ARC and its peers. Bonus decisions are made only after a full review of peer executive compensation takes place in the second quarter.
March	• HRCC and Board approve March PSU grants for the CEO and all other executives.
March – May	• Proxy information and survey information is compiled and analyzed.
May	• CEO prepares a comprehensive report for the HRCC and the Board including corporate performance benchmarking and recommendations for executive compensation.
June	• HRCC meets to review corporate performance benchmarking and approve executive compensation (other than for the CEO) and makes a recommendation to the Board regarding CEO compensation. • Board reviews corporate performance benchmarking, CEO performance and approves CEO compensation. • Share Options are granted to the CEO and other executives. • Restricted Share Awards under the Long-term Restricted Share Award Plan are granted to the CEO and other executives.
July	• Senior executives (other than the CEO) receive salary adjustments retroactive to January 1st, the remaining portion of the previous year's second half (July – December) bonus with any adjustments made based on performance and their first half (January – July) bonus for the current year. The September PSU grants are approved by the HRCC. • CEO receives a salary adjustment retroactive to January 1st, the previous year's second half bonus with any adjustments made based on performance and the first half bonus for the current year. The September PSU grant for the CEO is approved by the Board.

September	• PSUs are granted to the CEO and all other executives
November	• Board review of Succession, Progression and Development plan prepared by Management on an annual basis to highlight deliberate succession planning and critical roles.

Peer Group

For the purposes of benchmarking executive compensation, ARC reviews and considers two main sources of reference information: proxy data from a group of industry peers and Mercer survey data.

Proxy Peer Group

Each year during the first quarter, ARC reviews its oil and gas industry peers with the goal of creating a group of similar companies. To determine this group, we compare ARC's production, revenue and enterprise value to all Canadian exploration and production companies traded on the TSX and only include companies that are 0.25 to 4 times the size of ARC. ARC's 2017 peer group consists of 15 companies and their details are listed below.

Company	Daily Production (1) (BOE/day)	Revenue (1) ($ Billions)	Enterprise Value (1) ($ Billions)
EnCana Corporation	329,900	$4.22	$20.42
Tourmaline Oil Corporation	242,500	$1.10	$ 9.70
Crescent Point Energy Corporation	171,700	$2.18	$11.58
Seven Generations Energy Ltd.	170,200	$1.24	$10.71
Peyto Exploration & Development Corporation	104,200	$0.53	$ 5.68
Enerplus Corporation	83,800	$0.72	$ 2.90
Bonavista Energy Corporation	72,900	$0.41	$ 1.87
Birchcliff Energy Ltd.	70,000	$0.32	$ 2.81
Vermilion Energy Inc.	69,000	$0.83	$ 7.34
Baytex Energy Corporation	66,100	$0.60	$ 2.88
Whitecap Resources Inc.	57,300	$0.54	$ 4.66
Painted Pony Energy Ltd.	48,400	$0.12	$ 0.90
Pengrowth Energy Corporation	48,200	$0.53	$ 1.54
Advantage Oil & Gas Ltd.	38,200	$0.16	$ 1.79
Obsidian Energy Ltd.	31,400	$0.59	$ 1.55
ARC Resources Ltd.	121,500	$0.97	$ 7.18
ARC's Rank (out of 16)	**5**	**5**	**6**
Statistical Distribution (excluding ARC)			
25th percentile	52,800	$0.47	$ 1.83
Median	70,000	$0.59	$ 2.90
75th percentile	137,200	$0.97	$ 8.52
ARC's percentile rank	**73.3%**	**75.1%**	**70.7%**

(1) Production and enterprise values as of April 2017 (Source: – Peters & Co Energy Update) at which time the peer group was determined.

Mercer Survey and Proxy Peer Group Data

To ensure a comprehensive analysis, we compare ARC's executive compensation to data collected from the Proxy Peer Group as well as the Mercer survey data for all exploration and production and fully integrated companies. In addition, we review a subset of this data of companies with production greater than 20,000 boe per day and for the CEO, CFO and COO positions, we apply "differentials" to the Mercer Survey data as an additional data set for comparison. We have found that for the C-level executives (which would include ARC's CEO, CFO and COO), the Mercer data fluctuates significantly, especially at the 75th percentile and 90th percentile levels for total cash and total direct compensation and therefore may not be appropriate to use for comparative purposes. It is important to note, that the final decision on executive compensation is based on a review of all collected data in conjunction with the sound judgment of the Board with the objective of doing what is the right thing for ARC.

Management's Role

Management's primary role in executive compensation decisions is to gather data and prepare analysis to make preliminary recommendations to the HRCC and to the Board. Specifically, Management gathers and analyzes information including:

- Compensation surveys and specific analyses prepared by compensation consultants.
- Comprehensive report on CEO and other executive compensation (internal document).
- Quarterly executive compensation analyses.
- ARC's performance and market position compared to ARC's proxy peer group.
- Executive performance compared to corporate and individual objectives.
- Corporate performance benchmarking – financial and operational.

The Role of the HRCC and the Board

The HRCC and the Board receive and review a comprehensive report on executive performance and compensation each June, in conjunction with the approval of annual compensation for the executives. This report includes performance accomplishments for the executives, current total compensation information for each executive, a five-year history of each executive's compensation, each executive's market position compared to third-party survey data and a peer group compensation analysis. The analysis provided to the HRCC and the Board includes proposed compensation for all elements including medium and long-term incentive grants and comprehensive "stress tests" to demonstrate the potential payouts and their correlation to corporate performance. To evaluate CEO compensation, the HRCC reviews a recommendation prepared by an independent compensation consultant.

Based upon its review of the data, analyses and reports described above, the HRCC decides upon and approves all executive compensation other than the compensation for the CEO. The HRCC makes recommendations to the Board on these matters.

The Board in turn considers the recommendations of the HRCC and, as required, the data, analyses and reports, then approves the compensation of the CEO.

The HRCC, from time-to-time, when it is deemed appropriate, engages compensation consultants or advisors to assist in executive compensation matters.

Compensation Changes for 2018

The committee reviews executive compensation annually with assistance from its compensation consultant Mercer to ensure it aligns with ARC's compensation philosophy, is competitive with our peers and aligns with the interests of ARC's shareholders.

The HRCC and the Board are not planning any significant changes to ARC's compensation policies and practices during the year ending December 31, 2018.

Compensation Consultants and Advisors

The HRCC consults with Mercer, from time-to-time as required, on a fee-for-service basis. In 2016 and 2017, Mercer reviewed ARC's executive compensation recommendations and provided an annual compensation recommendation for the CEO. Mercer is a wholly-owned subsidiary of Marsh & McLennan Companies, Inc. ("**Marsh & McLennan Companies**").

In addition, ARC retained Marsh Canada, a separate independent operating company owned by Marsh & McLennan Companies, to provide other services, unrelated to executive and/or director compensation during 2016 and 2017. Marsh Canada acts as the broker for all of ARC's corporate, building and vehicle insurance. The aggregate fees paid to Mercer and its Marsh & McLennan Companies' affiliates for all services are detailed below. Neither the Board nor the HRCC is required to pre-approve these other services that Mercer or its affiliates provide to ARC at the request of Management.

Fees Paid & Insurance	2016	2017
Mercer – Executive Compensation Services	$ 57,726	$ 54,969
Marsh Canada – Insurance Costs	$2,843,196	$2,918,967
Total – Marsh & McLellan Companies	**$2,900,922**	**$2,973,936**

OWNERSHIP GUIDELINES

ARC maintains ownership guidelines for its executives to further align executive and shareholder interests. Effective in 2014, the minimum share ownership guideline for the CEO increased to five times base salary and for senior executives to three times base salary. The share ownership requirement for vice presidents is two times base salary. Executives have five years to accumulate the minimum number of shares and/or share equivalents that are required. The following table illustrates the ownership holdings of ARC's NEOs as of December 31, 2017.

Officer	Required Share Ownership	Shares as of December 31, 2017	Value as of December 31, 2017 (1)	Multiple of Base Salary	Meets Minimum Share Ownership Guidelines
Myron Stadnyk	5 times base salary	481,215	$7,097,921	12.5	Yes
Van Dafoe	3 times base salary	97,918	$1,444,291	4.2	Yes
Terry Anderson	3 times base salary	133,754	$1,972,872	5.3	Yes
Bevin Wirzba (2)	3 times base salary	59,019	$ 870,530	2.9	Yes
Lara Conrad	2 times base salary	34,707	$ 511,928	2.2	Yes

(1) Based on the December 31, 2017 closing price for ARC's Common Shares of $14.75.
(2) Mr. Wirzba joined the organization on January 1, 2016. He has until this date in 2021 to obtain his shareholding requirements.

COMPENSATION RISK MANAGEMENT

The oil and gas industry is complex and volatile; therefore, it is important that compensation elements reward the appropriate behaviors to ensure that business outcomes are in line with the long-term strategy of ARC and the interests of our shareholders. The HRCC is committed to this principle and, consequently, on an annual basis reviews the risk implications of ARC's compensation policies and practices.

To that end, the following mechanisms are integrated into our compensation policies and practices to mitigate compensation risks:

- All executives are expected to own shares and/or share equivalents representing at least two times their annual salary. The CEO is required to hold five times his annual salary and senior vice presidents are required to hold three times their base salary.
- ARC encourages long-term thinking and behaviours by having a significant portion (approximately 80 per cent) of executive compensation "at risk".
- Approximately 65 per cent of total compensation is made up of medium and long-term incentives. PSUs have a threshold performance multiplier, which if not achieved, results in zero payment.
- The benefits from PSUs, Share Options and Long-term Restricted Shares are realized after long periods of time (PSUs vest at the end of the third year, Share Options vest at the end of the fourth and fifth years and Long-term Restricted Shares vest at the end of the eighth, ninth and 10th years) and are linked directly to total shareholder return over the term of the award.
- As PSU, Share Option and Restricted Share awards continue to vest following retirement, an inherent post-retirement "hold period" exists for these awards when the CEO and other officers retire from the Corporation.
- Second half of the year bonuses are not fully paid to senior executives until six months after the performance period has ended and corporate results and individual performance have been reviewed and finalized.

- All executives participate in the same compensation plans.
- All elements of executive compensation are reviewed and approved by the HRCC and, where applicable, the Board prior to all payments.
- The HRCC and, where applicable, the Board annually assess compensation against corporate and individual executive performance, along with peer proxy data to understand market practice and rewards.
- The HRCC “stress tests” PSUs, Share Options and Long-term Restricted Share Awards for executives under a variety of performance scenarios to understand what future payments could be.
- ARC has an anti-hedging policy which ensures that executives and directors cannot participate in speculative activity related to our shares to protect themselves against declines in share price.
- In addition, ARC has established a Risk Committee of the Board which has general oversight in identifying and reviewing the principal business, financial and corporate risks of ARC.

HOLDBACK/CLAWBACK PROVISION

ARC’s Board has always made it a priority to ensure that appropriate checks and balances are in place to govern responsible and ethical behaviours amongst executives. This is reinforced by the high level of Board involvement in monitoring business activities at ARC. Furthermore, all executives are required to annually sign-off on a formal Code of Business Conduct and Ethics policy confirming their ethical conduct.

In regards to bonuses, we holdback payment of 100 per cent of the CEO’s second half bonus and 50 per cent of senior executives’ second half bonuses until July of the following year which allows adequate time to address any material issues that may arise after year-end. Furthermore, the Board retains ultimate discretion on bonus payouts. We believe this holdback is superior to the typical clawback provisions as it can be very difficult to clawback previously paid compensation. With respect to medium and long-term incentives, ARC has a policy that requires retiring executives to execute an agreement providing for the termination of unvested PSUs, Share Options and Restricted Share Awards as well as ARC’s right to receive damages for conduct that is averse to ARC’s interests. With respect to a termination, medium and long-term incentives are forfeited.

We believe that the above measures mitigate the risk of material fraud or misconduct by an executive. That said, we continue to track legal developments, shareholder advisory group research and industry trends with respect to clawbacks.

CEO POST-RETIREMENT HOLD PERIOD

The CEO is required to hold ARC Common Shares and/or share equivalents with a minimum value of five times base salary for one year post-retirement. In addition, ARC has always had an inherent hold period because all PSUs, Share Options and Restricted Shares continue to vest on schedule after retirement which minimizes any motivation to drive short-term share price increases.

ANTI-HEDGING POLICY

ARC has adopted a Disclosure Policy, the primary objective of which is to ensure communications of ARC with the public are timely, factual, accurate and broadly distributed in accordance with all applicable legal and regulatory requirements. The Disclosure Policy also documents the disclosure policies and practices of ARC and aims to promote an understanding of the legal requirements among ARC’s Directors, officers and employees.

In accordance with the Disclosure Policy, Directors, executives and employees of ARC are, with limited exceptions, not permitted to knowingly sell, directly or indirectly, a security of ARC they do not own or have not fully paid for or to directly or indirectly buy or sell a call or put of a security of ARC.

CEO PERFORMANCE AND COMPENSATION

2017 PERFORMANCE

Myron M. Stadnyk, President and CEO

The last three years have presented difficulties within our industry and through this time period Mr. Stadnyk transformed the organization into its strongest financial and operational position. The Company's transformation included strategic long-term decisions to take advantage of opportunities that will continue to advance ARC's strategy to manage risk and create value. He has repositioned the organization by shifting investment into our Montney assets, which compete both continentally and globally. His vision of building businesses that can sustain themselves from their cash flow, and in turn support the growth of new businesses, enables ARC to deliver strong corporate-level return on capital employed. Mr. Stadnyk is accountable for the successful execution of ARC's corporate objectives and targets which are outlined in the 2017 Performance Assessment section. In addition to those accomplishments, his 2017 key performance accomplishments include:

- Increased funds from operations per share by 15 per cent.
- Net debt/funds from operations ratio below 1.5 times.
- Profitability (ROACE) of 14 per cent and a five-year average of 7 per cent.
- Successful risk management and market diversification activities.

- ARC has dominant land positions in the Alberta and BC Montney and added lands at Attachie.
- 320 per cent produced reserves replacement.
- Lower Montney and West Attachie appraisal for liquids development.

- Zero employee lost-time-incidents.
- Environment leadership including improving our production emission index.
- Met market guidance targets including record production of 122,937, operating costs of $6.40/ per boe and capital budget on target at $830M.
- Highly efficient capital and operational cost structure.

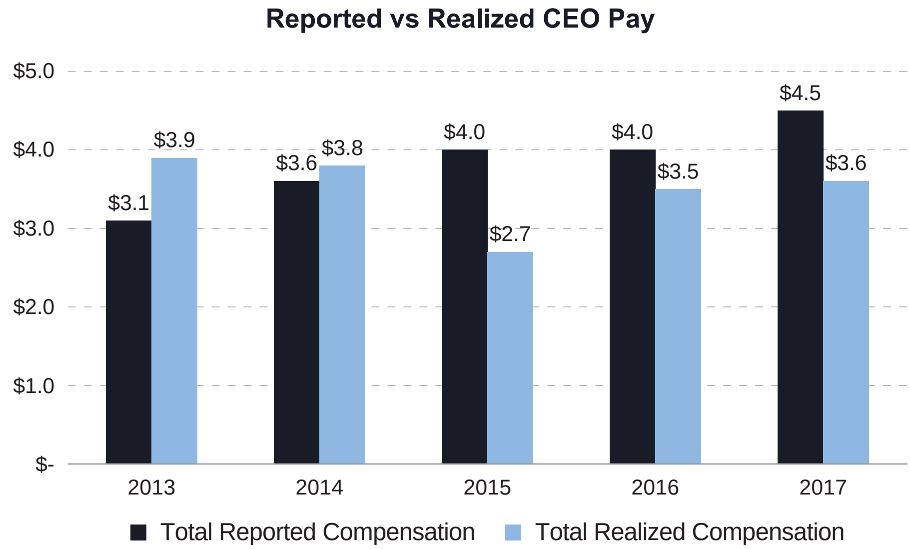
- 89 per cent employee engagement score
- Strong succession plans throughout the organization.
- Cost effective and efficient organizational structure.

Mr. Stadnyk's annual compensation for the past five years is highlighted in the table below. Over the past five years his compensation has become more weighted in at-risk and long-term compensation. His at-risk compensation has increased from 80 per cent to 86 per cent of his total compensation and his medium and long-term compensation has increased from 61 per cent to 72 percent of his total compensation. In 2015 Mr. Stadnyk's bonus was decreased by 50 per cent to align with the commodity environment and the resulting total shareholder return of -29.6 per cent, even though ARC had strong operational and financial results in the areas within its control. In 2016, ARC had strong operational and financial results and our TSR was 42.8 per cent, however, the Board applied a conservative approach and maintained his decreased bonus to again align with the commodity environment. 2017 was another very strong operational and financial year, although TSR was negative, we attained record production and maintained a strong balance sheet, the Board felt that he should be rewarded for three consistent years of strong performance in a very difficult environment and returned his bonus to 2014 levels.

Compensation Component	2013	2014	2015	2016	2017
Base Salary	$ 550,000	$ 570,000	$ 570,000	$ 570,000	$ 570,000
Other Compensation (1)	$ 70,875	$ 74,450	$ 76,400	$ 76,400	$ 76,400
Bonus	$ 600,000	$ 650,000	$ 325,000	$ 325,000	$ 650,000
PSU Grants	$1,425,017	$1,600,032	$1,600,024	$1,600,024	$1,600,017
Share Option Grant	$ 475,000	$ 700,002	$ 700,004	$ 700,004	$ 800,002
Long-term Restricted Share Awards	$ —	$ —	$ 700,000	$ 700,000	$ 800,000
Total Compensation	**$3,120,892**	**$3,594,484**	**$3,971,428**	**$3,971,428**	**$4,496,419**

(1) Other Compensation includes benefits and savings plan contributions.

The following graph demonstrates the shareholder alignment of ARC's compensation program by comparing the difference between reported pay shown in the summary compensation table and the actual pay realized by the CEO in the past five years.



In 2013 and 2014, Mr. Stadnyk's realized compensation was higher than his reported compensation due to positive shareholder return. In the past three years, his realized compensation has been significantly less than his reported compensation. This reflects a strong alignment with the experience of shareholders. Even though his bonus was returned to target levels in 2017 his realized pay was still 20 per cent less than his reported pay. With 72 per cent of his pay weighted to medium and long-term compensation, he will not realize the full value of his awards without positive shareholder returns and the resulting increase in share price.

As of December 31, 2017, Mr. Stadnyk held the following number of Common Shares, PSUs, Share Options and Long-term Restricted Shares.

Share-based Component	Number of Shares/Units/Options	Value
Common Shares (1) (Privately Held)	341,746	$ 5,040,754
Common Shares (1) (ARC's Savings Plan)	52,255	$ 770,761
Long-term Restricted Shares (2)	87,214	$ 1,286,406
Total Common Shares Owned	**481,215**	**$ 7,097,921**
PSUs (3)	260,914	$ 3,963,924
Share Options (4)	675,638	$ 3,808
Total		**$11,065,653**

(1) Common Share values based on the December 31, 2017 closing price of $14.75.
(2) Long-term Restricted Shares are valued using the December 31, 2017 closing price of $14.75.
(3) PSU value based on the December 31, 2017 closing price of $14.75 and the actual performance multipliers as of December 31, 2017 except those active less than a year are valued using a performance multiplier of one.
(4) Share Options are valued using the December 31, 2017 closing price of $14.75 and assuming Mr. Stadnyk elects that the exercise price be reduced by the full amount of the dividends to this date.

SUMMARY COMPENSATION TABLE

In 2017, ARC's operational performance was strong, meeting all operational and financial targets and executive bonuses were returned to target levels. Medium and long-term compensation now comprise approximately 65 per cent of each NEO's compensation with 80 per cent of executive compensation being "at risk".

The following table provides a summary of compensation information for the CEO and CFO of ARC and the three most highly compensated executive officers of ARC for the year ended December 31, 2017 whose total compensation was more than $150,000. This table also includes any individual who would have been included as one of the three most highly compensated executive officers but was not an executive officer nor acting in a similar capacity at the end of that financial year.

					Non-equity Incentive Plan Compensation			
Name and Principal Position	Year	Salary	PSUs and Restricted Share Awards (1)(2)(3)(4)(5)	Options (6)	Bonus (7)	Long-term Incentive Plans	All Other Compensation (8)	Total Compensation
Myron Stadnyk	2017	$570,000	$2,400,017	$800,002	$650,000	N/A	$76,400	$4,496,419
President & Chief Executive Officer	2016	$570,000	$2,300,024	$700,004	$325,000	N/A	$76,400	$3,971,428
	2015	$570,000	$2,300,024	$700,004	$325,000	N/A	$76,400	$3,971,428
Van Dafoe	2017	$340,000	$1,070,008	$270,002	$300,000	N/A	$46,500	$2,026,510
Senior Vice President & Chief Financial Officer	2016	$340,000	$1,070,021	$270,005	$160,000	N/A	$46,500	$1,886,526
	2015	$340,000	$1,000,025	$270,005	$155,000	N/A	$46,500	$1,811,530
Terry Anderson	2017	$375,000	$1,380,017	$360,001	$400,000	N/A	$51,050	$2,566,068
Senior Vice President & Chief Operating Officer	2016	$375,000	$1,380,025	$360,003	$210,000	N/A	$51,050	$2,376,078
	2015	$375,000	$1,310,026	$360,005	$215,000	N/A	$51,050	$2,311,081
Bevin Wirzba (9)	2017	$300,000	$ 750,016	$225,004	$250,000	N/A	$41,300	$1,566,320
Senior Vice President, Business Development & Capital Markets	2016	$300,000	$1,227,087	$175,004	$140,000	N/A	$41,300	$1,883,391
	2015	$ N/A	$ N/A	$ N/A	$ N/A	N/A	$ N/A	$ N/A
Lara Conrad	2017	$235,000	$ 480,032	$125,002	$200,000	N/A	$31,388	$1,071,422
Vice President, Engineering & Planning	2016	$220,000	$ 425,011	$110,000	$100,000	N/A	$30,900	$ 885,911
	2015	$220,000	$ 385,023	$110,000	$117,000	N/A	$30,900	$ 862,923

(1) In 2017, the value of PSUs and the value of Restricted Share Awards granted were as follows:

Name	PSUs	Restricted Share Awards	Total PSUs and Restricted Share Awards
Myron Stadnyk	$1,600,017	$800,000	$2,400,017
Van Dafoe	$ 800,008	$270,000	$1,070,008
Terry Anderson	$1,020,017	$360,000	$1,380,017
Bevin Wirzba	$ 575,016	$175,000	$ 750,016
Lara Conrad	$ 330,032	$150,000	$ 480,032

(2) In 2016, the value of PSUs and the value of Restricted Share Awards granted were as follows:

Name	PSUs	Restricted Share Awards	Total PSUs and Restricted Share Awards
Myron Stadnyk	$1,600,024	$700,000	$2,300,024
Van Dafoe	$ 800,021	$270,000	$1,070,021
Terry Anderson	$1,020,025	$360,000	$1,380,025
Bevin Wirzba	$1,052,087	$175,000	$1,227,087
Lara Conrad	$ 300,011	$125,000	$ 425,011

(3) In 2015, the value of PSUs and the value of Restricted Share Awards granted were as follows:

Name	PSUs	Restricted Share Awards	Total PSUs and Restricted Share Awards
Myron Stadnyk	$1,600,024	$700,000	$2,300,024
Van Dafoe	$ 730,025	$270,000	$1,000,025
Terry Anderson	$ 950,026	$360,000	$1,310,026
Bevin Wirzba	$ N/A	$ N/A	$ N/A
Lara Conrad	$ 260,023	$125,000	$ 385,023

(4) PSUs are granted in March and September. The award value of PSUs for compensation purposes as set forth in the table above has been determined by multiplying the number of awards granted by the weighted average trading price of Common Shares for the five trading days immediately prior to the grant date. Furthermore, in respect of PSUs, the amount calculated in accordance with the above formula has been multiplied by the target performance multiplier of one. This method of determining the award value has been used as such amount represents the dollar value approved by the HRCC or the Board, as applicable, when awards were granted. The award value as determined in this manner does not include estimated accrued dividends for the securities underlying the awards granted as future distribution amounts are unknown at the time of the grant and therefore are not taken into consideration when the awards are granted. The weighted average trading prices used in determining awards values were as follows:

Year	March	September
2017	$19.15	$17.20
2016	$19.07	$22.05
2015	$22.13	$17.92

(5) Awards under the Long-term Restricted Share Award Plan are granted in June and the first such awards were granted in 2015. Restricted Share Awards under the Long-term Restricted Share Award Plan consist of both a grant of Restricted Shares and a cash award intended to help the executives' pay their upfront taxes. The value of the Restricted Shares which are included in the table above has been determined by multiplying the number of Restricted Shares granted by the weighted average trading price of Common Shares for the five trading days immediately prior to the grant date. This value of the Restricted Shares, together with the amount of the cash award, represents the dollar value approved by the Board when Restricted Share Awards were granted. The value of the Restricted Shares as determined in this manner does not include estimated accrued dividends for the securities underlying the awards granted as future distribution amounts are unknown at the time of the grant and therefore are not taken into consideration when the awards are granted. The weighted average trading price used in determining the value of Restricted Shares awarded to executives were as follows:

Year	Price
2017	$16.59
2016	$21.86
2015	$21.13

(6) The award value of option awards for compensation purposes as set forth in the table above were approved by the HRCC and subsequently the Board. The number of underlying options were calculated using the weighted average trading price of Common Shares for the five trading days immediately prior to the grant date which is listed below and using the binomial value set forth below. This value was calculated using the following assumptions as shown in the following table for: volatility, expected life, dividend yield and the risk-free rate.

Year	Binomial Value	Grant Price	Volatility	Expected Life	Dividend	Risk-free Rate
2017	26%	$16.59	31%	5.5 and 6 Years	$0.05/month	0.88%
2016	27%	$21.13	33%	5.5 and 6 Years	$0.05/month	1.26%
2015	26%	$21.86	37%	5.5 and 6 Years	$0.10/month	1.40%

(7) Bonus amounts reflect amounts earned in the fiscal year. Bonus amounts for 2017 for Mr. Stadnyk, Mr. Dafoe, Mr. Anderson and Mr. Wirzba have not been finalized and are subject to adjustment. 25 per cent of Mr. Anderson's, Mr. Dafoe's and Mr. Wirzba's bonuses and 50 per cent of Mr. Stadnyk's bonus have been held back until operational and financial results are available for both ARC and its peers and bonus decisions are made only after a full review of peer executive compensation takes place in the second quarter of 2018.

(8) Other compensation includes benefits and savings plan contributions.

(9) Mr. Wirzba joined the organization on January 1, 2016 and received a one-time PSU award of $500,000 to offset compensation left at his previous employer.

FIVE YEAR NEO COMPENSATION VERSUS FINANCIAL MEASURES

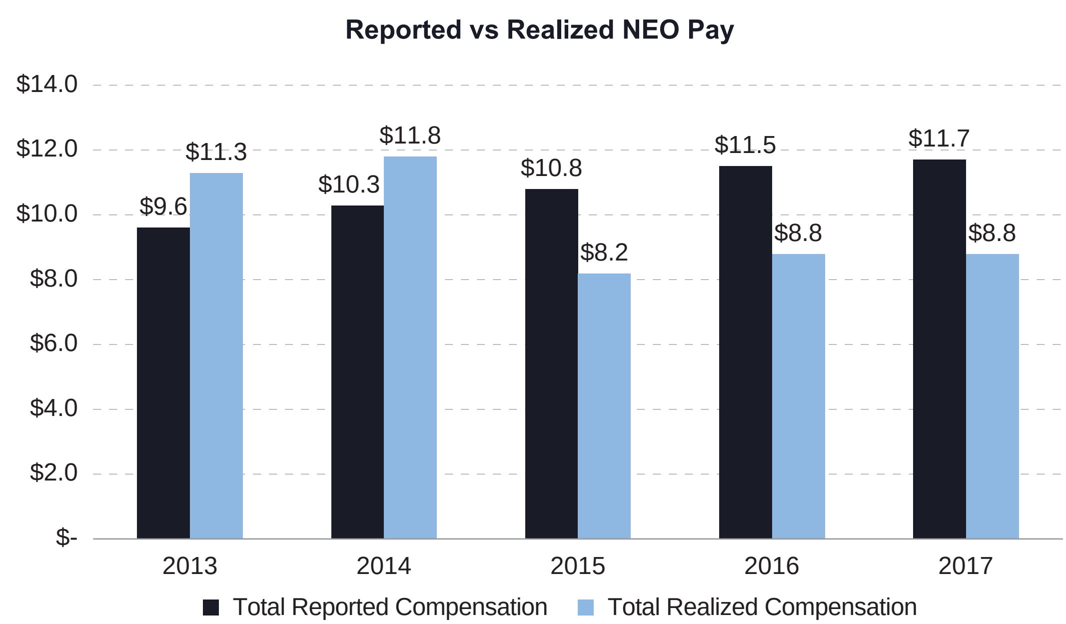
Over the past five years total NEO compensation has increased moderately and such increases consisted almost entirely of medium and long-term incentives. Since 2014 base salaries have been held flat. In 2015 and 2016 executive bonuses were reduced by 50 per cent. In 2017 we returned bonuses to target levels due to ARC's strong financial and operational performance.

Total NEO compensation remains a relatively small percentage of both ARC's funds from operations and enterprise value. In 2017, ARC's funds from operations increased, while ARC's enterprise value decreased due to the drop in share price. However, NEO compensation remains a small percentage of both funds from operations at 1.57 per cent and enterprise value at 0.19 per cent.

Year	2013	2014	2015	2016	2017
Total NEO Compensation ($millions)	$9.6	$10.3	$10.8	$11.5	$11.7
Funds from Operations ($millions)	$862	$1,124	$773	$633	$746
NEO Compensation as a % of Funds from Operations	1.11%	0.92%	1.40%	1.82%	1.57%
Enterprise Value ($billions)	$10.3	$9.3	$6.8	$8.5	$6.1
NEO Compensation as a % of Enterprise Value	0.09%	0.11%	0.16%	0.14%	0.19%
Shareholder Return (annual)	26.5%	-11.4%	-29.6%	42.8%	-33.9%

Over the past five years, NEO total compensation increased on average by one per cent with the majority of the increase being in medium and long-term "at risk" compensation. In fact, the average NEO has 80 per cent of their compensation at risk with 65% comprised of medium and long-term incentives. All medium and long-term compensation is directly tied to ARC's future share price performance and future payouts will reflect the current market.

To further demonstrate shareholder alignment, below is a summary of reported versus realized pay for our NEOs over the past five years. In 2013 and 2014, realized pay was greater than reported pay due to strong relative and absolute share performance. In 2015 through 2017 realized pay was on average 25 per cent less than reported pay which aligns with the experience of the shareholder during this time period.



Over the past 10 years, ARC has delivered average annual returns of 2.2 per cent and significantly outperformed both energy indices and our peers. During this timeframe, executive compensation has been aligned with these returns and further demonstrates ARC's commitment to long-term sustainable performance.

MEDIUM-TERM INCENTIVE AWARDS (PSUs) – UNVESTED VALUE AT YEAR-END

The table below illustrates the outstanding PSUs held by each NEO as of December 31, 2017 which had not vested at such date. All PSUs are subject to a performance multiplier that may vary from zero to two. A more complete description of the RSU and PSU Plan can be found in Schedule C. No outstanding RSUs were held by NEO at year-end.

	PSUs (1)					
Name	Year of Award	Unvested Awards	Year of Vesting	Minimum Value of Unvested Awards	Median Value of Unvested Awards	Maximum Value of Unvested Awards
Myron Stadnyk	2017	89,839	2020	$—	$1,325,125	$2,650,251
	2016	82,037	2019	$—	$1,210,046	$2,420,092
	2015	89,038	2018	$—	$1,313,311	$2,626,621
		260,914		**$—**	**$3,848,482**	**$7,696,964**
Van Dafoe	2017	44,920	2020	$—	$ 662,570	$1,325,140
	2016	41,019	2019	$—	$ 605,030	$1,210,061
	2015	40,624	2018	$—	$ 599,204	$1,198,408
		126,563		**$—**	**$1,866,804**	**$3,733,609**
Terry Anderson	2017	57,273	2020	$—	$ 844,777	$1,689,554
	2016	52,299	2019	$—	$ 771,410	$1,542,821
	2015	52,867	2018	$—	$ 779,788	$1,559,577
		162,439		**$—**	**$2,395,975**	**$4,791,952**
Bevin Wirzba (2)	2017	32,096	2020		$ 473,416	$ 946,832
	2016	56,194	2019	$—	$ 828,862	$1,657,723
		88,290		**$—**	**$1,302,278**	**$2,604,555**
Lara Conrad	2017	18,531	2020	$—	$ 273,332	$ 546,665
	2016	15,382	2019	$—	$ 226,885	$ 453,769
	2015	14,470	2018	$—	$ 213,433	$ 426,865
		48,383		**$—**	**$ 713,650**	**$1,427,299**

(1) The number of awards has been adjusted to reflect dividends paid on Common Shares from the date of grant to December 31, 2017. Values are based on the December 31, 2017 closing price of $14.75.
(2) Mr. Wirzba joined the organization on January 1, 2016.

LONG-TERM INCENTIVE AWARDS (SHARE OPTIONS) – OUTSTANDING VALUE AT YEAR END

ARC's Share Option Plan is a fully declining strike price option plan. The Optionee can elect to exercise at the original grant price or to have the exercise price reduced by the full amount of the dividends paid by the Corporation. The table below illustrates the outstanding Share Options held by each Named Executive Officer and gain before tax under both exercising methods as of December 31, 2017. A more complete description of the Share Option Plan can be found in Schedule D.

	Share Options (1)						
Name	Grant Date	Number of Common Shares Underlying Unexercised Options	Grant Price	Expiry Date	Value of the Unexercised in-the-money Options (Original Exercise Price)	Reduced Exercise Prices as at December 31, 2017	Value of Unexercised in-the-money Options (Reduced Exercise Price)
Myron Stadnyk	June 21, 2017	185,469	$16.59	June 21, 2024	$—	$16.29	$ —
	June 23, 2016	122,698	$21.13	June 23, 2023	$—	$20.23	$ —
	June 24, 2015	123,162	$21.86	June 24, 2022	$—	$19.96	$ —
	June 19, 2014	68,551	$32.94	June 19, 2021	$—	$29.84	$ —
	June 20, 2013	60,329	$27.15	June 20, 2020	$—	$22.85	$ —
	June 21, 2012	76,162	$20.20	June 21, 2019	$—	$14.70	$3,808
	March 24, 2011	39,267	$27.11	March 24, 2018	$—	$20.11	$ —
		675,638			**$—**		**$3,808**
Van Dafoe	June 21, 2017	62,596	$16.59	June 21, 2024	$—	$16.29	$ —
	June 23, 2016	47,327	$21.13	June 23, 2023	$—	$20.23	$ —
	June 24, 2015	47,506	$21.86	June 24, 2022	$—	$19.96	$ —
	June 19, 2014	24,483	$32.94	June 19, 2021	$—	$29.84	$ —
	June 20, 2013	27,942	$27.15	June 20, 2020	$—	$22.85	$ —
	June 21, 2012	34,273	$20.20	June 21, 2019	$—	$14.70	$1,714
	March 24, 2011	14,874	$27.11	March 24, 2018	$—	$20.11	$ —
		259,001			**$—**		**$1,714**
Terry Anderson	June 21, 2017	83,461	$16.59	June 21, 2024	$—	$16.29	$ —
	June 23, 2016	63,102	$21.13	June 23, 2023	$—	$20.23	$ —
	June 24, 2015	63,341	$21.86	June 24, 2022	$—	$19.96	$ —
	June 19, 2014	29,379	$32.94	June 19, 2021	$—	$29.84	$ —
	June 20, 2013	32,388	$27.15	June 20, 2020	$—	$22.85	$ —
	June 21, 2012	34,273	$20.20	June 21, 2019	$—	$14.70	$1,714
	March 24, 2011	17,849	$27.11	March 24, 2018	$—	$20.11	$ —
		323,793			**$—**		**$1,714**
Bevin Wirzba (2)	June 21, 2017	52,164	$16.59	June 21, 2024	$—	$16.29	$ —
	June 23, 2016	30,675	$21.13	June 23, 2023	$—	$20.23	$ —
		82,839			**$—**		**$ —**
Lara Conrad	June 21, 2017	28,980	$16.59	June 21, 2024	$—	$16.29	$ —
	June 23, 2016	19,281	$21.13	June 23, 2023	$—	$20.23	$ —
	June 24, 2015	19,354	$21.86	June 24, 2022	$—	$19.96	$ —
	June 19, 2014	7,835	$32.94	June 19, 2021	$—	$29.84	$ —
	June 20, 2013	5,081	$27.15	June 20, 2020	$—	$22.85	$ —
	June 21, 2012	5,713	$20.20	June 21, 2019	$—	$14.70	$ 286
		86,244			**$—**		**$ 286**

(1) Values are based on the December 31, 2017 closing price of $14.75.
(2) Mr. Wirzba joined the organization on January 1, 2016.

LONG-TERM INCENTIVE AWARDS (LONG-TERM RESTRICTED SHARE AWARDS) – UNVESTED VALUE AT YEAR END

The table below illustrates the outstanding Restricted Shares held by each Named Executive Officer as of December 31, 2017 and which had not vested at such date. A more complete description of the Long-term Restricted Share Award Plan can be found in Schedule E.

	Restricted Shares (1)			
Name	**Year of Award**	**Unvested Awards**	**Year of Vesting**	**Value of Unvested Awards**
Myron Stadnyk	2017	35,683	2025, 2026, 2027	$ 526,324
	2016	25,179	2024, 2025, 2026	$ 371,390
	2015	26,352	2023, 2024, 2025	$ 388,692
		87,214		**$1,286,406**
Van Dafoe	2017	12,044	2025, 2026, 2027	$ 177,649
	2016	9,712	2024, 2025, 2026	$ 143,252
	2015	10,165	2023, 2024, 2025	$ 149,934
		31,921		**$ 470,835**
Terry Anderson	2017	16,058	2025, 2026, 2027	$ 236,856
	2016	12,950	2024, 2025, 2026	$ 191,013
	2015	13,553	2023, 2024, 2025	$ 199,907
		42,561		**$ 627,776**
Bevin Wirzba (2)	2017	7,806	2025, 2026, 2027	$ 115,139
	2016	6,295	2024, 2025, 2026	$ 92,851
		14,101		**$ 207,990**
Lara Conrad	2017	6,691	2025, 2026, 2027	$ 98,692
	2016	4,497	2024, 2025, 2026	$ 66,331
	2015	4,706	2023, 2024, 2025	$ 69,414
		15,894		**$ 234,437**

(1) The number of awards has been adjusted to reflect dividends paid on Common Shares from the date of grant to December 31, 2017. Values are based on the December 31, 2017 closing price of $14.75.
(2) Mr. Wirzba joined the organization on January 1, 2016.

VALUE OF MEDIUM AND LONG-TERM INCENTIVE AWARDS AND NON-EQUITY COMPENSATION EARNED IN 2017

PSUs vest in March and September of each year. Share Option grants vest in June. The table below illustrates for each NEO the value of PSUs and Share Options that vested in 2017 and the value of non-equity plan compensation (bonus) earned in 2017. No Restricted Shares vested in 2017.

	PSUs (1)			Options (2)			
Name	Year of Award	Number of Awards Vested	Value	Year of Award	Number of Awards Vested	Value	2017 Bonus (3)
Myron Stadnyk	2014	61,185	$2,213,103	2012	38,081	$68,546	$650,000
				2013	30,164	$ —	
					68,245	**$68,546**	
Van Dafoe	2014	27,970	$1,017,663	2012	17,137	$30,847	$300,000
				2013	13,971	$ —	
					31,108	**$30,847**	
Terry Anderson	2014	35,441	$1,289,484	2012	17,137	$30,847	$400,000
				2013	16,194	$ —	
					33,331	**$30,847**	
Bevin Wirzba (4)	N/A	N/A	$ N/A	N/A	N/A	$ N/A	$250,000
Lara Conrad	2014	7,664	$ 278,846	2012	2,857	$ 5,143	$200,000
				2013	2,540	$ —	
					5,397	**$ 5,143**	

(1) The value of the PSUs that vested in 2017 was calculated based on the weighted average trading price of Common Shares for the five trading days ending immediately prior to the vesting date multiplied by the number of PSUs on such date, adjusted to reflect re-invested cash dividends made on the underlying shares for the period from the grant date to the vesting date and further multiplied by the applicable performance multiplier. Below are the details

Vest Date	Price	Performance Multiplier
March 15	$19.15	2.000
September 15	$17.20	2.000

(2) The value of the options that vested in 2017 was calculated based on the difference, if positive, between the closing trading price of Common Shares on the vesting date and the exercise price of the options less the full amount of the dividends on the underlying shares to the vesting date, all multiplied by the number of options.

Vest Date	Closing Price	Reduced Strike Price
June 21	$16.80	$15.00
June 20	$16.55	$23.15

(3) Bonus amounts reflect amounts earned in the fiscal year. Bonus amounts for 2017 for Mr. Stadnyk, Mr. Dafoe, Mr. Anderson, and Mr. Wirzba have not been finalized and are subject to adjustment. 25 per cent of Mr. Dafoe's, Mr. Anderson's, and Mr. Wirzba's bonuses and 50 per cent of Mr. Stadnyk's bonus have been held back until a full executive compensation review takes place in the second quarter of 2018.

(4) Mr. Wirzba joined the organization on January 1, 2016 and did not have any PSUs or Share Options vest in 2017.

SHARE OPTION VALUE REALIZED DURING THE YEAR

The following table provides the number of ARC shares acquired upon the exercise of options as well as the aggregate value realized upon the exercise of these options during the year ended December 31, 2017 for all NEOs.

Name	Common Shares Acquired on Option Exercise	Aggregate Value Realized
Myron Stadnyk	—	$—
Van Dafoe	—	$—
Terry Anderson	—	$—
Bevin Wirzba	—	$—
Lara Conrad	—	$—

CHANGE IN VALUE OF SHARE OPTIONS IN 2017

Below is the change in value in 2017 of each NEO's Share Options. None of the NEOs exercised options in 2017.

	As of December 31, 2016 (1)			As of December 31, 2017 (2)			Change in Value		
Officer	Grant Year	Options Outstanding	Value	Grant Year	Options Outstanding	Value	Grant Year	Options Outstanding	Value
Myron Stadnyk	2017	—	$ —	2017	185,469	$ —	2016	185,469	$ —
	2016	122,698	$ 279,751	2016	122,698	$ —	2016	—	$ (279,751)
	2015	123,162	$ 314,063	2015	123,162	$ —	2015	—	$ (314,063)
	2014	68,551	$ —	2014	68,551	$ —	2014	—	$ —
	2013	60,329	$ —	2013	60,329	$ —	2013	—	$ —
	2012	76,162	$ 594,825	2012	76,162	$3,808	2012	—	$ (591,017)
	2011	39,267	$ 94,241	2011	39,267	$ —	2011	—	$ (94,241)
		490,169	**$1,282,880**		**675,638**	**$3,808**		**185,469**	**$(1,279,072)**
Van Dafoe	2017	—	$ —	2017	62,596	$ —	2017	62,596	$ —
	2016	47,327	$ 107,906	2016	47,327	$ —	2016	—	$ (107,906)
	2015	47,506	$ 121,140	2015	47,506	$ —	2015	—	$ (121,140)
	2014	24,483	$ —	2014	24,483	$ —	2014	—	$ —
	2013	27,942	$ —	2013	27,942	$ —	2013	—	$ —
	2012	34,273	$ 267,672	2012	34,273	$1,714	2012	—	$ (265,958)
	2011	14,874	$ 35,698	2011	14,874	$ —	2011	—	$ (35,698)
		196,405	**$ 532,416**		**259,001**	**$1,714**		**62,596**	**$ (530,702)**
Terry Anderson	2017	—	$ —	2017	83,461	$ —	2017	83,461	$ —
	2016	63,102	$ 143,873	2016	63,102	$ —	2016	—	$ (143,873)
	2015	63,341	$ 161,520	2015	63,341	$ —	2015	—	$ (161,520)
	2014	29,379	$ —	2014	29,379	$ —	2014	—	$ —
	2013	32,388	$ —	2013	32,388	$ —	2013	—	$ —
	2012	34,273	$ 267,672	2012	34,273	$1,714	2012	—	$ (265,958)
	2011	17,849	$ 42,838	2011	17,849	$ —	2011	—	$ (42,838)
		240,332	**$ 615,903**		**323,793**	**$1,714**		**83,461**	**$ (614,189)**
Bevin Wirzba (3)	2017	—	$ —	2017	52,164	$ —	2017	52,164	$ —
	2016	30,675	$ 69,939	2016	30,675	$ —	2016	—	$ (69,939)
		30,675	**$ 69,939**		**82,839**	**$ —**		52,164	**$ (69,939)**
Lara Conrad	2017	—	$ —	2017	28,980	$ —	2017	28,980	$ —
	2016	19,281	$ 43,961	2016	19,281	$ —	2016	—	$ (43,961)
	2015	19,354	$ 49,353	2015	19,354	$ —	2015	—	$ (49,353)
	2014	7,835	$ —	2014	7,835	$ —	2014	—	$ —
	2013	5,081	$ —	2013	5,081	$ —	2013	—	$ —
	2012	5,713	$ 44.619	2012	5,713	$ 286	2012	—	$ (44,333)
		57,264	**$ 137,933**		**86,244**	**$ 286**		**28,980**	**$ (137,647)**

(1) Year-end share option values are based on the December 31, 2016 closing price of $23.11 and the original strike price is reduced by the full amount of the dividends to this date.
(2) Year-end share option values are based on the December 31, 2017 closing price of $14.75 and the original strike price is reduced by the full amount of the dividends to this date.
(3) Mr. Wirzba joined the organization on January 1, 2016.

Termination and Change of Control Benefits

Each NEO has an employment agreement that outlines base salary and other elements of total compensation which is put into place when the individual becomes an officer.

ARC is entitled to terminate its employment agreements with any of the NEOs at any time for just cause and is then obligated to pay such executive's salary (and accrued and unused vacation) through to the termination date. ARC is also entitled to terminate its employment agreements with any of the NEOs at any time for any reason other than just cause and is then obligated to pay to the executive a termination payment ("**Termination Payment**") equal to 24 months of salary and bonus in the case of the CEO, 21 months of salary and bonus in the case of the CFO and the COO and 18 months of salary and bonus in the case of the other NEOs.

The NEOs are entitled to terminate their employment with ARC within two months following any of the following events (each a "**Termination Event**"): (a) any adverse change in the executive's title or office; (b) any material reduction in the executive's position, duties, or responsibilities with ARC; (c) any action adversely affecting the executive's participation in, or reducing the executive's rights under or pursuant to any benefit in which the executive was entitled to participate as at the date of the employment agreement, when considered as a whole package; (d) relocation of the executive to a city or community other than the city of Calgary; and (e) material breach by the Corporation of any material provision of the employment agreement; and to receive the Termination Payment described above. The NEO employment agreements are governed by the laws of the province of Alberta, and where applicable, federal law, and are in compliance with such laws.

In the event of a "change of control" as described below ("**Change of Control**") a Termination Event must also occur before an NEO is entitled to receive his or her Termination Payment.

A change of control is generally defined as a change in registered or beneficial ownership or control which results in a person or persons acting jointly in concert holding, owning or controlling, directly or indirectly, more than 66 and two-thirds per cent of the outstanding Common Shares, (other than as a result of a transaction or series of transactions which the Board of Directors determines should not constitute a change of control); the sale, lease or transfer of all or substantially all of the directly or indirectly held assets of ARC (other than pursuant to an internal reorganization); or any determination by the Board of Directors that a change of control has occurred.

The following chart illustrates the payments that each of the NEOs would receive in the event of their termination as at December 31, 2017. In all events below, subject to contractual agreements, the Board maintains ultimate discretion on all payouts.

Type	Termination Payment	PSUs	Restricted Shares	Share Options
Termination for Just Cause	None	All awards expire and are cancelled on the termination date	All unvested Restricted Shares (and dividends thereon) are forfeited and cancelled/returned on the termination date	All vested and unvested options expire and are cancelled on the termination date
Termination Event	CEO – 2 times base salary and 2 times the average bonus over the last two years CFO/COO – 1.75 times base salary and 1.75 times the average bonus over the last two years All other executives – 1.5 times base salary and 1.5 times the average bonus over the last two years	All awards continue to vest for 30 days	All unvested Restricted Shares (and dividends thereon) are forfeited and cancelled/returned on the termination date unless determined otherwise by the Committee	All unvested options continue to vest for 30 days and the Optionee has three months to exercise vested options
Change of Control	None	All awards immediately vest	No accelerated vesting – shares are converted into shares of the continuing successor corporation	CEO/CFO/COO – no accelerated vesting All other executives – immediate vesting
Change of Control and Termination Event	CEO – 2 times base salary and 2 times the average bonus over the last two years CFO/COO – 1.75 times base salary and 1.75 times the average bonus over the last two years All other executives – 1.5 times base salary and 1.5 times the average bonus over the last two years	All awards immediately vest	Immediate vesting in certain circumstances	CEO/COO/CFO – immediate vesting in certain circumstances All other executives – immediate vesting
Resignation	None	All awards are cancelled	All unvested Restricted Shares (and dividends thereon) are forfeited and cancelled/returned	All vested and unvested options are cancelled
Retirement	None	If executive has between 5 to 10 years at ARC – all awards active for over one year continue to vest on schedule If executive has over 10 years at ARC – all awards continue to vest on schedule	If executive has reached age 62 all Restricted Shares (and dividends thereon) continue to vest on schedule. If executive has reached age 55 but not age 62 a portion of the Restricted Shares (and dividends thereon) continue to vest on schedule and the remainder are forfeited and cancelled/returned	If executive has between 5 to 10 years at ARC – all awards continue to vest for three years. If executive has over 10 years at ARC – all awards continue to vest on schedule

The chart below illustrates the payments that would have been made to each of the NEOs pursuant to their employment agreements and the payments that would have been made to the NEOs pursuant to the PSU awards, Restricted Shares and Share Options held by them as a result of a termination for just cause or resignation, termination event, change of control, retirement or death assuming such event occurred on December 31, 2017.

Name	Triggering Event	Payment Pursuant to Employment Agreement	PSU Payments (1),(2)	Restricted Share Payment (3)	Share Option Payment (4)	Total
Myron Stadnyk (5)	Termination for Just Cause or Resignation	$ —	$ —	$ —	$ —	$ —
	Termination Event	$2,115,000	$ —	$ —	$ —	$2,115,000
	Change of Control	$ —	$3,963,924	$ —	$ —	$3,963,924
	Change of Control and Termination Event	$2,115,000	$3,963,924	$1,286,406	$3,808	$7,369,138
	Retirement	$ —	$3,963,924	$ 142,404	$3,808	$4,110,136
	Death	$ —	$3,963,924	$1,286,406	$3,808	$5,254,138
Van Dafoe (6)	Termination for Just Cause or Resignation	$ —	$ —	$ —	$ —	$ —
	Termination Event	$ 997,500	$ —	$ —	$ —	$ 997,500
	Change of Control	$ —	$1,914,455	$ —	$ —	$1,914,455
	Change of Control and Termination Event	$ 997,500	$1,914,455	$ 470,835	$1,714	$3,384,504
	Retirement	$ —	$ —	$ —	$ —	$ —
	Death	$ —	$1,914,455	$ 470,835	$1,714	$2,387,004
Terry Anderson (6)	Termination for Just Cause or Resignation	$ —	$ —	$ —	$ —	$ —
	Termination Event	$1,190,000	$ —	$ —	$ —	$1,190,000
	Change of Control	$ —	$2,459,498	$ —	$ —	$2,459,498
	Change of Control and Termination Event	$1,190,000	$2,459,498	$ 627,776	$1,714	$4,278,988
	Retirement	$ —	$ —	$ —	$ —	$ —
	Death	$ —	$2,459,498	$ 627,776	$1,714	$3,088,988
Bevin Wirzba (6)	Termination for Just Cause or Resignation	$ —	$ —	$ —	$ —	$ —
	Termination Event	$ 742,500	$ —	$ —	$ —	$ 742,500
	Change of Control	$ —	$1,167,270	$ —	$ —	$1,167,270
	Change of Control and Termination Event	$ 742,500	$1,167,270	$ 207,990	$ —	$2,117,760
	Retirement	$ —	$ —	$ —	$ —	$ —
	Death	$ —	$1,167,270	$ 207,990	$ —	$1,375,260
Lara Conrad (6)	Termination for Just Cause or Resignation	$ —	$ —	$ —	$ —	$ —
	Termination Event	$ 555,000	$ —	$ —	$ —	$ 555,000
	Change of Control	$ —	$ 729,542	$ —	$ 286	$ 729,828
	Change of Control and Termination Event	$ 555,000	$ 729,542	$ 234,437	$ 286	$1,519,265
	Retirement	$ —	$ —	$ —	$ —	$ —
	Death	$ —	$ 729,542	$ 234,437	$ 286	$ 964,265

(1) PSUs are valued using the December 31, 2017 closing price of ARC Common Shares of $14.75.
(2) PSUs have been valued using their actual performance multiplier, except those active less than a year are valued at 1.0.
(3) Restricted Share Awards have been valued using the December 31, 2017 closing price of $14.75.
(4) Share Options have been valued using the December 31, 2017 closing price of $14.75 and assuming the executive elects that the exercise price be reduced by the full amount of the dividends to this date.
(5) Upon retirement, Mr. Stadnyk would not immediately receive payment of the PSU, Restricted Share Award and Share Option values noted, instead PSUs, Restricted Share awards and Share Options would continue to vest in accordance with the terms of the respective plans and Mr. Stadnyk would receive payment based on the share price at the time of vesting.
(6) Mr. Dafoe, Mr. Anderson, Mr. Wirzba and Ms. Conrad are not 55 and therefore are not eligible for retirement.

The maximum liability to ARC provided under all employment agreements and for all outstanding RSUs and PSUs, Restricted Shares and Share Options as of December 31, 2017 was approximately $57.4 million (including the amount payable to the NEOs).

Other Information

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following sets forth information in respect of securities authorized for issuance under the Corporation's equity compensation plans as at December 31, 2017:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (1)
Equity compensation plans approved by security holders (2)	5,192,583	$18.35	10,632,417
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	5,192,583	$18.35	10,632,417

(1) Excludes securities to be issued upon exercise of outstanding options, warrants and rights.
(2) The Corporation's Option Plan currently provides for the grant of a maximum number of 14,225,000 Common Shares and the Corporation's Long-term Restricted Share Award Plan currently provides for the grant of a maximum number of 1,600,000 Common Shares.

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS AND OTHERS

There is not, and has not been, any indebtedness outstanding from Directors or senior officers of the Corporation to the Corporation in fiscal 2017.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

There were no other material interests, direct or indirect, of Directors or senior officers of the Corporation, nominees for Director of the Corporation, any shareholder who beneficially owns more than 10 per cent of the Common Shares of the Corporation (or any Director or executive officer of any such shareholder), or any known associate or affiliate of such persons, in any transaction during 2017 or in any proposed transaction which has materially affected or would materially affect the Corporation or any of their subsidiaries other than as disclosed herein.

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

Management of the Corporation is not aware of any material interest of any Director, senior officer or nominee for Director of the Corporation, or of any associate or affiliate of any of the foregoing, in respect of any matter to be acted on at the Meeting except as disclosed herein.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on the Corporation's SEDAR profile at www.sedar.com. Financial information in respect of the Corporation and its affairs is provided in the Corporation's annual Audited Consolidated Financial Statements for the year ended December 31, 2017 and the related Management's Discussion and Analysis. Copies of the Corporation's financial statements and related Management's Discussion and Analysis are available upon request from the Corporation at 1200, 308 – 4th Avenue SW, Calgary, Alberta, T2P 0H7 (toll free number 1-888-272-4900).

OTHER MATTERS

Management of the Corporation knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Annual and Special Meeting; however, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

FINANCIAL AND OTHER MEASURES

We disclose several GAAP, Non-GAAP, reserve measures, oil & gas metrics and other financial measures under "*Compensation Discussion and Analysis*", including "funds from operations", "net debt", "ROACE" or "return on average capital employed", "proven plus probable reserves", "reserves life index" and "total return". Certain of these terms do not have standardized meanings and therefore may not be comparable to similar measures presented by other entities.

See Note 16 “Capital Management” in our audited consolidated financial statements as at and for the year ended December 31, 2017 and the sections entitled “Funds from Operations” and “Capitalization, Financial Resources and Liquidity” contained in our Management’s Discussion and Analysis dated February 8, 2018 for additional details of “funds from operations” and “net debt”.

“ROACE” or “return on average capital employed” is a 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. See the sections entitled “Return on Average Capital Employed (“ROACE”)” and “Non-GAAP Measures” contained our Management’s Discussion and Analysis dated February 8, 2018 for additional details of “ROACE” or “return on average capital employed.”

See our Annual Information Form dated March 15, 2018 for additional details of “proven plus probable reserves.”

See our news release dated February 8, 2018 entitled “*ARC Resources Ltd. Announces Record 320 Per cent Replacement of Produced Reserves Through Development Activities in 2017*” for additional details of “reserves life index.”

See “Total Return to Shareholders” contained in our Management’s Discussion and Analysis dated February 8, 2018 for additional details of “total return.”

APPROVAL

The contents and sending of this information circular has been approved by the Board of Directors of the Corporation.

DATE

This information circular is dated March 15, 2018.

Schedule A

CHARTER OF THE BOARD OF DIRECTORS

The Board of Directors (the "Board") of ARC Resources Ltd. ("ARC") is responsible for the stewardship of ARC and its subsidiaries. In discharging its responsibility, the Board will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and will act honestly and in good faith with a view to the best interests of ARC. ARC and the Board place certain expectations on its members with regards to the performance of their duties and their behavior and decorum, some of which are outlined in this document.

General Expectations:

- Members shall endeavor to maintain their status as an independent director and the ability to be objective as to what is in the best interests of ARC. Any director who is an independent director and whose circumstances change such that he or she might be considered to be a non-independent director shall promptly advise the Board of the change in circumstances.
- Members will be aware of and abide by ARC's Code of Business Policy and Ethics.
- Members should have adequate strategic, analytical and communications skills so as to participate effectively in board discussions.
- Members should have or obtain sufficient knowledge of ARC and the oil and gas business to assist in providing advice and counsel on relevant issues.
- Members shall ensure that they have the time to review available materials in advance of meetings and are expected to attend all meetings of the Board and the committees on which they participate either in person or by tele-conference subject to unavoidable conflicts.
- Members shall give notice to the Chair of the Board and the Policy and Board Governance Committee of any participation on any board of public corporations. Members should not participate in more than four boards of public corporations without the approval of the Chair of the Board and the Policy and Board Governance Committee.
- Members shall not participate on the board of any publicly listed corporation where such participation may constitute a conflict of interest without the approval of the Chair of the Board and the Policy and Board Governance Committee.

Composition:

- The Board shall be composed of at least seven individuals and not more than 12 individuals appointed by the shareholders at the Annual Meeting.
- At least two-thirds of Board members should be independent Directors (within the meaning of section 1.4 of Multilateral Instrument 52-110) and free from any direct or indirect material relationship, being one that could, in the view of the Board of Directors, reasonably interfere with the exercise of the member's independent judgment.
- At its meeting to approve the Information Circular for the annual meeting of the shareholders of ARC each year, the Board will consider and determine whether a director or nominee to be a director is an independent director.
- The Board prefers to have a CEO as the only management member on the Board, although there may be times when it is appropriate to have an additional management member on the Board. The maximum of management and inside directors on the Board will be two.
- Board members will be recruited with the expectation of serving for a minimum of seven years, subject to their annual performance review, a change in personal circumstances or our majority voting policy set forth below.
- Board members should offer their resignation from the Board to the Chairman of the Policy and Board Governance Committee following:
  - a change in personal circumstances which would reasonably be expected to interfere with the ability to serve as a Director, including a conflict of interest;
  - a change in personal circumstances which would reasonably be expected to reflect poorly on the Corporation (for example, finding by a Court of fraud, or conviction under Criminal Code or securities legislation); and
  - a change in position or occupation of a Board member who was appointed or nominated for election to the Board on the basis of such member holding such position or occupation.
- Board members should offer their resignation from the Board to the Chairman of the Policy and Board Governance Committee if, at any election of directors conducted by ballot at an annual meeting of shareholders, the number of common shares withheld from voting for such person exceeds the number of common shares voted in favour of such person:
  - this requirement will not be applicable where the election involves a contested election outside of the slate nominated by the Board;

- the Board will consider such resignation after receipt of the recommendation of the Policy and Board Governance Committee;
- the applicable member who offered their resignation will not participate in that portion of any meeting of the Board, the Policy and Board Governance Committee or any other committee of the Board at which the resignation is considered;
- the resignation will be accepted except in situations where special circumstances would warrant the applicable member's continuation on the Board;
- any replacement of the resigning member will be made on the recommendation of the Policy and Board Governance Committee at the discretion of the Board;
- disclosure to the public of the Board decision will be made within 90 days of the applicable annual meeting;
- a copy of the news release with the Board's decision must be provided to the Toronto Stock Exchange; and
- if the Board determines not to accept the resignation, the news release must fully state the reasons for that decision.

Share Dealings, Ownership and Compensation:

- Members shall observe relevant statutory rules and requirements as well as the corporation's own policy in regard to the buying or selling of shares, warrants or other equity instruments of ARC.
- Members will maintain a minimum ownership of 20,000 common shares (or equivalent securities which have been awarded in favour of any member under any compensation plan) after they have been on the board for at least five years. After three years on the board, directors are expected to own a minimum of 10,000 common shares or equivalent securities. Ownership may be direct or indirect and includes common shares (or equivalent securities) over which such directors exercise control or direction.
- The Policy and Board Governance Committee will review the form and amount of compensation of the directors periodically in view of the responsibility and risks of being an effective director and directors' compensation of peer corporations. The Committee will make recommendations to the Board for consideration when it believes changes in compensation are warranted.

Schedule B

MANDATE OF THE BOARD OF DIRECTORS

The Board of Directors (the “Board”) of ARC Resources Ltd. (“ARC”) is responsible for the stewardship of ARC and its subsidiaries. In discharging its responsibility, the Board will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and will act honestly and in good faith with a view to the best interests of ARC. In general terms, the Board will:

(a) in consultation with management of ARC, define the principal objectives of ARC;

(b) monitor the management of the business and affairs of ARC with the goal of achieving ARC’s principal objectives as defined by the Board;

(c) discharge the duties imposed on the Board by applicable laws; and

(d) for the purpose of carrying out the foregoing responsibilities, take all such actions as the Board deems necessary or appropriate.

Without limiting the generality of the foregoing, the Board will perform the following duties.

Strategic Operating, Capital Plans and Financing Plans

- require the CEO to present annually to the Board a longer range strategic plan and a shorter range business plan for ARC’s business, which plans must:
  - be designed to achieve ARC’s principal objectives; and
  - identify the principal strategic and operational opportunities and risks of ARC’s business;
- review progress towards the achievement of the goals established in the strategic, operating and capital plans;
- identify the principal risks of ARC’s business and take all reasonable steps to ensure the implementation of the appropriate systems to manage these risks;
- approve the annual operating and capital plans;
- approve limits on management’s authority to conduct acquisitions and dispositions of assets, corporations and undeveloped lands;
- approve the establishment of credit facilities; and
- approve issuances of additional common shares or other instruments to the public;

Monitoring and Acting

- monitor ARC’s progress towards its goals, and to revise and alter its direction through management in light of changing circumstances;
- monitor overall human resource policies and procedures, including compensation and succession planning;
- appoint all of the officers, including the CEO, and determine the terms of employment with ARC of all of such officers;
- approve the dividend policy of ARC;
- ensure systems are in place for the implementation and integrity of ARC’s internal control and management information systems;
- monitor the “good corporate citizenship” of ARC, including compliance by ARC with all applicable safety, health and environmental laws;
- in consultation with the CEO, establish the ethical standards to be observed by all officers and employees of ARC and use reasonable efforts to ensure that a process is in place to monitor compliance with those standards; and
- require that the CEO institute and monitor processes and systems designed to ensure compliance with applicable laws by ARC and its officers and employees.

Compliance Reporting and Corporate Communications

- ensure compliance with the reporting obligations of ARC, including that the financial performance of ARC is properly reported to shareholders, other security holders and regulators on a timely and regular basis;

- recommend to shareholders of ARC a firm of chartered accountants to be appointed as ARC's auditors;
- ensure that the financial results are reported fairly and in accordance with generally accepted accounting principles;
- ensure the timely reporting of any change in the business, operations or capital of ARC that would reasonably be expected to have a significant effect on the market price or value of the common shares of ARC;
- ensure the corporate oil and gas reserve report fairly represents the quantity and value of corporate reserves in accordance with generally accepted engineering principles;
- report annually to shareholders on the Board's stewardship for the preceding year;
- establish a process for direct communications with shareholders and other stakeholders through appropriate directors, including through the whistleblower policy; and
- ensure that ARC has in place a policy to enable ARC to communicate effectively with its shareholders and the public generally.

Governance

- in consultation with the Chairman of the Board, develop a position description for the Chairman of the Board;
- facilitate the continuity, effectiveness and independence of the Board by, amongst other things:
  - appointing a Chairman of the Board who is not a member of management;
  - appointing from amongst the directors an audit committee and such other committees of the Board as the Board deems appropriate;
  - defining the mandate of each committee of the Board and the terms of reference for the chair of each committee;
  - ensuring that processes are in place and are utilized to assess the effectiveness of the Chairman of the Board, the Board as a whole, each director, each committee of the Board and its chair; and
  - establishing a system to enable any director to engage an outside adviser at the expense of ARC;
- review annually the composition of the Board and its committees and assess Directors' performance on an ongoing basis, and propose new members to the Board; and
- review annually the adequacy and form of the compensation of directors.

Delegation

- The Board may delegate its duties to and receive reports and recommendations from the Audit, Reserves, Human Resources and Compensation, Health, Safety and Environmental, Risk, Policy and Board Governance committees and any other committee created by the Board to assist the Board in the performance of its duties.

Meetings

- The Board shall meet at least four times per year and/or as deemed appropriate by the Board Chair.
- The Board shall meet at the end of its regular quarterly meetings without members of management being present.
- Minutes of each meeting shall be prepared by the Secretary to the Board.
- The CEO shall be available to attend all meetings of the Board or Committees of the Board upon invitation by the Board or any such Committee.
- Vice-Presidents and such other staff as appropriate to provide information to the Board shall attend meetings at the invitation of the Board.

Reporting / Authority

- Following each meeting, the Secretary will promptly report to the Board by way of providing draft copies of the minutes of the meetings.
- Supporting schedules and information reviewed by the Board at any meeting shall be available for examination by any Director upon request to the CEO.
- The Board shall have the authority to review any corporate report or material and to investigate activity of ARC and to request any employees to cooperate as requested by the Board.
- The Board may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities at the expense of ARC.

Schedule C

SUMMARY OF RSU AND PSU PLAN

ARC's Restricted Share Unit Plan and Performance Share Unit Plan ("RSU and PSU Plan") is designed to focus and reward employees for enhancing total shareholder return over the medium and long-term both on an absolute and relative basis.

Purpose

The principal purposes of the RSU and PSU Plan are to:

1. Align RSUs and PSUs with the interests of ARC's shareholders;
2. Pay-for-performance;
3. Encourage superior medium and long-term performance; and
4. Attract and retain top talent.

Participation

All employees including executives participate in the RSU and PSU Plan. The weighting of PSUs versus RSUs awarded to an employee is directly linked to an employee's position and their influence on ARC's total return. Some employees receive only RSUs whereas executives receive only PSUs. RSUs and PSUs are granted twice a year in March and September.

As of 2011, Restricted Share Units ("RSUs") are no longer included in the regular annual program for executives. The Board may, in unique circumstances, provide a grant to certain executives.

Dividends

RSUs and PSUs accumulate the full value of ARC's monthly dividend and upon vesting the payout amount is adjusted to reflect these dividends.

Vesting

RSUs vest one-third annually over three years. On the vesting date the number of RSUs (adjusted to include accumulated dividends) is multiplied by the previous five-day weighted average price of ARC's Common Shares to determine the cash payment amount.

PSUs cliff vest (all at once) after three years. On the vesting date the number of PSUs (adjusted to include accumulated dividends) is multiplied first by a performance multiplier that can range from zero to two and then multiplied by the previous five-day weighted average price of ARC's Common Shares to determine the cash payment amount.

Performance Multiplier

ARC's peer group used to determine the performance multiplier for PSUs consists of companies that make up the S&P/TSX Oil & Gas Exploration and Production Index on the grant date with certain exceptions determined by the Human Resources and Compensation Committee from time-to-time. Currently ARC removes all international and oil sands companies and companies with production less than 20,000 boe per day from this group. The performance multiplier is based on the percentile rank of ARC's total shareholder return and ranges on a sliding scale from zero for bottom quartile performance to two for top quartile performance.

Termination, Change of Control and Other Events

The table below outlines the treatment of RSUs and PSUs held by an employee (including executives) upon the occurrence of certain events.

Type	Treatment of Outstanding RSUs/PSUs
Termination for Cause	All awards are cancelled on the termination date
Termination Not for Cause	All awards continue to vest for 30 days and are then cancelled
Voluntary Resignation	All awards are cancelled on the termination date
Change of Control	All awards immediately vest
Disability	All awards continue to vest on schedule
Retirement	If the employee is 55 years of age and has five years of service with ARC – all awards active for over one year continue to vest on schedule. If the employee is 55 years of age and has 10 years of service or more with ARC – all awards continue to vest on schedule
Death	All awards immediately vest

Schedule D

SUMMARY OF SHARE OPTION PLAN

ARC's Share Option Plan (the "Option Plan" or "Share Option Plan") is a long-term incentive plan designed to focus and reward employees (including executives) for enhancing total long-term shareholder return on an absolute basis.

The maximum number of Common Shares issuable on exercise of Share Options ("Options" or "Share Options") is limited, in the aggregate, to 14,225,000 Common Shares (which represented approximately five per cent of the Common Shares which were issued and outstanding on December 31, 2011). Options that are cancelled, terminated or expire prior to exercise of all or a portion thereof result in the Common Shares that were reserved for issuance thereunder being available for a subsequent grant of Options pursuant to the Option Plan.

In addition, the number of Common Shares issuable pursuant to Options granted under the Option Plan or any other security based compensation arrangements of the Corporation: (i) to insiders at any time may not exceed 10 per cent of the outstanding Common Shares; and (ii) issued to insiders within any one year period may not exceed 10 per cent of the outstanding Common Shares. Options granted under the Option Plan are not assignable except in the event of death.

Purpose

The principal purposes of the Share Option Plan are to:

1. Align Share Options with the interests of ARC's shareholders;
2. Pay-for-performance;
3. Align compensation with ARC's long-term business strategy;
4. Encourage superior long-term performance; and
5. Attract and retain top talent.

Participation

The Option Plan permits the granting of Options to officers, employees, consultants and other service providers ("Optionees") of the Corporation and its subsidiaries. Options are not granted to Directors of the Corporation who are not also officers or employees of the Corporation or its subsidiaries.

To date, Options have only been granted to executive and senior professional employees of ARC. Share Options are granted annually in June.

Term and Vesting

Options have a term not exceeding seven years and, subject to the terms of the Option Plan, vest in such manner as determined by the Committee (where "Committee" is defined in the Option Plan as the Human Resources and Compensation Committee or such other Committee of the Board of Directors of the Corporation as is appointed from time-to-time by the Board to administer the Option Plan or any matters related to such plan or, if no such Committee is appointed, the Board of Directors of the Corporation). In the absence of any determination to the contrary, Options vest and are exercisable as to one-half on each of the fourth and fifth anniversaries of the date of grant, subject to the acceleration of vesting in the discretion of the Committee. If an Option is set to expire in seven business days following the end of a "Black-Out Period" (as is defined in the Option Plan) and the Optionee is subject to the Black-Out Period, the expiry date of the Option will be extended for seven business days following the Black-Out Period.

Grant Price

The grant price of any Options granted is determined by the Committee at the time of grant, provided that if the Common Shares are listed on a stock exchange the grant price will not be less than the volume weighted average trading price of the Common Shares on the Toronto Stock Exchange ("TSX") (or other stock exchange on which the Common Shares may be listed) for the five consecutive trading days immediately preceding the date of grant. The exercise price of any Options granted under the Option Plan will be, at the election of the Optionee holding such Options, either: (a) the grant price; or (b) the price calculated by deducting from the grant price all dividends or other distributions paid (whether paid in cash or in any other assets but not including Common Shares) on a per Common Share basis, by the Corporation after the date of grant and prior to the date that such Option is exercised.

Termination, Change of Control and Other Events

The table below outlines the treatment of Share Options held by an employee upon the occurrence of certain events.

Type	Treatment of Outstanding Share Options
Termination for Cause	All vested and unvested options are cancelled on the termination date
Termination Not for Cause	All unvested options continue to vest for 30 days and are then cancelled The employee has three months to exercise vested options
Voluntary Resignation	All vested and unvested options are cancelled on the termination date
Change of Control	All options immediately vest (1)(2)
Disability	All options continue to vest on schedule
Retirement	If the employee is 55 years of age and has five years of service with ARC – all options continue to vest for three years If the employee is 55 years of age and has 10 years of service or more with ARC – all options continue to vest on schedule
Death	All options immediately vest and the executor has one year to exercise these options

Notes:

(1) In the event of a "Change of Control" (as such term is defined in the Option Plan) the Option Plan provides for the acceleration of vesting of all outstanding and unvested Options in order that such Options may be conditionally exercised immediately prior to the effective date of the Change of Control unless the Board determines otherwise. In the event of a Change of Control the Board may also determine that vested Options (including those Options for which vesting has been accelerated) will be purchased by the Corporation for an amount per Option equal to the amount by which the fair market value of the consideration per share payable in the Change of Control transaction as determined by the Board exceeds the applicable exercise price. In addition to the above, the Board may determine to accelerate the vesting of any or all unvested Options at any time and on such terms and conditions as it sees fit.

(2) Notwithstanding the Change of Control provisions of the Option Plan, but subject to Board discretion, in respect of the Options granted to each of the CEO, CFO and COO, in the event of a Change of Control, the vesting of unvested Options held by them will not be accelerated in circumstances where (a) adjustments have been made to the Options which are outstanding and held by them so that, following the Change of Control, the Options entitle them to acquire securities of the continuing successor entity or purchasing entity; and (b) the Board has determined to accelerate the unvested Options held by Optionees other than such executive officers. However, vesting will be accelerated on the occurrence of certain constructive dismissal events during the two year period following the Change of Control.

Amendments

Without the prior approval of the shareholders, as may be required by the TSX (or other exchange on which the Common Shares may be listed, if any), the Committee may not:

(a) Make any amendment to the Option Plan to increase the maximum number of Common Shares reserved for issuance on exercise of outstanding Options at any time;

(b) Reduce the exercise price of any outstanding options or cancel an option and subsequently issue the holder of such Option a new Option in replacement thereof;

(c) Extend the term of any outstanding Option beyond the original expiry date of such Option;

(d) Increase the maximum limit on the number of securities that may be issued to Insiders;

(e) Make any amendment to the Option Plan to allow Options to be granted to Directors of the Corporation who are not officers or employees of the Corporation or its subsidiaries;

(f) Make any amendment to the Option Plan to permit an Optionee to transfer or assign Options to a new beneficial Optionee other than in the case of death of the Optionee; or

(g) Amend the restrictions on amendments that are provided in the Option Plan.

Subject to the restrictions set out above, the Committee may amend or discontinue the Option Plan and Options granted thereunder without shareholder approval; provided that if the amendment to the Option Plan requires approval of any stock exchange on which the Common Shares are listed for trading, such amendment may not be made without the approval of such stock exchange. In addition, no amendment to the Option Plan or Options granted pursuant to the Option Plan may be made without the consent of the Optionee, if it adversely alters or impairs any Option previously granted to such Optionee.

Schedule E

SUMMARY OF LONG-TERM RESTRICTED SHARE AWARD PLAN

ARC's Long-term Restricted Share Award Plan (the "Restricted Share Award Plan") is a long-term incentive plan designed to encourage ARC's executive team to think and act with a long-term orientation, specifically regarding long-term strategy development and execution. The plan is designed to further align executive compensation with the long-term interests of ARC and its shareholders.

Awards granted under the Restricted Share Award Plan consist of a share component and a cash component that makes up the remaining portion. The cash component is intended to help the grantees pay their upfront taxes on the awards.

The maximum number of Common Shares issuable pursuant to the Restricted Share Award Plan ("Restricted Shares") is limited, in the aggregate, to 1,600,000 Common Shares (which represented approximately 0.5 per cent of the Common Shares which were issued and outstanding on the date that the plan received shareholder approval, April 30, 2015).

In addition, the number of Common Shares issuable pursuant to the Restricted Share Award Plan or any other security based compensation arrangements of ARC: (i) to insiders at any time may not exceed 10 per cent of the outstanding ARC Common Shares; and (ii) issued to insiders within any one year period may not exceed 10 per cent of the outstanding ARC Common Shares. Restricted Shares granted under the plan are not assignable except in the event of death.

Purpose

The principal purposes of the Restricted Share Award Plan are to:

1. Retain and attract qualified officers and employees of the Corporation and its subsidiaries and to provide compensation to such officers and employees that will reward them for their future services and contributions to the Corporation's long-term success
2. Encourage such officers and employees to always think and act with a long-term orientation, specifically regarding long-term strategy development and execution and put forth maximum efforts for the success of the business of the Corporation; and
3. Focus management of the Corporation on total long-term shareholder return of the Corporation by providing them with the opportunity through awards to increase their proprietary interest in the Corporation.

Participation

The Restricted Share Award Plan permits the granting of awards to officers and employees ("Grantees") of the Corporation and its subsidiaries. In no event shall awards be granted to Directors of the Corporation who are not officers or employees of the Corporation or its subsidiaries.

To date, awards have only been granted to executives and certain key employees of ARC. Awards are granted to executives annually in June.

Dividends

Dividends paid on Restricted Shares remain in the Restricted Share Award Plan and are reinvested after-tax to purchase additional shares throughout the restriction period.

Term and Vesting

In the absence of any determination by the Committee (where "Committee" is defined in the Restricted Share Award Plan as the Human Resources and Compensation Committee or such other Committee of the Board as is appointed from time-to-time by the Board to administer the Restricted Share Award Plan or any matters related to the Restricted Share Award Plan or, if no such Committee is appointed, the Board) to the contrary, Restricted Shares issued pursuant to an award will vest and be releasable to the Grantee as to one-third of the number of such Restricted Shares on each of the eighth, ninth and tenth anniversaries of the date of grant, subject to the acceleration of vesting in the discretion of the Committee.

Unvested Restricted Shares (including dividends paid on such shares) are held in trust by a third party trustee.

The cash component of an award vests immediately.

Grant Price

Restricted Shares which are issued by the Corporation pursuant to the Restricted Share Award Plan are issued from treasury at a price which is fixed by the Committee as at the time of grant and if the Common Shares are listed on a stock exchange at such time, the issue price of the Restricted Shares shall not be less than the volume weighted average trading price of the Common Shares on the TSX (or other stock exchange on which the Common Shares may be listed) for the five consecutive trading days immediately preceding the date of grant.

Termination, Change of Control and Other Events

The table below outlines the treatment of Restricted Shares held by an employee upon the occurrence of certain events:

Type	Treatment of Outstanding Restricted Shares
Termination for Cause	All unvested Restricted Shares (and dividends thereon) are cancelled on the termination date
Termination Not for Cause	All unvested Restricted Shares (and dividends thereon) are forfeited and cancelled/returned unless determined otherwise by the Committee
Voluntary Resignation	All unvested Restricted Shares (and dividends thereon) are forfeited and cancelled/returned
Change of Control	All Restricted Shares (and dividends thereon) immediately vest in certain circumstances (1)
Disability	All Restricted Shares (and dividends thereon) continue to vest on schedule
Retirement	If employee has reached age 62 all Restricted Shares (and dividends thereon) continue to vest on schedule If employee has reached age 55 but not age 62 a portion of the Restricted Shares (and dividends thereon) continue to vest on schedule and the remainder are forfeited and cancelled/returned
Death	All Restricted Shares (and dividends thereon) immediately vest

(1) In the event of a “Change of Control” (as such term is defined in the Plan) the Restricted Share Award Plan provides, subject to Board discretion, that the vesting of unvested Restricted Shares (and dividends thereon) will not be accelerated except upon the occurrence of certain constructive dismissal events during the two year period following the Change of Control.

Amendments

Without the prior approval of the shareholders, as may be required by the TSX (or other exchange on which the Common Shares may be listed, if any), the Committee may not:

(a) Amend the Restricted Share Award Plan to increase the maximum number of shares reserved for issuance;

(b) Amend the Restricted Share Award Plan to increase the maximum number of shares that may be issued to insiders;

(c) Amend the Restricted Share Award Plan to allow awards to be granted to Directors who are not officers or employees of ARC;

(d) Amend the Restricted Share Award Plan to permit a participant to transfer or assign their awards other than in the case of death;

(e) Cancel an outstanding award to a participant and subsequently issue a new award to such participant; or

(f) Amend the restrictions on amendments that are provided in the Restricted Share Award Plan.

Schedule F

SUMMARY OF DSU PLAN

ARC's Directors' Deferred Share Unit ("DSU") plan (the "DSU Plan") provides for the deferral of a portion or all of the annual compensation of a Director and the adjustment of that deferred compensation to reflect the performance of ARC's Common Shares until after the retirement of such Director.

Purpose

The principal purposes of the DSU Plan are to:

1. Promote a greater alignment of interests between Directors of ARC and its shareholders;
2. Support a compensation plan that is competitive, and rewards long-term success of ARC as measured in total shareholder return; and
3. Assist ARC's ability to attract and retain qualified individuals with the experience and ability to serve as Directors.

Participation

All non-management Directors participate in the DSU Plan. Each Director receives 60 per cent of their total annual remuneration in deferred share units. The remaining 40 per cent of Directors' compensation is paid in cash subject to a Director's right to elect to increase the percentage of DSUs (and reduce the percentage of cash) so that they receive up to 100 per cent of their compensation as DSUs.

Dividends

When dividends are paid on ARC's Common Shares, additional DSUs are credited to the Director's DSU account.

Award Determination

Awards are granted on a quarterly basis and the number of DSUs granted is calculated by dividing the value of the award by the weighted average trading price of ARC's Common Shares on the Toronto Stock Exchange ("TSX") for the five trading days prior to the date of grant.

Vesting & Expiry

DSUs vest upon granting but are not redeemable until the death or retirement of the Director. If the Director dies while in office, ARC will make a lump sum cash payment within 90 days equal to the number of DSUs outstanding multiplied by the weighted average trading price of ARC's Common Shares on the TSX for the five trading days prior to the date of death.

If the Director retires he/she has until December 1 of the year following his/her retirement to redeem his/her awards in exchange for a cash payment equal to the number of DSUs outstanding multiplied by the weighted average trading price of ARC's Common Shares on the TSX for the five trading days prior to the date of settlement.

Schedule G

AMENDED BYLAWS

BY-LAW NO. 1

A by-law relating generally to the conduct of the business and affairs of ARC Resources Ltd. (hereinafter called the "**Corporation**").

IT IS HEREBY ENACTED as a by-law of the Corporation as follows:

Definitions

1. In this by-law, unless the context otherwise specifies or requires:

(a) "**Act**" means the *Business Corporations Act* (Alberta) and the regulations made thereunder, as from time to time amended, and in the case of such amendment any reference in the by-laws shall be read as referring to the amended provisions thereof;

(b) "**board**" means the board of directors of the Corporation;

(c) "**articles**" and "**by-laws**" means the articles and by-laws of the Corporation from time to time in force and effect;

(d) all terms contained in the by-laws which are defined in the Act shall have the meanings given to such terms in the Act;

(e) to the extent of any conflict between the provisions of the by-laws and the provisions of the Act or the articles, the provisions of the Act or the articles shall govern; and

(f) the invalidity or unenforceability of any provisions of the by-laws shall not affect the validity or enforceability of the remaining provisions of the by-laws.

Directors

2. **Number.** The number of directors shall be the number fixed by the articles, or where the articles specify a variable number, the number shall be not less than the minimum and not more than the maximum number so specified and shall be determined from time to time within such limits by resolution of the board.

3. **Powers.** The directors shall manage or supervise the management of the business and affairs of the Corporation.

Meetings of Directors

4. **Place of Meeting.** Unless the articles otherwise provide, meetings of directors and of any committee of directors may be held at any place. A meeting of directors may be convened by the Chairman of the Board (if any), the Chief Executive Officer or any two directors at any time and the Secretary shall upon direction of any of the foregoing convene or cause to be convened a meeting of directors.

5. **Notice**. Notice of the time and place for the holding of any meeting of directors or of any committee of directors shall be sent to each director or each director who is a member of such committee, as the case may be, not less than twenty-four (24) hours before the time of the meeting; provided that a meeting of directors or of any committee of directors may be held at any time without notice if all the directors or members of such committee are present or if all the absent directors waive notice of the meeting (except, in both cases, where a director attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called). The notice of a meeting of directors shall specify any matter referred to in subsection (3) of section 115 of the Act that is to be dealt with at the meeting, but otherwise need not specify the purpose of the business to be transacted at the meeting.

6. **Waiver of Notice.** Notice of any meeting of directors or of any committee of directors or the time for the giving of any such notice or any irregularity in any meeting or in the notice thereof may be waived by any director in writing or by facsimile, electronic mail or other electronic transmission addressed to the Corporation or in any other manner, and any such waiver may be validly given either before or after the meeting to which such waiver relates. Attendance of a director at any meeting of directors or of any committee of directors is a waiver of notice of such meeting, except when a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

7. **Electronic Participation.** A director may participate in a meeting of directors or of any committee of directors by electronic means, telephone or other communication facilities that permit all persons participating in the meeting to hear each other, and a director participating in a meeting by those means is deemed for the purposes of the Act and this by-law to be present at that meeting.

8. **Adjournment.** Any meeting of directors or of any committee of directors may be adjourned from time to time by the chairman of the meeting, with the consent of the meeting, to a fixed time and place. Notice of an adjourned meeting of directors or committee of directors is not required to be given if the time and place of the adjourned meeting is announced at the original meeting. Any adjourned meeting shall be duly constituted if held in accordance with the terms of the adjournment and a quorum is present thereat. The directors who formed a quorum at the original meeting are not required to form the quorum at the adjourned meeting. If there is no quorum present at the adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment. Any business may be brought before or dealt with at the adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same.

9. **Quorum and Voting.** Subject to the articles, a majority of the number of directors constitutes a quorum at any meeting of directors and, notwithstanding any vacancy among the directors, and subject to the Act, a quorum of directors may exercise all the powers of the directors. Questions arising at any meeting of directors shall be decided by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall not have a second or casting vote.

10. **Resolution in Lieu of Meeting.** Subject to the articles, a resolution in writing, signed by all the directors entitled to vote on that resolution at a meeting of directors or committee of directors, is as valid as if it had been passed at a meeting of directors or committee of directors. A resolution in writing dealing with all matters required by the Act or this by-law to be dealt with at a meeting of directors, and signed by all the directors entitled to vote at that meeting, satisfies all the requirements of the Act and this by-law relating to meetings of directors. A resolution may be signed in counterparts and will be effective as of the date stated therein.

Committees of Directors

11. The directors may from time-to-time appoint from their number a managing director, who must be a resident Canadian, or a committee of directors, at least 25 per cent of whom shall be resident Canadians, and may delegate to the managing director or such committee any of the powers of the directors, except that no managing director or committee shall have the authority to:

(a) submit to the shareholders any question or matter requiring the approval of the shareholders;

(b) fill a vacancy among the directors or in the office of auditor;

(c) appoint additional directors;

(d) issue securities except in the manner and on the terms authorized by the directors;

(e) declare dividends;

(f) purchase, redeem or otherwise acquire shares issued by the Corporation, except in the manner and on the terms authorized by the directors;

(g) pay a commission referred to in section 42 of the Act;

(h) approve a management proxy circular;

(i) approve any annual financial statements to be placed before the shareholders of the Corporation; or

(j) adopt, amend or repeal by-laws of the Corporation.

Remuneration of Directors, Officers and Employees

12. Subject to the articles, the directors of the Corporation may fix the remuneration of the directors, officers and employees of the Corporation. Any remuneration paid to a director of the Corporation shall be in addition to the salary paid to such director in his or her capacity as an officer or employee of the Corporation. The directors may also by resolution award special remuneration to any director in undertaking any special services on the Corporation’s behalf. The directors, officers and employees shall also be entitled to be paid their travelling and other expenses properly incurred by them in connection with the affairs of the Corporation.

Conflict of Interest

13. A director or officer of the Corporation who is a party to a material contract or material transaction or proposed material contract or proposed material transaction with the Corporation, or is a director or an officer or has a material interest in any person who is a party to a material contract or proposed material contract or material transaction or proposed material transaction with the Corporation, shall disclose the nature and extent of his or her interest at the time and in the manner provided in the Act. Except as provided in the Act, no such director of the Corporation shall vote on any resolution to approve such contract or transaction. If a

material contract or material transaction is made between the Corporation and one or more of its directors or officers, or between the Corporation and another person of which a director or officer of the Corporation is a director or officer or in which he has a material interest: (i) the contract or transaction is neither void nor voidable by reason only of that relationship, or by reason only that a director with an interest in the contract or transaction is present at or is counted to determine the presence of a quorum at a meeting of directors or committee of directors that authorized the contract or transaction; and (ii) a director or officer or former director or officer of the Corporation to whom a profit accrues as a result of the making of the contract is not liable to account to the Corporation for that profit by reason only of holding office as a director or officer, if the director or officer disclosed his or her interest in accordance with the provisions of the Act and the contract was approved by the directors or the shareholders and it was reasonable and fair to the Corporation at the time it was approved.

14. Even if the above conditions are not met, a director or officer acting honestly and in good faith shall not be accountable to the Corporation or to its shareholders for any profit realized from a material contract or material transaction for which disclosure is required by the Act, and such contract or transaction shall not be void or voidable by reason only of the director or officer's interest therein, provided that the material contract or material transaction was approved or confirmed by special resolution at a meeting of the shareholders, disclosure of the interest was made to the shareholders in a manner sufficient to indicate its nature before such contract or transaction was approved or confirmed, and such contract or transaction was reasonable and fair to the Corporation at the time it was approved or confirmed.

For the Protection of Directors and Officers

15. No director or officer of the Corporation shall be liable to the Corporation for the acts, receipts, neglects or defaults of any other director or officer or employee or for joining in any receipt or act for conformity or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the monies of or belonging to the Corporation shall be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or corporation including any person, firm or corporation with whom or which any monies, securities or effects shall be lodged or deposited or for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any monies, securities or other assets belonging to the Corporation or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of his or her respective office of trust or in relation thereto, unless the same shall happen by or through his or her failure to exercise the powers and to discharge the duties of his or her office honestly, in good faith with a view to the best interests of the Corporation, and in connection therewith to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, provided that nothing herein contained shall relieve a director or officer from the duty to act in accordance with the Act or relieve him or her from liability for a breach of that duty under the Act.

Indemnities to Directors and Others

16. The Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and his or her heirs and legal representatives, against all costs, charges and expenses, to the maximum extent permitted under the Act and may enter into indemnification agreements with each such persons from time-to-time. Nothing herein contained shall limit the right of any person entitled to indemnity to claim indemnity apart from the provisions of this paragraph 16.

Insurance

17. The Corporation may purchase and maintain insurance for the benefit of any person referred to in paragraph 16 against any liability incurred by him or her:

(a) in his or her capacity as a director or officer of the Corporation, except where the liability relates to his or her failure to act honestly and in good faith with a view to the best interests of the Corporation; or

(b) in his or her capacity as a director or officer of another body corporate where he or she acts or acted in that capacity at the Corporation's request, except where the liability relates to his or her failure to act honestly and in good faith with a view to the best interests of the body corporate.

Nomination

18. **Eligible Director Nominations**. Only persons who are nominated in accordance with the procedures set out in this by-law shall be eligible for election as directors to the board. Nominations of persons for election to the board may only be made at an annual meeting of shareholders, or at a special meeting of shareholders called for any purpose which includes the election of directors to the board, as follows:

(a) by or at the direction of the board or an authorized officer of the Corporation, including pursuant to a notice of meeting;

(b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act or a requisition of shareholders made in accordance with the provisions of the Act; or

(c) by any person entitled to vote at such meeting (a "**Nominating Shareholder**"), who: (i) is, at the close of business on the date of giving notice provided for in this by-law and on the record date for notice of such meeting, either entered in the securities register of the Corporation as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (ii) has given timely notice in proper written form as set forth in this by-law.

For the avoidance of doubt, the foregoing paragraph shall be the exclusive means for any person to bring nominations for election to the board before any annual or special meeting of shareholders of the Corporation.

19. **Notice**. In addition to any other requirements under applicable laws, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given notice thereof that is both timely (in accordance with this by-law) and in proper written form (in accordance with this by-law) to the Secretary of the Corporation at the head office of the Corporation.

20. **Timely Notice.** For a nomination made by a Nominating Shareholder to be timely notice (a "**Timely Notice**"), the Nominating Shareholder's notice must be received by the Secretary of the Corporation:

(a) in the case of an annual meeting of shareholders, not later than close of business on the 30th day prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the "**Notice Date**") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made no later than the close of business on the 10th day following the Notice Date; and

(b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for any purpose which includes the election of directors, no later than the close of business on the 15th day following the Notice Date;

provided that, in either instance, if notice-and-access (as defined in National Instrument 54- 101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*) is used for delivery of proxy related materials in respect of a meeting described in section 20(a) or 20(b) and the Notice Date in respect of the meeting is not less than 50 days before the date of the applicable meeting, the notice must be received not later than the close of business on the 40th day before the date of the applicable meeting.

21. **Adjournment or Postponement.** In the event of an adjournment or postponement of an annual meeting or special meeting of shareholders or any announcement thereof, a new time period shall commence for the giving of a Timely Notice.

22. **Proper Written Form.** To be in proper written form, a Nominating Shareholder's notice to the Secretary of the Corporation must:

(a) disclose or include, as applicable, as to each person whom the Nominating Shareholder proposes to nominate for election as a direction (a "**Proposed Nominee**")

  (i) such Proposed Nominee's name, age, business and residential address, principal occupation or employment for the past five years, status as a "**resident Canadian**" (as such term is defined in the Act);

  (ii) such Proposed Nominee's direct or indirect beneficial ownership in, or control or direction over, any class or series of securities of the Corporation, including the number or principal amount and the date(s) on which such securities were acquired;

  (iii) any relationships, agreements or arrangements, including financial, compensation and indemnity related relationships, agreements or arrangements, between the Proposed Nominee or any affiliates or associates of, or any person or entity acting jointly or in concert with, the Proposed Nominee and the Nominating Shareholder;

  (iv) such Proposed Nominee's written consent to being named in the notice as a nominee and to serving as a director of the Corporation if elected;

  (v) any other information that would be required to be disclosed in a dissident proxy circular or other filings required to be made in connection with the solicitation of proxies for election of directors pursuant to the Act or Applicable Securities Laws; and

(b) disclose or include, as applicable, as to each Nominating Shareholder giving the notice:

  (i) such Nominating Shareholder's name, business and residential address and direct or indirect beneficial ownership in, or control or direction over, any class or series of securities of the Corporation, including the number or principal amount and the date(s) on which such securities were acquired;

  (ii) such Nominating Shareholder's interests in, or rights or obligations associated with, an agreement, arrangement or understanding, the purpose or effect of which is to alter, directly or indirectly, the person's economic interest in a security of the Corporation or the person's economic exposure to the Corporation;

  (iii) any relationships, agreements or arrangements, including financial, compensation and indemnity related relationships, agreements or arrangements, between the Nominating Shareholder or any affiliates or associates of, or any person or entity acting jointly or in concert with, the Nominating Shareholder and any Proposed Nominee;

  (iv) any proxy, contract, arrangement, agreement or understanding pursuant to which such person, or any of its affiliates or associates, or any person acting jointly or in concert with such person, has any interests, rights or obligations relating to the voting of any securities of the Corporation or the nomination of directors to the board;

  (v) a representation as to whether such person intends to deliver a proxy circular and/or form of proxy to any shareholder of the Corporation in connection with such nomination or otherwise solicit proxies or votes from shareholders of the Corporation in support of such nomination; and

  (vi) any other information relating to such person that would be required to be included in a dissident proxy circular or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to the Act or as required by Applicable Securities Laws.

23. **Updated Notice**. A Nominating Shareholder's notice shall be promptly updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct in all material respects as of the date that is ten business days prior to the date of the meeting, or any adjournment or postponement thereof.

24. **Public Announcement**. For purposes of section 20 "**public announcement**" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com.

25. **Applicable Securities Laws**. For the purposes of section 22 "**Applicable Securities Laws**" means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada.

26. **Delivery**. Notwithstanding any other provisions of this by-law, any notice, or other document or information required to be given to the Secretary pursuant to sections 18 to 27 of this by-law may only be given by personal delivery, facsimile transmission or by email (at such email address as may be stipulated from time to time by the Secretary for the purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery to the Secretary at the address of the principal executive offices of the Corporation, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Calgary time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the next following day that is a business day.

27. **Discretion**. The board may, in its sole discretion, waive any requirement of sections 18 to 26 of this by-law.

Officers

28. **Appointment of Officers.** Subject to the articles, the directors annually or as often as may be required may appoint a Chairman of the Board and such other officers as they shall deem necessary, including without limitation a Chief Executive Officer, President, Chief Financial Officer, one or more Vice-Presidents and Secretary. The Chief Executive Officer shall have such authority and shall perform such functions and duties as may be prescribed by the directors and any other officers shall have such authority and shall perform such functions and duties as may be prescribed by the directors or the Chief Executive Officer and as are incidental to his or her position. None of such officers (except the Chairman of the Board) need be a director of the Corporation, although a director may be appointed to any office of the Corporation. The directors may from time to time appoint such other employees and agents as they shall deem necessary who shall have such authority and shall perform such functions and duties as may from time to time be prescribed by the directors. The directors may from time to time and subject to the provisions of the Act, vary, add to or limit the duties and powers of any officer, employee or agent.

29. **Removal of Officers and Vacation of Office.** Subject to the articles, all officers, notwithstanding any agreement to the contrary, shall be subject to removal by the directors at any time, with or without cause; provided however that this right of removal shall not limit in any way such officer's right to damages by virtue of any such agreement or any other rights resulting from such removal in law or equity.

30. **Chairman of the Board.** The Chairman of the Board (if any) shall, if present, preside as chairman at all meetings of the board. In the absence of the Chairman of the Board (if any), the Vice-Chairman (if any) or another director of the Corporation appointed by the directors for such purpose shall preside as chairman at the meeting.

31. **Chief Executive Officer.** The Chief Executive Officer of the Corporation (except as may otherwise be specified by the board) shall, subject to the direction of the board, exercise general supervision and control over the business and affairs of the Corporation.

32. **Secretary.** The Secretary shall give or cause to be given notices for all meetings of directors, any committee of directors and shareholders when directed to do so.

33. **Duties of Officers may be Delegated.** In case of the absence or inability or refusal to act of any officer of the Corporation or for any other reason that the directors may deem sufficient, the directors may delegate all or any of the powers of such officer to any other officer or to any director.

Shareholders' Meetings

34. **Annual Meeting.** Subject to sections 131 and 132 of the Act, the annual meeting of shareholders shall be held at the registered office of the Corporation or at a place elsewhere within Alberta determined by the directors on such day in each year and at such time as the directors may determine (or outside Alberta, if the articles so provide).

35. **Special Meetings.** The directors of the Corporation may at any time call a special meeting of shareholders to be held on such day and at such time and, subject to section 131 of the Act, at such place within Alberta as the directors may determine (or outside Alberta, if the articles so provide).

36. **Waiver of Notice.** Notice of any meeting of shareholders or the time for the giving of any such notice or any irregularity in any meeting or in the notice thereof may be waived by any shareholder, the duly appointed proxy of any shareholder, any director or the auditor of the Corporation in writing or by facsimile, electronic mail or other electronic transmission addressed to the Corporation or in any other manner, and any such waiver may be validly given either before or after the meeting to which such waiver relates. Attendance of a shareholder or any other person entitled to attend a meeting of shareholders is a waiver of notice of such meeting, except when he or she attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

37. **Chairman of the Meeting.** The Chairman of the Board (if any) shall, if present, preside as chairman at all meetings of the shareholders. In the absence of the Chairman of the Board (if any), the Vice-Chairman (if any) or another director of the Corporation appointed by the directors for such purpose shall preside as chairman at the meeting. Failing the designation by the board of another director as chairman of the meeting who is present, the shareholders present entitled to vote shall elect another director as chairman of the meeting, and if no director is present or if all the directors present decline to take the chair, then the shareholders present shall elect one of their number to be chairman.

38. **Votes.** Votes at meetings of shareholders may be given either personally or by proxy. Every question submitted to any meeting of shareholders shall be decided on a show of hands except when a ballot is required by the chairman of the meeting or is demanded by a shareholder or proxyholder entitled to vote at the meeting. A shareholder or proxyholder may demand a ballot either before or on the declaration of the result of any vote by show of hands. At every meeting at which he or she is entitled to vote, every shareholder present in person and every proxyholder shall have one (1) vote on a show of hands. Upon a ballot at which he or she is entitled to vote every shareholder present in person or by proxy shall (subject to the provisions, if any, of the articles) have one (1) vote for every share for which he or she is entitled to vote. In the case of an equality of votes the chairman of the meeting shall not, either on a show of hands or on a ballot, have a second or casting vote in addition to the vote or votes to which he or she may be entitled as a shareholder or proxyholder.

At any meeting, unless a ballot is demanded by a shareholder or proxyholder entitled to vote at the meeting, a declaration by the chairman of the meeting that a resolution has been carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of votes recorded in favour of or against the resolution.

If at any meeting a ballot is demanded on the election of a chairman or on the question of adjournment or termination, the ballot shall be taken forthwith without adjournment. If a ballot is demanded on any other question or as to the election of directors, the ballot shall be taken in such manner and either at once or later at the meeting or after adjournment as the chairman of the meeting directs. The result of a ballot shall be deemed to be the resolution of the meeting at which the ballot was demanded. A demand for a ballot may be withdrawn.

39. **Persons Entitled to be Present**. The only persons entitled to be present at a meeting of shareholders shall be:

(a) those entitled to vote at such meeting;

(b) the directors, officers and auditors of the Corporation;

(c) others who, although not entitled to vote, are entitled or required under any provision of the Act, the articles or the by-laws to be present at the meeting;

(d) legal counsel to the Corporation when invited by the Corporation to attend the meeting; and

any other person on the invitation of the chairman of the meeting or with the consent of the meeting.

40. **Electronic Participation.** With the consent of the chairman of the meeting, a shareholder or any other person entitled to attend a meeting of shareholders may participate in the meeting by electronic means, telephone or other communication facilities that permit all persons participating in the meeting to hear or otherwise communicate with each other and a person participating in such a meeting by those means is deemed for the purposes of the Act and this by-law to be present at the meeting.

If the directors or the shareholders of the Corporation call a meeting of shareholders, the directors or the shareholders, as the case may be, may (with the consent of the chairman of the meeting) determine that the meeting shall be held, in accordance with the regulation to the Act, if any, entirely by electronic means, telephone or other communication facility that permits all participants to communicate adequately with each other during the meeting.

41. **Adjournment.** The chairman of the meeting may with the consent of the meeting adjourn any meeting of shareholders from time to time to a fixed time and place and if the meeting is adjourned by one or more adjournments for an aggregate of less than thirty (30) days it is not necessary to give notice of the adjourned meeting other than by announcement at the time of an adjournment.

Any adjourned meeting shall be duly constituted if held in accordance with the terms of the adjournment and a quorum is present thereat. The persons who formed a quorum at the original meeting are not required to form the quorum at the adjourned meeting. Any business may be brought before or dealt with at the adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same.

42. **Quorum**. Two (2) persons present and holding or representing by proxy one-quarter of the shares entitled to vote at a meeting of shareholders shall be a quorum. If a quorum is present at the opening of a meeting of shareholders, the shareholders present may proceed with the business of the meeting, notwithstanding that a quorum is not present throughout the meeting.

Notwithstanding the foregoing, if the Corporation has only one shareholder, or one shareholder holding a majority of the shares entitled to vote at the meeting, that shareholder present in person or by proxy constitutes a meeting and a quorum for such meeting.

43. **Resolution in Lieu of Meeting.** A resolution in writing signed by all the shareholders entitled to vote on that resolution is as valid as if it had been passed at a meeting of the shareholders. A resolution in writing dealing with all matters required by the Act or this by-law to be dealt with at a meeting of shareholders, and signed by all the shareholders entitled to vote at that meeting, satisfies all the requirements of the Act and these by-laws relating to meetings of shareholders.

Shares and Transfers

44. **Security Certificates.** A security holder is entitled at his or her option to a security certificate that complies with the Act or a non-transferable written acknowledgment of his or her right to obtain a security certificate from the Corporation in respect of the securities of the Corporation held by him or her. Security certificates shall comply with the requirements of the Act and be in such form as the directors may from time to time by resolution approve and such certificates shall be signed by at least one director or officer of the Corporation or by or on behalf of a registrar, transfer agent or branch transfer agent of the Corporation, or by a trustee who certifies it in accordance with a trust indenture.

45. **Agent.** The directors may from time to time by resolution appoint or remove: (i) one or more trust corporations as its agent or agents to maintain a central securities register or registers; or (ii) an agent or agents to maintain a branch securities register or registers for the Corporation.

46. **Dealings with Registered Holder.** Subject to the Act, the Corporation may treat the registered owner of a security as the person exclusively entitled to vote, to receive notices, to receive any interest, dividend or other payments in respect of the security, and otherwise to exercise all the rights and powers of an owner of the security.

47. **Surrender of Security Certificates.** Subject to the Act, no transfer of a security issued by the Corporation shall be registered unless or until the security certificate representing the security to be transferred has been presented for registration or, if no security certificate has been issued by the Corporation in respect of such security, unless or until a duly executed transfer in respect thereof has been presented for registration.

48. **Defaced, Destroyed, Stolen or Lost Security Certificates.** In case of the defacement, destruction, theft or loss of a security certificate, the fact of such defacement, destruction, theft or loss shall be reported by the owner to the Corporation or to an agent of the Corporation (if any), on behalf of the Corporation, with a statement verified by oath or statutory declaration as to the defacement, destruction, theft or loss and the circumstances concerning the same and with a request for the issuance of a new security certificate to replace the one so defaced, destroyed, stolen or lost. Upon the giving to the Corporation (or if there be an agent, hereinafter in this paragraph referred to as the "**Corporation's agent**", then to the Corporation and the Corporation's agent) of a bond of a surety company (or other security approved by the directors or by a senior officer of the Corporation) in such form as is approved by the directors or by a senior officer of the Corporation, indemnifying the Corporation (and the Corporation's agent, if any) against all loss, damage or expense, which the Corporation and/or the Corporation's agent may suffer or be liable for by reason of the issuance of a new security certificate to such owner, a new security certificate may be issued in replacement of the one defaced, destroyed, stolen or lost, if such issuance is ordered and authorized by a senior officer of the Corporation or by resolution of the directors.

Dividends

49. **Dividend Cheques.** A dividend payable in cash shall be paid by cheque of the Corporation or of any dividend paying agent appointed by the board, to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by prepaid ordinary mail to such registered holder at the shareholder's recorded address, unless such holder otherwise directs and the Corporation agrees to follow such direction. In the case of joint holders the cheque shall, unless such joint holders otherwise direct and the Corporation agrees to follow such direction, be made payable to the order of all of such joint holders and mailed to them at their recorded address. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

50. **Non-receipt of Cheques.** In the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the board may from time to time prescribe, whether generally or in any particular case.

51. **Unclaimed Dividends.** Any dividend unclaimed after a period ending on the last business day prior to the third anniversary of the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation and shall be deemed to have been transferred to the Corporation on such date.

Voting Securities in Other Bodies Corporate

52. All securities of any other body corporate carrying voting rights held from time to time by the Corporation may be voted at all meetings of shareholders, bondholders, debenture holders or holders of such securities, as the case may be, of such other body corporate and in such manner and by such person or persons as the directors of the Corporation shall from time to time determine and authorize by resolution. The duly authorized signing officers of the Corporation may also from time to time execute and deliver for and on behalf of the Corporation proxies and arrange for the issuance of voting certificates or other evidence of the right to vote in such names as they may determine without the necessity of a resolution or other action by the directors.

Notices, Etc.

53. **Service.** Any notice or document required by the Act, the articles or the by-laws to be sent to any shareholder or director of the Corporation may be delivered personally to or sent by mail addressed to:

(a) the shareholder at his or her latest address as shown in the records of the Corporation or its transfer agent; and

(b) the director at his or her latest address as shown in the records of the Corporation or in the last notice filed under Section 106 or 113 of the Act.

Such notice or document shall be deemed to have been sent on the day of personal delivery or mailing. With respect to every notice or document sent by mail it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly addressed and put into a post office or into a post office letter box. Notwithstanding the foregoing, and subject to the Act, a notice or document required to be sent or delivered under section 255, 256 or 257 of the Act may be sent by electronic means in accordance with the provisions of the *Electronic Transactions Act* (Alberta) or any replacement thereof.

54. **Failure to Locate Shareholder.** If the Corporation sends a notice or document to a shareholder and the notice or document is returned on two consecutive occasions because the shareholder cannot be found, the Corporation is not required to send any further notices or documents to the shareholder until he or she informs the Corporation in writing of his or her new address.

55. **Shares Registered in More than One Name.** All notices or documents shall, with respect to any shares in the capital of the Corporation registered in more than one name, be sent to whichever of such persons is named first in the records of the Corporation and any notice or document so sent shall be deemed to have been duly sent to all the holders of such shares.

56. **Omissions and Errors.** Subject to the Act, the accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

57. **Signatures upon Notices.** Subject to the Act or other applicable law, the signature of any director or officer of the Corporation upon any notice may be written, stamped, typewritten or printed or partly written, stamped, typewritten or printed.

58. **Computation of Time.** All computations of time required to be made pursuant to the articles or by-laws of the Corporation shall be made: (i) in accordance with the provisions of the *Interpretation Act* (Alberta), to the extent such provisions are applicable; and (ii) in any other case, in accordance with the customary meaning ascribed to the words requiring such computation of time.

59. **Proof of Service.** A certificate of any officer of the Corporation in office at the time of the making of the certificate or of an agent of the Corporation as to facts in relation to the sending of any notice or document to any shareholder, director, officer or auditor or publication of any notice or document shall be conclusive evidence thereof and shall be binding on every shareholder, director, officer or auditor of the Corporation, as the case may be.

Execution of Contracts, Etc.

60. Contracts, documents or instruments in writing requiring the signature of the Corporation may be signed by any two directors or officers or any person or persons authorized by resolution of the directors and all contracts, documents or instruments in writing so signed shall be binding upon the Corporation without any further authorization or formality. The directors may direct any other person or persons on behalf of the Corporation either to sign contracts, documents or instruments in writing generally or to sign specific contracts, documents or instruments in writing.

The corporate seal of the Corporation, if any, may, when required, be affixed by any director or officer to contracts, documents or instruments in writing signed by him or her as aforesaid or by the person or persons directed.

Effective Date and Repeal

61. **Effective Date.** This by-law shall come into force when made by the board in accordance with the Act.

62. **Repeal.** All previous by-laws of the Corporation are repealed as of the coming into force of this by-law. Such repeal shall not affect the previous operation of any by-law so repealed or affect the validity of any act done or right, privilege, obligation or liability

acquired or incurred under, or the validity of any contract or agreement made pursuant to, or the validity of any articles (as defined in the Act) or predecessor charter documents of the Corporation obtained pursuant to, any such by-law prior to its repeal.

Originally adopted by the board on the 1st day of January, 2011 and amended by the board on the day of , 2018.

Name:

Title:

Originally confirmed by the shareholders in accordance with the Act the 1st day of January, 2011 and amendments confirmed by the shareholders on the day of , 2018.

Name:

Title:

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