

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 February 8, 2024, and should be read in conjunction with the audited consolidated financial statements (the "financial statements") as at and for the year ended December 31, 2023, and the MD&A and unaudited condensed interim consolidated financial statements for the periods ended March 31, 2023, June 30, 2023, and September 30, 2023, 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 as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), 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 Accounting Standards 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 Accounting Standards, 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 years 2019 through 2023 are shown in Table 1:

Table 1

(\$ millions, except per share amounts, or unless otherwise noted)	2023	2022	2021	2020	2019
Production ⁽¹⁾					
Crude oil and condensate (bbl/d)	83,880	86,393	70,393	29,245	27,657
Natural gas (MMcf/d)	1,322	1,259	1,149	739	623
NGLs (bbl/d)	47,760	49,385	40,084	9,112	7,578
Total production (boe/d)	351,954	345,613	302,003	161,564	139,126
Average daily production per thousand shares ⁽²⁾	0.58	0.52	0.48	0.46	0.39
Net income (loss)	1,596.5	2,302.3	786.6	(547.2)	(27.6)
Net income (loss) per share	2.61	3.47	1.25	(1.55)	(0.08)
Cash flow from operating activities	2,394.3	3,833.3	2,006.5	655.7	638.8
Cash flow from operating activities per share ⁽³⁾	3.92	5.78	3.20	1.86	1.81
Funds from operations ⁽⁴⁾	2,639.6	3,712.5	2,415.4	667.6	697.4
Funds from operations per share ⁽³⁾	4.32	5.60	3.85	1.89	1.97
Free funds flow ⁽⁵⁾	789.8	2,270.6	1,353.6	324.4	5.9
Free funds flow per share ⁽⁶⁾	1.29	3.42	2.16	0.92	0.02
Cash flow used in investing activities	1,690.7	1,413.2	808.1	364.3	673.3
Capital expenditures ⁽⁷⁾	1,849.8	1,441.9	1,061.8	343.2	691.5
Long-term debt ⁽⁸⁾	1,148.9	990.0	1,705.3	701.9	877.6
Net debt ⁽⁴⁾	1,317.1	1,301.5	1,828.7	693.5	894.0
Net debt to funds from operations (ratio) ⁽⁴⁾	0.5	0.4	0.8	1.0	1.3
Return on average capital employed ("ROACE") (%) ⁽⁹⁾	23	35	18	(18)	(2)
Proved plus probable reserves (MMboe) ⁽¹⁰⁾⁽¹¹⁾	1,994.3	1,828.6	1,760.6	929.0	909.9
Proved plus probable reserves per share (boe) ⁽¹⁰⁾⁽¹¹⁾	3.3	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 respective years ended December 31.

(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 15 "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 Accounting Standards 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 Accounting Standards 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 Accounting Standards 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 12 "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 Accounting Standards 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.

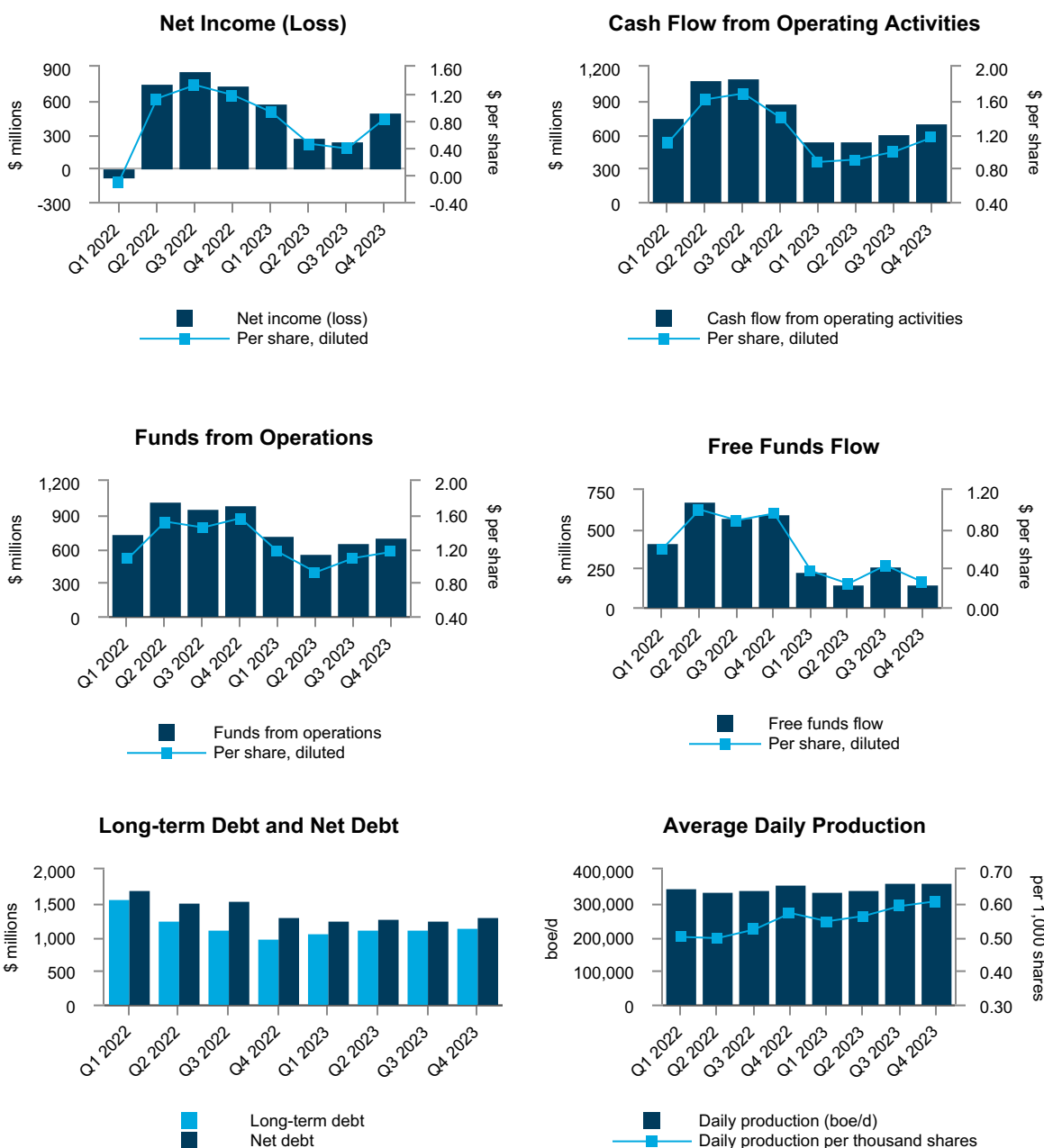
(10) Crude oil, condensate, natural gas, and NGLs reserves ("reserves") as determined by ARC's independent qualified reserve evaluator with an effective date of December 31 for the years shown in accordance with the Canadian Oil and Gas Evaluation Handbook.

(11) Reserves are the gross interest reserves before deduction of royalties and without including any royalty interests. For more information, see ARC's AIF and the news release entitled "ARC Resources Ltd. Reports Record Production, Year-end Results and Reserves" dated February 8, 2024, available on ARC's website at www.arcresources.com and on SEDAR+ at www.sedarplus.ca.

QUARTERLY RESULTS ⁽¹⁾

Trends in net income, 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 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 and 2024 annual guidance and a review of 2023 actual results are outlined below:

Table 2

	2023 Guidance	2023 Actual	% Variance from 2023 Guidance	2024 Guidance
Production				
Crude oil and condensate (bbl/d)	84,500 - 87,000	83,880	(1)	87,000 - 91,500
Natural gas (MMcf/d)	1,295 - 1,305	1,322	1	1,325 - 1,340
NGLs (bbl/d)	49,000 - 51,000	47,760	(3)	42,000 - 45,000
Total (boe/d)	350,000 - 355,000	351,954	—	350,000 - 360,000
Expenses (\$/boe) ⁽¹⁾				
Operating	4.45 - 4.85	4.59	—	4.50 - 4.90
Transportation	5.50 - 6.00	5.11	(7)	5.50 - 6.00
General and administrative ("G&A") expense before share-based compensation expense	0.85 - 0.95	1.18	24	1.05 - 1.25
G&A - share-based compensation expense	0.25 - 0.35	0.47	34	0.25 - 0.35
Interest and financing ⁽²⁾	0.65 - 0.75	0.72	—	0.90 - 1.00
Current income tax expense, as a per cent of funds from operations ⁽¹⁾	10 - 15	8	(20)	10 - 15
Capital expenditures (\$ billions) ⁽³⁾	1.8 - 1.9	1.85	—	1.75 - 1.85

(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 annual guidance are as follows:

- Transportation was below the guidance range primarily due to modifications of certain natural gas transportation contracts and lower fuel gas costs than anticipated.
- G&A expense before share-based compensation expense was above the guidance range primarily due to increased costs associated with an enterprise system implementation initiated in 2023, including consulting, information technology, and additional project resources.
- G&A - share-based compensation expense was above the guidance range due to an increase in ARC's share price as well as an increase in the performance multiplier associated with certain of ARC's share-based compensation plans.
- Current income tax as a per cent of funds from operations was below the guidance range primarily due to lower average realized commodity prices.

ARC's near-term priority is to provide an attractive total shareholder return by balancing profitable reinvestment in the Company's assets with a meaningful return of capital through dividends and share repurchases. In 2023, ARC invested \$1.85 billion in capital expenditures. In 2024, ARC has released a capital budget of \$1.75 to \$1.85 billion. The planned changes from 2023 to 2024 incorporate anticipated lower capital investment in the Kakwa area, and increased capital investment in the Attachie Phase I development. The 2024 budget 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 releases dated November 2, 2023 and February 8, 2024, entitled "ARC Resources Ltd. Reports Third Quarter 2023 Results and Announces 2024 Budget" and "ARC Resources Ltd. Reports Record Production, Year-end Results and Reserves", available on ARC's website at www.arcresources.com and on SEDAR+ at www.sedarplus.ca.

Exhibit 2

2023 Production Guidance

■ 2023 Guidance ■ 2023 Actual

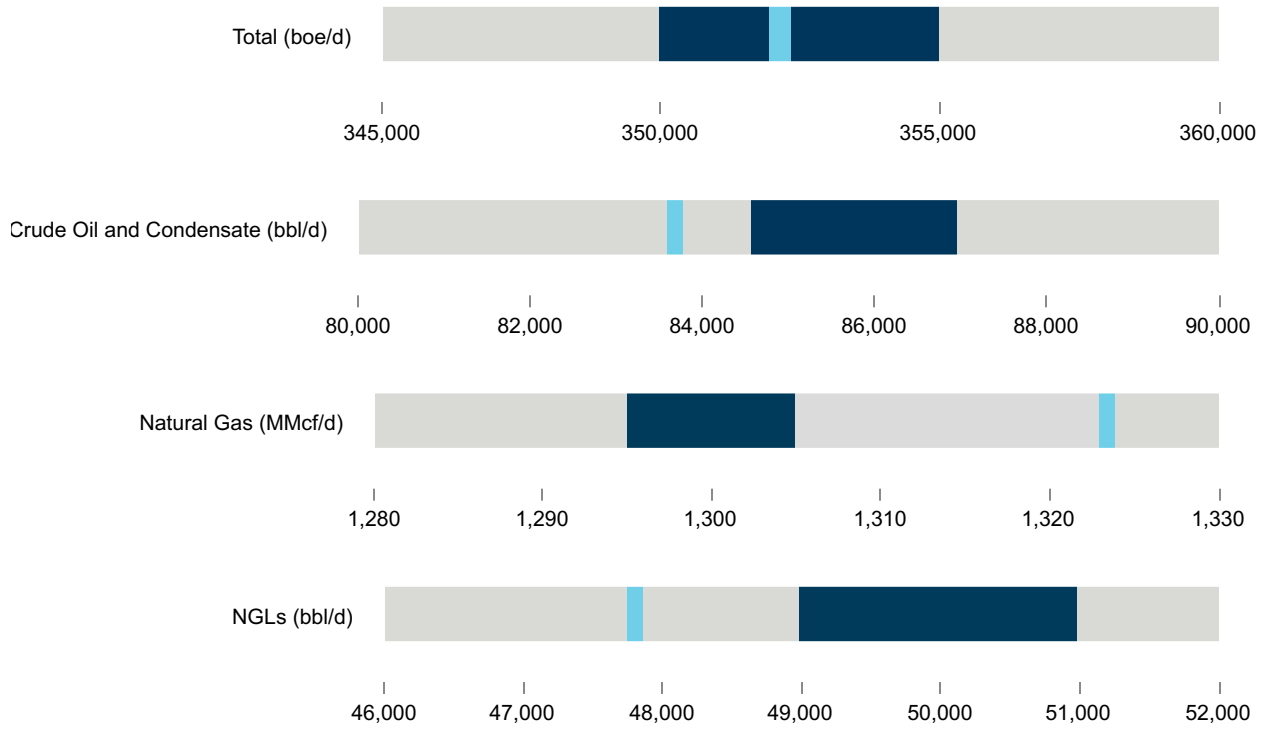
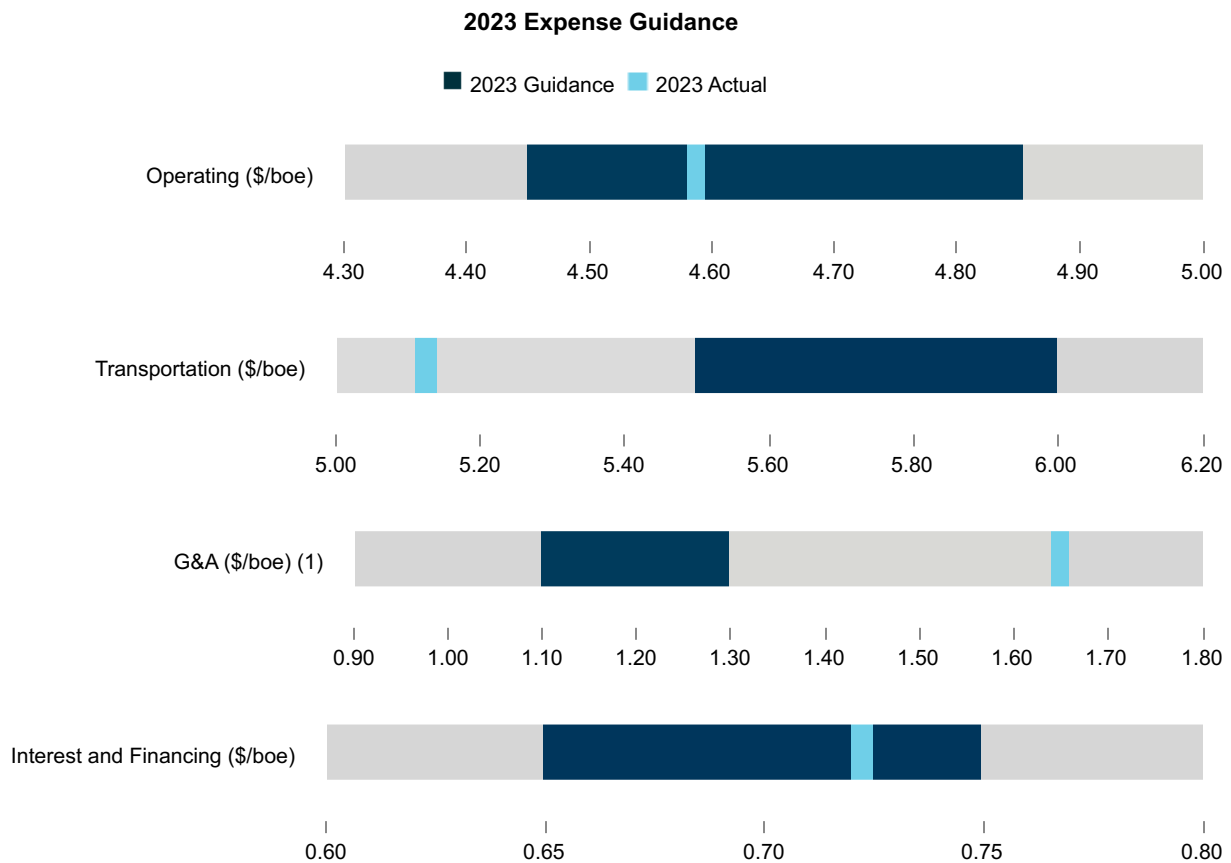


Exhibit 2a



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

2023 FOURTH QUARTER FINANCIAL AND OPERATIONAL RESULTS

Financial Highlights

Table 3

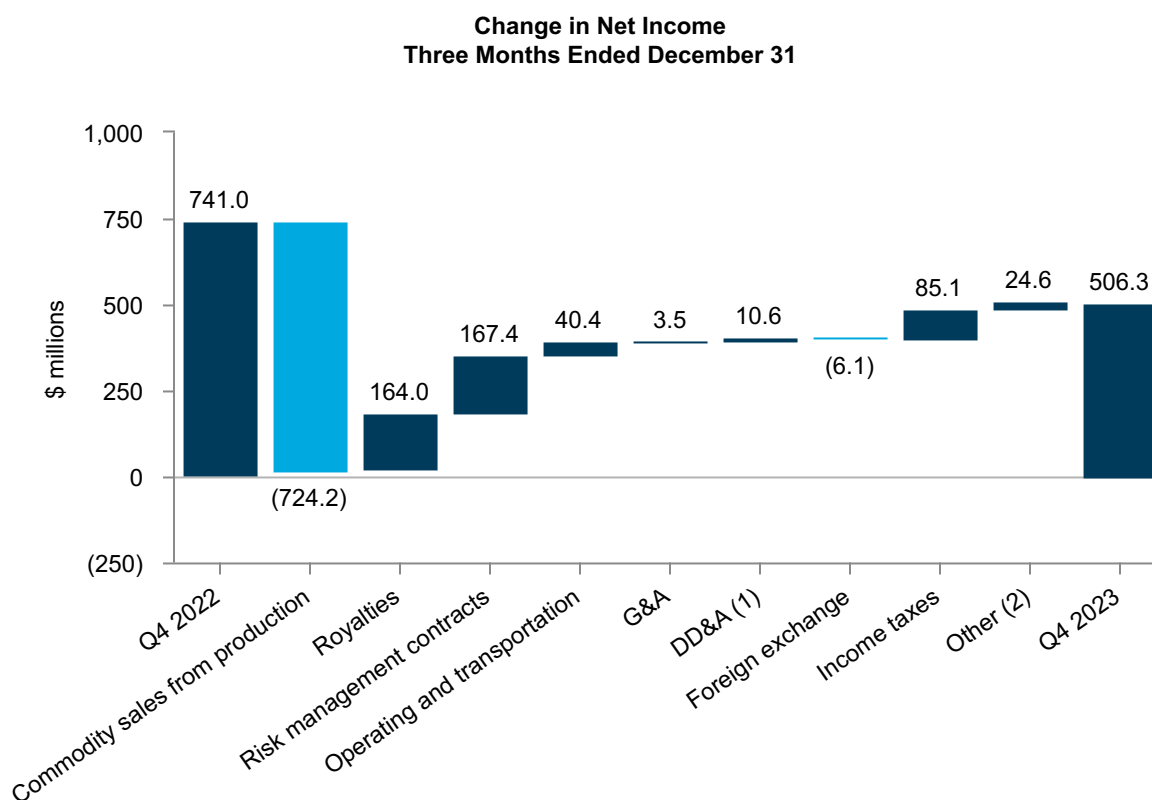
(\$ millions, except per share and volume data)	Three Months Ended				Year Ended		
	September 30, 2023	December 31, 2023	December 31, 2022	% Change	December 31, 2023	December 31, 2022	% Change
Net income	236.4	506.3	741.0	(32)	1,596.5	2,302.3	(31)
Net income per share	0.39	0.84	1.18	(29)	2.61	3.47	(25)
Cash flow from operating activities	604.2	698.9	878.3	(20)	2,394.3	3,833.3	(38)
Cash flow from operating activities per share	0.99	1.16	1.39	(17)	3.92	5.78	(32)
Funds from operations	662.2	699.2	986.2	(29)	2,639.6	3,712.5	(29)
Funds from operations per share	1.09	1.16	1.56	(26)	4.32	5.60	(23)
Free funds flow	260.8	154.7	602.9	(74)	789.8	2,270.6	(65)
Free funds flow per share	0.43	0.26	0.96	(73)	1.29	3.42	(62)
Dividends declared per share ⁽¹⁾	0.17	0.17	0.15	13	0.66	0.49	35
Average daily production (boe/d)	360,177	365,248	359,730	2	351,954	345,613	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 fourth quarter of 2023, ARC recognized net income of \$506.3 million (\$0.84 per share), a decrease of \$234.7 million from ARC's fourth quarter 2022 net income of \$741.0 million (\$1.18 per share). The decrease in net income is primarily attributed to a decrease in commodity sales from production of \$724.2 million, driven by lower average realized commodity prices. This was partially offset by an increased gain on risk management contracts of \$167.4 million, a decrease in royalties of \$164.0 million, a decrease in income taxes of \$85.1 million, and a decrease in operating and transportation expense of \$40.4 million.

Exhibit 3

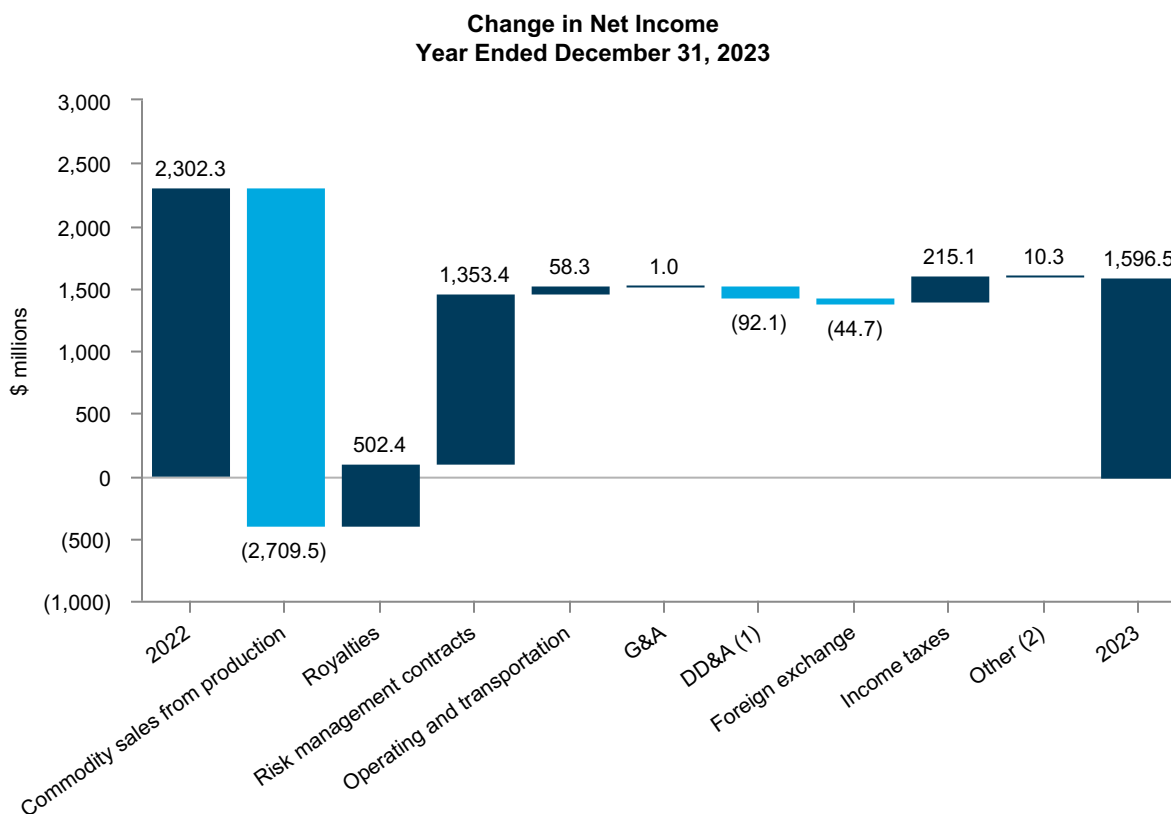


(1) Includes depletion, depreciation and amortization ("DD&A") and impairment of PP&E.

(2) Includes gain on disposal of crude oil and natural gas assets, 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.

For the year ended December 31, 2023, ARC recognized net income of \$1.6 billion (\$2.61 per share) compared to \$2.3 billion (\$3.47 per share) for the same period of the prior year. The \$705.8 million decrease in net income is primarily attributed to a decrease in commodity sales from production of \$2.7 billion, associated with lower average realized commodity prices. Partially offsetting this is a gain on risk management contracts of \$354.4 million, compared to a loss of \$1.0 billion in the same period of the prior year, a decrease in royalties of \$502.4 million, and a decrease in income taxes of \$215.1 million.

Exhibit 3a



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

(2) Includes gain on disposal of crude oil and natural gas assets, 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 December 31, 2023, was \$698.9 million, a decrease of \$179.4 million from ARC's fourth quarter 2022 cash flow from operating activities of \$878.3 million. For the year ended December 31, 2023, cash flow from operating activities decreased to \$2.4 billion from \$3.8 billion for the same period in 2022. The decrease in cash flow from operating activities for the three months and year ended December 31, 2023, compared to the three months and year ended December 31, 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 15 "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			Year Ended	
	September 30, 2023	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Net income	236.4	506.3	741.0	1,596.5	2,302.3
Adjusted for the following non-cash items:					
Impairment (reversal of impairment) of financial assets	2.8	(1.4)	4.2	(7.3)	6.7
DD&A and impairment of PP&E	364.9	353.6	364.2	1,405.8	1,313.7
Accretion of ARO	3.2	3.7	3.1	13.2	11.0
Deferred taxes	1.3	111.1	169.2	259.3	387.4
Unrealized loss (gain) on risk management contracts	59.0	(227.3)	(317.6)	(556.2)	(280.5)
Unrealized loss (gain) on foreign exchange	(6.2)	11.3	21.2	7.1	(28.8)
Gain on disposal of crude oil and natural gas assets	—	(58.5)	—	(84.4)	(2.0)
Other	0.8	0.4	0.9	5.6	2.7
Funds from operations	662.2	699.2	986.2	2,639.6	3,712.5
Net change in other liabilities	(7.9)	(1.6)	(13.9)	(9.3)	(129.2)
Change in non-cash working capital	(50.1)	1.3	(94.0)	(236.0)	250.0
Cash flow from operating activities	604.2	698.9	878.3	2,394.3	3,833.3

Details of the change in funds from operations from the three months and year ended December 31, 2022 to the three months and year ended December 31, 2023 are included in Table 5 below:

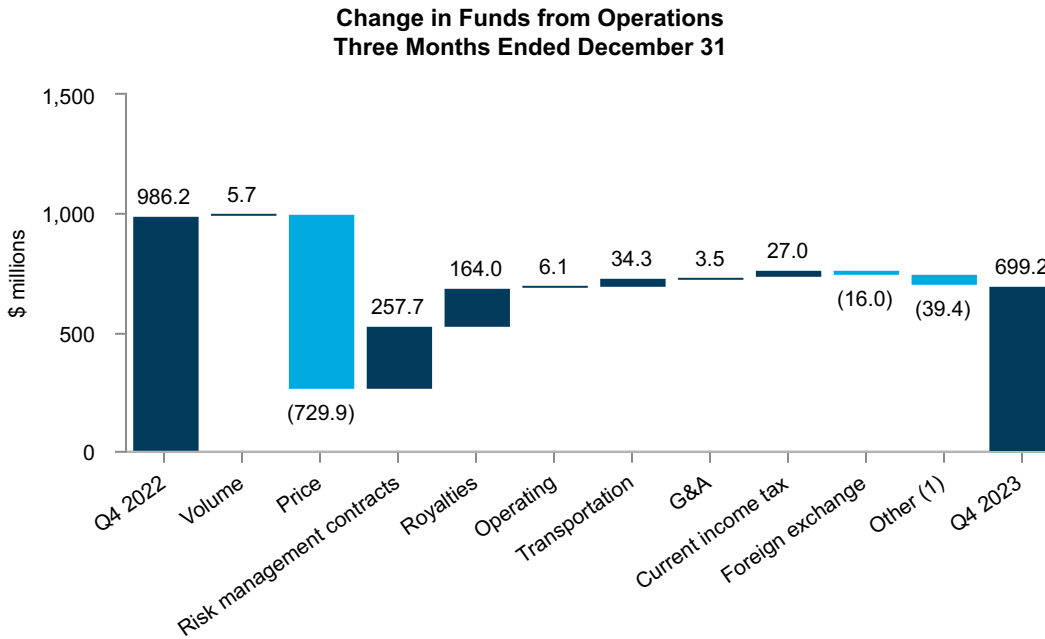
Table 5

	Three Months Ended		Year Ended	
	December 31		December 31	
	\$ millions	\$/share	\$ millions	\$/share
Funds from operations – 2022	986.2	1.56	3,712.5	5.60
Production volume variance				
Crude oil and liquids	(47.9)	(0.08)	(125.3)	(0.18)
Natural gas	53.6	0.09	187.1	0.28
Commodity price variance				
Crude oil and liquids	(97.5)	(0.16)	(656.5)	(0.99)
Natural gas	(632.4)	(1.00)	(2,114.8)	(3.21)
Sales of commodities purchased from third parties	(196.4)	(0.31)	(779.0)	(1.17)
Interest and other income	(0.2)	—	(5.8)	(0.01)
Realized loss on risk management contracts	257.7	0.41	1,077.7	1.63
Royalties	164.0	0.26	502.4	0.76
Expenses				
Commodities purchased from third parties	163.2	0.26	707.0	1.08
Operating	6.1	0.01	(29.9)	(0.05)
Transportation	34.3	0.05	88.2	0.13
G&A	3.5	0.01	1.0	—
Interest and financing	(5.5)	(0.01)	(6.1)	(0.01)
Current income tax	27.0	0.04	87.0	0.13
Realized loss on foreign exchange	(16.0)	(0.03)	(8.8)	(0.01)
Other	(0.5)	—	2.9	—
Weighted average shares, diluted	—	0.06	—	0.34
Funds from operations – 2023	699.2	1.16	2,639.6	4.32

Funds from operations for the three months ended December 31, 2023, was \$699.2 million (\$1.16 per share), a decrease of \$287.0 million from \$986.2 million (\$1.56 per share) for the three months ended December 31, 2022. For the year ended December 31, 2023, funds from operations was \$2.6 billion (\$4.32 per share), a decrease of \$1.1 billion from \$3.7 billion (\$5.60 per share) for the year ended December 31, 2022.

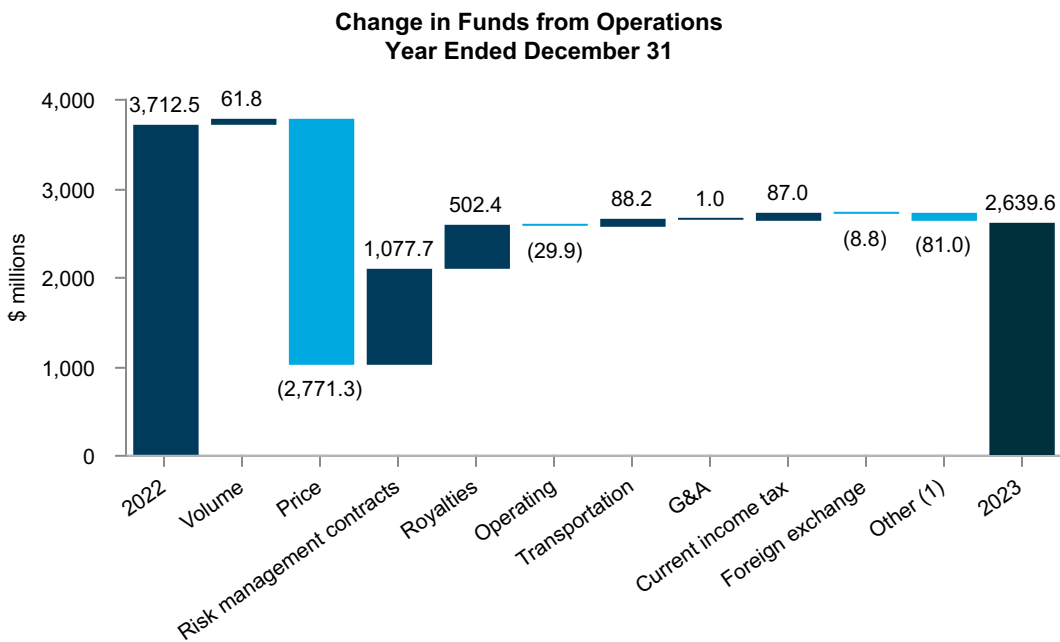
The decrease in funds from operations for the three months and year ended December 31, 2023, is primarily due to lower commodity sales from production, resulting from lower average realized commodity prices. This was partially offset by a decrease in the realized loss on risk management contracts and a decrease in royalties, both associated with 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

	Assumption	Change	Impact on Annual Net Income	
			Notional Amount (\$ millions)	\$/share
Business Environment ⁽¹⁾				
Crude oil price (\$/bbl)	95.05	10 %	259.7	0.425
Natural gas price (\$/Mcf)	3.77	10 %	144.9	0.237
Cdn\$/US\$ exchange rate	1.35	5 %	201.4	0.330
Interest rate on floating-rate debt	6.62 %	0.5 %	0.8	0.001
Operational ⁽⁵⁾				
Crude oil and liquids production (bbl/d)	131,640	1 %	24.9	0.041
Natural gas production (MMcf/d)	1,322	1 %	7.1	0.012
Royalties (\$/boe)	5.50	1 %	5.3	0.009
Operating (\$/boe)	4.59	1 %	4.4	0.007
Transportation (\$/boe)	5.11	1 %	4.9	0.008
G&A (\$/boe)	1.65	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.

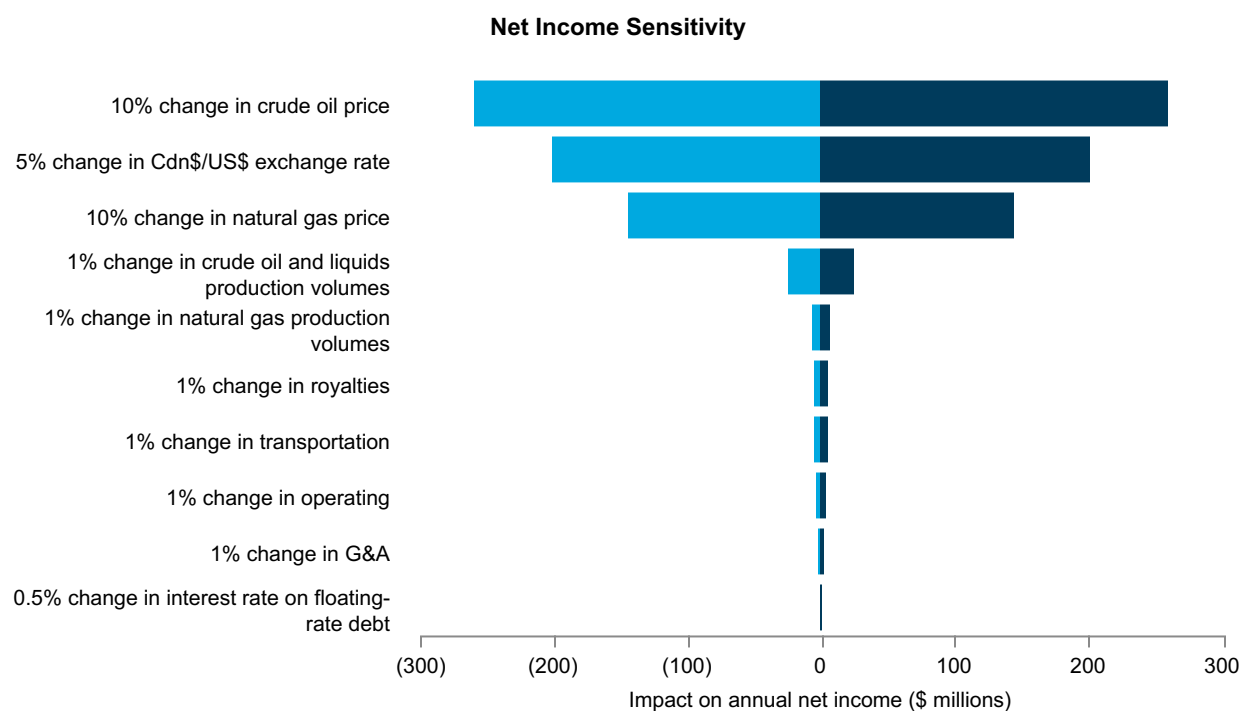
(2) Prices and rates are indicative of ARC's average realized prices for the year ended December 31, 2023. Refer to Table 10 contained within this MD&A for additional details. The calculated impact on net income is indicative of changes in the underlying benchmark prices and differentials and would only 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 year ended December 31, 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				Year Ended		
	September 30, 2023	December 31, 2023	December 31, 2022	% Change	December 31, 2023	December 31, 2022	% Change
Crude oil (bbl/d)	8,872	8,612	7,280	18	8,364	7,904	6
Condensate (bbl/d)	78,226	77,193	82,855	(7)	75,516	78,489	(4)
NGLs (bbl/d)	47,557	49,474	51,311	(4)	47,760	49,385	(3)
Crude oil and liquids (bbl/d)	134,655	135,279	141,446	(4)	131,640	135,778	(3)
Natural gas (MMcf/d)	1,353	1,380	1,310	5	1,322	1,259	5
Total production (boe/d)	360,177	365,248	359,730	2	351,954	345,613	2
Natural gas production (%)	63	63	61	2	63	61	2
Crude oil and liquids production (%)	37	37	39	(2)	37	39	(2)

For both the three months and year ended December 31, 2023, total production increased two per cent as compared to the same periods in the prior year.

For the three months and year ended December 31, 2023, crude oil and liquids production decreased four 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 December 31, 2023, were primarily due to downtime in the Kakwa area to accommodate maintenance and well completions activities. For the year ended December 31, 2023, decreases in crude oil and liquids production were primarily due to downtime in the Kakwa and Greater Dawson areas resulting from maintenance and well completion activities.

For both the three months and year ended December 31, 2023, natural gas production increased five per cent as compared to the same periods in the prior year. The increase for the three months and year ended December 31, 2023, was primarily driven by increased production from new wells coming on-stream in the Sunrise and Kakwa areas. New wells in the Kakwa area produced a higher proportion of natural gas relative to condensate, compared to the prior periods. This was partially offset by declining well production in the Greater Dawson area and downtime associated with maintenance in the Kakwa area.

Exhibit 6

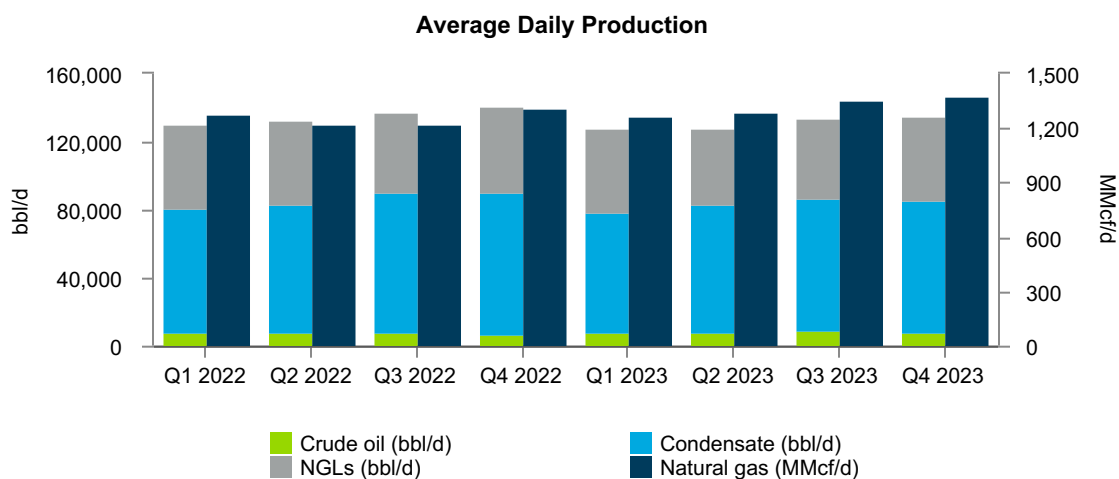


Table 8 summarizes ARC's production by core area for the three months ended December 31, 2023 and December 31, 2022:

Table 8

Three Months Ended December 31, 2023					
Production Core Area	Total (boe/d)	Crude Oil (bbl/d)	Condensate (bbl/d)	Natural Gas (MMcf/d)	NGLs (bbl/d)
Kakwa	190,013	21	64,663	508.8	40,531
Greater Dawson	90,124	809	10,531	428.0	7,457
Sunrise	63,250	—	354	376.7	109
Ante Creek	19,405	7,594	568	57.7	1,625
Attachie	2,295	—	1,075	6.9	65
All other	161	188	2	1.7	(313)
Total	365,248	8,612	77,193	1,379.8	49,474

Three Months Ended December 31, 2022					
Production Core Area	Total (boe/d)	Crude Oil (bbl/d)	Condensate (bbl/d)	Natural Gas (MMcf/d)	NGLs (bbl/d)
Kakwa	188,183	17	70,702	467.9	39,479
Greater Dawson	98,323	978	9,861	471.5	8,902
Sunrise	48,469	—	181	289.7	—
Ante Creek	19,714	6,030	680	66.5	1,925
Attachie	2,784	—	1,330	8.3	77
All other	2,257	255	101	5.8	928
Total	359,730	7,280	82,855	1,309.7	51,311

Exhibit 7

**Production by Core Area
Three Months Ended December 31, 2023**

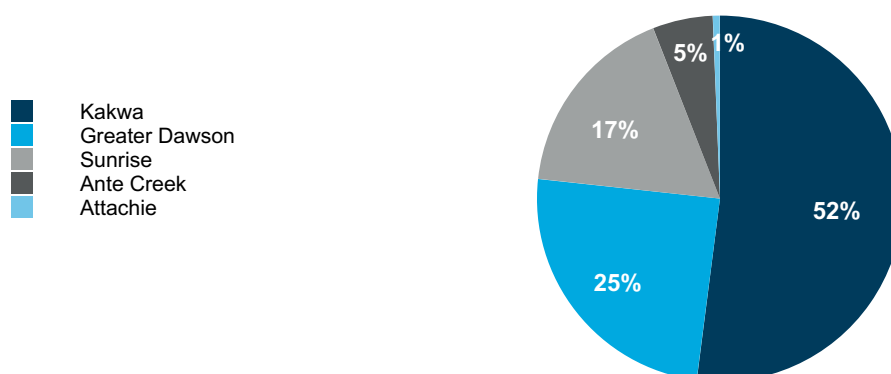


Table 8a summarizes ARC's production by core area for the years ended December 31, 2023 and December 31, 2022:

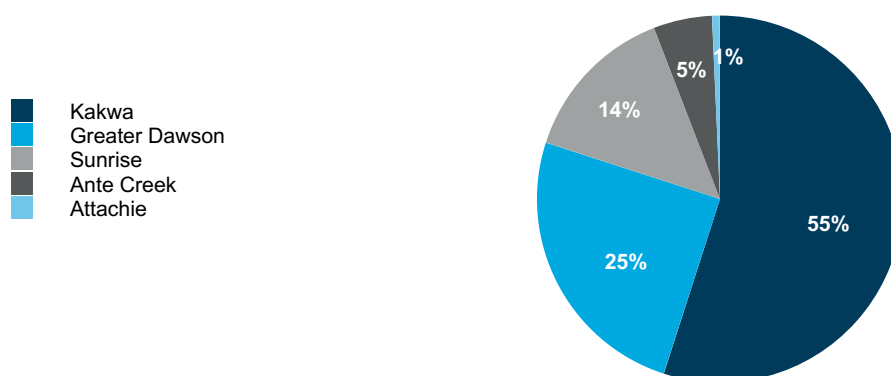
Table 8a

Year Ended December 31, 2023					
Production	Total	Crude Oil	Condensate	Natural Gas	NGLs
Core Area	(boe/d)	(bbl/d)	(bbl/d)	(MMcf/d)	(bbl/d)
Kakwa	189,741	17	64,465	518.1	38,903
Greater Dawson	87,891	844	8,968	426.0	7,079
Sunrise	51,412	—	346	305.9	93
Ante Creek	19,994	7,302	576	62.3	1,729
Attachie	2,435	—	1,144	7.4	63
All other	481	201	17	2.2	(107)
Total	351,954	8,364	75,516	1,321.9	47,760

Year Ended December 31, 2022					
Production	Total	Crude Oil	Condensate	Natural Gas	NGLs
Core Area	(boe/d)	(bbl/d)	(bbl/d)	(MMcf/d)	(bbl/d)
Kakwa	179,020	20	65,945	445.7	38,775
Greater Dawson	95,929	1,096	10,153	457.0	8,513
Sunrise	46,416	—	167	277.5	—
Ante Creek	19,628	6,593	624	63.6	1,804
Attachie	3,085	—	1,498	8.9	112
All other	1,535	195	102	6.3	181
Total	345,613	7,904	78,489	1,259.0	49,385

Exhibit 7a

**Production by Core Area
Year Ended December 31, 2023**



Commodity Sales from Production

For the three months and year ended December 31, 2023, commodity sales from production decreased by 36 per cent and 34 per cent, respectively, as compared to the same periods in 2022. The decrease for the three months and year ended December 31, 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

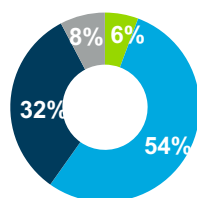
Commodity Sales from Production, by Product (\$ millions)	Three Months Ended				Year Ended		
	September 30, 2023	December 31, 2023	December 31, 2022	% Change	December 31, 2023	December 31, 2022	% Change
Crude oil	85.6	74.0	69.3	7	290.2	333.6	(13)
Condensate	742.8	703.7	817.4	(14)	2,754.1	3,385.5	(19)
Natural gas	393.7	422.5	1,001.3	(58)	1,818.7	3,746.4	(51)
NGLs	85.9	100.0	136.4	(27)	397.4	504.4	(21)
Commodity sales from production	1,308.0	1,300.2	2,024.4	(36)	5,260.4	7,969.9	(34)

Table 9a

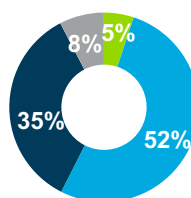
% of Commodity Sales from Production by Product Type	Three Months Ended				Year Ended		
	September 30, 2023	December 31, 2023	December 31, 2022	% Change	December 31, 2023	December 31, 2022	% Change
Crude oil and liquids	70	68	51	17	65	53	12
Natural gas	30	32	49	(17)	35	47	(12)
Commodity sales from production	100	100	100	—	100	100	—

Exhibit 8

**Commodity Sales from Production by Product
Three Months Ended
December 31, 2023**



**Commodity Sales from Production by Product
Year Ended
December 31, 2023**



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				Year Ended		
	September 30, 2023	December 31, 2023	December 31, 2022	% Change	December 31, 2023	December 31, 2022	% Change
Average Benchmark Prices							
WTI crude oil (US\$/bbl)	82.22	78.53	82.64	(5)	77.60	94.33	(18)
Cdn\$/US\$ exchange rate	1.34	1.36	1.36	—	1.35	1.30	4
WTI crude oil (Cdn\$/bbl)	110.17	106.80	112.39	(5)	104.76	122.63	(15)
Peace Sour Price at Edmonton (Cdn\$/bbl)	104.16	93.31	99.10	(6)	94.06	113.98	(17)
Condensate Stream Price at Edmonton (Cdn\$/bbl) ⁽¹⁾	104.55	104.87	113.29	(7)	103.56	122.23	(15)
NYMEX Henry Hub Last Day Settlement (US\$/MMBtu)	2.55	2.88	6.26	(54)	2.74	6.64	(59)
Chicago Citygate Monthly Index (US\$/MMBtu)	2.29	2.63	5.86	(55)	2.81	6.61	(57)
AECO 7A Monthly Index (Cdn\$/Mcf)	2.39	2.66	5.58	(52)	2.93	5.56	(47)
ARC Average Realized Commodity Prices ⁽²⁾							
Crude oil (\$/bbl)	104.91	93.34	103.58	(10)	95.05	115.66	(18)
Condensate (\$/bbl)	103.21	99.09	107.24	(8)	99.92	118.17	(15)
Natural gas (\$/Mcf)	3.16	3.33	8.31	(60)	3.77	8.15	(54)
NGLs (\$/bbl)	19.63	21.97	28.86	(24)	22.79	27.98	(19)
Average realized commodity price (\$/boe)	39.47	38.69	61.17	(37)	40.95	63.18	(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 decreased four per cent in the fourth quarter of 2023 compared to the prior quarter and decreased five per cent compared to the fourth quarter of 2022. The coordinated production and export curtailments undertaken by certain crude oil-producing countries continued throughout the quarter, but increased uncertainty around the future magnitude and duration of those curtailments negatively impacted crude oil prices. While recent conflicts in the Middle East have not had a material impact on crude oil supply, the potential for disruption to crude oil production in the region has resulted in increased price volatility.

The Edmonton condensate benchmark price increased nominally in the fourth quarter of 2023 compared to the prior quarter and decreased seven per cent compared to the fourth quarter of 2022. During the quarter, lower WTI prices were offset by stronger Canadian condensate differentials due to increased local seasonal demand. As compared to the same period of the prior year, lower WTI prices combined with weaker Canadian differentials resulted in a lower Canadian condensate benchmark.

Average NYMEX Henry Hub natural gas prices increased 13 per cent in the fourth quarter of 2023 compared to the prior quarter and decreased 54 per cent compared to the fourth quarter of 2022. Prices increased during the quarter as high summer inventory concerns abated amidst the winter heating season. While US liquefied natural gas ("LNG") exports reached new highs during the quarter, the US also experienced milder temperatures than expected and had substantially higher natural gas inventory balances compared with the prior year, limiting an increase in prices.

The AECO 7A Monthly Index increased 11 per cent in the fourth quarter of 2023 compared to the prior quarter and decreased 52 per cent compared to the fourth quarter of 2022. The impacts of mild weather and record levels of western Canadian production were largely offset by increased pipeline exports, leaving AECO's value relative to that of other North American benchmarks generally unchanged.

ARC's Average Realized Commodity Prices

For the three months and year ended December 31, 2023, ARC's average realized crude oil price decreased 10 per cent and 18 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 months and year ended December 31, 2023, ARC's average realized condensate price decreased eight per cent and 15 per cent, respectively, compared to the same periods in 2022. The decreases reflect a decline in the WTI benchmark price and wider differentials compared to the same periods of the prior year.

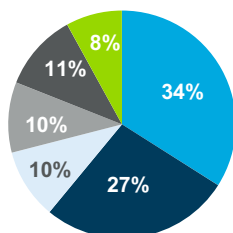
ARC's natural gas sales are physically diversified to multiple sales points within North America, each with different index-based pricing. ARC's average realized natural gas price for the three months and year ended December 31, 2023 decreased 60 per cent and 54 per cent, respectively, compared to the 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 year ended December 31, 2023, ARC entered into a long-term natural gas supply agreement to deliver natural gas to its counterparty and receive an international index price. Refer to the section entitled "Risk Management Contracts" contained within this MD&A. Additionally in 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

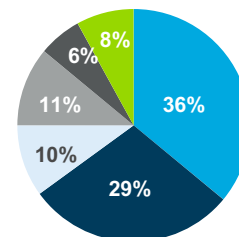
**Natural Gas Sales by Sales Point
Three Months Ended
December 31, 2023**

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



**Natural Gas Sales by Sales Point
Year Ended
December 31, 2023**

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

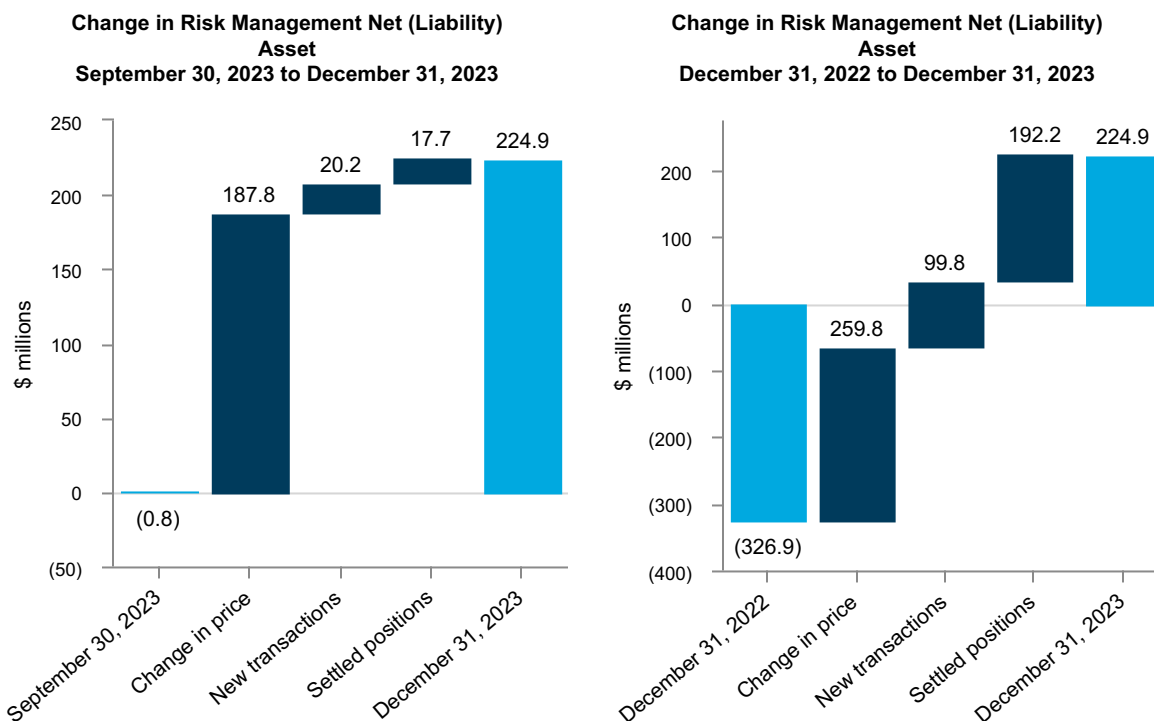


ARC's average realized NGLs price for the three months and year ended December 31, 2023 decreased 24 per cent and 19 per cent, respectively, compared to the same periods in 2022. The decreases are primarily due to a decrease in benchmark prices.

Risk Management Contracts

The fair value of ARC's risk management contracts at December 31, 2023 was a net asset of \$224.9 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 asset of \$19.6 million from crude oil contracts, a net asset of \$181.8 million from natural gas contracts, and a net asset of \$23.5 million from foreign currency contracts.

Exhibit 10



Tables 11 and 11a summarize the gain or loss on risk management contracts for the three months and year ended December 31, 2023 compared to the same periods in 2022:

Table 11

Risk Management Contracts (\$ millions)	Crude Oil & Condensate	Natural Gas	Embedded Derivative ⁽¹⁾	NGLs and Foreign Currency	Q4 2023 Total	Q4 2022 Total
Realized gain (loss) on risk management contracts ⁽²⁾	(23.7)	4.8	—	(1.4)	(20.3)	(278.0)
Unrealized gain on risk management contracts ⁽³⁾	89.2	102.4	12.5	23.2	227.3	317.6
Gain on risk management contracts	65.5	107.2	12.5	21.8	207.0	39.6

(1) Represents the change in fair value of ARC's natural gas sales contracts containing an embedded derivative.

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

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

Table 11a

Risk Management Contracts (\$ millions)	Crude Oil & Condensate	Natural Gas	Embedded Derivative⁽¹⁾	NGLs and Foreign Currency	2023 Total	2022 Total
Realized loss on risk management contracts ⁽²⁾	(103.6)	(93.6)	—	(4.6)	(201.8)	(1,279.5)
Unrealized gain (loss) on risk management contracts ⁽³⁾	150.0	380.5	(2.0)	27.7	556.2	280.5
Gain (loss) on risk management contracts	46.4	286.9	(2.0)	23.1	354.4	(999.0)

(1) Represents the change in fair value of ARC's natural gas sales contracts containing an embedded derivative.

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

(3) 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 December 31, 2023, primarily reflects cash settlements paid on WTI crude oil contracts. ARC's realized loss on risk management contracts for the year ended December 31, 2023, primarily reflects cash settlements paid on WTI crude oil, NYMEX Henry Hub natural gas, and natural gas basis contracts. The decrease in realized loss on risk management contracts for the three months and year ended December 31, 2023, compared to the same periods of the prior year, is primarily the result of lower average commodity prices relative to contract prices and a decrease in the amount of production volumes hedged.

ARC's unrealized gain on risk management contracts for the three months ended December 31, 2023, primarily reflects the revaluation of AECO natural gas contracts, WTI crude oil contracts and foreign currency contracts outstanding. The decrease in unrealized gain on risk management contracts for the three months ended December 31, 2023, compared to the same period of the prior year, is primarily the result of a decrease in contract settlements throughout the period.

ARC's unrealized gain on risk management contracts for the year ended December 31, 2023, primarily reflects the revaluation of AECO natural gas contracts, WTI crude oil contracts and foreign currency contracts following settlements throughout the period, as well as contracts outstanding with lower forward pricing as compared to the same period of the prior year. The increase in unrealized gain on risk management contracts for the year ended December 31, 2023, compared to the same period of the prior year, is primarily the result of lower average commodity prices relative to contract prices.

Embedded Derivatives

In 2022, ARC entered into a long-term natural gas supply agreement to supply 140,000 MMBtu/d of natural gas for a term of 15 years, which delivery is expected to commence in 2027. Under the terms of the agreement, ARC will deliver natural gas to its counterparty at a delivery point in Illinois, USA and receive a Japan Korea Marker ("JKM") index price less deductions for transport and liquefaction. The contract contains an embedded derivative as a result of the JKM pricing formula.

In 2023, ARC entered into a long-term natural gas supply agreement to supply 140,000 MMBtu/d of natural gas for a term of 15 years, which delivery is expected to commence in 2029, subject to various outstanding conditions precedent, including a positive final investment decision by the counterparty. Under the terms of the agreement, ARC will deliver natural gas to its counterparty at a delivery point in Louisiana, USA and receive a Title Transfer Facility ("TTF") index price less deductions for transport, liquefaction, and regasification. The contract contains an embedded derivative as a result of the TTF pricing formula.

For the three months and year ended December 31, 2023, ARC recognized an unrealized gain on risk management contracts of \$12.5 million and an unrealized loss of \$2.0 million (\$4.0 million unrealized loss for both the three months and year ended December 31, 2022), respectively. At December 31, 2023, the fair value of ARC's natural gas embedded derivative contracts was a liability of \$6.0 million (\$4.0 million at December 31, 2022). The fair value reflects the estimated differentials between JKM and Chicago Citygate and between TTF and NYMEX Henry Hub forward pricing over the terms of the agreements. Due to the long-term nature of these agreements and multiple variables impacting the estimated valuations, it is anticipated that the estimated fair value of ARC's natural gas embedded derivative contracts may fluctuate over time as the agreements mature. For further information, refer to Note 16 "Financial Instruments and Market Risk Management" in the financial statements.

Netback

The components of ARC's netback for the three months and year ended December 31, 2023 compared to the same periods in 2022 are summarized in Tables 12 and 12a:

Table 12

Netback (\$ millions) ⁽¹⁾	Three Months Ended				Year Ended		
	September 30, 2023	December 31, 2023	December 31, 2022	% Change	December 31, 2023	December 31, 2022	% Change
Commodity sales from production	1,308.0	1,300.2	2,024.4	(36)	5,260.4	7,969.9	(34)
Royalties	(155.2)	(172.8)	(336.8)	(49)	(706.8)	(1,209.2)	(42)
Operating	(163.6)	(138.6)	(144.7)	(4)	(589.8)	(559.9)	5
Transportation	(163.9)	(154.3)	(188.6)	(18)	(656.0)	(744.2)	(12)
Netback	825.3	834.5	1,354.3	(38)	3,307.8	5,456.6	(39)

(1) Non-GAAP financial measure that does not have any standardized meaning under IFRS Accounting Standards 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.

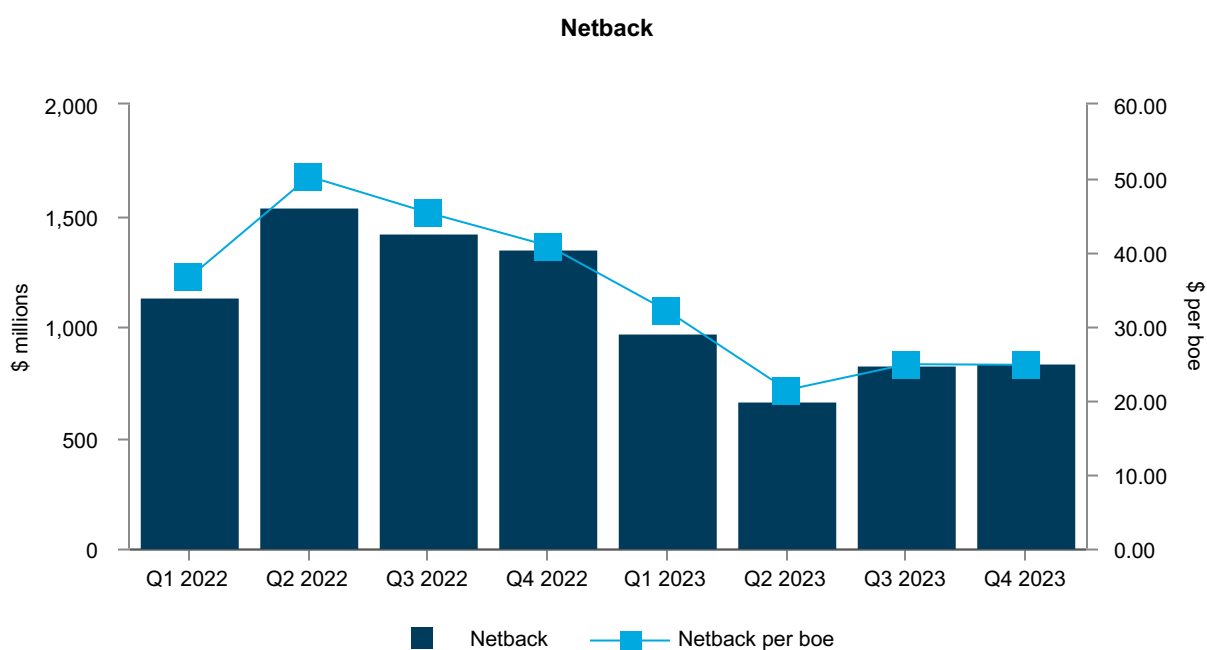
Table 12a

Netback (\$ per boe) ⁽¹⁾	Three Months Ended				Year Ended		
	September 30, 2023	December 31, 2023	December 31, 2022	% Change	December 31, 2023	December 31, 2022	% Change
Commodity sales from production	39.47	38.69	61.17	(37)	40.95	63.18	(35)
Royalties ⁽²⁾	(4.68)	(5.14)	(10.18)	(50)	(5.50)	(9.59)	(43)
Operating	(4.94)	(4.13)	(4.37)	(5)	(4.59)	(4.44)	3
Transportation	(4.94)	(4.59)	(5.70)	(19)	(5.11)	(5.90)	(13)
Netback	24.91	24.83	40.92	(39)	25.75	43.25	(40)

(1) Non-GAAP ratio that does not have any standardized meaning under IFRS Accounting Standards 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

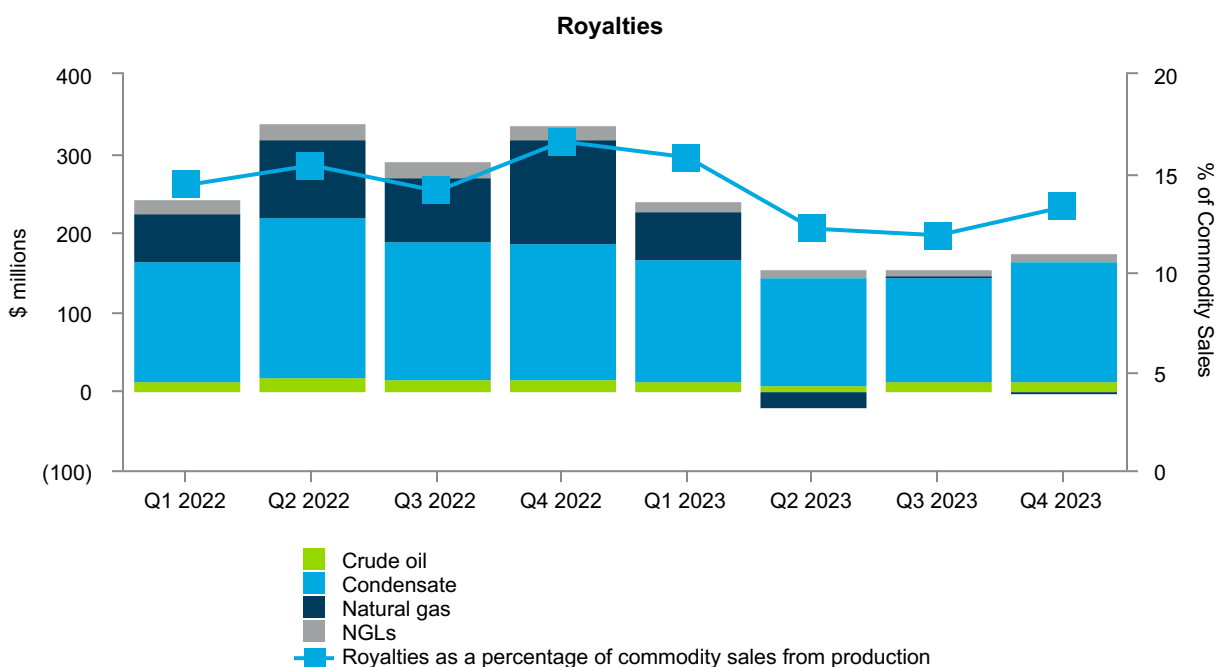


Royalties

Royalties for the three months and year ended December 31, 2023 decreased 49 per cent and 42 per cent, respectively, to \$172.8 million and \$706.8 million (\$336.8 million and \$1.2 billion for the same periods in 2022). Royalties as a percentage of commodity sales from production⁽¹⁾ decreased to 13 per cent (\$5.14 per boe) in the fourth quarter of 2023 from 17 per cent (\$10.18 per boe) in the fourth quarter of 2022. For the year ended December 31, 2023, royalties represented 13 per cent (\$5.50 per boe) of commodity sales from production as compared to 15 per cent (\$9.59 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 months and year ended December 31, 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



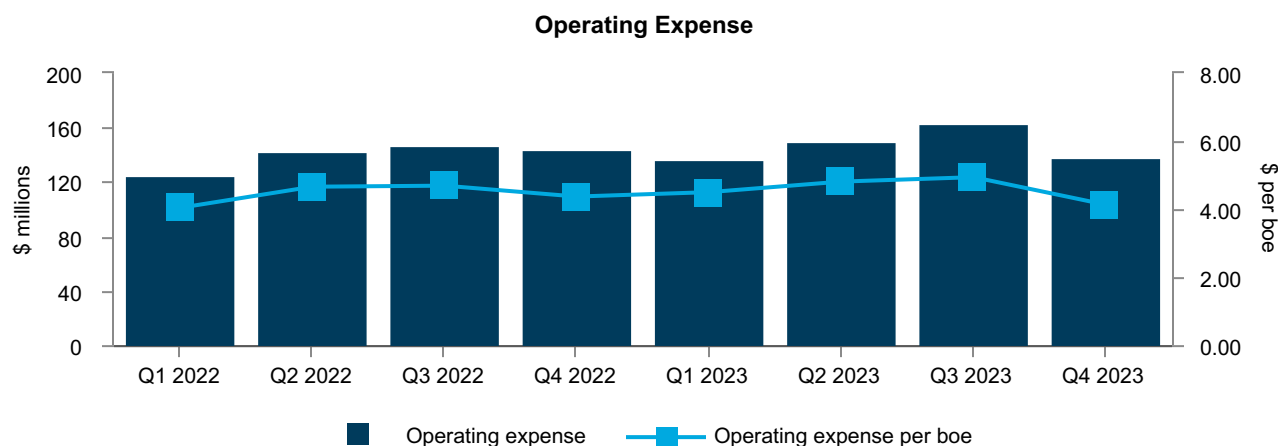
Operating

Operating expense for the three months ended December 31, 2023 was \$138.6 million, a decrease of four per cent from \$144.7 million for the three months ended December 31, 2022. For the year ended December 31, 2023, operating expense was \$589.8 million, an increase of five per cent from \$559.9 million in the same period of the prior year.

Operating expense per boe for the three months ended December 31, 2023 was \$4.13 per boe, a decrease of five per cent from \$4.37 per boe for the three months ended December 31, 2022. For the year ended December 31, 2023, operating expense per boe was \$4.59 per boe, an increase of three per cent from \$4.44 per boe in the same period of the prior year.

The decrease in operating expense for the three months ended December 31, 2023, as compared to the same period of the prior year, reflects lower maintenance and water disposal costs, primarily in the Kakwa area, partially offset by increased electricity costs in British Columbia due to the electrification of the Dawson Phase III and IV facilities. The increase in operating expense for the year ended December 31, 2023, as compared to the prior year, reflects increased scheduled maintenance activity and increased gas processing fees associated with higher production volumes, primarily in the Kakwa area.

Exhibit 13



Transportation

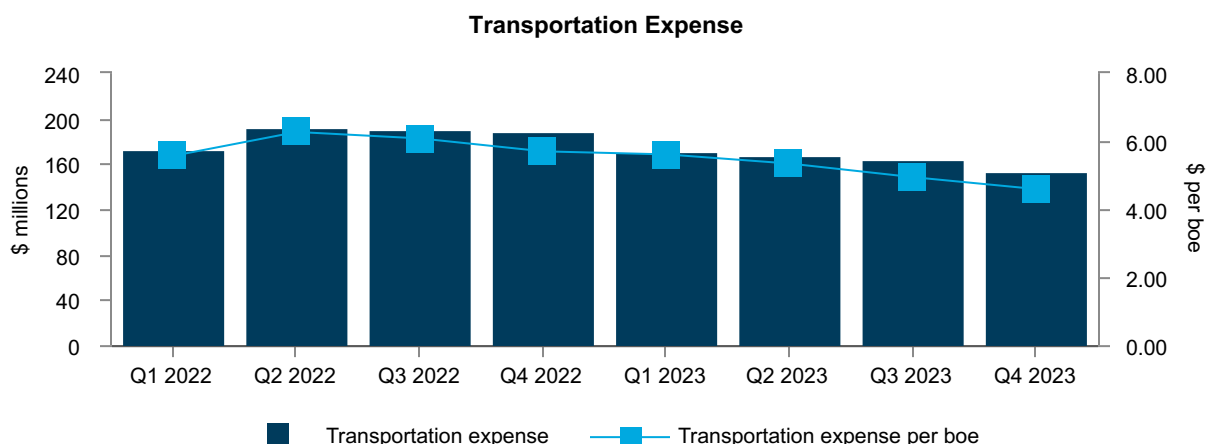
Transportation expense for the three months and year ended December 31, 2023 was \$154.3 million and \$656.0 million, a decrease of 18 per cent and 12 per cent, from \$188.6 million and \$744.2 million for the three months and year ended December 31, 2022, respectively.

Transportation expense per boe for the three months and year ended December 31, 2023 was \$4.59 per boe and \$5.11 per boe, a decrease of 19 per cent and 13 per cent, from \$5.70 per boe and \$5.90 per boe for the three months and year ended December 31, 2022, respectively.

The decrease in transportation expense for the three months ended December 31, 2023, relative to the same period in 2022, primarily reflects lower fuel gas expense. The decrease in transportation expense for the year ended December 31, 2023, relative to 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 December 31, 2023. For information regarding ARC's payment obligations under its future transportation commitments, refer to Note 11 "Commitments and Contingencies" in the financial statements.

Exhibit 14



G&A

G&A expense before share-based compensation expense increased 33 per cent to \$48.0 million in the fourth quarter of 2023 from \$36.2 million in the fourth quarter of 2022. For the year ended December 31, 2023, ARC's G&A expense before share-based compensation expense was \$151.7 million, a 20 per cent increase from \$126.5 million during the same period of the prior year. The increase for the three months and year ended December 31, 2023 is primarily due to an enterprise system implementation that increased consulting and information technology costs, as well as employee compensation associated with additional project resources. The increase compared to the same periods of the prior year is also attributed to higher employee compensation.

During the three months ended December 31, 2023, ARC recognized G&A expense of \$4.5 million associated with its share-based compensation plans, compared to \$19.8 million during the same period of the prior year. The decrease for the three months ended December 31, 2023 is primarily due to a slight decrease in ARC's share price compared to an increase in ARC's share price in the same period of the prior year, impacting the revaluation of the liability associated with ARC's share-based compensation plans.

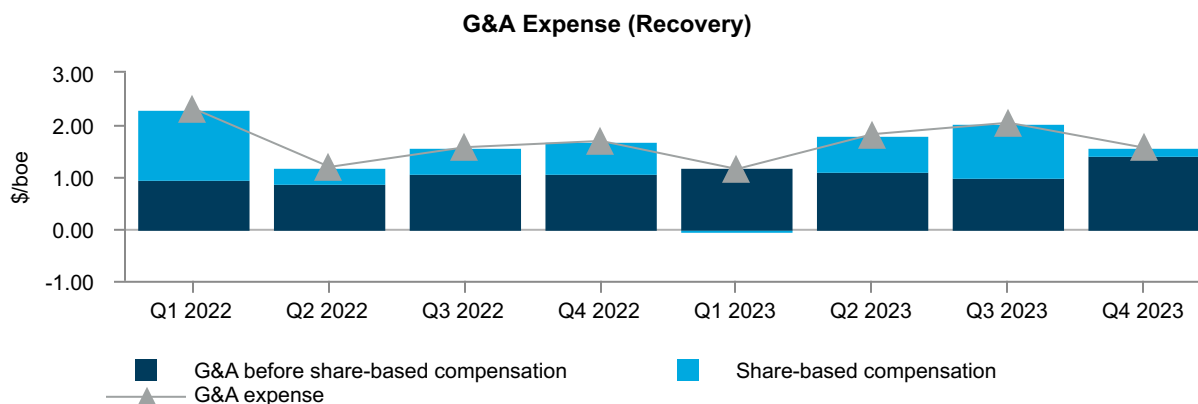
During the year ended December 31, 2023, ARC recognized G&A expense of \$60.5 million associated with its share-based compensation plans, compared to \$86.7 million during the same period of the prior year. The decrease for the year ended December 31, 2023 is primarily due to a smaller increase in ARC's share price relative 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				Year Ended		
	September 30, 2023	December 31, 2023	December 31, 2022	% Change	December 31, 2023	December 31, 2022	% Change
G&A expense before share-based compensation expense	33.4	48.0	36.2	33	151.7	126.5	20
G&A – share-based compensation expense	34.3	4.5	19.8	(77)	60.5	86.7	(30)
G&A expense	67.7	52.5	56.0	(6)	212.2	213.2	—
G&A expense before share-based compensation expense per boe	1.01	1.43	1.09	31	1.18	1.00	18
G&A – share-based compensation expense per boe	1.03	0.13	0.60	(78)	0.47	0.69	(32)
G&A expense per boe	2.04	1.56	1.69	(8)	1.65	1.69	(2)

Exhibit 15



Share-based Compensation Plans

ARC's share-based, long-term incentive plans result in employees, officers and directors (the "plan participants") receiving cash compensation in relation to the value of a specified number of underlying notional share awards. ARC has certain share-based compensation plans that existed prior to a business combination (the "Legacy Plans") and share-based compensation plans acquired through a business combination that are eligible for continuation and exercise (the "Acquired Plans").

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

RSU and PSU awards outstanding under the Legacy Plans consists of RSUs for which the number of share awards is fixed and will vest evenly over a period of three years and PSUs for which the number of share awards is variable and will vest at the end of three years.

Upon vesting of the RSUs, the plan participant receives a cash payment based on the fair value of the underlying share awards plus all dividends accrued since the grant date. The cash compensation of the PSUs issued upon vesting is further dependent upon an adjustment to the final number of PSU awards that eventually vest based on a performance multiplier. The performance multiplier is determined using two criteria: 50 per cent of the performance multiplier is based on ARC's relative total shareholder return performance compared to a defined peer group, and 50 per cent of the performance multiplier is dependent on an overall assessment of achievements based on a predetermined corporate scorecard.

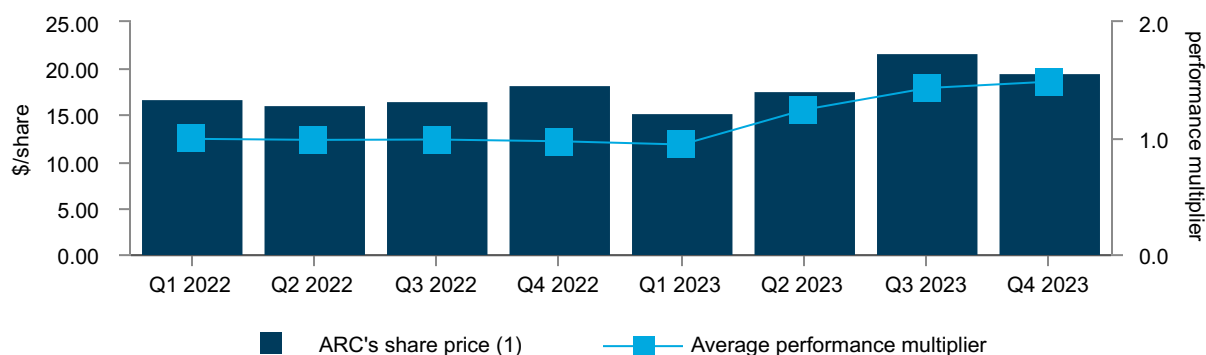
The performance multiplier is calculated at the time of payment and can result in cash compensation issued upon vesting of the PSUs ranging from zero to two times the value of the PSU awards originally granted.

RSU and PSU awards outstanding under the Acquired Plans are the same as those under the Legacy Plans, with the exception that no dividends accrue and both RSUs and PSUs of the Acquired Plans vest annually over three years. All of the remaining RSU and PSU awards under the Acquired Plans are eligible to be settled in equity.

At December 31, 2023, ARC had 2.0 million RSUs and 3.5 million PSUs outstanding under these plans. For the three months and year ended December 31, 2023, ARC recognized G&A in relation to its RSU and PSU Plans of \$5.9 million and \$54.9 million (\$16.4 million and \$72.6 million for the three months and year ended December 31, 2022), respectively. The change in expense recognized for the three months and year ended December 31, 2023 reflects the change in valuation of awards outstanding throughout the respective periods.

Exhibit 16

ARC Share Price and Performance Multiplier



(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 the Legacy Plans and Acquired Plans during 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	876	1,169	2,045
Distributed	(1,507)	(3,160)	(4,667)
Forfeited	(71)	(53)	(124)
Balance, December 31, 2023	1,985	3,516	5,501

(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	(185)	(127)	(312)
Forfeited	(1)	—	(1)
Balance, December 31, 2023	7	—	7

(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.

Due to the variability in the expected future payments under the plans, ARC estimates that between \$39.0 million and \$177.4 million could be paid out in 2024 through 2026 based on possible future changes to ARC's period-end share price, accrued dividends, market performance relative to peers, and 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 December 31, 2023:

Table 15

Value of RSU and PSU Awards as at December 31, 2023 (awards thousands and \$ millions, except per share)	Performance Multiplier		
	—	1.0	2.0
Estimated awards to vest ⁽¹⁾			
RSUs	1,992	1,992	1,992
PSUs	—	3,516	7,032
Total awards	1,992	5,508	9,024
Share price ⁽²⁾	19.67	19.67	19.67
Value of RSU and PSU awards upon vesting	39.0	108.2	177.4
2024	21.1	50.6	80.0
2025	12.7	32.1	51.5
2026	5.2	25.5	45.9

(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 December 31, 2023.

Share Option Plans

Share option awards under the Legacy Plans were suspended in 2019. Share options previously granted to officers and certain employees of ARC vest evenly on the fourth and fifth anniversary of their grant date and have a maximum term of seven years. The option holder has the right to exercise the options and purchase one common share per option at the original grant price or at a reduced exercise price, equal to the grant price less all dividends paid subsequent to the grant date and prior to the exercise date.

Share options granted under the Acquired Plans vest annually over three years and expire 10 years after the date of grant. The final grant was in 2019. The option holder has the right to exercise the options and purchase one common share per option at the original grant price. The original grant price under both the Legacy and Acquired Plans is calculated as the weighted average trading price of ARC common shares for the five days immediately preceding the grant date.

At December 31, 2023, ARC had 1.3 million share options outstanding under the Legacy Plans, with a weighted average exercise price of \$11.49. At December 31, 2023, ARC had 0.9 million share options outstanding under the Acquired Plans, with a weighted average exercise price of \$20.22. All share options were exercisable at December 31, 2023.

ARC has recognized a nominal amount of compensation expense for the three months and years ended December 31, 2023 and 2022 in respect of these plans.

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

Issuance of new awards under the LTRSA plan were suspended in 2021. Previously granted LTRSA consist of restricted common shares that were awarded at the date of grant and a cash payment made equal to the estimated personal tax obligation associated with the total award. The restricted shares issued on the grant date of the award are held in trust until the vesting conditions have been met. In 2020, the LTRSA Plan was amended to extend the vesting schedule from three years to five years and to adjust the calculation of the service period.

While in trust, the restricted shares earn cash dividends that are reinvested into the purchase of ARC common shares. These re-invested common shares issued are also held in trust until vested. LTRSA awards granted prior to 2020 vest evenly on the eighth, ninth, and tenth anniversaries of their respective grant dates. LTRSA awards granted subsequent to 2019 vest evenly on the sixth, seventh, eighth, ninth, and tenth anniversaries of their respective grant dates. Restricted shares and any accrued dividends that are subject to forfeiture will be redeemed and cancelled by ARC.

Compensation expense associated with cash payment is recognized at the fair value on the grant date, while expense associated with the restricted common shares is estimated as the fair value of the award equal to the

previous five-day weighted average trading price of ARC shares on the TSX on the grant date and is recognized over the vesting period.

At December 31, 2023, ARC had 1.0 million restricted shares outstanding under the LTRSA Plan. ARC recognized G&A of \$0.3 million and \$1.1 million relating to the LTRSA Plan during the three months and year ended December 31, 2023 (\$0.4 million and \$1.2 million for the three months and year ended December 31, 2022), respectively.

Deferred Share Unit ("DSU") Plans

ARC offers a DSU Plan to non-employee directors, under which each director receives a minimum of 60 per cent of their total annual remuneration in the form of DSUs. DSU awards under the Legacy and Acquired Plans fully vest on the date of grant, but are available for redemption when the director ceases to be a member of ARC's board of directors (the "Board"). Awards are settled in cash and are determined by the value of the underlying common shares. Approximately 38 per cent of remaining DSU awards under the Acquired Plans are eligible to be settled in equity, with the remainder to be settled in cash.

At December 31, 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 months and year ended December 31, 2023, a G&A recovery of \$1.7 million and G&A expense of \$4.4 million was recognized in relation to the DSU Plans (G&A expense of \$2.9 million and \$12.8 million for the three months and year ended December 31, 2022), respectively.

Interest and Financing

Interest and financing for the three months and year ended December 31, 2023 was \$31.6 million and \$105.5 million, respectively, compared to \$25.5 million and \$97.2 million for the same periods of the prior year. Interest and financing per boe for the three months and year ended December 31, 2023 was \$0.94 per boe and \$0.82 per boe (\$0.77 per boe for both the same periods of the prior year), respectively. The increase for the three months and year ended December 31, 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 11 "Lease Arrangements" 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				Year Ended		
	September 30, 2023	December 31, 2023	December 31, 2022	% Change	December 31, 2023	December 31, 2022	% Change
Bank debt and long-term notes	13.8	13.9	13.8	1	51.1	53.2	(4)
Lease obligations	10.1	14.0	8.6	63	41.2	33.0	25
Accretion on ARO	3.2	3.7	3.1	19	13.2	11.0	20
Interest and financing	27.1	31.6	25.5	24	105.5	97.2	9
Interest and financing per boe	0.82	0.94	0.77	22	0.82	0.77	6

Foreign Exchange Gain and Loss

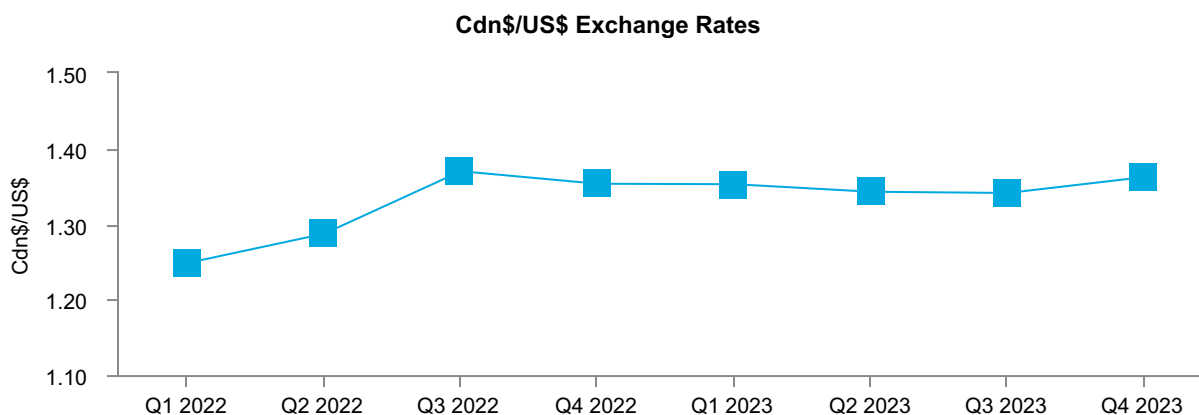
ARC recognized a loss on foreign exchange of \$10.8 million in the fourth quarter of 2023 compared to \$4.7 million in the fourth quarter of 2022. For the year ended December 31, 2023, ARC recognized a foreign exchange loss of \$10.6 million compared to a gain of \$34.1 million for the year ended December 31, 2022. The change in foreign exchange recognized for the three months and year ended December 31, 2023, as compared to the same periods in the prior year, primarily reflects the settlement of US\$ denominated transactions and 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				Year Ended		
	September 30, 2023	December 31, 2023	December 31, 2022	% Change	December 31, 2023	December 31, 2022	% Change
Unrealized gain (loss) on US dollar-denominated accounts receivable	6.2	(11.3)	(21.2)	47	(7.1)	28.8	(125)
Realized gain (loss) on US dollar-denominated transactions	1.4	0.5	16.5	(97)	(3.5)	5.3	(166)
Foreign exchange gain (loss)	7.6	(10.8)	(4.7)	(130)	(10.6)	34.1	(131)

Exhibit 17



For the three months and year ended December 31, 2023, ARC recognized an unrealized gain on foreign currency translation adjustment in other comprehensive income of \$4.4 million and \$5.2 million (unrealized gain of \$5.1 million and an unrealized loss of \$20.6 million for the three months and year ended December 31, 2022), respectively.

Taxes

ARC recognized current income tax expense of \$41.5 million and \$201.5 million for the three months and year ended December 31, 2023, respectively, compared to \$68.5 million and \$288.5 million for the same periods in 2022. The decrease in current income tax expense for the three months and year ended December 31, 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 December 31, 2023, deferred income tax expense of \$111.1 million was recognized, compared to \$169.2 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 well as a lower unrealized gain on risk management contracts as compared to the same period of 2022.

For the year ended December 31, 2023, deferred income tax expense of \$259.3 million was recognized, compared to \$387.4 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.

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)	December 31, 2023	Annual Deductibility
Canadian oil and gas property expense	862.5	10% declining balance
Canadian development expense	1,835.3	30% declining balance
Undepreciated capital cost	1,653.1	Primarily 25% declining balance
Other	48.5	Various rates, 5% declining balance to 20%
Total federal tax pools	4,399.4	

DD&A and Impairment of PP&E

For the three months and year ended December 31, 2023, ARC recognized DD&A of \$353.6 million and \$1.4 billion, respectively, compared to \$364.2 million and \$1.3 billion for the three months and year ended December 31, 2022. The decrease in DD&A for the three months ended December 31, 2023, compared to the same period in the prior year, is due to a lower DD&A rate, reflecting updated reserves and future development costs, partially offset by increased production volumes. The increase in DD&A for the year ended December 31, 2023, compared to the prior year, is primarily due to increased production volumes and a higher DD&A rate 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				Year Ended		
	September 30, 2023	December 31, 2023	December 31, 2022	% Change	December 31, 2023	December 31, 2022	% Change
Depletion of crude oil and natural gas assets	341.6	326.7	340.6	(4)	1,307.7	1,221.6	7
Depreciation of corporate assets	5.7	5.9	4.7	26	22.2	16.5	35
Depreciation of right-of-use ("ROU") assets under lease	16.8	21.0	18.9	11	73.0	79.2	(8)
DD&A expense	364.1	353.6	364.2	(3)	1,402.9	1,317.3	6
DD&A expense per boe ⁽¹⁾	10.99	10.52	11.00	(4)	10.92	10.44	5

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

For the year ended December 31, 2023, ARC recognized impairment charges of \$2.9 million related to the disposal of certain non-core assets. During the year ended December 31, 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 \$434.3 million and \$1.7 billion during the three months and year ended December 31, 2023, respectively, compared to \$350.7 million and \$1.4 billion for the three months and year ended December 31, 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			Year Ended	
	September 30, 2023	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Cash flow used in investing activities	394.6	434.3	350.7	1,690.7	1,413.2
Adjusted for the following items:					
Acquisition of crude oil and natural gas assets	—	—	(0.1)	(0.5)	(2.7)
Disposal of crude oil and natural gas assets	—	44.2	—	117.8	11.9
Long-term investments	(0.7)	(0.3)	(3.3)	(5.4)	(12.0)
Change in non-cash investing working capital	3.9	60.1	30.1	35.2	15.7
Other ⁽¹⁾	3.6	6.2	5.9	12.0	15.8
Capital expenditures	401.4	544.5	383.3	1,849.8	1,441.9

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

Capital expenditures were \$544.5 million and \$1.8 billion for the three months and year ended December 31, 2023, respectively, compared to \$383.3 million and \$1.4 billion for the three months and year ended December 31, 2022. Capital expenditures for the three months and year ended December 31, 2023 included the drilling of 37 and 148 crude oil and natural gas wells and the completion of 33 and 151 crude oil and natural gas wells, respectively, across ARC's asset base. Capital expenditures in 2023 also included investment in Attachie Phase I development which is anticipated to be complete in the first quarter of 2025. Additional investment in 2023 included 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 year ended December 31, 2023, ARC disposed of certain non-core assets across its portfolio for cash proceeds of \$117.8 million.

For information regarding ARC's planned capital expenditures for 2024, refer to the news releases dated November 2, 2023 and February 8, 2024, entitled "ARC Resources Ltd. Reports Third Quarter 2023 Results and Announces 2024 Budget" and "ARC Resources Ltd. Reports Record Production, Year-end Results and Reserves" 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 December 31, 2023 and December 31, 2022 is shown in Table 21:

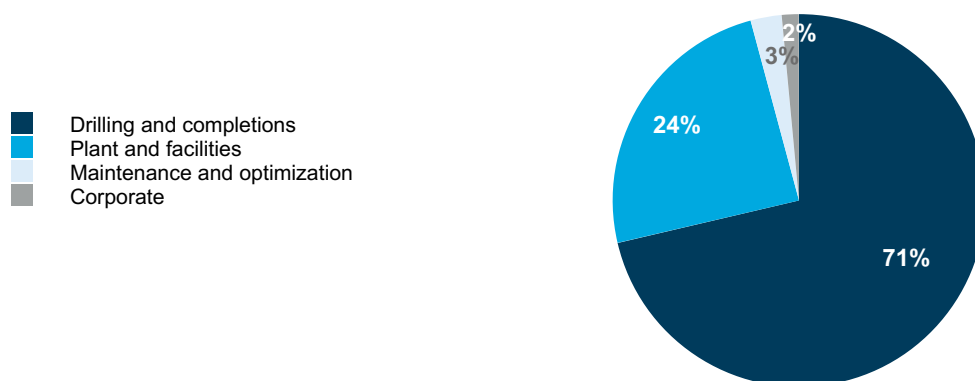
Table 21

Capital Expenditures (\$ millions)	Three Months Ended December 31						
	2023			2022			% Change
	E&E ⁽¹⁾	PP&E	Total	E&E	PP&E	Total	
Geological and geophysical	—	1.4	1.4	—	1.3	1.3	8
Drilling and completions	1.3	386.2	387.5	1.9	336.7	338.6	14
Plant and facilities	3.2	129.7	132.9	1.7	25.3	27.0	392
Maintenance and optimization	—	14.6	14.6	—	10.7	10.7	36
Corporate	—	8.1	8.1	—	5.7	5.7	42
Capital expenditures	4.5	540.0	544.5	3.6	379.7	383.3	42
Acquisitions	8.0	14.0	22.0	—	0.3	0.3	100
Dispositions	(52.0)	(14.3)	(66.3)	—	(0.1)	(0.1)	100
Capital expenditures and net acquisitions and dispositions	(39.5)	539.7	500.2	3.6	379.9	383.5	30

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

Exhibit 18

**Capital Expenditures by Classification
Three Months Ended December 31, 2023**



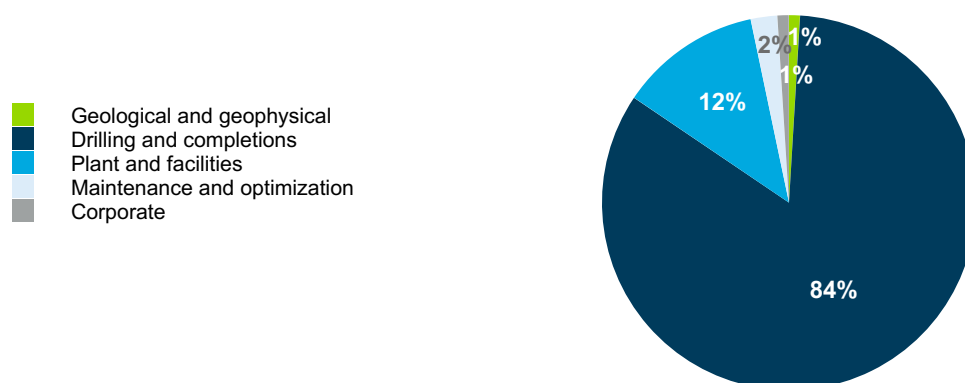
A breakdown of capital expenditures, acquisitions, and dispositions for the years ended December 31, 2023 and December 31, 2022 is shown in Table 21a:

Table 21a

Capital Expenditures (\$ millions)	Year Ended December 31						
	2023			2022			% Change
	E&E	PP&E	Total	E&E	PP&E	Total	
Geological and geophysical	—	8.3	8.3	—	9.5	9.5	(13)
Drilling and completions	4.2	1,548.4	1,552.6	1.7	1,126.3	1,128.0	38
Plant and facilities	7.6	220.2	227.8	4.7	227.6	232.3	(2)
Maintenance and optimization	—	42.6	42.6	—	58.0	58.0	(27)
Corporate	—	18.5	18.5	—	14.1	14.1	31
Capital expenditures	11.8	1,838.0	1,849.8	6.4	1,435.5	1,441.9	28
Acquisitions	8.5	17.0	25.5	0.3	6.1	6.4	298
Dispositions	(52.0)	(90.9)	(142.9)	—	(15.5)	(15.5)	822
Capital expenditures and net acquisitions and dispositions	(31.7)	1,764.1	1,732.4	6.7	1,426.1	1,432.8	21

Exhibit 18a

**Capital Expenditures by Classification
Year Ended December 31, 2023**



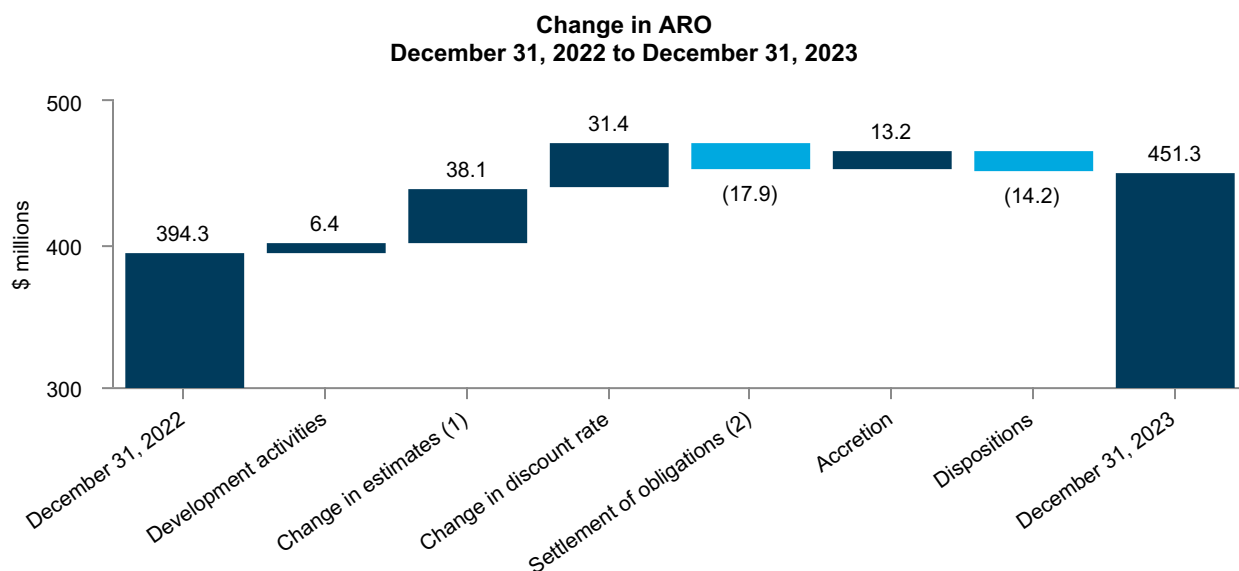
Asset Retirement Obligation

At December 31, 2023, ARC recognized ARO of \$451.3 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 \$434.3 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 3.0 per cent (3.3 per cent at December 31, 2022).

Accretion charges of \$3.7 million and \$13.2 million for the three months and year ended December 31, 2023 (\$3.1 million and \$11.0 million for the same periods in 2022), respectively, have been recognized in interest and financing in the statements of income to reflect the increase in ARO associated with the passage of time. Actual spending under ARC's program for the three months and year ended December 31, 2023 was \$3.6 million and \$17.5 million (\$3.8 million and \$19.3 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 months and year ended December 31, 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 (\$0.7 million and \$1.7 million for the three months and year ended December 31, 2022).

Capitalization, Financial Resources and Liquidity

Capital Management

ARC's capital management objective is to fund dividend payments, lease 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.

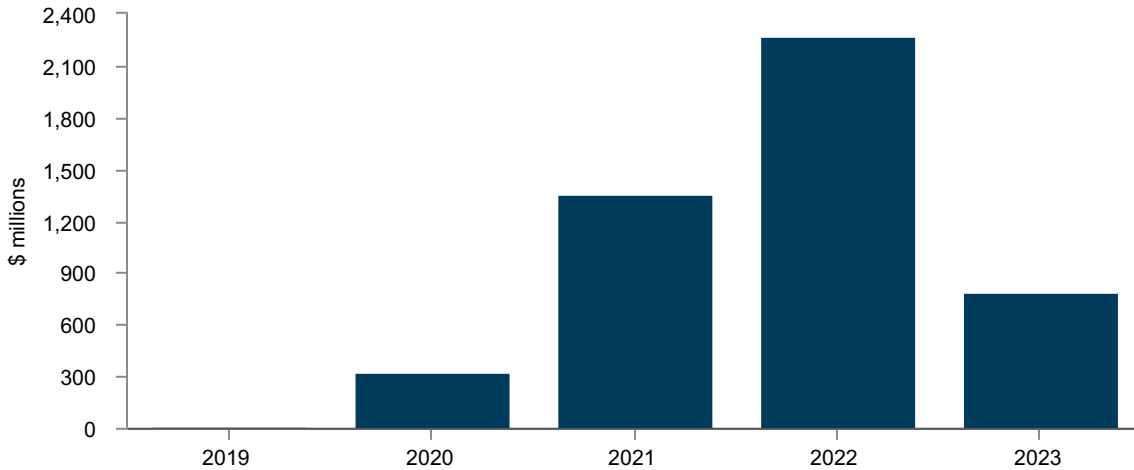
ARC uses free funds flow, defined as funds from operations less capital expenditures, as an indicator of the funds available for capital allocation. For the three months and year ended December 31, 2023, free funds flow was \$154.7 million and \$789.8 million (\$602.9 million and \$2.3 billion for the three months and year ended December 31, 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. During the year ended December 31, 2023, ARC distributed 110 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 year ended December 31, 2023, ARC increased its dividend by 13 per cent from \$0.15 per share per quarter to \$0.17 per share per quarter, repurchased 25.3 million common shares under its normal course issuer bid ("NCIB") and announced the renewal of its NCIB to August 31, 2024.

Exhibit 20

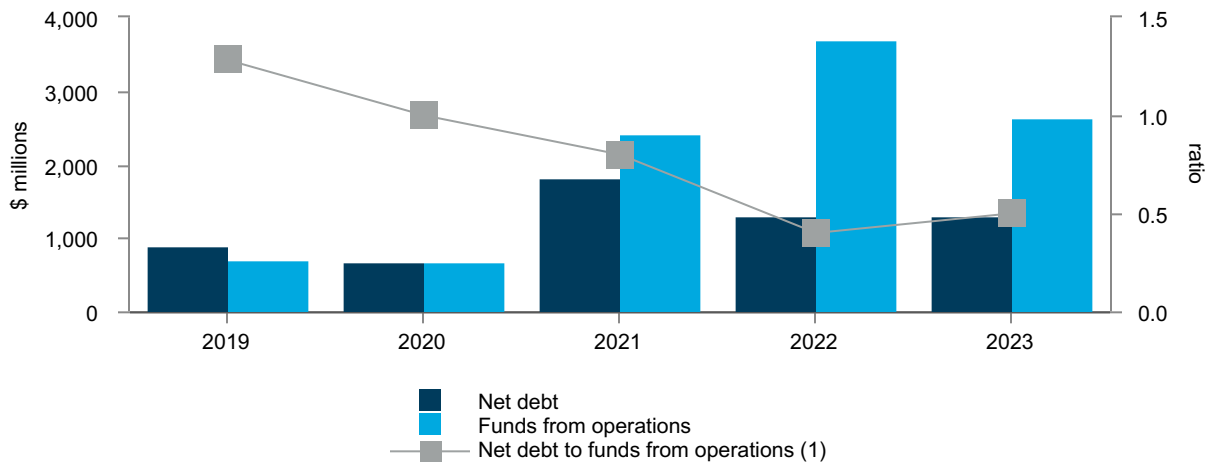
Free Funds Flow



ARC maintains financial flexibility through its strong balance sheet. ARC manages its capital structure for the long term, with the objective of having its net debt at, or below, 1.0 times funds from operations. At December 31, 2023, ARC's net debt was 0.5 times its funds from operations.

Exhibit 21

Net Debt to Funds from Operations



(1) Composed of net debt divided by funds from operations.

Long-term Debt

At December 31, 2023, ARC had total credit capacity of \$2.8 billion, of which \$1.2 billion was outstanding under its credit facility and senior notes. At December 31, 2023, ARC's long-term debt had a weighted average interest rate of 3.5 per cent. At December 31, 2023, ARC has a \$1.8 billion unsecured extendible revolving credit facility ("the facility"), with a maturity date of October 2026. Subsequent to December 31, 2023, the maturity date of the facility was extended to February 2028 and the capacity was reduced to \$1.7 billion from \$1.8 billion. For more information, refer to Note 12 "Long-term Debt" in the financial statements.

At December 31, 2023, ARC was in compliance with the financial covenants related to its credit facility which are as follows:

Table 22

Covenant Description	Position at December 31, 2023
Consolidated Debt not to exceed 60 per cent of Total Capitalization	13 %
Consolidated Tangible Assets of the Restricted Group must exceed 80 per cent of Consolidated Tangible Assets	100 %

Lease Obligations

At December 31, 2023, ARC had lease obligations of \$1.1 billion, of which \$85.2 million is due within one year. ARC's lease obligations primarily relate to office space, equipment used in ARC's operations, and processing facilities. The terms of ARC's lease obligations range from one to 13 years. For further information, refer to Note 11 "Lease Arrangements" in the financial statements.

Shareholders' Equity

During the year ended December 31, 2023, ARC repurchased 25.3 million common shares under its NCIB at a weighted average price per share of \$18.34 for a total cost of \$464.1 million. Shares were cancelled upon repurchase.

At December 31, 2023, ARC has recognized a liability of \$5.6 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 December 31, 2023, there were 596.9 million common shares outstanding and 2.3 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 December 31, 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.

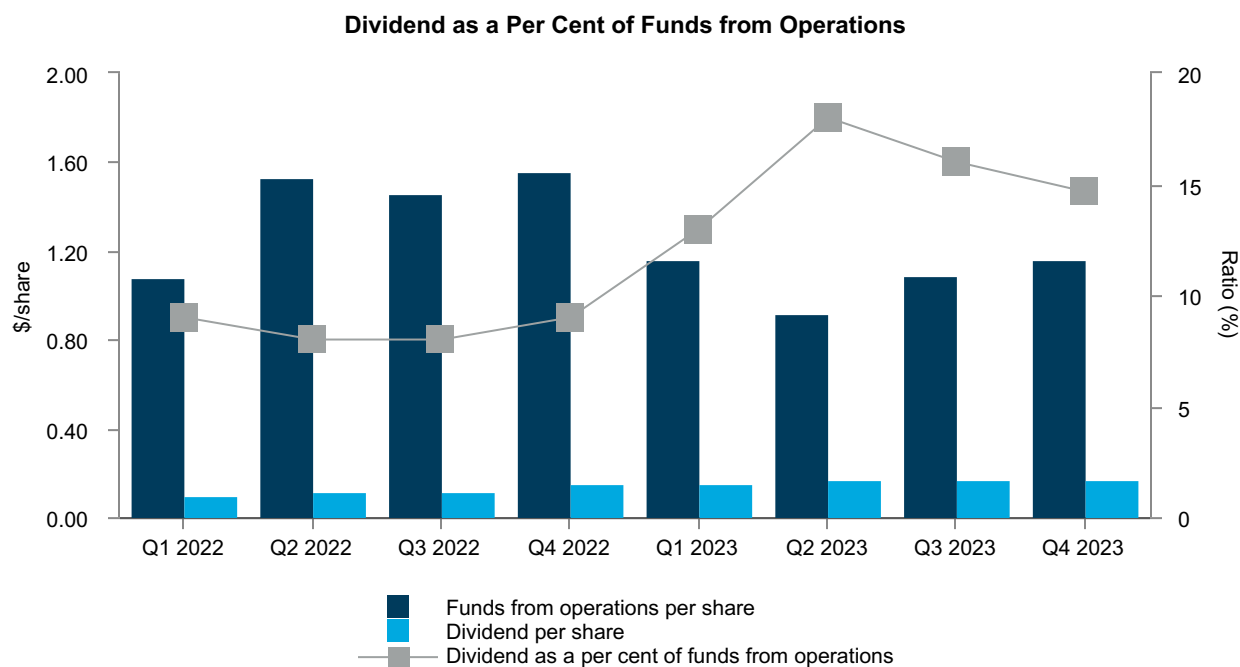
Dividends

ARC's business strategy is focused on value creation and long-term returns to shareholders, with the dividend being an important component. During the year ended December 31, 2023, ARC increased its quarterly dividend by 13 per cent from \$0.15 per share to \$0.17 per share. In the fourth quarter of 2023, ARC declared dividends totaling \$101.7 million (\$0.17 per share) compared to \$93.4 million (\$0.15 per share) in the same period of 2022. ARC declared dividends of \$400.3 million (\$0.66 per share) for the year ended December 31, 2023 compared to \$318.2 million (\$0.49 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 nine per cent for both the three months and year ended December 31, 2022, to an average of 15 per cent for both the three months and year ended December 31, 2023, 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 2024.

Contractual Obligations and Commitments

The following table is a summary of ARC's contractual obligations and commitments as at December 31, 2023:

Table 23

	Payments Due by Period				Total
	1 Year	2-3 Years	4-5 Years	Beyond 5 Years	
Debt repayments	—	605.0	—	550.0	1,155.0
Interest payments ⁽¹⁾	29.7	54.0	38.1	47.6	169.4
Purchase and service commitments ⁽²⁾	161.0	44.1	38.3	114.2	357.6
Transportation commitments	663.9	1,300.8	866.9	2,233.8	5,065.4
Total contractual obligations and commitments	854.6	2,003.9	943.3	2,945.6	6,747.4

(1) Fixed interest payments on senior notes.

(2) Includes variable operating costs related to the Company's lease obligations.

ARC enters into commitments for purchases of goods and services in the normal course of operations in advance of expenditures being made. At a given point in time, ARC has committed to a portion of its capital budget by means of giving the necessary authorizations to incur the expenditures in a future period.

ARC is involved in litigation and claims arising in the normal course of operations. Such claims are not expected to have a material impact on ARC's results of operations or cash flows.

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 21 "Commitments & Contingencies" of the financial statements.

Related Parties

Key Management Personnel Compensation

ARC's key management personnel consists of its officers and directors. Short-term benefits are composed of salaries and directors' fees, annual bonuses, and other benefits. In addition, the Company provides share-based compensation to its key management personnel under the RSU, PSU, DSU, LTRSA, and Share Option Plans. For the year ended December 31, 2023, ARC recognized G&A of \$41.8 million related to total key management personnel compensation (\$44.7 million for the year ended December 31, 2022).

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, including embedded derivatives, 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;
- 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 financial statements.

RISK FACTORS

Management is focused on long-term strategic planning and has identified the key risks, uncertainties, and opportunities associated with ARC's business that can impact its financial results. These include, but are not limited to:

Volatility of Commodity Prices

The prices of crude oil and liquids and natural gas are volatile, outside of ARC's control and affect ARC's financial condition, financial performance, cash flows, and future rate of growth.

ARC's revenues, profitability, cash flows, and future rate of growth are highly dependent on commodity prices. Commodity prices may fluctuate widely in response to relatively minor changes in the supply of and demand for crude oil and liquids and natural gas, market uncertainty, and a variety of additional factors that are beyond ARC's control, such as:

- domestic and global supply of and demand for crude oil and liquids and natural gas, as impacted by economic factors that affect gross domestic product growth rates of countries around the world, including impacts from international trade, pandemics, and related concerns;
- market expectations with respect to future supply of crude oil and liquids and natural gas demand and price changes;
- global crude oil and liquids and natural gas inventory levels;
- volatility and trading patterns in the commodity-futures markets;
- the proximity, capacity, cost, and availability of pipelines and other transportation facilities;
- the capacity of refiners to utilize available supplies of crude oil and liquids;
- weather conditions affecting supply and demand;
- overall domestic and global political and economic conditions;
- actions of the Organization of Petroleum Exporting Countries, its members and other state-controlled crude oil companies relating to crude oil price and production controls;
- fluctuations in the value of the US dollar;
- the price and quantity of crude oil and liquids and LNG imports to and exports from the US and other countries;
- the development of new hydrocarbon exploration, production, and transportation methods or technological advancements in existing methods, including hydraulic fracturing;
- capital investments by crude oil and natural gas companies relating to the exploration, development, and production of hydrocarbons;
- social attitudes or policies affecting energy consumption and energy supply;
- domestic and foreign governmental regulations, including environmental regulations, climate change regulations and taxation;
- shareholder activism or activities by non-governmental organizations to limit certain sources of capital for the energy sector or restrict the exploration, development, and production of crude oil and liquids and natural gas; and
- the effect of energy conservation efforts and the price, availability, and acceptance of alternative energies, including renewable energy.

Commodity prices have historically been, and continue to be, volatile. ARC expects this volatility to continue. ARC makes price assumptions that are used for planning purposes, and a significant portion of its cash outflows, including capital expenditures and transportation commitments, are largely fixed in nature. Accordingly, if commodity prices are below the expectations on which these commitments were based, ARC's financial results are likely to be adversely and disproportionately affected because these cash outflows are not variable in the short term and cannot be quickly reduced to respond to unanticipated decreases in commodity prices. ARC's risk management arrangements will not fully mitigate the effects of price volatility.

Significant or extended price declines could also materially and adversely affect the amount of crude oil and liquids and natural gas that ARC can economically produce, require ARC to make significant downward adjustments to its reserve estimates, or result in deferral or cancellation of ARC's growth projects. A reduction in production could also result in a shortfall in expected cash flows and require ARC to reduce capital spending or borrow funds or access capital markets to cover any such shortfall. Any of these factors could negatively affect ARC's ability to replace its production and its future rate of growth.

Adverse Economic Conditions

Adverse general economic, business, and industry conditions could have a material adverse effect on ARC's results of operations and cash flow.

The demand for energy, including crude oil and liquids and natural gas, is generally linked to broad-based economic activities. If there was a slowdown in economic growth, an economic downturn or recession, or other adverse economic or political development in the US, Europe, or Asia, there could be a significant adverse effect on global financial markets and commodity prices. In addition, hostilities in the Middle East, Ukraine, and Taiwan and the occurrence or threat of terrorist attacks in the US or other countries could adversely affect the global economy. Global or national health concerns, including the outbreak of pandemic or contagious diseases may adversely affect ARC by (i) reducing global economic activity thereby resulting in lower demand for crude oil and liquids and natural gas, (ii) impairing its supply chain, for example, by limiting the manufacturing of materials or the supply of goods and services used in ARC's operations, and (iii) affecting the health of its workforce, rendering employees unable to work or travel. These and other factors disclosed elsewhere in this MD&A that affect the supply and demand for crude oil and liquids and natural gas, and ARC's business and industry, could ultimately have an adverse impact on ARC's financial condition, financial performance, and cash flows.

Political Uncertainty

ARC's business may be adversely affected by political and legal developments in Canada and elsewhere.

ARC's results can be adversely impacted by political, legal, or regulatory developments in Canada and elsewhere that affect local operations and local and international markets. Changes in government, government policy, or regulations, changes in law or interpretation of settled law, third-party opposition to industrial activity generally or projects specifically, and the duration of regulatory reviews could impact ARC's existing operations and planned projects. This includes actions by regulators or other political actors to delay or deny necessary licences and permits for ARC's activities or restrict the operation of third-party infrastructure that ARC relies on. Additionally, changes in environmental regulations, assessment processes or other laws, and increasing and expanding stakeholder consultation (including with Indigenous stakeholders), may increase the cost of compliance or reduce or delay available business opportunities and adversely impact ARC's results.

Federal and certain provincial governments have been active in recent years in their support for and opposition to major infrastructure projects in Canada leading to investment uncertainty, increased awareness of, and challenges to interprovincial and international infrastructure projects. For example, the Canadian federal government has enacted a number of laws that have been challenged by provincial governments as exceeding the federal government's powers under Canadian constitutional law and interfering with provincial areas of jurisdiction. The enactment of the *Canadian Energy Regulator Act* and the *Impact Assessment Act* ("IAA") by the federal government created additional uncertainty as they appeared to grant broad discretion to Canada to veto infrastructure projects (including infrastructure projects under provincial jurisdiction) based on broad and undefined criteria, such as sustainability. In 2023, the Supreme Court of Canada found that the IAA was unconstitutional largely on the basis that it represented significant federal overreach into provincial affairs. Since the decision on the IAA, the federal government has paused the assessment process under the IAA, in particular, halting the designation of projects for assessment until new legislation is introduced. Disputes and uncertainty over jurisdiction between Canada and the provinces and over the scope of environmental related legislation have created significant barriers to major infrastructure projects in Canada.

Other government and political factors that could adversely affect ARC's financial results include increases in taxes or government royalty rates (including retroactive claims) and changes in trade policies and agreements. Further, the adoption of regulations mandating efficiency standards, and the use of alternative fuels or uncompetitive fuel components could affect ARC's operations. Many governments are providing tax advantages and other subsidies to support alternative energy sources or are mandating the use of specific fuels or technologies. Governments and others are also promoting research into new technologies to reduce the cost and increase the scalability of alternative energy sources, and the success of these initiatives may decrease demand for ARC's products.

Gathering and Processing Facilities, Pipeline Systems, and Rail

Lack of capacity on, and/or regulatory constraints and uncertainty regarding, gathering and processing facilities, pipeline systems, and railway lines may have a negative impact on ARC's ability to produce and sell its crude oil and liquids and natural gas.

ARC delivers its products through gathering and processing facilities, pipeline systems, and in certain circumstances, by rail. The amount of crude oil and liquids and natural gas that ARC can produce and sell is subject to the accessibility, availability, proximity, and capacity of these gathering and processing facilities and pipeline systems. The lack of firm pipeline capacity, production limits, and limits on availability of capacity in gathering and processing

facilities continues to affect the crude oil and natural gas industry and may limit the ability for ARC to transport produced crude oil and liquids and natural gas to market. Unexpected shut downs or curtailment of capacity of pipelines for maintenance or integrity work or because of actions taken by regulators could also affect ARC's production, operations, and financial results.

A portion of ARC's production may, from time to time, be processed through facilities owned by third parties and over which ARC does not have control. From time to time, these facilities may discontinue or decrease operations either as a result of normal servicing requirements or as a result of unexpected events. A discontinuation or decrease of operations could have a material adverse effect on ARC's ability to process its production and deliver the same to market. Midstream and pipeline companies may take actions to maximize their return on investment, which may in turn adversely affect producers and shippers, especially when combined with a regulatory framework that may not always align with the interests of particular shippers.

Indigenous Land and Rights Claims

Opposition by Indigenous groups to the conduct of ARC's operations, development, or exploratory activities may negatively impact ARC.

Opposition by Indigenous groups to the conduct of our operations, development, or exploratory activities in any of the jurisdictions in which ARC conducts business may negatively impact it in terms of public perception, diversion of management's time and resources, legal and other advisory expenses, and could adversely impact ARC's progress and ability to explore and develop assets.

Some Indigenous groups have established or asserted Indigenous treaty, title, and rights to portions of Canada. There are outstanding Indigenous and treaty rights claims, which may include Indigenous title claims, on lands where ARC operates, and such claims, if successful, could have a material adverse impact on its operations or pace of growth. No certainty exists that any lands currently unaffected by claims brought by Indigenous groups will remain unaffected by future claims.

The Canadian federal and provincial governments have a duty to consult with Indigenous people when contemplating actions that may adversely affect the asserted or proven Indigenous or treaty rights and, in certain circumstances, accommodate their concerns. The scope of the duty to consult by federal and provincial governments varies with the circumstances and is often the subject of ongoing litigation. The fulfillment of the duty to consult Indigenous people and any associated accommodations may adversely affect ARC's ability to, or increase the timeline to, obtain or renew, permits, leases, licences and other approvals, or to meet the terms and conditions of those approvals. For example, regulatory authorities in British Columbia ceased granting approvals, and, in some cases, revoked existing approvals, for, among other things crude oil and natural gas activities relating to drilling, completions, testing, production, and transportation infrastructure following a British Columbia Supreme Court decision that the cumulative impacts of government-sanctioned industrial development on the traditional territories of an Indigenous group in northeast British Columbia breached that group's treaty rights. Following that decision, the Government of British Columbia signed an implementation agreement with that Indigenous group to address cumulative effects of development on that group's claim area through restoration work, establishment of areas protected from industrial development, and a constraint on development activities. These measures, which have and are expected to continue to form the basis of similar arrangements with other Indigenous groups in British Columbia, are expected to remain in place while a long-term cumulative effects management regime is implemented. The long-term impacts of, and associated risks with, the court decision and arrangements with Indigenous groups to address the cumulative effects of development on claimed lands on the Canadian crude oil and natural gas industry and ARC remain uncertain.

In addition, in 2021, the federal government introduced legislation to implement the United Nations Declaration on the Rights of Indigenous Peoples ("UNDRIP"). Other Canadian jurisdictions, including British Columbia, have also introduced or passed similar legislation, or begun considering the principles and objectives of UNDRIP, or may do so in the future. Such legislation requires that the Government of Canada take all measures necessary to ensure the laws of Canada are consistent with the principles of UNDRIP and to implement an action plan to address UNDRIP's objectives. In June 2023, the Implementation Secretariat, being a secretariat within the Department of Justice with the sole role of supporting Indigenous participation in the implementation of UNDRIP, released The United Nations Declaration on the Rights of Indigenous Peoples Act Action Plan with respect to aligning federal laws with UNDRIP, which has a 2023-2028 implementation timeframe. The means and more detailed timelines associated with UNDRIP's implementation by government is uncertain; additional processes may be created or legislation associated with project development and operations may be amended or introduced, further increasing uncertainty with respect to project regulatory approval timelines and requirements.

Environmental

Compliance with environmental regulations requires the dedication of a portion of ARC's financial and operational resources.

All phases of the crude oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial, and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on the spill, release, or emission of various substances produced in association with crude oil and natural gas industry operations. In addition, such legislation sets out the requirements with respect to oilfield waste-handling and storage, habitat protection and the satisfactory operation, maintenance, abandonment, and reclamation of well and facility sites.

Compliance with environmental legislation can require expenditures and a breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of crude oil and liquids, natural gas, or other pollutants into the air, soil, or water may give rise to liabilities to governments and third parties and may require ARC to incur costs to remedy such discharge.

Climate Change

Climate change concerns could result in increased operating costs and reduced demand for ARC's products while the potential physical effects of climate change could disrupt ARC's production and cause it to incur significant costs in preparing for or responding to those effects.

Global climate issues continue to attract public and scientific attention. Numerous reports, such as the Fourth, Fifth, and Sixth Assessment Reports of the Intergovernmental Panel on Climate Change, have engendered concern about the impacts of human activity, especially hydrocarbon combustion, on global climate issues. In turn, increasing public, government, and investor attention is being paid to global climate issues and to emissions of greenhouse gases ("GHG"), including emissions of carbon dioxide and methane from the production and use of crude oil and liquids and natural gas. The majority of countries, including Canada, have agreed to reduce their carbon emissions in accordance with the Paris Agreement.

Transition risks

Foreign and domestic governments continue to evaluate and implement policy, legislation, and regulations focused on restricting emissions commonly referred to as GHG emissions and promoting adaptation to climate change and the transition to a low-carbon economy. It is not possible to predict what measures foreign and domestic governments may implement in this regard, nor is it possible to predict the requirements that such measures may impose or when such measures may be implemented. However, international multilateral agreements, the obligations adopted thereunder and legal challenges concerning the adequacy of climate-related policy brought against foreign and domestic governments may accelerate the implementation of these measures. Given the evolving nature of climate change policy and the control of GHG emissions and resulting requirements, it is expected that current and future climate change regulations will have the effect of increasing ARC's operating expense, and, in the long-term, potentially reducing the demand for crude oil and liquids and natural gas, resulting in a decrease in ARC's profitability and a reduction in the value of its assets.

Claims have been made against certain energy companies alleging that GHG emissions from crude oil and natural gas operations constitute a public nuisance under certain laws or that such energy companies provided misleading disclosure to the public and investors of current or future risks associated with climate change. As a result, individuals, government authorities, or other organizations may make claims against crude oil and natural gas companies, including ARC, for alleged personal injury, property damage, or other potential liabilities. While ARC is not a party to any such litigation or proceedings, it could be named in actions making similar allegations. An unfavorable ruling in any such case could adversely affect ARC's cost of capital, impact its operations and have an adverse impact on its financial condition.

Given the perceived elevated long-term risks associated with policy development, regulatory changes, public and private legal challenges, or other market developments related to climate change, there have also been efforts in recent years affecting the investment community, including investment advisors, sovereign wealth funds, public pension funds, universities and other institutional investors, promoting direct engagement and dialogue with companies in their portfolios on climate change action (including exercising their voting rights on matters relating to climate change) and increased capital allocation to investments in low-carbon assets and businesses while decreasing the carbon intensity of their portfolios through, among other measures, divestments of companies with high exposure to GHG-intensive operations and products. Certain stakeholders have also pressured commercial and

investment banks and insurance providers to reduce or stop financing, and providing insurance coverage to crude oil and natural gas and related infrastructure businesses and projects. The impact of such efforts require ARC's management to dedicate significant time and resources to these climate change-related concerns, may adversely affect ARC's operations and negatively impact ARC's cost of capital and access to the capital markets.

ARC is committed to transparent and comprehensive reporting of its sustainability performance, and considers existing standards such as the Global Reporting Initiative Sustainability Reporting Standards, the Sustainability Accounting Standards Board's documentation, and recommendations issued by the Task Force for Climate Related Financial Disclosures. If ARC is not able to meet future sustainability reporting requirements of regulators or current and future expectations of investors, insurance providers, or other stakeholders, its business and ability to attract and retain skilled employees, obtain regulatory permits, licences, registrations, approvals, and authorizations from various governmental authorities, and raise capital may be adversely affected.

Physical risks

Based on ARC's current understanding, the potential physical risks resulting from climate change are long-term in nature and associated with a high degree of uncertainty regarding timing, scope, and severity of potential impacts. ARC does not conduct fundamental research regarding the scientific inquiry of climate change, but does stay abreast of the scientific literature on the subject. Many experts believe global climate change could increase extreme variability in weather patterns such as increased frequency of severe weather, rising mean temperature and sea levels, and long-term changes in precipitation patterns. Extreme hot and cold weather, heavy snowfall, heavy rainfall, and wildfires may restrict ARC's ability to access its assets and cause operational difficulties, including damage to equipment and infrastructure. Extreme weather also increases the risk of personnel injury as a result of dangerous working conditions. Certain of ARC's assets are in locations that are proximate to forests and rivers and a wildfire or flood may lead to significant downtime and/or damage to ARC's assets or cause disruptions to the production and transport of its products or the delivery of goods and services in its supply chain.

Skilled Workforce

An inability to recruit and retain a skilled workforce and key personnel may negatively impact ARC.

The operations and management of ARC require the recruitment and retention of a skilled workforce, including engineers, technical personnel, and other professionals. The loss of key members of such workforce, or a substantial portion of the workforce as a whole, could result in the failure to implement ARC's business plans which could have a material adverse effect on ARC's business, financial condition, results of operations, and prospects.

Competition for qualified personnel in the crude oil and natural gas industry is intense and there can be no assurance that ARC will be able to continue to attract and retain all personnel necessary for the development and operation of its business. ARC does not have any key personnel insurance in effect. Contributions of the existing management team to the immediate and near-term operations of ARC are likely to be of central importance. In addition, certain of ARC's current employees have significant institutional knowledge that must be transferred to other employees prior to their departure from ARC. If ARC is unable to: (i) retain current employees; (ii) successfully complete effective knowledge transfers; and/or (iii) recruit new employees with the requisite knowledge and experience, ARC could be negatively impacted. In addition, ARC could experience increased costs to retain and recruit these professionals.

Development and Production Risks

ARC's future performance may be affected by the financial, operational, environmental, and safety risks associated with the exploration, development, and production of crude oil and liquids and natural gas.

Crude oil and natural gas operations involve many risks that even a combination of experience, knowledge, and careful evaluation may not be able to overcome. Drilling hazards, environmental damage, and various field operating conditions could greatly increase the cost of operations and adversely affect the production from successful wells. Adverse field operating conditions include, but are not limited to, delays in obtaining governmental approvals or consents, shut-ins of wells resulting from extreme weather conditions, insufficient storage or transportation capacity, or geological and mechanical conditions. While diligent well supervision, effective maintenance operations, and the development of enhanced oil recovery technologies can contribute to maximizing production rates over time, it is not possible to eliminate production delays and declines from normal field operating conditions, which can negatively affect revenue and cash flow to varying degrees.

Restrictions on the availability and cost of materials and equipment may impede ARC's exploration, development, and operating activities as crude oil and natural gas exploration, development, and operating activities are dependent on the availability and cost of specialized materials and equipment (typically sourced from third parties) in the areas where such activities are conducted. The availability of such material and equipment is limited. An increase in

demand or cost, or a decrease in the availability of such materials and equipment may impede ARC's exploration, development, and operating activities.

ARC's business is subject to all the risks and hazards typically associated with crude oil and natural gas exploration, development, and production operations, including, but not limited to, fire, explosion, blowouts, cratering, sour gas releases, spills, and other environmental hazards. These typical risks and hazards could result in substantial damage to crude oil and natural gas wells, production facilities, other property and the environment and cause personal injury or threaten wildlife. Particularly, ARC may explore for and produce sour gas in certain areas. An unintentional leak of sour gas could result in personal injury, loss of life, or damage to property and may necessitate an evacuation of populated areas, all of which could result in liability to ARC.

Crude oil and natural gas production operations are also subject to geological and seismic risks, including encountering unexpected formations or pressures, premature decline of reservoirs, and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks may have a material adverse effect on ARC's business, financial condition, results of operations, and prospects.

ARC's long-term commercial success depends on its ability to find, acquire, develop, and commercially produce crude oil and liquids and natural gas reserves. Without the continual addition of new reserves, ARC's existing reserves, and the production from them, will decline over time as ARC produces from such reserves. A future increase in ARC's reserves will depend on both the ability of ARC to explore and develop its existing properties and its ability to select and acquire suitable producing properties or prospects. There is no assurance that ARC will be able to continue to find satisfactory properties to acquire or participate in. Moreover, Management may determine that current markets, terms of acquisition, participation or pricing conditions make potential acquisitions or participation uneconomic. There is also no assurance that ARC will discover or acquire further commercial quantities of crude oil and liquids and natural gas.

Future crude oil and natural gas exploration may involve unprofitable efforts from dry wells or from wells that are productive but do not produce sufficient quantities to return a profit after drilling, completing (including hydraulic fracturing), operating, and other costs. Completion of a well does not ensure a profit on the investment or recovery of drilling, completion, and operating costs.

Project Risks

The success of ARC's operations may be negatively impacted by factors outside of its control resulting in operational delays and cost overruns.

ARC manages a variety of small and large projects in the conduct of its business. Project interruptions may delay expected revenues from operations. Significant project cost overruns could make a project uneconomic. ARC's ability to execute projects and to market crude oil and liquids and natural gas depends upon numerous factors beyond ARC's control, including:

- availability of processing capacity;
- availability and proximity of pipeline capacity;
- availability of storage capacity;
- availability of, and the ability to acquire, water supplies needed for drilling and hydraulic fracturing or ARC's ability to dispose of water used or removed from strata at a reasonable cost and in accordance with applicable environmental regulations;
- effects of inclement and severe weather events, including fire, drought and flooding;
- availability of drilling and related equipment;
- unexpected cost increases;
- accidental events;
- currency fluctuations;
- regulatory changes;
- availability and productivity of skilled labour; and

- regulation of the crude oil and natural gas industry by various levels of government and governmental agencies.

If cash flow from operating activities and funds from external financing sources are not sufficient to cover ARC's capital expenditure requirements, ARC may be required to reallocate available capital among its projects or modify its capital expenditure plans, which may result in delays to, or cancellation of, certain projects or deferral of certain capital expenditures. Any change to ARC's capital expenditure plans could, in turn, have a material adverse effect on ARC's growth objectives and its business, financial position, and results of operations. Because of these factors, ARC could be unable to execute projects on time, on budget, or at all.

Regulatory Approvals

Failure to obtain applicable regulatory approvals or satisfy regulatory conditions on a timely basis could result in delays, abandonment, or restructuring of projects and increased costs.

ARC's operations require it to obtain approvals from various regulatory authorities and there are no guarantees that it will be able to obtain all necessary licences, permits, and other approvals that may be required to carry out certain exploration, development, and operating activities on ARC's assets. In addition, obtaining certain approvals from regulatory authorities can involve, among other things, stakeholder and Indigenous consultation, environmental impact assessments, and public hearings. Regulatory approvals obtained may be subject to the satisfaction of certain conditions including, but not limited to: security deposit obligations; ongoing regulatory oversight of projects; mitigating or avoiding project impacts; environmental and habitat assessments; and other commitments or obligations. Failure to obtain applicable regulatory approvals or satisfy any of the conditions thereto on a timely basis on satisfactory terms could result in delays, abandonment or restructuring of projects, and increased costs.

Reputational Risk

ARC relies on its reputation to continue its operations and to attract and retain employees and capital.

ARC's business, operations, or financial condition may be negatively impacted by negative public opinion toward ARC or as a result of any negative sentiment toward, or in respect of, ARC's reputation with stakeholders, special interest groups, political leadership, the media, or other entities. Public opinion may be influenced by certain media and special interest groups' negative portrayal of the industry in which ARC operates as well as their opposition to certain crude oil and natural gas projects. Potential impacts of negative public opinion or reputational issues may include delays or interruptions in operations, legal or regulatory actions or challenges, blockades, increased regulatory oversight, reduced support for, delays in, challenges to, or the revocation of regulatory approvals, permits and/or licences and increased costs and/or cost overruns. ARC's reputation and public opinion could also be impacted by the actions and activities of other companies operating in the crude oil and natural gas industry, particularly other producers, over which ARC has no control. Similarly, ARC's reputation could be impacted by negative publicity related to loss of life, injury or damage to property and the environment caused by ARC's operations. In addition, if ARC develops a reputation of having an unsafe work site, this may impact the ability of ARC to attract and retain the necessary skilled employees and consultants to operate its business. Opposition from special interest groups opposed to crude oil and natural gas development and the possibility of climate-related litigation against governments and natural resource companies may impact ARC's reputation.

Reputational risk cannot be managed in isolation from other forms of risk. Credit, market, operational, insurance, regulatory, and legal risks, among others, must all be managed effectively to safeguard ARC's reputation. Damage to ARC's reputation could result in negative investor sentiment toward ARC, which may result in limiting ARC's access to capital and increasing the cost of capital.

Changing Investor Sentiment

Changing investor sentiment toward the crude oil and natural gas industry may impact ARC's access to, and cost of, capital.

A number of factors, including the concerns of the effects of the use of hydrocarbons on climate change, the impact of crude oil and natural gas operations on the environment, environmental damage relating to spills of crude oil products during production and transportation, and Indigenous rights, have affected certain investors' sentiments toward investing in the crude oil and natural gas industry. As a result of these concerns, some institutional, retail, and governmental investors have announced that they are no longer funding or investing in crude oil and natural gas assets or companies, or are reducing the amount of such investments over time. In addition, certain institutional investors are requesting that issuers develop and implement more robust ESG policies and practices. Developing and implementing such policies and practices can involve significant costs and require a significant time commitment from the Board, Management and employees of ARC. Failing to implement the policies and practices, as requested by

institutional investors, may result in such investors reducing their investment in ARC, or not investing in ARC at all. Any reduction in the investor base interested or willing to invest in the crude oil and natural gas industry and more specifically, ARC, may limit ARC's access to capital and increase the cost of capital, even if ARC's operating results, underlying asset values, or prospects have not changed.

Asset Concentration

ARC's operations and drilling activities are concentrated in the Montney basin in British Columbia and Alberta. Such concentration may make ARC vulnerable to risks associated with operating in a limited geographic area.

ARC's producing properties are geographically concentrated in the Montney basin in British Columbia and Alberta, an area comprising approximately 130,000 square kilometres, stretching from northeast British Columbia into northwest Alberta. Industry activity is high in the Montney basin and demand for and costs of personnel, equipment, power, services, and resources remains high. Any delay or inability to secure the personnel, equipment, power, services, and resources could result in crude oil and liquids and natural gas production volumes being below ARC's forecasted production volumes. In addition, any such negative effect on production volumes, or significant increases in costs, could have a material adverse effect on ARC's financial conditions, results of operations, cash flow, and profitability.

As a result of this geographical concentration, ARC may be disproportionately exposed to the impact of delays or interruptions of operations or production in this area caused by external factors such as governmental regulation, provincial politics, Indigenous rights claims, market limitations, supply shortages, or extreme weather-related conditions.

Information Technology Systems and Cyber-security

Breaches of ARC's cyber-security and loss of, or unauthorized access to, electronic data may adversely impact ARC's operations and financial position.

ARC has become increasingly dependent upon the availability, capacity, reliability, and security of our information technology infrastructure and our ability to expand and continually update this infrastructure to conduct daily operations. ARC depends on various information technology systems to estimate reserve quantities, process and record financial data, manage ARC's land base, manage financial resources, analyze seismic information, administer contracts with operators and lessees, and communicate with employees and third-party partners.

Further, ARC is subject to a variety of information technology and system risks as a part of its normal course operations, including potential breakdown, invasion, virus, cyber-attack, cyber-fraud, security breach, and destruction or interruption of ARC's information technology systems by third parties or insiders. Unauthorized access to these systems by employees or third parties could lead to corruption or exposure of confidential, fiduciary or proprietary information, interruption to communications or operations or disruption to business activities, or ARC's competitive position. In addition, cyber-phishing attempts, in which a malicious party attempts to obtain sensitive information such as usernames, passwords, credit card and banking details, or approval of wire transfer requests by disguising as a trustworthy entity in an electronic communication, have become more widespread and sophisticated in recent years.

Increasingly, social media is used as a vehicle to carry out cyber-phishing attacks. Information posted on social media sites, for business or personal purposes, may be used by attackers to penetrate ARC's systems and obtain confidential information. ARC provides employees with social media guidelines that align with its Business Code of Conduct and Ethics Policy. Despite these efforts, as social media continues to grow in influence and access to social media platforms becomes increasingly prevalent, there are significant risks that ARC may not be able to properly regulate social media use and preserve adequate records of business activities.

If ARC becomes a victim to a cyber-phishing attack it could result in a loss or theft of ARC's financial resources or critical data and information, or could result in a loss of control of ARC's technological infrastructure or financial resources. ARC's employees are often the targets of such cyber-phishing attacks, as they are and will continue to be targeted by parties using fraudulent "spoof" emails to misappropriate information or to introduce viruses or other malware through "Trojan horse" programs to ARC's computers. These emails appear to be legitimate emails, but direct recipients to fake websites operated by the sender of the email or request recipients to send a password or other confidential information through email or to download malware.

ARC maintains policies and procedures that address and implement employee protocols with respect to electronic communications and electronic devices and conducts regular cyber-security risk assessments and training and education programs for its employees. ARC also employs encryption protection of its confidential information on all computers and other electronic devices. Despite ARC's efforts to mitigate such cyber-phishing attacks through education and training, cyber-phishing activities remain a serious problem that may damage its information technology infrastructure. ARC applies technical and process controls in line with industry-accepted standards to

protect its information, assets and systems, including a written incident response plan for responding to a cyber-security incident. However, these controls may not adequately prevent cyber-security breaches. Disruption of critical information technology services, or breaches of information security, could have a negative effect on ARC's performance and earnings, as well as its reputation, and any damages sustained may not be adequately covered by ARC's current insurance coverage, or at all. The significance of any such event is difficult to quantify, but may in certain circumstances be material and could have a material adverse effect on ARC's business, financial condition, and results of operations.

Hydraulic Fracturing

Implementation of new regulations on hydraulic fracturing may lead to operational delays, increased costs and/or decreased production volumes, adversely affecting ARC's financial position; ARC's operations are dependent upon the availability of water and its ability to dispose of produced water from drilling and production activities.

Hydraulic fracturing involves the injection of water, sand, and small amounts of additives under high pressure into tight rock formations to stimulate the production of crude oil and liquids and natural gas. Any new laws, regulations, or permitting requirements regarding hydraulic fracturing could lead to operational delays, increased operating costs, and/or third-party or governmental claims, and could increase ARC's costs of compliance and doing business, as well as delay the development of crude oil and liquids and natural gas resources from shale formations, which are not commercial without the use of hydraulic fracturing. Restrictions on hydraulic fracturing could also reduce the amount of crude oil and liquids and natural gas that ARC is ultimately able to produce from its reserves.

Water is an essential component of ARC's drilling and hydraulic fracturing processes. Limitations or restrictions on ARC's ability to secure sufficient amounts of water (including limitations resulting from natural causes such as drought), could materially and adversely impact its operations. Severe drought conditions can result in local water authorities taking steps to restrict the use of water in their jurisdiction for drilling and hydraulic fracturing in order to protect the local water supply. If ARC is unable to obtain water to use in its operations from local sources, it may need to be obtained from new sources and transported to drilling sites, resulting in increased costs. Cost increases could have a material adverse effect on drilling economics resulting in delays or suspensions of drilling, which ultimately would have a detrimental effect on ARC's financial condition, results of operations, and cash flows.

ARC must dispose of the fluids produced from crude oil and liquids and natural gas production operations, including produced water, which it does directly or through the use of third-party vendors. The legal requirements related to the disposal of produced water into a non-producing geologic formation by means of underground injection wells are subject to change based on concerns of the public or governmental authorities.

Government authorities may issue orders to temporarily shut down or to curtail the injection depth of existing wells in the vicinity of seismic events. Another consequence of seismic events may be lawsuits alleging that disposal well operations have caused damage to neighbouring properties or otherwise violated laws and regulations regarding waste disposal. These developments could result in additional regulation and restrictions on the use of injection wells by ARC or by commercial disposal well vendors that ARC may use from time to time to dispose of produced water. Increased regulation and attention given to induced seismicity could also lead to greater opposition, including litigation to limit or prohibit crude oil and natural gas activities utilizing injection wells for produced water disposal. Any one or more of these developments may result in ARC or its vendors having to limit disposal well volumes, disposal rates, pressures or locations, or require ARC or its vendors to shut down or curtail the injection of produced water into disposal wells, which events could have a material adverse effect on ARC's business, financial condition, and results of operations.

Liquidity

ARC's ability to fund current and future capital projects and carry out the business plan is dependent on its ability to generate cash flow and raise capital.

ARC's ability to fund current and future capital projects and carry out the business plan is dependent on its ability to generate cash flow, as well as raise capital in a timely manner under favourable terms and conditions and is impacted by the Company's credit ratings and the condition of the capital and credit markets. In addition, changes in credit ratings may affect the ability to, and the associated costs of, entering into derivative or hedging transactions, as well as entering into and maintaining certain contracts with customers and suppliers on acceptable terms. For example, if ARC experiences a downgrade in its credit ratings, it may be required to post collateral, letters of credit, cash or other forms of security as financial assurance for its performance under certain contractual arrangements with third parties. The occurrence of any of the foregoing could adversely impact ARC's ability to execute portions of its business strategy, including hedging, and could have a material adverse effect on ARC's liquidity and capital position. Management of liquidity risk requires ARC to maintain sufficient cash and cash equivalents, along with other sources

of capital consisting of cash flow from operating activities, available credit facilities, commercial paper, and access to debt capital markets, to meet its obligations as they become due.

Inflation, Cost Management and Rising Interest Rates

A failure to secure the services and equipment necessary to ARC's operations for the expected price, on the expected timeline, or at all, may have an adverse effect on ARC's financial performance and cash flows.

ARC may experience high levels of inflation, supply chain disruptions, inflationary cost pressures, equipment limitations, escalating supply costs and commodity prices, and additional government intervention through stimulus spending and additional regulations. These factors could increase ARC's operating costs. ARC's inability to manage costs may impact project returns and future development decisions, which could have a material adverse effect on its financial performance and cash flows.

The cost or availability of crude oil and natural gas field equipment may adversely affect ARC's ability to undertake exploration, development and construction projects. The crude oil and natural gas industry is cyclical in nature and is prone to shortages of supply of equipment and services including drilling rigs, geological and geophysical services, engineering and construction services, major equipment items for infrastructure projects, and construction materials generally. These materials and services may not be available at reasonable prices when required. A failure to secure the services and equipment necessary to ARC's operations for the expected price, on the expected timeline, or at all, may have an adverse effect on ARC's financial performance and cash flows.

In addition, many central banks including the Bank of Canada and U.S. Federal Reserve have taken steps to raise interest rates in an attempt to combat inflation. The increase in borrowing costs may impact project returns and future development decisions, which could have a material adverse effect on ARC's financial performance and cash flows. Rising interest rates could also result in a recession in Canada, the United States or other countries. A recession may have a negative impact on demand for crude oil and natural gas, causing a decrease in commodity prices.

Third-Party Credit Risk

ARC is exposed to credit risk of third-party customers, counterparties to ARC's derivative risk management contracts, and purchasers of assets from ARC.

ARC may be exposed to third-party credit risk through its contractual arrangements with its current or future customers of its crude oil and liquids and natural gas sales and counterparties to ARC's derivative risk management contracts. In addition, ARC may be exposed to third-party credit risk from purchasers' of assets from ARC for various liabilities, including well abandonment and reclamation obligations assumed by the purchasers. If such third parties fail to meet their contractual obligations to ARC, such failures may have a material adverse effect on ARC's business, financial condition, results of operations, and prospects.

The use of derivative risk management contracts involves the risk that the counterparties will be unable to meet the financial terms of such transactions. ARC is unable to predict changes in a counterparty's creditworthiness or ability to perform. Even if ARC accurately predicts the sudden changes, ARC's ability to negate this risk may be limited depending upon market conditions and the contractual terms of the agreements. During periods of declining commodity prices, ARC's derivative receivable positions generally increase, which increases ARC's counterparty credit exposure.

To the extent that any of such third parties go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency, it could result in ARC being unable to collect all or a portion of any money owing from such parties. Any of these factors could materially adversely affect ARC's financial and operational results.

Variations in Foreign Exchange Rates and Interest Rates

Variations in foreign exchange rates and interest rates could adversely affect ARC's financial condition.

Global crude oil and natural gas prices are quoted in US dollars. The Canadian/US dollar exchange rate, which fluctuates over time, consequently affects the price received by Canadian producers of crude oil and natural gas. Material increases in the value of the Canadian dollar relative to the US dollar will negatively affect ARC's production revenues. Accordingly, exchange rates between Canada and the US could affect the future value of ARC's reserves as determined by the Company's independent qualified reserve evaluator. Although a low value of the Canadian dollar relative to the US dollar may positively affect the price ARC receives for its crude oil and liquids and natural gas production, it could also result in an increase in the price for certain goods used in ARC's operations, which may have a negative impact on ARC's financial results.

ARC may maintain certain debt arrangements denominated in US dollars. As such, an increased value of the US dollar relative to the Canadian dollar may increase Canadian dollar equivalent payments of interest and debt. Also, an increase in interest rates could result in a significant increase in the amount ARC pays to service debt, resulting in a reduced amount of funds available to fund its exploration and development activities, and if applicable, the cash available for dividends and/or share repurchases.

Royalty Regimes

Changes to royalty regimes may negatively impact ARC's cash flows.

Governments in the jurisdictions in which ARC has assets may adopt new royalty regimes, or modify the existing royalty regimes, which may impact the economics of ARC's projects. For example, in 2022 the Government of British Columbia made comprehensive changes to its oil and gas royalty system by increasing the minimum royalty rate from three per cent to five per cent and eliminating many legacy royalty programs and replacing them with a new program in which new wells drilled will pay the flat royalty of five per cent until capital spent on drilling and completions is recovered, at which point they will move to a price-sensitive royalty rate between five per cent and 40 per cent, depending on the specific commodity being produced. An increase in royalties reduces ARC's earnings and could make future capital investments, or ARC's operations, less economic.

Industry Competition

ARC competes with other crude oil and natural gas companies, some of which have greater financial and operational resources or other competitive advantages.

The crude oil and natural gas industry is competitive in all of its phases. ARC competes with numerous other entities in the exploration for, and the development, production, and marketing of, crude oil and liquids and natural gas. ARC's competitors include crude oil and natural gas companies that may have substantially greater financial resources, staff, and facilities than those of ARC and as such, ARC may be at a competitive disadvantage in the identification, acquisition and development of assets that complement ARC's operations. Some of these companies not only explore for, develop and produce crude oil and liquids and natural gas, but also carry on refining operations and market third-party crude oil and liquids and natural gas. As a result of these complementary activities, some of these competitors may have greater and more diverse competitive resources to draw on than ARC and less volatility in their earnings. ARC's ability to increase its reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire other suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of crude oil and liquids and natural gas include price, process, methods and reliability of delivery and storage. To a lesser extent, ARC also faces competition from companies that supply alternative sources of energy, such as wind or solar power. Other factors that could affect competition in the marketplace include additional discoveries of hydrocarbon reserves by ARC's competitors, the cost of production, and political and economic factors and other factors outside of ARC's control.

The crude oil and natural gas industry is characterized by rapid and significant technological advancements and introductions of new products and services utilizing new technologies that may increase the viability of reserves or reduce production costs. Other companies may have greater financial, technical, and personnel resources that allow them to implement and benefit from such technological advantages. There can be no assurance that ARC will be able to respond to such competitive pressures and implement such technologies on a timely basis, or at an acceptable cost. If ARC does implement such technologies, there is no assurance that ARC will do so successfully. One or more of the technologies currently utilized by ARC or implemented in the future may become obsolete. If ARC is unable to utilize the most advanced commercially available technology, or is unsuccessful in implementing certain technologies, its business, financial condition, and results of operations could also be adversely affected in a material way.

Litigation

ARC may be involved in litigation in the course of its normal operations and the outcome of the litigation may adversely affect ARC and its reputation.

In the normal course of ARC's operations, it may become involved in, be named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings, and legal actions. Potential litigation may develop in relation to personal injuries including resulting from exposure to hazardous substances, property damage, property taxes, land and access rights and environmental issues, including claims relating to contamination or natural resource damages, and contract disputes. The outcome with respect to outstanding, pending, or future proceedings cannot be predicted with certainty and may be determined adversely to ARC and could have a material adverse effect on ARC's assets, liabilities, business, financial condition, and results of operations. Even if ARC prevails in any such legal proceedings, the proceedings could be costly and time-consuming and may divert the

attention of Management and key personnel from business operations, which could have an adverse effect on ARC's financial condition.

Insurance Coverage

Not all risks of conducting crude oil and natural gas activities are insurable and insurance may become unavailable or only available on reduced amounts of coverage, the occurrence of which would increase ARC's overall risk exposure.

ARC maintains insurance coverage as part of its risk management program. However, such insurance may not provide comprehensive coverage in all circumstances, nor are all such risks insurable. ARC self-insures some risks, and its insurance coverage does not cover all the costs arising out of the allocation of liabilities and risk of loss arising from ARC's operations. ARC's insurance policies are generally renewed on an annual basis and, depending on factors such as market conditions, the premiums, policy limits and/or deductibles for certain insurance policies can vary substantially. In some instances, certain insurance may become unavailable or available only for reduced amounts of coverage. Significantly increased costs could lead ARC to decide to reduce or possibly eliminate, coverage. In addition, insurance is purchased from a number of third-party insurers, often in layered insurance arrangements, some of whom may discontinue providing insurance coverage for their own policy or strategic reasons. Should any of these insurers refuse to continue to provide insurance coverage, ARC's overall risk exposure could be increased and ARC could incur significant costs.

Reserves Estimates

ARC's estimated reserves are based on numerous factors and assumptions which may prove incorrect.

There are numerous uncertainties inherent in estimating reserves and the future cash flows attributed to such reserves. The reserves and associated cash flow information set forth in this document, or any other documents published by ARC, are estimates only. Generally, estimates of economically recoverable crude oil and liquids and natural gas reserves (including the breakdown of reserves by product type) and the future net cash flows from such estimated reserves are based upon a number of variable factors and assumptions, such as:

- commodity prices;
- historical production from properties;
- production rates;
- ultimate reserve recovery;
- timing and amount of capital expenditures;
- marketability of crude oil and liquids and natural gas;
- royalty rates; and
- the assumed effects of regulation by governmental agencies and future operating costs (all of which may vary materially from actual results).

For those reasons, estimates of the economically recoverable crude oil and liquids and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery, and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineers at different times may vary. ARC's actual production, revenues, taxes, and development and operating expenditures with respect to its reserves will vary from estimates and such variations could be material.

The estimation of proved and probable reserves that may be developed and produced in the future is often based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. Recovery factors and drainage areas are often estimated by experience and analogy to similar producing pools. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history and production practices will result in variations in the estimated reserves and such variations could be material.

In accordance with applicable securities laws, an independent qualified reserve evaluator has used forecast prices and costs in estimating ARC's reserves and future net cash flows as summarized herein. Actual future net cash flows will be affected by other factors, such as actual production levels, supply and demand for crude oil and liquids and natural gas, curtailments or increases in consumption by crude oil and natural gas purchasers, changes in governmental regulation or taxation, and the impact of inflation on costs.

Actual production and cash flows derived from ARC's crude oil and liquids and natural gas reserves will vary from the estimates contained in the reserve evaluation, and such variations could be material. The reserve evaluation is based in part on the assumed success of activities ARC intends to undertake in future years. The reserves and estimated cash flows to be derived therefrom and contained in the reserve evaluation will be reduced to the extent that such activities do not achieve the level of success assumed in the reserve evaluation. The reserve evaluation is effective as of a specific date and, except as may be specifically stated, has not been updated and therefore does not reflect changes in ARC's reserves since that date.

Derivative Risk Management Contracts

Risk management activities expose ARC to the risk of financial loss and counter-party risk.

From time to time, ARC may enter into physical or financial agreements to receive fixed prices on its crude oil and liquids and natural gas production intended to mitigate the effect of commodity price volatility and to support ARC's capital budgeting and expenditure plans. However, to the extent that ARC engages in price risk management activities to protect itself from commodity price declines, it may also be prevented from realizing the full benefits of price increases above the levels of the derivative instruments used to manage price risk. In addition, ARC's risk management arrangements may expose it to the risk of financial loss in certain circumstances, including instances in which:

- production falls short of the contracted volumes or prices fall significantly lower than projected;
- there is a widening of price-basis differentials between delivery points for production and the delivery point assumed in the arrangement;
- the counterparties to the arrangements or other price risk management contracts fail to perform under those arrangements; or
- a sudden unexpected event materially impacts crude oil and liquids or natural gas prices.

On the other hand, failure to protect against a decline in commodity prices exposes ARC to reduced liquidity when prices decline. A sustained lower commodity price environment would result in lower realized prices for unprotected volumes and reduce the prices at which ARC would enter into derivative contracts on future volumes. This could make such transactions unattractive, and, as a result, some or all of ARC's production volumes forecasted for 2024 and beyond may not be protected by derivative arrangements.

Similarly, from time to time, ARC may enter into agreements to fix the exchange rate of Canadian dollars to US dollars or other currencies in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to other currencies. However, if the Canadian dollar declines in value compared to such fixed currencies, ARC will not benefit from the fluctuating exchange rate.

CONTROL ENVIRONMENT

Disclosure Controls and Procedures

As of December 31, 2023, ARC conducted an internal evaluation of the effectiveness of ARC's disclosure controls and procedures as defined in Canada by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"). Based on that evaluation, the President and Chief Executive Officer and the Senior Vice President and Chief Financial Officer concluded that the disclosure controls and procedures are effective to ensure that the information required to be disclosed in the reports that ARC files or submits under securities legislation is recorded, processed, summarized, and reported, within the time periods specified in the rules and forms therein. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that the information required to be disclosed by ARC in the reports that it files or submits under securities legislation is accumulated and communicated to ARC's Management, including the senior executive and financial officers, as appropriate to allow timely decisions regarding the required disclosure.

Internal Control over Financial Reporting ("ICFR")

ICFR is a set of processes designed to provide reasonable assurance that all assets are safeguarded, transactions are appropriately authorized, and facilitate the preparation of relevant, reliable, and timely information. Because of its inherent limitations, ICFR may not prevent or detect misstatements. Management has assessed the effectiveness of ARC's ICFR as defined in Canada by NI 52-109. The assessment was based on the framework in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management concluded that ARC's ICFR was effective as of December 31, 2023. No changes were made to ARC's ICFR during the year ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, the ICFR.

FINANCIAL REPORTING UPDATE

New Accounting Policies

Amendments to IAS 12 *Income Taxes*

ARC adopted the following amendments to IAS 12 *Income Taxes* ("IAS 12") that were effective for annual periods beginning on or after January 1, 2023. There was not a material impact to ARC's financial statements.

On January 1, 2023, ARC adopted *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* issued by the International Accounting Standards Board ("IASB") which made amendments to IAS 12. 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.

On January 1, 2023, ARC adopted the measurement and disclosure 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.

Future Accounting Pronouncements

ARC plans to adopt the following amendments to IFRS Accounting Standards that are effective for annual periods beginning on or after January 1, 2024. The pronouncements will be adopted on their respective effective dates; however, each is not expected to have a material impact on the financial statements.

Amendments to IAS 1 *Presentation of Financial Statements*

In January 2020, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* ("IAS 1"), to clarify its requirements for the presentation of liabilities as current or non-current in the statement of financial position. This will be effective on January 1, 2024.

In October 2022, the IASB issued amendments to IAS 1, which specify the classification and disclosure of a liability with covenants. This will be effective on January 1, 2024.

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 Accounting Standards 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 Accounting Standards, 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 24 details the composition of capital expenditures and its reconciliation to cash flow used in investing activities.

Table 24

Capital Expenditures (\$ millions)	Three Months Ended			Year Ended	
	September 30, 2023	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Cash flow used in investing activities	394.6	434.3	350.7	1,690.7	1,413.2
Acquisition of crude oil and natural gas assets	—	—	(0.1)	(0.5)	(2.7)
Disposal of crude oil and natural gas assets	—	44.2	—	117.8	11.9
Long-term investments	(0.7)	(0.3)	(3.3)	(5.4)	(12.0)
Change in non-cash investing working capital	3.9	60.1	30.1	35.2	15.7
Other ⁽¹⁾	3.6	6.2	5.9	12.0	15.8
Capital expenditures	401.4	544.5	383.3	1,849.8	1,441.9

(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 available after capital expenditures 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 25 details the calculation of free funds flow and the reconciliation of cash flow from operating activities to free funds flow.

Table 25

Free Funds Flow (\$ millions)	Three Months Ended			Year Ended	
	September 30, 2023	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Cash flow from operating activities	604.2	698.9	878.3	2,394.3	3,833.3
Net change in other liabilities	7.9	1.6	13.9	9.3	129.2
Change in non-cash operating working capital	50.1	(1.3)	94.0	236.0	(250.0)
Funds from operations	662.2	699.2	986.2	2,639.6	3,712.5
Capital expenditures	(401.4)	(544.5)	(383.3)	(1,849.8)	(1,441.9)
Free funds flow	260.8	154.7	602.9	789.8	2,270.6

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 26 contains a reconciliation of adjusted EBIT to the most directly comparable GAAP measure, net income (loss).

Table 26

Adjusted EBIT (\$ millions)	2023	2022	2021	2020	2019	Five Year
Net income (loss)	1,596.5	2,302.3	786.6	(547.2)	(27.6)	822.1
Add interest and financing	105.5	97.2	126.1	45.6	48.3	84.5
Less accretion of ARO	(13.2)	(11.0)	(9.5)	(6.3)	(7.3)	(9.5)
Add income taxes (recovery)	460.8	675.9	208.5	(207.7)	(100.9)	207.3
Adjusted EBIT	2,149.6	3,064.4	1,111.7	(715.6)	(87.5)	1,104.4

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 27 contains a reconciliation of average capital employed to the most directly comparable GAAP measure, shareholders' equity.

Table 27

Average Capital Employed (\$ millions)	2023	2022	2021	2020	2019	Five Year
Net debt - beginning of period	1,301.5	1,828.7	693.5	894.0	702.7	702.7
Current portion of lease obligations	92.4	109.3	15.3	16.3	—	—
Long-term portion of lease obligations	702.9	760.0	33.9	29.9	—	—
Shareholders' equity - beginning of period	6,653.5	5,927.5	2,790.6	3,439.9	3,675.8	3,675.8
Opening capital employed (A)	8,750.3	8,625.5	3,533.3	4,380.1	4,378.5	4,378.5
Net debt - end of period	1,317.1	1,301.5	1,828.7	693.5	894.0	1,317.1
Current portion of lease obligations	85.2	92.4	109.3	15.3	16.3	85.2
Long-term portion of lease obligations	974.6	702.9	760.0	33.9	29.9	974.6
Shareholders' equity - end of period	7,427.8	6,653.5	5,927.5	2,790.6	3,439.9	7,427.8
Closing capital employed (B)	9,804.7	8,750.3	8,625.5	3,533.3	4,380.1	9,804.7
Average capital employed (A+B)/2	9,277.5	8,687.9	6,079.4	3,956.7	4,379.3	7,091.6

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 five-year basis in Table 28:

Table 28

ROACE (\$ millions)	2023	2022	2021	2020	2019	Five Year
Adjusted EBIT	2,149.6	3,064.4	1,111.7	(715.6)	(87.5)	1,104.4
Divided by average capital employed	9,277.5	8,687.9	6,079.4	3,956.7	4,379.3	7,091.6
ROACE (%)	23	35	18	(18)	(2)	16

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 years ended December 31, 2023 and 2022 is calculated as follows in Table 29:

Table 29

Funds from Operations (\$ millions)	Three Months Ended			Year Ended	
	September 30, 2023	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Cash flow from operating activities	604.2	698.9	878.3	2,394.3	3,833.3
Net change in other liabilities	7.9	1.6	13.9	9.3	129.2
Change in non-cash operating working capital	50.1	(1.3)	94.0	236.0	(250.0)
Funds from operations	662.2	699.2	986.2	2,639.6	3,712.5

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 30 details the composition of ARC's net debt and net debt to funds from operations as at December 31, 2023 and December 31, 2022:

Table 30

Net Debt (\$ millions, except ratio amounts)	December 31, 2023	December 31, 2022
Long-term debt	1,148.9	990.0
Accounts payable and accrued liabilities	753.3	1,190.9
Dividends payable	101.7	93.4
Cash and cash equivalents, accounts receivable, and prepaid expense	(686.8)	(972.8)
Net debt	1,317.1	1,301.5
Funds from operations	2,639.6	3,712.5
Net debt to funds from operations (ratio) ⁽¹⁾	0.5	0.4

(1) Composed of net debt divided by funds from operations.

Supplementary Financial Measures

"Average realized commodity price" is comprised of total commodity sales from production, as determined in accordance with IFRS Accounting Standards, 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 Accounting Standards, 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 Accounting Standards, 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 Accounting Standards, 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 Accounting Standards, 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 Accounting Standards, 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 Accounting Standards, 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 Accounting Standards, 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 Accounting Standards, 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 Accounting Standards, divided by funds from operations.

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

"DD&A expense per boe" is comprised of DD&A expense, as determined in accordance with IFRS Accounting Standards, 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 Accounting Standards, divided by funds from operations.

"Dividends declared per share" is comprised of dividends declared, as determined in accordance with IFRS Accounting Standards, 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 Accounting Standards, 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 Accounting Standards, 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 Accounting Standards, 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 Accounting Standards, divided by the Company's total production.

"Operating expense per boe" is comprised of operating expense, as determined in accordance with IFRS Accounting Standards, 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 Accounting Standards, divided by commodity sales from production, as determined in accordance with IFRS Accounting Standards.

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

"Transportation expense per boe" is comprised of transportation expense, as determined in accordance with IFRS Accounting Standards, 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 2024 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; planned capital expenditures, and expectations with respect to 2024 annual production; the terms, including the anticipated timing of delivery, under certain of ARC's long-term natural gas supply agreements and the expectation that the estimated fair value of such contracts may fluctuate over time under the heading "Risk Management Contracts"; 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 the repurchase of shares, and debt reduction and ARC's target net debt to funds from operations under the heading "Capitalization, Financial Resources and Liquidity"; anticipated payments under ARC's contractual obligations and commitments and the expected timing thereof under the heading "Contractual Obligations and Commitments"; 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 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 this MD&A.

Forward-looking information and statements in this MD&A 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 internal projections, expectations, or beliefs are based on the 2024 capital budget, 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
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
TTF	Title Transfer Facility
WTI	West Texas Intermediate

ANNUAL HISTORICAL REVIEW

For the year ended December 31					
(\$ millions, except per share amounts)	2023	2022	2021	2020	2019
FINANCIAL					
Commodity sales from production	5,260.4	7,969.9	4,572.6	1,135.5	1,189.5
Per share, basic ⁽¹⁾	8.64	12.05	7.30	3.21	3.37
Per share, diluted ⁽¹⁾	8.61	12.02	7.29	3.21	3.37
Net income (loss)	1,596.5	2,302.3	786.6	(547.2)	(27.6)
Per share, basic	2.62	3.48	1.26	(1.55)	(0.08)
Per share, diluted	2.61	3.47	1.25	(1.55)	(0.08)
Cash flow from operating activities	2,394.3	3,833.3	2,006.5	655.7	638.8
Per share, basic ⁽¹⁾	3.93	5.80	3.20	1.86	1.81
Per share, diluted ⁽¹⁾	3.92	5.78	3.20	1.86	1.81
Funds from operations	2,639.6	3,712.5	2,415.4	667.6	697.4
Per share, basic ⁽¹⁾	4.34	5.61	3.86	1.89	1.97
Per share, diluted ⁽¹⁾	4.32	5.60	3.85	1.89	1.97
Free funds flow	789.8	2,270.6	1,353.6	324.4	5.9
Per share, basic ⁽¹⁾	1.30	3.43	2.16	0.92	0.02
Per share, diluted ⁽¹⁾	1.29	3.42	2.16	0.92	0.02
Cash flow used in investing activities	1,690.7	1,413.2	808.1	364.3	673.3
Dividends declared	400.3	318.2	181.4	106.3	212.4
Per share	0.66	0.49	0.29	0.30	0.60
Total assets	12,382.9	11,623.9	11,380.3	4,954.2	5,778.3
Total liabilities	4,955.1	4,970.4	5,452.8	2,163.6	2,338.4
Net debt	1,317.1	1,301.5	1,828.7	693.5	894.0
Weighted average shares, basic	608.8	661.2	626.3	353.4	353.4
Weighted average shares, diluted	610.6	663.1	627.3	353.4	353.4
Shares outstanding, end of period	596.9	620.9	693.5	353.4	353.4
CAPITAL EXPENDITURES					
Geological and geophysical	8.3	9.5	7.4	14.8	19.3
Drilling and completions	1,552.6	1,128.0	747.1	272.0	442.7
Plant and facilities	227.8	232.3	201.9	43.1	208.0
Maintenance and optimization	42.6	58.0	56.0	9.4	18.5
Corporate assets	18.5	14.1	49.4	3.9	3.0
Capital expenditures	1,849.8	1,441.9	1,061.8	343.2	691.5
Acquisitions	25.5	6.4	22.4	64.6	0.9
Dispositions	(142.9)	(15.5)	(101.0)	(66.2)	(5.0)
Capital expenditures, and net acquisitions and dispositions	1,732.4	1,432.8	983.2	341.6	687.4
OPERATING					
Production					
Crude oil and condensate (bbl/d)	83,880	86,393	70,393	29,245	27,657
Natural gas (MMcf/d)	1,322	1,259	1,149	739	623
NGLs (bbl/d)	47,760	49,385	40,084	9,112	7,578
Total (boe/d)	351,954	345,613	302,003	161,564	139,126
Average realized commodity prices					
Crude oil (\$/bbl)	95.05	115.66	75.08	42.62	66.01
Condensate (\$/bbl)	99.92	118.17	86.04	47.62	67.61
Natural gas (\$/Mcf)	3.77	8.15	4.82	2.26	2.12
NGLs (\$/bbl)	22.79	27.98	26.16	12.69	12.28
Oil equivalent (\$/boe)	40.95	63.18	41.48	19.20	23.42
RESERVES (company gross) ⁽²⁾					
Proved plus probable reserves					
Crude oil and liquids (Mbbl)	672,082	643,978	607,616	212,661	216,613
Natural gas (Bcf)	7,933	7,107	6,918	4,298	4,160
Total (MMboe)	1,994	1,829	1,761	929	910
TRADING STATISTICS (\$, based on intra-day trading) ⁽³⁾					
High	23.77	22.88	13.34	8.39	10.49
Low	14.33	11.66	5.88	2.42	5.37
Close	19.67	18.25	11.50	6.00	8.18
Average daily volume (thousands)	4,488	6,563	3,160	2,082	2,242

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

(2) Company gross reserves are the gross interest reserves before deduction of royalties and without including any royalty interests.

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

QUARTERLY HISTORICAL REVIEW

(\$ millions, except per share amounts)	2023				2022			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
FINANCIAL								
Commodity sales from production	1,300.2	1,308.0	1,124.7	1,527.5	2,024.4	2,056.9	2,211.6	1,677.0
Per share, basic ⁽¹⁾	2.16	2.15	1.84	2.47	3.22	3.15	3.28	2.43
Per share, diluted ⁽¹⁾	2.16	2.15	1.84	2.47	3.21	3.14	3.27	2.43
Net income (loss)	506.3	236.4	278.9	574.9	741.0	867.8	762.9	(69.4)
Per share, basic	0.84	0.39	0.46	0.93	1.18	1.33	1.13	(0.10)
Per share, diluted	0.84	0.39	0.46	0.93	1.18	1.32	1.13	(0.10)
Cash flow from operating activities	698.9	604.2	550.9	540.3	878.3	1,103.6	1,092.6	758.8
Per share, basic ⁽¹⁾	1.16	1.00	0.90	0.87	1.40	1.69	1.62	1.10
Per share, diluted ⁽¹⁾	1.16	0.99	0.90	0.87	1.39	1.68	1.61	1.10
Funds from operations	699.2	662.2	560.8	717.4	986.2	953.0	1,029.7	743.6
Per share, basic ⁽¹⁾	1.16	1.09	0.92	1.16	1.57	1.46	1.53	1.08
Per share, diluted ⁽¹⁾	1.16	1.09	0.92	1.16	1.56	1.45	1.52	1.08
Free funds flow	154.7	260.8	144.3	230.0	602.9	580.1	677.3	410.3
Per share, basic ⁽¹⁾	0.26	0.43	0.24	0.37	0.96	0.89	1.00	0.60
Per share, diluted ⁽¹⁾	0.26	0.43	0.24	0.37	0.96	0.89	1.00	0.60
Cash flow used in investing activities	434.3	394.6	464.4	397.4	350.7	351.9	363.9	346.7
Dividends declared	101.7	103.0	103.7	91.9	93.4	76.7	79.9	68.2
Per share	0.17	0.17	0.17	0.15	0.15	0.12	0.12	0.10
Total assets	12,382.9	11,924.9	11,573.8	11,513.4	11,623.9	11,520.7	11,468.8	11,421.1
Total liabilities	4,955.1	4,775.4	4,449.3	4,518.4	4,970.4	5,300.0	5,537.3	5,800.9
Net debt	1,317.1	1,243.5	1,281.1	1,264.7	1,301.5	1,541.3	1,511.4	1,695.5
Weighted average shares, basic	601.0	607.2	609.7	617.6	628.3	653.7	674.9	688.8
Weighted average shares, diluted	602.8	609.0	611.5	619.2	630.3	655.4	676.8	688.8
Shares outstanding, end of period	596.9	605.0	608.4	611.2	620.9	637.6	663.7	680.9
CAPITAL EXPENDITURES								
Geological and geophysical	1.4	2.6	1.2	3.1	1.3	3.9	0.1	4.2
Drilling and completions	387.5	352.3	360.4	452.4	338.6	304.9	239.2	245.3
Plant and facilities	132.9	30.5	35.2	29.2	27.0	55.9	86.8	62.6
Maintenance and optimization	14.6	9.4	8.6	10.0	10.7	11.5	16.9	18.9
Corporate	8.1	6.6	11.1	(7.3)	5.7	(3.3)	9.4	2.3
Capital expenditures	544.5	401.4	416.5	487.4	383.3	372.9	352.4	333.3
Acquisitions	22.0	—	—	3.5	0.3	1.1	0.8	4.2
Dispositions	(66.3)	(0.1)	—	(76.5)	(0.1)	(4.6)	—	(10.8)
Capital expenditures, and net acquisitions and dispositions	500.2	401.3	416.5	414.4	383.5	369.4	353.2	326.7
OPERATING								
Production								
Crude oil and condensate (bbl/d)	85,805	87,098	83,540	78,969	90,135	90,352	84,090	80,848
Natural gas (MMcf/d)	1,380	1,353	1,289	1,264	1,310	1,227	1,219	1,280
NGLs (bbl/d)	49,474	47,557	45,202	48,800	51,311	47,108	48,877	50,257
Total (boe/d)	365,248	360,177	343,630	338,377	359,730	342,034	336,112	344,447
Average realized commodity prices								
Crude oil (\$/bbl)	93.34	104.91	88.13	92.78	103.58	111.41	134.52	111.48
Condensate (\$/bbl)	99.09	103.21	93.43	104.10	107.24	110.35	137.91	119.15
Natural gas (\$/Mcf)	3.33	3.16	2.83	5.89	8.31	9.29	9.08	5.98
NGLs (\$/bbl)	21.97	19.63	20.89	28.59	28.86	20.72	34.16	27.94
Oil equivalent (\$/boe)	38.69	39.47	35.97	50.16	61.17	65.37	72.31	54.10
TRADING STATISTICS ⁽²⁾								
(\$, based on intra-day trading)								
High	23.77	22.05	18.44	18.07	20.49	19.51	22.88	17.50
Low	19.02	17.63	15.38	14.33	17.05	13.12	14.81	11.66
Close	19.67	21.68	17.67	15.33	18.25	16.59	16.23	16.74
Average daily volume (thousands)	4,271	3,705	4,009	5,949	4,259	5,315	9,208	4,224

(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.