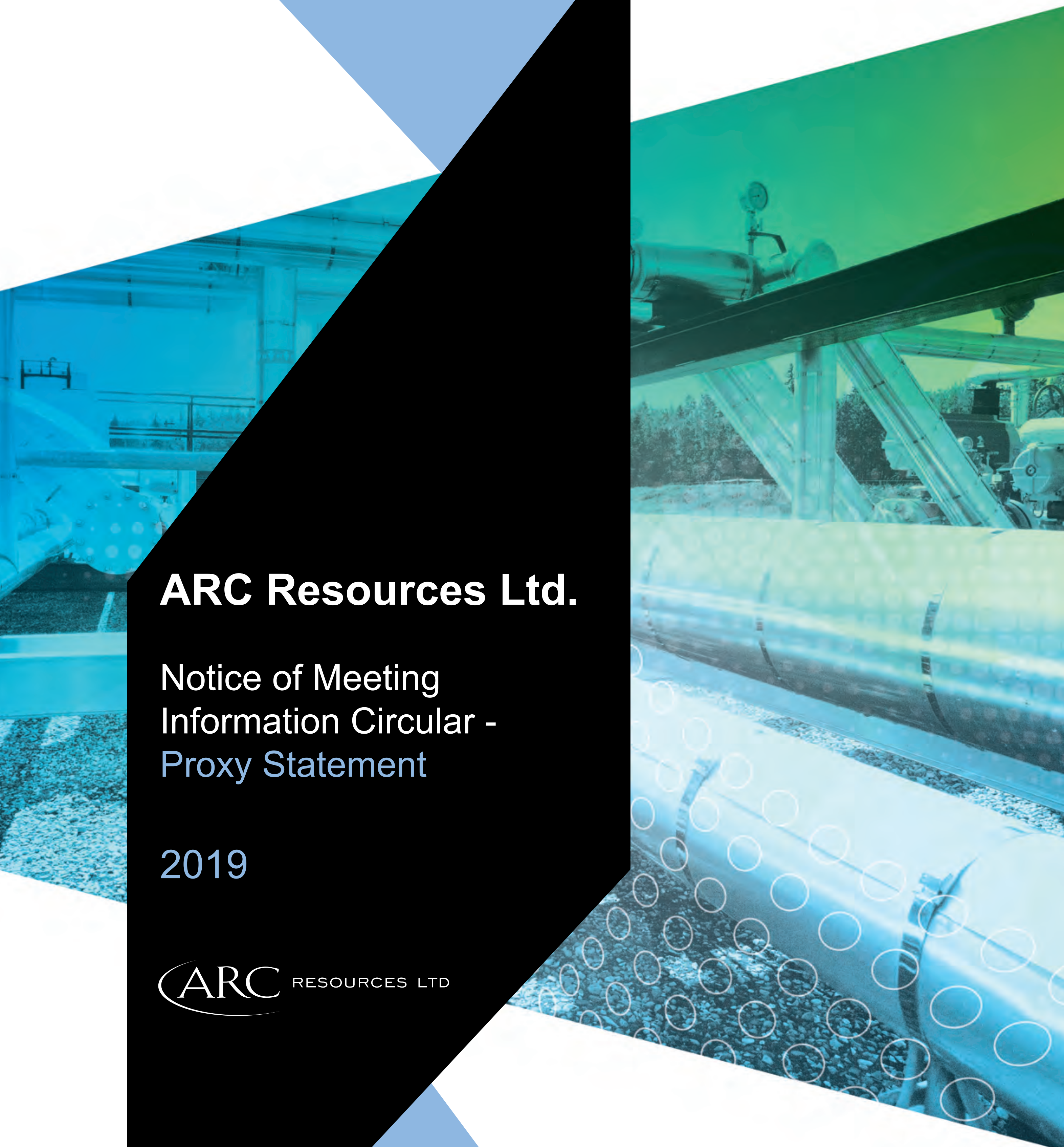


ARC Resources Ltd.

Notice of Meeting
Information Circular - Proxy Statement

2019

ARC RESOURCES LTD

TSX: ARX

TABLE OF CONTENTS

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Meeting Information

Date: Wednesday,
the 1st day of May 2019

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, 2018 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 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, 2019.

DATED at Calgary, Alberta, this 15th day of March 2019.
BY ORDER OF THE BOARD OF DIRECTORS

Myron M Stadnyk

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 2019 Annual Meeting which will take place at 3:00 p.m. on Wednesday, May 1st, at the Metropolitan Centre in Calgary, Alberta. Your vote is very important to us and we hope that you will attend in person or 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), and an advisory vote on executive compensation (page 4).

ARC's unrelenting commitment to our long-term strategy of risk-managed value creation has resulted in an exceptional year for ARC. ARC successfully managed a large-scale development year by:

- Completing the Sunrise II Gas Plant; continuing our leadership as a steward of responsible resource development with the completion of the Sunrise II Gas Plant and the 11th consecutive year of adding ~200% of our production in reserve additions;
- Completing our 2018 development program with an excellent safety record; this being our fifth consecutive year with no lost-time incidents for employees; and
- Increased our cash flow per share to the highest level since 2014; our operating costs lowered to 2001 levels while maintaining our commitment to a dividend and low debt.

In 2018, we released our biennial Sustainability Report in August, with some of the highpoints being that:

- ARC further reduced its greenhouse gas emission intensity by 25 per cent over the last five years and set an additional 25 per cent reduction target by 2021;
- ARC invested in water infrastructure to increase our ability to recycle and reuse water and reduce our freshwater dependency; and
- ARC highlighted that 50 per cent of our Calgary supervisors are women and we joined the 30% Club; championing women and the benefits of diversity on the Board and throughout the ARC organization.

The above noted operational successes and fulsome disclosure practices of ARC have been recognized by the broader investment community. Most notably, by the Investor Relations Magazine who awarded ARC the Global IR Award for Energy and the Brendan Wood Shareholder Confidence Report who recognized ARC as a TopGun for Transparency and Reporting.

At this year's annual general meeting we will have nine existing Board members standing for re-election, including myself. James Houck has decided not to stand for re-election. Mr. Houck has been with ARC for 11 years and has been a valuable and engaged member of our Board. I will take this opportunity, on behalf of the Board and Management, to thank Mr. Houck for the contributions he has made to ARC over the years with his thoughtful approach to the business and goverance.

In addition, we welcome your feedback on executive compensation, whereby most of the compensation for both ARC's directors and officers is at risk given our pay-for-performance practices and encourage you to review the Compensation Discussion and Analysis on page 41.

At ARC, we are committed to maintaining our culture of integrity, transparency and communication within the organization and with how we engage our shareholders. Please take time to read through our Information Circular and learn more about what we have discussed in this letter and 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 1st.

Sincerely,

Harold Kvisle
Chair of the Board of Directors

ARC RESOURCES LTD.
INFORMATION CIRCULAR – PROXY STATEMENT

FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON WEDNESDAY, MAY 1, 2019

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 Meeting of the holders of Common Shares of the Corporation to be held on the **1st** day of **May 2019**, 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 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, 2019**. 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 Financial Solutions Inc. ("**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 48 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 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, 2019, there were 353,896,450 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, 2019, 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, 2019, 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 0.9 per cent of the issued and outstanding Common Shares (3,146,782 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 12, 2019. A beneficial shareholder may also call the Corporation at 1-855-887-2244 (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 12 directors. All current directors have been elected or appointed for a term ending immediately prior to the meeting or any adjournment thereof. The nine nominees for election as directors of the Corporation are as follows:

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

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 2018 Annual and Special Meeting of Shareholders, this resolution was approved with shares voted in favour for the individual directors ranging from 93.91 per cent to 99.79 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. At the 2018 Annual and Special Meeting of the Shareholders, the appointment of our auditors was approved with 99.96 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 2018.

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" culture. 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 2019 Annual 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 2018 Annual and Special Meeting of Shareholders, this resolution was approved with 90.85 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.

2018 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	249,414,123	97.84	5,504,086	2.16	N/A	N/A
Elect David Collyer	254,377,365	99.79	540,844	0.21	N/A	N/A
Elect John Dielwart	253,757,799	99.54	1,160,410	0.46	N/A	N/A
Elect Fred Dyment	250,141,127	98.13	4,777,082	1.87	N/A	N/A
Elect James Houck	254,226,981	99.73	691,218	0.27	N/A	N/A
Elect Kathleen O'Neill	254,394,821	99.79	523,388	0.21	N/A	N/A
Elect Herbert Pinder	239,385,479	93.91	15,532,730	6.09	N/A	N/A
Elect William Sembo	242,081,927	94.96	12,836,282	5.04	N/A	N/A
Elect Nancy Smith	254,384,005	99.79	534,204	0.21	N/A	N/A
Elect Myron Stadnyk	254,214,988	99.72	703,221	0.28	N/A	N/A
Appointment of Auditors	257,070,517	99.96	101,639	0.04	N/A	N/A
Amendment to Include Advance Notice Provisions	252,377,610	99.00	N/A	1.00	2,540,598	1.00
Advisory Vote on Executive Compensation	231,584,020	90.85	N/A	N/A	23,333,388	9.15

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, 2018, attendance at Board and Committee meetings during 2018, past and current directorships of other public and private entities, and votes for and withheld at the 2018 Annual and Special Meeting of Shareholders (the "**2018 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, 2019, 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: 66
Director Since: 2009

Independent

Board Committee Membership (1)	
Current Membership	
Board (Chair)	
Current Public Board Directorships	
Public Boards	
ARC Resources Ltd.	
Cenovus Energy Inc.	
Finning International Inc. (Chair)	
Voting Results of 2018 AGM	
Number of Votes	**% of Votes**
249,414,123 Votes For	97.84 Votes For
5,504,086 Withheld	2.16 Votes Withheld
Common Share and Share Equivalents (2)	
Number	**Total Value**
282,758	$2,657,925
Shareholding Requirements (3)	
% of Shareholding Requirements	**Target Date to Meet Requirements**
533.72	Met

Mr. Kvisle has over 40 years of experience as a leader in the oil and gas, pipeline 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. 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 of 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: 63
Director Since: 2016

Independent

Board Committee Membership (1)	
Current Membership	
Board	
Safety Reserves & Operational Excellence	
Human Resources & Compensation	
Current Public Board Directorships	
Public Boards	
ARC Resources Ltd.	
Voting Results of 2018 AGM	
Number of Votes	**% of Votes**
254,377,365 Votes For	99.79 Votes For
540,844 Votes Withheld	0.21 Votes Withheld
Common Share and Share Equivalents (2)	
Number	**Total Value**
31,425	$295,395
Shareholding Requirements (3)(4)	
% of Shareholding Requirements	**Target Date to Meet Requirements**
104.75	Met

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 private and public sector boards. Mr. Collyer holds a Bachelor of Science in Mineral Engineering and a Master of 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 and Chair of the Human Resources and Compensation Committee.

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

Calgary, Alberta, Canada

Vice-Chairman of ARC Financial Corp.
Age: 66
Director Since: 1996

Independent [5]

Board Committee Membership [1]	
Current Membership	
Board	
Safety Reserves & Operational Excellence (Chair)	
Risk	
Current Public Board Directorships	
Public Boards	
ARC Resources Ltd.	
Denbury Resources Inc. (Chair)	
TransAlta Corporation	
Crescent Point Energy Corp. [6]	
Voting Results of 2018 AGM	
Number of Votes	**% of Votes**
253,757,799 Votes For	99.54 Votes For
1,160,410 Votes Withheld	0.46 Votes Withheld
Common Shares and Share Equivalents [2]	
Number	**Total Value**
397,174	$3,733,436
Shareholding Requirements [3]	
% of Shareholding Requirements	**Target Date to Meet Requirements**
1323.91	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 Safety Reserves and Operational Excellence Committee.

Fred J. Dyment, CPA, CA

Calgary, Alberta, Canada

Independent Business Person
Age: 70
Director Since: 2003

Independent

Board Committee Membership (1)	
Current Membership	
Board	
Policy and Board Governance	
Risk	
Current Public Board Directorships	
Public Boards	
ARC Resources Ltd.	
Major Drilling Group International Inc.	
Voting Results of 2018 AGM	
Number of Votes	**% of Votes**
250,141,127 Votes For	98.13 Votes For
4,777,082 Votes Withheld	1.87 Votes Withheld
Common Shares and Share Equivalents (2)	
Number	**Total Value**
262,187	$2,464,558
Shareholding Requirements (3)	
% of Shareholding Requirements	**Target Date to Meet Requirements**
933.54	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.

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

Toronto, Ontario, Canada

Independent Business Person
Age: 65
Director Since: 2009

Independent

Board Committee Membership (1)	
Current Membership	
Board	
Audit (Chair)	
Policy and Board Governance	
Current Public Board Directorships	
Public Boards	
ARC Resources Ltd.	
Finning International Inc.	
Voting Results of 2018 AGM	
Number of Votes	**% of Votes**
254,394,821 Votes For	99.79 Votes For
523,388 Votes Withheld	0.21 Votes Withheld
Common Shares and Share Equivalents (2)	
Number	**Total Value**
103,981	$977,421
Shareholding Requirements (3)	
% of Shareholding Requirements	**Target Date to Meet Requirements**
332.46	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 and chairs its' Audit and Actuarial Committee. 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 designations 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: 72
Director Since: 2006

Independent

Board and Committee Membership (1)	
Current Membership	
Board	
Human Resources and Compensation	
Policy and Board Governance (Chair)	
Current Public Board Directorships	
Public Boards	
ARC Resources Ltd.	
Voting Results of 2018 AGM	
Number of Votes	**% of Votes**
239,385,479 Votes For	93.91 Votes For
15,532,730 Votes Withheld	6.09 Votes Withheld
Common Shares and Share Equivalents (2)	
Number	**Total Value**
369,425	$3,472,595
Shareholding Requirements (3)	
% of Shareholding Requirements	**Target Date to Meet Requirements**
1231.42	Met

Mr. Pinder is the President of Goal Group, primarily 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 having served on more than 40 public, private, not-for-profit and crown boards, many participants in 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 of Business Administration degree from Harvard University Graduate School of Business and was awarded an Honorary Doctor 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: 65
Director Since: 2013

Independent

Board and Committee Membership (1)	
Current Membership	
Board	
Human Resources and Compensation	
Audit	
Current Public Board Directorships	
Public Boards	
ARC Resources Ltd.	
Voting Results of 2018 AGM	
Number of Votes	**% of Votes**
242,081,927 Votes For	94.96 Votes For
12,836,282 Votes Withheld	5.04 Votes Withheld
Common Shares and Share Equivalents (2)	
Number	**Total Value**
63,026	$592,444
Shareholding Requirements (3)	
% of Shareholding Requirements	**Target Date to Meet Requirements**
224.41	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. Mr. Sembo is currently an advisor with Lazard Canada Inc., and 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: 57
Director Since: 2016

Independent

Board and Committee Membership (1)	
Current Membership	
Board	
Audit	
Risk (Chair)	
Current Public Board Directorships	
Public Boards (7)	
ARC Resources Ltd.	
Voting Results of 2018 AGM	
Number of Votes	**% of Votes**
254,384,005 Votes For	99.79 Votes For
534,204 Votes Withheld	0.21 Votes Withheld
Common Shares and Share Equivalents (2)	
Number	**Total Value**
54,460	$511,924
Shareholding Requirements (3)	
% of Shareholding Requirements	**Target Date to Meet Requirements**
181.53	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 of 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 and Chair of the Risk Committee.

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

Calgary, Alberta, Canada

President and Chief Executive Officer
ARC Resources Ltd.
Age: 56
Director Since: 2013

Management Director

Board and Committee Membership (1)	
Current Membership	
Board	
Mr. Stadnyk is not a member of any Committees, however he attended substantially all Committee meetings during 2018.	
Current Public Board Directorships	
Public Boards	
ARC Resources Ltd.	
PrairieSky Royalty Ltd.	
Voting Results of 2018 AGM	
Number of Votes	**% of Votes**
254,214,988 Votes For	99.72 Votes For
703,221 Votes Withheld	0.28 Votes Withheld
Common Shares and Share Equivalents (2)	
Number	**Total Value**
661,981	$6,222,621
Shareholding Requirements (3)	
% of Shareholding Requirements	**Target Date to Meet Requirements**
218.34	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 director of PrairieSky Royalty Ltd., 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 March 15, 2019. See "*Corporate Governance Disclosure*" for committee memberships, changes, if any, to committee memberships and Board and Committee meeting attendance in 2018.
(2) See "*Share Ownership Requirements*" for a detailed breakdown of Common Shares and share equivalents for 2018 and 2017. Share equivalents include deferred share units ("**DSUs**") issued under the Directors' Deferred Share Unit Plan (the "**DSU Plan**") as at March 15, 2019 (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, 2019 closing price of $9.40.
(3) See "*Share Ownership Requirements*" for information regarding share ownership requirements for directors.
(4) 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.
(5) Mr. Dielwart was appointed to the board of directors of Crescent Point Energy Corp. effective March 7, 2019.
(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 in 2018.

2018 Proxy Peer Group – Canadian Oil and Gas Production Companies	
Advantage Oil & Gas Ltd.	MEG Energy Corporation
Athabasca Oil Corporation	NuVista Energy Ltd.
Baytex Energy Ltd.	Painted Pony Energy Ltd.
Birchcliff Energy Ltd.	Paramount Resources Ltd.
Bonavista Energy Corporation	Peyto Exploration & Development Corporation
Cenovus Energy Inc.	Seven Generations Energy Ltd.
Crescent Point Energy Corporation	Tourmaline Oil Corporation
EnCana Corporation	Vermilion Energy Inc.
Enerplus Corporation	Whitecap Resources Inc.
Husky Energy Inc.	

ARC's compensation program for non-management directors consists of both a cash component and an equity-based 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 100 per cent of his or her compensation in the form of DSUs as his or her total compensation, which many did in 2018. 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 2018. There were no changes to the fee schedule during 2018.

2018 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 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 2018.

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	$ 249,027	$ 415,027	$ —	$ 415,027
David Collyer	$ 88,000	$ 3,995	$ 91,995	$ 137,936	$ 229,931	$ 91,955	$ 137,976
John Dielwart	$ 88,000	$ 6,000	$ 94,000	$ 141,016	$ 235,016	$ —	$ 235,016
Fred Dyment	$ 88,000	$ 2,005	$ 90,005	$ 135,064	$ 225,069	$ 90,011	$ 135,058
Timothy Hearn (4)	$ 29,214	$ 2,005	$ 31,419	$ 47,990	$ 79,409	$ 31,742	$ 47,667
James Houck	$ 88,000	$ 2,005	$ 90,005	$ 135,064	$ 225,069	$ 67,492	$ 157,576
Kathleen O'Neill	$ 88,000	$10,000	$ 98,000	$ 147,000	$ 245,000	$ 48,972	$ 196,028
Herbert Pinder	$ 88,000	$ 6,000	$ 94,000	$ 141,016	$ 235,016	$ —	$ 235,016
William Sembo	$ 88,000	$ —	$ 88,000	$ 132,000	$ 220,000	$ 54,972	$ 165,028
Nancy Smith	$ 88,000	$ 3,995	$ 88,000	$ 141,959	$ 229,959	$ —	$ 229,959
Total	**$899,414**	**$36,005**	**$935,419**	**$1,404,078**	**$2,339,496**	**$385,145**	**$1,954,352**

(1) Excludes Mr. Stadnyk as he was a management director during 2018.
(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.
(4) Mr. Hearn retired from the Board on May 3, 2018 and his annual fees were prorated.

EQUITY-BASED AWARDS – OUTSTANDING AND VESTED DURING 2018

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, 2018.

Director (1)	Number of DSUs	Estimated Payout Value of DSUs (2)
Harold Kvisle	130,620	$1,058,022
David Collyer	21,080	$ 170,748
John Dielwart	69,447	$ 562,521
Fred Dyment	60,908	$ 493,355
James Houck	69,380	$ 561,978
Kathleen O’Neill	81,973	$ 663,981
Herbert Pinder	104,408	$ 845,705
William Sembo	42,333	$ 342,897
Nancy Smith	43,608	$ 353,225

(1) Excludes Mr. Stadnyk as he was a management director during 2018.
(2) Calculated based on the closing price of the Common Shares on December 31, 2018 of $8.10 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, 2018. 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, 2018, 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. As at December 31, 2018, Mr. Dielwart held an aggregate 95,202 vesting and outstanding share options which currently have no value. 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

Prior to 2018, directors were required to hold 20,000 Common Shares or share equivalents. After a thorough review of industry practice and a review of our peers' share ownership requirements, in August 2018 the Policy and Board Governance Committee recommended, and the Board approved, changing our guidelines to a multiple of each director's annual cash retainer. All directors must now own Common Shares or share equivalents equal to three times their annual cash retainer. Directors still have five years from appointment to attain these holdings. As at December 31, 2018, and as outlined below, all non-management directors meet or exceed the minimum share ownership requirement other than Mr. Collyer who has until 2021 to meet the requirement. 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
Harold Kvisle	2018	150,000	130,620	280,620	$2,273,022	13	Yes
	2017	115,000	90,601	205,601	$3,032,615	18	Yes
David Collyer (4)	2018	10,000	21,080	31,080	$ 251,748	2	Yes
	2017	—	8,720	8,720	$ 128,620	1	Yes
John Dielwart	2018	326,591	69,447	396,038	$3,207,908	34	Yes
	2017	346,591	46,983	393,574	$5,805,217	61	Yes
Fred Dyment	2018	200,282	60,908	261,190	$2,115,639	24	Yes
	2017	50,282	47,113	97,395	$1,436,576	15	Yes
James Houck	2018	37,294	69,380	106,674	$ 864,059	9	Yes
	2017	24,760	53,359	78,119	$1,152,255	13	Yes
Kathleen O'Neill	2018	20,666	81,973	102,639	$ 831,376	8	Yes
	2017	20,516	62,184	82,700	$1,219,825	12	Yes
Herbert Pinder	2018	263,308	104,408	367,716	$2,978,500	31	Yes
	2017	169,308	80,414	249,722	$3,683,400	39	Yes
William Sembo	2018	20,000	42,333	62,333	$ 504,897	5	Yes
	2017	15,300	26,841	42,141	$ 621,580	7	Yes
Nancy Smith	2018	10,138	43,608	53,746	$ 435,343	4	Yes
	2017	10,102	22,637	32,739	$ 482,900	5	Yes

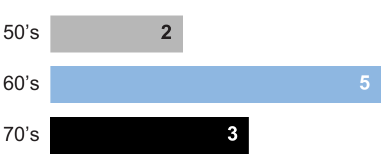
(1) The number of DSUs reflects dividends paid on Common Shares to December 31, 2018 or 2017, as applicable.
(2) Value based on closing share price of Common Shares of $8.10 at December 31, 2018 ($14.75 at December 31, 2017).
(3) Based on total market value of Common Shares and share equivalents including DSUs.
(4) Mr. Collyer was appointed to the Board of Directors on November 10, 2016 and has until November 10, 2021 to accumulate three times his annual retainer in Common Shares or share equivalents.

Corporate Governance Disclosure

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 2018 is captured and summarized by the graphs below:

AGE



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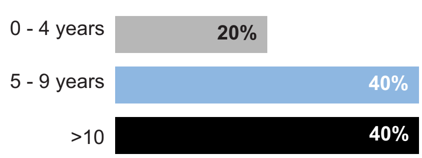

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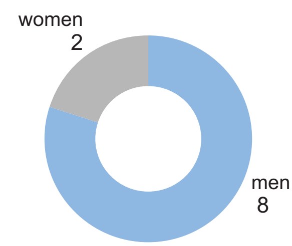


Board Committees

The Board of Directors, in part, performs its mandated responsibilities through the activities of its five committees outlined below. Each of the five committees has their own mandate which is reviewed and approved each year. On February 8, 2018, the Board resolved to combine the Health, Safety and Environment Committee with the Reserves Committee and Mr. Dielwart was asked to chair the new committee. The Committees, in 2018, were comprised entirely of independent directors and 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)
Safety Reserves and Operational Excellence Committee (3)
Risk Committee

(1) Referred to as "HRC Committee" or "HRCC".
(2) Referred to as "Governance Committee".
(3) Referred to as "SROE 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, ARC continues 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 deep-rooted 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.
HRC	• 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.
SROE	• Reserves and resources evaluation and reserves reporting risk oversight. • Health, safety and environment risk oversight. • Infrastructure integrity and security risk oversight. • Operational risk oversight.	• Accuracy and integrity of reserves evaluation and reporting • Compliance with regulatory requirements. • 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 the 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. At ARC, we believe that development from within strengthens culture and for that reason, 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, culture 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 (eight of the nine) standing for election are considered to be independent within the meaning of NI 58-101.

The Board of Directors determined that as at December 31, 2018, all its current directors, except for 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 examining material relationships which may affect independence.

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

(1) Mr. Kvisle was appointed Chairman of the Board of Directors of Finning International Inc. in January 2019.

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 members of ARC's Board of Directors.

COMMITTEE COMPOSITION

There are now five committees of the Board of Directors, all of which are now comprised entirely of independent directors. The following table outlines the composition of the committees of the Board of Directors as at March 15, 2019.

Director	Year Appointed	Independent	Audit	HRCC	Governance	SROE	Risk
Independent Directors:							
Harold Kvisle (1)	2009	●					
David Collyer	2016	●		Chair		●	
Fred Dyment	2003	●			●		●
James Houck	2008	●				●	●
Kathleen O'Neill	2009	●	Chair		●		
Herbert Pinder	2006	●		●	Chair		
William Sembo	2013	●	●	●			
Nancy Smith	2016	●	●				Chair
John Dielwart	1996	●				Chair	●
Management Directors:							
Myron Stadnyk (2)	2013						

(1) Mr. Kvisle is the Chairman of the Board and does not sit on any committee, but he does attend substantially all the meetings for each committee.
(2) 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 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 2018, board and committee meeting attendance was 98.6 per cent for non-management directors as outlined below. The attendance noted in red show the attendance of committee meetings prior to the committee composition changes approved on February 8, 2018. In addition, 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 2018 by invitation.

Director (1)(2)	Board Meeting Attendance	Audit	HRCC	Governance	SROE	Reserves	HSE	Risk	Total Board and Committee Meeting Attendance
Harold Kvisle	7 of 7			2 of 2					9/9 (**100%**)
David Collyer	6 of 7		4 of 4		3 of 3		1 of 1	1 of 2	15/17 (**88%**)
John Dielwart	7 of 7				3 of 3	2 of 2	1 of 1	3 of 3	16/16 (**100%**)
Fred Dyment	7 of 7			5 of 5				5 of 5	17/17 (**100%**)
Timothy Hearn	2 of 2		1 of 1	2 of 2					5/5 (**100%**)
James Houck	7 of 7	2 of 2			3 of 3	2 of 2		3 of 3	17/17 (**100%**)
Kathleen O'Neill	7 of 7	4 of 4		3 of 3		2 of 2			16/16 (**100%**)
Herbert Pinder	7 of 7		5 of 5	5 of 5					17/17 (**100%**)
William Sembo	7 of 7	2 of 2	5 of 5				1 of 1		15/15 (**100%**)
Nancy Smith	7 of 7	4 of 4						5 of 5	16/16 (**100%**)

(1) Does not include Mr. Stadnyk who was a management director during 2018.
(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. The agenda for each regularly-scheduled board and committee meeting 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) • William G. Sembo • Nancy Smith
Membership changes since January 1, 2018	*James C. Houck stepped down from the Audit Committee on February 8, 2018. William G. Sembo was appointed as a member of the Audit Committee on February 8, 2018.*
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.* *As a result of ARC's de-registration with the United States Securities Exchange Commission, the Mandate of the Audit Committee was amended in 2018 for certain changes in the Audit Committee's processes relating to the evaluation of ARC's internal controls over financial reporting.*

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, 2018 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 our auditors for external audit services in 2017 and 2018 are summarized in the following table.

External Audit Service Fees	Billed in 2017 (4)	Billed in 2018
Audit Fees	$ 808,740 (5)	$ 693,000
Audit-related Fees (1)	$ 9,630	—
Total Audit and Audit-related Fees	$ 818,370	$ 693,000
Tax Fees (2)	$ 34,101	—
Other Fees (3)	$ 58,946	$ 38,774
Total Fees	**$911,417**	**$731,744**

(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 ("**CPAB**") per the National Instrument 52-108 *Auditor Oversight* mandate for reporting issuers to have an audit completed by a CPAB participant firm, as well as fees related to the audit of ARC's Extractive Sector Transparency Measures Act report.
(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.
(5) 2017 audit fees include $125,190 by Deloitte LLP, ARC's former auditor, 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.* • David R. Collyer (Chair) • Herbert C. Pinder, Jr. • William G. Sembo
Membership changes since January 1, 2018	*Timothy J. Hearn stepped down from the Human Resources and Compensation Committee on March 7, 2018. David R. Collyer was appointed as a member and Chair of Human Resources and Compensation Committee on February 8, 2018, effective May 2, 2018.*
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 2018.*

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.

David R. Collyer (Chair) – Mr. Collyer has over 40 years of experience working within the Canadian oil and gas industry. Mr. Collyer has held several senior level roles, including President and Country Chair with Shell Canada. As well, Mr. Collyer served as President and CEO of the Canadian Association of Petroleum Producers ("CAPP") from 2008 and 2014. In these prior leadership roles, he has developed extensive experience in the areas of compensation, governance, leadership and succession planning. Mr. Collyer is currently Chair or a member of the Human Resources Committee on three other private and public sector Boards. Mr. Collyer joined the Human Resources and Compensation Committee in 2018.

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 • Kathleen M. O’Neill
Membership changes since January 1, 2018	*Timothy J. Hearn stepped down from the Policy and Board Governance Committee on March 8, 2018. Kathleen M. O’Neill was appointed as a member of the Policy and Board Governance Committee on February 8, 2018, effective May 2, 2018. Harold N. Kvisle stepped down from the Policy and Board Governance Committee on February 8, 2018, effective May 2, 2018.*
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 2018.*

Safety Reserves and Operational Excellence Committee	
Current Members	*All members of the Safety Reserves and Operational Excellence Committee are independent* • John P. Dielwart (Chair) • James C. Houck • David R. Collyer
Membership changes since January 1, 2018	*The amalgamation of the Health, Safety and Environment Committee with the Reserves Committee into the Safety Reserves and Operational Excellence Committee was approved on February 8, 2018 and became effective on May 2, 2018.*
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; • Compliance with legal and regulatory requirements; • 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*; • Review of reports on reserves and resources and such information included in ARC's prospectuses and annual information form; and • Review efficiency and effectiveness of operating performance to expenditures *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.* *The mandate for the Safety Reserves and Operational Excellence Committee in 2018 was drafted and approved by the Board on May 2, 2018.*

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.* • Nancy Smith (Chair) • John P. Dielwart • Fred J. Dyment • James C. Houck
Membership changes since January 1, 2018	*David R. Collyer stepped down from the Risk Committee on February 8, 2018. James C. Houck was appointed as a member of the Risk Committee on February 8, 2018. Nancy Smith was appointed Chair of the Risk Committee on February 8, 2018.*
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 2018.*

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 while recognizing the benefits of diversity and the committee's perception of the needs of the Board. 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 ("**IT**") 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 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.

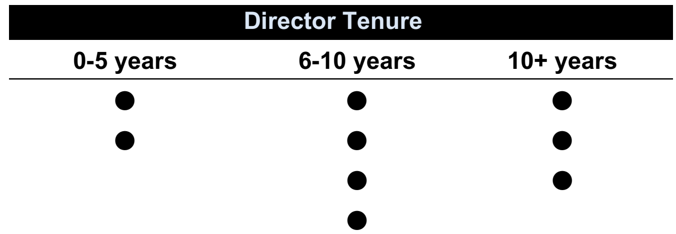
The Governance Committee is comprised entirely of independent directors and has within its mandate the responsibilities of identifying and recommending to the Board of Directors new candidates for appointment or nomination to the Board of Directors. The committee maintains a list of potential directors 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 and diverse 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, 2018, the Board of Directors of the Corporation was comprised of nine 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 20.



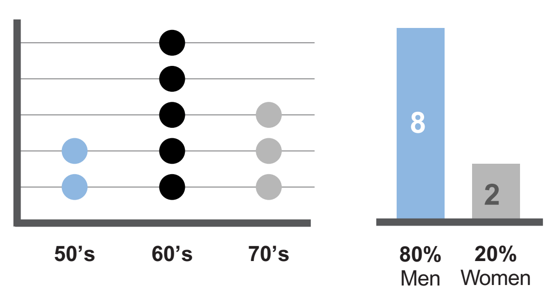
DIVERSITY POLICY

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 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. The Governance Committee reviews, on an annual basis, the application of this policy and diversity within the Corporation as a whole. The annual review in 2018, prompted the Governance Committee to recommend that ARC join the 30% Club to champion the strength diversity brings to the Corporation and is indicative of what ARC aspires to attain within both the Board of Directors and senior management.

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 20 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 demonstrating that ARC is trending in the direction of greater gender diversity at all levels of management.

DIRECTOR AGE AND GENDER



DIRECTOR SKILLS AND EXPERIENCE

The Board of Directors and the 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	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.	●	●	◐	●	●	◐	◐	◐	◐	●
Understanding social media, public policy process 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 SROE 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 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 Safety Reserves and Operational Excellence Committee receives quarterly updates on new legislation or regulations relating to health, safety and environmental matters from management and quarterly presentations on operational results, technical and regulatory issues pertaining to reserves and resources evaluation from management. An independent reserves evaluator is present at a minimum of two Safety Reserves and Operational Excellence Committee meetings each year.
- 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 2018 strategy session, Jamie Anderson, a Senior Advisor with RBC, was invited to present on "Strategic Decision Making" 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 2018, the directors attended presentations and events as outlined in the following table:

Date	Topic	Host/Presenter	Director Attendees
January	New Trends and Practices in Corporate Sustainability	Coro Strandberg of Strandberg Consulting/Enbridge	David Collyer & Nancy Smith
January	Information Session on Aboriginal Law	Andrea Fielder, Manager Surface Land	Myron Stadnyk
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")	Jodi Wilson, Manager, Legal Services	Policy and Board Governance Committee Members

Date	Topic	Host/Presenter	Director Attendees
February	Energy-Related Roundtable	CD Howe Institute	David Collyer
March	Environmental Sustainability Conference	Globe	David Collyer
March	Top Priorities for Audit Committees	KPMG	Kathleen O'Neill
April	CIBC Roundtable Discussion with Meghan O'Sullivan – "How the New Energy Abundance Upends Global Politics and Strengthens America's Power"	CIBC	Myron Stadnyk
April	Business and Engineering Ethics Lecture – Engineering Technical Update	Trinity University Engineering Advisory Board	James Houck
April	Seminar on Downstream Energy Efficiency Opportunities	QUEST	David Collyer
May	ARC Energy Investment Forum	ARC Financial	David Collyer
May	Presentation on Electricity Markets in Alberta	Canadian Energy Research Institute	David Collyer
May	Institute of Corporate Directors Annual Conference	Institute of Corporate Directors	Kathleen O'Neill
May	Forum; Playing to Win	ARC Energy Institute	Nancy Smith
May	ISS Review of ARC's Proxy	Lisa Olsen, VP Human Resources	HRCC Committee
May	IFRS 16 – Lease Accounting Education Seminar	Paula Overguard, Accounting Policy Research Analyst	Audit Committee
June	Presented on Oil and Gas Opportunities	Canadian Academy of Engineering	David Collyer
June	Presentation on Regulatory Reform	Canada West Foundation	David Collyer
June	Attended Discussion Forum	International Centre for Pension Management	Kathleen O'Neill
June	Enduring Enterprises – Exploring Company Conditions for Long Term Success	Deloitte	Kathleen O'Neill
June	Presentation on Broader Industry Themes	RBC	Myron Stadnyk
June	Industry Overview and Competitiveness	Peter Tertzakian, ARC Energy Research Institute	All Directors
June	Presentation on Global Initiatives on Value Chain Enhancement for Hydrocarbons	Bevin Wirzba, Senior VP, Business Development and Capital Markets	All Directors
June	Valuation Methodology of Long-term Restricted Shares	PwC	HRCC Members
June	Mercer Executive/CEO Compensation Analysis & Current Market Conditions	Kenneth Yung, Mercer	HRCC Members
June	Brendan Wood Shareholder Confidence Survey	Myron Stadnyk, President & CEO and Lisa Olsen, VP Human Resources	HRCC Members

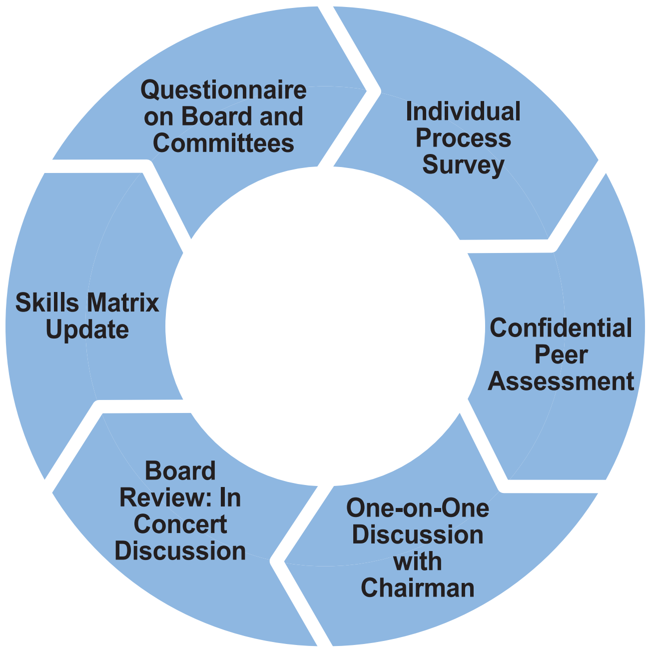
Date	Topic	Host/Presenter	Director Attendees
June	Benchmarking on Peer Group Performance	Lisa Olsen, VP Human Resources	HRCC Members
June	Mercer – Alignment of ARC's Compensation Programs with the Competitive Environment	Kenneth Yung, Mercer	HRCC Members
June	Strategic Decision-Making Seminar	Jamie Anderson, Senior Advisor RBC	All Directors
August	Review of 2016-2017 Sustainability Report	Armin Jahangiri, VP Operations and Cory Beliveau, Manager HSE & Regulatory	All Directors
August	Review of the Sustainability Principles for Energy Industry and ARC's 2018 Sustainability Report	Armin Jahangiri, VP Operations and Cory Beliveau, Manager HSE & Regulatory	All Directors
August	Review and Discussion on Updated COGE Handbook	Lara Conrad, VP Engineering and Planning	SROE Committee
September	Board Resolutions – Weighing in on Light and Heavy Differentials	Tudor Pickering Holt	Nancy Smith
September	Attended presentation on LNG Outlook	Canadian Energy Research Institute	David Collyer
September	Attended World Petroleum Council Event	WPC	David Collyer
September	Oil Price Discounts	National Bank	Myron Stadnyk
October	Environmental Seminar	Miller Thomson, LLP	David Collyer
October	NAFTA Overview	Global Public Affairs	David Collyer
October	Mercer – Assessment of ARC's Overall Compensation Design/Market Pay Mix	Kenneth Yung, Mercer	HRCC Members
October	Business and Engineering Ethics Lecture – Engineering Technical Update	Trinity University Engineering Advisory Board	James Houck
November	Energy Presentation	University of Calgary	David Collyer
November	Presented to Bay Area Air Quality Management District workshop on oil sands	BAAQMD	David Collyer
November	Attended session on U.S. tax reform and competitiveness	University of Calgary	David Collyer
November	Chaired panel on methane emissions reductions C25	PTAC	David Collyer
November	Predicted 2019 Market Base Salary Increases	Lisa Olsen, VP Human Resources	HRCC Members
November	Benchmarking on Peer LTIP Programs	Lisa Olsen, VP Human Resources	HRCC Members
November	Benchmarking on Peer PSU Performance Multiplier Metrics	Lisa Olsen, VP Human Resources	HRCC Members
November	Mercer – Compensation Design Recommendation	Kenneth Yung, Mercer	All Directors
November	ARC's Integrated Management System Demonstration	Cory Beliveau, Manager HSE & Regulatory	All Directors

Date	Topic	Host/Presenter	Director Attendees
December	Panelist at CPA conference on Audit Committees	CPA	Kathleen O'Neill
December	ISS/Glass Lewis – 2019 Proxy Guideline Updates	Lisa Olsen, VP Human Resources	HRCC Members
Quarterly	Market Fundamentals & Outlook	Kris Bibby, VP Finance, Kristin Cerny, Manager Risk and Omeed Sharif, Sr. Market Fundamentals Analyst	All Directors
Quarterly	Regulatory and Legislative Updates	Grant Zawalsky, Burnet Duckworth & Palmer LLP	Governance Members
Ongoing	Co-Chair, Government of Alberta Oil Sands Advisory Group advising GoA on Implementation	Alberta Climate Leadership Plan	David Collyer
Ongoing	Advising Federal Minister of Natural Resources on Canada's Energy Future	Member of Generation Energy Council	David Collyer
Ongoing	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
Ongoing	Energy-related presentations	Deloitte	David Collyer
Ongoing	Extensively engaged in work with federal government and upstream oil and gas sector to identify and make recommendations on opportunities to improve competitiveness of sector	Federal Government	David Collyer
Ongoing	Member of the ICD Accounting Policy Advisory Committee	Institute of Corporate Directors	Kathleen O'Neill
Ongoing	Member of the CPA Corporate Oversight and Governance Board	CPA	Kathleen O'Neill
Ongoing	Member of the EY Canadian Directors Network – seminars	EY	Kathleen O'Neill
Ongoing	Co-Chair – Alberta Natural Gas Advisory Panel		Harold Kvisle
Ongoing	Energy: Strategy, Technical and Business	Discussions with industry experts; extensive reading	Harold Kvisle
Ongoing	Governance	Extensive review of governance literature	Herb Pinder
Ongoing	Chair of BC Executive Policy Group	CAPP	Myron Stadnyk

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 Governance Committee and is presented in summary form to the 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 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 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.

ARC has a competitive advantage with its high performing culture, which is motivated by the sense of ownership and trust fostered by the Board of Directors and by management. Recognizing the importance of culture and its direct link to ARC's success, the Corporation monitors it closely and conducts a mandatory annual survey entitled "Measuring the Strength of the Workplace". The survey 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, the Human Resources and Compensation Committee and the Corporation as a whole.

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 2018 Sustainability Report "Leaders in Creating a Sustainable Future" was published in August 2018 and a new report will be published in 2020. Additionally, ARC publishes an annual update of key sustainability performance indicators, available on our website at www.arcresources.com/responsibility/sustainability-reports. ARC prides itself on its leadership in corporate sustainability, governance and financial disclosure. ARC's leadership in corporate sustainability, responsibility and stakeholder engagement acknowledged by the MarCom Awards where ARC was one of the Platinum award winners for its 2018 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 hosted 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. In 2018, ARC overhauled its external website to make it more functional and user friendly. The new website has resulted in a significant uptick in viewership with close to 100,000 viewers exploring our site, many of which are viewing our quarterly executive videos.

One of the many ways in which ARC engages with its shareholders is through social media. ARC employs the use of Twitter, Facebook and LinkedIn for our social media activity and our combined following averages around 20,000. Further, investors may contact ARC's investor relations department by letter, e-mail or phone on a continuing basis.

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

Where to Find It - Highlights

INTRODUCTION

At ARC, we believe that attracting and retaining high-performing talent is crucial to our long-term success. Having a market competitive compensation program that retains and 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 annual corporate objectives and create 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 annual objectives, total shareholder return ("**TSR**") and a mix of relative and absolute share price performance. Medium-term awards are structured in a manner consistent with what ARC's peer group generally considers to be 'long-term' awards. The long-term incentive program at ARC is highly unique with a 10-year term to encourage executives to focus on ensuring our high performing organization 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 TSR relative to peers.

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

- 2018 Performance Assessment;
- Elements of our compensation programs;
- Process of determining executive compensation and governance practices; and
- 2018 Executive Compensation Tables.

2018 Performance Assessment

Management and the Board develop annual corporate objectives to create clarity, focus and measurement for the executive team and the organization on performance outcomes. The chart below details the key measurements and achievements for 2018. ARC achieved strong operational and financial performance and further advanced our strategy by creating value through the execution of our business plans. The team delivered record production levels, grew cash flow per share by 12 per cent relative to 2017 while completing a major infrastructure project at Sunrise and actively managing risk mitigation and market diversification programs. All this was accomplished with zero employee lost time incidents ("**LTIs**") and ending 2018 with 1,811 employee days LTI-free.

To determine compensation for executives, the Human Resources and Compensation Committee and the Board consider multiple factors including, the overall performance of the Corporation, the individual performance of each executive, and competitive market data. The Board uses objectives and performance target setting with a holistic approach that supports achieving excellence in all elements of our strategy rather than a mechanistic approach that prioritizes one metric over another. This ensures executive behaviours are focused on business outcomes that align with our long-term strategy and the interests of the shareholders.

In 2018, management achieved or exceeded on all targets in the performance areas. As a result, granted pay level remained consistent with previous years to continue to retain and motivate the executive team which is instrumental in enabling share price recovery with the advancement of our business plan and strategy. Our compensation programs are designed with a strong link to long-term shareholder returns which resulted in realized pay for Named Executive Officers ("**NEOs**") decreasing by 35 per cent.

The following chart outlines ARC's 2018 key objectives and performance targets and represents an overall assessment of the performance areas:

Objectives and Performance Targets		Key Achievements
Deliver Long-term **Risk-managed Value Creation** • Deliver top-quartile 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.	√	Since inception in 1996, ARC has delivered an average annual total return of 10%, significantly outperforming both the S&P/TSX Composite Index and S&P/TSX Oil and Gas Exploration and Production Index and is one of only six companies in the Oil & Gas Index that has had positive returns over this time period. Over a five-year period, ARC's return was -19%, outperforming the peer group at -21%.
	x	We are disappointed with our trailing one-year annualized total return of -42%.
	√	Delivered income by paying a dividend of $0.05 per month; approximately $210 million annually.
	√	Achieved Top Gun 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.
	√	Winner of Global IR Award for Best in Energy, nominated for the Canadian IR Awards – Best IR in Energy Sector, Best IRO (mid-cap), Best IR for a Mid-cap. Received a platinum award for the design of our 2017 Annual Report from both MarCom and Hermes. Received a platinum award for our 2018 Sustainability Report from MarCom.
	√	Strong Board oversight on corporate governance including financial, operational, social, health, safety and environment. Recognized by proxy advisor Institute of Shareholder Services as low concern based on their quantitative and qualitative assessments of our disclosure.

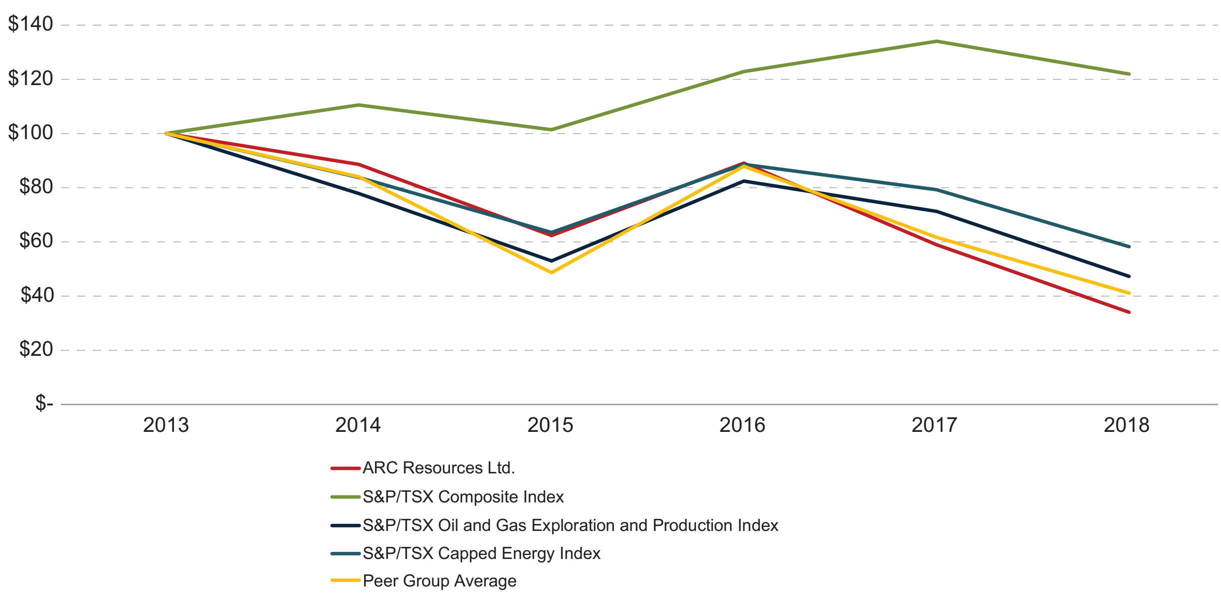
Objectives and Performance Targets	Key Achievements
Ensure **Financial Flexibility** by maintaining a strong balance sheet and access to capital to fund our business plans. Ensure optimal **Market Access** for ARC's commodities. • Target net debt to from operations ratio below 1.5x. • Manage long-term 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 oil and natural gas hedging program to support long-term business plans.	√ Strong financial performance with net income of $213.8 million ($0.60 per share) and funds from operations of $819.0 million ($2.31 per share) √ Funds from operations per share increased 12% relative to 2017. √ Profitability (ROACE) of 8% and a five-year average of 7% 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 0.9 times with year-end net debt of $702.7 million, well within target. √ 64% 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 increase exposure to more attractive North American markets. √ Managed our hedging strategy to protect the company's business plan. ARC recorded realized gains of $123.4 million on its risk management contracts and will continue to proactively place risk management contracts on oil and natural gas to reduce volatility of funds from operations to support the dividend and capital programs. √ Continued to increase 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 LTIs 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 and contractor lost-time incidents. ARC ended 2018 with 1,811 employee days LTI-free. We have been focused on improving contractor safety performance over the last three years and we are pleased that we have been 443 days without a contractor LTI. √ Delivered record annual production of 132,724 boe per day which was on the high end of annual production guidance and an 8% increase over 2017. New production was added at Dawson Phase III, Attachie West and Sunrise Phase II more than offsetting the 4,700 boe per day of non-core production that was divested in 2018. √ Executed 2018 capital program with an exceptional safety record. Brought on-stream and electrified the Sunrise Phase II gas processing facility expansion in the fourth quarter and invested in long-term water infrastructure in northeast British Columbia. Advanced key infrastructure projects, including Dawson Phase I & II liquids-handling upgrade, Dawson Phase IV gas processing and liquids-handling facility, Ante Creek 10-36 facility expansion, and submitted regulatory application for multiple phases of development at Attachie West. √ Continuously improving with industry-leading results in our cost structure with operating costs well within guidance at $5.95 per boe which is the lowest operating expense the company has achieved since 2001. √ Successful execution of our 2018 capital expenditures totaling $679 million (in line with guidance) included the drilling of 77 wells (30 crude oil wells, 46 natural gas and liquids-rich natural gas wells, and one disposal well) and the completion of the 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 to maximize long-term value. • Consistently add high-quality resource and reserves.	√ 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 2018 development activities, achieved 245% produced reserves replacement adding approximately 118 MMboe of proved plus probable reserves ("2P") at low finding and development costs of $5.76 per boe. √ Over the last 11 years, ARC has delivered an average of approximately 200% 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. √ ARC holds a strong position in the world-class resource play in the Montney which is made up of approximately 1,120 net sections of land (730,000 net acres). √ ARC continues to invest in Attachie, a highly prospective Montney condensate and liquids-rich natural gas play in northeast BC. Positive results at ARC's seven-well pad validate the material upper Montney condensate development opportunity in this area.
Build **Top Talent** and a **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 90% employee engagement score in our annual "Strength of Workplace" employee survey. √ Continued with our deliberate focus on succession planning with 28 development rotations for key individuals as well as two critical manager level roles. √ Perpetuated our commitment to corporate culture, talent management and training and development while maintaining a lean workforce. √ Managed 2018 general and administrative ("G&A") costs to ensure an efficient organization through all cycles. 2018 G&A was $1.43 per boe which was well below guidance. √ Ensured organizational efficiencies by restructuring to be better aligned with the business and work processes.

PERFORMANCE GRAPHS

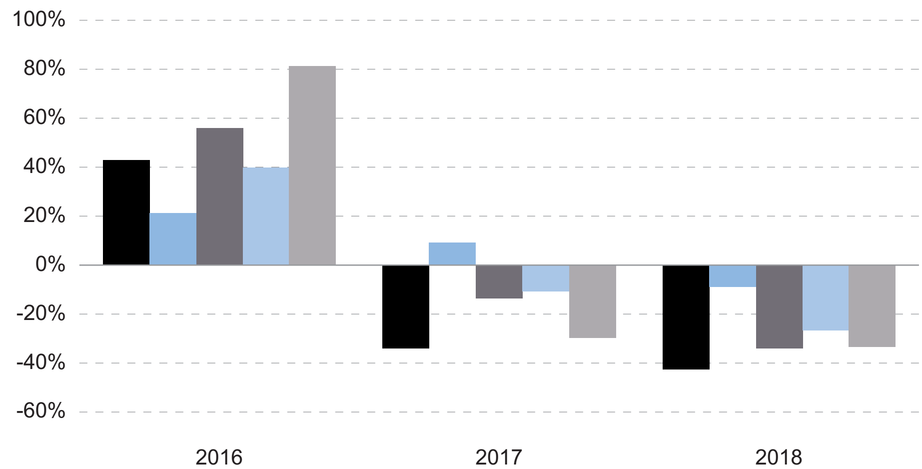
Over the last five years, the capital markets have been volatile and unpredictable. While the commodity environment has stabilized somewhat, energy investment in Canada has been minimized. ARC has continued to perform well in all areas within our direct control and has continued to advance our strategy of risk-managed value creation over the long term. Unfortunately, due to headwinds that the Canadian industry is facing related to crude oil discounts and market access issues, legislative and regulation changes, incremental taxes and the broader scope of socio-political issues, the performance of the S&P/TSX Energy sector has been challenged both relative to the broader index and its US counterparts. While ARC's share price has been challenged, we have outperformed our peer group in most years by carefully managing an efficient low-cost business with active risk management and physical marketing diversification programs while maintaining a strong balance sheet. ARC is a long term company and our discipline, confidence in our strategy and business plan will ensure that ARC will perform over the long term. A key priority is to ensure we retain and motivate our executive team to advance our business plan and long-term strategy. Over the past five-year period, granted compensation levels have remained relatively flat and during this same timeframe realized pay has decreased 35 per cent.

Since inception in 1996, ARC has delivered an average annual total return of 10%, significantly outperforming both the S&P/TSX Composite Index and S&P/TSX Oil and Gas Exploration and Production Index and is one of only six companies in the Oil and Gas Index that has had positive returns over this time period. 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 2013.



	2013	2014	2015	2016	2017	2018	Annualized Return
ARC Resources Ltd.	$100.00	$ 88.62	$ 62.40	$ 89.11	$ 58.87	$ 33.92	-19.43%
S&P/TSX Composite Index	$100.00	$110.55	$101.34	$122.70	$133.85	$121.96	4.05%
S&P/TSX Oil and Gas E&P Index	$100.00	$ 77.87	$ 52.87	$ 82.45	$ 71.24	$ 47.18	-13.94%
S&P/TSX Capped Energy Index	$100.00	$ 83.66	$ 63.45	$ 88.60	$ 79.20	$ 58.16	-10.27%
2018 Peer Group Average	$100.00	$ 84.10	$ 48.59	$ 87.94	$ 61.74	$ 41.14	-21.28%

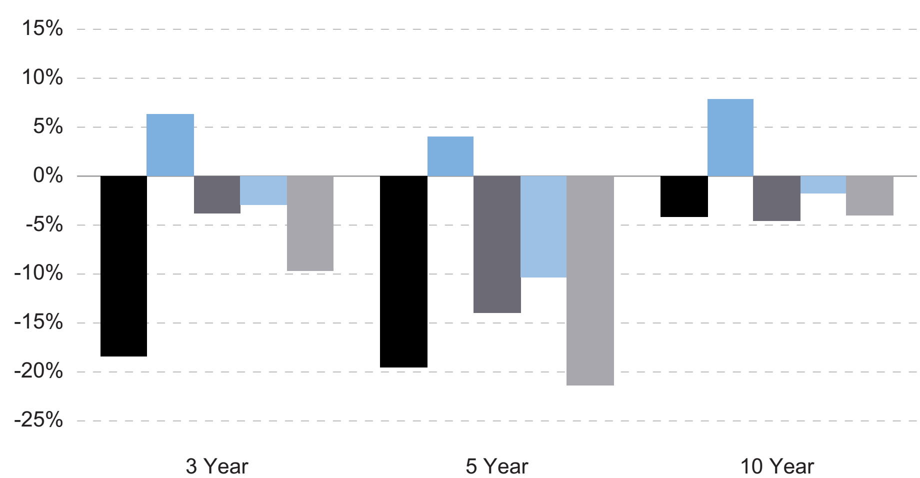
ARC's Performance versus Peers and Indices



	2016	2017	2018
ARC Resources Ltd.	42.8%	-33.9%	-42.4%
S&P/TSX Composite Index	21.1%	9.1%	-8.9%
S&P/TSX Oil and Gas E&P Index	55.9%	-13.6%	-33.8%
S&P/TSX Capped Energy Index	39.6%	-10.6%	-26.6%
2018 Peer Group Average	81.0%	-29.8%	-33.4%

The S&P/TSX Capped Energy Index, the S&P/TSX Oil & Gas Exploration and Production Index and ARC's peer group have negative returns on a one, three, five and ten-year basis. The S&P/TSX Composite Index had positive returns on a three, five and ten-year basis due to the performance of non-energy stocks in this index.

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



	3 Year	5 Year	10 Year
ARC Resources Ltd.	-18.4%	-19.4%	-4.1%
S&P/TSX Composite Index	6.4%	4.1%	7.9%
S&P/TSX Oil and Gas E&P Index	-3.7%	-13.9%	-4.6%
S&P/TSX Capped Energy Index	-2.9%	-10.3%	-1.7%
2018 Peer Group Average	-9.6%	-21.3%	-4.0%

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. The goal of our integrated compensation design is to be market competitive, and to retain, motivate and reward executives and employees to achieve both annual and long-term corporate objectives. ARC's total compensation design is currently comprised of base salary, bonus and medium and long-term incentives (RSUs, PSUs, Share Options and Long-term Restricted Share Awards). A significant portion of executive compensation is provided in variable performance-based compensation, with vesting terms out as far as 10 years. This feature is highly unique in the competitive market and creates strong alignment with our shareholders. The following chart describes the elements within ARC's compensation design.

Element	Description	Objective
Base Salary	Fixed level of cash compensation targeted at the market 50th percentile.	• Market competitive compensation • Attraction and retention
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, in the past, has been zero.	• Pay-for-performance • Alignment with ARC's business strategy • Encourage superior performance – individual and ARC • Attraction and retention
Restricted Share Units ("**RSUs**")	A notional share-based award that rewards employees for creating TSR value over a three-year period with one-third vesting annually.	• Alignment with the interests of ARC's shareholders • Pay-for-performance • Encourage superior medium-term performance • Attraction and retention
Performance Share Units ("**PSUs**")	A notional share-based award that rewards employees in the medium term (within a three-year period). PSUs cliff vest after three years and a performance multiplier is applied (range from 0 to 2) 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 • Advance ARC's strategic annual priorities and results • Includes share price relative performance component • Attraction and retention
Share Options	Share Options reward senior employees for creating long-term shareholder value. Vesting occurs 50% on each of the fourth and fifth anniversaries of the date of grant and the options expire in year seven.	• Pay for share price appreciation • Remove the bias for growth and encourage TSR • Alignment with ARC's long-term business strategy • Encourage superior long-term performance • Attraction and retention

Element	Description	Objective
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 and long-term thinking • Foster long-term retention

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 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 2018.

Medium-term Compensation

Restricted Share Units

ARC's RSUs are designed to focus and reward executives for enhancing total shareholder return over the medium to long term on an absolute basis. To determine the size of RSU 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 RSUs to calculate the number of RSUs granted.

ARC's RSUs vest evenly over a period of three years, and upon vesting the executive receives a cash payment based on the fair value of the underlying Common Shares. A detailed description of the terms of ARC's RSU and PSU Plan in effect for 2018 can be found in Schedule C.

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, 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) on ARC's total shareholder return as compared to a peer group. 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 in effect for 2018 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 does 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. 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 toward encouraging capital growth rather than distributing earnings or a combination of growth and distributions. Instead the plan 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. 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 outstanding share option grants are below:

Year	Options Granted	Grant Price	Weighted Average Shares Outstanding	Options Granted as a % of Shares Outstanding (Burn Rate)
2018	1,483,491	$13.21	353,896,450	0.42
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

As of December 31, 2018, ARC has outstanding options representing approximately 1.7 per cent of ARC's total Common Shares outstanding and 42 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
353,896,450	14,225,000	4.02	5,991,431	1.69	42.12

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 ("LTRS") is highly unique compared to our peers due to its 10-year term and vesting in years eight, nine and 10. The LTRS program is awarded at the executive level, specifically for C-suite roles and those with potential to move into more senior positions. Providing a portion of executive compensation in LTRS is important to encourage long-term thinking, reward long-term performance and retain ARC's executive team. Given the long-term nature of the program, the plan further strengthens the alignment between executive compensation and 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. This extended vesting period is substantially longer than typical practices in the energy sector and is 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 0.5 per cent of the Common Shares outstanding as of December 31, 2018.

Year	Long-term Restricted Shares	Grant Price	Weighted Average Shares Outstanding	Restricted Shares Granted as a % of Shares Outstanding (Burn Rate)
2018	153,979	$13.21	353,896,450	0.0435
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, 2018 ARC had Restricted Share Awards outstanding representing 28 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
353,896,450	1,600,000	0.45	454,003	0.13	28.38

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 toward 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

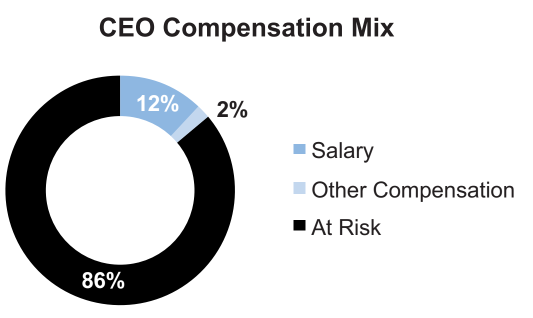
Our Board and HRCC consider a broad range of quantitative and qualitative factors to assess the overall performance of ARC and its executives. These factors directly link the overall performance of the Corporation and the individual performance of each executive. In addition to the measurement of the 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.

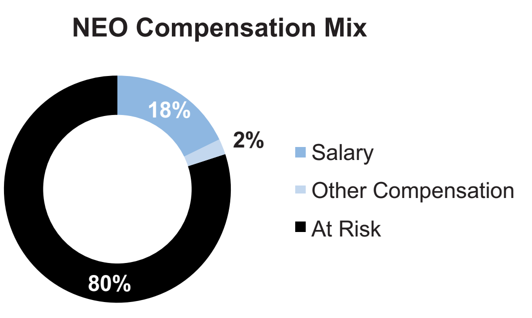
Specifically, the following section outlines our processes for determining executive compensation.

- **Rigorous and disciplined process** – There are systematic processes in place for the Board to regularly assess and monitor 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. These performance measures are monitored 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. 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 prefers the use of objective setting with a holistic approach to support all elements of our strategy and focuses on applying sound judgment in combination with reviewing several sources of information and data.
- **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. The Board recognizes that market data can be "imperfect" and applies judgment to interpret the information. The Board reviews both one-year and three-year data and compares this data with compensation levels and performance outcomes as useful reference point.
- **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 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.

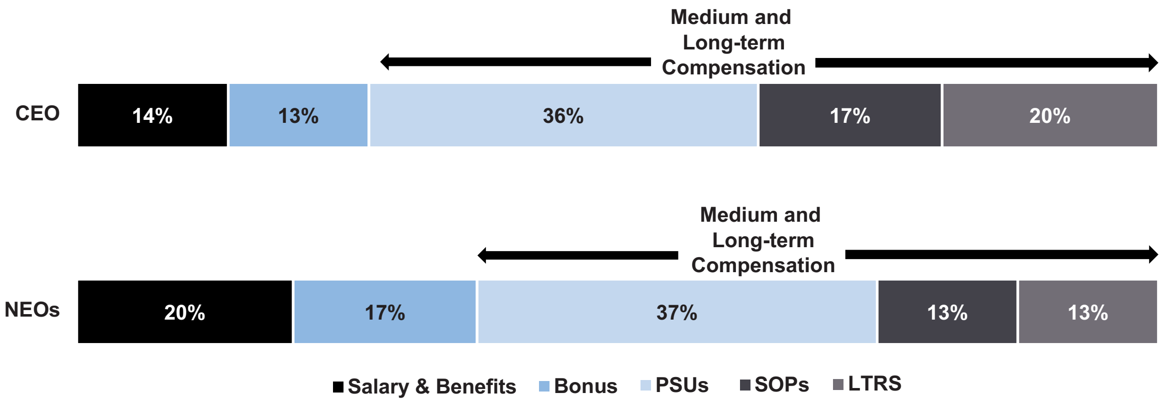
TOTAL COMPENSATION MIX

To align pay with corporate performance, 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 80 per cent of other NEO's compensation is "at risk". At-risk pay includes bonuses, PSUs, Share Options and Long-term Restricted Shares.





Below is a further breakdown of CEO and all other NEO compensation by component. Medium and long-term incentives including PSUs, Share Options and LTRS comprise on average approximately 63 per cent of an NEO's total compensation and 73 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 paid out only when ARC performs above the 25th percentile as compared to its peers. To further align with our long-term strategy 37 per cent of the CEO's total compensation and 26 per cent of other NEO's compensation does not begin to vest until year four and is not completely vested until after 10 years has passed.



Process

On an ongoing basis, Management and the HRCC discuss executive performance, collaborate on motivation and retention strategies and monitor executive compensation and its 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% 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 in the second quarter.
March	• HRCC and Board approve March RSU/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 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 (July – December) 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	• RSU/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.

Compensation Peer Group

For the purpose of benchmarking executive compensation, ARC reviews and considers two main sources of reference information: proxy compensation data from a group of industry peers and Mercer Energy 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 representative peer group with business and risk profiles that are similar to ARC. 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 include only companies that are a quarter to four times the size of ARC. ARC's 2018 peer group consists of 19 companies and their details are listed below.

Company	Daily Production (1) (BOE/day)	Revenue (1) ($ Billions)	Enterprise Value (1) ($ Billions)
Cenovus Energy Inc.	483,700	$16.88	$20.96
Encana Corp.	370,000	$ 5.13	$13.98
Husky Energy Inc.	307,700	$18.61	$22.20
Tourmaline Oil Corp	270,900	$ 1.76	$ 7.42
Seven Generations Energy Ltd	203,700	$ 2.18	$ 7.70
Crescent Point Energy Corp.	183,600	$ 2.93	$ 5.27
Paramount Resources Ltd.	100,500	$ 0.48	$ 2.65
Peyto Exploration & Development Corp.	95,200	$ 0.73	$ 3.01
Enerplus Corp.	89,800	$ 0.93	$ 3.78
MEG Energy Corp	87,900	$ 2.42	$ 4.39
Birchcliff Energy Ltd	77,200	$ 0.55	$ 1.74
Vermilion Energy Inc	76,600	$ 1.03	$ 6.33
Whitecap Resources Inc	74,600	$ 0.83	$ 4.48
Bonavista Energy Corp.	70,400	$ 0.54	$ 1.15
Baytex Energy Corp.	70,200	$ 0.86	$ 2.59
Painted Pony Energy Ltd.	62,000	$ 0.29	$ 1.26
Advantage Oil & Gas Ltd	42,500	$ 0.25	$ 0.93
Athabasca Oil Corp.	40,300	$ 0.76	$ 0.99
NuVista Energy Ltd	38,100	$ 0.37	$ 1.45
ARC Resources Ltd.	132,400	$ 1.27	$ 5.73
ARC's Rank (out of 20)	**7**	**8**	**7**
Statistical Distribution (excluding ARC)			
25th percentile	70,300	$ 0.55	$ 1.59
Median	87,900	$ 0.86	$ 3.78
75th percentile	193,700	$ 2.30	$ 6.87
ARC's percentile rank	**69%**	**63%**	**69%**

(1) Production and enterprise values as of April 2018 (Source: Peters & Co Energy Update) at which time the peer group was determined.

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 where needed a 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 for the CEO.

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

Advisors

The HRCC consults with Mercer, from time-to-time as required, on a fee-for-service basis. The committee has been working with Mercer since 2004. In 2017 and 2018, Mercer reviewed ARC's executive compensation recommendations and provided an annual compensation recommendation for the CEO. In 2018, the HRCC engaged Mercer to conduct an independent review of ARC's compensation philosophy, design and programs. Mercer is a wholly-owned subsidiary of Marsh & McLennan Companies, Inc.

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 2017 and 2018. 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	2017	2018
Mercer – Executive Compensation Services	$ 54,969	$ 165,108
Marsh Canada – Insurance Costs	$2,918,967	$1,251,052
Total – Marsh & McLellan Companies	**$2,973,936**	**$1,416,160**

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 (LTRS) that are required. The following table illustrates the ownership holdings of ARC's NEOs as of December 31, 2018.

Officer	Required Share Ownership as a Multiple of Base Salary	Number of Shares as of December 31, 2018	Value as of December 31, 2018 (1)	Multiple of Base Salary	Meets Minimum Share Ownership Guidelines
Myron Stadnyk	5	645,905	$5,231,831	9.2	Yes
Van Dafoe	3	129,559	$1,049,428	3.1	Yes
Terry Anderson	3	171,296	$1,387,498	3.7	Yes
Bevin Wirzba (2)	3	78,316	$ 634,360	2.0	Yes
Lara Conrad (3)	2	49,481	$ 400,796	1.6	No

(1) Based on the December 31, 2018 closing price for ARC's Common Shares of $8.10.
(2) Mr. Wirzba joined the organization on January 1, 2016. He has until this date in 2021 to obtain his shareholding requirements.
(3) Ms. Conrad was within the share ownership guidelines for most of 2018 but with the drop in share price in December she fell below the guidelines. As of March 15, 2019 she holds the required value in shares.

COMPENSATION RISK MANAGEMENT

The HRCC is committed to ensuring compensation elements reward the appropriate behaviours that deliver business outcomes are in line with the long-term strategy of ARC and the interests of our shareholders. On an annual basis, the HRCC reviews the risk implications of ARC's compensation policies and practices. The HRCC has not identified risks that are reasonably likely to have a material adverse effect on the company.

The following mechanisms are integrated into our compensation policies and practices to mitigate compensation risks:

What We Do
√ 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%) of executive compensation "at risk".
√ Approximately 65% 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 LTRS 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 LTRS vest at the end of the eighth, ninth and tenth 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.
√ We use an outside, independent consultant to ensure compensation recommendations are competitive and market based.
√ The HRCC "stress tests" PSUs, Share Options and LTRS 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.
√ 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.

What We Don't Do	
X	No executive employment contracts with multi-year guaranteed pay increases, bonus awards or LTI grants.
X	No change in control or termination payments greater than two times cash pay multiple for our executives, including the CEO.
X	No re-pricing, back-dating or cancellation of options (and we are no longer granting options effective 2019).
X	No payment of dividends on RSUs, PSUs and LTRS prior to vesting.
X	No tax gross-ups provided to executives.
X	We do not have a pension plan.

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 among 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. Since inception we have had no incidences where enforcing a clawback was necessary.

In addition to significant pay-at-risk, 100 per cent of the CEO's second half bonus and 50 per cent of senior executives' second half bonuses are available for immediate clawback as they are not paid until July of the following year which allows 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 and 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. The at-risk compensation is shown in the graphs on pages 52 and 53.

We believe that the above measures mitigate the risk of material fraud or misconduct by an executive. 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 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.

2019 COMPENSATION PROGRAM DESIGN CHANGES

We believe that attracting and retaining high-performing talent is critical to our long-term success. Maintaining a market competitive compensation program that retains, motivates and rewards employees and aligns with the interests of our shareholders' in delivering annual and longer-term results is a core principle.

The HRCC regularly reviews executive compensation with assistance from its compensation consultant Mercer. In 2018, the HRCC engaged Mercer to conduct an independent review of ARC's compensation philosophy, design and programs. The primary objective of the review was to assess the evolving external and competitive context to determine if there were any enhancements that could be incorporated into the existing compensation program design. Any changes were to reinforce the existing compensation philosophy, encouraging long-term thinking and performance where compensation is directly linked to rewarding annual performance and results that advance our strategy of risk-managed value creation over the long term.

The review has now been completed and the following changes will be implemented effective the 2019 compensation cycle with no retroactivity:

Compensation Element	2019 Changes	Rationale
Performance Share Units: • determining the performance multiplier	• Performance multipliers will be determined using two criteria: 1. 50% will be awarded based on relative TSR performance compared to the defined peer group; and 2. 50% will be awarded based on an overall assessment of achievements based on our corporate scorecard.	• Better reflects objective to reward relative total shareholder returns and achievement in advancing ARC's strategic and operational objectives. • Improves alignment with typical market practice of using more than one metric to calculate performance multipliers. • Weighting to TSR remains well above average compared to our peer group.
Performance Share Units: • determining the peer group	• The peer group will be expanded to include all upstream companies traded on the TSX with the following exceptions: 1. We will continue to exclude oil sands, international and royalty companies and; 2. The production threshold will be increased from 20,000 to 25,000 boe/day.	• Expansion of the peer group ensures a more representative group of peer companies for comparative purposes. • Ensure a peer group with business and risk profiles that are similar to ARC's.
Share Options: • Suspending the program	• The share option program will be suspended with no additional grants in 2019. • All outstanding share options grants will continue to vest on schedule.	• Aligns with current market practice and shareholder expectations. • Better reflects ARC's strategy of risk-managed value creation.

The primary objectives and overall philosophy of executive compensation at ARC remains unchanged with the implementation of the above changes. Over 80 per cent of the executive compensation continues to be "at risk", reinforcing our pay-for-performance philosophy and to align the long-term interests of the corporation and its shareholders. Over 60 per cent of executive compensation continues to be weighted to our medium and long-term incentive awards. ARC's medium-term awards are structured in a manner consistent with what ARC's peer group generally considers to be "long-term" awards. ARC's long-term incentive program continues to be unique with a 10-year term to encourage executives to focus on ensuring our high performing organization delivers results and drives the long-term success of the business to increase shareholder value.

In summary, we engage regularly with our shareholders and have consistently received positive overall feedback on our compensation philosophy and program design. The results of our voluntary say-on-pay vote further confirms this broad support from shareholders. These changes to our compensation program design to be implemented in 2019 are responsive to shareholder feedback and the competitive market conditions in which ARC is operating. We believe they will strengthen our overall compensation program, so as to retain and attract talent, support our strategy of risk-managed value creation and maintain alignment with the interests of our shareholders.

CEO PERFORMANCE AND COMPENSATION

2018 PERFORMANCE

Myron M. Stadnyk, President and CEO

ARC's business performance is strong and the execution of our long-term strategy is creating value. Mr. Stadnyk has led a corporate transformation of the organization to ensure that ARC remains in one of the strongest financial and operational positions within our industry. The company's transformation included strategic long-term decisions to take advantage of opportunities that will continue to advance ARC's goal of managing risk and creating value. Mr. Stadnyk has also repositioned the organization into our Montney assets and completed the divestitures of non-core assets. This has allowed ARC to compete both continentally and globally with a highly efficient, low-cost company. His vision of building businesses that can sustain themselves from their cash flow, and 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 2018 Performance Assessment section. In addition to those accomplishments, his 2018 key performance accomplishments include:

- Increased cash flow per share by 12% compared to 2017 and up 29% compared to 2016.
- Net debt to funds from operations flow ratio of 0.9 times.
- Successful risk management and market diversification activities.

- ARC has a dominant land position in the Alberta and BC Montney.
- 245 per cent produced reserves replacement.
- Lower Montney and West Attachie appraisal for liquids development.

- Zero employee and contractor lost-time-incidents.
- Record production of 132,724 boe/day or 8% increase.
- Highly efficient capital and operational cost structure.
- Managed capital budget within guidance to advance critical infrastructure projects.

- Record operating expenses of $5.95/boe.

- 90% employee engagement score.
- Strong succession plans throughout organization.
- Cost effective and efficient organizational structure.

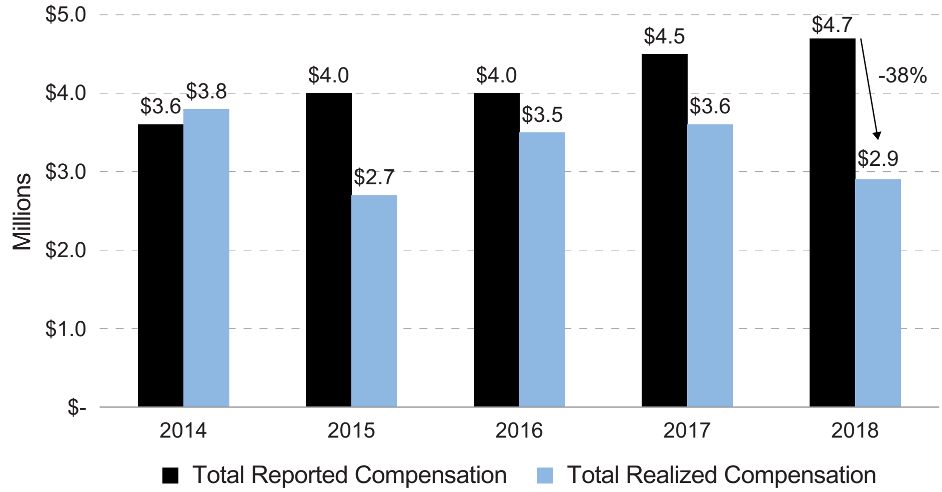
Mr. Stadnyk's annual compensation over the past five years is highlighted in the table below. While Mr. Stadnyk has received increases to his granted compensation values, over the past five years his realized pay has decreased approximately 40 per cent in spite of strong operational and financial performance. During this time period his compensation has become more weighted to at-risk and long-term compensation. His at-risk compensation has increased from 82 per cent to 86 per cent of his total compensation and his medium and long-term compensation has increased from 64 per cent to 72 per cent of his total compensation. In 2015 and 2016 Mr. Stadnyk's bonus was decreased by 50 per cent to align with the commodity environment and total shareholder returns, even though ARC had strong operational and financial results and positive TSR in 2016. 2017 was another very strong operational and financial year, although TSR was negative. We attained record production and maintained a strong balance sheet and the Board felt strongly that Mr. Stadnyk be rewarded for the successful organizational transformation and three consistent years of strong performance in a very difficult environment and returned his bonus to targeted levels. In 2018, the Board kept his compensation relatively flat but increased his long-term restricted shares to ensure his retention. Again, while the compensation grant level increased, Mr. Stadnyk does not realize any of the LTRS value until vesting which occurs eight, nine and 10 years from now and he will have to continue with ARC until he is 62 to receive the full value.

Compensation Component	2014	2015	2016	2017	2018
Base Salary	$ 570,000	$ 570,000	$ 570,000	$ 570,000	$ 570,000
Other Compensation (1)	$ 74,450	$ 76,400	$ 76,400	$ 76,400	$ 76,400
Bonus	$ 650,000	$ 325,000	$ 325,000	$ 650,000	$ 650,000
PSU Grants	$1,600,032	$1,600,024	$1,600,024	$1,600,017	$1,655,017
Share Option Grant	$ 700,002	$ 700,004	$ 700,004	$ 800,002	$ 800,001
Long-term Restricted Share Awards	$ —	$ 700,000	$ 700,000	$ 800,000	$ 910,000
Total Compensation	**$3,594,484**	**$3,971,428**	**$3,971,428**	**$4,496,419**	**$4,661,418**

(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.

Reported versus Realized (1) CEO Pay



(1) Realized pay includes salary, bonus, actual cash payments received for PSUs and the value of share options and LTRS that vested in the year.

In the past four years, Mr. Stadnyk's realized compensation has been significantly less than his reported compensation. This reflects a strong alignment with the experience of ARC shareholders of decreased share price performance and the long-term nature of our incentive programs.

Mr. Stadnyk's realized pay was 38 per cent less than his reported pay and 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. 20 per cent of Mr. Stadnyk's total compensation is allocated to the LTRS program with long-term vesting that does not occur until eight, nine and 10 years after the grant date.

As of December 31, 2018, Mr. Stadnyk held the following number of Common Shares, PSUs, Share Options and LTRS.

Share-based Component	Number of Shares/Units/Options	Value
Common Shares (1) (Privately Held)	442,175	$3,581,618
Common Shares (1) (ARC's Savings Plan)	61,961	$ 501,884
Long-term Restricted Shares (2)	141,769	$1,148,329
Total Common Shares Owned	**645,905**	**$5,231,831**
PSUs (3)	309,004	$2,193,020
Share Options (4)	869,295	$ —
Total		**$7,424,851**

(1) Common Share values based on the December 31, 2018 closing price of $8.10.
(2) Long-term Restricted Shares are valued using the December 31, 2018 closing price of $8.10.
(3) PSU value based on the December 31, 2018 closing price of $8.10 and the actual performance multipliers as of December 31, 2018 except those active less than a year are valued using a performance multiplier of one.
(4) Share Options are valued using the December 31, 2018 closing price of $8.10 and assuming Mr. Stadnyk elects that the exercise price be reduced by the full amount of the dividends to this date.

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. 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 over the previous three years. In 2018, there were small increases to salary for selected executives who had been held relatively flat over the previous four years. Overall NEO compensation increased by five per cent.

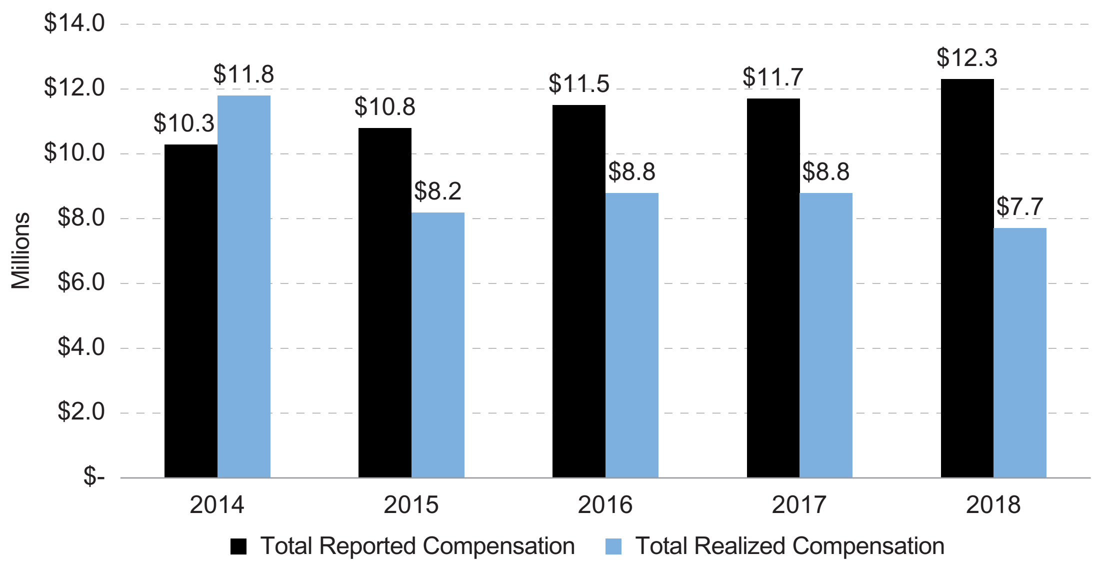
Total NEO compensation remains a relatively small percentage of both ARC's funds from operations and enterprise value. In 2018, ARC's funds from operations increased, while ARC's enterprise value decreased due to the drop in share price. However, NEO compensation remains a small percentage of both funds from operations at 1.50 per cent and enterprise value at 0.34 per cent.

Year	2014	2015	2016	2017	2018
Total NEO Compensation ($ millions)	$10.3	$10.8	$11.5	$11.7	$12.3
Funds from Operations ($ millions)	$1,124	$773	$633	$732	$819
NEO Compensation as a % of Funds from Operations	0.92%	1.40%	1.82%	1.60%	1.50%
Enterprise Value ($ billions)	$9.3	$5.8	$8.5	$5.9	$3.6
NEO Compensation as a % of Enterprise Value	0.11%	0.19%	0.14%	0.20%	0.34%
Shareholder Return (annual)	-11.4%	-29.6%	42.8%	-33.9%	-42.4%

The average NEO has 80 per cent of their compensation at risk with 65 per cent 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 2014, realized pay was greater than reported pay due to strong relative and absolute share performance. In 2015 through 2018 realized pay was on average 27 per cent less than reported pay which aligns with the experience of ARC shareholders of decreased share price performance during this time period.

Reported versus Realized (1) NEO Pay



(1) Realized pay includes salary, bonus, actual cash payments received for PSUs and the value of share options and LTRS that vested in the year.

SUMMARY COMPENSATION TABLE

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, 2018 whose total compensation was more than $150,000.

Name and Principal Position	Year	Salary	PSUs and Restricted Share Awards (1)(2)(3)(4)(5)	Options (6)	Non-equity Incentive Plan Compensation: Annual Incentive Plan (7)	Non-equity Incentive Plan Compensation: Long-term Incentive Plans	All Other Compensation (8)	Total Compensation
Myron Stadnyk	2018	$570,000	$2,565,017	$800,001	$650,000	N/A	$ 76,400	$4,661,418
President & Chief Executive Officer	2017	$570,000	$2,400,017	$800,002	$650,000	N/A	$ 76,400	$4,496,419
	2016	$570,000	$2,300,024	$700,004	$325,000	N/A	$ 76,400	$3,971,428
Van Dafoe	2018	$340,000	$1,095,016	$270,001	$325,000	N/A	$ 46,500	$2,076,517
Senior Vice President & Chief Financial Officer	2017	$340,000	$1,070,008	$270,002	$300,000	N/A	$ 46,500	$2,026,510
	2016	$340,000	$1,070,021	$270,005	$160,000	N/A	$ 46,500	$1,886,526
Terry Anderson	2018	$375,000	$1,397,520	$360,001	$450,000	N/A	$ 51,050	$2,633,571
Senior Vice President & Chief Operating Officer	2017	$375,000	$1,380,017	$360,001	$400,000	N/A	$ 51,050	$2,566,068
	2016	$375,000	$1,380,025	$360,003	$210,000	N/A	$ 51,050	$2,376,078
Bevin Wirzba (9)	2018	$325,000	$ 925,011	$230,001	$300,000	N/A	$442,113	$2,222,125
Senior Vice President, Business Development & Capital Markets	2017	$300,000	$ 750,016	$225,004	$250,000	N/A	$ 41,300	$1,566,320
	2016	$300,000	$1,227,087	$175,004	$140,000	N/A	$ 41,300	$1,883,391
Lara Conrad	2018	$245,000	$ 480,016	$125,002	$245,000	N/A	$ 33,175	$1,128,193
Vice President, Engineering & Planning	2017	$235,000	$ 480,032	$125,002	$200,000	N/A	$ 31,388	$1,071,422
	2016	$220,000	$ 425,011	$110,000	$100,000	N/A	$ 30,900	$ 885,911

(1) In 2018, 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	$1,655,017	$910,000	$2,565,017
Van Dafoe	$ 825,016	$270,000	$1,095,016
Terry Anderson	$1,037,520	$360,000	$1,397,520
Bevin Wirzba	$ 725,011	$200,000	$ 925,011
Lara Conrad	$ 330,016	$150,000	$ 480,016

(2) 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

(3) 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

(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
2018	$12.74	$13.47
2017	$19.15	$17.20
2016	$19.07	$22.05

(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
2018	$13.21
2017	$16.59
2016	$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
2018	26%	$13.21	32%	5.5 and 6 Years	$0.05/month	1.90%
2017	26%	$16.59	31%	5.5 and 6 Years	$0.05/month	1.26%
2016	27%	$21.13	33%	5.5 and 6 Years	$0.05/month	0.88%

(7) Bonus amounts reflect amounts earned in the fiscal year. Bonus amounts for 2018 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 2019.

(8) Other compensation includes benefits and savings plan contributions. In 2018 Other Compensation for Mr. Wirzba includes a one-time payment of $400,000 to reflect his outstanding performance and compensate for his realized pay which has been approximately one-third of his granted pay for the past three years.

(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.

OUTSTANDING SHARE-BASED AWARDS – MEDIUM-TERM INCENTIVE AWARDS (PSUs)

The table below illustrates the outstanding PSUs held by each NEO as of December 31, 2018 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 in effect for 2016 and 2018 can be found in Schedule C. No outstanding RSUs were held by NEOs 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	2018	129,262	2021	$—	$1,047,022	$2,094,044
	2017	93,950	2020	$—	$ 760,995	$1,521,990
	2016	85,792	2019	$—	$ 694,915	$1,389,830
		309,004		**$—**	**$2,502,932**	**$5,005,864**
Van Dafoe	2018	64,443	2021	$—	$ 521,988	$1,043,976
	2017	46,975	2020	$—	$ 380,498	$ 760,996
	2016	42,896	2019	$—	$ 347,458	$ 694,916
		154,314		**$—**	**$1,249,944**	**$2,499,888**
Terry Anderson	2018	81,084	2021	$—	$ 656,780	$1,313,560
	2017	56,894	2020	$—	$ 460,841	$ 921,682
	2016	54,693	2019	$—	$ 443,013	$ 886,026
		192,671		**$—**	**$1,560,634**	**$3,121,268**
Bevin Wirzba	2018	56,623	2021	$—	$ 458,646	$ 917,292
	2017	33,565	2020	$—	$ 271,877	$ 543,754
	2016	58,766	2019	$—	$ 476,005	$ 952,010
		148,954		**$—**	**$1,206,528**	**$2,413,056**
Lara Conrad	2018	25,808	2021	$—	$ 209,045	$ 418,090
	2017	19,379	2020	$—	$ 156,970	$ 313,940
	2016	16,086	2019	$—	$ 130,297	$ 260,594
		61,273		**$—**	**$ 496,312**	**$ 992,624**

(1) The number of awards has been adjusted to reflect dividends paid on Common Shares from the date of grant to December 31, 2018. Values are based on the December 31, 2018 closing price of $8.10.

OUTSTANDING OPTION BASED AWARDS – LONG-TERM INCENTIVE AWARDS (SHARE OPTIONS)

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, 2018. 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, 2018	Value of Unexercised in-the-money Options (Reduced Exercise Price)
Myron Stadnyk	June 19, 2018	232,924	$13.21	June 19, 2025	$—	$12.91	$—
	June 21, 2017	185,469	$16.59	June 21, 2024	$—	$15.69	$—
	June 23, 2016	122,698	$21.13	June 23, 2023	$—	$19.63	$—
	June 24, 2015	123,162	$21.86	June 24, 2022	$—	$19.36	$—
	June 19, 2014	68,551	$32.94	June 19, 2021	$—	$29.24	$—
	June 20, 2013	60,329	$27.15	June 20, 2020	$—	$22.25	$—
	June 21, 2012	76,162	$20.20	June 21, 2019	$—	$14.10	$—
		869,295			**$—**		**$—**
Van Dafoe	June 21, 2018	78,612	$13.21	June 19, 2025	$—	$12.91	$—
	June 21, 2017	62,596	$16.59	June 21, 2024	$—	$15.69	$—
	June 23, 2016	47,327	$21.13	June 23, 2023	$—	$19.63	$—
	June 24, 2015	47,506	$21.86	June 24, 2022	$—	$19.36	$—
	June 19, 2014	24,483	$32.94	June 19, 2021	$—	$29.24	$—
	June 20, 2013	27,942	$27.15	June 20, 2020	$—	$22.25	$—
	June 21, 2012	34,273	$20.20	June 21, 2019	$—	$14.10	$—
		322,739			**$—**		**$—**
Terry Anderson	June 21, 2018	104,816	$13.21	June 19, 2025	$—	$12.91	$—
	June 21, 2017	83,461	$16.59	June 21, 2024	$—	$15.69	$—
	June 23, 2016	63,102	$21.13	June 23, 2023	$—	$19.63	$—
	June 24, 2015	63,341	$21.86	June 24, 2022	$—	$19.36	$—
	June 19, 2014	29,379	$32.94	June 19, 2021	$—	$29.24	$—
	June 20, 2013	32,388	$27.15	June 20, 2020	$—	$22.25	$—
	June 21, 2012	34,273	$20.20	June 21, 2019	$—	$14.10	$—
		410,760			**$—**		**$—**
Bevin Wirzba	June 21, 2018	66,966	$13.21	June 19, 2025	$—	$12.91	$—
	June 21, 2017	52,164	$16.59	June 21, 2024	$—	$15.69	$—
	June 23, 2016	30,675	$21.13	June 23, 2023	$—	$19.63	$—
		149,805			**$—**		**$—**
Lara Conrad	June 21, 2018	36,395	$13.21	June 19, 2025	$—	$12.91	$—
	June 21, 2017	28,980	$16.59	June 21, 2024	$—	$15.69	$—
	June 23, 2016	19,281	$21.13	June 23, 2023	$—	$19.63	$—
	June 24, 2015	19,354	$21.86	June 24, 2022	$—	$19.36	$—
	June 19, 2014	7,835	$32.94	June 19, 2021	$—	$29.24	$—
	June 20, 2013	5,081	$27.15	June 20, 2020	$—	$22.25	$—
	June 21, 2012	5,713	$20.20	June 21, 2019	$—	$14.10	$—
		122,639			**$—**		**$—**

(1) Values are based on the December 31, 2018 closing price of $8.10.

OUTSTANDING SHARE-BASED AWARDS – LONG-TERM INCENTIVE AWARDS (LTRS)

The table below illustrates the outstanding Restricted Shares held by each Named Executive Officer as of December 31, 2018 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	2018	51,357	2026, 2027, 2028	$ 415,992
	2017	36,992	2025, 2026, 2027	$ 299,635
	2016	26,102	2024, 2025, 2026	$ 211,426
	2015	27,318	2023, 2024, 2025	$ 221,276
		141,769		**$1,148,329**
Van Dafoe	2018	15,238	2026, 2027, 2028	$ 123,428
	2017	12,485	2025, 2026, 2027	$ 101,129
	2016	10,068	2024, 2025, 2026	$ 81,551
	2015	10,537	2023, 2024, 2025	$ 85,350
		48,328		**$ 391,458**
Terry Anderson	2018	20,318	2026, 2027, 2028	$ 164,576
	2017	16,647	2025, 2026, 2027	$ 134,841
	2016	13,425	2024, 2025, 2026	$ 108,743
	2015	14,050	2023, 2024, 2025	$ 113,805
		64,440		**$ 521,965**
Bevin Wirzba	2018	11,288	2026, 2027, 2028	$ 91,433
	2017	8,091	2025, 2026, 2027	$ 65,537
	2016	6,525	2024, 2025, 2026	$ 52,853
		25,904		**$ 209,823**
Lara Conrad	2018	8,466	2026, 2027, 2028	$ 68,575
	2017	6,936	2025, 2026, 2027	$ 56,182
	2016	4,661	2024, 2025, 2026	$ 37,754
	2015	4,878	2023, 2024, 2025	$ 39,512
		24,941		**$ 202,023**

(1) The number of awards has been adjusted to reflect dividends paid on Common Shares from the date of grant to December 31, 2018. Values are based on the December 31, 2018 closing price of $8.10.

INCENTIVE PLAN AWARDS – VALUE VESTED DURING 2018

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 2018 and the value of non-equity plan compensation (bonus) earned in 2018. No Restricted Shares vested in 2018.

	PSUs (1)			Options (2)			2018 Annual Incentive Plan (3)
Name	Year of Award	Number of Awards Vested	Value	Year of Award	Number of Awards Vested	Value	
Myron Stadnyk	2015	91,050	$1,650,053	2014	30,165	$ —	$650,000
				2013	34,275	$ —	
					64,440	**$ —**	
Van Dafoe	2015	41,542	$ 752,850	2014	12,241	$ —	$325,000
				2013	13,971	$ —	
					26,212	**$ —**	
Terry Anderson	2015	54,061	$ 979,731	2014	14,689	$ —	$450,000
				2013	16,194	$ —	
					30,883	**$ —**	
Bevin Wirzba (4)	N/A	N/A	$ N/A	N/A	N/A	$N/A	$300,000
Lara Conrad	2015	14,797	$ 268,154	2014	3,917	$ —	$245,000
				2013	2,541	$ —	
					6,458	**$ —**	

(1) The value of the PSUs that vested in 2018 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	$12.74	1.668
September 15	$13.47	1.156

(2) The value of the options that vested in 2018 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 20	$13.16	$22.55
June 19	$13.05	$29.54

(3) Bonus amounts reflect amounts earned in the fiscal year. Bonus amounts for 2018 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 2019.

(4) Mr. Wirzba joined the organization on January 1, 2016 and did not have any PSUs or Share Options vest in 2018.

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, 2018 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 2018

Below is the change in value in 2018 of each NEO's Share Options. None of the NEOs exercised options in 2018.

	As of December 31, 2017 (1)			As of December 31, 2018 (2)			Change in Value		
Officer	Grant Year	Options Outstanding	Value	Grant Year	Options Outstanding	Value	Grant Year	Options Outstanding	Value
Myron Stadnyk	2018	—	$ —	2018	232,924	$—	2018	232,924	$ —
	2017	185,469	$ —	2017	185,469	$—	2017	—	$ —
	2016	122,698	$ —	2016	122,698	$—	2016	—	$ —
	2015	123,162	$ —	2015	123,162	$—	2015	—	$ —
	2014	68,551	$ —	2014	68,551	$—	2014	—	$ —
	2013	60,329	$ —	2013	60,329	$—	2013	—	$ —
	2012	76,162	$3,808	2012	76,162	$—	2012	—	$(3,808)
		636,371	**$3,808**		**869,295**	**$—**		**232,924**	**$(3,808)**
Van Dafoe	2018	—	$ —	2018	78,612	$—	2018	78,612	$ —
	2017	62,596	$ —	2017	62,596	$—	2017	—	$ —
	2016	47,327	$ —	2016	47,327	$—	2016	—	$ —
	2015	47,506	$ —	2015	47,506	$—	2015	—	$ —
	2014	24,483	$ —	2014	24,483	$—	2014	—	$ —
	2013	27,942	$ —	2013	27,942	$—	2013	—	$ —
	2012	34,273	$1,714	2012	34,273	$—	2012	—	$(1,714)
		244,127	**$1,714**		**322,739**	**$—**		**78,612**	**$(1,714)**
Terry Anderson	2018	—	$ —	2018	104,816	$—	2018	104,816	$ —
	2017	83,461	$ —	2017	83,461	$—	2017	—	$ —
	2016	63,102	$ —	2016	63,102	$—	2016	—	$ —
	2015	63,341	$ —	2015	63,341	$—	2015	—	$ —
	2014	29,379	$ —	2014	29,379	$—	2014	—	$ —
	2013	32,388	$ —	2013	32,388	$—	2013	—	$ —
	2012	34,273	$1,714	2012	34,273	$—	2012	—	$(1,714)
		305,944	**$1,714**		**410,760**	**$—**		**104,816**	**$(1,714)**
Bevin Wirzba	2018	—	$ —	2018	66,966	$—	2018	66,966	$ —
	2017	52,164	$ —	2017	52,164	$—	2017	—	$ —
	2016	30,675	$ —	2016	30,675	$—	2016	—	$ —
		82,839	**$ —**		**149,805**	**$—**		**66,966**	**$ —**
Lara Conrad	2018	—	$ —	2018	36,395	$—	2018	36,395	$ —
	2017	28,980	$ —	2017	28,980	$—	2017	—	$ —
	2016	19,281	$ —	2016	19,281	$—	2016	—	$ —
	2015	19,354	$ —	2015	19,354	$—	2015	—	$ —
	2014	7,835	$ —	2014	7,835	$—	2014	—	$ —
	2013	5,081	$ —	2013	5,081	$—	2013	—	$ —
	2012	5,713	$ 286	2012	5,713	$—	2012	—	$ (286)
		86,244	**$ 286**		**122,639**	**$—**		**36,395**	**$ (286)**

(1) 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.
(2) Year-end share option values are based on the December 31, 2018 closing price of $8.10 and the original strike price is reduced by the full amount of the dividends to this date.

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 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 a 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 2/3 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, 2018. In all events below, subject to contractual agreements, the Board retains ultimate discretion on all payouts.

Type	Termination Payment	RSUs/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 five 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 five 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 RSU awards, 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, 2018.

Name	Triggering Event	Payment Pursuant to Employment Agreement	RSU/PSU Payments (1)(2)	Restricted Share Payment (3)	Share Option Payment (4)	Total
Myron Stadnyk (5)	Termination for Just Cause or Resignation	$ —	$ —	$ —	$—	$ —
	Termination Event	$2,440,000	$ —	$ —	$—	$2,440,000
	Change of Control	$ —	$2,193,020	$ —	$—	$2,193,020
	Change of Control and Termination Event	$2,440,000	$2,193,020	$1,148,329	$—	$5,781,349
	Retirement	$ —	$2,193,020	$ 205,867	$—	$2,398,887
	Death	$ —	$2,193,020	$1,148,329	$—	$3,341,349
Van Dafoe (5)	Termination for Just Cause or Resignation	$ —	$ —	$ —	$—	$ —
	Termination Event	$1,141,875	$ —	$ —	$—	$1,141,875
	Change of Control	$ —	$1,094,987	$ —	$—	$1,094,987
	Change of Control and Termination Event	$1,141,875	$1,094,987	$ 391,458	$—	$2,628,320
	Retirement	$ —	$1,094,987	$ 65,409	$—	$1,160,396
	Death	$ —	$1,094,987	$ 391,458	$—	$1,486,445
Terry Anderson (6)	Termination for Just Cause or Resignation	$ —	$ —	$ —	$—	$ —
	Termination Event	$1,400,000	$ —	$ —	$—	$1,400,000
	Change of Control	$ —	$1,387,347	$ —	$—	$1,387,347
	Change of Control and Termination Event	$1,400,000	$1,387,347	$ 521,965	$—	$3,309,312
	Retirement	$ —	$ —	$ —	$—	$ —
	Death	$ —	$1,387,347	$ 521,965	$—	$1,909,312
Bevin Wirzba (6)	Termination for Just Cause or Resignation	$ —	$ —	$ —	$—	$ —
	Termination Event	$ 900,000	$ —	$ —	$—	$ 900,000
	Change of Control	$ —	$1,022,563	$ —	$—	$1,022,563
	Change of Control and Termination Event	$ 900,000	$1,022,563	$ 209,823	$—	$2,132,386
	Retirement	$ —	$ —	$ —	$—	$ —
	Death	$ —	$1,022,563	$ 209,823	$—	$1,232,386
Lara Conrad (6)	Termination for Just Cause or Resignation	$ —	$ —	$ —	$—	$ —
	Termination Event	$ 701,250	$ —	$ —	$—	$ 701,250
	Change of Control	$ —	$ 435,400	$ —	$—	$ 435,400
	Change of Control and Termination Event	$ 701,250	$ 435,400	$ 202,023	$—	$1,338,673
	Retirement	$ —	$ —	$ —	$—	$ —
	Death	$ —	$ 435,400	$ 202,023	$—	$ 637,423

(1) PSUs are valued using the December 31, 2018 closing price of ARC Common Shares of $8.10.
(2) PSUs have been valued using their actual performance multiplier, except those active less than a year are valued at 1.0.
(3) Long-term Restricted Share Awards have been valued using the December 31, 2018 closing price of $8.10.
(4) Share Options have been valued using the December 31, 2018 closing price of $8.10 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 and Mr. Dafoe would not immediately receive payment of the PSU, Long-term Restricted Share Award and Share Option values noted, instead PSUs, Long-term Restricted Share Awards and Share Options would continue to vest in accordance with the terms of the respective plans and Mr. Stadnyk and Mr. Dafoe would receive payments based on the share price at the time of vesting.
(6) 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, PSUs, DSUs, Share Options and Long-term Restricted Shares as of December 31, 2018 was approximately $47.6 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, 2018:

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)	6,445,434	$16.14	9,379,566
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	6,455,434	$16.14	9,379,566

(1) Excludes securities to be issued upon exercise of outstanding options, warrants and rights.
(2) The Corporation's Share 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 2018.

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, 2018 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 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 and gas metrics and other financial measures under "*Compensation Discussion and Analysis*", including "funds from operations", "net debt", "ROACE" or "return on average capital employed", "proved 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, 2018 and the sections entitled “Funds from Operations” and “Capitalization, Financial Resources and Liquidity” contained in our Management’s Discussion and Analysis dated February 7, 2019 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 7, 2019 for additional details of “ROACE” or “return on average capital employed.”

See our Annual Information Form dated March 14, 2019 for additional details of “proved plus probable reserves.”

See our news release dated February 7, 2019 entitled *“ARC Resources Ltd. Announces 118 MMboe of Total Proved Plus Probable Reserve Additions in 2018, Replacing 245 Per Cent of Production, and Delivers Record Proved Producing Reserve Additions of 82 MMboe”*” for additional details of “reserves life index.”

See “Total Return to Shareholders” contained in our Management’s Discussion and Analysis dated February 7, 2019 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, 2019.

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 three times their annual cash retainer (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. 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, Safety Reserves and Operational Excellence, Human Resources and Compensation, 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; and
- 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; and
- 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 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. RSUs and PSUs are granted twice a year in March and September.

Dividends

Additional RSUs and PSUs are credited to employees equal to the value of dividends paid on ARC's Common Shares.

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

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

(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 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.

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.

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