

## Role and Objective

The Audit Committee (the “Committee”) is a committee of the Board of Directors of ARC Resources Ltd. (the “Corporation”) to which the Board has delegated its responsibility for oversight of the nature and scope of the annual audit, management’s reporting on internal accounting standards and practices, financial information and accounting systems and procedures, financial reporting and statements and recommending, for Board of Director approval, the audited financial statements, and other mandatory disclosure releases containing financial information. The objectives of the Committee, with respect to the Corporation and its subsidiaries, are as follows:

- To assist Directors to meet their responsibilities in respect of the preparation and disclosure of the financial statements of the Corporation and related matters.
- To provide better communication between Directors and external auditors.
- To ensure the external auditors’ independence.
- To review Management’s implementation and maintenance of an effective system of internal control over financial reporting and disclosure control over financial reporting.
- To increase the credibility and objectivity of financial reports.
- To facilitate in-depth discussions between Directors on the Committee, Management and external auditors.

The primary responsibility for the financial reporting, information systems, risk management and internal and disclosure controls of the Corporation is vested in Management and overseen by the Board of Directors of the Corporation. At each meeting, the Committee may meet separately with Management and will meet in separate, closed sessions with the external auditors and then with the independent Directors in attendance.

## Mandate and Responsibilities of Committee

### Financial Reporting and Related Public Disclosure

1. It is a primary responsibility of the Committee to review and recommend for approval to the Board of Directors the annual and quarterly financial statements of the Corporation. The Committee is also to review and recommend to the Board of Directors for approval the financial statements and related information included in prospectuses, Management Discussion and Analysis, financial news releases, Information Circular-Proxy Statements and Annual Information Forms. The process should include but not be limited to:
  - a. reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future years’ financial statements;
  - b. reviewing significant management judgments and estimates that may be material to financial reporting including alternative treatments and their impacts;
  - c. reviewing the presentation and impact of any significant risks and uncertainties that may be material to financial reporting including alternative treatments and their impacts;
  - d. reviewing accounting treatment of significant, unusual, or non-recurring transactions;
  - e. reviewing adjustments raised by the external auditors, whether or not included in the financial statements;

- f. reviewing unresolved differences between Management and the external auditors;
  - g. reviewing the Corporation's public disclosure regarding non-GAAP and other financial measures;
  - h. determining through inquiry if there are any related party transactions and ensure the nature and extent of such transactions are properly disclosed; and
  - i. reviewing all financial reporting relating to risk exposure including the identification, monitoring, and mitigation of business risk and its disclosure.
2. The Committee shall satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information from the Corporation's financial statements and periodically assess the adequacy of those procedures.

## Internal Controls over Financial Reporting and Information Systems

3. It is the responsibility of the Committee to satisfy itself on behalf of the Board with respect to the Corporation's internal control over financial reporting and information systems. The process should include but not be limited to:
  - a. inquiring as to the adequacy and effectiveness of the Corporation's system of internal controls over financial reporting and review Management's report on internal control of financial reporting;
  - b. establishing procedures for the confidential, anonymous submission by employees of the Corporation of concerns relating to accounting, internal control over financial reporting, auditing or Code of Business Conduct and Ethics matters and periodically review a summary of complaints and their related resolution; and
  - c. establishing procedures for the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters.

## Extractive Sector Transparency Measures Act

4. It is the responsibility of the Committee to satisfy itself on behalf of the Board to review management's process for certification under the *Extractive Sector Transparency Measures Act* (Canada).

## External Auditors

5. With respect to the appointment of external auditors by the Board, the Committee shall:
  - a. be directly responsible for overseeing the work of the external auditors engaged for the purpose of issuing an auditors' report or performing other audit, review, or attest services for the Corporation, including the resolution of disagreements between Management and the external auditor regarding financial reporting;
  - b. review the terms of engagement of the external auditors, including the appropriateness and reasonableness of the auditors' fees;
  - c. review and evaluate annually the external auditors' performance, and periodically, (at least every five years) conduct a comprehensive review of the external auditor;
  - d. recommend to the Board appointment of external auditors and the compensation of the external auditors;

- e. when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change;
  - f. review and approve any non-audit services to be provided by the external auditors' firm and consider the impact on the independence of the auditors; between scheduled meetings, the Chair of the Committee is authorized to approve all audit related services and non-audit services provided by the external auditors for individual engagements with estimated fees of \$50,000 and under; and shall report all such approvals to the Committee at its next scheduled meeting;
  - g. inquire as to the independence of the external auditors and obtain, at least annually, a formal written statement delineating all relationships between the external auditors and the Corporation as contemplated by Independence Standards Board No. 1;
  - h. review the Annual Report of the Canadian Public Accountability Board ("CPAB") concerning audit quality in Canada and discuss implications for the Corporation;
  - i. review any reports issued by CPAB regarding the audit of the Corporation; and
  - j. discuss with the external auditors, without Management being present, the quality of the Corporation's financial and accounting personnel, the completeness and accuracy of the Corporation's financial statements, and elicit comments of senior Management regarding the responsiveness of the external auditors to the Corporation's needs.
6. The Committee shall review with the external auditors (and the internal auditor if one is appointed by the Corporation) their written report containing recommendations for improvement of internal control over financial reporting and other suggestions as appropriate, and Management's response and follow-up to any identified weaknesses.
7. The Committee shall also review and approve annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of the Corporation and its subsidiaries.

## Compliance

8. It is the responsibility of the Committee to review Management's process for the certification of annual and interim financial reports in accordance with required securities legislation.
9. It is the responsibility of the Committee to ascertain compliance with covenants under loan agreements.
10. The Committee shall review the Corporation's compliance with all legal and regulatory requirements as it pertains to financial reporting, taxation, internal control over financial reporting, and any other area the Committee considers to be appropriate relative to its mandate or as may be requested by the Board of Directors.

## Other Matters

11. It is the responsibility of the Committee to review and approve the Corporation's hiring policies regarding partners, employees, and former partners and employees of the present and external auditors of the Corporation.
12. The Committee may also review any other matters that the Audit Committee feels are important to its mandate or that the Board chooses to delegate to it.
13. The Committee shall undertake annually a review of this mandate and make recommendations to the Policy and Board Governance Committee as to proposed changes.

## Composition

14. This Committee shall be composed of at least three individuals appointed by the Board from amongst its members, all of which members will be independent (within the meaning of Section 1.4 and 1.5 of National Instrument 52-110 *Audit Committees* ("NI 52-110")) unless the Board determines to rely on an exemption in NI 52-110. "Independent" generally means free from any business or other direct or indirect material relationship with the Corporation that could, in the view of the Board, be reasonably expected to interfere with the exercise of the member's independent judgment.
15. The Chair of the Committee is appointed by the Board of Directors.
16. A quorum shall be a majority of the members of the Committee.
17. All of the members must be financially literate within the meaning of NI 52-110 unless the Board has determined to rely on an exemption in NI 52-110. Being "financially literate" means members have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements.

## Meetings

18. The Committee shall meet at least four times per year and/or as deemed appropriate by the Committee Chair.
19. The Committee shall meet not less than quarterly with the auditors, independent of the presence of Management.
20. Agendas, with input from Management, shall be circulated to Committee members and relevant Management personnel along with background information on a timely basis prior to the Committee meetings.
21. The Chief Executive Officer and the Chief Financial Officer or their designates shall be available to attend at all meetings of the Committee upon the invitation of the Committee.
22. The Vice President, Controller and such other staff as appropriate to provide information to the Committee shall attend meetings upon invitation by the Committee.

## Reporting / Authority

23. Following each meeting, in addition to a verbal report, the Committee will report to the Board by way of providing copies of the minutes of such Committee meeting at the next Board meeting after a meeting is held (these may still be in draft form).
24. Supporting schedules and information reviewed by the Committee shall be available for examination by any Director.
25. The Committee shall have the authority to investigate any financial activity of the Corporation and to communicate directly with the internal and external auditors. All employees are to cooperate as requested by the Committee.
26. The Committee may retain, and set and pay the compensation for, persons having special expertise and/or obtain independent professional advice to assist in fulfilling its duties and responsibilities at the expense of the Corporation.