



Q3 2023

Third Quarter Report

For the Three Months Ended September 30, 2023

Q3 2023

ARX

Corporate Profile

ARC Resources Ltd. ("ARC") is a leading Canadian energy producer committed to delivering strong operational and financial performance, and upholding the values of operational excellence and responsible development. With operations focused in the Montney resource play in western Canada, ARC's portfolio is made up of resource-rich properties that provide both near-term and long-term investment opportunities. ARC pays a quarterly dividend to shareholders and its common shares trade on the Toronto Stock Exchange under the symbol ARX.

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ARC RESOURCES LTD. REPORTS THIRD QUARTER 2023 RESULTS AND ANNOUNCES 2024 BUDGET

NEWS RELEASE

Calgary, November 2, 2023 (ARX - TSX) ARC Resources Ltd. ("ARC" or the "Company") today reported its third quarter 2023 financial and operational results and announced its 2024 budget.

HIGHLIGHTS

Third Quarter Results

- ARC delivered quarterly production of 360,177 boe⁽¹⁾ per day (63 per cent natural gas and 37 per cent crude oil and liquids⁽²⁾). Production increased five per cent compared to the third quarter of 2022, and 13 per cent on a per share basis⁽³⁾.
- ARC generated free funds flow of \$261 million⁽⁴⁾ (\$0.43 per share⁽⁵⁾), out of funds from operations of \$662 million⁽⁶⁾ (\$1.09 per share⁽⁷⁾) and capital expenditures of \$401 million⁽⁴⁾. ARC recognized cash flow from operating activities of \$604 million (\$0.99 per share) and net income of \$236 million (\$0.39 per share).
 - ARC's natural gas diversification activities continued to generate higher realized pricing than local benchmarks. ARC realized a natural gas price of \$3.16 per Mcf⁽⁷⁾, 32 per cent greater than the average AECO 7A Monthly Index price.
- ARC distributed 71 per cent of free funds flow or \$185 million, to shareholders during the third quarter. Through the first nine months of 2023, ARC has returned 92 per cent of free funds flow to shareholders.
 - During the quarter, ARC declared dividends of \$103 million or \$0.17 per share, and repurchased 4.1 million common shares for \$82 million under its normal course issuer bid ("NCIB").
 - Since instituting its first NCIB in September 2021, ARC has repurchased 17 per cent of its outstanding shares at an average share price of \$15.81.
- Net debt decreased by \$38 million compared to the second quarter of 2023. As of September 30, 2023, ARC's long-term debt balance was \$1.1 billion and its net debt balance was \$1.2 billion⁽⁶⁾ or 0.4 times funds from operations⁽⁶⁾.

2024 Budget

- ARC's Board of Directors (the "Board") has approved a 2024 capital budget of between \$1.75 billion and \$1.85 billion. This is expected to deliver average annual production of between 350,000 to 360,000 boe per day (63 per cent natural gas and 37 per cent crude oil and liquids).
- The 2024 budget represents an approximate \$200 million decrease in capital spending from what was presented at ARC's June 2023 Investor Update. The decrease reflects operational decisions to minimize non-productive capital and realized cost savings.
- Total capital investments in 2023 and 2024 to complete Attachie Phase I are unchanged.
 - Total capital investment for Attachie Phase I start-up remains at approximately \$740 million, with \$240 million anticipated in 2023 and approximately \$500 million in 2024.
 - ARC is on track to fully complete the 40,000 boe per day facility in the first quarter of 2025, with commissioning volumes expected in late 2024.
- ARC intends to return essentially all of its free funds flow to shareholders. The optimal method to return capital remains a growing base dividend and share repurchases.

ARC's unaudited condensed consolidated financial statements and notes (the "financial statements") and Management's Discussion and Analysis ("MD&A") as at and for the three and nine months ended September 30, 2023, are available on ARC's website at www.arcresources.com and under ARC's SEDAR+ profile at www.sedarplus.ca. The disclosure under the section entitled "Non-GAAP and Other Financial Measures" in ARC's MD&A as at and for the three and nine months ended September 30, 2023 (the "Q3 2023 MD&A") is incorporated by reference into this news release.

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- (1) ARC has adopted the standard six thousand cubic feet ("Mcf") of natural gas to one barrel ("bbl") of crude oil ratio when converting natural gas to barrels of oil equivalent ("boe"). Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different than the energy equivalency of the 6:1 conversion ratio, utilizing the 6:1 conversion ratio may be misleading as an indication of value.
 - (2) Throughout this news release, crude oil ("crude oil") refers to light, medium, and heavy crude oil product types as defined by National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"). Condensate is a natural gas liquid as defined by NI 51-101. Throughout this news release, natural gas liquids ("NGLs") comprise all natural gas liquids as defined by NI 51-101 other than condensate, which is disclosed separately. Throughout this news release, crude oil and liquids ("crude oil and liquids") refers to crude oil, condensate, and NGLs.
 - (3) Represents average daily production divided by the diluted weighted average common shares outstanding for the respective three months ended September 30.
 - (4) Non-GAAP financial measure that is not a standardized financial measure under International Financial Reporting Standards ("IFRS") and may not be comparable to similar financial measures disclosed by other issuers. See "Non-GAAP and Other Financial Measures" in the Q3 2023 MD&A for information relating to this non-GAAP financial measure, which information is incorporated by reference into this news release. See "Non-GAAP and Other Financial Measures" of this news release for the most directly comparable financial measure disclosed in ARC's financial statements to which such non-GAAP financial measure relates and a reconciliation to such comparable financial measure.
 - (5) Non-GAAP ratio that is not a standardized financial measure under IFRS and may not be comparable to similar financial measures disclosed by other issuers. Free funds flow, a non-GAAP financial measure, is used as a component of the non-GAAP ratio. See "Non-GAAP and Other Financial Measures" in the Q3 2023 MD&A for the non-GAAP ratio for the comparative period and other information relating to this non-GAAP ratio, which information is incorporated by reference into this news release.
 - (6) See Note 10 "Capital Management" in the financial statements and "Non-GAAP and Other Financial Measures" in the Q3 2023 MD&A for information relating to this capital management measure, which information is incorporated by reference into this news release.
 - (7) See "Non-GAAP and Other Financial Measures" in the Q3 2023 MD&A for an explanation of the composition of this supplementary financial measure, which information is incorporated by reference into this news release.

FINANCIAL AND OPERATIONAL RESULTS

(Cdn\$ millions, except per share amounts ⁽¹⁾ , boe amounts, and common shares outstanding)	Three Months Ended			Nine Months Ended	
	June 30, 2023	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
FINANCIAL RESULTS					
Net income	278.9	236.4	867.8	1,090.2	1,561.3
Per share	0.46	0.39	1.32	1.78	2.32
Cash flow from operating activities	550.9	604.2	1,103.6	1,695.4	2,955.0
Per share ⁽²⁾	0.90	0.99	1.68	2.76	4.38
Funds from operations	560.8	662.2	953.0	1,940.4	2,726.3
Per share	0.92	1.09	1.45	3.16	4.04
Free funds flow	144.3	260.8	580.1	635.1	1,667.7
Per share	0.24	0.43	0.89	1.04	2.47
Dividends declared	103.7	103.0	76.7	298.6	224.8
Per share	0.17	0.17	0.12	0.49	0.34
Cash flow used in investing activities	464.4	394.6	351.9	1,256.4	1,062.5
Capital expenditures	416.5	401.4	372.9	1,305.3	1,058.6
Long-term debt	1,122.0	1,108.9	1,126.6	1,108.9	1,126.6
Net debt	1,281.1	1,243.5	1,541.3	1,243.5	1,541.3
Common shares outstanding, weighted average diluted (millions)	611.5	609.0	655.4	613.2	674.2
Common shares outstanding, end of period (millions)	608.4	605.0	637.6	605.0	637.6
OPERATIONAL RESULTS					
Production					
Crude oil (bbl/day)	8,076	8,872	8,149	8,281	8,114
Condensate (bbl/day)	75,464	78,226	82,203	74,951	77,018
Crude oil and condensate (bbl/day)	83,540	87,098	90,352	83,232	85,132
Natural gas (MMcf/day)	1,289	1,353	1,227	1,302	1,242
NGLs (bbl/day)	45,202	47,557	47,108	47,182	48,736
Total (boe/day)	343,630	360,177	342,034	347,475	340,855
Average realized price					
Crude oil (\$/bbl) ⁽³⁾	88.13	104.91	111.41	95.65	119.31
Condensate (\$/bbl) ⁽³⁾	93.43	103.21	110.35	100.21	122.14
Natural gas (\$/Mcf) ⁽³⁾	2.83	3.16	9.29	3.93	8.10
NGLs (\$/bbl) ⁽³⁾	20.89	19.63	20.72	23.09	27.67
Average realized price (\$/boe) ⁽³⁾	35.97	39.47	65.37	41.75	63.89
Netback					
Commodity sales from production (\$/boe) ⁽³⁾	35.97	39.47	65.37	41.75	63.89
Royalties (\$/boe) ⁽³⁾	(4.38)	(4.68)	(9.23)	(5.63)	(9.37)
Operating expense (\$/boe) ⁽³⁾	(4.81)	(4.94)	(4.69)	(4.76)	(4.46)
Transportation expense (\$/boe) ⁽³⁾	(5.34)	(4.94)	(6.08)	(5.29)	(5.97)
Netback (\$/boe) ⁽³⁾	21.44	24.91	45.37	26.07	44.09
TRADING STATISTICS⁽⁴⁾					
High price	18.44	22.05	19.51	22.05	22.88
Low price	15.38	17.63	13.12	14.33	11.66
Close price	17.67	21.68	16.59	21.68	16.59
Average daily volume (thousands of shares)	4,009	3,705	5,315	4,559	7,322

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

(2) See "Non-GAAP and Other Financial Measures" in the Q3 2023 MD&A for an explanation of the composition of this supplementary financial measure, which information is incorporated by reference into this news release.

(3) Non-GAAP ratio that is not a standardized financial measure under IFRS and may not be comparable to similar financial measures disclosed by other issuers. Netback, a non-GAAP financial measure, is used as a component of the non-GAAP ratio. See "Non-GAAP and Other Financial Measures" in the Q3 2023 MD&A for the non-GAAP ratio for the comparative period and other information relating to this non-GAAP ratio, which information is incorporated by reference into this news release.

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

2024 BUDGET

The 2024 budget prioritizes disciplined growth and long-term profitability. To achieve this, ARC will pursue capital efficient Montney development by completing its first phase at Attachie, and advance margin expansion opportunities such as long-term liquefied natural gas ("LNG") supply agreements. Combined, these actions are expected to result in meaningful growth in free funds flow per share in 2025 and beyond.

The budget adheres to ARC's guiding principles of operational excellence and capital discipline, and leverages the competitive strengths established over its 28 years that include world-class people, high-quality assets, and a transportation portfolio with global reach to key demand markets.

Highlights

- ARC plans to invest between \$1.75 billion and \$1.85 billion⁽¹⁾ in capital expenditures in 2024 to generate average production of between 350,000 and 360,000 boe per day (63 per cent natural gas and 37 per cent crude oil and liquids).
- Capital expenditures, excluding the investments at Attachie, represent an approximate 25 per cent decrease compared to 2023. The lower capital expenditures on the base assets is primarily related to a lower corporate decline rate, lower capital expenditures at Kakwa, operational decisions to minimize non-productive capital, and realized cost savings.
- ARC estimates capital expenditures required to maintain production at 350,000 to 360,000 boe per day to be between \$1.3 billion and \$1.4 billion.
- Production guidance in 2024 incorporates the anticipated expiry of an ethane sales contract in the second quarter that will reduce reported NGL production by approximately 5,000 barrels per day on an annualized basis in 2024. As a result, ARC expects to re-inject ethane into its natural gas stream resulting in an expected increase in revenue from sales of higher heat content natural gas that will offset the impact to funds from operations.
- Kakwa production is expected to average approximately 180,000 boe per day (175,000 boe per day upon expiry of the ethane sales contract). This is the optimal production level to maximize profitability and moderate the decline rate, with an estimated 15 years of inventory at this production level from currently identified locations:
 - Condensate production at Kakwa is expected to remain relatively flat in 2024 compared to 2023 despite lower capital spending and fewer planned wells at Kakwa. Development in 2024 will focus primarily in the condensate-rich areas of the asset, following 2023 activity where ARC planned and executed development in areas where condensate gas ratios were lower.

Attachie Phase I

- Total capital investment to bring Attachie Phase I on-stream to its facility capacity is unchanged at approximately \$740 million, with approximately \$240 million planned in 2023 and \$500 million in 2024.
 - ARC is on track to complete the first phase of Attachie (40,000 boe per day facilities, 40 per cent natural gas and 60 per cent crude oil and liquids) in the first quarter of 2025, with commissioning volumes expected in late 2024.
 - Infrastructure related capital represents 55 to 60 per cent of the total investment, with the remainder allocated to the drilling and completion of approximately 40 wells to initially fill the facilities in 2025.

(1) Refer to the section entitled "About ARC Resources Ltd." contained within the Q3 2023 MD&A for historical capital expenditures, which information is incorporated by reference into this news release.

- ARC estimates that the facilities and related infrastructure are approximately 20 per cent complete to date.
 - The natural gas sales line is installed, and the liquids line is progressing as planned.
 - ARC expects Attachie Phase I to be fully electrified through BC Hydro upon start-up, thereby lowering ARC's emissions intensity per boe.
 - ARC plans to begin drilling at Attachie Phase I in the fourth quarter of 2023 utilizing its existing rig fleet, and has secured services to fully execute the capital program.

2024 Guidance

ARC's 2024 corporate guidance is based on various commodity price scenarios and economic conditions; certain guidance estimates may fluctuate with commodity price changes and regulatory changes. ARC's guidance provides readers with the information relevant to Management's expectations for financial and operational results for 2024. Readers are cautioned that the guidance estimates may not be appropriate for any other purpose.

	2024 Guidance
Crude oil and condensate (bbl/day)	87,000 - 91,500
Natural gas (MMcf/day)	1,325 - 1,340
NGLs (bbl/day)	42,000 - 45,000
Total (boe/day)	350,000 - 360,000
Expenses (\$/boe) ⁽¹⁾	
Operating	4.50 - 4.90
Transportation	5.50 - 6.00
General and administrative ("G&A") expense before share-based compensation expense	1.05 - 1.25
G&A - share-based compensation expense	0.25 - 0.35
Interest and financing ⁽²⁾	0.90 - 1.00
Current income tax expense as a per cent of funds from operations ⁽¹⁾	10 - 15
Capital expenditures (\$ billions) ⁽³⁾	1.75 - 1.85

(1) See "Non-GAAP and Other Financial Measures" in the Q3 2023 MD&A for an explanation of the composition of these supplementary financial measures, which information is incorporated by reference into this news release.

(2) Excludes accretion of ARC's asset retirement obligation.

(3) Refer to the section entitled "About ARC Resources Ltd." contained within the Q3 2023 MD&A for historical capital expenditures, which information is incorporated by reference into this news release.

2023 Guidance

Full-year 2023 guidance for production, expenses, and capital expenditures remains unchanged. Refer to the section entitled "Annual Guidance" in ARC's MD&A for the three and nine months ended September 30, 2023, available on ARC's website at www.arcresources.com and under ARC's SEDAR+ profile at www.sedarplus.ca.

OUTLOOK

ARC provided details of its long-term strategy at its Investor Update in June 2023 following the sanction of Attachie Phase I. The strategy relies upon a disciplined investment framework that balances organic growth in the Montney with a meaningful return of capital to shareholders that is sustainable through commodity price cycles. Underpinned by its financial strength and high-quality asset base, ARC remains committed to returning essentially all free funds flow to shareholders.

The development of Attachie over multiple phases, beginning with Phase I in 2025, will represent a positive fundamental change for ARC. This aligns with demand growth in both local and global end-markets, where the Company has long-term transportation agreements in place to deliver its products.

The first phase of Attachie marks the eighth Montney infrastructure project for ARC, and remains on schedule and within budget. Consistent with the Company's long track record of execution, ARC has taken steps to mitigate risk and manage the costs to achieve the financial returns as planned. Long-lead items were procured in advance, drilling and completions services are secured, and drilling activity is expected to commence in the fourth quarter of 2023.

With Attachie Phase I anticipated to be on-stream in 2025, ARC is positioned to achieve a significant step-change in production and free funds flow per share:

- Production is expected to increase approximately 10 per cent, and 27 per cent per share⁽¹⁾ compared to 2023.
- Free funds flow per share is expected to increase by approximately 100 per cent compared to 2023.

The anticipated per share growth is driven by a combination of capital efficient Montney growth and a meaningful return of capital in the form of share repurchases. Cumulative capital expenditures in 2024 and 2025 are expected to represent approximately 50 per cent of funds from operations, with the remainder allocated to base dividend growth and share repurchases. Net debt is expected to remain relatively flat, implying a net debt to funds from operations ratio of approximately 0.5 times.

The outlook through 2025 is outlined below, subject to Board approval.

	2023	2024	2025
Total production (boe/day)	350,000 - 355,000	350,000 - 360,000	375,000 - 400,000
Natural gas production (%)	62 %	63 %	60 %
Crude oil and liquids production (%)	38 %	37 %	40 %
Capital Expenditures (\$ billions)	1.8 - 1.9	1.75 - 1.85	1.6 - 1.8
Funds from Operations (\$ billions) ⁽²⁾	2.7 - 2.8	2.9 - 3.2	3.4 - 3.7

(1) Represents average daily production divided by the diluted weighted average common shares outstanding for the respective periods.

(2) Based on the forward curve at October 19, 2023 (2024: WTI US\$81.00 per barrel; C\$2.89/Mcf AECO; 2025: WTI US\$75 per barrel; C\$3.86/Mcf AECO).

FINANCIAL AND OPERATIONAL RESULTS

Production

- ARC's production averaged 360,177 boe per day during the third quarter of 2023 (63 per cent natural gas and 37 per cent crude oil and liquids).
 - Production increased five per cent year-over-year, and 13 per cent on a per share basis. The increase in production was driven primarily from Kakwa and Sunrise.
- Production in the fourth quarter of 2023 is estimated at approximately 355,000 boe per day (62 per cent natural gas and 38 per cent crude oil and liquids).

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

Third quarter 2023 funds from operations was \$662 million (\$1.09 per share), representing an 18 per cent increase from the second quarter of 2023. The increase was driven by a combination of higher production volumes and average realized commodity prices, offset primarily by higher royalties and current taxes.

- Third quarter 2023 cash flow from operating activities was \$604 million, increasing by \$53 million (\$0.09 per share) from the second quarter of 2023.
- ARC generated free funds flow of \$261 million (\$0.43 per share) during the third quarter of 2023, representing an increase of \$117 million (\$0.19 per share) from the second quarter of 2023.

The following table details the change in funds from operations for the third quarter of 2023 relative to the second quarter of 2023.

Funds from Operations Reconciliation	\$ millions	\$/share⁽¹⁾
Funds from operations for the three months ended June 30, 2023	560.8	0.92
Production volumes		
Crude oil and liquids	43.4	0.07
Natural gas	20.2	0.03
Commodity prices		
Crude oil and liquids	78.6	0.14
Natural gas	41.1	0.06
Sales of commodities purchased from third parties	30.0	0.05
Interest income	(0.2)	—
Other income	2.9	—
Realized loss on risk management contracts	(12.8)	(0.02)
Royalties	(18.5)	(0.03)
Expenses		
Commodities purchased from third parties	(30.3)	(0.05)
Operating	(13.1)	(0.02)
Transportation	3.0	—
G&A	(10.7)	(0.02)
Interest and financing	(1.3)	—
Current income tax	(37.0)	(0.06)
Realized gain on foreign exchange	6.3	0.01
Other	(0.2)	—
Weighted average shares, diluted	—	0.01
Funds from operations for the three months ended September 30, 2023	662.2	1.09

(1) Per share amounts are based on weighted average diluted common shares.

Shareholder Returns

- During the third quarter, ARC distributed 71 per cent or \$185 million (\$0.30 per share) of free funds flow to shareholders through a combination of dividends and share repurchases under its NCIB.
 - During the third quarter 2023, ARC declared dividends of \$103 million (\$0.17 per share).
 - ARC repurchased 4.1 million common shares under its NCIB at a weighted average price of \$19.95 per share.
- In the first nine months of 2023, ARC has returned 92 per cent of free funds flow to shareholders.

- Since commencing its initial NCIB in September 2021, ARC has repurchased approximately 17 per cent of total outstanding shares or 124 million common shares, at a weighted average price of \$15.81 per share.
- ARC intends to continue to distribute essentially all of its free funds flow to shareholders.

Operating, Transportation, and General and Administrative Expense

Operating Expense

- Operating expense per boe increased three per cent or by \$0.13 per boe quarter-over-quarter, reflecting planned maintenance activity.
- ARC's operating expense is expected to decrease in the fourth quarter with planned maintenance largely complete. ARC's full-year 2023 operating expense is expected to be within the guidance range.

Transportation Expense

- ARC's third quarter 2023 transportation expense per boe of \$4.94 decreased by \$0.40 per boe from the second quarter of 2023 primarily due to increased volumes.
- ARC's full-year 2023 transportation expense is expected to be slightly below ARC's guidance range of \$5.50 to \$6.00 per boe primarily due to modifications to certain natural gas transportation contracts and lower fuel gas expense.

General and Administrative Expense

- ARC's third quarter 2023 general and administrative expense before share-based compensation expense per boe of \$1.01 decreased by \$0.09 per boe from the second quarter of 2023.
- General and administrative expense through the first nine months of 2023 of \$1.68 per boe is above Company guidance primarily due to share based compensation expense related to share price appreciation.

Cash Flow Used in Investing Activities and Capital Expenditures

- Capital expenditures in the third quarter were \$401 million. ARC drilled 33 wells and completed 35 wells during the third quarter, focused mainly at Kakwa, Greater Dawson and Sunrise. Other capital expenditures included Attachie Phase I infrastructure.
- Cash flow used in investing activities was \$395 million during the third quarter of 2023. During the nine months ended September 30, 2023, cash flow used in investing activities was \$1.3 billion. Of this, ARC invested \$1.3 billion in capital expenditures to drill 111 wells and complete 118 wells.

The following table details ARC's capital activity by area during the first nine months of 2023.

Area	Nine Months Ended September 30, 2023	
	Wells Drilled ⁽¹⁾⁽²⁾	Wells Completed ⁽¹⁾
Kakwa	60	76
Greater Dawson	29	17
Sunrise	18	17
Ante Creek	4	8
Total	111	118

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

(2) Excludes disposal wells.

Physical Marketing & Risk Management

- In the third quarter, ARC realized an average natural gas price of \$3.16 per Mcf, 32 per cent greater than the average AECO 7A Monthly Index price for the period.
- The Company continues to advance additional opportunities to supply natural gas to international markets through long-term LNG supply agreements.
 - ARC plans to market up to 25 per cent of its future natural gas production to international markets with revenue linked to international or LNG pricing.

Net Debt

- As of September 30, 2023, ARC's long-term debt balance was \$1.1 billion, and its net debt balance was \$1.2 billion or 0.4 times funds from operations.
- ARC targets its net debt to be approximately 1.0 times funds from operations and manages its capital structure to achieve that target over the long term.
 - Long-term debt is comprised of \$1.0 billion of senior notes outstanding and \$0.1 billion in borrowings under the Company's credit facility.
- ARC holds an investment-grade credit rating, which allows the Company to have access to capital and manage a low-cost capital structure. ARC is committed to protecting its strong financial position by maintaining significant financial flexibility with its balance sheet.

Net Income

- ARC recognized net income of \$236 million (\$0.39 per share) during the third quarter of 2023, a decrease of \$43 million (\$0.07 per share) from the second quarter of 2023.

BOARD OF DIRECTORS UPDATE

Mr. Farhad Ahrabi will be retiring from the Board at year end 2023. ARC would like to extend its sincerest gratitude to Mr. Ahrabi for the guidance he provided during his four-year tenure.

CONFERENCE CALL

ARC's senior leadership team will be hosting a conference call to discuss the Company's third quarter 2023 results on Friday, November 3, 2023, at 8:00 a.m. Mountain Time ("MT").

Date	Friday, November 3, 2023
Time	8:00 a.m. MT
Dial-in Numbers	
Calgary	587-880-2171
Toronto	416-764-8659
Toll-free	1-888-664-6392
Conference ID	75545576
Webcast URL	https://app.webinar.net/wKe25d2aWQz

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

NON-GAAP AND OTHER FINANCIAL MEASURES

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

Non-GAAP Financial Measures

Capital Expenditures

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

Capital Expenditures (\$ millions)	Three Months Ended			Nine Months Ended	
	June 30, 2023	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Cash flow used in investing activities	464.4	394.6	351.9	1,256.4	1,062.5
Acquisition of crude oil and natural gas assets	—	—	(1.0)	(0.5)	(2.6)
Disposal of crude oil and natural gas assets	—	—	4.5	73.6	11.9
Long-term investments	(3.2)	(0.7)	(8.6)	(5.1)	(8.7)
Change in non-cash investing working capital	(44.8)	3.9	22.1	(24.9)	(14.4)
Other ⁽¹⁾	0.1	3.6	4.0	5.8	9.9
Capital expenditures	416.5	401.4	372.9	1,305.3	1,058.6

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

Free Funds Flow

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

Free Funds Flow (\$ millions)	Three Months Ended			Nine Months Ended	
	June 30, 2023	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Cash flow from operating activities	550.9	604.2	1,103.6	1,695.4	2,955.0
Net change in other liabilities	(13.9)	7.9	43.3	7.7	115.3
Change in non-cash operating working capital	23.8	50.1	(193.9)	237.3	(344.0)
Funds from operations	560.8	662.2	953.0	1,940.4	2,726.3
Capital expenditures ⁽¹⁾	(416.5)	(401.4)	(372.9)	(1,305.3)	(1,058.6)
Free funds flow	144.3	260.8	580.1	635.1	1,667.7

(1) Certain additional disclosures for these specified financial measures have been incorporated by reference. See "Cash Flow used in Investing Activities, Capital Expenditures, Acquisitions, and Dispositions" in the Q3 2023 MD&A.

FORWARD-LOOKING INFORMATION AND STATEMENTS

This news release contains certain forward-looking statements and forward-looking information (collectively referred to as "forward-looking information") within the meaning of applicable securities legislation about current expectations regarding the future based on certain assumptions made by ARC. Although ARC believes that the expectations represented by such forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. Forward-looking information in this news release is identified by words such as "anticipate", "believe", "ongoing", "may", "expect", "estimate", "plan", "will", "project", "continue", "target", "strategy", "upholding", or similar expressions, and includes suggestions of future outcomes. In particular, but without limiting the foregoing, this news release contains forward-looking information with respect to: ARC's 2024 capital budget including expectations with respect to ARC's planned investments in capital expenditures, 2024 average annual production and the component thereof, anticipated condensate production, anticipated expiry of the ethane sales contract, the anticipated on-stream date of the Attachie asset capital investment and the total capital investment in the Attachie asset in 2023 and 2024, Kakwa production estimates, estimates that there will be 15 years of inventory from anticipated Kakwa production, the anticipated focus of Kakwa development, that corporate condensate production will remain largely unchanged, estimated capital expenditures to maintain production, 2024 production guidance, anticipated productive capacity in the first quarter of 2025 for Attachie Phase I, the productive capacity of the Attachie asset, the anticipated timing of development and drilling at Attachie Phase I and the anticipated benefits therefrom, estimates that the Attachie Phase I facilities and related infrastructure are approximately 20 per cent complete, ARC's plans regarding electrification and the anticipated benefits therefrom, plans to begin drilling at Attachie Phase I in early 2024, ARC's intention to return all of its free funds flow to shareholders in 2024 through dividends and share repurchases and ARC's 2024 corporate guidance; anticipated per share growth of production and free funds flow; expectations with respect to cumulative capital expenditures in 2024 and 2025; expectations with respect to net debt; ARC's 2025 outlook; fourth quarter production estimates and impacts thereof; that ARC's operating expense will decrease in the fourth quarter; that ARC will continue to advance additional opportunities to supply natural gas to international markets through long-term LNG supply agreements including plans to market up to 25 per cent of its future natural gas production to international markets; net debt targets; and other statements. Further, statements relating to reserves are deemed to be forward-looking information, as they involve the implied assessment, based on certain estimates and assumptions, that the resources and reserves described can be profitably produced in the future. In addition, forward-looking information may include statements attributable to third-party industry

sources. There can be no assurance that the plans, intentions, or expectations upon which these forward-looking statements are based will occur.

Readers are cautioned not to place undue reliance on forward-looking information as ARC's actual results may differ materially from those expressed or implied. ARC undertakes no obligation to update or revise any forward-looking information except as required by law. Developing forward-looking information involves reliance on a number of assumptions and consideration of certain risks and uncertainties, some of which are specific to ARC and others that apply to the industry generally. The material assumptions on which the forward-looking information in this news release are based, and the material risks and uncertainties underlying such forward-looking information, include: ARC's ability to successfully integrate and realize the anticipated benefits of completed or future acquisitions and divestitures; access to sufficient capital to pursue any development plans; ARC's ability to issue securities and to repurchase its securities under the NCIB; expectations and projections made in light of ARC's historical experience; data contained in key modeling statistics; the potential implementation of new technologies and the cost thereof; forecast commodity prices and other pricing assumptions with respect to ARC's 2023 and 2024 capital expenditure budget; assumptions with respect to ARC's 2024 and 2025 guidance; continuing uncertainty of the impact of the June 29, 2021 BC Supreme Court ruling in *Blueberry River First Nations (Yahey) v. Province of British Columbia* on BC and/or federal laws or policies affecting resource development in northeast BC and potential outcomes of the negotiations between Blueberry River First Nations and the Government of BC; assumptions with respect to global economic conditions and the accuracy of ARC's market outlook expectations for 2023, 2024 and in the future; suspension of or changes to guidance, and the associated impact to production; the assumption that the regulatory environment will be able to support ARC's investment in the execution of Attachie Phase I, including that regulatory authorities in BC will resume granting approvals for oil and gas activities relating to drilling, completions, testing, processing facilities, and production and transportation infrastructure in 2023 on time frames, and terms and conditions, consistent with past practice; forecast production volumes based on business and market conditions; the accuracy of outlooks and projections contained herein; that future business, regulatory, and industry conditions will be within the parameters expected by ARC, including with respect to prices, margins, demand, supply, product availability, supplier agreements, availability, and cost of labour and interest, exchange, and effective tax rates; projected capital investment levels, the flexibility of capital spending plans, and associated sources of funding; the ability of ARC to complete capital programs and the flexibility of ARC's capital structure; applicable royalty regimes, including expected royalty rates; future improvements in availability of product transportation capacity; opportunity for ARC to pay dividends and the approval and declaration of such dividends by the Board; the existence of alternative uses for ARC's cash resources which may be superior to payment of dividends or effecting repurchases of outstanding common shares; cash flows, cash balances on hand, and access to ARC's credit facility being sufficient to fund capital investments; foreign exchange rates; near-term pricing and continued volatility of the market; the ability of ARC's existing pipeline commitments and financial risk management transactions to partially mitigate a portion of ARC's risks against wider price differentials; business interruption, property and casualty losses, or unexpected technical difficulties; estimates of quantities of crude oil, natural gas, and liquids from properties and other sources not currently classified as proved; accounting estimates and judgments; future use and development of technology and associated expected future results; ARC's ability to obtain necessary regulatory approvals generally; potential regulatory and industry changes stemming from the results of court actions affecting regions in which ARC holds assets; risks and uncertainties related to oil and gas interests and operations on Indigenous lands; the successful and timely implementation of capital projects or stages thereof; the ability to generate sufficient cash flow to meet current and future obligations; estimated abandonment and reclamation costs, including associated levies and regulations applicable thereto; ARC's ability to obtain and retain qualified staff and equipment in a timely and cost-efficient manner; ARC's ability to carry out transactions on the desired terms and within the expected timelines; forecast inflation and other assumptions inherent in the guidance of ARC; the retention of key assets; the continuance of existing tax, royalty, and regulatory regimes; GLJ Ltd.'s estimates with respect to commodity pricing; ARC's ability to access and implement all technology necessary to efficiently and effectively operate its assets; and other assumptions, risks, and uncertainties described from time to time in the filings made by ARC with securities regulatory authorities.

Forward-looking information in this news release pertaining to dividend increases and the repurchase of ARC's outstanding common shares, while based on ARC's current intentions and beliefs, are not guaranteed and should not be unduly relied upon. Any decisions with respect to dividends and/or share repurchases are subject to the approval of the Board.

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

The forward-looking information in this news release also includes financial outlooks and other related forward-looking information (including production and financial-related metrics) relating to ARC, including, but not limited to: the expectations of ARC regarding free funds flow, funds from operations, net debt, and production. Any financial outlook and forward-looking information implied by such forward-looking statements are described in ARC's MD&A, and ARC's most recent annual information form, which are available on ARC's website at www.arcresources.com and under ARC's SEDAR+ profile at www.sedarplus.ca and are incorporated by reference herein.

About ARC

ARC Resources Ltd. is a pure-play Montney producer and one of Canada's largest dividend-paying energy companies, featuring low-cost operations and leading ESG performance. ARC's investment-grade credit profile is supported by commodity and geographic diversity and robust risk management practices around all aspects of the business. ARC's common shares trade on the Toronto Stock Exchange under the symbol ARX.

ARC RESOURCES LTD.

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ARC Resources Ltd.

Suite 1200, 308 - 4 Avenue SW

Calgary, AB T2P 0H7

Q3 2023

Management's **Discussion & Analysis**



MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") of ARC Resources Ltd. ("ARC" or the "Company") is Management's analysis of the financial performance and significant trends and external factors that may affect future performance. It is dated November 2, 2023, and should be read in conjunction with the unaudited condensed interim consolidated financial statements (the "financial statements") as at and for the three and nine months ended September 30, 2023, and the MD&A and audited consolidated financial statements for the year ended December 31, 2022, as well as ARC's Annual Information Form ("AIF"), each of which is available on ARC's website at www.arcresources.com and on SEDAR+ at www.sedarplus.ca. All financial information is reported in Canadian dollars and all per share information is based on diluted weighted average common shares, unless otherwise noted.

Throughout this MD&A, crude oil ("crude oil") refers to light crude oil, medium crude oil, and heavy crude oil as defined by National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"). Condensate is a natural gas liquid as defined by NI 51-101. Throughout this MD&A, natural gas liquids ("NGLs") comprise all NGLs as defined by NI 51-101 other than condensate, which is disclosed separately. Crude oil and liquids ("crude oil and liquids") refers to crude oil, condensate, and NGLs.

Throughout this MD&A and in other materials disclosed by the Company, ARC presents financial measures that adhere to Canadian generally accepted accounting principles ("GAAP") and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (the "IASB"), however the Company also employs certain non-GAAP financial measures to analyze financial performance, financial position, and cash flow including, "netback", "capital expenditures", "free funds flow", "adjusted earnings before interest and taxes" ("adjusted EBIT"), and "average capital employed". Additionally, other financial measures are also used to analyze performance including, but not limited to, "funds from operations" and "net debt". These non-GAAP and other financial measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to similar measures presented by other entities. The non-GAAP and other financial measures should not be considered to be more meaningful than GAAP measures which are determined in accordance with IFRS, such as net income, cash flow from operating activities, and cash flow used in investing activities, as indicators of ARC's performance.

Readers are cautioned that the MD&A should be read in conjunction with the sections entitled "Non-GAAP and Other Financial Measures", "Forward-looking Information and Statements", and "Glossary" at the end of this MD&A.

ABOUT ARC RESOURCES LTD.

ARC is a dividend-paying, Canadian energy company headquartered in Calgary, Alberta. ARC's activities focus on the exploration, development, and production of unconventional natural gas, condensate, NGLs, and crude oil in western Canada with an emphasis on the development of properties with a large volume of hydrocarbons in-place, commonly referred to as "resource plays".

The guiding principles upon which ARC conducts its business have created a strong foundation for the Company's performance. ARC's standards of operational excellence, robust risk management program, and strong balance sheet have positioned the Company to prudently manage volatile market conditions. The Company's concentrated Montney asset base, located in premier positions within the Montney fairway and including a network of owned-and-operated infrastructure, allows ARC to deliver strong capital and operating efficiencies. The commodity and geographic optionality within the asset base allows ARC to manage risk. ARC exercises capital discipline and maintains a deliberate pace of development to manage its corporate decline rate. ARC's sustainable business model is focused on a strong balance sheet, ample liquidity, environmental, social, and governance leadership, long-term corporate profitability, generating free funds flow, and paying a sustainable dividend to shareholders. In combination with the Company's premier land position in the Montney, significant resources in-place with a large inventory of future drilling locations, and high-performance people and culture, these principles make ARC a differentiated company.

Highlights

Corporate highlights for the annual periods of 2019 through 2022 and the nine months ended September 30, 2023 are shown in Table 1:

Table 1

(\$ millions, except per share amounts, or unless otherwise noted)	2023 YTD	2022	2021	2020	2019
Production ⁽¹⁾					
Crude oil (bbl/d)	8,281	7,904	10,435	15,726	17,591
Condensate (bbl/d)	74,951	78,489	59,958	13,519	10,066
Crude oil and condensate (bbl/d)	83,232	86,393	70,393	29,245	27,657
Natural gas (MMcf/d)	1,302	1,259	1,149	739	623
NGLs (bbl/d)	47,182	49,385	40,084	9,112	7,578
Total production (boe/d)	347,475	345,613	302,003	161,564	139,126
Average daily production per thousand shares ⁽²⁾	0.57	0.52	0.48	0.46	0.39
Net income (loss)	1,090.2	2,302.3	786.6	(547.2)	(27.6)
Net income (loss) per share	1.78	3.47	1.25	(1.55)	(0.08)
Cash flow from operating activities	1,695.4	3,833.3	2,006.5	655.7	638.8
Cash flow from operating activities per share ⁽³⁾	2.76	5.78	3.20	1.86	1.81
Funds from operations ⁽⁴⁾	1,940.4	3,712.5	2,415.4	667.6	697.4
Funds from operations per share ⁽³⁾	3.16	5.60	3.85	1.89	1.97
Free funds flow ⁽⁵⁾	635.1	2,270.6	1,353.6	324.4	5.9
Free funds flow per share ⁽⁶⁾	1.04	3.42	2.16	0.92	0.02
Cash flow used in investing activities	1,256.4	1,413.2	808.1	364.3	673.3
Capital expenditures ⁽⁷⁾	1,305.3	1,441.9	1,061.8	343.2	691.5
Long-term debt ⁽⁸⁾	1,108.9	990.0	1,705.3	701.9	877.6
Net debt ⁽⁴⁾	1,243.5	1,301.5	1,828.7	693.5	894.0
Net debt to funds from operations (ratio) ⁽⁴⁾	0.4	0.4	0.8	1.0	1.3
Return on average capital employed ("ROACE") (%) ⁽⁹⁾	27	35	18	(18)	(2)
Proved plus probable reserves (MMboe) ⁽¹⁰⁾⁽¹¹⁾	n/a	1,828.6	1,760.6	929.0	909.9
Proved plus probable reserves per share (boe) ⁽¹⁰⁾⁽¹¹⁾	n/a	2.8	2.8	2.6	2.6

(1) Reported production amount is based on Company's interest before royalty burdens.

(2) Represents average daily production divided by the diluted weighted average common shares outstanding for the nine months ended September 30, 2023, and for the respective years ended December 31, 2022, 2021, 2020, and 2019.

(3) Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for an explanation of composition.

(4) Refer to Note 10 "Capital Management" in the financial statements and to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A.

(5) Non-GAAP financial measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. The most directly comparable GAAP measure for free funds flow is cash flow from operating activities. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A.

(6) Non-GAAP ratio that does not have any standardized meaning under IFRS and therefore may not be comparable to similar ratios presented by other entities. Includes a non-GAAP financial measure component of free funds flow. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for an explanation of composition.

(7) Non-GAAP financial measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. The most directly comparable GAAP measure for capital expenditures is cash flow used in investing activities. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A.

(8) Refer to Note 7 "Long-term Debt" in the financial statements. Long-term debt includes current and long-term portions.

(9) Non-GAAP ratio that does not have any standardized meaning under IFRS and therefore may not be comparable to similar ratios presented by other entities. Includes non-GAAP financial measure components of adjusted EBIT and average capital employed. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for an explanation of composition.

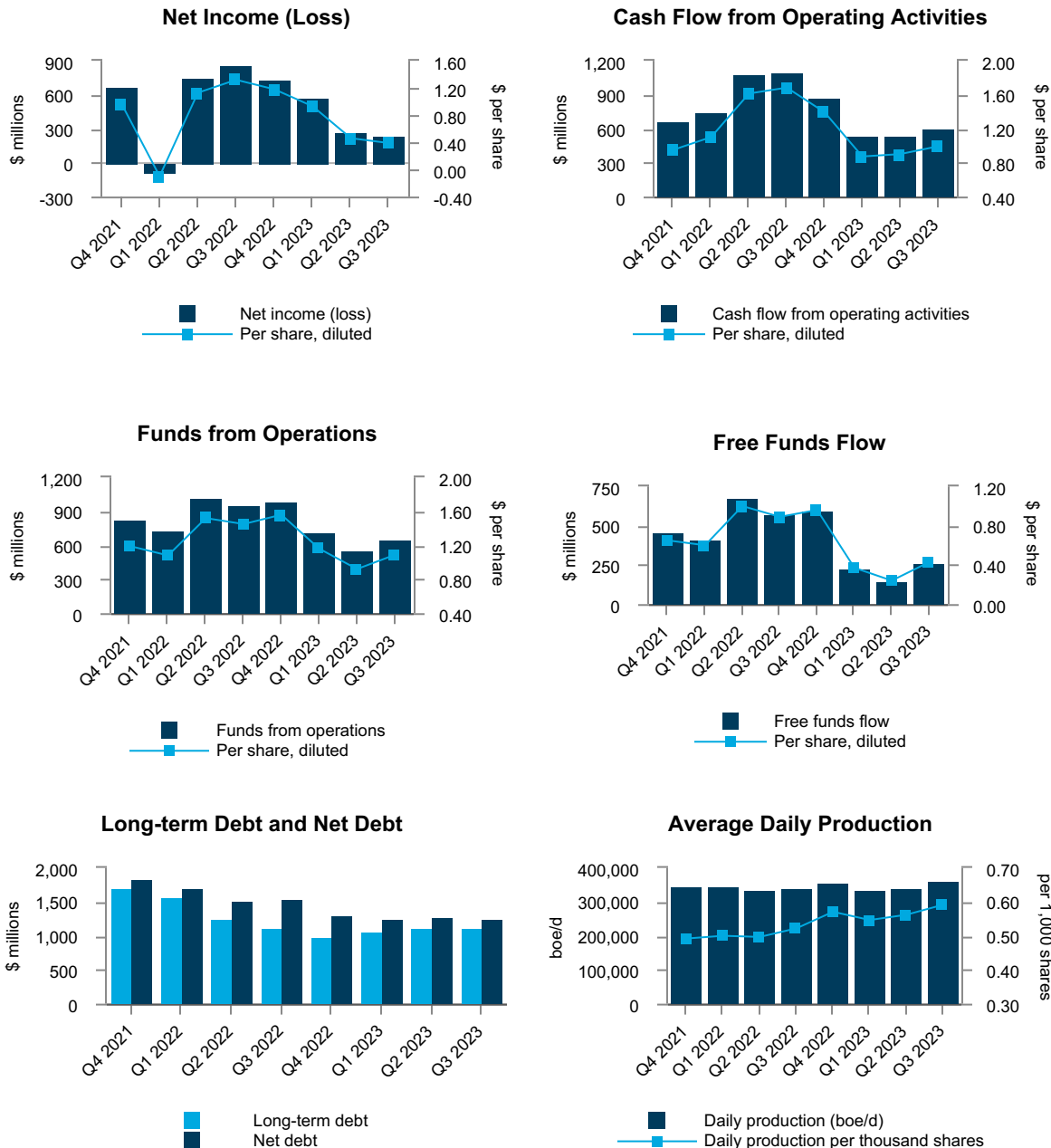
(10) Crude oil, condensate, natural gas, and NGLs reserves ("reserves") as determined by ARC's independent qualified reserve evaluator with an effective date of December 31 for the years shown in accordance with the Canadian Oil and Gas Evaluation Handbook.

(11) Reserves are the gross interest reserves before deduction of royalties and without including any royalty interests. For more information, see ARC's AIF available on ARC's website at www.arcresources.com and on SEDAR+ at www.sedarplus.ca.

QUARTERLY RESULTS ⁽¹⁾

Trends in net income (loss), cash flow from operating activities, and funds from operations are primarily associated with fluctuations in commodity sales from production which reflect changes in production levels and commodity prices. Net income (loss) is also impacted by changes in the value of risk management contracts and impairment or reversal of impairment of property, plant and equipment ("PP&E").

Exhibit 1



(1) The details contained in the graphs above are included in the section entitled "Quarterly Historical Review" contained within this MD&A.

ANNUAL GUIDANCE

ARC's 2023 guidance and a review of 2023 year-to-date results are outlined below:

Table 2

	2023 Guidance	2023 YTD Actual	% Variance from 2023 Guidance
Production			
Crude oil (bbl/d)	8,500 - 9,000	8,281	(3)
Condensate (bbl/d)	76,000 - 78,000	74,951	(1)
Crude oil and condensate (bbl/d)	84,500 - 87,000	83,232	(2)
Natural gas (MMcf/d)	1,295 - 1,305	1,302	—
NGLs (bbl/d)	49,000 - 51,000	47,182	(4)
Total (boe/d)	350,000 - 355,000	347,475	(1)
Expenses (\$/boe) ⁽¹⁾			
Operating	4.45 - 4.85	4.76	—
Transportation	5.50 - 6.00	5.29	(4)
General and administrative ("G&A") expense before share-based compensation expense	0.85 - 0.95	1.09	15
G&A - share-based compensation expense	0.25 - 0.35	0.59	69
Interest and financing ⁽²⁾	0.65 - 0.75	0.68	—
Current income tax expense, as a per cent of funds from operations ⁽¹⁾	10 - 15	8	(20)
Capital expenditures (\$ billions) ⁽³⁾	1.8 - 1.9	1.3	n/a

(1) Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for an explanation of composition.

(2) Excludes accretion of ARC's asset retirement obligation ("ARO").

(3) Refer to the section entitled "About ARC Resources Ltd." contained within this MD&A for historical capital expenditures.

Variances from 2023 guidance ranges are as follows:

- Production is currently below the guidance range but is expected to trend towards the low end of the guidance range through the remainder of the year.
- Transportation is currently below the guidance range and is expected to remain below the guidance range primarily due to modifications to certain natural gas transportation contracts and lower fuel gas costs than anticipated.
- G&A expense before share-based compensation expense is above the guidance range and is anticipated to remain above the guidance range primarily due to additional consulting and information technology costs associated with a systems transformation project initiated in 2023.
- G&A - share-based compensation expense is above the guidance range and is anticipated to remain above the guidance range due to an increase in ARC's share price and the performance multiplier associated with certain of ARC's share-based compensation plans.
- Current income tax as a per cent of funds from operations is below the guidance range and is anticipated to remain below for the balance of the year.

ARC's board of directors (the "Board") has approved a 2024 capital budget of between \$1.75 billion and \$1.85 billion, which is expected to deliver average annual production of between 350,000 and 360,000 boe per day. For more information regarding 2024 guidance, refer to the news release dated November 2, 2023, entitled "ARC Resources Ltd. Reports Third Quarter 2023 Results and Announces 2024 Budget", available on ARC's website at www.arcresources.com and on SEDAR+ at www.sedarplus.ca.

Exhibit 2

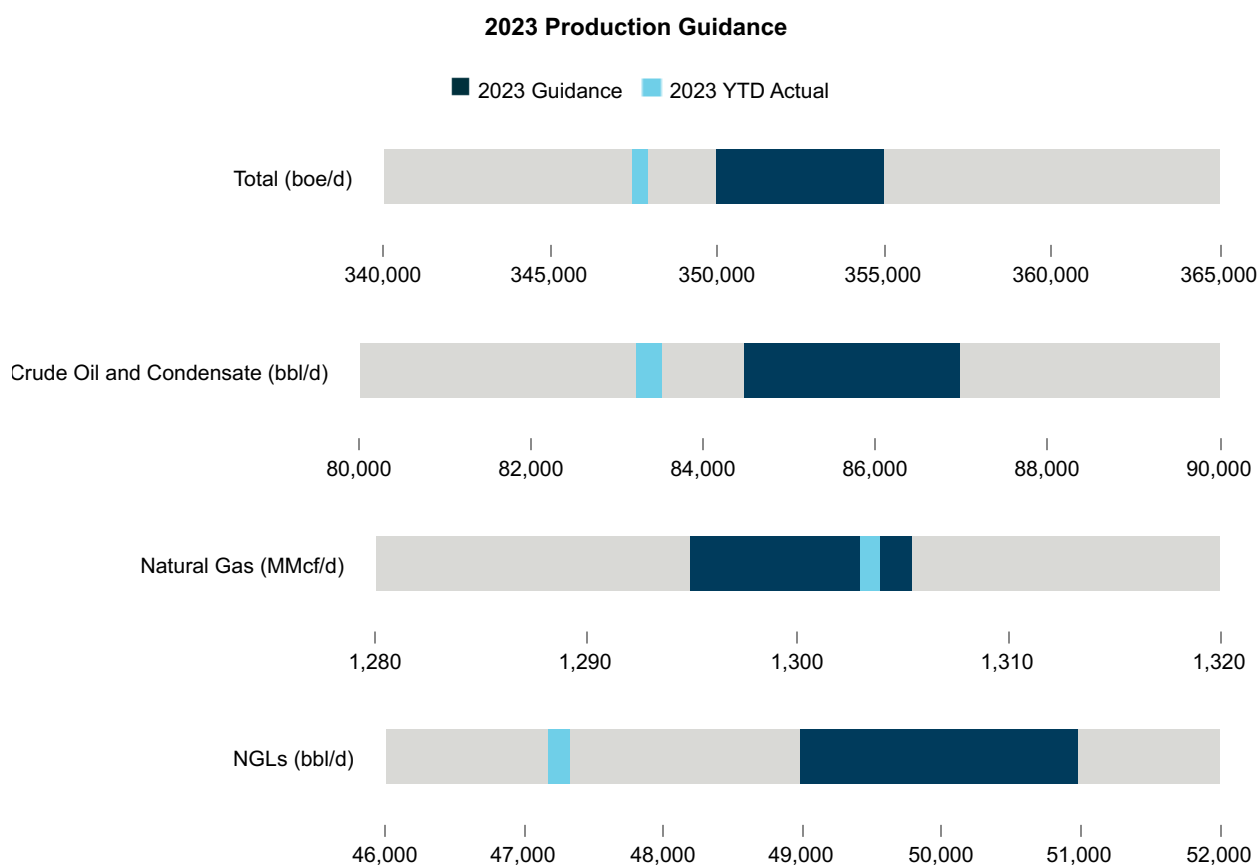


Exhibit 2a



(1) Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for an explanation of composition.

2023 THIRD QUARTER FINANCIAL AND OPERATIONAL RESULTS

Financial Highlights

Table 3

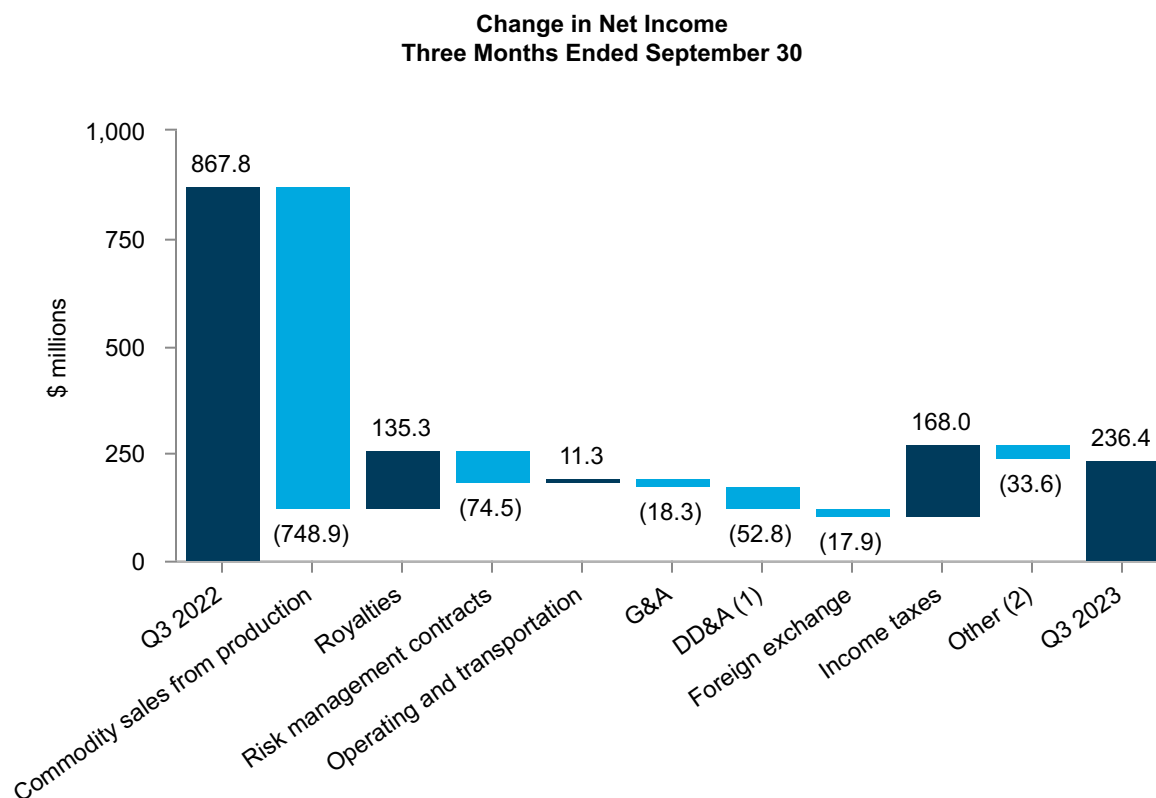
(\$ millions, except per share and volume data)	Three Months Ended				Nine Months Ended		
	June 30, 2023	September 30, 2023	September 30, 2022	% Change	September 30, 2023	September 30, 2022	% Change
Net income	278.9	236.4	867.8	(73)	1,090.2	1,561.3	(30)
Net income per share	0.46	0.39	1.32	(70)	1.78	2.32	(23)
Cash flow from operating activities	550.9	604.2	1,103.6	(45)	1,695.4	2,955.0	(43)
Cash flow from operating activities per share	0.90	0.99	1.68	(41)	2.76	4.38	(37)
Funds from operations	560.8	662.2	953.0	(31)	1,940.4	2,726.3	(29)
Funds from operations per share	0.92	1.09	1.45	(25)	3.16	4.04	(22)
Free funds flow	144.3	260.8	580.1	(55)	635.1	1,667.7	(62)
Free funds flow per share	0.24	0.43	0.89	(52)	1.04	2.47	(58)
Dividends declared per share ⁽¹⁾	0.17	0.17	0.12	42	0.49	0.34	44
Average daily production (boe/d)	343,630	360,177	342,034	5	347,475	340,855	2

(1) Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for an explanation of composition.

Net Income

In the third quarter of 2023, ARC recognized net income of \$236.4 million (\$0.39 per share), a decrease of \$631.4 million from ARC's third quarter 2022 net income of \$867.8 million (\$1.32 per share). The decrease in net income is primarily attributed to a decrease in commodity sales from production of \$748.9 million, driven by lower average realized commodity prices. This was partially offset by a decrease in income taxes of \$168.0 million and a decrease in royalties of \$135.3 million.

Exhibit 3

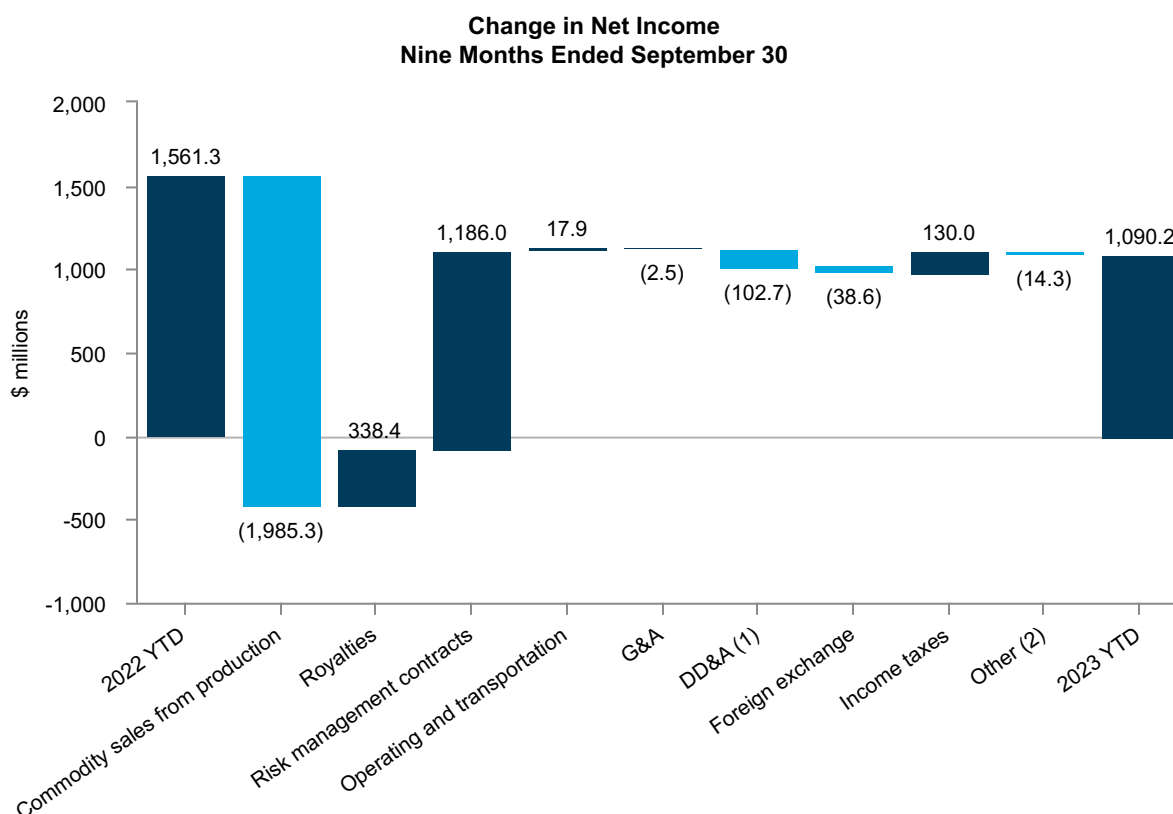


(1) Includes depletion, depreciation and amortization ("DD&A") and impairment of PP&E.

(2) Includes sales of commodities purchased from third parties, interest and other income, commodities purchased from third parties, interest and financing, and impairment of financial assets.

For the nine months ended September 30, 2023, ARC recognized net income of \$1.1 billion (\$1.78 per share) compared to \$1.6 billion (\$2.32 per share) for the same period of the prior year. The \$471.1 million decrease in net income is primarily attributed to a decrease in commodity sales from production of \$2.0 billion, associated with lower average realized commodity prices. Partially offsetting this is a gain on risk management contracts of \$147.4 million, compared to a loss of \$1.0 billion in the same period of the prior year, a decrease in royalties of \$338.4 million, and a decrease in income taxes of \$130.0 million.

Exhibit 3a



(1) Includes DD&A and impairment of PP&E.

(2) Includes sales of commodities purchased from third parties, interest and other income, commodities purchased from third parties, interest and financing, and reversal of impairment of financial assets.

Cash Flow from Operating Activities and Funds from Operations

Cash flow from operating activities for the three months ended September 30, 2023, was \$604.2 million, a decrease of \$499.4 million from ARC's third quarter 2022 cash flow from operating activities of \$1.1 billion. For the nine months ended September 30, 2023, cash flow from operating activities decreased to \$1.7 billion from \$3.0 billion for the same period in 2022. The decrease in cash flow from operating activities for the three and nine months ended September 30, 2023, compared to the three and nine months ended September 30, 2022, is primarily due to lower revenue associated with lower average commodity prices realized.

ARC considers funds from operations to be a key measure of financial performance as it demonstrates ARC's ability to generate the necessary funds to maintain production at current levels and fund future growth through capital investment. Management believes that such a measure provides an insightful assessment of financial performance on a continuing basis by eliminating certain non-cash charges and actual settlements of ARO, of which the nature and timing of expenditures are discretionary. Funds from operations is a capital management measure, which is not a standardized measure and therefore may not be comparable with the calculation of similar measures by other entities.

Refer to Note 10 "Capital Management" in the financial statements and to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A. Table 4 is a reconciliation of ARC's net income to funds from operations and its most directly comparable GAAP measure, cash flow from operating activities:

Table 4

(\$ millions)	Three Months Ended			Nine Months Ended	
	June 30, 2023	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Net income	278.9	236.4	867.8	1,090.2	1,561.3
Adjusted for the following non-cash items:					
Impairment (reversal of impairment) of financial assets	(0.8)	2.8	—	(5.9)	2.5
DD&A	348.3	364.9	312.1	1,052.2	949.5
Accretion of ARO	3.1	3.2	2.9	9.5	7.9
Deferred taxes	56.5	1.3	154.3	148.2	218.2
Unrealized loss (gain) on risk management contracts	(128.3)	59.0	(346.0)	(328.9)	37.1
Unrealized loss (gain) on foreign exchange	2.1	(6.2)	(38.4)	(4.2)	(50.0)
Gain on disposal of crude oil and natural gas assets	—	—	(0.4)	(25.9)	(2.0)
Other	1.0	0.8	0.7	5.2	1.8
Funds from operations	560.8	662.2	953.0	1,940.4	2,726.3
Net change in other liabilities	13.9	(7.9)	(43.3)	(7.7)	(115.3)
Change in non-cash working capital	(23.8)	(50.1)	193.9	(237.3)	344.0
Cash flow from operating activities	550.9	604.2	1,103.6	1,695.4	2,955.0

Details of the change in funds from operations from the three and nine months ended September 30, 2022 to the three and nine months ended September 30, 2023 are included in Table 5 below:

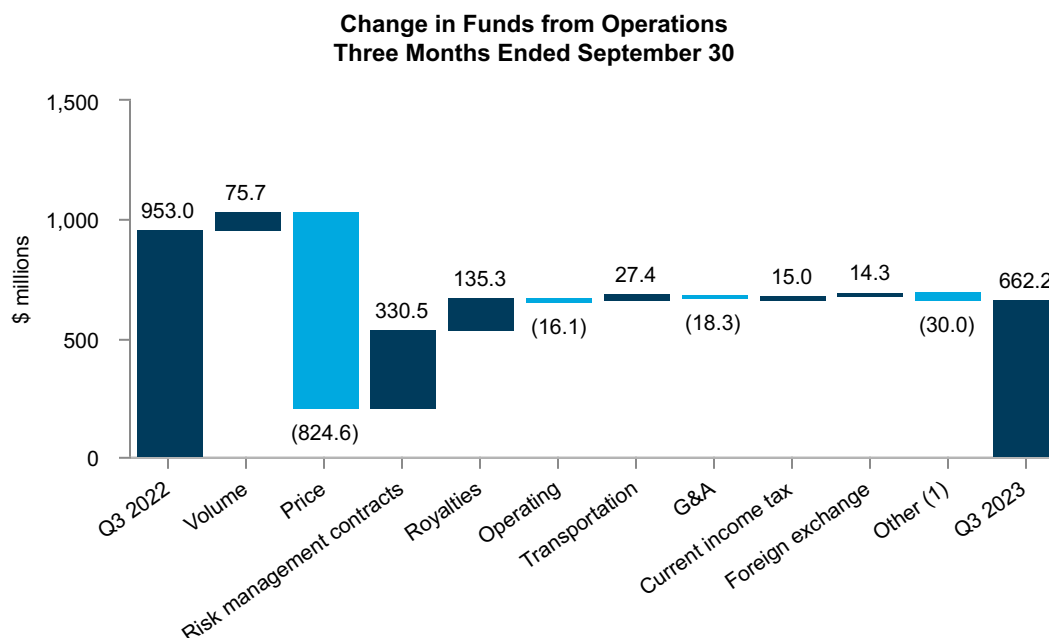
Table 5

	Three Months Ended September 30		Nine Months Ended September 30	
	\$ millions	\$/share	\$ millions	\$/share
Funds from operations – 2022	953.0	1.45	2,726.3	4.04
Production volume variance				
Crude oil and liquids	(32.0)	(0.05)	(75.3)	(0.11)
Natural gas	107.7	0.17	133.8	0.20
Commodity price variance				
Crude oil and liquids	(61.5)	(0.10)	(561.1)	(0.84)
Natural gas	(763.1)	(1.16)	(1,482.7)	(2.22)
Sales of commodities purchased from third parties	(115.4)	(0.18)	(582.6)	(0.86)
Interest and other income	2.0	—	(5.6)	(0.01)
Realized loss on risk management contracts	330.5	0.50	820.0	1.22
Royalties	135.3	0.21	338.4	0.50
Expenses				
Commodities purchased from third parties	85.5	0.13	543.8	0.82
Operating	(16.1)	(0.02)	(36.0)	(0.05)
Transportation	27.4	0.04	53.9	0.08
G&A	(18.3)	(0.03)	(2.5)	—
Interest and financing	(2.2)	—	(0.6)	—
Current income tax	15.0	0.02	60.0	0.09
Realized loss on foreign exchange	14.3	0.02	7.2	0.01
Other	0.1	—	3.4	0.01
Weighted average shares, diluted	—	0.09	—	0.28
Funds from operations – 2023	662.2	1.09	1,940.4	3.16

Funds from operations for the three months ended September 30, 2023, was \$662.2 million (\$1.09 per share), a decrease of \$290.8 million from \$953.0 million (\$1.45 per share) for the three months ended September 30, 2022. For the nine months ended September 30, 2023, funds from operations was \$1.9 billion (\$3.16 per share), a decrease of \$785.9 million from \$2.7 billion (\$4.04 per share) for the nine months ended September 30, 2022.

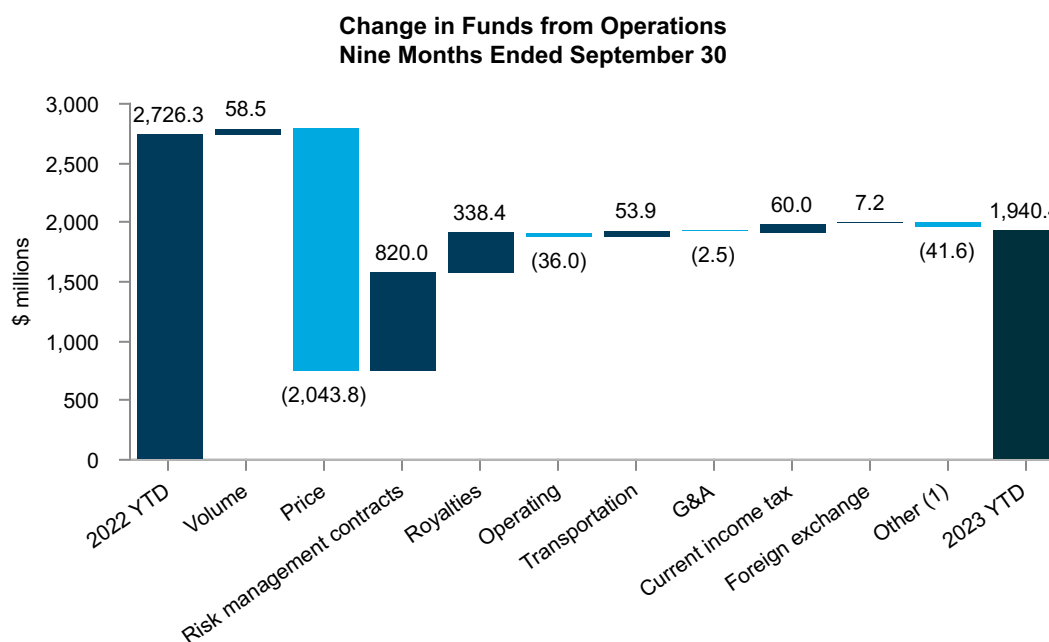
The decrease in funds from operations for the three and nine months September 30, 2023, is primarily due to lower commodity sales from production, resulting from lower average realized commodity prices. This was partially offset by a decrease in the realized loss on risk management contracts and a decrease in royalties, both attributed to lower commodity prices.

Exhibit 4



(1) Includes sales of commodities purchased from third parties, interest and other income, commodities purchased from third parties, interest and financing, and other non-cash items.

Exhibit 4a



(1) Includes sales of commodities purchased from third parties, interest and other income, commodities purchased from third parties, interest and financing, and other non-cash items.

Net Income Sensitivity

Table 6 illustrates sensitivities of operating items to business environment and operational changes and the resulting impact on net income:

Table 6

			Impact on Annual Net Income	
	Assumption	Change	Notional Amount (\$ millions)	\$/share
Business Environment ⁽¹⁾				
Crude oil price (\$/bbl)	95.65	10 %	256.7	0.419
Natural gas price (\$/Mcf)	3.93	10 %	141.8	0.231
Cdn\$/US\$ exchange rate	1.35	5 %	203.5	0.332
Interest rate on floating-rate debt	6.52 %	0.5 %	0.7	0.001
Operational ⁽⁵⁾				
Crude oil and liquids production (bbl/d)	130,414	1 %	24.8	0.040
Natural gas production (MMcf/d)	1,302	1 %	7.7	0.013
Royalties (\$/boe)	5.63	1 %	5.4	0.009
Operating (\$/boe)	4.76	1 %	4.5	0.007
Transportation (\$/boe)	5.29	1 %	5.0	0.008
G&A (\$/boe)	1.68	1 %	1.6	0.003

(1) Calculations are performed independently and may not be indicative of actual results that would occur when multiple variables change at the same time. The subsequent impact on risk management contracts is not included.

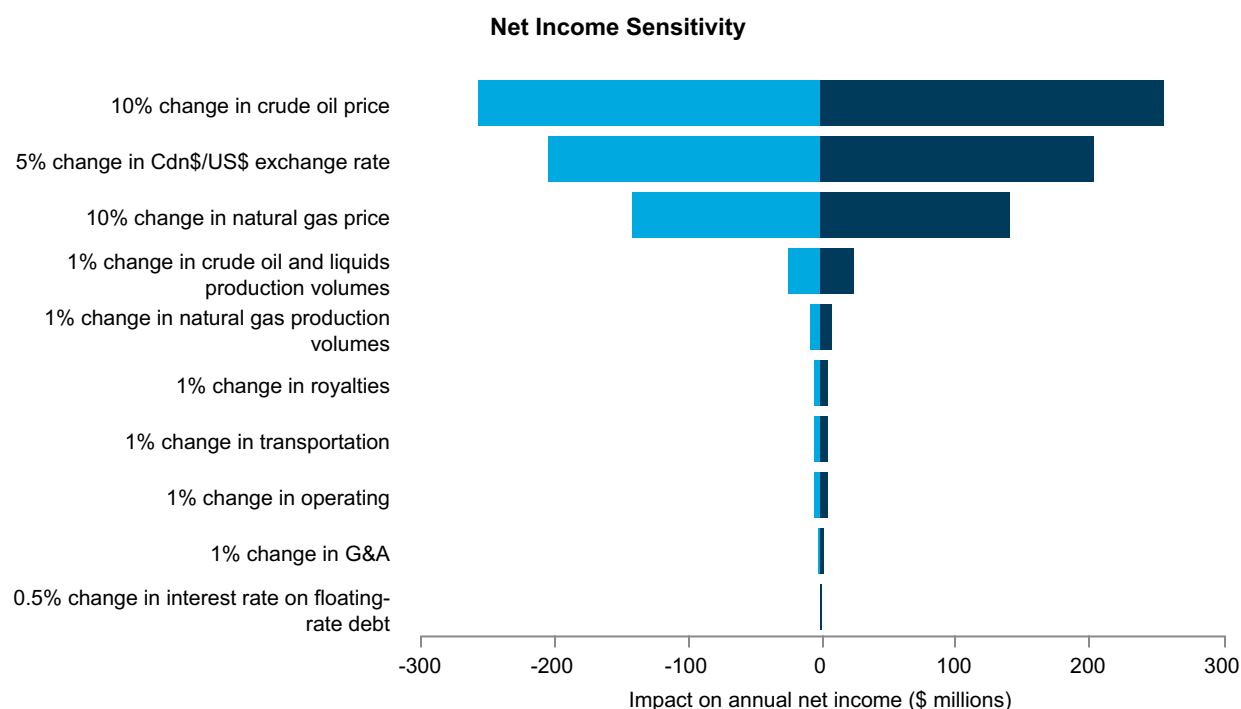
(2) Prices and rates are indicative of ARC's average realized prices for the nine months ended September 30, 2023. Refer to Table 10 contained within this MD&A for additional details. The calculated impact on net income is indicative of changes in the underlying benchmark prices and differentials and would only be applicable within a limited range of these amounts.

(3) Includes the impact on crude oil, condensate, and NGLs prices.

(4) Includes impact of foreign exchange on crude oil, condensate, natural gas, and NGLs prices that are realized in US dollars.

(5) Operational assumptions are based upon results for the nine months ended September 30, 2023 and the calculated impact on net income would only be applicable within a limited range of these amounts.

Exhibit 5



Production

Table 7

Production	Three Months Ended				Nine Months Ended		
	June 30, 2023	September 30, 2023	September 30, 2022	% Change	September 30, 2023	September 30, 2022	% Change
Crude oil (bbl/d)	8,076	8,872	8,149	9	8,281	8,114	2
Condensate (bbl/d)	75,464	78,226	82,203	(5)	74,951	77,018	(3)
NGLs (bbl/d)	45,202	47,557	47,108	1	47,182	48,736	(3)
Crude oil and liquids (bbl/d)	128,742	134,655	137,460	(2)	130,414	133,868	(3)
Natural gas (MMcf/d)	1,289	1,353	1,227	10	1,302	1,242	5
Total production (boe/d)	343,630	360,177	342,034	5	347,475	340,855	2
Natural gas production (%)	63	63	60	3	62	61	1
Crude oil and liquids production (%)	37	37	40	(3)	38	39	(1)

For the three and nine months ended September 30, 2023, total production increased five per cent and two per cent, respectively, as compared to the same periods in the prior year.

For the three and nine months ended September 30, 2023, crude oil and liquids production decreased two per cent and three per cent, respectively, as compared to the same periods in the prior year. Decreases in crude oil and liquids production for the three months ended September 30, 2023, were primarily due to downtime in the Greater Dawson and Kakwa areas to accommodate maintenance and well completions activities. For the nine months ended September 30, 2023, decreases in crude oil and liquids production also resulted from wildfires in Alberta, which caused downtime on third-party pipelines and infrastructure in the Kakwa area, as well as a third-party pipeline outage and maintenance activities that caused production shut-ins in both the Greater Dawson and Kakwa areas. This was partially offset by increased production from new wells coming on-stream in the Kakwa area.

For the three and nine months ended September 30, 2023, natural gas production increased 10 per cent and five per cent, respectively, as compared to the same periods in the prior year. The increase for the three months ended September 30, 2023, was primarily driven by increased production from new wells coming on-stream in the Kakwa and Sunrise areas, partially offset by declining well production in the Greater Dawson area and downtime associated with maintenance in the Kakwa area. The increase for the nine months ended September 30, 2023 was also partially offset by a third-party pipeline outage and maintenance activities that caused production shut-ins in the Greater Dawson and Kakwa areas.

Exhibit 6

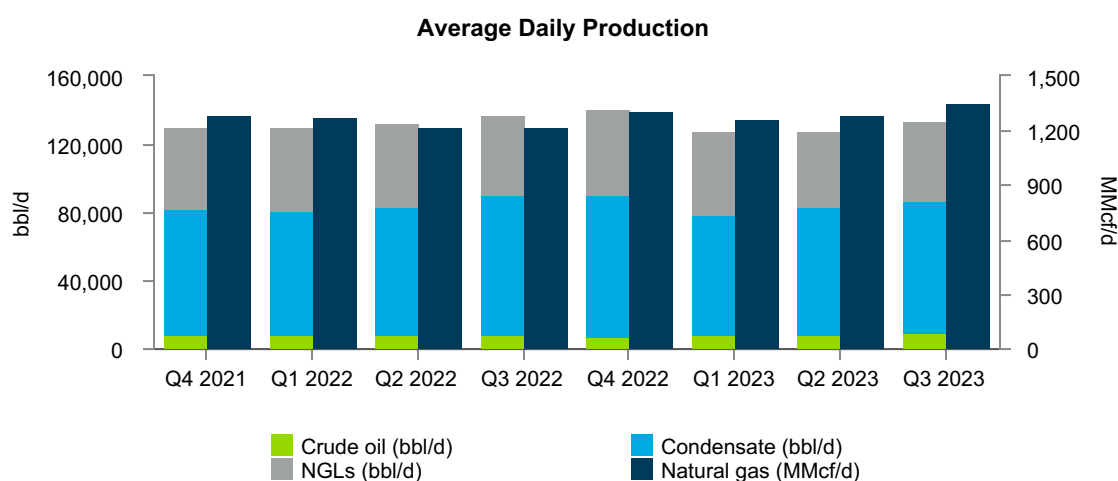


Table 8 summarizes ARC's production by core area for the three months ended September 30, 2023 and September 30, 2022:

Table 8

Three Months Ended September 30, 2023					
Production	Total	Crude Oil	Condensate	Natural Gas	NGLs
Core Area	(boe/d)	(bbl/d)	(bbl/d)	(MMcf/d)	(bbl/d)
Kakwa	199,164	15	66,846	562.5	38,563
Greater Dawson	85,818	718	9,165	412.5	7,184
Sunrise	51,009	—	431	302.4	172
Ante Creek	21,711	7,990	646	67.0	1,903
Attachie	2,421	—	1,132	7.3	75
All other	54	149	6	1.4	(340)
Total	360,177	8,872	78,226	1,353.1	47,557

Three Months Ended September 30, 2022					
Production	Total	Crude Oil	Condensate	Natural Gas	NGLs
Core Area	(boe/d)	(bbl/d)	(bbl/d)	(MMcf/d)	(bbl/d)
Kakwa	179,424	20	69,895	428.9	38,031
Greater Dawson	91,740	1,042	9,947	435.1	8,227
Sunrise	47,067	—	154	281.5	—
Ante Creek	20,514	6,859	680	67.2	1,767
Attachie	2,962	—	1,431	8.5	112
All other	327	228	96	6.2	(1,029)
Total	342,034	8,149	82,203	1,227.4	47,108

Exhibit 7

**Production by Core Area
Three Months Ended September 30, 2023**

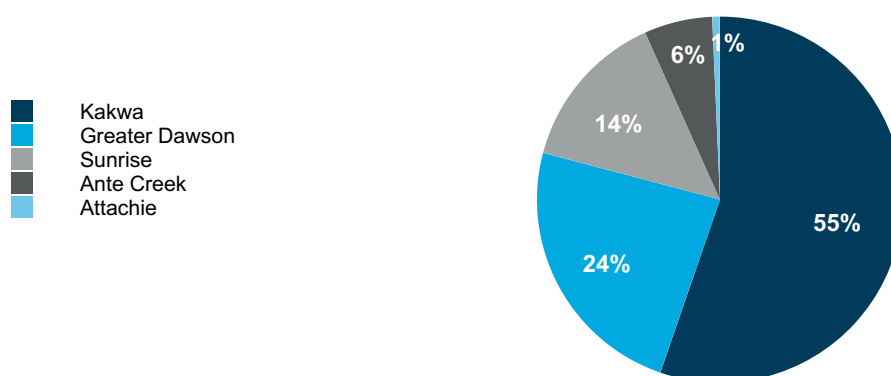


Table 8a summarizes ARC's production by core area for the nine months ended September 30, 2023 and September 30, 2022:

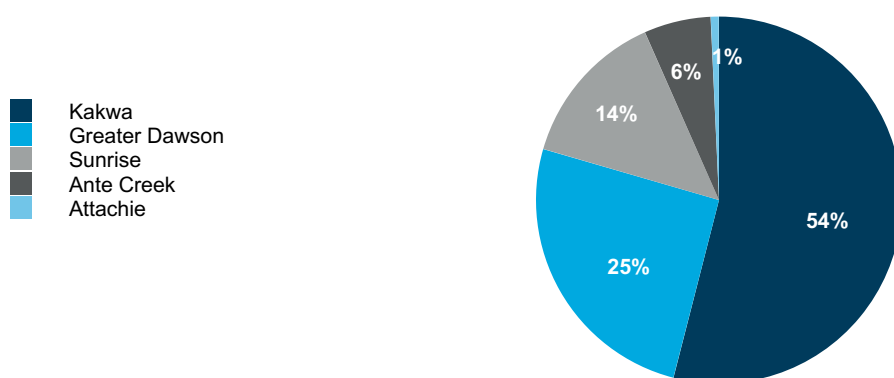
Table 8a

Nine Months Ended September 30, 2023					
Production	Total	Crude Oil	Condensate	Natural Gas	NGLs
Core Area	(boe/d)	(bbl/d)	(bbl/d)	(MMcf/d)	(bbl/d)
Kakwa	189,650	15	64,399	521.3	38,355
Greater Dawson	87,139	855	8,442	425.3	6,952
Sunrise	47,423	—	343	282.0	88
Ante Creek	20,193	7,203	578	63.9	1,765
Attachie	2,482	—	1,167	7.5	62
All other	588	208	22	2.4	(40)
Total	347,475	8,281	74,951	1,302.4	47,182

Nine Months Ended September 30, 2022					
Production	Total	Crude Oil	Condensate	Natural Gas	NGLs
Core Area	(boe/d)	(bbl/d)	(bbl/d)	(MMcf/d)	(bbl/d)
Kakwa	175,933	21	64,342	438.2	38,538
Greater Dawson	95,122	1,136	10,252	452.1	8,382
Sunrise	45,724	—	162	273.4	—
Ante Creek	19,599	6,782	605	62.7	1,763
Attachie	3,187	—	1,554	9.1	123
All other	1,290	175	103	6.4	(70)
Total	340,855	8,114	77,018	1,241.9	48,736

Exhibit 7a

**Production by Core Area
Nine Months Ended September 30, 2023**



Commodity Sales from Production

For the three and nine months ended September 30, 2023, commodity sales from production decreased by 36 per cent and 33 per cent, respectively, as compared to the same periods in 2022. The decrease for both the three and nine months ended September 30, 2023 is due to lower average realized commodity prices.

A breakdown of commodity sales from production by product and percentage of commodity sales from production by product type is outlined in Tables 9 and 9a:

Table 9

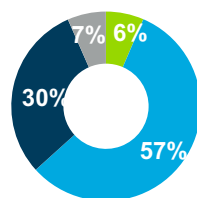
Commodity Sales from Production, by Product (\$ millions)	Three Months Ended				Nine Months Ended		
	June 30, 2023	September 30, 2023	September 30, 2022	% Change	September 30, 2023	September 30, 2022	% Change
Crude oil	64.8	85.6	83.5	3	216.2	264.3	(18)
Condensate	641.6	742.8	834.6	(11)	2,050.4	2,568.1	(20)
Natural gas	332.4	393.7	1,049.1	(62)	1,396.2	2,745.1	(49)
NGLs	85.9	85.9	89.7	(4)	297.4	368.0	(19)
Commodity sales from production	1,124.7	1,308.0	2,056.9	(36)	3,960.2	5,945.5	(33)

Table 9a

% of Commodity Sales from Production by Product Type	Three Months Ended				Nine Months Ended		
	June 30, 2023	September 30, 2023	September 30, 2022	% Change	September 30, 2023	September 30, 2022	% Change
Crude oil and liquids	70	70	49	21	65	54	11
Natural gas	30	30	51	(21)	35	46	(11)
Commodity sales from production	100	100	100	—	100	100	—

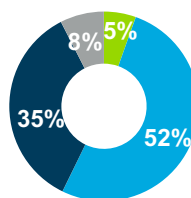
Exhibit 8

**Commodity Sales from Production by Product
Three Months Ended
September 30, 2023**



■ Crude oil
 ■ Condensate
 ■ Natural gas
 ■ NGLs

**Commodity Sales from Production by Product
Nine Months Ended
September 30, 2023**



■ Crude oil
 ■ Condensate
 ■ Natural gas
 ■ NGLs

Commodity Prices

A listing of benchmark commodity prices and ARC's average realized commodity prices are outlined in Table 10:

Table 10

	Three Months Ended				Nine Months Ended		
	June 30, 2023	September 30, 2023	September 30, 2022	% Change	September 30, 2023	September 30, 2022	% Change
Average Benchmark Prices							
West Texas Intermediate ("WTI") crude oil (US\$/bbl)	73.56	82.22	91.43	(10)	77.28	98.25	(21)
Cdn\$/US\$ exchange rate	1.34	1.34	1.31	2	1.35	1.28	5
WTI crude oil (Cdn\$/bbl)	98.57	110.17	119.77	(8)	104.33	125.76	(17)
Peace Sour ("PSO") Price at Edmonton (Cdn\$/bbl)	88.66	104.16	110.32	(6)	94.32	118.66	(21)
Condensate Stream Price at Edmonton (Cdn\$/bbl) ⁽¹⁾	96.88	104.55	113.71	(8)	103.14	125.01	(17)
NYMEX Henry Hub Last Day Settlement (US\$/MMBtu)	2.10	2.55	8.20	(69)	2.69	6.77	(60)
Chicago Citygate Monthly Index (US\$/MMBtu)	1.99	2.29	7.86	(71)	2.87	6.86	(58)
AECO 7A Monthly Index (Cdn\$/Mcf)	2.35	2.39	5.81	(59)	3.03	5.56	(46)
ARC Average Realized Commodity Prices ⁽²⁾							
Crude oil (\$/bbl)	88.13	104.91	111.41	(6)	95.65	119.31	(20)
Condensate (\$/bbl)	93.43	103.21	110.35	(6)	100.21	122.14	(18)
Natural gas (\$/Mcf)	2.83	3.16	9.29	(66)	3.93	8.10	(51)
NGLs (\$/bbl)	20.89	19.63	20.72	(5)	23.09	27.67	(17)
Average realized commodity price (\$/boe)	35.97	39.47	65.37	(40)	41.75	63.89	(35)

(1) Historically this benchmark price referenced the Blended Condensate Index, but now references the Fort Saskatchewan Pipeline System condensate price.

(2) Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for an explanation of composition.

Benchmark Commodity Prices

Average WTI crude oil prices increased 12 per cent in the third quarter of 2023 compared to the prior quarter and decreased 10 per cent compared to the third quarter of 2022. The increase in prices during the quarter can be attributed to incremental production and export curtailments by key crude oil-producing countries combined with seasonal demand increases for refined products. This resulted in declining global oil inventory levels as demand generally outweighed supply during the period. While uncertainty in the global economy remained, most near-term indicators continued to suggest a constructive crude oil fundamentals backdrop which supported higher prices.

The Edmonton condensate benchmark price increased eight per cent in the third quarter of 2023 compared to the prior quarter and decreased eight per cent compared to the third quarter of 2022. Canadian condensate prices increased during the quarter as a result of higher WTI prices. This was partially offset by weakening condensate differentials due to lower seasonal demand and an oversupply of condensate and similar products in global markets.

Average NYMEX Henry Hub natural gas prices increased 21 per cent in the third quarter of 2023 compared to the prior quarter and decreased 69 per cent compared to the third quarter of 2022. Price volatility was muted during the quarter as US natural gas production was stable and inventories tracked largely as expected. Demand from the power generation sector reached record levels during the quarter, but the impact was partially negated by a reduction in liquefied natural gas ("LNG") exports, as several US liquefaction facilities underwent planned maintenance.

The AECO 7A Monthly Index increased two per cent in the third quarter of 2023 compared to the prior quarter and decreased 59 per cent compared to the third quarter of 2022. AECO prices appreciated less than most other North American benchmark prices as a result of western Canadian production recovering from the impact of wildfires, pipeline maintenance, and lower downstream demand.

ARC's Average Realized Commodity Prices

For the three and nine months ended September 30, 2023, ARC's average realized crude oil price decreased six per cent and 20 per cent, respectively, compared to the same periods in 2022. The decreases reflect a decline in the WTI benchmark price and wider differentials in the current periods.

For the three and nine months ended September 30, 2023, ARC's average realized condensate price decreased six per cent and 18 per cent, respectively, compared to the same periods in 2022. The decrease for the three months ended September 30, 2023 reflects a decline in the WTI benchmark price and weaker differentials in the current period compared to the same period of the prior year. The decrease for the nine months ended September 30, 2023, reflects a decline in the WTI benchmark price, partially offset by stronger differentials in the current period compared to the same period of the prior year.

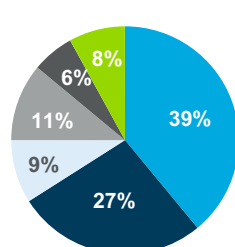
ARC's natural gas sales are physically diversified to multiple sales points within North America, each with different index-based pricing. ARC's average realized natural gas price for the three and nine months ended September 30, 2023 decreased 66 per cent and 51 per cent, respectively, compared to the same periods in the prior year. The decreases are primarily due to declines in the NYMEX Henry Hub and AECO 7A Monthly Index benchmark prices, partially offset by relatively stronger pricing at the Pacific Northwest sales point.

During the nine months ended September 30, 2023, ARC entered into a non-binding Memorandum of Understanding for a 20-year agreement to supply and liquefy approximately 200 MMcf per day of natural gas with the proposed Cedar LNG Project in British Columbia. The parties are working towards finalizing a definitive agreement in support of the project proponents making a final investment decision on the project.

Exhibit 9

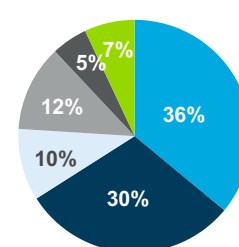
**Natural Gas Sales by Sales Point
Three Months Ended
September 30, 2023**

■ AECO
■ US Midwest
■ US Gulf Coast
■ Pacific Northwest
■ Station 2
■ Dawn



**Natural Gas Sales by Sales Point
Nine Months Ended
September 30, 2023**

■ AECO
■ US Midwest
■ US Gulf Coast
■ Pacific Northwest
■ Station 2
■ Dawn



ARC's average realized NGLs price for the three and nine months ended September 30, 2023 decreased five per cent and 17 per cent, respectively, compared to the same periods in 2022. The decreases are primarily due to a decrease in benchmark prices.

Risk Management Contracts

Tables 11 and 11a summarize the gain or loss on risk management contracts for the three and nine months ended September 30, 2023 compared to the same periods in 2022:

Table 11

Risk Management Contracts (\$ millions)	Crude Oil & Condensate	Natural Gas	NGLs and Foreign Currency	Q3 2023 Total	Q3 2022 Total
Realized gain (loss) on risk management contracts ⁽¹⁾	(31.7)	10.4	(0.6)	(21.9)	(352.4)
Unrealized gain (loss) on risk management contracts ⁽²⁾	(46.9)	9.4	(21.5)	(59.0)	346.0
Gain (loss) on risk management contracts	(78.6)	19.8	(22.1)	(80.9)	(6.4)

(1) Represents actual cash settlements under the respective contracts recognized in net income during the period.

(2) Represents the change in fair value of the contracts during the period.

Table 11a

Risk Management Contracts (\$ millions)	Crude Oil & Condensate	Natural Gas	NGLs and Foreign Currency	2023 YTD Total	2022 YTD Total
Realized loss on risk management contracts ⁽¹⁾	(79.9)	(98.4)	(3.2)	(181.5)	(1,001.5)
Unrealized gain (loss) on risk management contracts ⁽²⁾	60.8	263.6	4.5	328.9	(37.1)
Gain (loss) on risk management contracts	(19.1)	165.2	1.3	147.4	(1,038.6)

(1) Represents actual cash settlements under the respective contracts recognized in net income during the period.

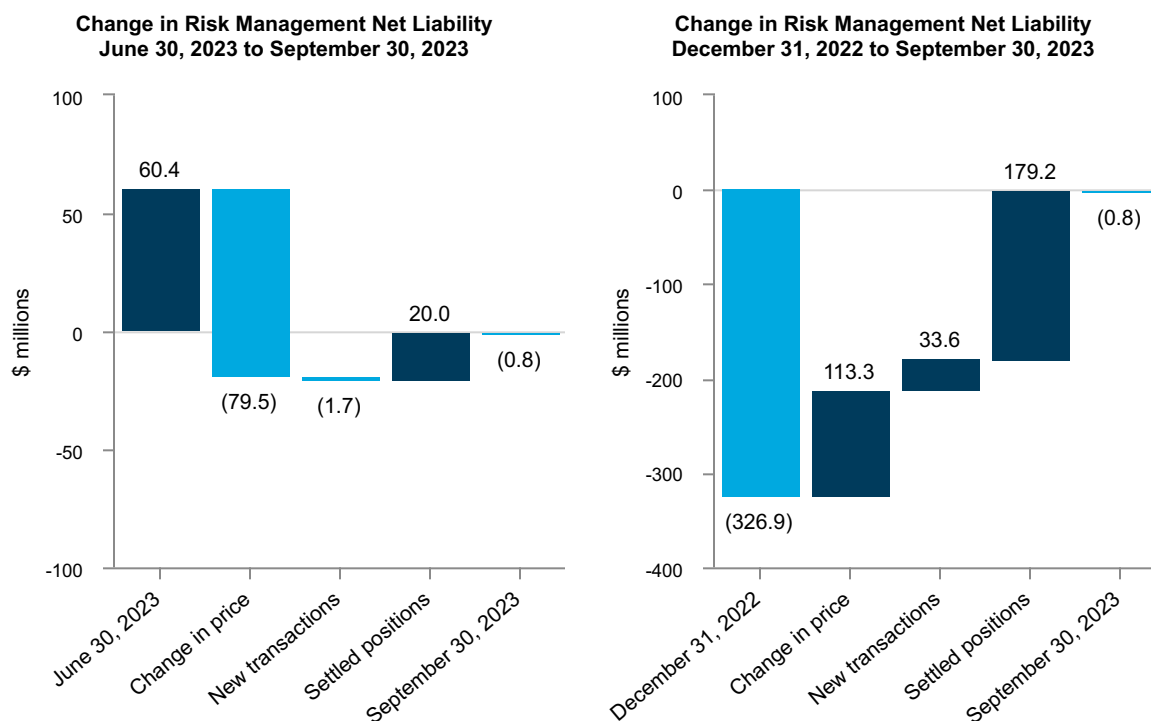
(2) Represents the change in fair value of the contracts during the period.

ARC's realized loss on risk management contracts for the three months ended September 30, 2023, primarily reflects cash settlements paid on WTI crude oil contracts. ARC's realized loss on risk management contracts for the nine months ended September 30, 2023, primarily reflects cash settlements paid on WTI crude oil contracts and natural gas contracts. The decrease in realized loss on risk management contracts for the three and nine months ended September 30, 2023, compared to the same periods of the prior year, is primarily the result of lower average commodity prices relative to contract prices and lower hedged volumes as compared to the same periods of the prior year.

ARC's unrealized loss on risk management contracts for the three months ended September 30, 2023, reflects the revaluation of WTI crude oil and foreign currency contracts following settlements throughout the period as well as contracts outstanding with higher forward pricing as compared to the same period of the prior year. ARC's unrealized gain on risk management contracts for the nine months ended September 30, 2023, reflects the revaluation of WTI crude oil and natural gas basis differential contracts following settlements throughout the period as well as NYMEX Henry Hub and AECO natural gas contracts outstanding with lower forward pricing as compared to the same period of the prior year.

The fair value of ARC's risk management contracts at September 30, 2023 was a net liability of \$0.8 million, representing the expected value of settlement of ARC's contracts at the balance sheet date after adjustments for credit risk. This comprises a net liability of \$68.4 million from crude oil contracts, a net asset of \$66.9 million from natural gas contracts, and a net asset of \$0.7 million from foreign currency contracts. For more information, refer to Note 11 "Financial Instruments and Market Risk Management" in the financial statements.

Exhibit 10



Natural Gas - Embedded Derivative

ARC is party to a natural gas supply agreement that contains an embedded derivative as a result of a pricing formula that is reliant on Japan Korea Marker ("JKM") index pricing. For the three and nine months ended September 30, 2023, ARC recognized an unrealized loss on risk management contracts of \$6.8 million and \$14.5 million, respectively. The agreement was not in place for the comparative periods of the prior year. At September 30, 2023, the fair value of the natural gas embedded derivative was a liability of \$18.5 million (\$4.0 million at December 31, 2022). The fair value reflects the estimated differential between JKM and Chicago Citygate forward pricing over the term of the agreement. Due to the long-term nature of the agreement and multiple variables impacting the estimated valuation, it is anticipated that the estimated fair value of the natural gas embedded derivative may fluctuate over time as the agreement matures. For further information, refer to Note 11 "Financial Instruments and Market Risk Management" in the financial statements.

Netback

The components of ARC's netback for the three and nine months ended September 30, 2023 compared to the same periods in 2022 are summarized in Tables 12 and 12a:

Table 12

Netback (\$ millions) ⁽¹⁾	Three Months Ended				Nine Months Ended		
	June 30, 2023	September 30, 2023	September 30, 2022	% Change	September 30, 2023	September 30, 2022	% Change
Commodity sales from production	1,124.7	1,308.0	2,056.9	(36)	3,960.2	5,945.5	(33)
Royalties	(136.7)	(155.2)	(290.5)	(47)	(534.0)	(872.4)	(39)
Operating	(150.5)	(163.6)	(147.5)	11	(451.2)	(415.2)	9
Transportation	(166.9)	(163.9)	(191.3)	(14)	(501.7)	(555.6)	(10)
Netback	670.6	825.3	1,427.6	(42)	2,473.3	4,102.3	(40)

(1) Non-GAAP financial measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A.

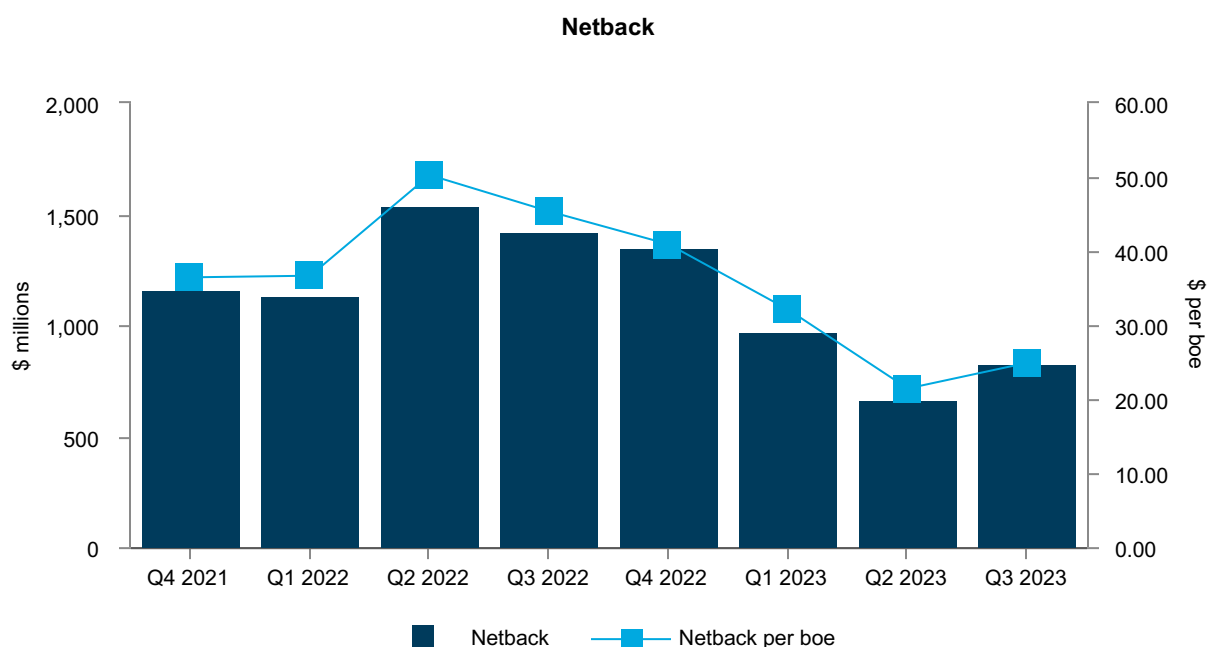
Table 12a

Netback (\$ per boe) ⁽¹⁾	Three Months Ended				Nine Months Ended		
	June 30, 2023	September 30, 2023	September 30, 2022	% Change	September 30, 2023	September 30, 2022	% Change
Commodity sales from production	35.97	39.47	65.37	(40)	41.75	63.89	(35)
Royalties ⁽²⁾	(4.38)	(4.68)	(9.23)	(49)	(5.63)	(9.37)	(40)
Operating	(4.81)	(4.94)	(4.69)	5	(4.76)	(4.46)	7
Transportation	(5.34)	(4.94)	(6.08)	(19)	(5.29)	(5.97)	(11)
Netback	21.44	24.91	45.37	(45)	26.07	44.09	(41)

(1) Non-GAAP ratio that does not have any standardized meaning under IFRS and therefore may not be comparable to similar ratios presented by other entities. Includes a non-GAAP financial measure component of netback. Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A.

(2) Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for an explanation of composition.

Exhibit 11

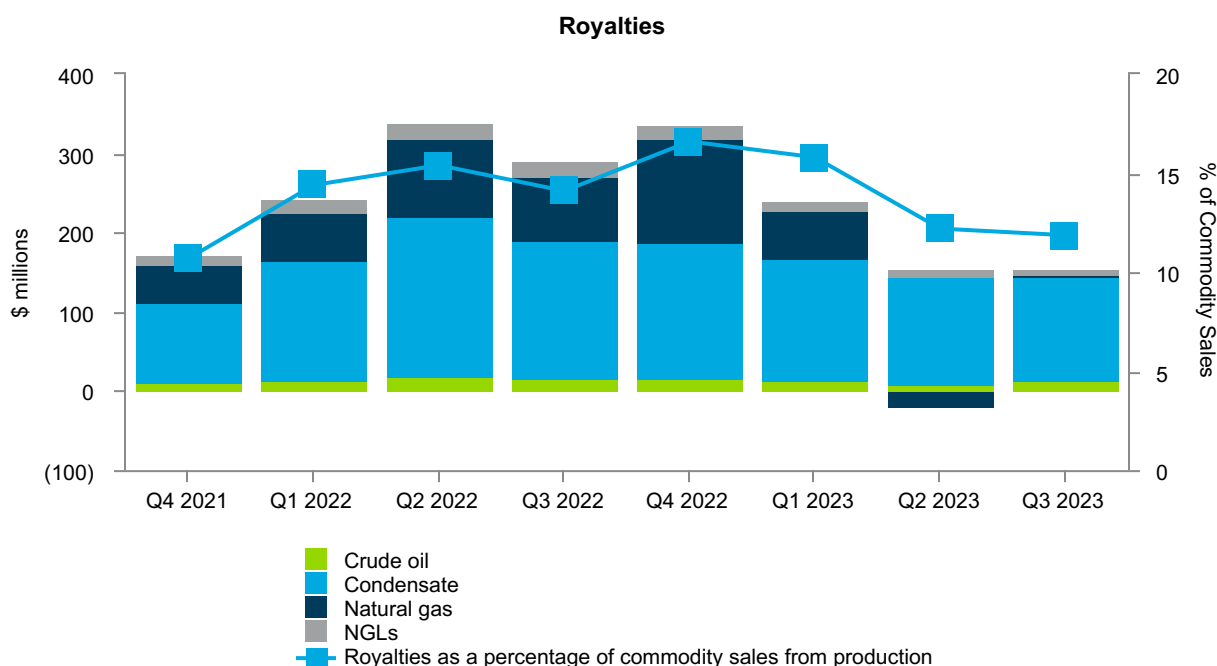


Royalties

Royalties for the three and nine months ended September 30, 2023 decreased 47 per cent and 39 per cent, respectively, to \$155.2 million and \$534.0 million (\$290.5 million and \$872.4 million for the same periods in 2022). Royalties as a percentage of commodity sales from production⁽¹⁾ decreased to 12 per cent (\$4.68 per boe) in the third quarter of 2023 from 14 per cent (\$9.23 per boe) in the third quarter of 2022. For the nine months ended September 30, 2023, royalties represented 13 per cent (\$5.63 per boe) of commodity sales from production as compared to 15 per cent (\$9.37 per boe) for the same period in 2022. The decrease in royalties and royalties as a percentage of commodity sales from production for the three and nine months ended September 30, 2023, primarily reflects lower average royalty rates due to decreased commodity prices, as compared to the same periods in 2022.

(1) Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for an explanation of composition.

Exhibit 12



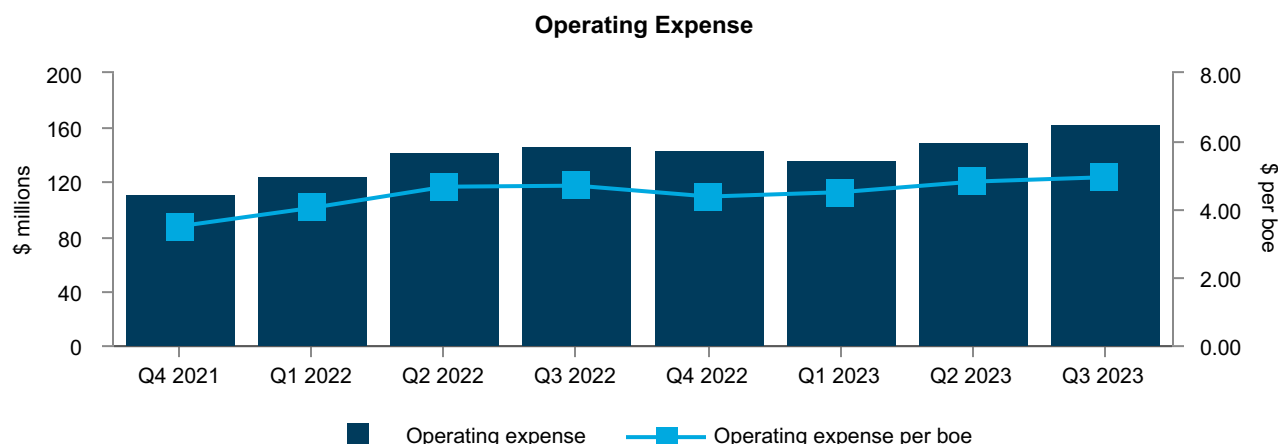
Operating

Operating expense for the three months ended September 30, 2023 was \$163.6 million, an increase of 11 per cent from \$147.5 million for the three months ended September 30, 2022. For the nine months ended September 30, 2023, operating expense was \$451.2 million, an increase of nine per cent from \$415.2 million in the same period of the prior year.

Operating expense per boe for the three months ended September 30, 2023 was \$4.94 per boe, an increase of five per cent from \$4.69 per boe for the three months ended September 30, 2022. For the nine months ended September 30, 2023, operating expense per boe was \$4.76 per boe, an increase of seven per cent from \$4.46 per boe in the same period of the prior year.

The increase in operating expense for the three months ended September 30, 2023, as compared to the same period of the prior year, reflects increased scheduled maintenance activity and increased gas processing and water disposal fees, primarily in the Kakwa area. The increase in operating expense for the nine months ended September 30, 2023, as compared to the same period of the prior year, is also due to higher electricity costs, reflecting higher Alberta electricity prices and increased consumption in British Columbia following the electrification of the Dawson Phase III and IV facilities.

Exhibit 13



Transportation

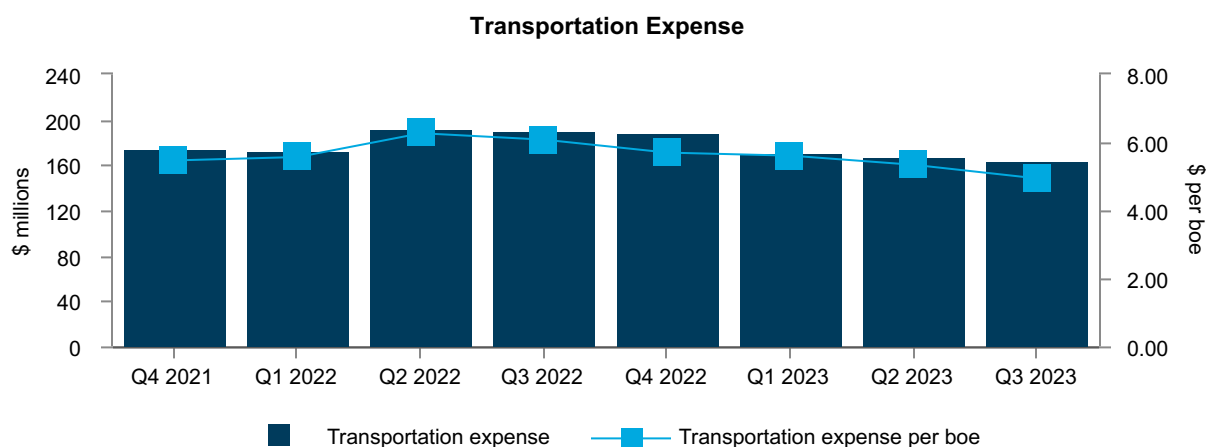
Transportation expense for the three and nine months ended September 30, 2023 was \$163.9 million and \$501.7 million, a decrease of 14 per cent and 10 per cent, from \$191.3 million and \$555.6 million for the three and nine months ended September 30, 2022, respectively.

Transportation expense per boe for the three and nine months ended September 30, 2023 was \$4.94 per boe and \$5.29 per boe, a decrease of 19 per cent and 11 per cent, from \$6.08 per boe and \$5.97 per boe for the three and nine months ended September 30, 2022, respectively.

The decrease in transportation expense for the three and nine months ended September 30, 2023, relative to the same periods in 2022, reflects modifications to certain natural gas transportation contracts and lower fuel gas expense, partially offset by an increase in pipeline tariffs associated with crude oil and liquids transportation. The cost of fuel gas is recognized in transportation expense with a corresponding offset to commodity sales from production.

ARC enters into firm transportation service commitments in order to secure diversified market access for both its current production as well as anticipated production from facility infrastructure planned to be operational in the future. ARC's transportation contract portfolio is monitored on an ongoing basis and contracts are assessed at period end to determine the existence of any contracts that are onerous; none were identified at September 30, 2023. For information regarding ARC's payment obligations under its future transportation commitments, refer to Note 15 "Commitments and Contingencies" in the financial statements.

Exhibit 14



G&A

G&A expense before share-based compensation expense decreased one per cent to \$33.4 million in the third quarter of 2023 from \$33.6 million in the third quarter of 2022. For the nine months ended September 30, 2023, ARC's G&A expense before share-based compensation expense was \$103.7 million, a 15 per cent increase from \$90.3 million during the same period of the prior year. The increase for the nine months ended September 30, 2023 is primarily due to an increase in ARC's workforce size, increased employee compensation costs, and increased consulting and information technology costs associated with the initiation of a systems transformation project.

During the three months ended September 30, 2023, ARC recognized G&A expense of \$34.3 million associated with its share-based compensation plans, compared to \$15.8 million during the same period of the prior year. The increase for the three months ended September 30, 2023 is primarily due to a revaluation of awards due to an increase in ARC's share price and the average performance multiplier factor, compared to the same period of the prior year.

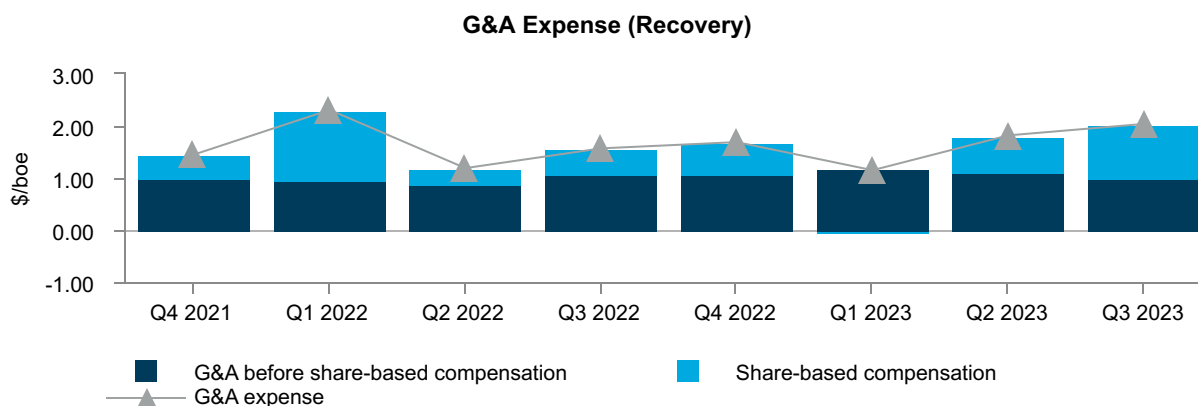
During the nine months ended September 30, 2023, ARC recognized G&A expense of \$56.0 million associated with its share-based compensation plans, compared to \$66.9 million during the same period of the prior year. The decrease for the nine months ended September 30, 2023 is primarily due to a smaller revaluation increase in ARC's plan compared to the same period of the prior year.

Table 13 is a breakdown of G&A expense:

Table 13

G&A Expense (\$ millions, except per boe)	Three Months Ended				Nine Months Ended		
	June 30, 2023	September 30, 2023	September 30, 2022	% Change	September 30, 2023	September 30, 2022	% Change
G&A expense before share-based compensation expense	34.3	33.4	33.6	(1)	103.7	90.3	15
G&A – share-based compensation expense	22.7	34.3	15.8	117	56.0	66.9	(16)
G&A expense	57.0	67.7	49.4	37	159.7	157.2	2
G&A expense before share-based compensation expense per boe	1.10	1.01	1.07	(6)	1.09	0.97	12
G&A – share-based compensation expense per boe	0.72	1.03	0.50	106	0.59	0.72	(18)
G&A expense per boe	1.82	2.04	1.57	30	1.68	1.69	(1)

Exhibit 15



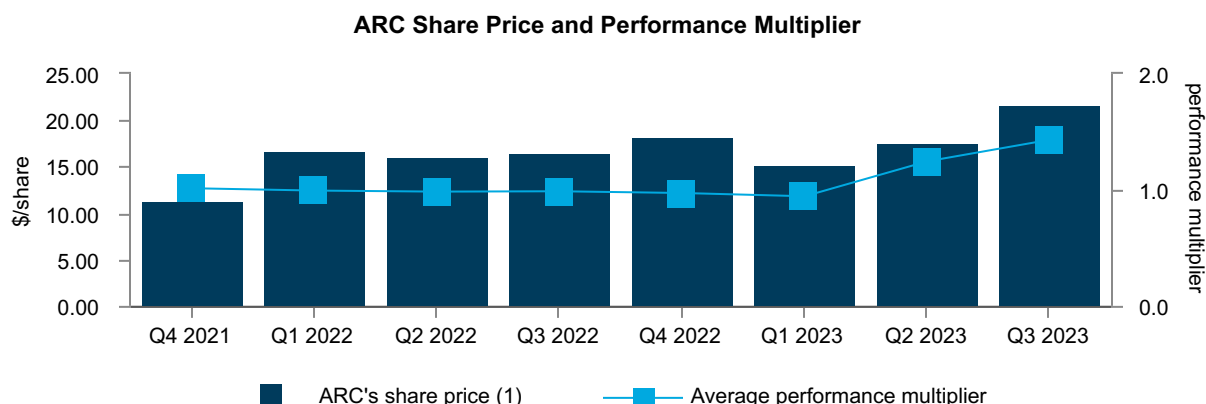
Share-based Compensation Plans

For a description of ARC's various share-based compensation plans and related accounting policies, refer to Note 3 "Summary of Accounting Policies" and Note 21 "Share-based Compensation Plans" of ARC's audited consolidated financial statements as at and for the year ended December 31, 2022.

Restricted Share Unit ("RSU") and Performance Share Unit ("PSU") Plans

At September 30, 2023, ARC had 2.0 million RSUs and 3.5 million PSUs outstanding under these plans. For the three and nine months ended September 30, 2023, ARC recognized G&A in relation to its RSU and PSU Plans of \$28.6 million and \$49.0 million (\$14.5 million and \$56.2 million for the three and nine months ended September 30, 2022), respectively. The change in expense recognized for the three and nine months ended September 30, 2023 reflects the change in valuation of awards outstanding throughout the respective period.

Exhibit 16



(1) Denotes ARC's closing share price on the Toronto Stock Exchange ("TSX") on the last trading day of each respective quarter.

Tables 14 and 14a show the changes to the outstanding RSU and PSU awards for plans that existed prior to a business combination (the "Legacy Plans") and plans acquired through a business combination (the "Acquired Plans") during the nine months ended September 30, 2023:

Table 14

Legacy Plans (number of awards, thousands)	RSUs	PSUs ⁽¹⁾	Total RSUs and PSUs
Balance, December 31, 2022	2,687	5,560	8,247
Granted	860	1,142	2,002
Distributed	(1,507)	(3,160)	(4,667)
Forfeited	(59)	(51)	(110)
Balance, September 30, 2023	1,981	3,491	5,472

(1) Based on underlying awards before any effect of the performance multiplier.

Table 14a

Acquired Plans (number of awards, thousands)	RSUs	PSUs ⁽¹⁾	Total RSUs and PSUs
Balance, December 31, 2022	191	126	317
Granted ⁽²⁾	2	1	3
Distributed	(183)	(127)	(310)
Forfeited	(1)	—	(1)
Balance, September 30, 2023	9	—	9

(1) Based on underlying awards before any effect of the performance multiplier.

(2) Grants relate to additional performance awards for grants that vested in the current period.

ARC estimates that between \$43.1 million and \$194.5 million could be paid out in 2023 through 2026 based on possible future changes to period-end share price, accrued dividends, ARC's market performance relative to its peers, and ARC's corporate scorecard results. Table 15 is a summary of the range of future expected payments under the RSU and PSU Plans based on variability of the performance multiplier and awards outstanding under the RSU and PSU Plans as at September 30, 2023:

Table 15

Value of RSU and PSU Awards as at September 30, 2023 (awards thousands and \$ millions, except per share)	Performance Multiplier		
	—	1.0	2.0
Estimated awards to vest ⁽¹⁾			
RSUs	1,990	1,990	1,990
PSUs	—	3,491	6,982
Total awards	1,990	5,481	8,972
Share price ⁽²⁾	21.68	21.68	21.68
Value of RSU and PSU awards upon vesting	43.1	118.8	194.5
2023	0.2	0.2	0.2
2024	23.3	55.5	87.7
2025	13.9	35.1	56.4
2026	5.7	28.0	50.2

(1) Includes additional estimated awards to be issued under the Legacy Plans for dividends accrued to-date.

(2) Per share outstanding. Values will fluctuate over the vesting period based on the volatility of the underlying share price. Assumes a future share price equal to the TSX closing price at September 30, 2023.

Share Option Plans

At September 30, 2023, ARC had 1.5 million share options outstanding under the Legacy Plans, with a weighted average exercise price of \$11.86. At September 30, 2023, ARC had 0.9 million share options outstanding under the Acquired Plans, with a weighted average exercise price of \$20.04. All share options were exercisable at September 30, 2023.

ARC has recognized a nominal amount of compensation expense for the three and nine months ended September 30, 2023 and 2022 in respect of these plans.

Long-term Restricted Share Award ("LTRSA") Plan

At September 30, 2023, ARC had 1.0 million restricted shares outstanding under the LTRSA Plan. ARC recognized G&A of \$0.2 million and \$0.8 million relating to the LTRSA Plan during the three and nine months ended September 30, 2023 (\$0.2 million and \$0.8 million for the three and nine months ended September 30, 2022), respectively.

Deferred Share Unit ("DSU") Plans

At September 30, 2023, ARC had 0.8 million DSUs outstanding under the Legacy Plans and 0.4 million DSUs outstanding under the Acquired Plans. For the three and nine months ended September 30, 2023, G&A of \$5.5 million and \$6.1 million was recognized in relation to the DSU Plans (\$1.1 million and \$9.9 million for the three and nine months ended September 30, 2022), respectively.

Interest and Financing

Interest and financing for the three and nine months ended September 30, 2023 was \$27.1 million and \$73.9 million, respectively, compared to \$24.6 million and \$71.7 million for the same periods of the prior year. Interest and financing per boe for the three and nine months ended September 30, 2023 was \$0.82 per boe and \$0.78 per boe (\$0.78 per boe and \$0.77 per boe for the same periods of the prior year), respectively. The increase for the three and nine months ended September 30, 2023, as compared to the same periods of the prior year, is primarily the result of an increase in financing expense associated with modifications to existing leases. For further information, refer to Note 6 "Lease Obligations" in the financial statements. A breakdown of interest and financing expense is shown in Table 16:

Table 16

Interest and Financing (\$ millions, except per boe amounts)	Three Months Ended				Nine Months Ended		
	June 30, 2023	September 30, 2023	September 30, 2022	% Change	September 30, 2023	September 30, 2022	% Change
Bank debt and long-term notes	12.9	13.8	13.6	1	37.2	39.4	(6)
Lease obligations	9.7	10.1	8.1	25	27.2	24.4	11
Accretion on ARO	3.1	3.2	2.9	10	9.5	7.9	20
Interest and financing	25.7	27.1	24.6	10	73.9	71.7	3
Interest and financing per boe	0.82	0.82	0.78	5	0.78	0.77	1

Foreign Exchange Gain and Loss

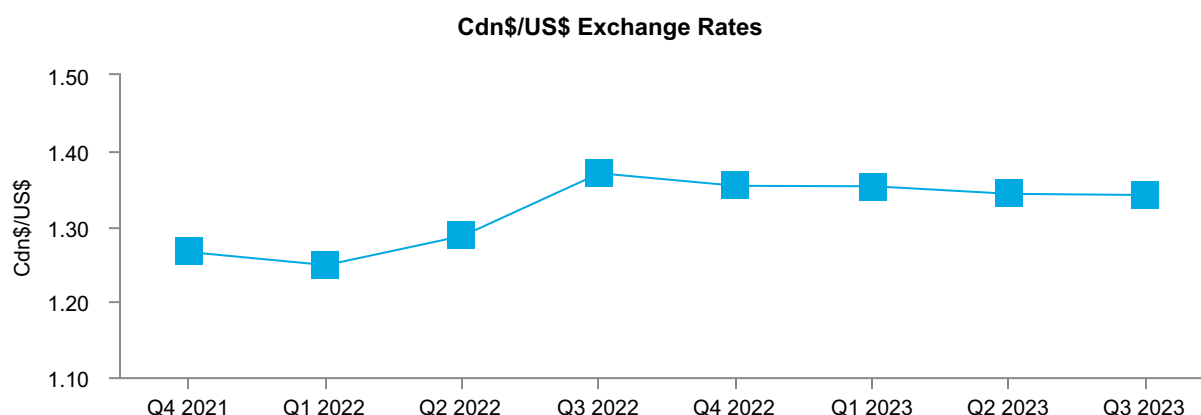
ARC recognized a gain on foreign exchange of \$7.6 million in the third quarter of 2023 compared to \$25.5 million in the third quarter of 2022. For the nine months ended September 30, 2023, ARC recognized a foreign exchange gain of \$0.2 million compared to \$38.8 million for the nine months ended September 30, 2022. The change in foreign exchange recognized for the three and nine months ended September 30, 2023, as compared to the same periods in the prior year, primarily reflects the revaluation of ARC's US\$ denominated receivables, which are revalued based on the Cdn\$/US\$ exchange rate on the last day of each respective period.

Table 17 details the realized and unrealized components of ARC's foreign exchange gain and loss:

Table 17

Foreign Exchange Gain and Loss (\$ millions)	Three Months Ended				Nine Months Ended		
	June 30, 2023	September 30, 2023	September 30, 2022	% Change	September 30, 2023	September 30, 2022	% Change
Unrealized gain (loss) on US dollar-denominated accounts receivable	(2.1)	6.2	38.4	(84)	4.2	50.0	(92)
Realized gain (loss) on US dollar-denominated transactions	(4.9)	1.4	(12.9)	111	(4.0)	(11.2)	64
Foreign exchange gain (loss)	(7.0)	7.6	25.5	(70)	0.2	38.8	(99)

Exhibit 17



For the three and nine months ended September 30, 2023, ARC recognized an unrealized loss on foreign currency translation adjustment in other comprehensive income of \$4.0 million and an unrealized gain of \$0.8 million (unrealized loss of \$17.3 million and \$25.7 million for the three and nine months ended September 30, 2022), respectively.

Taxes

ARC recognized current income tax expense of \$60.0 million and \$160.0 million for the three and nine months ended September 30, 2023, respectively, compared to \$75.0 million and \$220.0 million for the same periods in 2022. The decrease in current income tax expense for the three and nine months ended September 30, 2023, is primarily due to lower expected taxable income for the periods resulting from a decrease in average realized commodity prices compared to the same periods of 2022.

For the three months ended September 30, 2023, deferred income tax expense of \$1.3 million was recognized, compared to \$154.3 million for the same period in 2022. The decrease in deferred income tax expense primarily relates to an unrealized loss on risk management contracts for the three months ended September 30, 2023, as compared to an unrealized gain on risk management contracts for the same period of 2022.

For the nine months ended September 30, 2023, deferred income tax expense of \$148.2 million was recognized, compared to \$218.2 million for the same period in 2022. The decrease in deferred income tax expense primarily relates to lower income tax pools available and claimed relative to DD&A expense as compared to the same period of 2022. This was partially offset by an unrealized gain on risk management contracts for the nine months ended September 30, 2023, as compared to an unrealized loss on risk management contracts for the same period of 2022.

The income tax pools, which are detailed in Table 18, are deductible at various rates and annual deductions associated with the initial tax pools will decline over time.

Table 18

Income Tax Pool Type (\$ millions)	September 30, 2023	Annual Deductibility
Canadian oil and gas property expense	850.5	10% declining balance
Canadian development expense	1,905.0	30% declining balance
Undepreciated capital cost	1,641.6	Primarily 25% declining balance
Other	53.9	Various rates, 5% declining balance to 20%
Total federal tax pools	4,451.0	

DD&A and Impairment of PP&E

For the three and nine months ended September 30, 2023, ARC recognized DD&A of \$364.1 million and \$1.0 billion, respectively, compared to \$315.7 million and \$953.1 million for the three and nine months ended September 30, 2022. The increase in DD&A for the three and nine months ended September 30, 2023, compared to the same periods in the prior year, is primarily due to increased production volumes and higher DD&A rates reflecting increased future development costs associated with certain assets.

A breakdown of DD&A expense is summarized in Table 19:

Table 19

DD&A Expense (\$ millions, except per boe amounts)	Three Months Ended				Nine Months Ended		
	June 30, 2023	September 30, 2023	September 30, 2022	% Change	September 30, 2023	September 30, 2022	% Change
Depletion of crude oil and natural gas assets	325.9	341.6	291.6	17	981.0	881.0	11
Depreciation of corporate assets	5.6	5.7	4.3	33	16.3	11.8	38
Depreciation of right-of-use ("ROU") assets under lease	16.8	16.8	19.8	(15)	52.0	60.3	(14)
DD&A expense	348.3	364.1	315.7	15	1,049.3	953.1	10
DD&A expense per boe ⁽¹⁾	11.14	10.99	10.03	10	11.06	10.24	8

(1) Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for an explanation of composition.

For the three and nine months ended September 30, 2023, ARC recognized impairment charges of \$0.8 million and \$2.9 million, respectively, related to the disposal of certain non-core assets. During the three and nine months ended September 30, 2022, ARC recorded post-closing adjustments related to the disposal of certain non-core assets and recognized a related reversal of impairment charges of \$3.6 million.

Cash Flow used in Investing Activities, Capital Expenditures, Acquisitions, and Dispositions

ARC's cash flow used in investing activities was \$394.6 million and \$1.3 billion during the three and nine months ended September 30, 2023, respectively, compared to \$351.9 million and \$1.1 billion for the three and nine months ended September 30, 2022. In addition to cash flow used in investing activities, Management uses the non-GAAP financial measure of capital expenditures to monitor its capital investments relative to those budgeted by the Company on an annual basis. ARC excludes acquisition and disposition activities from its annual capital budget, as well as the accounting impact of any accrual changes or payments under certain lease arrangements. Table 20 is a reconciliation of ARC's cash flow used in investing activities to capital expenditures:

Table 20

Capital expenditures (\$ millions)	Three Months Ended			Nine Months Ended	
	June 30, 2023	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Cash flow used in investing activities	464.4	394.6	351.9	1,256.4	1,062.5
Adjusted for the following items:					
Acquisition of crude oil and natural gas assets	—	—	(1.0)	(0.5)	(2.6)
Disposal of crude oil and natural gas assets	—	—	4.5	73.6	11.9
Long-term investments	(3.2)	(0.7)	(8.6)	(5.1)	(8.7)
Change in non-cash investing working capital	(44.8)	3.9	22.1	(24.9)	(14.4)
Other ⁽¹⁾	0.1	3.6	4.0	5.8	9.9
Capital expenditures	416.5	401.4	372.9	1,305.3	1,058.6

(1) Comprises non-cash capitalized costs related to the Company's ROU asset depreciation and share-based compensation.

Capital expenditures were \$401.4 million and \$1.3 billion for the three and nine months ended September 30, 2023, respectively, compared to \$372.9 million and \$1.1 billion for the three and nine months ended September 30, 2022. Capital expenditures for the three and nine months ended September 30, 2023 included the drilling of 33 and 111 crude oil and natural gas wells and the completion of 35 and 118 crude oil and natural gas wells, respectively, across ARC's asset base. Capital expenditures during the third quarter of 2023 also included investment in Attachie Phase I development, following project sanctioning earlier in the year. Additional investment in 2023 included the completion

of the Sunrise facility expansion and the electrification of the Dawson Phase III and IV facilities, which was supported in part through funding provided by the Province of British Columbia.

During the nine months ended September 30, 2023, ARC disposed of certain non-core assets across its portfolio for cash proceeds of \$73.6 million.

For information regarding ARC's planned capital expenditures for 2024, refer to the news release dated November 2, 2023, entitled, "ARC Resources Ltd. Reports Third Quarter 2023 Results and Announces 2024 Budget", available on ARC's website at www.arcresources.com and on SEDAR+ at www.sedarplus.ca.

A breakdown of capital expenditures, acquisitions, and dispositions for the three months ended September 30, 2023 and September 30, 2022 is shown in Table 21:

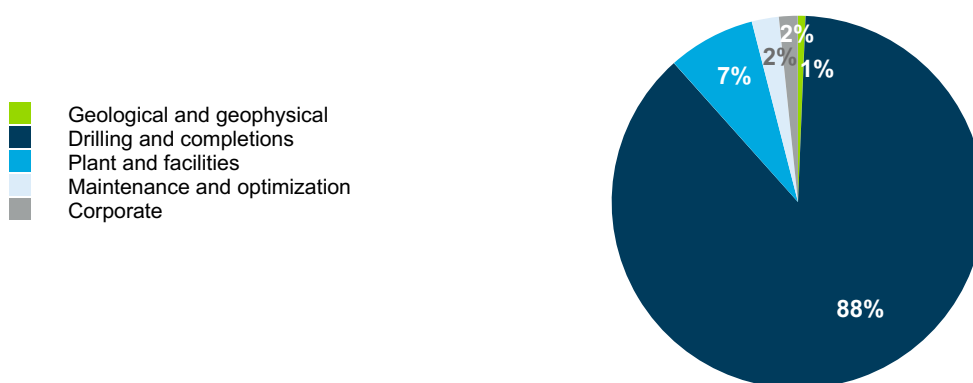
Table 21

Three Months Ended September 30							
2023			2022				
Capital Expenditures (\$ millions)	E&E ⁽¹⁾	PP&E	Total	E&E	PP&E	Total	% Change
Geological and geophysical	—	2.6	2.6	—	3.9	3.9	(33)
Drilling and completions	2.2	350.1	352.3	1.5	303.4	304.9	16
Plant and facilities	1.7	28.8	30.5	1.5	54.4	55.9	(45)
Maintenance and optimization	—	9.4	9.4	—	11.5	11.5	(18)
Corporate	—	6.6	6.6	—	(3.3)	(3.3)	300
Capital expenditures	3.9	397.5	401.4	3.0	369.9	372.9	8
Acquisitions	—	—	—	0.1	1.0	1.1	(100)
Dispositions	—	(0.1)	(0.1)	—	(4.6)	(4.6)	(98)
Capital expenditures and net acquisitions and dispositions	3.9	397.4	401.3	3.1	366.3	369.4	9

(1) Exploration and evaluation ("E&E").

Exhibit 18

**Capital Expenditures by Classification
Three Months Ended September 30, 2023**



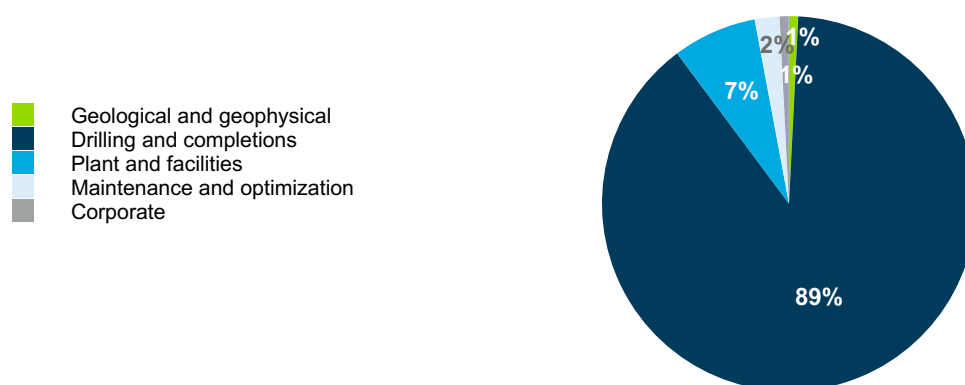
A breakdown of capital expenditures, acquisitions, and dispositions for the nine months ended September 30, 2023 and September 30, 2022 is shown in Table 21a:

Table 21a

	Nine Months Ended September 30						
	2023			2022			% Change
Capital Expenditures (\$ millions)	E&E	PP&E	Total	E&E	PP&E	Total	
Geological and geophysical	—	6.9	6.9	—	8.2	8.2	(16)
Drilling and completions	2.9	1,162.2	1,165.1	(0.2)	789.6	789.4	48
Plant and facilities	4.4	90.5	94.9	3.0	202.3	205.3	(54)
Maintenance and optimization	—	28.0	28.0	—	47.3	47.3	(41)
Corporate	—	10.4	10.4	—	8.4	8.4	24
Capital expenditures	7.3	1,298.0	1,305.3	2.8	1,055.8	1,058.6	23
Acquisitions	0.5	3.0	3.5	0.3	5.8	6.1	(43)
Dispositions	—	(76.6)	(76.6)	—	(15.4)	(15.4)	397
Capital expenditures and net acquisitions and dispositions	7.8	1,224.4	1,232.2	3.1	1,046.2	1,049.3	17

Exhibit 18a

**Capital Expenditures by Classification
Nine Months Ended September 30, 2023**



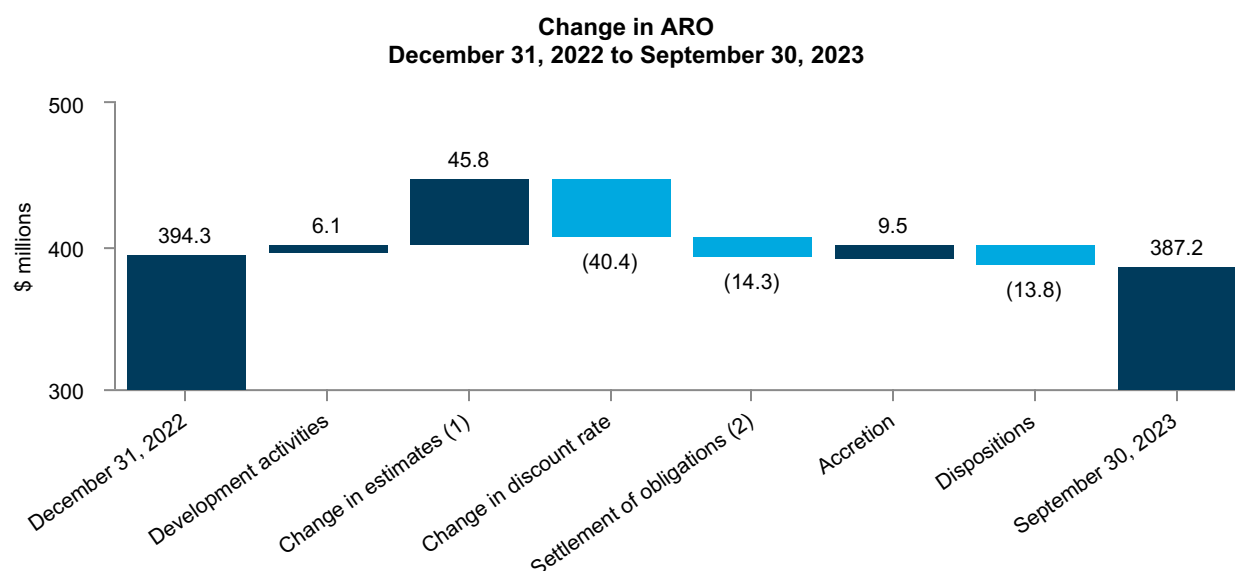
Asset Retirement Obligation

At September 30, 2023, ARC recognized ARO of \$387.2 million (\$394.3 million at December 31, 2022), for the future abandonment and reclamation of ARC's crude oil and natural gas assets, of which \$17.0 million is classified as current and \$370.2 million is classified as long-term (\$16.0 million and \$378.3 million at December 31, 2022, respectively). The estimated ARO includes assumptions in respect of actual future costs to abandon wells and decommission and reclaim assets, the time frame in which such costs will be incurred, and annual inflation factors. The future liability has been discounted at a liability-specific risk-free rate of 3.8 per cent (3.3 per cent at December 31, 2022).

Accretion charges of \$3.2 million and \$9.5 million for the three and nine months ended September 30, 2023 (\$2.9 million and \$7.9 million for the same periods in 2022), respectively, have been recognized in interest and financing in the unaudited condensed interim consolidated statements of income to reflect the increase in ARO associated with the passage of time. Actual spending under ARC's program for the three and nine months ended September 30, 2023 was \$4.5 million and \$13.9 million (\$6.2 million and \$15.5 million for the same periods in 2022), respectively.

Environmental stewardship remains a core value at ARC and the Company maintains a planned and scheduled approach to its abandonment and reclamation activities.

Exhibit 19



(1) Relates to changes in cost estimates of future obligations and anticipated settlement dates of ARO.

(2) For the three and nine months ended September 30, 2023, \$nil and \$0.4 million of obligations were indirectly settled through a government subsidy, whereby third-party service providers were reimbursed on behalf of ARC (\$0.5 million and \$1.0 million for the three and nine months ended September 30, 2022).

Capitalization, Financial Resources and Liquidity

ARC's capital management objective is to fund dividend payments, current period abandonment and reclamation expenditures, and capital expenditures necessary for the replacement of production declines using only funds from operations. Profitable growth activities will be financed with a combination of funds from operations and other sources of capital. ARC believes that investing in development activities that prioritize profitability over production growth creates significant long-term shareholder value.

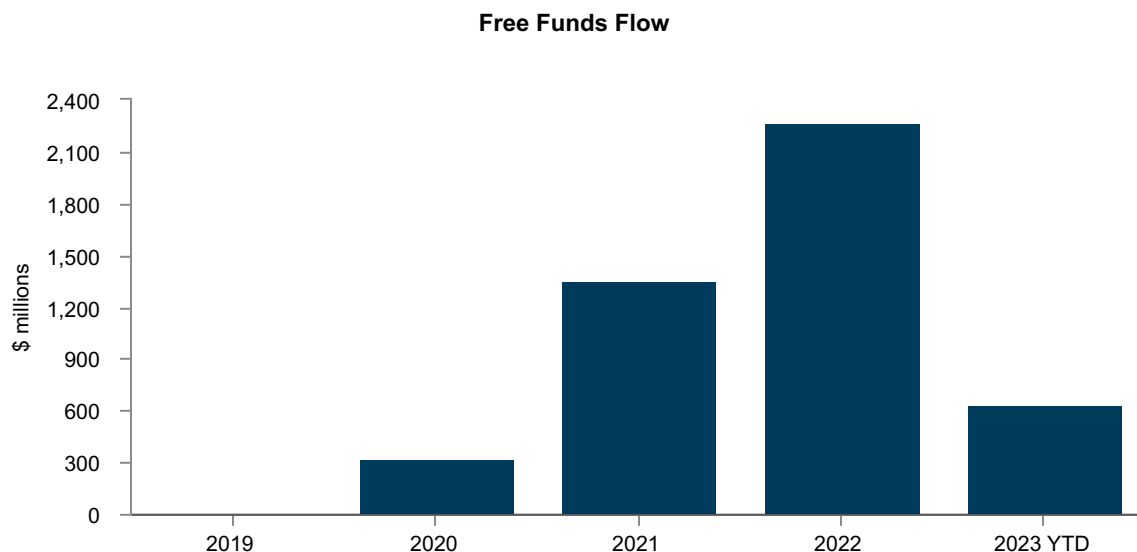
Maintaining targeted debt levels, paying a sustainable dividend, and exercising capital discipline to manage a moderate pace of development and control its corporate decline rate are the basis for ARC's current capital allocation. ARC takes a portfolio approach by periodically evaluating its capital allocation priorities, considering returns to shareholders through sustainable dividend increases and/or share repurchases, and long-term development investments.

ARC uses free funds flow, defined as funds from operations less capital expenditures, as an indicator of the funds available for capital allocation. For the three and nine months ended September 30, 2023, free funds flow was \$260.8 million and \$635.1 million (\$580.1 million and \$1.7 billion for the three and nine months ended September 30, 2022), respectively. For the calculation of free funds flow, refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A.

ARC is committed to returning between 50 and 100 per cent of free funds flow to shareholders through dividends and repurchase of shares, and directing any remainder to debt reduction. ARC intends to return essentially all free funds flow to shareholders in 2023. During the nine months ended September 30, 2023, ARC distributed 92 per cent of free funds flow to shareholders. Currently, ARC believes that the optimal mechanism to return shareholder capital is through a sustainable base dividend that grows over time, and continued share repurchases. Subject to approval by the Board, the Company anticipates dividend increases could exceed 10 per cent per annum.

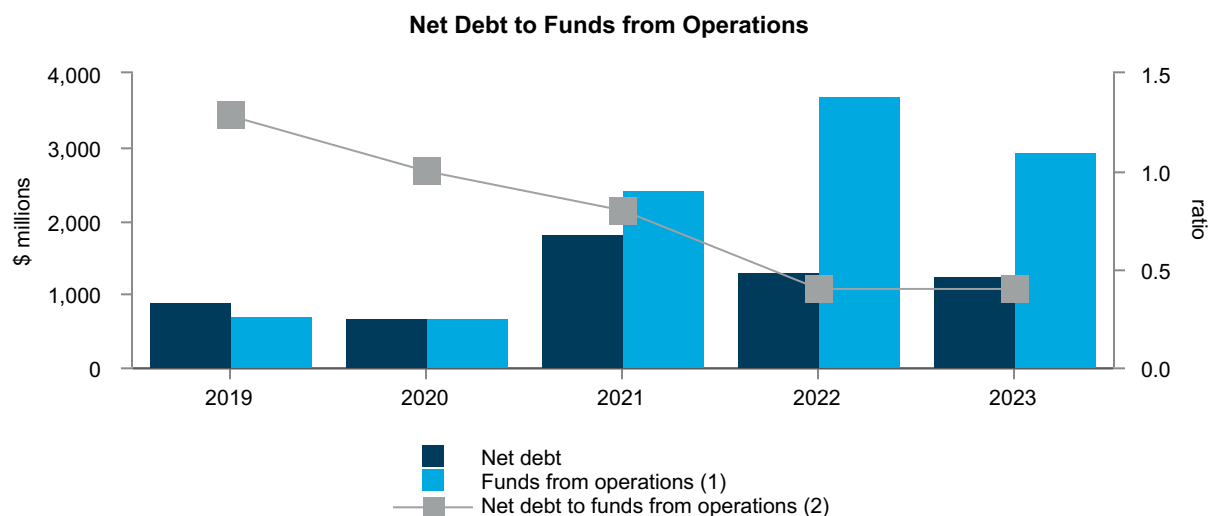
During the nine months ended September 30, 2023, ARC increased its dividend by 13 per cent from \$0.15 per share per quarter to \$0.17 per share per quarter, repurchased 16.9 million common shares under its normal course issuer bid ("NCIB"), and announced the renewal of its NCIB.

Exhibit 20



ARC maintains financial flexibility through its strong balance sheet. Management targets its net debt to be approximately 1.0 times funds from operations and manages its capital structure to achieve that target over the long term. At September 30, 2023, ARC's net debt was 0.4 times its funds from operations.

Exhibit 21



(1) 12-month trailing funds from operations.

(2) Composed of net debt divided by 12-month trailing funds from operations.

At September 30, 2023, ARC had total credit capacity of \$2.8 billion, of which \$1.1 billion was outstanding. At September 30, 2023, ARC's long-term debt had a weighted average interest rate of 3.4 per cent. For more information, refer to Note 7 "Long-term Debt" in the financial statements.

At September 30, 2023, ARC was in compliance with the financial covenants related to its credit facility which are as follows:

Table 22

Covenant Description	Position at September 30, 2023
Consolidated Debt not to exceed 60 per cent of Total Capitalization	14 %
Consolidated Tangible Assets of the Restricted Group must exceed 80 per cent of Consolidated Tangible Assets	100 %

Shareholders' Equity

During the nine months ended September 30, 2023, ARC repurchased 16.9 million common shares under its NCIB at a weighted average price per share of \$16.96 for a total cost of \$286.7 million. Shares were cancelled upon repurchase.

At September 30, 2023, ARC has recognized a liability of \$49.7 million (\$24.8 million at December 31, 2022) for share repurchases estimated to take place during its internal blackout period under an automatic share purchase plan agreement with an independent broker.

At September 30, 2023, there were 605.0 million common shares outstanding and 2.4 million share options outstanding under ARC's share option plans. For more information, refer to the section entitled "Share Option Plans" contained within this MD&A.

At September 30, 2023, ARC had 1.0 million restricted shares outstanding under its LTRSA Plan. For more information on the restricted shares outstanding and held in trust under ARC's LTRSA Plan, refer to the section entitled "Long-term Restricted Share Award Plan" contained within this MD&A.

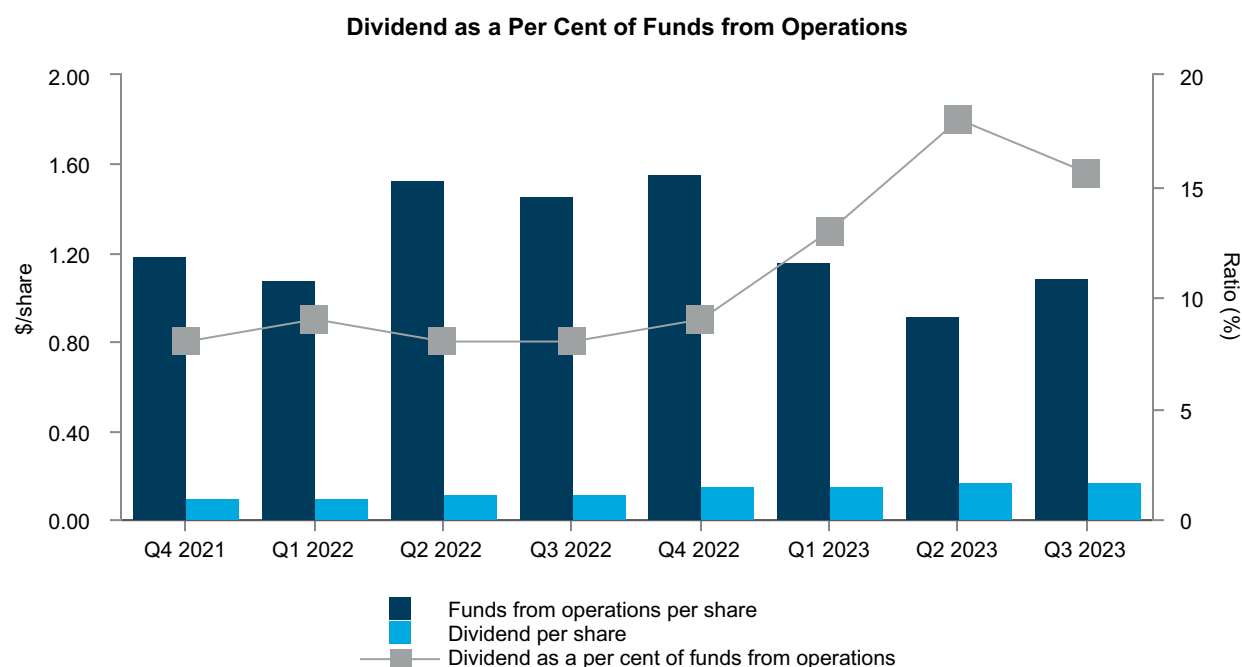
Dividends

ARC's business strategy is focused on value creation and long-term returns to shareholders, with the dividend being an important component. During the nine months ended September 30, 2023, ARC increased its quarterly dividend by 13 per cent from \$0.15 per share to \$0.17 per share. In the third quarter of 2023, ARC declared dividends totaling \$103.0 million (\$0.17 per share) compared to \$76.7 million (\$0.12 per share) in the same period of 2022. ARC declared dividends of \$298.6 million (\$0.49 per share) for the nine months ended September 30, 2023 compared to \$224.8 million (\$0.34 per share) for the same period in 2022.

ARC's dividend as a per cent of funds from operations⁽¹⁾ increased from an average of eight per cent for both the three and nine months ended September 30, 2022, to an average of 16 per cent and 15 per cent for the three and nine months ended September 30, 2023, respectively, as a result of a higher quarterly dividend per share and a decrease in funds from operations compared to the same periods of the prior year.

(1) Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for an explanation of composition.

Exhibit 22



The actual amount of future monthly dividends is proposed by Management and is subject to the approval and discretion of the Board. The Board reviews future dividends in conjunction with their review of quarterly financial and operational results.

Please refer to ARC's website at www.arcresources.com for details of the estimated quarterly dividend amounts and dividend dates for 2023.

Contractual Obligations and Commitments

At September 30, 2023, ARC's total contractual obligations and commitments were \$6.5 billion. These include obligations and commitments in place at December 31, 2022, less payments made during the nine months ended September 30, 2023, as well as additional purchase and service commitments.

Off-Balance Sheet Financing

ARC does not have any guarantees or off-balance sheet arrangements that have been excluded from the balance sheets other than commitments disclosed in Note 15 "Commitments & Contingencies" of the financial statements.

Critical Accounting Estimates

ARC continuously refines and documents its management and internal reporting systems to ensure that accurate and timely internal and external information is gathered and disseminated.

ARC's financial and operational results incorporate certain estimates including:

- estimated commodity sales from production at a specific reporting date for which actual revenues have not yet been received, including associated estimated credit losses;
- estimated royalty obligations, transportation, and operating expenses at a specific reporting date for which costs have been incurred but have not yet been settled;
- estimated capital expenditures on projects that are in progress;
- estimated DD&A charges that are based on estimates of reserves that ARC expects to recover in the future;
- estimated future recoverable value of PP&E, E&E, and goodwill and any associated impairment charges or reversals;

- estimated fair values of financial instruments that are subject to fluctuation depending upon the underlying forward curves for commodity prices, foreign exchange rates and interest rates, as well as volatility curves, and the risk of non-performance, including embedded derivatives;
- estimated value of ARO that is dependent upon estimates of future costs and timing of expenditures;
- estimated value of ROU assets and lease obligations that are dependent upon estimates of discount rates and timing of lease payments;
- estimated compensation expense under ARC's share-based compensation plans including the PSUs awarded under the PSU Plans that are dependent on the final number of PSU awards that eventually vest based on a performance multiplier; and
- estimated fair values of assets acquired and liabilities assumed in a business combination.

ARC has hired individuals and consultants who have the skills required to make such estimates and ensures that individuals or departments with the most knowledge of the activity are responsible for the estimates. Further, past estimates are reviewed and compared to actual results, and actual results are compared to budgets in order to make more informed decisions on future estimates. For further information on the determination of certain estimates inherent in the financial statements, refer to Note 5 "Management Judgments and Estimation Uncertainty" in the audited consolidated financial statements for the year ended December 31, 2022.

CONTROL ENVIRONMENT

Internal Control over Financial Reporting ("ICFR")

ARC is required to comply with National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"). The certification of interim filings for the interim period ended September 30, 2023 requires that ARC disclose in the interim MD&A any changes in ARC's ICFR that occurred during the period that have materially affected, or are reasonably likely to materially affect, ARC's ICFR. ARC confirms that no such changes were made to its ICFR during the three and nine months ended September 30, 2023.

FINANCIAL REPORTING UPDATE

New Accounting Policies

Amendments to IAS 12 *Income Taxes*

On January 1, 2023, ARC adopted *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* issued by the IASB which made amendments to IAS 12 *Income Taxes*. The amendments require entities to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. There was not a material impact to ARC's financial statements.

On January 1, 2023, ARC adopted the measurement aspects of the amendment to IAS 12 *International Tax Reform - Pillar Two Model Rules* which provides an exception to the requirements for income tax accounting that an entity shall neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Non-GAAP and Other Financial Measures

Throughout this MD&A and in other materials disclosed by the Company, ARC employs certain measures to analyze financial performance, financial position, and cash flow. These non-GAAP and other financial measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to similar measures presented by other entities. The non-GAAP and other financial measures should not be considered to be more meaningful than GAAP measures which are determined in accordance with IFRS, such as net income, cash flow from operating activities, and cash flow used in investing activities, as indicators of ARC's performance.

Non-GAAP Financial Measures

Capital Expenditures

ARC uses capital expenditures to monitor its capital investments relative to those budgeted by the Company on an annual basis. ARC's capital budget excludes acquisition and disposition activities as well as the accounting impact of any accrual changes or payments under certain lease arrangements. The most directly comparable GAAP measure for capital expenditures is cash flow used in investing activities. Table 23 details the composition of capital expenditures and its reconciliation to cash flow used in investing activities.

Table 23

Capital Expenditures (\$ millions)	Three Months Ended			Nine Months Ended	
	June 30, 2023	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Cash flow used in investing activities	464.4	394.6	351.9	1,256.4	1,062.5
Acquisition of crude oil and natural gas assets	—	—	(1.0)	(0.5)	(2.6)
Disposal of crude oil and natural gas assets	—	—	4.5	73.6	11.9
Long-term investments	(3.2)	(0.7)	(8.6)	(5.1)	(8.7)
Change in non-cash investing working capital	(44.8)	3.9	22.1	(24.9)	(14.4)
Other ⁽¹⁾	0.1	3.6	4.0	5.8	9.9
Capital expenditures	416.5	401.4	372.9	1,305.3	1,058.6

(1) Comprises non-cash capitalized costs related to the Company's ROU asset depreciation and share-based compensation.

Free Funds Flow

ARC uses free funds flow as an indicator of the efficiency and liquidity of ARC's business, measuring its funds after capital investment available to manage debt levels, pay dividends, and return capital to shareholders through share repurchases. ARC computes free funds flow as funds from operations generated during the period less capital expenditures. Capital expenditures is a non-GAAP financial measure. By removing the impact of current period capital expenditures from funds from operations, Management monitors its free funds flow to inform its capital allocation decisions. The most directly comparable GAAP measure to free funds flow is cash flow from operating activities. Table 24 details the calculation of free funds flow and the reconciliation of cash flow from operating activities to free funds flow.

Table 24

Free Funds Flow (\$ millions)	Three Months Ended			Nine Months Ended	
	June 30, 2023	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Cash flow from operating activities	550.9	604.2	1,103.6	1,695.4	2,955.0
Net change in other liabilities	(13.9)	7.9	43.3	7.7	115.3
Change in non-cash operating working capital	23.8	50.1	(193.9)	237.3	(344.0)
Funds from operations	560.8	662.2	953.0	1,940.4	2,726.3
Capital expenditures	(416.5)	(401.4)	(372.9)	(1,305.3)	(1,058.6)
Free funds flow	144.3	260.8	580.1	635.1	1,667.7

Netback

ARC computes netback as commodity sales from production less royalties, operating, and transportation expense. Management believes that netback is a key industry performance indicator and one that provides investors with information that is also commonly presented by other crude oil and natural gas producers. ARC's netback is disclosed in Table 12 within this MD&A which includes its most directly comparable GAAP measure, commodity sales from production.

Adjusted EBIT

ARC calculates adjusted EBIT as net income (loss) plus interest and financing, less accretion of ARO, plus total income taxes (recovery). ARC uses adjusted EBIT as a measure of long-term operating performance and as a component in the calculation for ROACE, which is calculated by ARC for the 12 months preceding the period end, on an annual basis, and a four-year basis. Table 25 contains a reconciliation of adjusted EBIT to the most directly comparable GAAP measure, net income (loss).

Table 25

	Twelve Months Ended	Twelve Months Ended December 31				
Adjusted EBIT (\$ millions)	September 30, 2023	2022	2021	2020	2019	2019 - 2022 Average ⁽¹⁾
Net income (loss)	1,834.8	2,302.3	786.6	(547.2)	(27.6)	628.5
Add interest and financing	99.4	97.2	126.1	45.6	48.3	79.3
Less accretion of ARO	(12.6)	(11.0)	(9.5)	(6.3)	(7.3)	(8.5)
Add income taxes (recovery)	546.3	675.9	208.5	(207.7)	(100.9)	144.0
Adjusted EBIT	2,467.9	3,064.4	1,111.7	(715.6)	(87.5)	843.3

(1) Average for the years ended December 31, 2019, 2020, 2021, and 2022.

Average Capital Employed

ARC calculates average capital employed as the total of net debt plus current and long-term portions of lease obligations and shareholders' equity. ARC uses average capital employed as a measure of long-term capital management and operating performance, and as a component in the calculation for ROACE. Table 26 contains a reconciliation of average capital employed to the most directly comparable GAAP measure, shareholders' equity.

Table 26

	Twelve Months Ended	Twelve Months Ended December 31				
Average Capital Employed (\$ millions)	September 30, 2023	2022	2021	2020	2019	2019 - 2022 Average ⁽¹⁾
Net debt - beginning of period	1,541.3	1,828.7	693.5	894.0	702.7	702.7
Current portion of lease obligations	101.0	109.3	15.3	16.3	—	—
Long-term portion of lease obligations	705.1	760.0	33.9	29.9	—	—
Shareholders' equity - beginning of period	6,220.7	5,927.5	2,790.6	3,439.9	3,675.8	3,675.8
Opening capital employed (A)	8,568.1	8,625.5	3,533.3	4,380.1	4,378.5	4,378.5
Net debt - end of period	1,243.5	1,301.5	1,828.7	693.5	894.0	1,301.5
Current portion of lease obligations	84.0	92.4	109.3	15.3	16.3	92.4
Long-term portion of lease obligations	991.2	702.9	760.0	33.9	29.9	702.9
Shareholders' equity - end of period	7,149.5	6,653.5	5,927.5	2,790.6	3,439.9	6,653.5
Closing capital employed (B)	9,468.2	8,750.3	8,625.5	3,533.3	4,380.1	8,750.3
Average capital employed (A+B)/2	9,018.2	8,687.9	6,079.4	3,956.7	4,379.3	6,564.4

(1) Average for the years ended December 31, 2019, 2020, 2021, and 2022.

Non-GAAP Ratios

Netback per boe

ARC calculates netback per boe as netback divided by weighted average daily production. Netback is a non-GAAP financial measure component of netback per boe. Management believes that netback per boe is a key industry performance measure of operational efficiency and one that provides investors with information that is also commonly presented by other crude oil and natural gas producers. ARC's netback per boe is disclosed in Table 12a within this MD&A.

Free Funds Flow per Share

ARC presents free funds flow per share by dividing free funds flow by the Company's diluted or basic weighted average common shares outstanding. Free funds flow is a non-GAAP financial measure. Management believes that free funds flow per share provides investors an indicator of funds generated from the business that could be allocated to each shareholder's equity position.

Return on Average Capital Employed

ARC calculates ROACE, expressed as a percentage, as adjusted EBIT divided by the average capital employed. The components adjusted EBIT and average capital employed are non-GAAP financial measures. ARC uses ROACE as a measure of long-term financial performance, to measure how effectively Management utilizes the capital it has been provided and to demonstrate to shareholders the returns generated over the long term. ROACE is calculated by ARC for the 12 months preceding the period end, on an annual basis, and a four-year basis in Table 27:

Table 27

	Twelve Months Ended	Twelve Months Ended December 31				
ROACE (\$ millions)	September 30, 2023	2022	2021	2020	2019	2019 - 2022 Average ⁽¹⁾
Adjusted EBIT	2,467.9	3,064.4	1,111.7	(715.6)	(87.5)	843.3
Divided by average capital employed	9,018.2	8,687.9	6,079.4	3,956.7	4,379.3	6,564.4
ROACE (%)	27	35	18	(18)	(2)	13

(1) Average for the years ended December 31, 2019, 2020, 2021, and 2022.

Capital Management Measures

Funds from Operations

ARC considers funds from operations to be a key measure of capital management as it demonstrates ARC's ability to generate the necessary funds to maintain production at current levels and fund future growth through capital investment. Management believes that such a measure provides an insightful assessment of ARC's financial performance on a continuing basis by eliminating certain non-cash charges and actual settlements of ARO, of which the nature and timing of expenditures are discretionary. Funds from operations is not a standardized measure and therefore may not be comparable with the calculation of similar measures by other entities.

Funds from operations for the three and nine months ended September 30, 2023 and 2022 is calculated as follows in Table 28:

Table 28

	Three Months Ended			Nine Months Ended	
Funds from Operations (\$ millions)	June 30, 2023	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Cash flow from operating activities	550.9	604.2	1,103.6	1,695.4	2,955.0
Net change in other liabilities	(13.9)	7.9	43.3	7.7	115.3
Change in non-cash operating working capital	23.8	50.1	(193.9)	237.3	(344.0)
Funds from operations	560.8	662.2	953.0	1,940.4	2,726.3

Net Debt and Net Debt to Funds from Operations

Net debt and net debt to funds from operations are used by Management as key measures to assess the Company's liquidity position at a point in time. Net debt and net debt to funds from operations is reflective of the measures used by Management to monitor its liquidity in light of operating and capital budgeting decisions. Net debt is not a standardized measure and therefore may not be comparable with the calculation of similar measures by other entities. Table 29 details the composition of ARC's net debt and net debt to funds from operations as at September 30, 2023 and December 31, 2022:

Table 29

Net Debt (\$ millions, except ratio amounts)	September 30, 2023	December 31, 2022
Long-term debt	1,108.9	990.0
Accounts payable and accrued liabilities	708.1	1,190.9
Dividends payable	103.1	93.4
Cash and cash equivalents, accounts receivable, and prepaid expense	(676.6)	(972.8)
Net debt	1,243.5	1,301.5
Funds from operations ⁽¹⁾	2,926.6	3,712.5
Net debt to funds from operations (ratio) ⁽²⁾	0.4	0.4

(1) 12-month trailing funds from operations.

(2) Composed of net debt divided by 12-month trailing funds from operations.

Supplementary Financial Measures

"Average realized commodity price" is comprised of total commodity sales from production, as determined in accordance with IFRS, divided by the Company's total production.

"Average realized condensate price" is comprised of condensate commodity sales from production, as determined in accordance with IFRS, divided by the Company's condensate production.

"Average realized crude oil price" is comprised of crude oil commodity sales from production, as determined in accordance with IFRS, divided by the Company's crude oil production.

"Average realized natural gas price" is comprised of natural gas commodity sales from production, as determined in accordance with IFRS, divided by the Company's natural gas production.

"Average realized NGLs price" is comprised of NGLs commodity sales from production, as determined in accordance with IFRS, divided by the Company's NGLs production.

"Cash flow from operating activities per basic share" is comprised of cash flow from operating activities, as determined in accordance with IFRS, divided by basic weighted average common shares outstanding.

"Cash flow from operating activities per diluted share" is comprised of cash flow from operating activities, as determined in accordance with IFRS, divided by diluted weighted average common shares outstanding.

"Commodity sales from production per basic share" is comprised of commodity sales from production, as determined in accordance with IFRS, divided by basic weighted average common shares.

"Commodity sales from production per diluted share" is comprised of commodity sales from production, as determined in accordance with IFRS, divided by diluted weighted average common shares.

"Current income tax expense, as a per cent of funds from operations" is comprised of current income tax expense, as determined in accordance with IFRS, divided by funds from operations.

"Current income tax expense per share" is comprised of current income tax expense, as determined in accordance with IFRS, divided by diluted weighted average common shares.

"DD&A expense per boe" is comprised of DD&A expense, as determined in accordance with IFRS, divided by the Company's total production.

"Dividend as a per cent of funds from operations" is comprised of dividends declared, as determined in accordance with IFRS, divided by funds from operations.

"Dividends declared per share" is comprised of dividends declared, as determined in accordance with IFRS, divided by the number of shares outstanding at the dividend record date.

"Funds from operations per basic share" is comprised of funds from operations divided by basic weighted average common shares.

"Funds from operations per diluted share" is comprised of funds from operations divided by diluted weighted average common shares.

"G&A expense per boe" is comprised of G&A expense, as determined in accordance with IFRS, divided by the Company's total production.

"G&A expense before share-based compensation expense per boe" is comprised of G&A expense as determined in accordance with IFRS, excluding share-based compensation expense, divided by the Company's total production.

"G&A – share-based compensation expense per boe" is comprised of G&A expense as determined in accordance with IFRS, excluding G&A expense not attributable to share-based compensation plans, divided by the Company's total production.

"Interest and financing expense per boe" is comprised of interest and financing expense, as determined in accordance with IFRS, divided by the Company's total production.

"Operating expense per boe" is comprised of operating expense, as determined in accordance with IFRS, divided by the Company's total production.

"Royalties as a percentage of commodity sales from production" is comprised of royalties, as determined in accordance with IFRS, divided by commodity sales from production, as determined in accordance with IFRS.

"Royalties per boe" is comprised of royalties, as determined in accordance with IFRS, divided by the Company's total production.

"Transportation expense per boe" is comprised of transportation expense, as determined in accordance with IFRS, divided by the Company's total production.

Forward-looking Information and Statements

This MD&A contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect," "anticipate," "continue," "estimate," "objective," "ongoing," "may," "will," "project," "should," "believe," "plans," "intends," "strategy," and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this MD&A contains forward-looking information and statements pertaining to the following: ARC's 2023 annual guidance, production guidance and expense guidance, guidance with respect to current income tax expense, as a per cent of funds from operations and ARC's expectations thereof; ARC's preliminary 2024 guidance, including the 2024 capital budget and expectations with respect to 2024 annual production; the anticipated vesting of RSUs and PSUs, expected variability of future payments under the RSU and PSU Plans, the estimated range of future expected payments under such plans and expectations regarding the value of RSUs and PSUs upon vesting under the heading "Restricted Share Unit and Performance Share Unit Plans"; expectations regarding the anticipated decline in ARC's tax pools; ARC's capital management objectives, the anticipated sources of financing for profitable growth activities, ARC's belief that investing in development activities that prioritize profitability over production growth creates significant long-term shareholder value, ARC's plans to allocate free funds flow to shareholders, through dividends and repurchase of shares, and debt reduction and ARC's target net debt to funds from operations under the heading "Capitalization, Financial Resources and Liquidity"; and similar statements.

The forward-looking information and statements contained in this MD&A reflect material factors, expectations, and assumptions of ARC including, without limitation: that ARC will continue to conduct its operations in a manner consistent with past operations; assumptions regarding ARC's share price; assumptions regarding the successful implementation of future agreements; that future business, regulatory, and industry conditions will be within the parameters expected by ARC, including with respect to prices, margins, demand, supply, product availability, supplier agreements, availability and cost of labour and interest, exchange and effective tax rates; assumptions with respect to global economic conditions and the accuracy of ARC's market outlook expectations for 2023, 2024 and in the future; the general continuance of current industry conditions; the continuance of existing (and in certain circumstances, the implementation of proposed) tax, royalty, and regulatory regimes; the accuracy of the estimates of ARC's reserve volumes; certain commodity price and other cost assumptions; and the continued availability of adequate debt and equity financing and funds from operations to fund its planned expenditures. ARC believes the material factors, expectations, and assumptions reflected in the forward-looking information and statements are reasonable, but no assurance can be given that these factors, expectations, and assumptions will prove to be correct.

The forward-looking information and statements included in this MD&A are not guarantees of future performance and should not be unduly relied upon. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements including, without limitation: the success of business integration; changes in commodity prices; inflation; changes in the demand for or supply of ARC's products; public health crises, and any related actions taken by governments and businesses; potential regulatory and industry changes stemming from the results of court actions affecting regions in which ARC holds assets; risks and uncertainties related to crude oil and natural gas interests and operations on Indigenous lands; suspension of or changes to guidance, and the associated impact to production; changes to government regulations including royalty rates, taxes, and environmental and climate change regulation; market access constraints or transportation interruptions, unanticipated operating results or production declines; risks and uncertainties related to political instability abroad (including the ongoing Israeli-Hamas and Russian-Ukrainian conflicts); changes in development plans of ARC or by third-party operators of ARC's properties, increased debt levels or debt service requirements; inaccurate estimation of ARC's reserve volumes; limited, unfavorable or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; and certain other risks detailed in ARC's public disclosure documents. Readers should also carefully consider the risks discussed in the section entitled "Risk Factors" contained within the MD&A for the year ended December 31, 2022.

The internal projections, expectations, or beliefs are based on the 2023 and 2024 capital budgets, which is subject to change in light of ongoing results, prevailing economic conditions, commodity prices, and industry conditions and regulations. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted. The forward-looking information contained in this MD&A speak only as of the date of this MD&A, and ARC does not assume any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable laws.

GLOSSARY

The following is a list of abbreviations that may be used in this MD&A:

Measurement

bbl	barrel
bbl/d	barrels per day
Mbbl	thousand barrels
MMbbl	million barrels
boe ⁽¹⁾	barrels of oil equivalent
boe/d ⁽¹⁾	barrels of oil equivalent per day
Mboe ⁽¹⁾	thousands of barrels of oil equivalent
MMboe ⁽¹⁾	millions of barrels of oil equivalent
Mcf	thousand cubic feet
Mcf/d	thousand cubic feet per day
MMcf	million cubic feet
MMcf/d	million cubic feet per day
Bcf	billion cubic feet
MMBtu	million British thermal units
GJ	gigajoule

- (1) ARC has adopted the standard of 6 Mcf:1 bbl when converting natural gas to boe. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of six Mcf per barrel is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different than the energy equivalency of the 6:1 conversion ratio, utilizing the 6:1 conversion ratio may be misleading as an indication of value.

Financial and Business Environment

AECO	Alberta Energy Company
AIF	annual information form
ARO	asset retirement obligation
CGU	cash-generating unit
DD&A	depletion, depreciation and amortization
DSU	Deferred Share Unit
E&E	exploration and evaluation
ESG	environmental, social, and governance
GAAP	generally accepted accounting principles
G&A	general and administrative
GHG	greenhouse gas
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
JKM	Japan Korea Marker
LNG	liquefied natural gas
LTRSA	Long-term Restricted Share Award
PSO	Peace Sour
NGLs	natural gas liquids
NYMEX	New York Mercantile Exchange
PP&E	property, plant and equipment
PSU	Performance Share Unit
ROU	right-of-use
RSU	Restricted Share Unit
TSX	Toronto Stock Exchange
WTI	West Texas Intermediate

QUARTERLY HISTORICAL REVIEW

(\$ millions, except per share amounts)	2023			2022				2021
FINANCIAL	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Commodity sales from production	1,308.0	1,124.7	1,527.5	2,024.4	2,056.9	2,211.6	1,677.0	1,618.5
Per share, basic ⁽¹⁾	2.15	1.84	2.47	3.22	3.15	3.28	2.43	2.31
Per share, diluted ⁽¹⁾	2.15	1.84	2.47	3.21	3.14	3.27	2.43	2.30
Net income (loss)	236.4	278.9	574.9	741.0	867.8	762.9	(69.4)	678.0
Per share, basic	0.39	0.46	0.93	1.18	1.33	1.13	(0.10)	0.97
Per share, diluted	0.39	0.46	0.93	1.18	1.32	1.13	(0.10)	0.96
Cash flow from operating activities	604.2	550.9	540.3	878.3	1,103.6	1,092.6	758.8	668.7
Per share, basic ⁽¹⁾	1.00	0.90	0.87	1.40	1.69	1.62	1.10	0.95
Per share, diluted ⁽¹⁾	0.99	0.90	0.87	1.39	1.68	1.61	1.10	0.95
Funds from operations	662.2	560.8	717.4	986.2	953.0	1,029.7	743.6	833.6
Per share, basic ⁽¹⁾	1.09	0.92	1.16	1.57	1.46	1.53	1.08	1.19
Per share, diluted ⁽¹⁾	1.09	0.92	1.16	1.56	1.45	1.52	1.08	1.19
Free funds flow	260.8	144.3	230.0	602.9	580.1	677.3	410.3	458.7
Per share, basic ⁽¹⁾	0.43	0.24	0.37	0.96	0.89	1.00	0.60	0.65
Per share, diluted ⁽¹⁾	0.43	0.24	0.37	0.96	0.89	1.00	0.60	0.65
Cash flow used in investing activities	394.6	464.4	397.4	350.7	351.9	363.9	346.7	268.7
Dividends declared	103.0	103.7	91.9	93.4	76.7	79.9	68.2	69.5
Per share	0.17	0.17	0.15	0.15	0.12	0.12	0.10	0.10
Total assets	11,924.9	11,573.8	11,513.4	11,623.9	11,520.7	11,468.8	11,421.1	11,380.3
Total liabilities	4,775.4	4,449.3	4,518.4	4,970.4	5,300.0	5,537.3	5,800.9	5,452.8
Net debt	1,243.5	1,281.1	1,264.7	1,301.5	1,541.3	1,511.4	1,695.5	1,828.7
Weighted average shares, basic	607.2	609.7	617.6	628.3	653.7	674.9	688.8	701.8
Weighted average shares, diluted	609.0	611.5	619.2	630.3	655.4	676.8	688.8	703.0
Shares outstanding, end of period	605.0	608.4	611.2	620.9	637.6	663.7	680.9	693.5
CAPITAL EXPENDITURES								
Geological and geophysical	2.6	1.2	3.1	1.3	3.9	0.1	4.2	3.5
Drilling and completions	352.3	360.4	452.4	338.6	304.9	239.2	245.3	241.8
Plant and facilities	30.5	35.2	29.2	27.0	55.9	86.8	62.6	106.7
Maintenance and optimization	9.4	8.6	10.0	10.7	11.5	16.9	18.9	16.8
Corporate	6.6	11.1	(7.3)	5.7	(3.3)	9.4	2.3	6.1
Capital expenditures	401.4	416.5	487.4	383.3	372.9	352.4	333.3	374.9
Acquisitions	—	—	3.5	0.3	1.1	0.8	4.2	21.5
Dispositions	(0.1)	—	(76.5)	(0.1)	(4.6)	—	(10.8)	(22.0)
Capital expenditures, and net acquisitions and dispositions	401.3	416.5	414.4	383.5	369.4	353.2	326.7	374.4
OPERATING								
Production								
Crude oil (bbl/d)	8,872	8,076	7,884	7,280	8,149	8,297	7,892	7,857
Condensate (bbl/d)	78,226	75,464	71,085	82,855	82,203	75,793	72,956	74,220
Crude oil and condensate (bbl/d)	87,098	83,540	78,969	90,135	90,352	84,090	80,848	82,077
Natural gas (MMcf/d)	1,353	1,289	1,264	1,310	1,227	1,219	1,280	1,293
NGLs (bbl/d)	47,557	45,202	48,800	51,311	47,108	48,877	50,257	48,299
Total (boe/d)	360,177	343,630	338,377	359,730	342,034	336,112	344,447	345,831
Average realized commodity prices								
Crude oil (\$/bbl)	104.91	88.13	92.78	103.58	111.41	134.52	111.48	92.11
Condensate (\$/bbl)	103.21	93.43	104.10	107.24	110.35	137.91	119.15	96.90
Natural gas (\$/Mcf)	3.16	2.83	5.89	8.31	9.29	9.08	5.98	6.45
NGLs (\$/bbl)	19.63	20.89	28.59	28.86	20.72	34.16	27.94	27.65
Oil equivalent (\$/boe)	39.47	35.97	50.16	61.17	65.37	72.31	54.10	50.87
TRADING STATISTICS ⁽²⁾								
(\$, based on intra-day trading)								
High	22.05	18.44	18.07	20.49	19.51	22.88	17.50	13.34
Low	17.63	15.38	14.33	17.05	13.12	14.81	11.66	10.20
Close	21.68	17.67	15.33	18.25	16.59	16.23	16.74	11.50
Average daily volume (thousands)	3,705	4,009	5,949	4,259	5,315	9,208	4,224	3,173

(1) Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for an explanation of composition.

(2) Trading statistics denote trading activity on the TSX only.

Q3 2023



Financial **Statements**



ARC RESOURCES LTD.

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

(unaudited)

As at

(Cdn\$ millions)	September 30, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	2.2	57.1
Inventory	12.7	6.7
Accounts receivable	563.3	863.2
Prepaid expense	111.1	52.5
Risk management contracts (Note 11)	46.7	0.9
Assets held for sale	—	6.1
	736.0	986.5
Risk management contracts (Note 11)	30.0	13.3
Long-term investments	19.6	14.5
Exploration and evaluation assets	299.3	290.9
Property, plant and equipment (Note 4)	9,555.0	9,300.3
Right-of-use assets (Note 5)	1,036.8	770.2
Goodwill	248.2	248.2
Total assets	11,924.9	11,623.9
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	708.1	1,190.9
Current portion of lease obligations (Note 6)	84.0	92.4
Current portion of other deferred liabilities (Note 8)	21.1	20.0
Current portion of asset retirement obligation (Note 9)	17.0	16.0
Dividends payable (Note 12)	103.1	93.4
Risk management contracts (Note 11)	52.1	303.0
	985.4	1,715.7
Risk management contracts (Note 11)	25.4	38.1
Long-term portion of lease obligations (Note 6)	991.2	702.9
Long-term debt (Note 7)	1,108.9	990.0
Long-term incentive compensation liability (Note 14)	54.8	48.1
Other deferred liabilities (Note 8)	129.7	135.7
Asset retirement obligation (Note 9)	370.2	378.3
Deferred taxes	1,109.8	961.6
Total liabilities	4,775.4	4,970.4
SHAREHOLDERS' EQUITY		
Shareholders' capital (Note 12)	6,331.6	6,497.6
Contributed surplus	36.4	39.9
Retained earnings	803.8	139.1
Accumulated other comprehensive loss	(22.3)	(23.1)
Total shareholders' equity	7,149.5	6,653.5
Total liabilities and shareholders' equity	11,924.9	11,623.9
Commitments and contingencies (Note 15)		

See accompanying notes to the unaudited condensed interim consolidated financial statements.

ARC RESOURCES LTD.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME (unaudited)

For the three and nine months ended September 30

(Cdn\$ millions, except per share amounts)	Three Months Ended		Nine Months Ended	
	2023	2022	2023	2022
Commodity sales from production (Note 13)	1,308.0	2,056.9	3,960.2	5,945.5
Royalties	(155.2)	(290.5)	(534.0)	(872.4)
Sales of commodities purchased from third parties	250.6	366.0	839.8	1,422.4
Revenue from commodity sales	1,403.4	2,132.4	4,266.0	6,495.5
Interest and other income (Note 4)	4.0	2.4	34.7	16.4
Gain (loss) on risk management contracts (Note 11)	(80.9)	(6.4)	147.4	(1,038.6)
Total revenue, interest and other income, and gain (loss) on risk management contracts	1,326.5	2,128.4	4,448.1	5,473.3
Commodities purchased from third parties	246.4	331.9	817.1	1,360.9
Operating	163.6	147.5	451.2	415.2
Transportation	163.9	191.3	501.7	555.6
General and administrative	67.7	49.4	159.7	157.2
Interest and financing	27.1	24.6	73.9	71.7
Impairment (reversal of impairment) of financial assets	2.8	—	(5.9)	2.5
Depletion, depreciation and amortization and impairment of property, plant and equipment (Note 4)	364.9	312.1	1,052.2	949.5
Gain on foreign exchange	(7.6)	(25.5)	(0.2)	(38.8)
Total expenses	1,028.8	1,031.3	3,049.7	3,473.8
Net income before income taxes	297.7	1,097.1	1,398.4	1,999.5
Provision for income taxes				
Current	60.0	75.0	160.0	220.0
Deferred	1.3	154.3	148.2	218.2
Total income taxes	61.3	229.3	308.2	438.2
Net income	236.4	867.8	1,090.2	1,561.3
Net income per share (Note 12)				
Basic	0.39	1.33	1.78	2.32
Diluted	0.39	1.32	1.78	2.32

See accompanying notes to the unaudited condensed interim consolidated financial statements.

ARC RESOURCES LTD.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (unaudited)

For the three and nine months ended September 30

(Cdn\$ millions)	Three Months Ended		Nine Months Ended	
	2023	2022	2023	2022
Net income	236.4	867.8	1,090.2	1,561.3
Items that may be reclassified to the consolidated statements of income in subsequent periods:				
Net unrealized gain (loss) on foreign currency translation adjustment	(4.0)	(17.3)	0.8	(25.7)
Comprehensive income	232.4	850.5	1,091.0	1,535.6

See accompanying notes to the unaudited condensed interim consolidated financial statements.

ARC RESOURCES LTD.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)

For the nine months ended September 30

(Cdn\$ millions)	Shareholders' Capital (Note 12)	Contributed Surplus	Retained Earnings (Deficit)	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
December 31, 2021	7,221.1	46.3	(1,337.4)	(2.5)	5,927.5
Comprehensive income	—	—	1,561.3	(25.7)	1,535.6
Recognized under share-based compensation plans (Note 14)	(0.2)	1.1	—	—	0.9
Recognized on exercise of share options (Note 14)	33.9	(7.2)	—	—	26.7
Repurchase of shares for cancellation (Note 12)	(604.4)	—	(376.6)	—	(981.0)
Change in liability for share purchase commitment (Note 12)	(35.9)	—	(28.3)	—	(64.2)
Dividends declared (Note 12)	—	—	(224.8)	—	(224.8)
September 30, 2022	6,614.5	40.2	(405.8)	(28.2)	6,220.7
December 31, 2022	6,497.6	39.9	139.1	(23.1)	6,653.5
Comprehensive income	—	—	1,090.2	0.8	1,091.0
Recognized under share-based compensation plans (Note 14)	0.3	0.6	—	—	0.9
Recognized on exercise of share options (Note 14)	18.4	(4.1)	—	—	14.3
Repurchase of shares for cancellation (Note 12)	(177.1)	—	(109.6)	—	(286.7)
Change in liability for share purchase commitment (Note 12)	(7.6)	—	(17.3)	—	(24.9)
Dividends declared (Note 12)	—	—	(298.6)	—	(298.6)
September 30, 2023	6,331.6	36.4	803.8	(22.3)	7,149.5

See accompanying notes to the unaudited condensed interim consolidated financial statements.

ARC RESOURCES LTD.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

For the three and nine months ended September 30

	Three Months Ended		Nine Months Ended	
(Cdn\$ millions)	2023	2022	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES				
Net income	236.4	867.8	1,090.2	1,561.3
Add items not involving cash:				
Unrealized loss (gain) on risk management contracts	59.0	(346.0)	(328.9)	37.1
Accretion of asset retirement obligation (Note 9)	3.2	2.9	9.5	7.9
Impairment (reversal of impairment) of financial assets	2.8	—	(5.9)	2.5
Depletion, depreciation and amortization and impairment of property, plant and equipment (Note 4)	364.9	312.1	1,052.2	949.5
Unrealized gain on foreign exchange	(6.2)	(38.4)	(4.2)	(50.0)
Gain on disposal of crude oil and natural gas assets	—	(0.4)	(25.9)	(2.0)
Deferred taxes	1.3	154.3	148.2	218.2
Other (Note 16)	0.8	0.7	5.2	1.8
Net change in other liabilities (Note 16)	(7.9)	(43.3)	(7.7)	(115.3)
Change in non-cash working capital (Note 16)	(50.1)	193.9	(237.3)	344.0
Cash flow from operating activities	604.2	1,103.6	1,695.4	2,955.0
CASH FLOW USED IN FINANCING ACTIVITIES				
Draw of long-term debt under revolving credit facilities	1,102.1	1,630.5	2,888.6	5,630.6
Repayment of long-term debt	(1,116.1)	(1,752.4)	(2,772.6)	(6,214.8)
Proceeds from exercise of share options	8.8	1.2	14.3	26.7
Repurchase of shares	(81.8)	(467.7)	(287.4)	(974.9)
Repayment of principal relating to lease obligations	(17.4)	(21.8)	(47.9)	(64.3)
Cash dividends paid	(103.6)	(79.9)	(288.9)	(217.6)
Cash flow used in financing activities	(208.0)	(690.1)	(493.9)	(1,814.3)
CASH FLOW USED IN INVESTING ACTIVITIES				
Acquisition of crude oil and natural gas assets	—	(1.0)	(0.5)	(2.6)
Disposal of crude oil and natural gas assets	—	4.5	73.6	11.9
Property, plant and equipment development expenditures (Note 4)	(393.9)	(365.9)	(1,292.2)	(1,045.9)
Exploration and evaluation asset expenditures	(3.9)	(3.0)	(7.3)	(2.8)
Long-term investments	(0.7)	(8.6)	(5.1)	(8.7)
Change in non-cash working capital (Note 16)	3.9	22.1	(24.9)	(14.4)
Cash flow used in investing activities	(394.6)	(351.9)	(1,256.4)	(1,062.5)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1.6	61.6	(54.9)	78.2
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	0.6	16.6	57.1	—
CASH AND CASH EQUIVALENTS, END OF PERIOD	2.2	78.2	2.2	78.2
The following are included in cash flow from operating activities:				
Income taxes paid in cash	51.3	3.7	440.6	0.6
Interest paid in cash	30.4	28.2	68.4	68.5

See accompanying notes to the unaudited condensed interim consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022

1. Structure of the Business

The principal undertakings of ARC Resources Ltd. and any subsidiaries ("ARC" or the "Company") are to carry on the business of acquiring, developing, and holding interests in crude oil and natural gas assets.

ARC was incorporated in Alberta, Canada and the Company's registered office and principal place of business is located at 1200, 308 – 4th Avenue SW, Calgary, Alberta, Canada T2P 0H7. ARC's common shares are traded on the Toronto Stock Exchange ("TSX") under the symbol ARX.

2. Basis of Preparation

These unaudited condensed interim consolidated financial statements (the "financial statements") have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These financial statements are condensed as they do not include all of the information required by IFRS for annual financial statements and therefore should be read in conjunction with ARC's audited consolidated financial statements for the year ended December 31, 2022. All financial information is reported in millions of Canadian dollars ("Cdn\$"), unless otherwise noted as United States dollars ("US\$").

The financial statements have been prepared on a historical cost basis, except those items that are presented at fair value as detailed in the accounting policies disclosed in Note 3 "Summary of Accounting Policies" of ARC's audited consolidated financial statements for the year ended December 31, 2022. All accounting policies and methods of computation followed in the preparation of these financial statements are consistent with those of the previous year, except as noted in Note 3 "New Accounting Policies", and for income taxes. Income taxes on net income in the interim periods are accrued using the income tax rate that would be applicable to the expected total annual net income.

All inter-entity transactions have been eliminated upon consolidation between ARC and any subsidiaries in these financial statements. ARC's operations are viewed as a single operating segment by the chief operating decision maker of the Company for the purpose of resource allocation and assessing performance.

These financial statements were authorized for issue by ARC's board of directors (the "Board") on November 2, 2023.

3. New Accounting Policies

Amendments to IAS 12 *Income Taxes*

On January 1, 2023, ARC adopted *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* issued by the IASB which made amendments to IAS 12 *Income Taxes*. The amendments require entities to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. There was not a material impact to ARC's financial statements.

On January 1, 2023, ARC adopted the measurement aspects of the amendment to *IAS 12 International Tax Reform - Pillar Two Model Rules* which provides an exception to the requirements for income tax accounting that an entity shall neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

4. Property, Plant and Equipment ("PP&E")

Cost	Development and Production Assets	Corporate Assets	Total
Balance, December 31, 2022	15,382.7	117.6	15,500.3
Additions	1,288.7	8.4	1,297.1
Acquisitions	3.0	—	3.0
Change in asset retirement cost	1.9	—	1.9
Assets disposed in period	(117.8)	—	(117.8)
Reclassification of lease payments, net of capitalized depreciation	0.9	—	0.9
Balance, September 30, 2023	16,559.4	126.0	16,685.4
Accumulated Depletion, Depreciation and Amortization ("DD&A") and Impairment			
Balance, December 31, 2022	(6,110.7)	(89.3)	(6,200.0)
DD&A	(979.7)	(16.3)	(996.0)
Accumulated DD&A and impairment disposed in period	65.6	—	65.6
Balance, September 30, 2023	(7,024.8)	(105.6)	(7,130.4)
Carrying Amounts			
Balance, December 31, 2022	9,272.0	28.3	9,300.3
Balance, September 30, 2023	9,534.6	20.4	9,555.0

For the three and nine months ended September 30, 2023, \$15.0 million and \$35.1 million of direct and incremental overhead charges were capitalized to PP&E (\$11.0 million and \$37.1 million for the three and nine months ended September 30, 2022), respectively. Future development costs of \$9.1 billion were included in the determination of DD&A for the nine months ended September 30, 2023 (\$7.4 billion for the nine months ended September 30, 2022).

During the nine months ended September 30, 2023, ARC disposed of certain non-core assets across its portfolio for total cash proceeds of \$73.6 million and recognized both an impairment charge and gain on disposal of \$2.9 million and \$25.9 million, respectively, in the condensed interim consolidated statements of income ("statements of income").

During the three and nine months ended September 30, 2022, ARC disposed of certain non-core assets in Alberta for cash proceeds of \$0.9 million and \$8.2 million, and recognized gains on disposal of \$0.4 million and \$2.0 million in the statements of income, respectively.

5. Right-of-Use ("ROU") Assets

Cost	Leases			Other	Total
	Buildings and Land Use Rights	Equipment and Vehicles	Facilities	Service Contracts	
Balance, December 31, 2022	41.4	48.1	868.1	8.2	965.8
Additions	—	38.1	—	—	38.1
Modifications and terminations	(6.3)	1.2	289.8	—	284.7
Balance, September 30, 2023	35.1	87.4	1,157.9	8.2	1,288.6
Accumulated Depreciation					
Balance, December 31, 2022	(22.7)	(42.6)	(125.5)	(4.8)	(195.6)
Depreciation	(1.2)	(7.2)	(49.4)	(0.6)	(58.4)
Modifications and terminations	0.4	1.8	—	—	2.2
Balance, September 30, 2023	(23.5)	(48.0)	(174.9)	(5.4)	(251.8)
Carrying Amounts					
Balance, December 31, 2022	18.7	5.5	742.6	3.4	770.2
Balance, September 30, 2023	11.6	39.4	983.0	2.8	1,036.8

6. Lease Obligations

Carrying Amount	
Balance, December 31, 2022	795.3
Additions	38.1
Modifications and terminations	289.7
Repayments	(47.9)
Balance, September 30, 2023	1,075.2
Lease obligations due within one year	84.0
Lease obligations due beyond one year	991.2

7. Long-term Debt

	September 30, 2023	December 31, 2022
Syndicated credit facilities	116.0	—
Senior notes		
2.354% Cdn\$ note	450.0	450.0
3.465% Cdn\$ note	550.0	550.0
Total senior notes	1,000.0	1,000.0
Unamortized debt issuance costs	(7.1)	(10.0)
Total long-term debt outstanding	1,108.9	990.0

ARC's available credit capacity is \$2.8 billion (\$2.8 billion at December 31, 2022), of which \$1.1 billion was outstanding at September 30, 2023 (\$1.0 billion at December 31, 2022). At September 30, 2023, ARC was in compliance with all of its debt covenants.

At September 30, 2023, the fair value of all long-term debt outstanding was \$1.0 billion (\$0.9 billion at December 31, 2022).

8. Other Deferred Liabilities

Carrying Amount	
Balance, December 31, 2022	155.7
Additions	11.3
Amortization	(16.2)
Balance, September 30, 2023	150.8
Expected to be settled within one year	21.1
Expected to be settled beyond one year	129.7

9. Asset Retirement Obligation ("ARO")

ARC has estimated the net present value of its total ARO to be \$387.2 million at September 30, 2023 (\$394.3 million at December 31, 2022) based on a total future undiscounted liability of \$585.6 million (\$537.1 million at December 31, 2022). Management estimates that these payments are expected to be made over the next 59 years with costs being incurred evenly over those years. The Bank of Canada's long-term risk-free bond rate of 3.8 per cent (3.3 per cent at December 31, 2022) and an average inflation rate of 2.0 per cent (2.0 per cent at December 31, 2022) were used to calculate the present value of ARO at September 30, 2023.

The following table reconciles ARC's provision for its ARO:

	Nine Months Ended September 30, 2023	Year Ended December 31, 2022
Balance, beginning of period	394.3	550.3
Development activities	6.1	10.0
Change in estimates ⁽¹⁾	45.8	28.6
Change in discount rate	(40.4)	(181.6)
Settlement of obligations ⁽²⁾	(14.3)	(21.0)
Accretion	9.5	11.0
Assets disposed in period	(13.8)	(3.0)
Balance, end of period	387.2	394.3
Expected to be incurred within one year	17.0	16.0
Expected to be incurred beyond one year	370.2	378.3

(1) Relates to changes in cost estimates of future obligations and anticipated settlement dates of ARO.

(2) For the three and nine months ended September 30, 2023, \$nil and \$0.4 million of obligations were indirectly settled through a government subsidy, whereby third-party service providers were reimbursed on behalf of ARC (\$0.5 million and \$1.0 million for the three and nine months ended September 30, 2022).

10. Capital Management

ARC actively manages its capital structure and adjusts it in response to changes in economic conditions and the risk characteristics of its underlying assets. ARC has the ability to manage its capital structure by issuing new shares or new debt, repurchasing shares, or changing its dividend policy. During the nine months ended September 30, 2023, ARC increased its dividend by 13 per cent from \$0.15 per share per quarter to \$0.17 per share per quarter, repurchased 16.9 million common shares under its normal course issuer bid ("NCIB"), and announced the renewal of its NCIB.

ARC's objective when managing its capital is to maintain a conservative structure that will allow it to:

- fund its development and exploration programs;
- maintain sustainable, meaningful returns of capital to shareholders through dividends and share repurchases; and
- maintain financial flexibility to execute on strategic opportunities.

Funds from Operations

ARC considers funds from operations to be a key measure of capital management as it demonstrates ARC's ability to generate the necessary funds to maintain production at current levels and fund future growth through capital investment. Management believes that such a measure provides an insightful assessment of ARC's financial performance on a continuing basis by eliminating certain non-cash charges and actual settlements of ARO, of which the nature and timing of expenditures are discretionary. Funds from operations is not a standardized measure and therefore may not be comparable with the calculation of similar measures by other entities.

Funds from operations for the three and nine months ended September 30, 2023 and 2022 is calculated as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Cash flow from operating activities	604.2	1,103.6	1,695.4	2,955.0
Net change in other liabilities (Note 16)	7.9	43.3	7.7	115.3
Change in non-cash operating working capital (Note 16)	50.1	(193.9)	237.3	(344.0)
Funds from operations	662.2	953.0	1,940.4	2,726.3

Net Debt and Net Debt to Funds from Operations

Net debt and net debt to funds from operations are used by Management as key measures to assess the Company's liquidity position at a point in time. The determination of net debt and net debt to funds from operations is reflective of the measures used by Management to monitor its liquidity in light of operating and capital budgeting decisions. Net debt is not a standardized measure and therefore may not be comparable with the calculation of similar measures by other entities.

Management targets its net debt to be approximately 1.0 times funds from operations and manages its capital structure to achieve that target over the long term. At September 30, 2023, ARC's net debt was 0.4 times its funds from operations.

The following table details the composition of ARC's net debt and net debt to funds from operations as at September 30, 2023 and 2022:

	September 30, 2023	September 30, 2022
Long-term debt	1,108.9	1,126.6
Accounts payable and accrued liabilities	708.1	1,234.5
Dividends payable	103.1	76.7
Cash and cash equivalents, accounts receivable, and prepaid expense	(676.6)	(896.5)
Net debt	1,243.5	1,541.3
Funds from operations ⁽¹⁾	2,926.6	3,559.9
Net debt to funds from operations (ratio) ⁽²⁾	0.4	0.4

(1) 12-month trailing funds from operations.

(2) Composed of net debt divided by 12-month trailing funds from operations.

11. Financial Instruments and Market Risk Management

Financial Instruments

At September 30, 2023, ARC's financial instruments include cash and cash equivalents, accounts receivable, long-term investments, risk management contracts, accounts payable and accrued liabilities, dividends payable, lease obligations, and long-term debt.

ARC's financial instruments that are carried at fair value on the unaudited condensed interim consolidated balance sheets (the "balance sheets") include cash and cash equivalents and risk management contracts. All of ARC's financial instruments carried at fair value are transacted in active markets, with the exception of ARC's natural gas embedded derivative.

ARC's cash and cash equivalents are classified as Level 1 measurements and its risk management contracts and fair value disclosure for its long-term debt are classified as Level 2 measurements in the three-level fair value measurement hierarchy. The fair value of ARC's long-term debt is disclosed in Note 7 "Long-term Debt". There were no transfers between levels in the fair value hierarchy for the nine months ended September 30, 2023.

The carrying values of ARC's accounts receivable, accounts payable and accrued liabilities, and dividends payable as at September 30, 2023 approximate their fair values due to the short-term nature of these instruments.

Natural Gas - Embedded Derivative

ARC's natural gas embedded derivative contract is classified as Level 3 within the fair value hierarchy, as the fair value is determined using internal models which incorporate significant unobservable inputs. These include energy price assumptions for unobservable periods for Japan Korea Marker ("JKM") and Chicago Citygate prices.

ARC recognizes a gain (loss) on risk management contracts in the statements of income related to the natural gas embedded derivative. The gain (loss) is determined by the relative movements in the differential between JKM and Chicago Citygate price forecasts compared to the prior period balance sheet date. For the three and nine months ended September 30, 2023, ARC recognized an unrealized loss on risk management contracts of \$6.8 million and \$14.5 million (\$nil for the three and nine months ended September 30, 2022), respectively. At September 30, 2023, the fair value of the natural gas embedded derivative was a liability of \$18.5 million (\$4.0 million at December 31, 2022).

The following table includes information regarding the fair value of the natural gas embedded derivative as at September 30, 2023:

Embedded Derivative	Net Asset (Liability) Fair Value	Valuation Approach	Significant Unobservable Input	Range of Significant Unobservable Input (US\$/MMBtu)
Natural gas	(18.5)	Market approach incorporating present value techniques	The differential between JKM index and Chicago Citygate pricing (the "Differential")	\$4.79 - \$5.72

The following table demonstrates the sensitivity of the fair value of the natural gas embedded derivative at September 30, 2023, from reasonably possible changes in unobservable inputs inherent in the estimate:

Sensitivity of Embedded Derivative	Increase in Discount Rate of 1 Per Cent	Decrease in Discount Rate of 1 Per Cent	Increase in the Differential of 5 Per Cent	Decrease in the Differential of 5 Per Cent
Increase (decrease) in fair value	1.6	(1.8)	64.6	(64.6)

Financial Assets and Financial Liabilities Subject to Offsetting

The following is a summary of ARC's financial assets and financial liabilities that are subject to offsetting as at September 30, 2023 and December 31, 2022:

	Gross Amounts of Recognized Financial Assets (Liabilities)	Gross Amounts of Recognized Financial Assets (Liabilities) Offset on Balance Sheets	Net Amounts of Financial Assets (Liabilities) Recognized on Balance Sheets Prior to Credit Risk Adjustment	Credit Risk Adjustment	Net Amounts of Financial Assets (Liabilities) Recognized on Balance Sheets
As at September 30, 2023					
Risk management contracts					
Current asset	125.7	(78.7)	47.0	(0.3)	46.7
Long-term asset	111.9	(81.7)	30.2	(0.2)	30.0
Current liability	(134.1)	78.7	(55.4)	3.3	(52.1)
Long-term liability	(107.5)	81.7	(25.8)	0.4	(25.4)
Net position	(4.0)	—	(4.0)	3.2	(0.8)
As at December 31, 2022					
Risk management contracts					
Current asset	97.3	(96.4)	0.9	—	0.9
Long-term asset	131.7	(118.3)	13.4	(0.1)	13.3
Current liability	(415.7)	96.4	(319.3)	16.3	(303.0)
Long-term liability	(158.2)	118.3	(39.9)	1.8	(38.1)
Net position	(344.9)	—	(344.9)	18.0	(326.9)

Risk Management Contracts

The following table summarizes ARC's risk management contracts as at September 30, 2023:

Risk Management Contracts Positions Summary ⁽¹⁾												
As at September 30, 2023	2023 (remainder)		2024		2025		2026		2027		2028	
Crude Oil – WTI	US\$/bbl	bbl/day	US\$/bbl	bbl/day	US\$/bbl	bbl/day	US\$/bbl	bbl/day	US\$/bbl	bbl/day	US\$/bbl	bbl/day
Ceiling	76.82	21,000	100.26	19,000	91.50	5,000	—	—	—	—	—	—
Floor	60.48	21,000	69.74	19,000	70.00	5,000	—	—	—	—	—	—
Sold Floor	49.64	14,000	55.00	17,757	55.00	5,000	—	—	—	—	—	—
Swap	80.83	674	—	—	—	—	—	—	—	—	—	—
Sold Swaption ⁽²⁾	—	—	—	—	90.50	5,000	—	—	—	—	—	—
Total Crude Oil Volumes (bbl/day)	21,674		19,000		5,000		—		—		—	
Natural Gas – NYMEX Henry Hub ⁽³⁾	US\$/MMBtu	MMBtu/day	US\$/MMBtu	MMBtu/day	US\$/MMBtu	MMBtu/day	US\$/MMBtu	MMBtu/day	US\$/MMBtu	MMBtu/day	US\$/MMBtu	MMBtu/day
Ceiling	3.95	100,000	2.74	10,000	—	—	—	—	—	—	—	—
Floor	2.79	100,000	2.50	10,000	—	—	—	—	—	—	—	—
Sold Floor	2.40	50,000	2.10	10,000	—	—	—	—	—	—	—	—
Sold Ceiling	—	—	—	—	7.60	50,000	—	—	—	—	—	—
Natural Gas – AECO 7A	Cdn\$/GJ	GJ/day	Cdn\$/GJ	GJ/day	Cdn\$/GJ	GJ/day	Cdn\$/GJ	GJ/day	Cdn\$/GJ	GJ/day	Cdn\$/GJ	GJ/day
Ceiling	3.85	206,848	4.13	250,000	4.97	120,000	—	—	—	—	—	—
Floor	2.86	206,848	3.12	250,000	2.85	120,000	—	—	—	—	—	—
Sold Floor	2.00	6,739	—	—	—	—	—	—	—	—	—	—
Swap	2.06	10,000	3.25	80,000	—	—	—	—	—	—	—	—
Total Natural Gas Volumes (MMBtu/day)	305,532		322,780		113,738		—		—		—	
Natural Gas – AECO Basis (Differential to NYMEX Henry Hub)	US\$/MMBtu	MMBtu/day	US\$/MMBtu	MMBtu/day	US\$/MMBtu	MMBtu/day	US\$/MMBtu	MMBtu/day	US\$/MMBtu	MMBtu/day	US\$/MMBtu	MMBtu/day
Sold Swap	(0.91)	70,000	(0.91)	70,000	(0.89)	200,000	(1.00)	5,000	(1.00)	5,000	(1.00)	5,000
Natural Gas - Other Basis (Differential to NYMEX Henry Hub)		MMBtu/day		MMBtu/day		MMBtu/day		MMBtu/day		MMBtu/day		MMBtu/day
Sold Swap		56,848		—		—		—		—		—
Foreign Exchange	Notional (US\$ Millions)	Rate (Cdn\$/US\$)	Notional (US\$ Millions)	Rate (Cdn\$/US\$)	Notional (US\$ Millions)	Rate (Cdn\$/US\$)	Notional (US\$ Millions)	Rate (Cdn\$/US\$)	Notional (US\$ Millions)	Rate (Cdn\$/US\$)	Notional (US\$ Millions)	Rate (Cdn\$/US\$)
Ceiling	201.0	1.3794	840.0	1.3839	180.0	1.3987	—	—	—	—	—	—
Floor	201.0	1.3037	840.0	1.3157	180.0	1.3250	—	—	—	—	—	—

- (1) The prices and volumes in this table represent averages for several contracts representing different periods. The average price for the portfolio of options listed above does not have the same payoff profile as the individual option contracts. Viewing the average price of a group of options is purely for indicative purposes. All positions are financially settled against the benchmark prices.
- (2) The sold swaption allows the counterparty, at a specific future date, to enter into a swap with ARC at the above-detailed terms. These volumes are not included in the total commodity volumes until such time that the option is exercised.
- (3) Natural gas prices referenced to NYMEX Henry Hub Last Day Settlement.

12. Shareholders' Capital

(thousands of shares)	Nine Months Ended September 30, 2023	Year Ended December 31, 2022
Common shares, beginning of period	620,888	693,516
Repurchase of shares for cancellation	(16,902)	(74,574)
Issued on exercise of share options and long-term incentive awards	1,034	1,963
Unvested restricted shares held in trust pursuant to the LTRSA Plan ⁽¹⁾	(17)	(17)
Restricted shares vested pursuant to the LTRSA Plan	33	—
Common shares, end of period	605,036	620,888

- (1) Unvested restricted shares held in trust pursuant to the Long-term Restricted Share Award ("LTRSA") Plan includes restricted shares purchased.

On August 30, 2023, ARC announced that it received approval from the TSX for the renewal of its NCIB. The renewal allows ARC to purchase up to 60,744,912 of its outstanding common shares over a 12-month period commencing September 1, 2023. During the nine months ended September 30, 2023, ARC repurchased 16.9 million common shares under its NCIB at a weighted average price per share of \$16.96 for a total cost of \$286.7 million.

At September 30, 2023, ARC has recognized a liability of \$49.7 million (\$24.8 million at December 31, 2022) for share repurchases estimated to take place during its internal blackout period under an automatic share purchase plan agreement with an independent broker. The transaction has been recognized as a reduction to share capital of \$24.2 million and a reduction to retained earnings of \$25.5 million.

Net income per common share has been determined based on the following:

	Three Months Ended September 30		Nine Months Ended September 30	
(thousands of shares)	2023	2022	2023	2022
Weighted average common shares	607,158	653,676	611,475	672,322
Dilutive impact of share-based compensation ⁽¹⁾	1,886	1,773	1,735	1,837
Weighted average common shares, diluted	609,044	655,449	613,210	674,159

(1) For both the three and nine months ended September 30, 2023, 0.6 million of share-based compensation awards were excluded from the diluted weighted average shares calculation, as they were anti-dilutive (1.2 million for both the three and nine months ended September 30, 2022).

Dividends declared for the three and nine months ended September 30, 2023 were \$0.17 and \$0.49 per share (\$0.12 and \$0.34 for the three and nine months ended September 30, 2022), respectively.

13. Commodity Sales from Production

ARC derives its revenue from contracts with customers primarily through the transfer of commodities at a point in time representing the following major product types:

Commodity Sales from Production, by Product	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Crude oil	85.6	83.5	216.2	264.3
Condensate	742.8	834.6	2,050.4	2,568.1
Natural gas	393.7	1,049.1	1,396.2	2,745.1
Natural gas liquids	85.9	89.7	297.4	368.0
Total commodity sales from production	1,308.0	2,056.9	3,960.2	5,945.5

At September 30, 2023, accounts receivable from contracts with customers, which are included in accounts receivable, were \$523.3 million (\$835.3 million at December 31, 2022).

14. Share-based Compensation Plans

Long-term Incentive Plans

The following table summarizes the changes in the Restricted Share Unit ("RSU"), Performance Share Unit ("PSU"), and Deferred Share Unit ("DSU") awards under plans that existed prior to a business combination (the "Legacy Plans") for the nine months ended September 30, 2023:

Legacy Plans (number of awards, thousands)	RSUs	PSUs ⁽¹⁾	DSUs
Balance, December 31, 2022	2,687	5,560	726
Granted	860	1,142	102
Distributed	(1,507)	(3,160)	(19)
Forfeited	(59)	(51)	—
Balance, September 30, 2023	1,981	3,491	809

(1) Based on underlying awards before any effect of the performance multiplier.

The following table summarizes the changes in the RSU, PSU, and DSU awards under plans acquired through a business combination (the "Acquired Plans") for the nine months ended September 30, 2023:

Acquired Plans (number of awards, thousands)	RSUs	PSUs ⁽¹⁾	DSUs
Balance, December 31, 2022	191	126	437
Granted ⁽²⁾	2	1	12
Distributed	(183)	(127)	(36)
Forfeited	(1)	—	—
Balance, September 30, 2023	9	—	413

(1) Based on underlying awards before any effect of the performance multiplier.

(2) Grants relate to additional performance awards for grants that vested in the current period.

Compensation charges relating to the RSU Plan, PSU Plan, and DSU Plan of the Legacy Plans and Acquired Plans are reconciled as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
General and administrative ("G&A")	34.1	15.5	55.1	66.1
Operating	3.2	1.2	4.5	5.2
PP&E	9.2	4.8	15.4	18.6
Total compensation charge	46.5	21.5	75.0	89.9
Cash payment	32.5	36.9	86.2	84.7

At September 30, 2023, compensation amounts of \$52.4 million were recognized in accounts payable and accrued liabilities on the balance sheets (\$70.3 million at December 31, 2022) and \$54.8 million was included in long-term incentive compensation liability (\$48.1 million at December 31, 2022).

Share Option Plans

At September 30, 2023, all share options outstanding under the Legacy Plans and Acquired Plans were exercisable. The changes in total share options outstanding and related weighted average exercise prices of share options outstanding under the Legacy Plans for the nine months ended September 30, 2023 were as follows:

Legacy Plans	Share Options (number of units, thousands)	Weighted Average Exercise Price (\$)
Balance, December 31, 2022	2,599	13.51
Exercised	(863)	14.20
Forfeited	(7)	10.86
Expired	(235)	17.58
Balance, September 30, 2023	1,494	11.86

The changes in total share options outstanding and related weighted average exercise prices of share options outstanding under the Acquired Plans for the nine months ended September 30, 2023 were as follows:

Acquired Plans	Share Options (number of units, thousands)	Weighted Average Exercise Price (\$)
Balance, December 31, 2022	1,182	19.12
Exercised	(173)	11.78
Forfeited	(60)	25.61
Balance, September 30, 2023	949	20.04

The following table summarizes information regarding share options outstanding at September 30, 2023:

Range of Exercise Price per Common Share (\$)	Number of Share Options Outstanding (thousands)	Weighted Average Exercise Price per Share for Options Outstanding (\$)	Weighted Average Remaining Term (years)
5.98 - 11.00	1,164	10.51	2.3
11.01 - 14.00	615	13.66	1.2
14.01 - 18.00	45	15.29	3.7
18.01 - 22.00	58	20.56	3.5
22.01 - 27.89	561	25.35	3.2
Total	2,443	15.03	2.3

LTRSA Plan

The changes in total LTRSA outstanding and related fair value per restricted share for the nine months ended September 30, 2023 were as follows:

	Granted Prior to 2020		Granted Subsequent to 2019	
	LTRSA (number of awards, thousands)	Fair Value per Restricted Share (\$)	LTRSA (number of awards, thousands)	Fair Value per Restricted Share (\$)
Balance, December 31, 2022	776	12.15	217	6.45
Restricted shares purchased	14	17.53	3	17.56
Distributed	(33)	18.27	—	—
Forfeited	—	—	(10)	6.17
Balance, September 30, 2023	757	11.98	210	6.66

ARC recognized G&A expense of \$0.2 million and \$0.8 million relating to the LTRSA Plan during the three and nine months ended September 30, 2023 (\$0.2 million and \$0.8 million for the three and nine months ended September 30, 2022), respectively.

15. Commitments and Contingencies

The following is a summary of ARC's contractual obligations and commitments as at September 30, 2023:

	Payments Due by Period				
	1 Year	2-3 Years	4-5 Years	Beyond 5 Years	Total
Debt repayments	—	566.0	—	550.0	1,116.0
Interest payments ⁽¹⁾	29.7	54.0	38.1	47.6	169.4
Purchase and service commitments	317.3	47.7	38.7	122.4	526.1
Transportation commitments	633.2	1,260.6	792.3	2,043.3	4,729.4
Total contractual obligations and commitments	980.2	1,928.3	869.1	2,763.3	6,540.9

(1) Fixed interest payments on senior notes.

16. Supplemental Disclosures

Presentation in the Statements of Income

ARC's statements of income are prepared primarily by nature of item, with the exception of employee compensation expense which is included in both operating and G&A expense line items.

The following table details the amount of total employee compensation expense included in operating and G&A expense line items in the statements of income:

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Operating	11.5	8.6	34.4	27.2
G&A	45.6	24.9	107.2	105.7
Total employee compensation expense	57.1	33.5	141.6	132.9

Presentation in the Statements of Cash Flows

The following tables provide a detailed breakdown of certain line items contained within cash flow from operating and investing activities:

	Three Months Ended September 30		Nine Months Ended September 30	
Change in Non-cash Working Capital	2023	2022	2023	2022
Accounts receivable	(145.5)	92.9	306.5	(112.2)
Accounts payable and accrued liabilities	87.0	120.2	(502.8)	455.4
Inventory	8.6	(2.3)	(7.3)	13.1
Prepaid expense	3.7	5.2	(58.6)	(26.7)
Total change in non-cash working capital	(46.2)	216.0	(262.2)	329.6
Relating to:				
Operating activities	(50.1)	193.9	(237.3)	344.0
Investing activities	3.9	22.1	(24.9)	(14.4)
Total change in non-cash working capital	(46.2)	216.0	(262.2)	329.6

	Three Months Ended September 30		Nine Months Ended September 30	
Other Non-cash Items	2023	2022	2023	2022
Share-based compensation expense	0.2	0.4	0.9	0.9
ARO settlements	—	(0.5)	(0.4)	(1.0)
Modified and terminated leases	0.1	—	(0.3)	—
Other amortization	0.5	0.8	5.0	1.9
Total other non-cash items	0.8	0.7	5.2	1.8

	Three Months Ended September 30		Nine Months Ended September 30	
Net Change in Other Liabilities	2023	2022	2023	2022
Long-term incentive compensation liability	—	(2.9)	6.7	(2.7)
Risk management contracts	2.2	(4.6)	2.8	(24.1)
ARO cash settlements	(4.5)	(6.2)	(13.9)	(15.5)
Other deferred liabilities	(5.6)	(29.6)	(3.3)	(73.0)
Total net change in other liabilities	(7.9)	(43.3)	(7.7)	(115.3)

The following table provides a detailed breakdown of the cash and non-cash changes in financing liabilities arising from financing activities:

Financing Liabilities	Current Financial Liabilities	Long-term Financial Liabilities	Total Financial Liabilities from Financing Activities
Balance, December 31, 2021	109.3	2,465.3	2,574.6
Cash flows			
Draw of long-term debt	—	5,630.6	5,630.6
Repayment of long-term debt	—	(6,214.8)	(6,214.8)
Repayment of lease obligations	(64.3)	—	(64.3)
Reclassified to current			
Lease obligations	56.7	(56.7)	—
Non-cash changes			
Lease recognition	—	3.1	3.1
Lease modification and termination	(0.7)	(1.3)	(2.0)
Unrealized foreign exchange loss	—	2.7	2.7
Other	—	2.8	2.8
Balance, September 30, 2022	101.0	1,831.7	1,932.7
Balance, December 31, 2022	92.4	1,692.9	1,785.3
Cash flows			
Draw of long-term debt	—	2,888.6	2,888.6
Repayment of long-term debt	—	(2,772.6)	(2,772.6)
Repayment of lease obligations	(47.9)	—	(47.9)
Reclassified to current			
Lease obligations	41.2	(41.2)	—
Non-cash changes			
Lease recognition	—	38.1	38.1
Lease modification and termination	(1.7)	291.4	289.7
Other	—	2.9	2.9
Balance, September 30, 2023	84.0	2,100.1	2,184.1
Lease obligations due within one year	84.0	—	84.0
Lease obligations due beyond one year	—	991.2	991.2
Long-term debt due beyond one year	—	1,108.9	1,108.9

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PricewaterhouseCoopers LLP

Legal Counsel

Burnet, Duckworth & Palmer LLP

Corporate Calendar

February 8, 2024 | Q4/FY 2023 Results

Stock Exchange Listing

ARC Resources Ltd. shares are traded on the
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Shareholder Inquiries

ARC's financial reports, annual regulatory filings and
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