



# ARC Resources Ltd.

Investor Presentation

February 2024



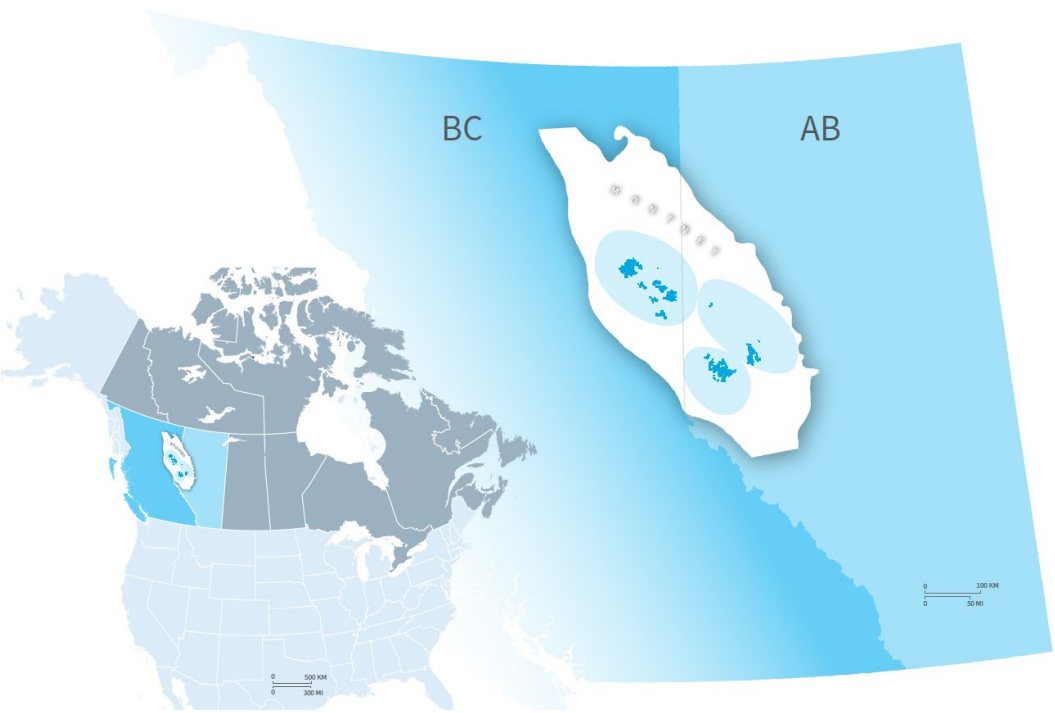
# Corporate Profile

Premium investment opportunity for Montney exposure, one of the most profitable assets in North America

Shares outstanding <sup>1</sup>	597 million
Market capitalization <sup>2</sup>	\$12.7 billion
Long-term debt <sup>1</sup>	\$1.1 billion
Net debt <sup>1 3</sup>	\$1.3 billion
Enterprise value <sup>2</sup>	\$13.4 billion
Quarterly dividend	\$0.17/share
Dividend yield <sup>2 4</sup>	3.2%
Production	~355 Mboe/day

Canada's  
largest  
condensate  
producer

Canada's 3<sup>rd</sup>  
largest natural  
gas producer



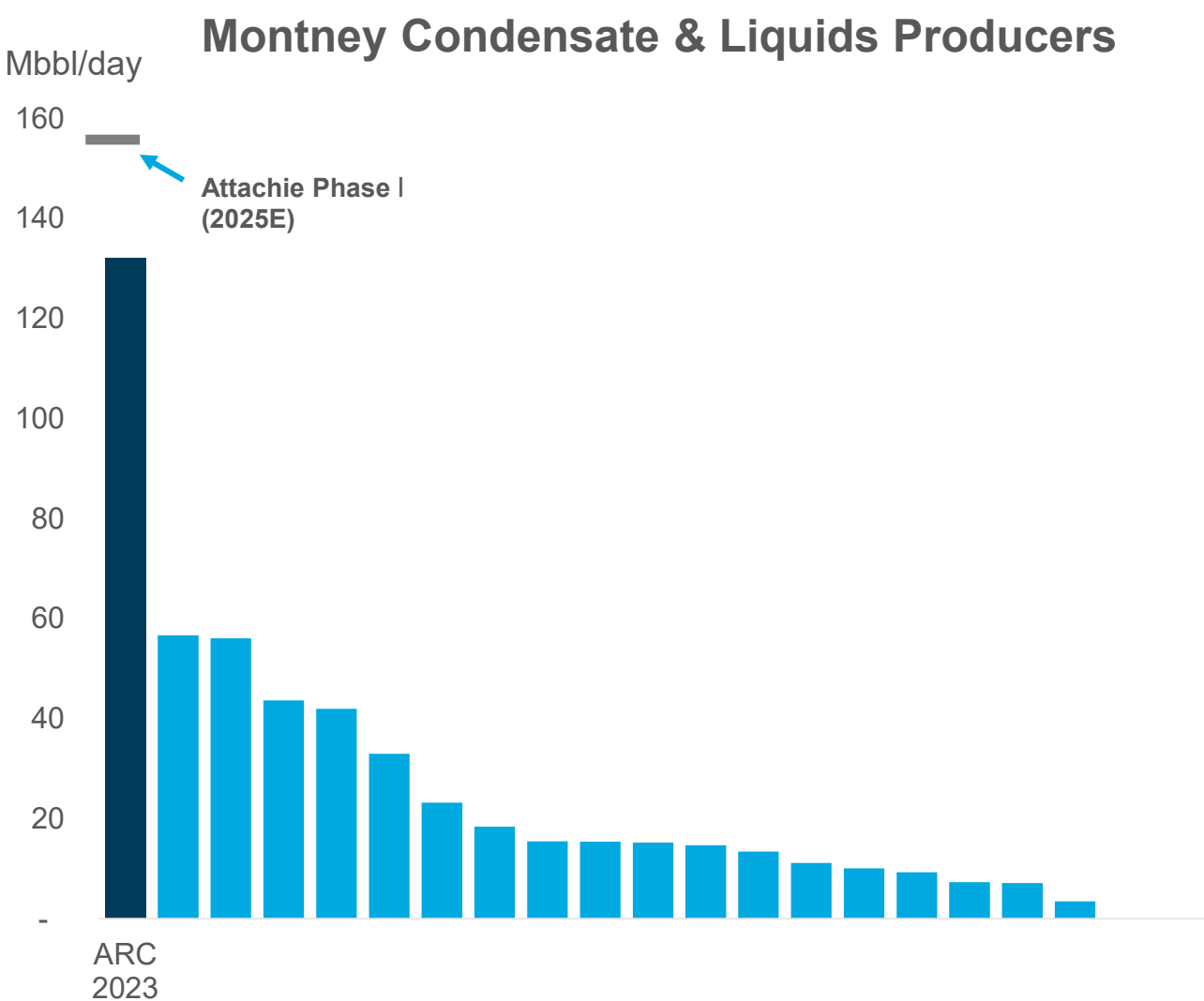
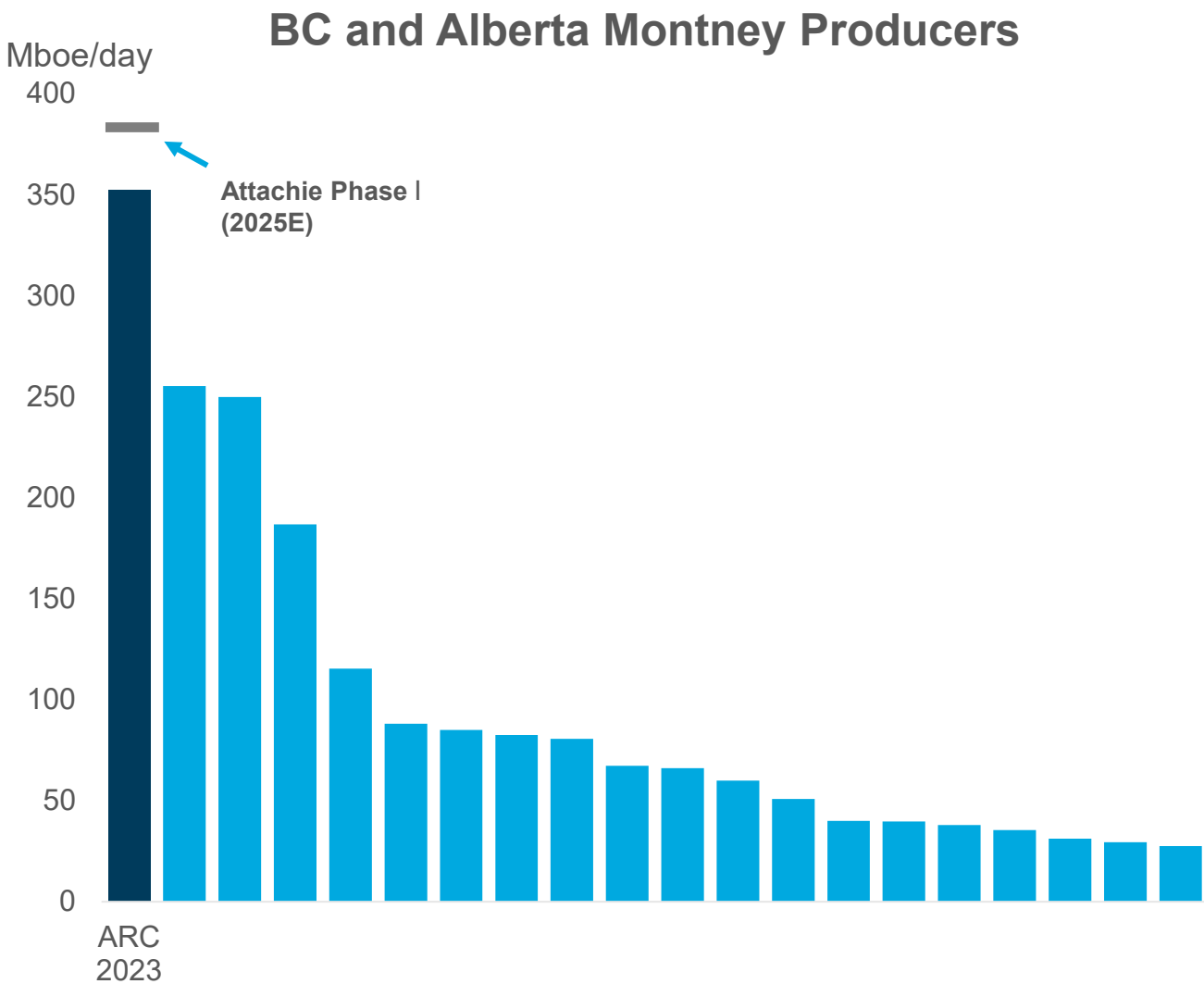
Our energy creates a better world for everyone

1) As at December 31, 2023.  
2) As at January 26, 2024.  
3) Capital Management Measure— see "Non-GAAP and Other Financial Measures" in the Advisory Statements of this presentation.  
4) Supplementary Financial Measure— see "Non-GAAP and Other Financial Measures" in the Advisory Statements of this presentation.



# Scale in a World-class Resource Play

Largest Montney producer, Canada's largest condensate producer and third largest gas producer

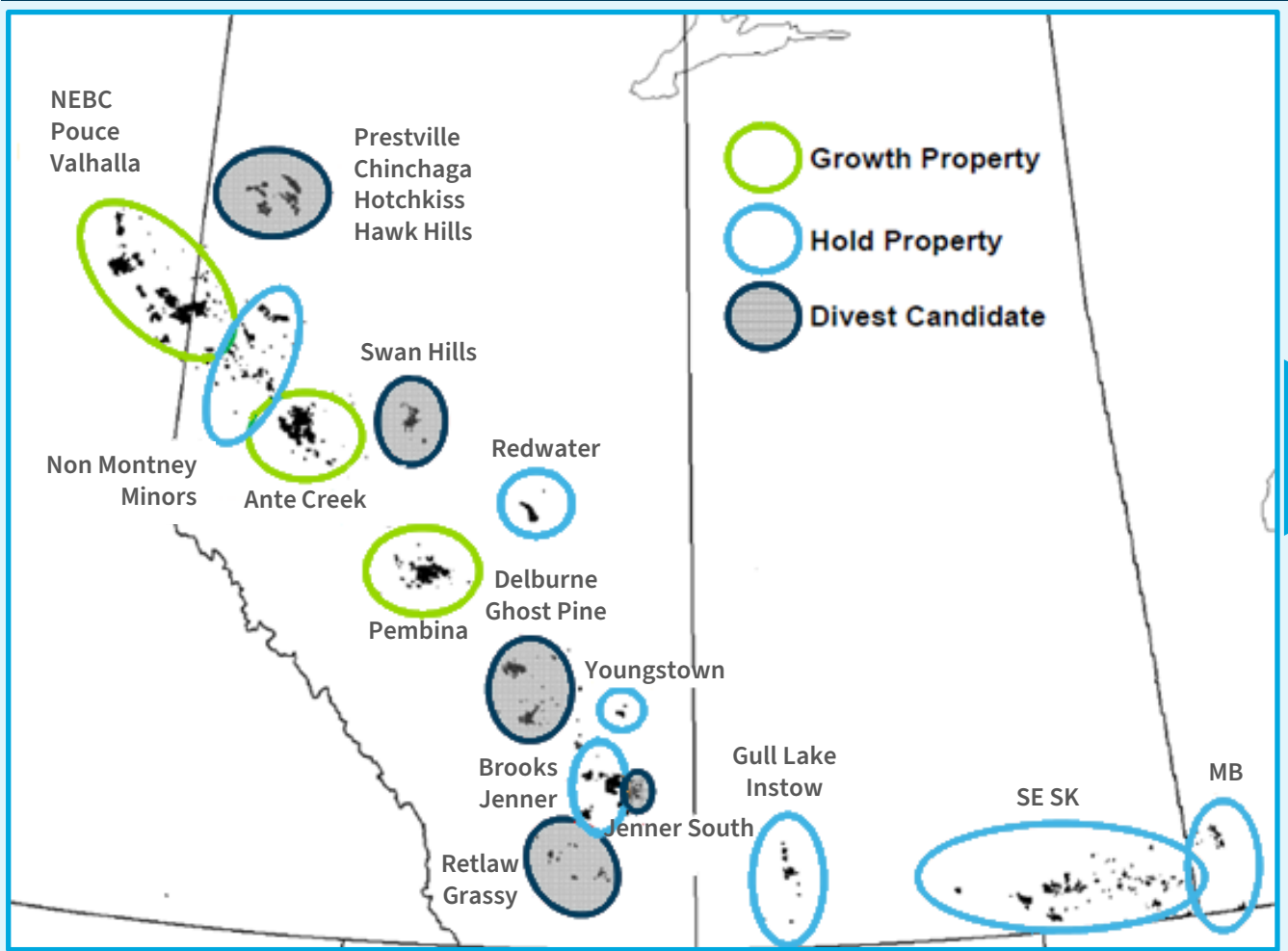




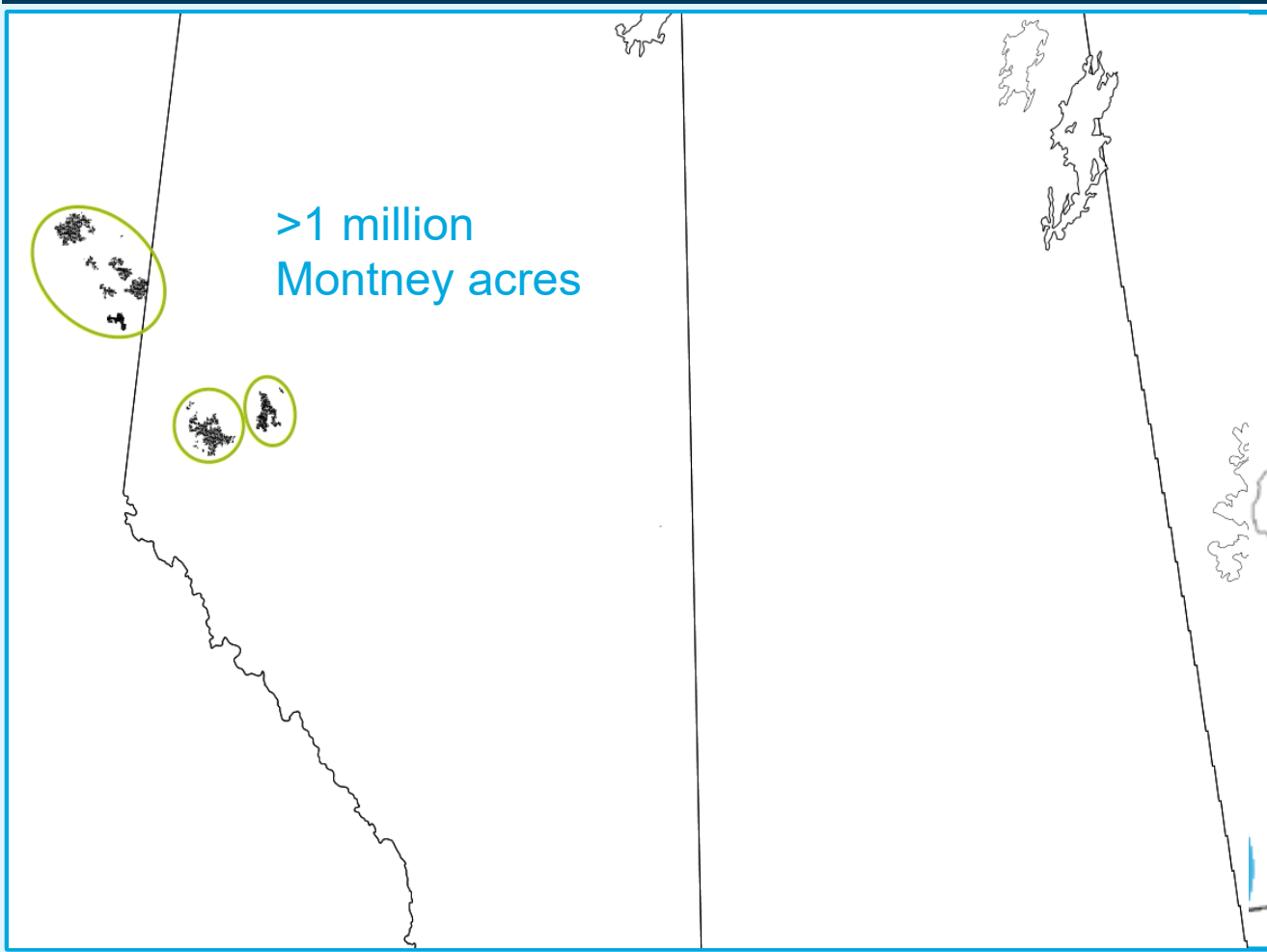
# Transformation to the Largest Montney Producer

Large concentrated asset base drives efficiency, well positioned for the future

2014



2024



AVERAGE PRODUCTION:  
**110 Mboe/d**



AVERAGE PRODUCTION:  
**355 Mboe/d**





# Investment Case for ARC



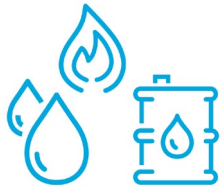
## Disciplined Growth

- Five-year plan to more than double free funds flow per share
- Achieved by unlocking Montney development and reducing the share count



## Commitment to Shareholder Returns

- Committed to return essentially all free funds flow to shareholders



## World-class Assets

- Inventory runway in a quality asset that extends decades
- Infrastructure with long-term market access that is near impossible to replicate



## Margin Expansion

- Lowering capital intensity
- Executing additional margin expansion opportunities like LNG and downstream marketing



# 2024 Capital Budget





# 2024 Guidance – Production & Expenses

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



# 2024 Guidance – Capital Expenditures & Production



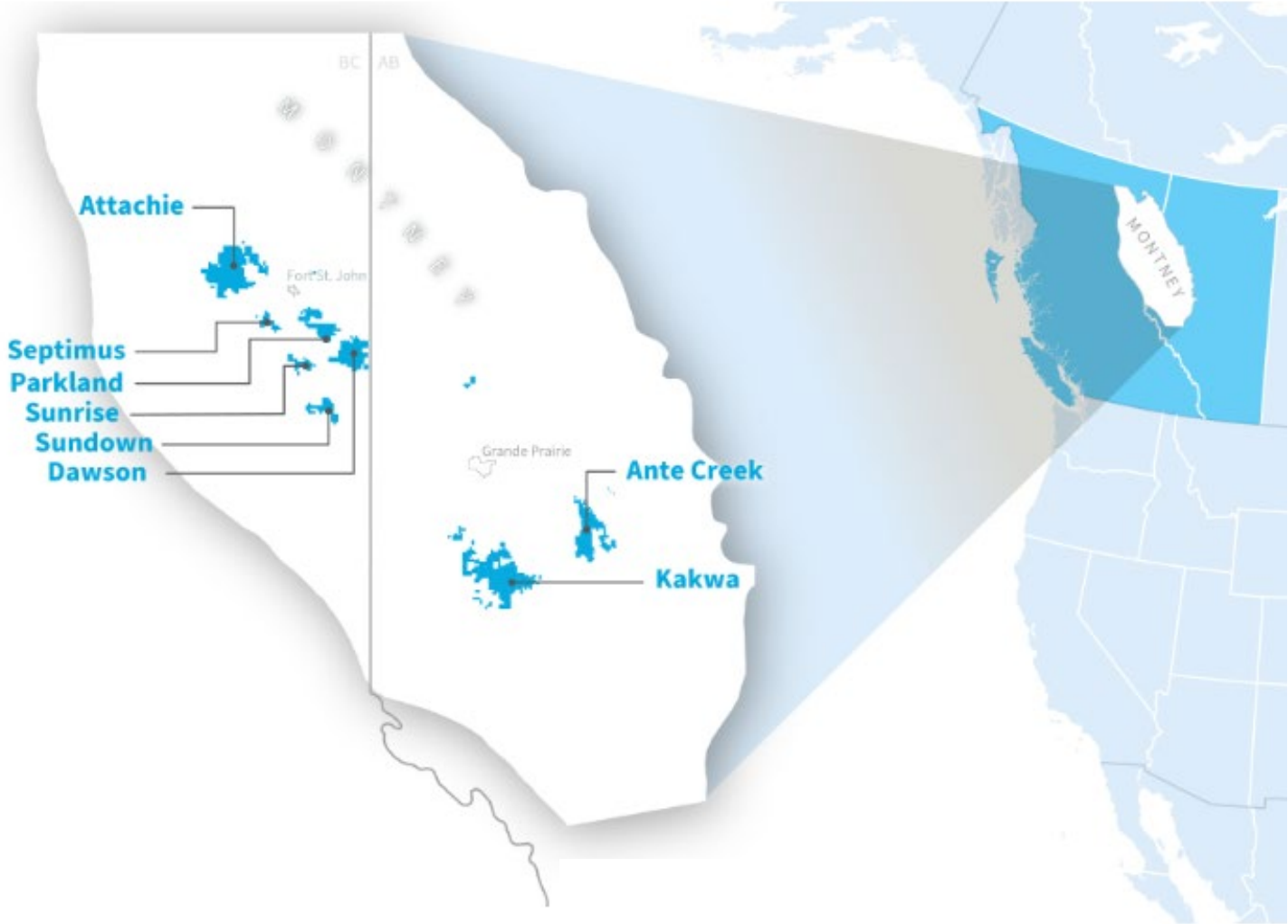
**Attachie**  
~\$600 MM<sup>1</sup>  
~2,500 boe/day



**Greater Dawson**  
~\$260 MM  
36 wells  
~95,000 boe/day



**Sunrise**  
~\$115MM  
11 wells  
~59,000 boe/day



**Ante Creek**  
~\$50MM  
14 wells  
~18,000 boe/day



**Kakwa**  
~\$630MM  
42 wells  
~175,000 boe/day

Total capital expenditures of \$1.75 to 1.85 billion; ~ 45% allocated to Alberta and 55% to BC.

1) Attachie capital includes approximately \$100 million of capital to offset declines in 2025 and pre-spend for Phase II.  
Note: Total capital expenditures includes corporate capital and capitalized G&A. Well counts denote wells drilled in calendar year; number of wells with completions activities in calendar year may vary.





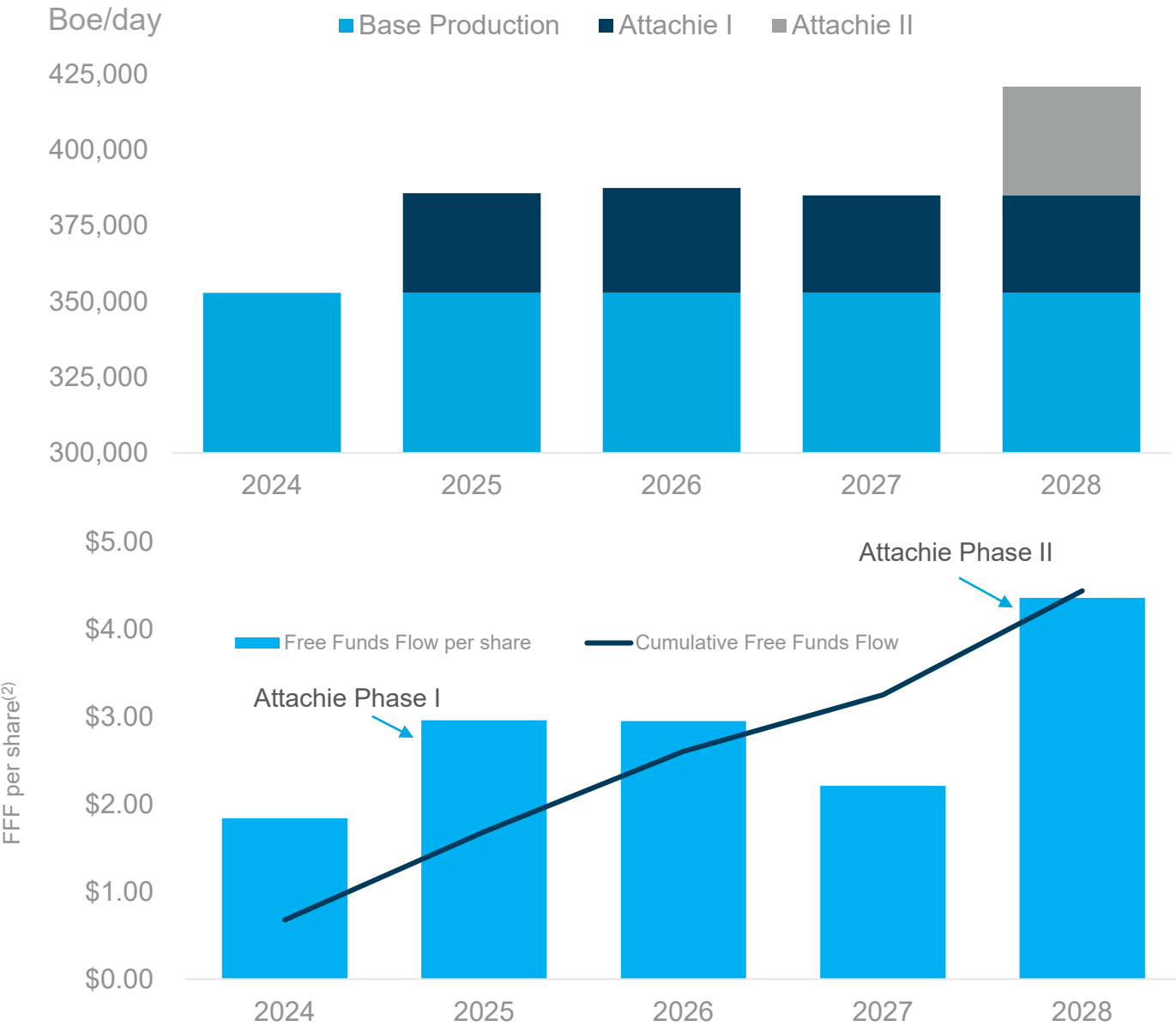
Dawson III & IV, BC

# — Strategic Overview and Long-term Plan



# Five-Year Outlook Delivers Significant Value

Disciplined plan to grow free funds flow per share<sup>1</sup>



~140%

Free Funds Flow Per Share Growth  
(~20% CAGR<sup>4</sup>)

~60%

of Market Cap Generated in  
Free Funds Flow<sup>3</sup> Now Through 2028

~10% CAGR

Production Per Share<sup>4</sup>

~20%

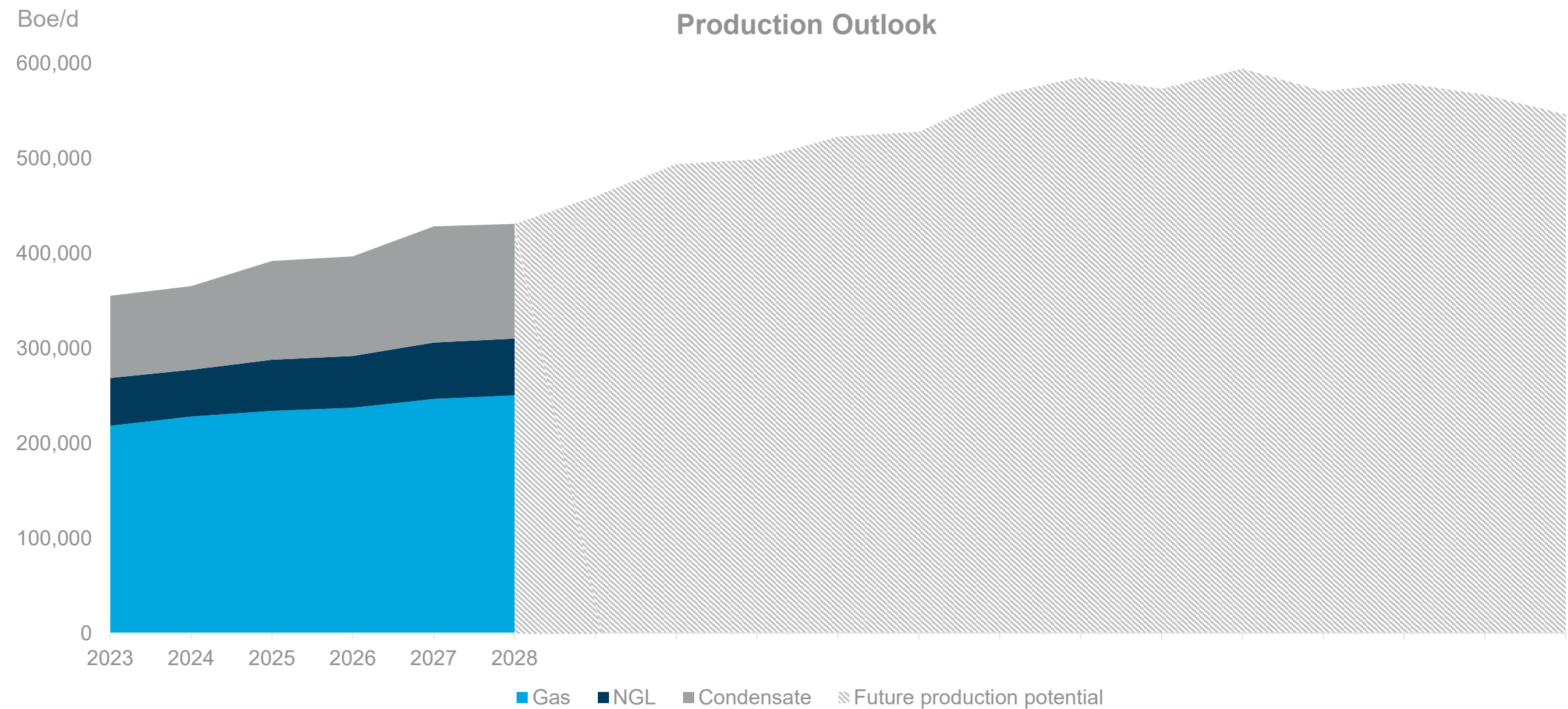
Return on Average Capital Employed

1) Non-GAAP Financial Ratio— see "Non-GAAP and Other Financial Measures" in the Advisory Statements of this presentation.  
2) Based on forward pricing US\$70 WTI; \$3.50/GJ AEEO  
3) Non-GAAP Financial Measure — see "Non-GAAP and Other Financial Measures" in the Advisory Statements of this presentation.  
4) Supplementary Financial Measure— see "Non-GAAP and Other Financial Measures" in the Advisory Statements of this presentation.



# Long-term Resource Optionality

Unmatched inventory runway in a world-class asset



ARC's Montney assets capable of sustaining ~500,000 boe per day



# Global Leader in Responsible Energy Development

Providing reliable, affordable and sustainable energy to global demand markets







Kakwa, AB

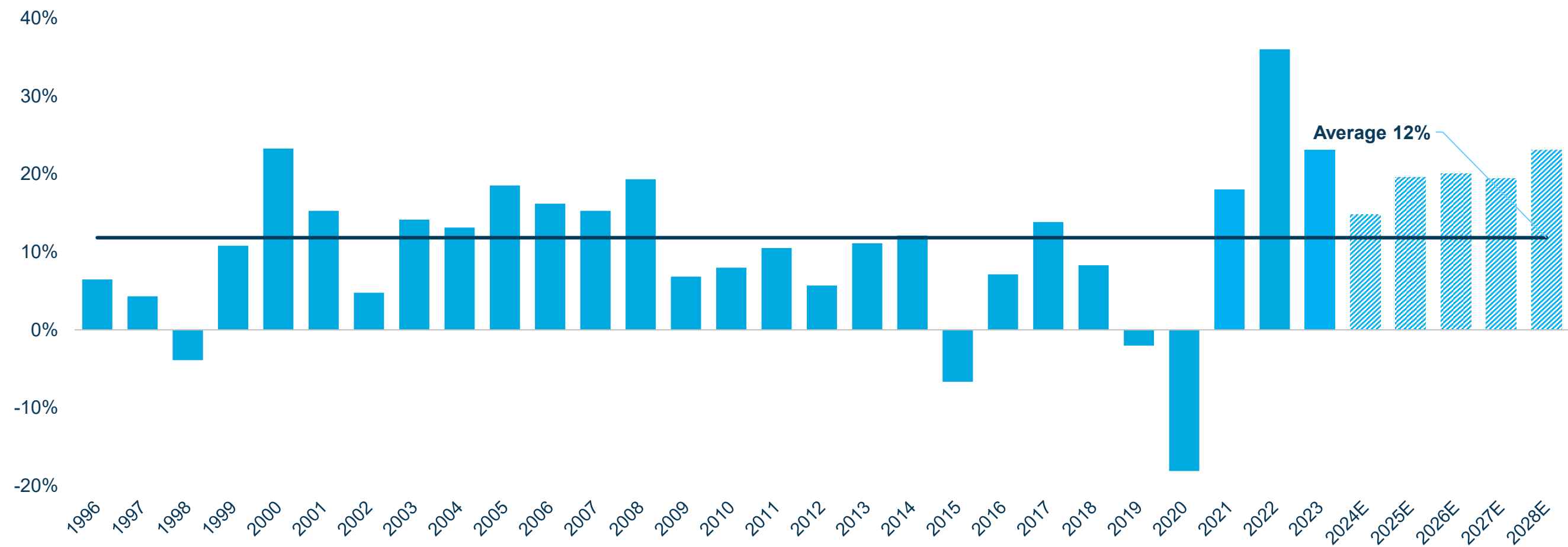
## — Capital Allocation



# Track Record of Capital Discipline

A disciplined investment framework fundamental to profitable growth

## Return on Average Capital Employed<sup>1</sup>

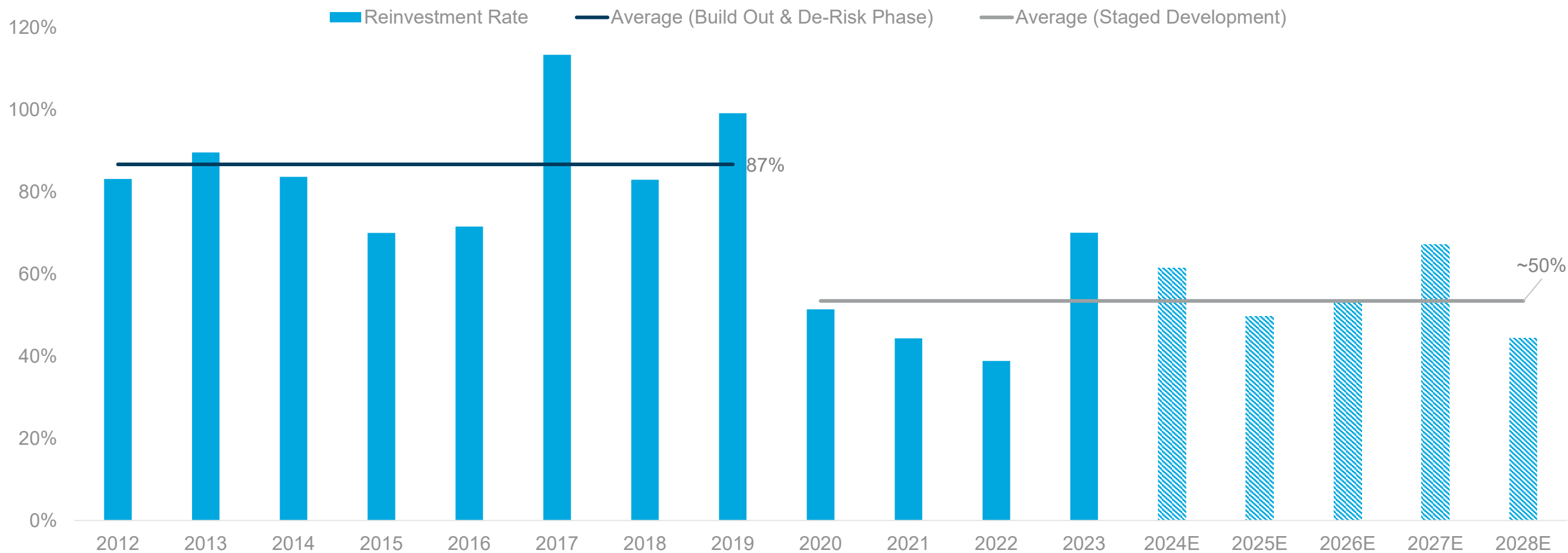




# Capital Allocation

Lower reinvestment requirement allows for profitable growth and superior return on capital

## Reinvestment Rate<sup>1 2</sup>



Multi-decade inventory and infrastructure network allows for lower reinvestment

15

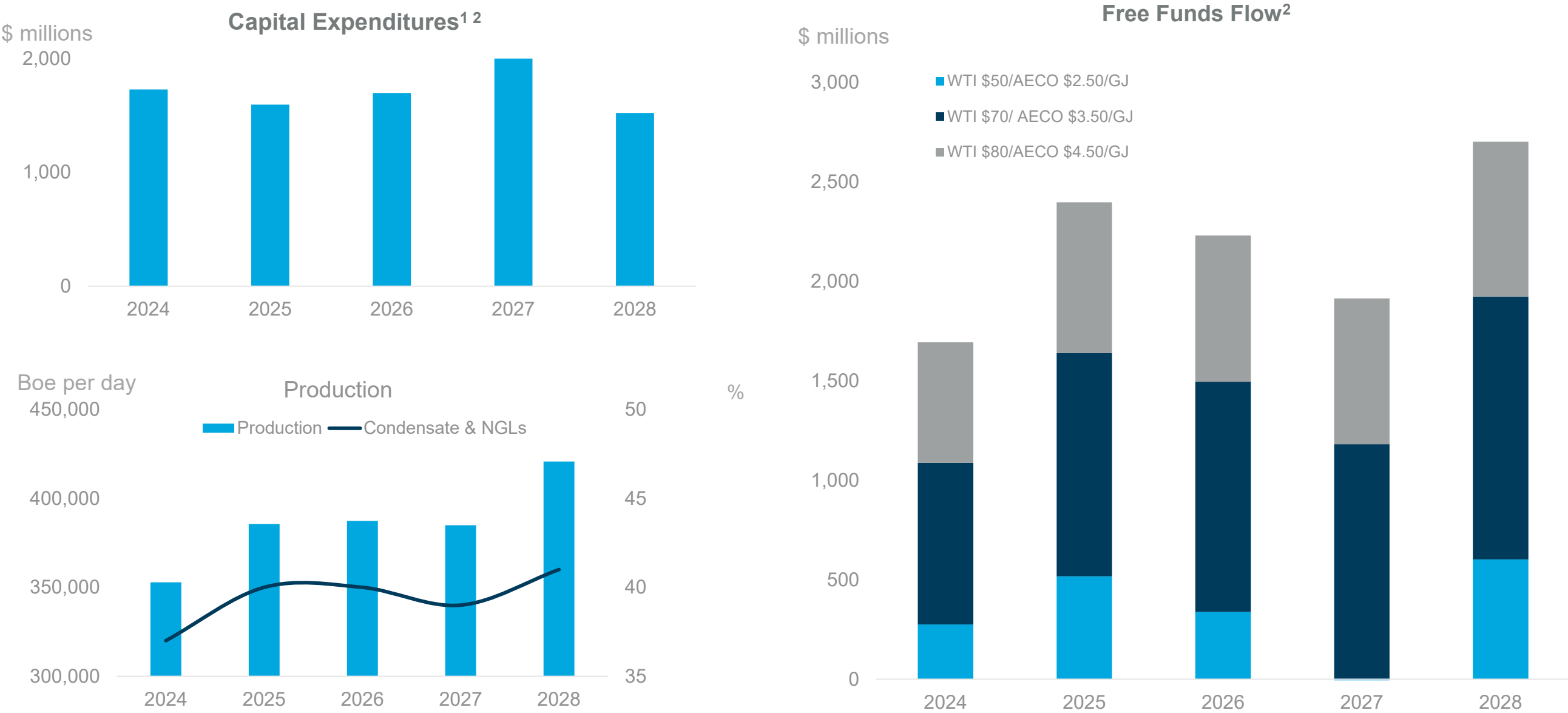
1) Non-GAAP Financial Ratio— see "Non-GAAP and Other Financial Measures" in the Advisory Statements of this presentation.  
2) Based on forward pricing US\$70 WTI; \$3.50/GJ AECO





# Five-Year Outlook

Disciplined investment drives free funds flow per share growth



Pace of growth governed by corporate returns and a balance sheet first mentality

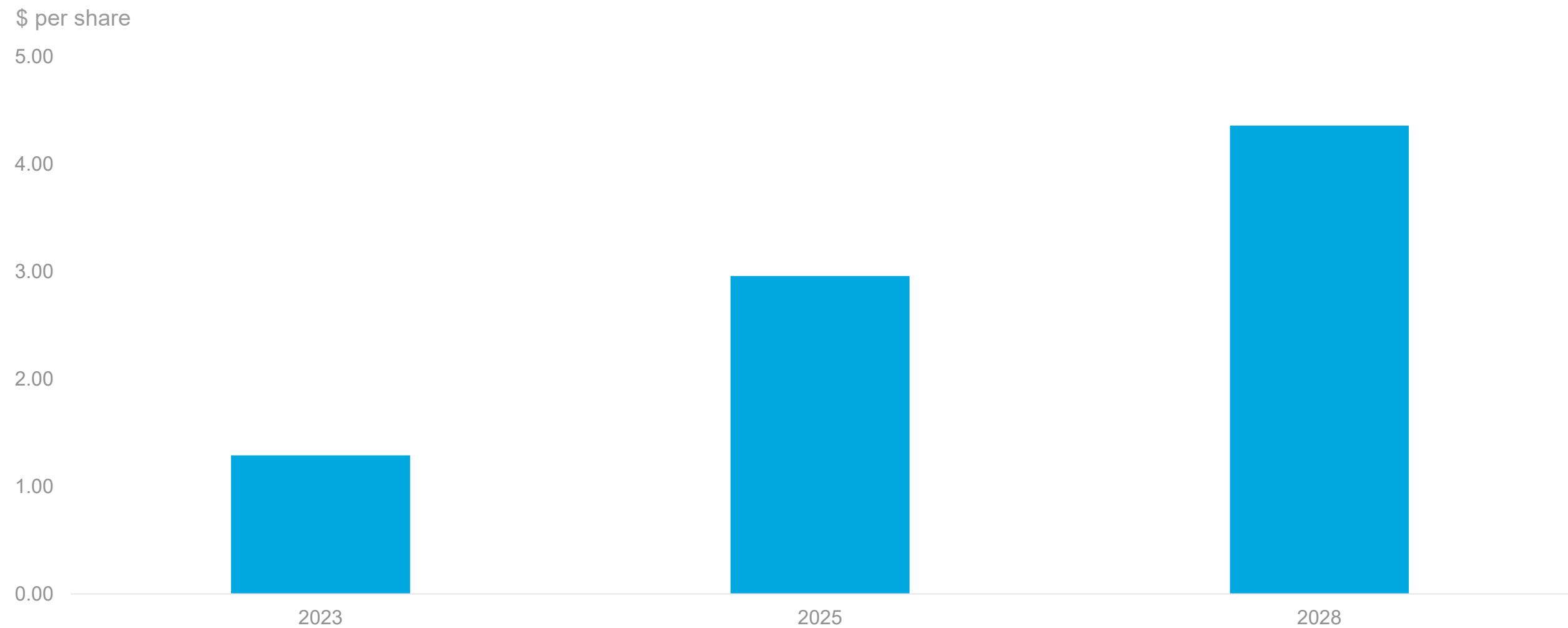
1) Refer to the section entitled "About ARC Resources Ltd." contained within the 2023 Annual MD&A for historical capital expenditures.  
2) Non-GAAP Financial Measure — see "Non-GAAP and Other Financial Measures" in the Advisory Statements of this presentation.





# Free Funds Flow Per Share<sup>1 2</sup> Growth

Sustainable per share growth



Montney investment and share repurchases drive 20% free funds flow per share CAGR<sup>3</sup>

17 1) Non-GAAP Financial Ratio— see “Non-GAAP and Other Financial Measures” in the *Advisory Statements* of this presentation  
2) Based on US\$70 WTI; \$3.50/GJ AECO  
3) Supplementary Financial Measure— see “Non-GAAP and Other Financial Measures” in the *Advisory Statements* of this presentation.





# Free Funds Flow Allocation

Committed to returning essentially all free funds flow to shareholders

## Capital Allocation Priorities

### Balance Sheet Strength

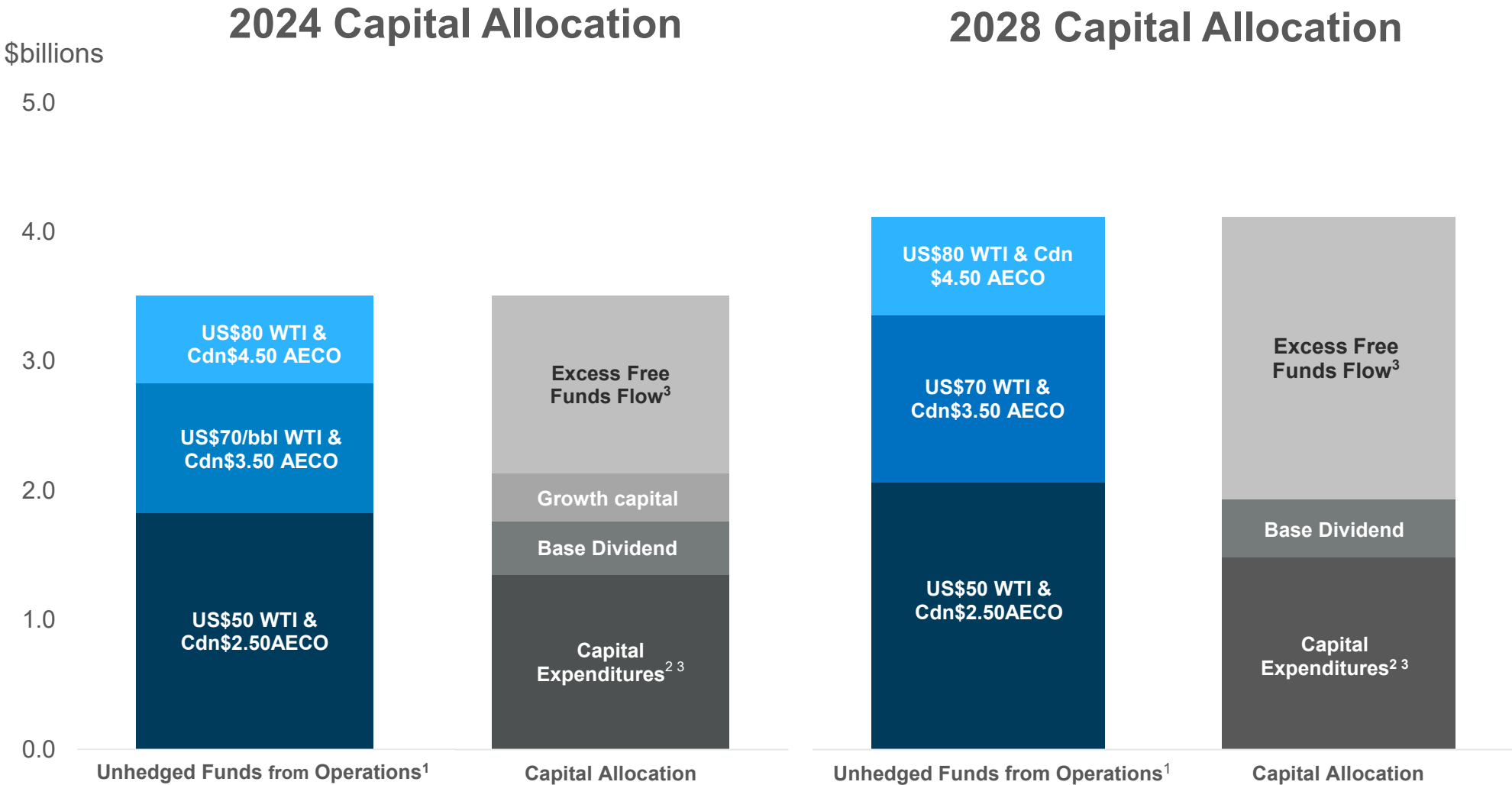
- Investment-grade rating and low debt

### Base Growth

- Grow dividend with the business, not commodity prices

### Share Repurchases

- Share count reduced >18% since September 2021
- Execute when intrinsic value exceeds share price

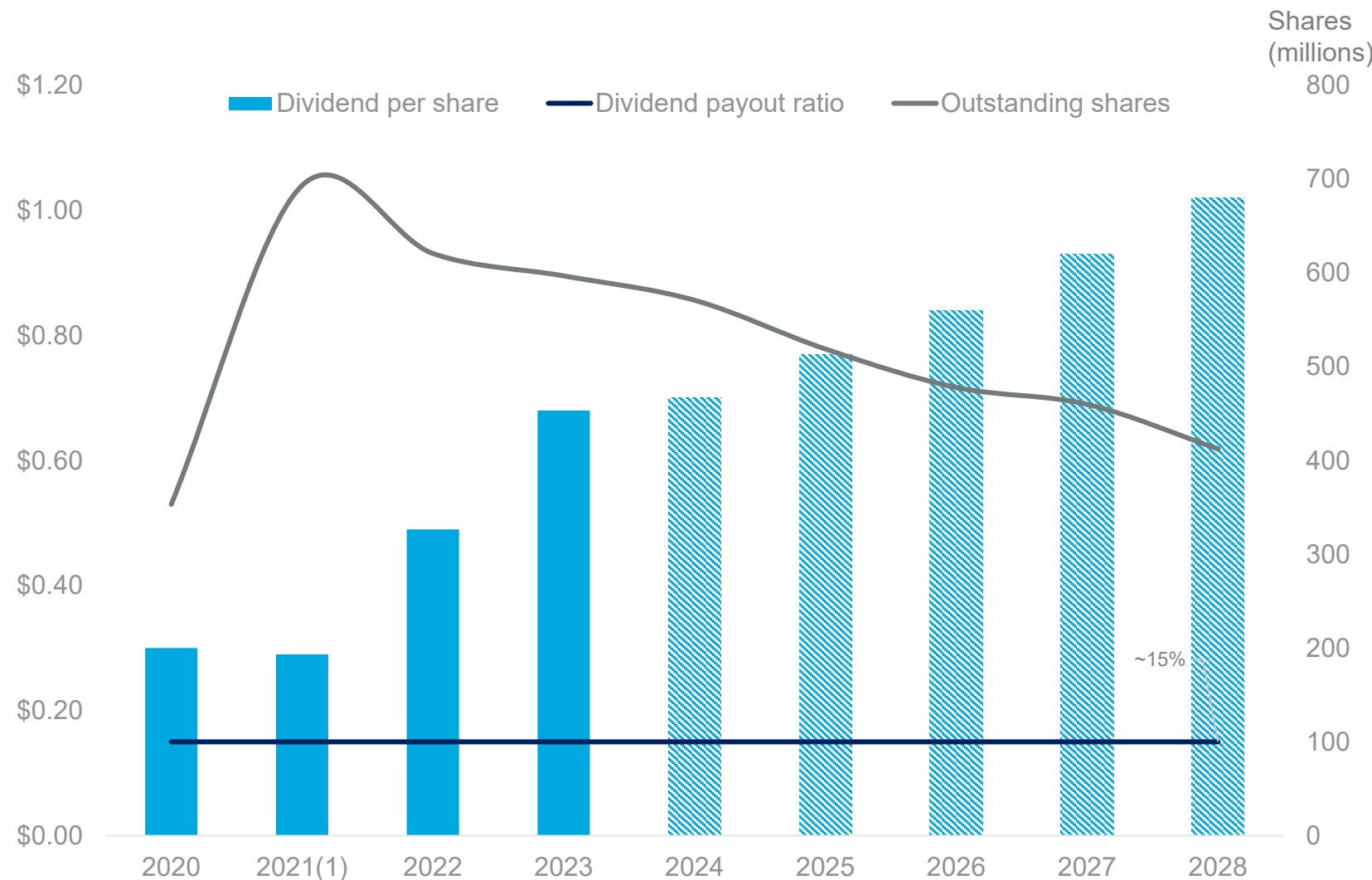


1) Capital Management Measure— see "Non-GAAP and Other Financial Measures" in the Advisory Statements of this presentation.  
2) Average capital expenditures expected for 2024 and 2028.  
3) Non-GAAP Financial Measure — see "Non-GAAP and Other Financial Measures" in the Advisory Statements of this presentation..



# Return of Capital Strategy

Balancing sustainable dividend growth with share repurchases



**>10%**

Dividend Per Share Growth CAGR<sup>3</sup>

**~15%**

Dividend Payout Ratio<sup>3</sup>  
(% of FFO)

**Sustainable**

at Bottom-of-Cycle Commodity Prices

**Reduce Share Count**

To pre-Business Combination level





Parkland, BC

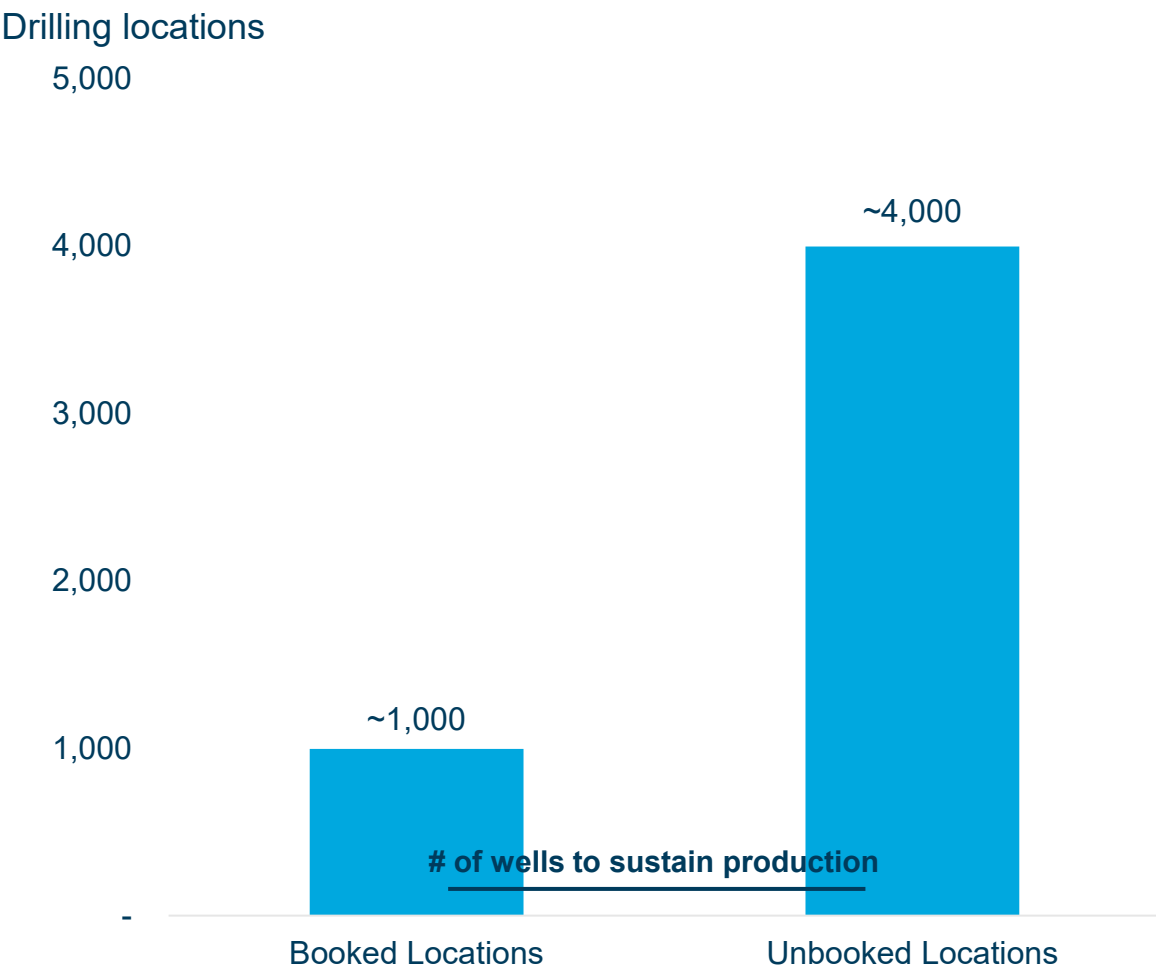
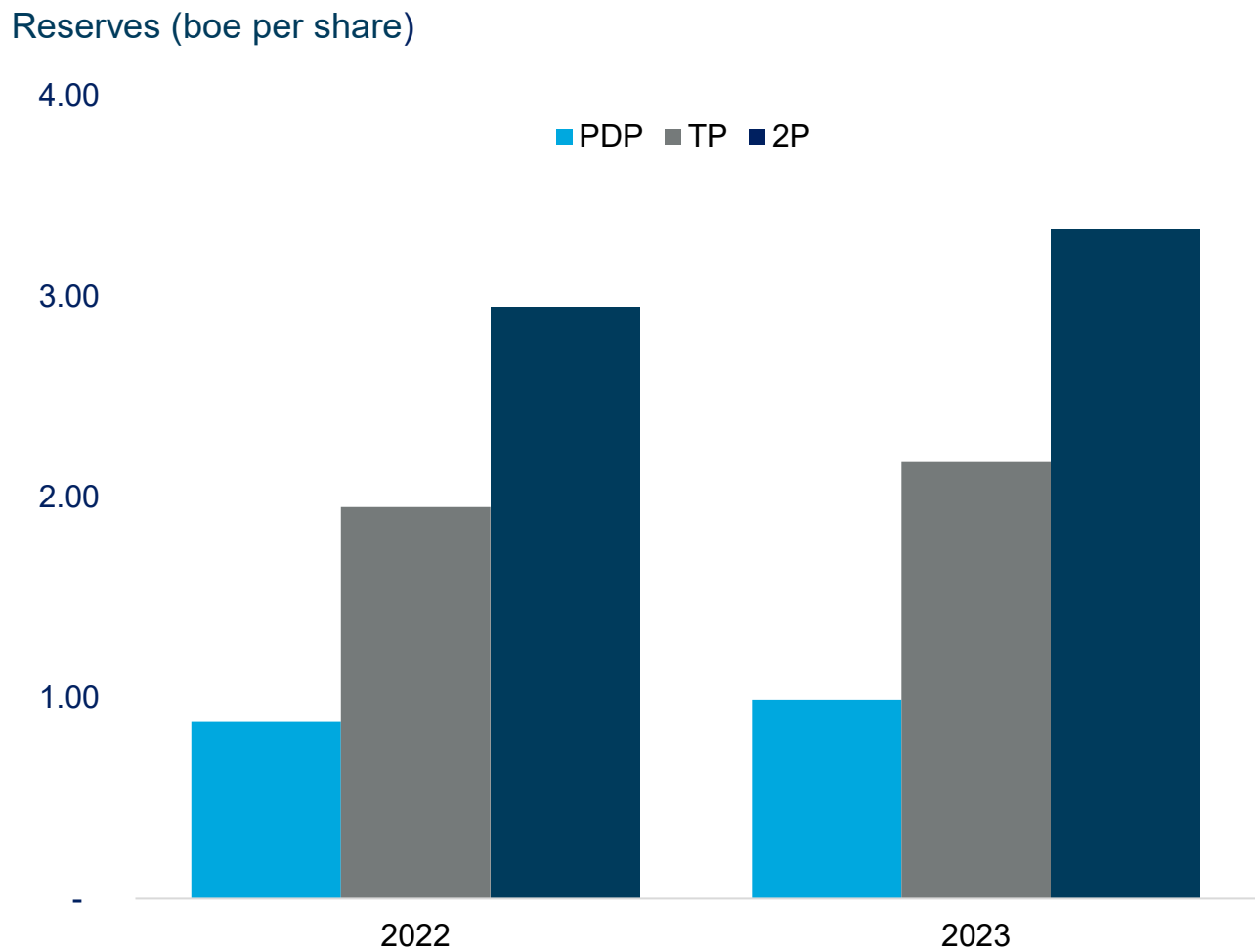
# — Asset Portfolio Overview



# Montney Scale & Inventory

Reserves per share growth of 12% - 13%

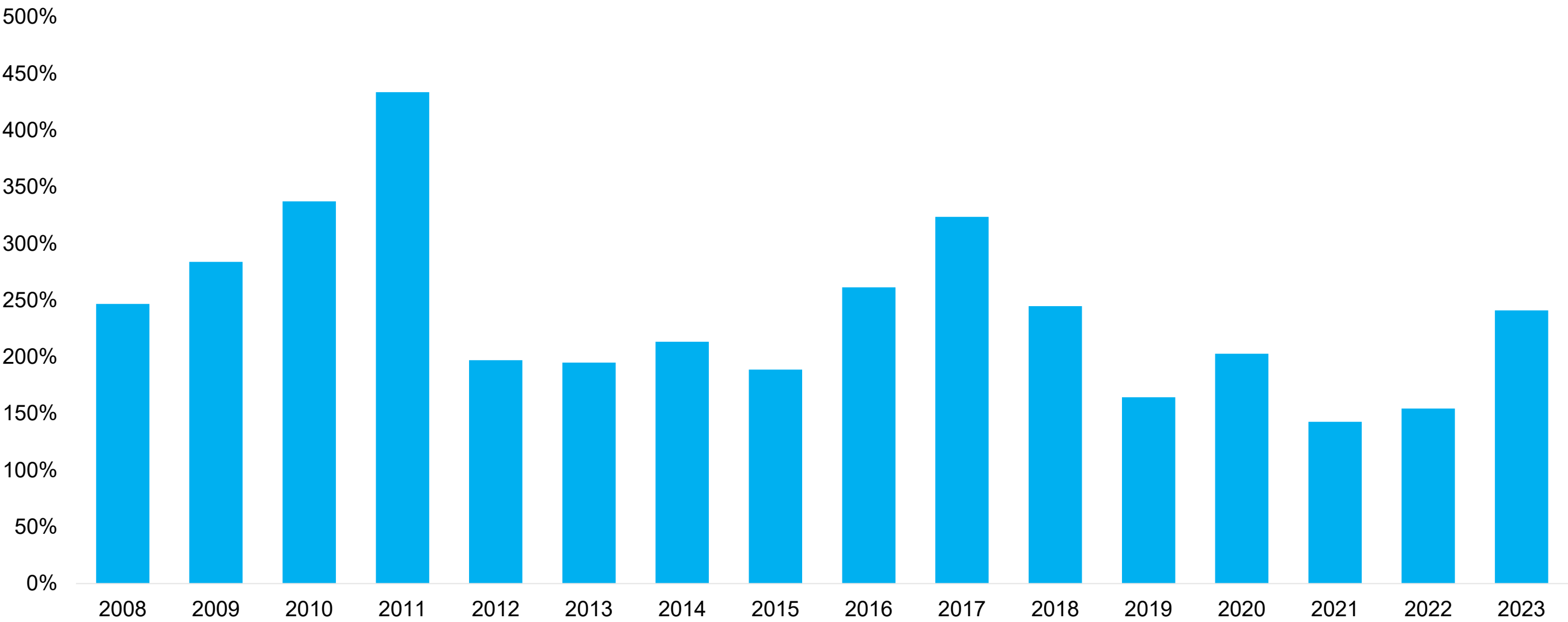
~80% of ARC's drilling inventory is unbooked locations





# Reserves Replacement<sup>1</sup>

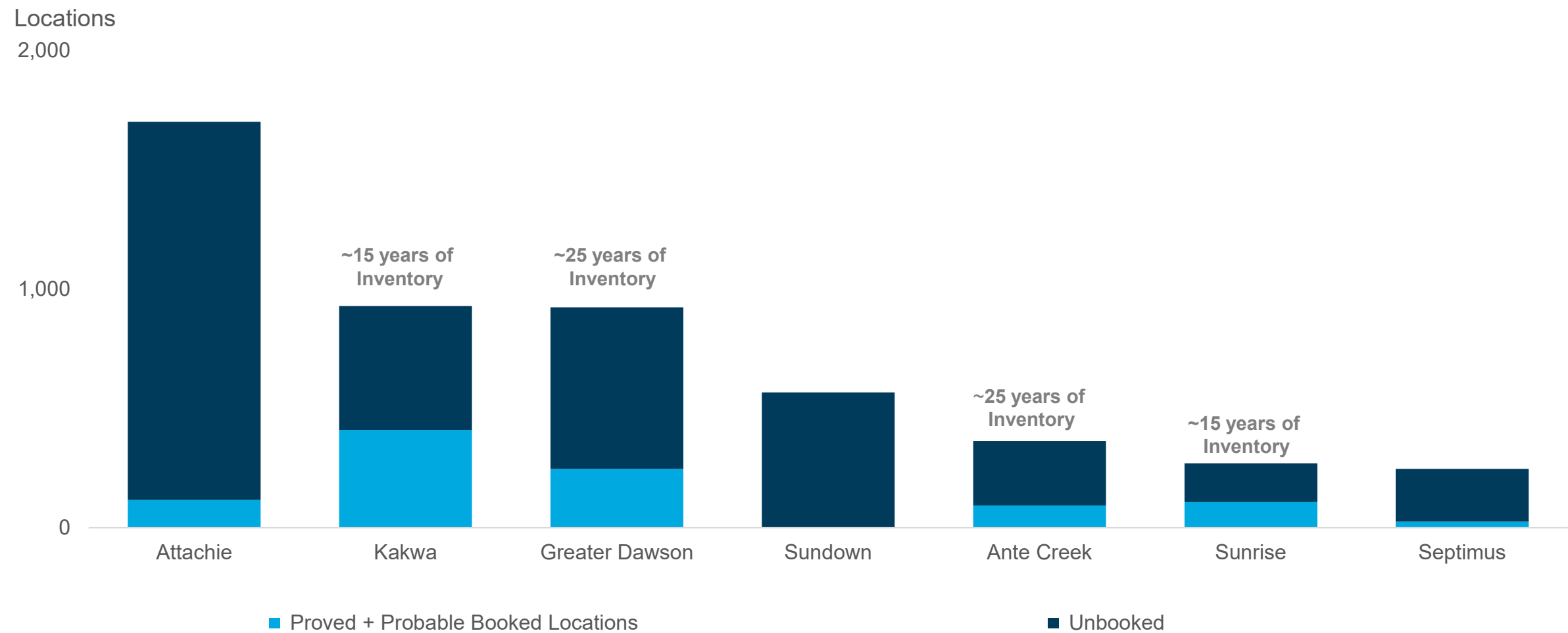
ARC has replaced >140% of production for 16 consecutive years





# Deep Inventory of Top-tier Development Opportunities

ARC has substantial Montney drilling inventory at each of our producing and growth assets



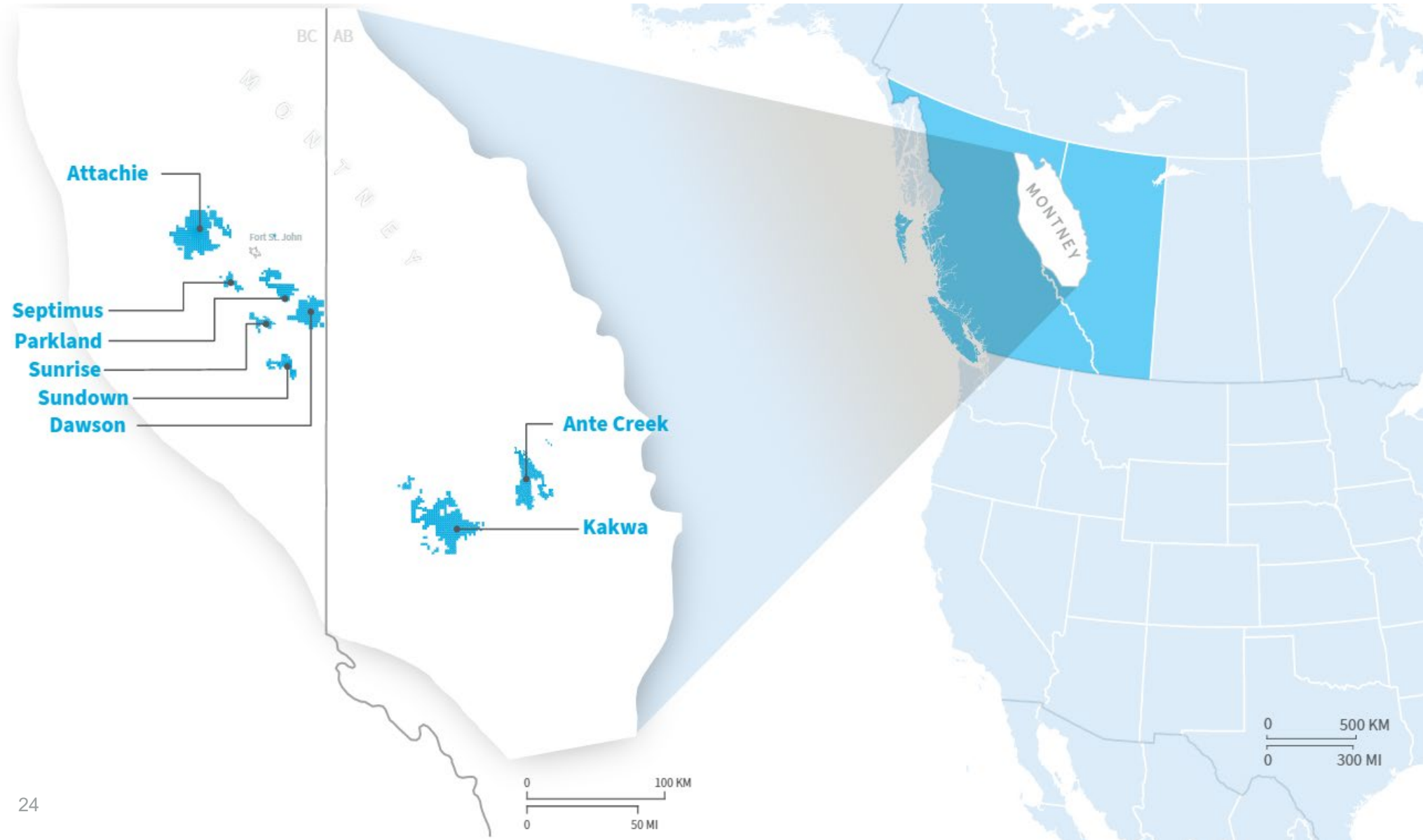
ARC has ~5,000 drilling locations in the Montney; ~80% of which are unbooked

1) Comprises proved + probable booked undeveloped locations and internal inventory estimates as at December 31, 2023, which are subject to change based on technology and economic environment.



# Montney Overview

ARC's competitive advantage in a world-class asset



**>1,500**  
Montney sections

**~5,000**  
Tier 1 drilling locations

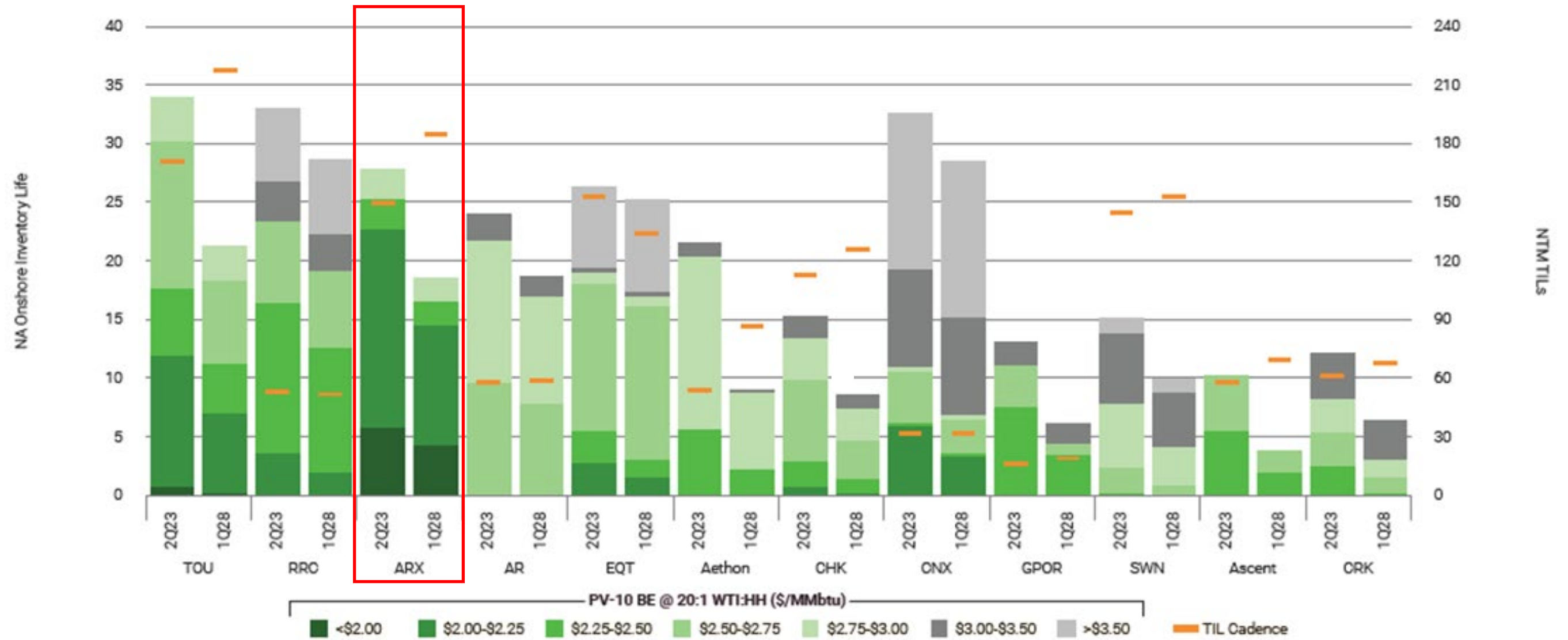
**80%**  
of these locations  
are unbooked

**>1.7 Bcf/d**  
Owned-and-operated  
infrastructure



# North American Natural Gas Inventory

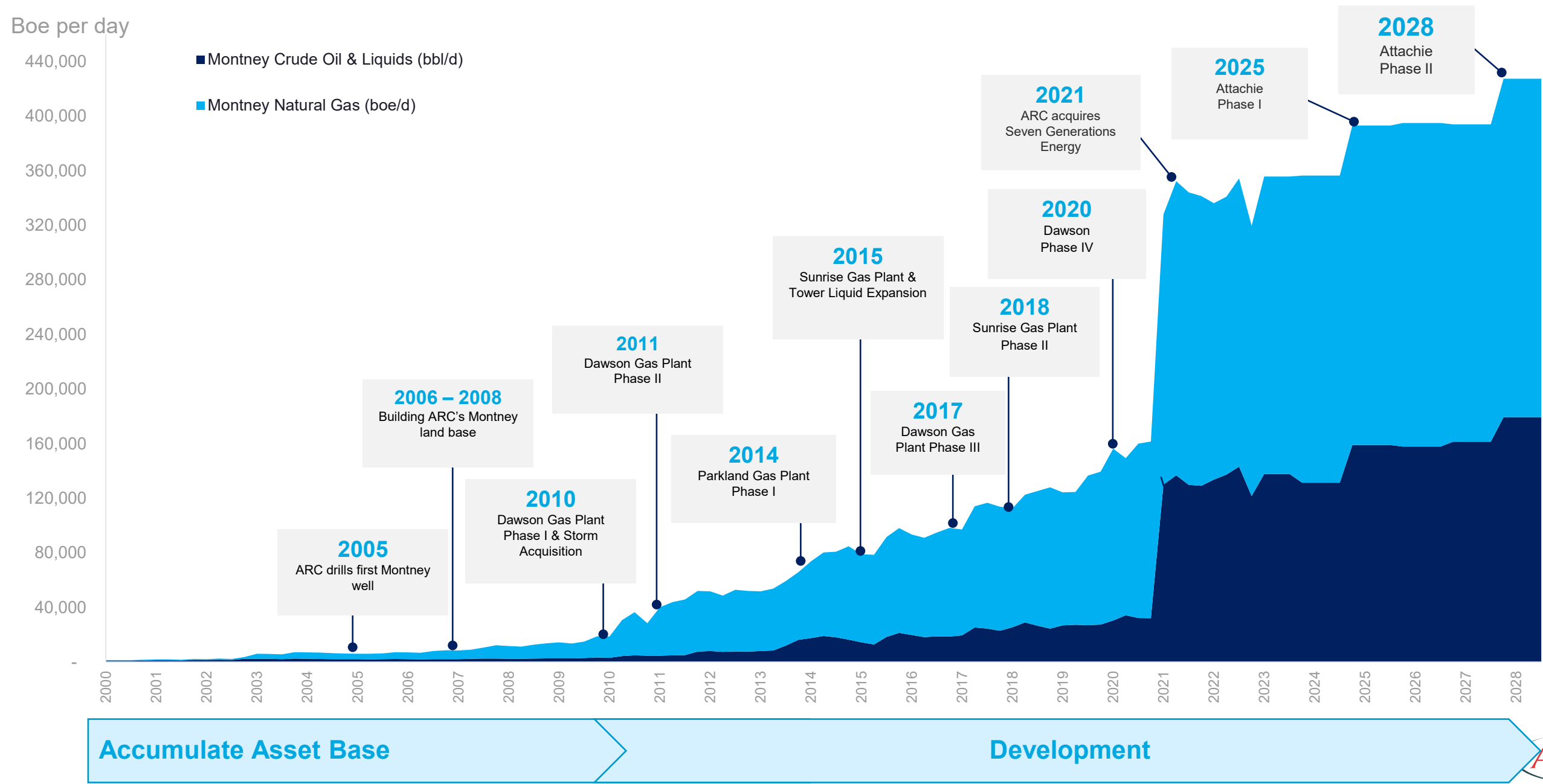
ARC has a 25-year inventory life economic below US\$2.50/MMbtu





# Montney – Track Record of Execution

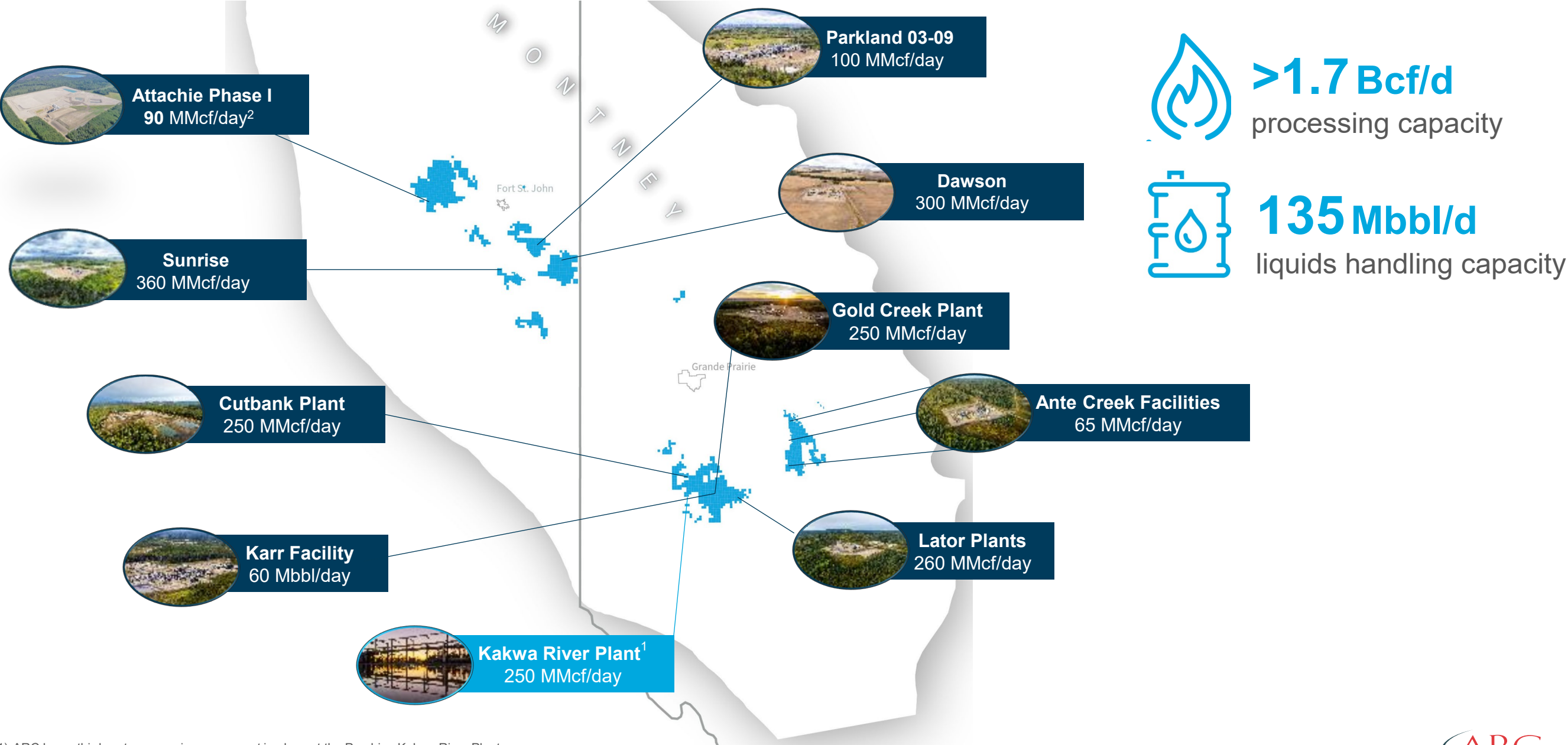
Early movers to consolidate asset base at a low cost and deliver sustained profitable growth





# Large Network of Owned-and-operated Infrastructure

Owned infrastructure results in approximately \$300 million of cost avoidance annually



27

1) ARC has a third-party processing agreement in place at the Pembina Kakwa River Plant.  
2) Attachie Phase I expected on-stream late 2024.



# Kakwa Overview

Liquids-rich asset offering a long runway of development with <50% developed

**180,000 boe/d**

Able to sustain at 180,000 boe/d for the next 15 years

Significant inventory extension recently identified

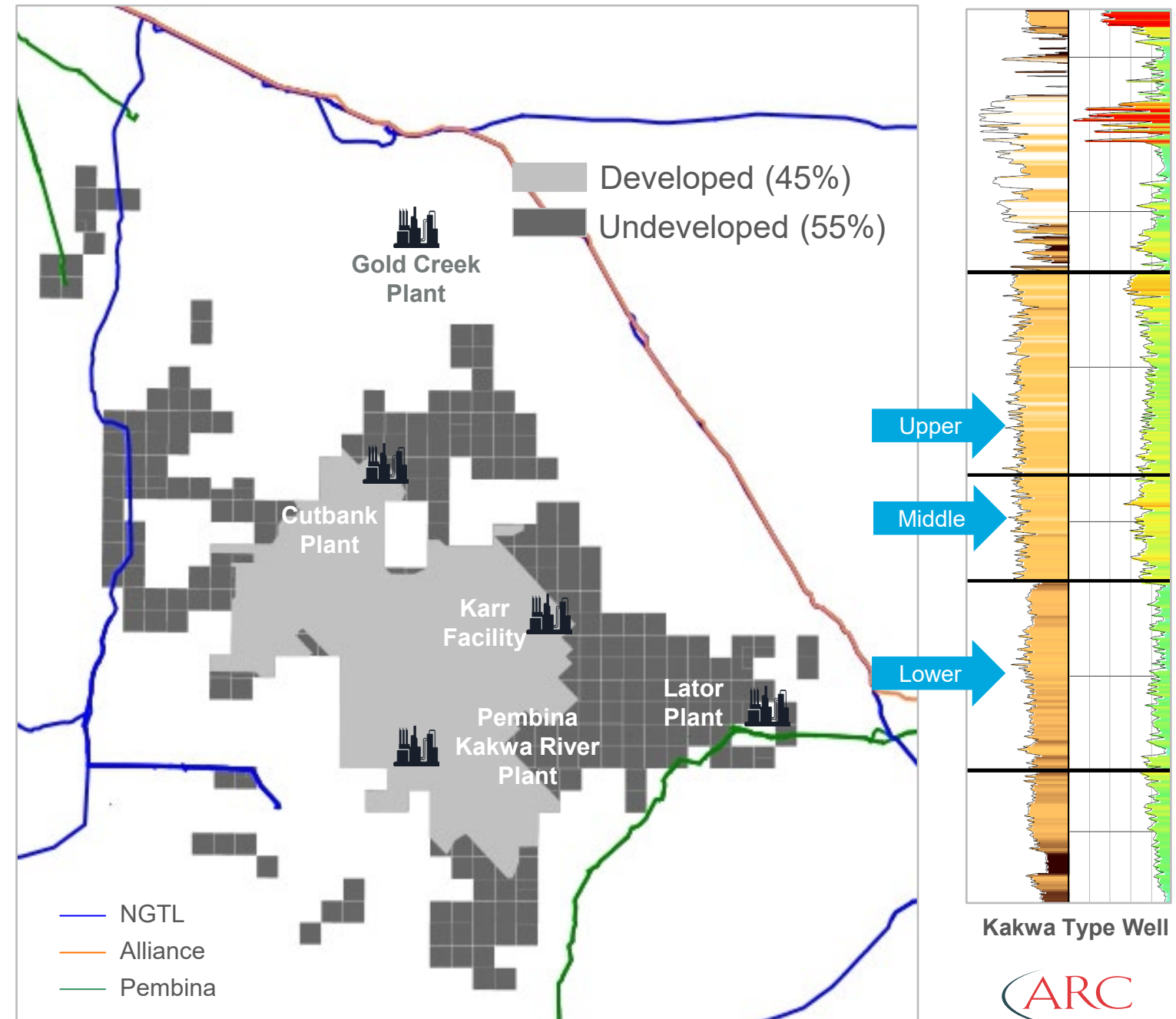
Kakwa development to date covers ~45% of ARC's land base

**~750 producing wells**

at Kakwa delivers predictability of results

**Strong well performance**

due to well designs and subsurface understanding of the reservoir





# Dawson Overview

Flagship asset delivering superior free funds flow<sup>2</sup> with a long inventory runway

SCALE

>1 Tcf Natural Gas Produced

67% Undeveloped

25 Years of Inventory

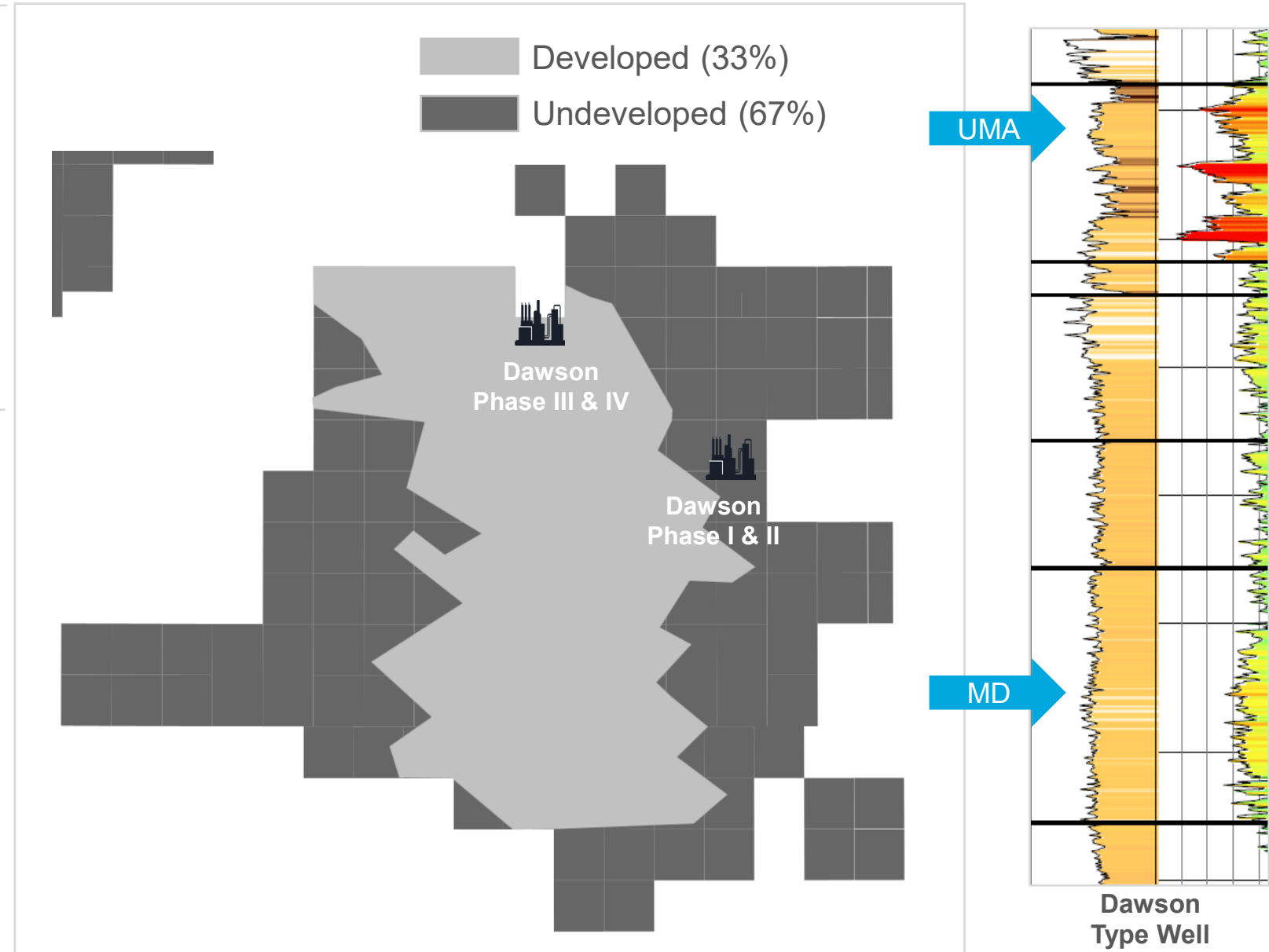
at current drilling pace

ECONOMICS

2023-28 Asset Level Outlook

\$1.8 billion of asset level free funds flow<sup>2</sup>

38% reinvestment rate<sup>1 2</sup>





# Sunrise Overview

Scale, low-cost, near-zero emissions – the key ingredients to supply West Coast LNG

EFFICIENT

## Highly efficient

dry natural gas play due to stacked development layers

## Interconnected

to Coastal GasLink to move gas volumes to West Coast LNG

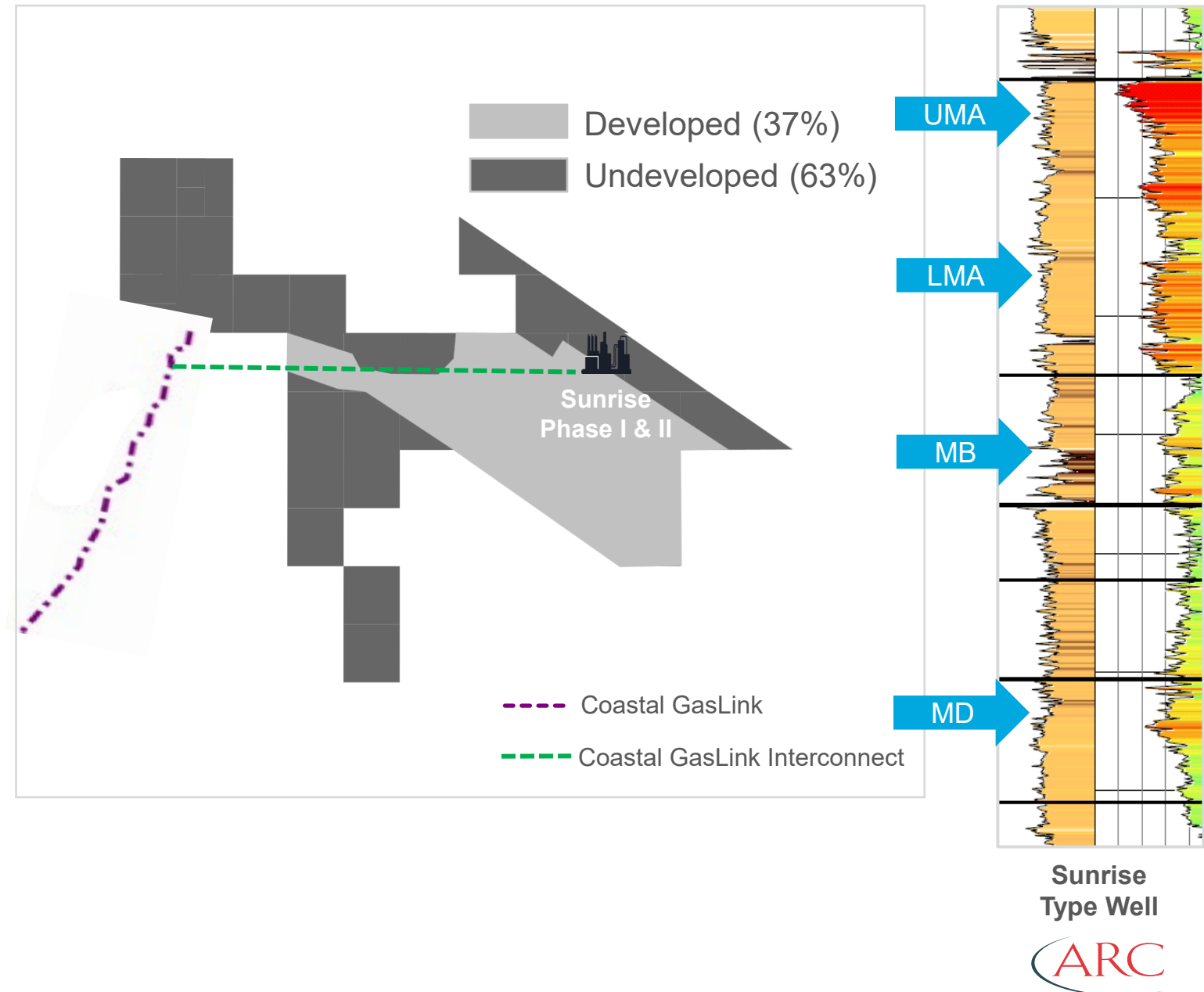
LOW-EMISSIONS

## Electrified

facilities provide low-emissions production

## Near-Zero Emissions Facility

Less than 1 kg/boe of scope 1 and 2 emissions

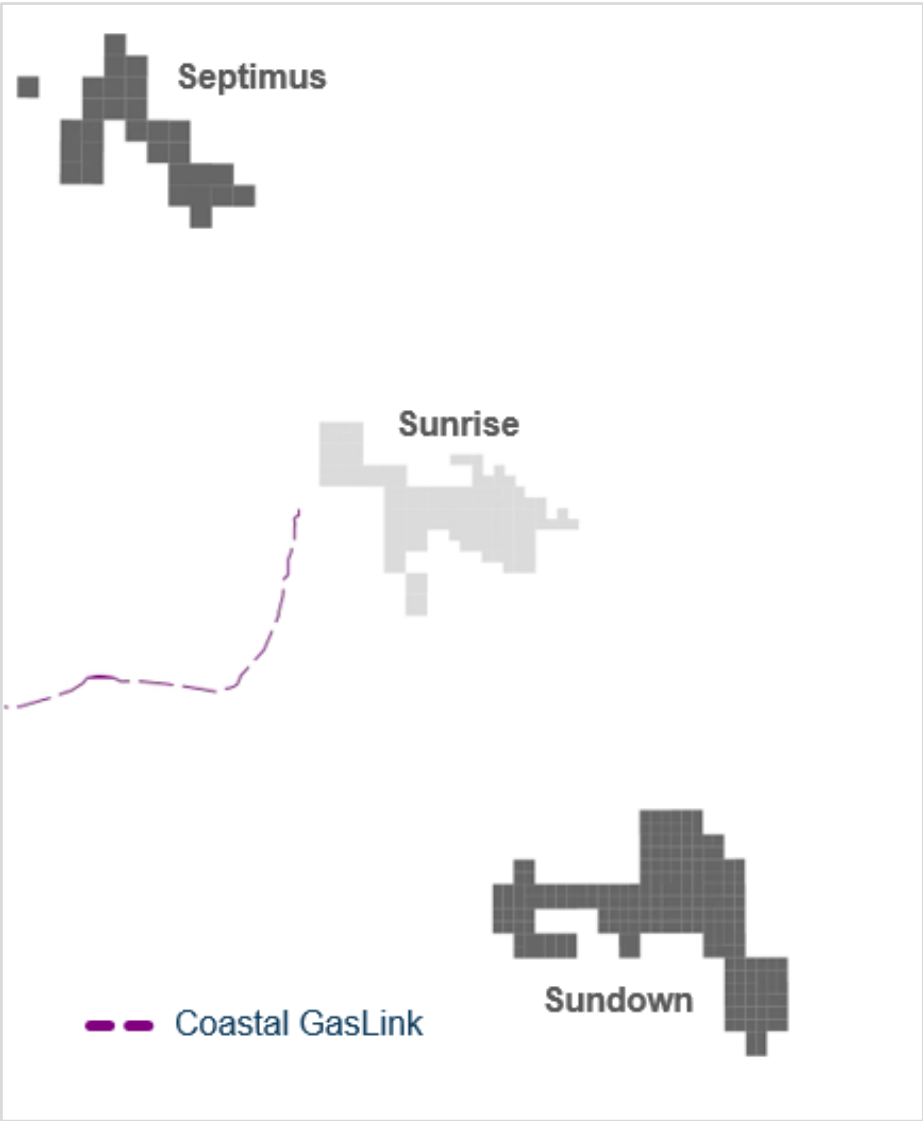




# Septimus and Sundown Overview

Capable of delivering approximately 1 Bcf per day of combined production for ~20 years

Quick Facts	
Sundown land position <sup>1</sup>	36,600 acres
Septimus land position <sup>1</sup>	19,100 acres
Inventory (internal estimate, combined)	15 years at 1 Bcf/d
Development Objective	2025+



1) Represents Montney acreage as of December 31, 2023.





Attachie, BC

— **Attachie Phase I**



# Attachie Overview

ARC's largest and most economic undeveloped asset

SCALE  
EFFICIENT  
READINESS

## Scale to Replicate Kakwa

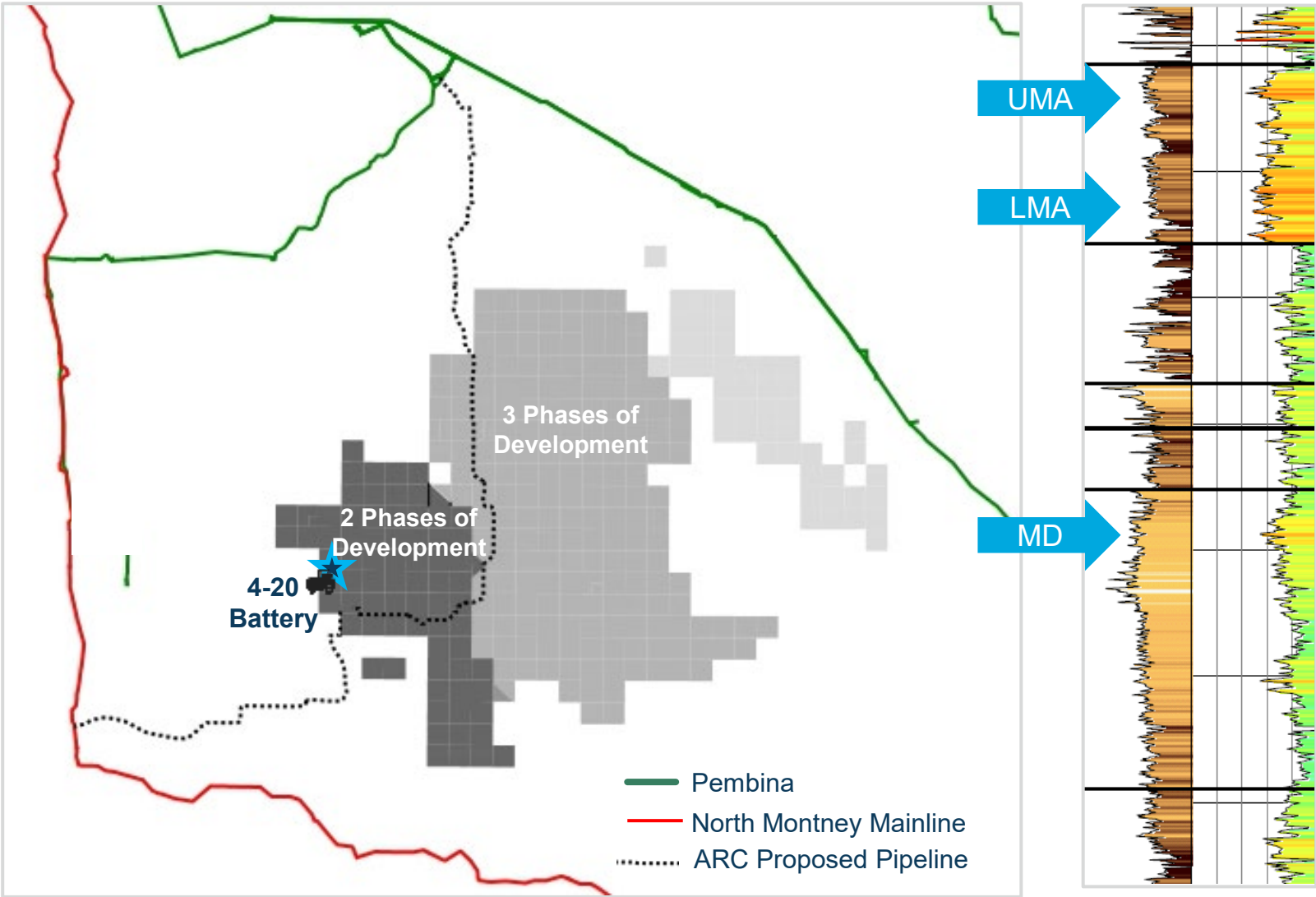
>300 net sections in condensate-rich Montney

## Consolidated Land Base Drives Efficiencies

Multi-layered development  
Leverage Montney data and experience to maximize efficiencies

## Planning and Track Record

Full development plan in place including takeaway secured for multiple phases  
First Nations support



Attachie  
Type Well



# Attachie Phase I Overview

Aiming to deliver the most efficient Montney development to-date



**\$740 MM**

to construct and fill facilities (60% facilities, 40% DCET)

**40 Mboe/d**

60% Liquids / 40% Natural Gas

**2025**

Targeting full production capacity

**\$500 MM**

Asset level funds flow in 2025

**Low-Emissions**

Liquids-rich greenfield project to be electrified at start-up

**First Nations**

support from neighbouring communities

**Marketing Agreements**

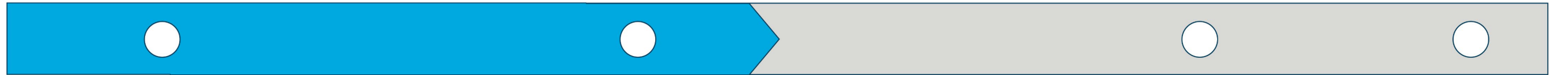
in place for multiple phases (natural gas & liquids)

Attachie Phase I Plant as of Feb. 2024



# — Attachie Phase I Update

Project tracking on-time and on-budget with no safety incidents



**Q1 2023**

Project Sanctioning

**Q4 2023**

Drilling Commences

**Q4 2024**

Facility Complete -  
Commissioning  
Volumes On-Stream

**Q1 2025**

Full productive capacity  
of 40,000 boe/day

## Complete:

- ✓ TCPL sales line
- ✓ Water ponds
- ✓ 1 of 2 river crossings

## Progressing:

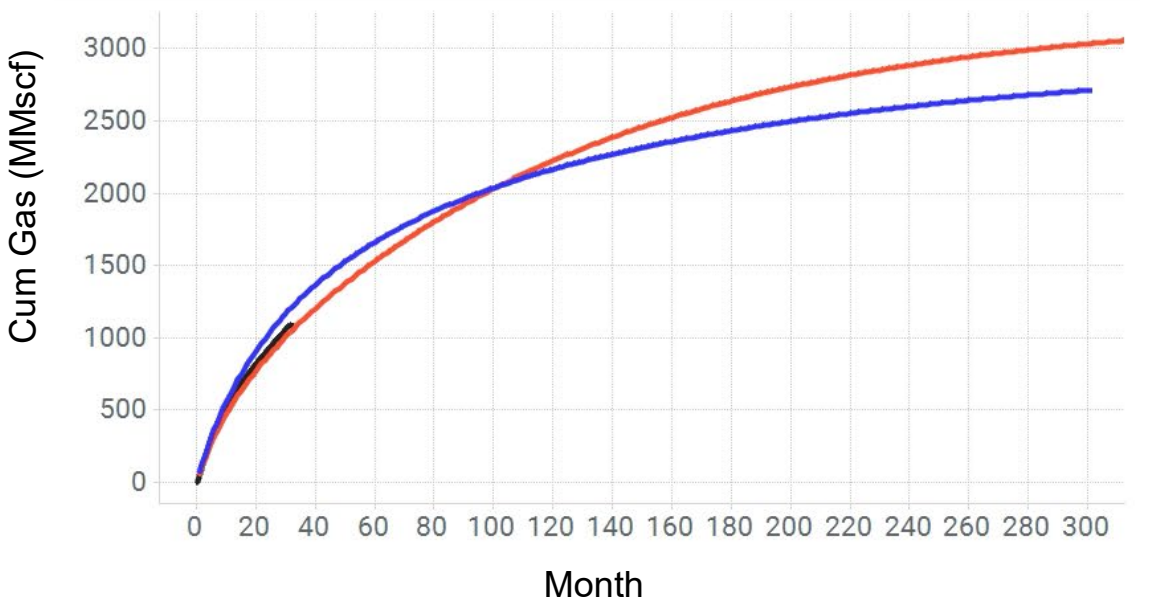
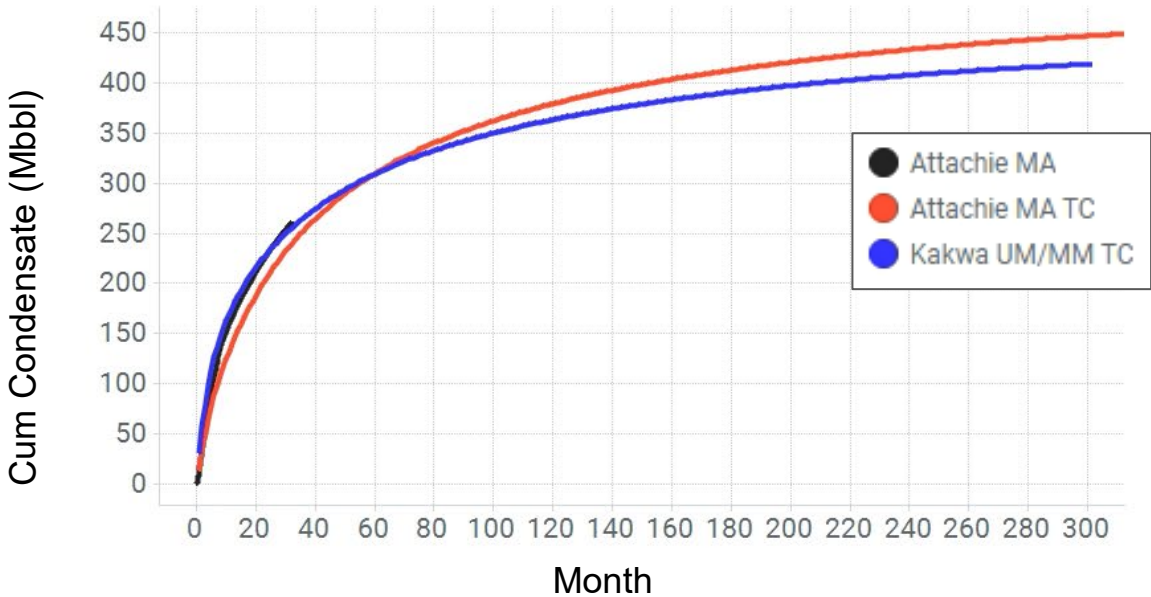
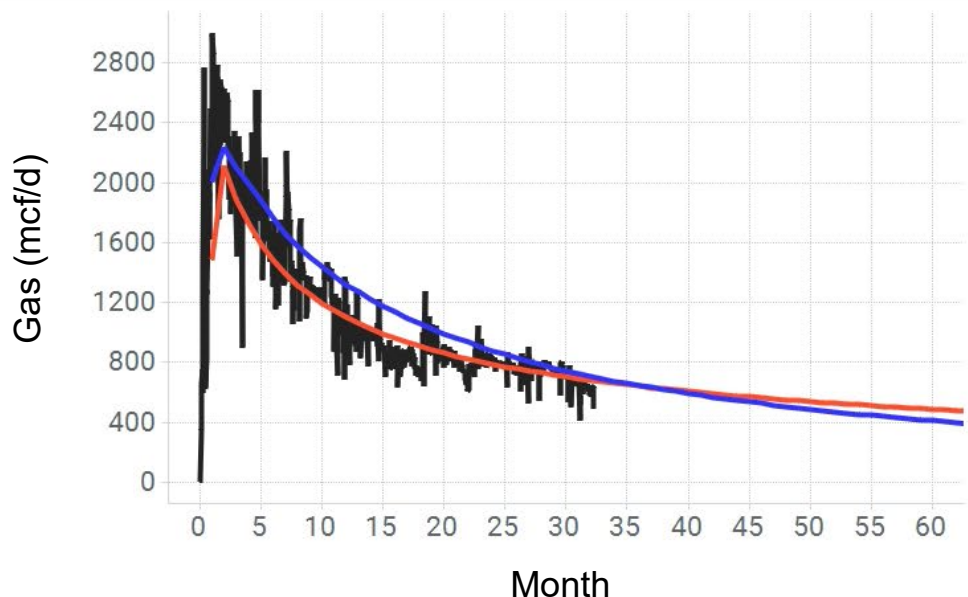
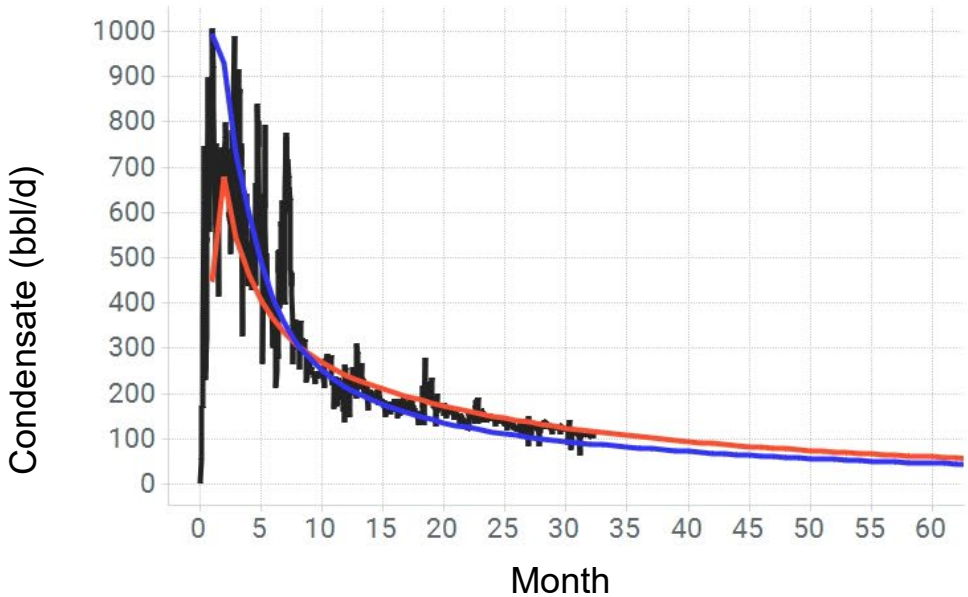
- Plant construction ~30% complete
- Drilling and completions have commenced
- On-track to be electrified at start-up





# Attachie Phase I

Performance replicates Kakwa



## PERFORMANCE

Well performance at Attachie Phase I replicates Kakwa core for both gas and liquids

## EFFICIENT

Pad, well and completion designs are specific to each asset to capture the resource efficiently



# Attachie Phase I Economics

Full production anticipated in 2025; project payout in 2027

## Economic Outlook

(2023 to 2032)

\$ millions

\$5,000

\$4,000

\$3,000

\$2,000

\$1,000

\$0

Capital Expenditures <sup>2 3</sup>

Netback <sup>1 2</sup>

## Economics

- \$740 million of capital to build and fill the facility
- ~\$500 million of netback<sup>3</sup> in 2025+
- Project payout in 2027
- Above cost of capital return at US \$50/B WTI and C\$2.50/mcf AECO

## Inventory

- Greater than 10 years for Phase I

## Phase I Detail

- Processing Capacity of 40 Mboe per day
  - 60% condensate and NGLs
  - 90 MMcf/d natural gas processing facility





Sunrise, BC

# — LNG & Marketing Strategy



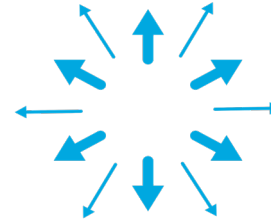
# Our Marketing Strategy

Accessing global demand markets at the lowest cost



## Market Access

Securing long-term transportation arrangements and managing risk through dual-connected facilities



## Market Diversification

Accessing diversified markets and moving molecules to key consuming regions



## Price Optimization

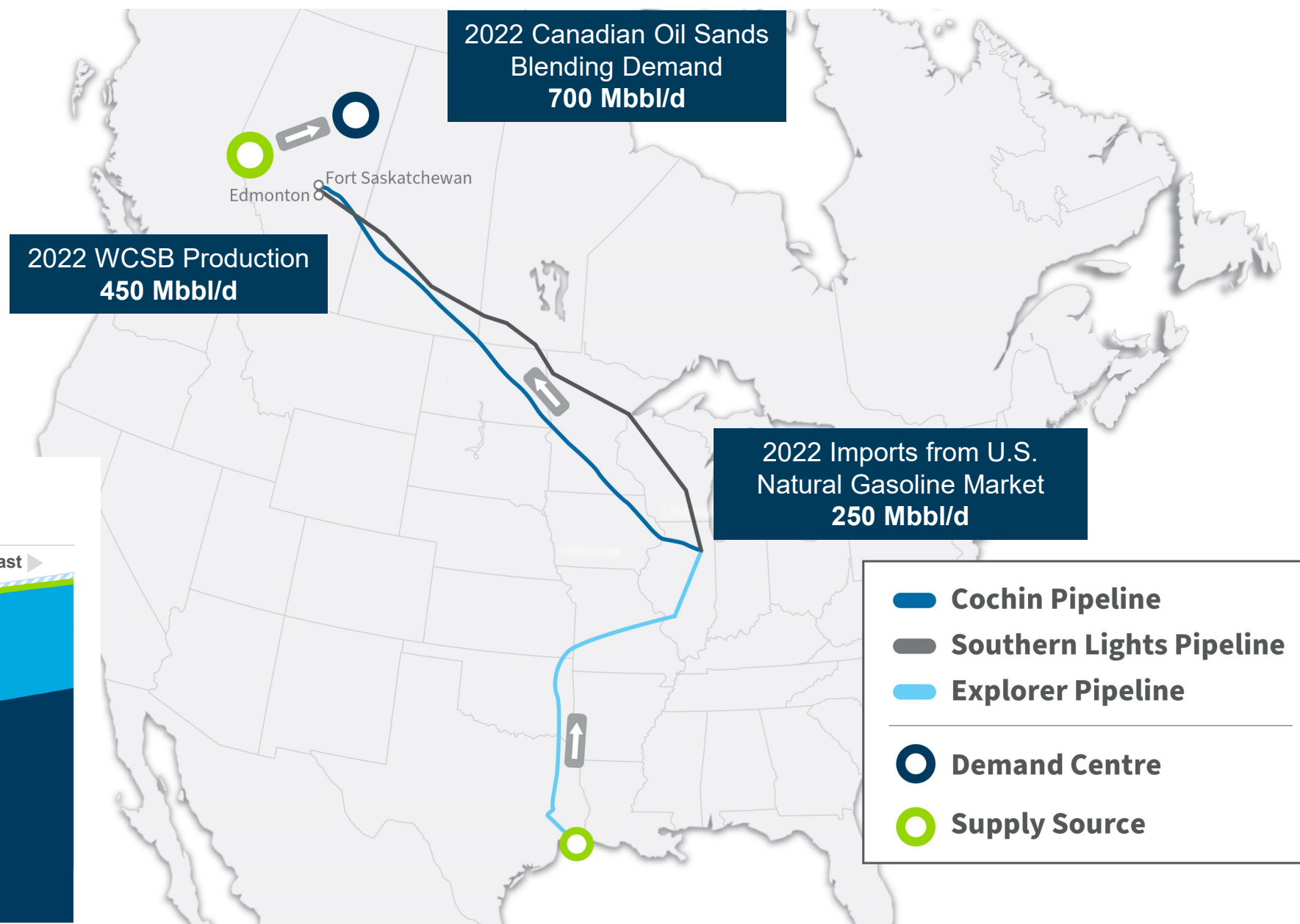
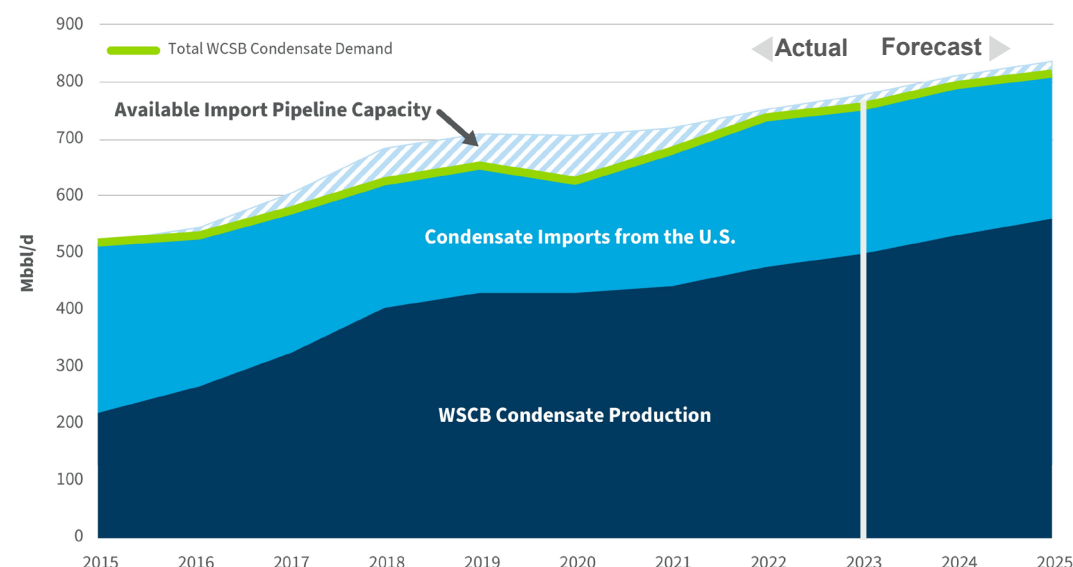
Increasing revenues through margin expansion opportunities



# Condensate Supply and Demand Outlook

- 35% of WCSB condensate demand is met by supply imported from the U.S. market
- Import pipelines run at high utilization
- Demand from the oil sands is growing

WCSB Condensate Balances

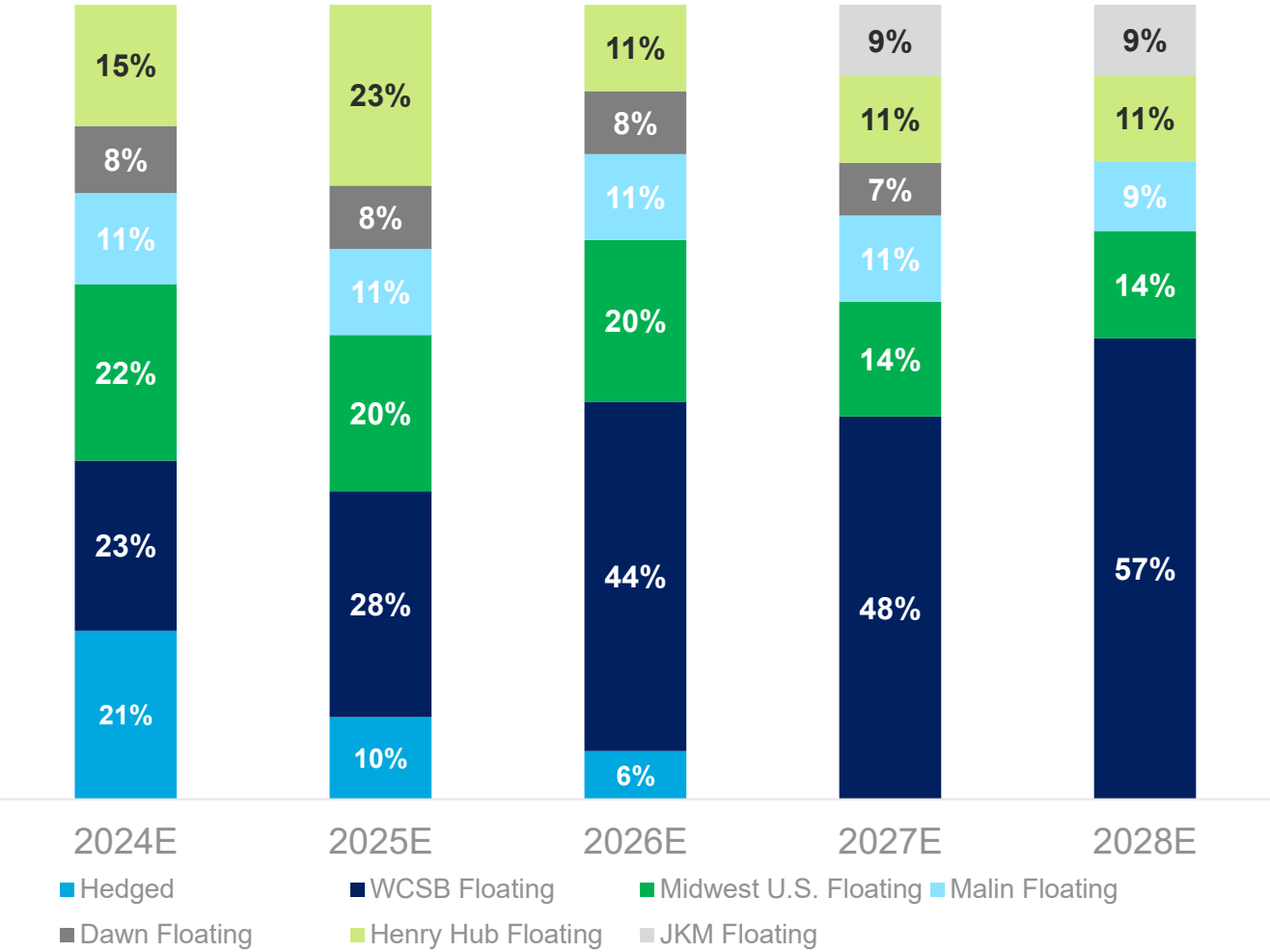




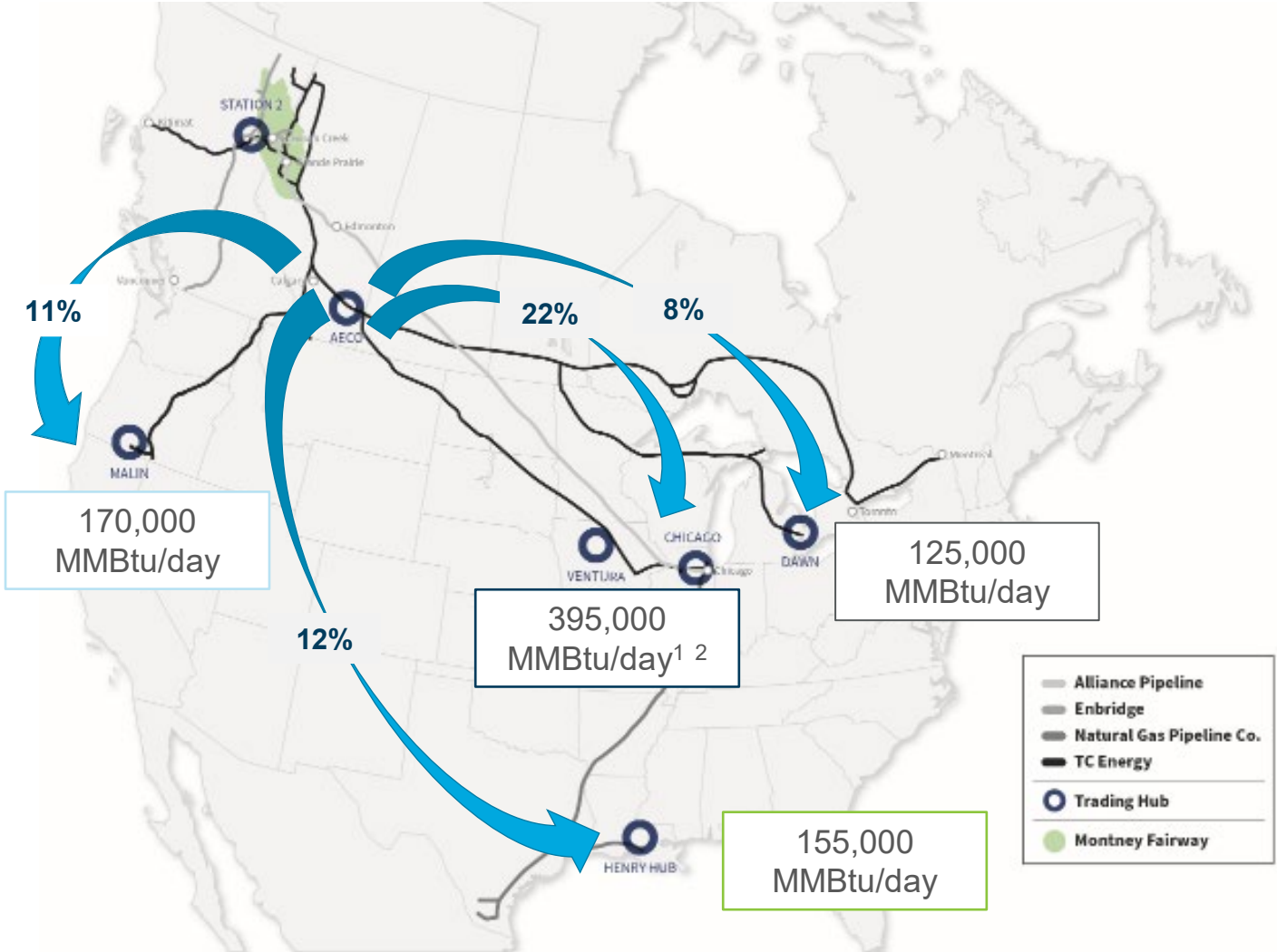
# Natural Gas Marketing Strategy

Portfolio with well-diversified North American exposure is driving strong realizations

Natural Gas Financial Exposure<sup>1 2</sup>



ARC's Current Natural Gas Portfolio

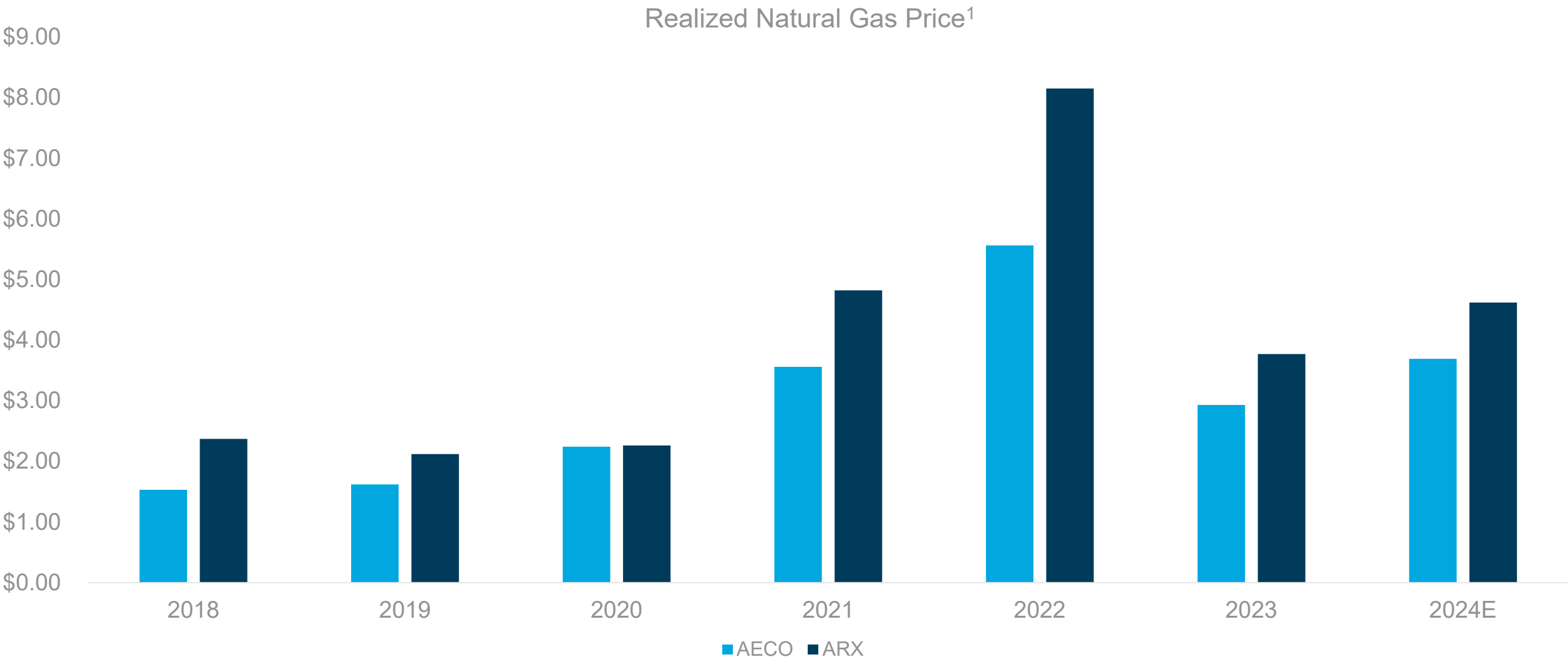


1) Natural gas financial exposure based on internal volume and marketing assumptions, adjusted for ARC's heat content. Volumes denoted on map indicate 2023 natural gas sales exposure.  
2) ARC's Midwest US exposure is a combination of Alliance Pipeline and various third-party and proprietary contracting arrangements on Northern Border Pipeline.



# Natural Gas Price Realization – Benchmarking

Physical diversification to end markets is a competitive advantage



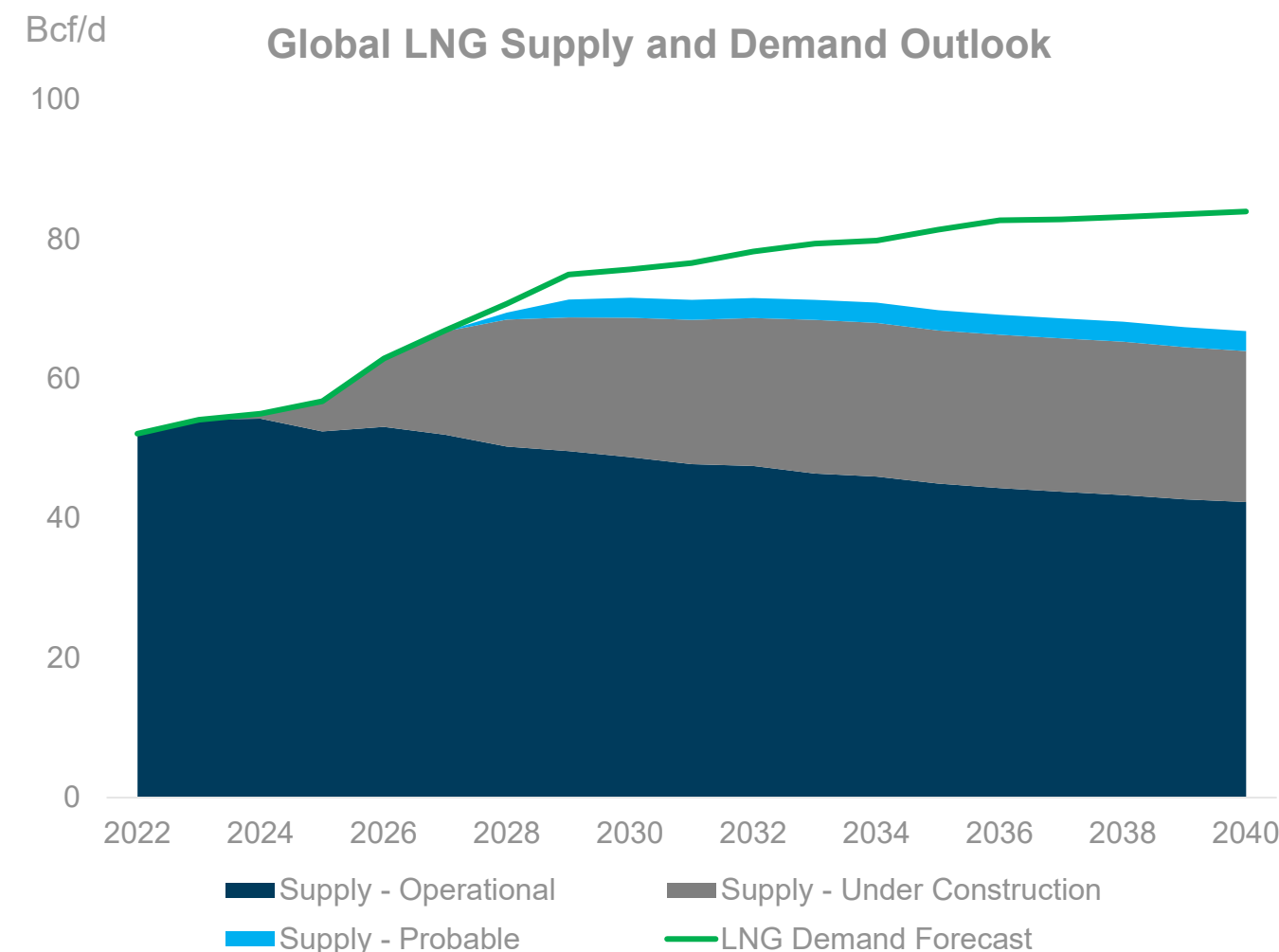
ARC has realized an average premium to AECO of 20% over the past decade

1) Supplementary Financial Measure— see "Non-GAAP and Other Financial Measures" in the Advisory Statements of this presentation.

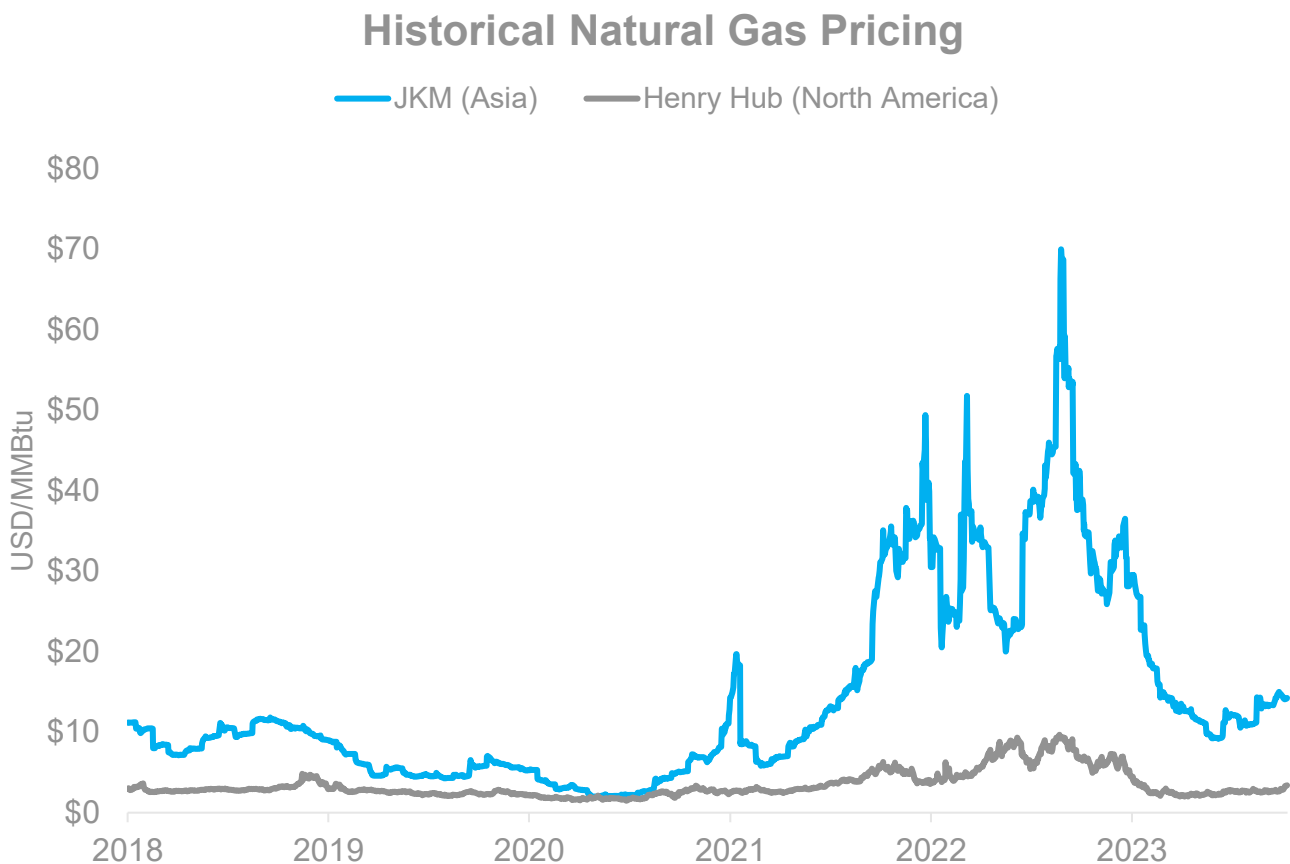


# Global LNG Supply and Demand Outlook

Structural long-term outlook for global natural gas demand



Source: ARC Risk Research, Wood Mackenzie

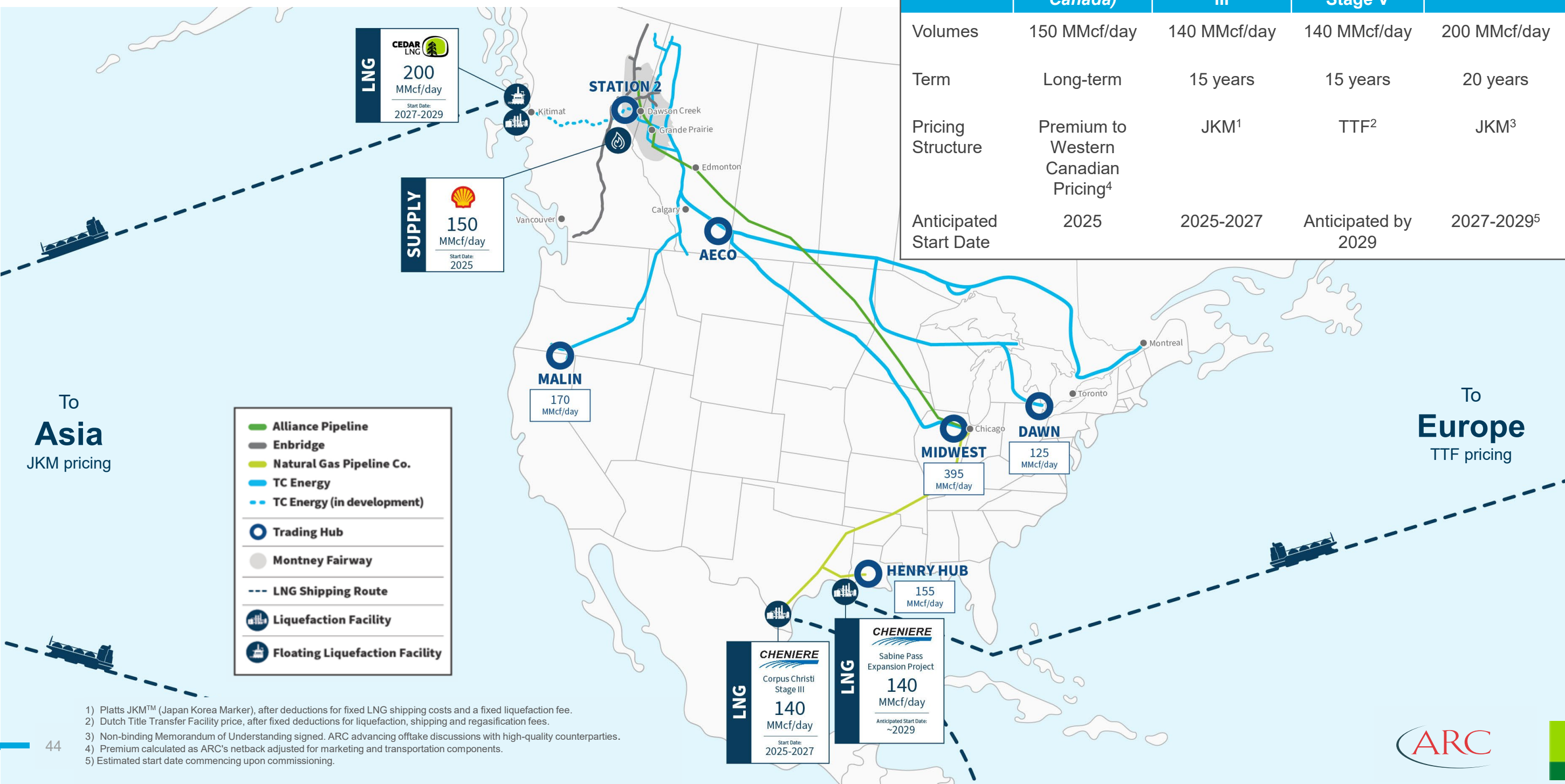


Source: ARC Risk Research, Bloomberg

North America accounts for ~50% amount of LNG buildout under construction



# Long-term Agreements

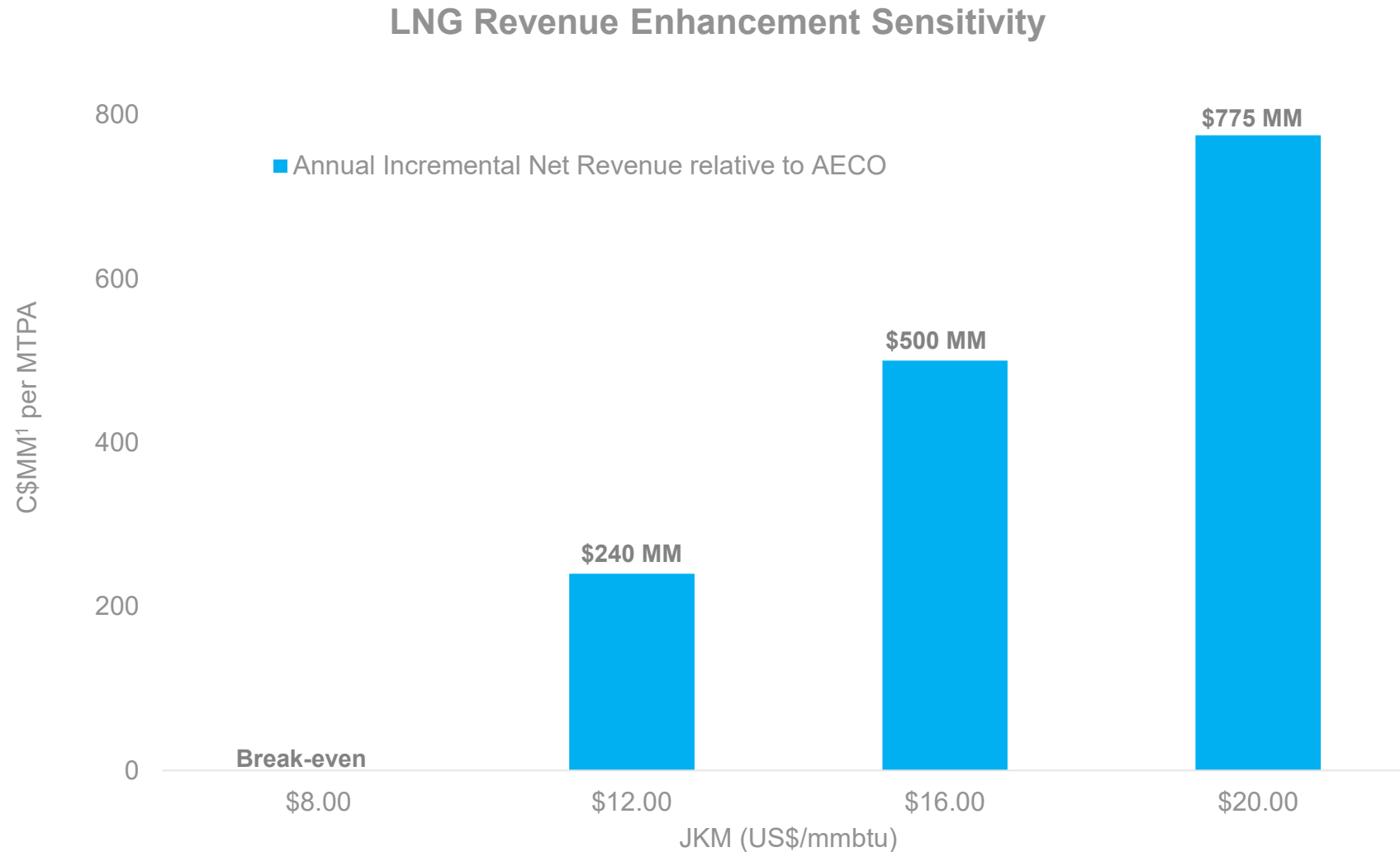


1) Platts JKM™ (Japan Korea Marker), after deductions for fixed LNG shipping costs and a fixed liquefaction fee.  
2) Dutch Title Transfer Facility price, after fixed deductions for liquefaction, shipping and regasification fees.  
3) Non-binding Memorandum of Understanding signed. ARC advancing offtake discussions with high-quality counterparties.  
4) Premium calculated as ARC's netback adjusted for marketing and transportation components.  
5) Estimated start date commencing upon commissioning.



# LNG Economics

Long-term supply agreements to diversify and access global natural gas pricing



- LNG access is an extension of ARC's diversification activities
- Diversify while maintaining low-cost and low-emission status at each end-market
- ARC's all-in landed cost to reach JKM is US\$5-6/MMBtu





**Best-in-Class**  
Safety Performance



among the  
**lowest**  
GHG emissions intensities  
in our Canadian peer group



EQUITA  
ORIGIN

**100%**  
Certified Production

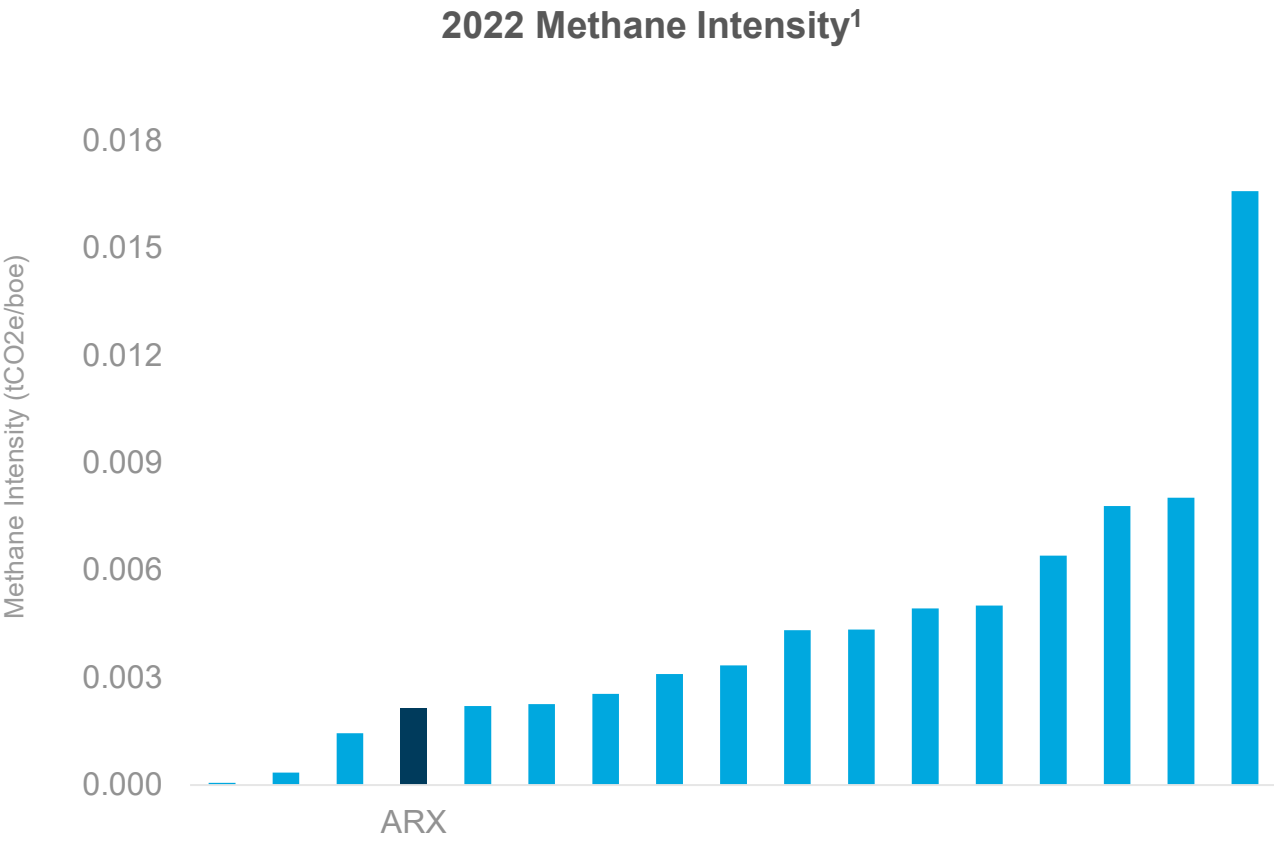
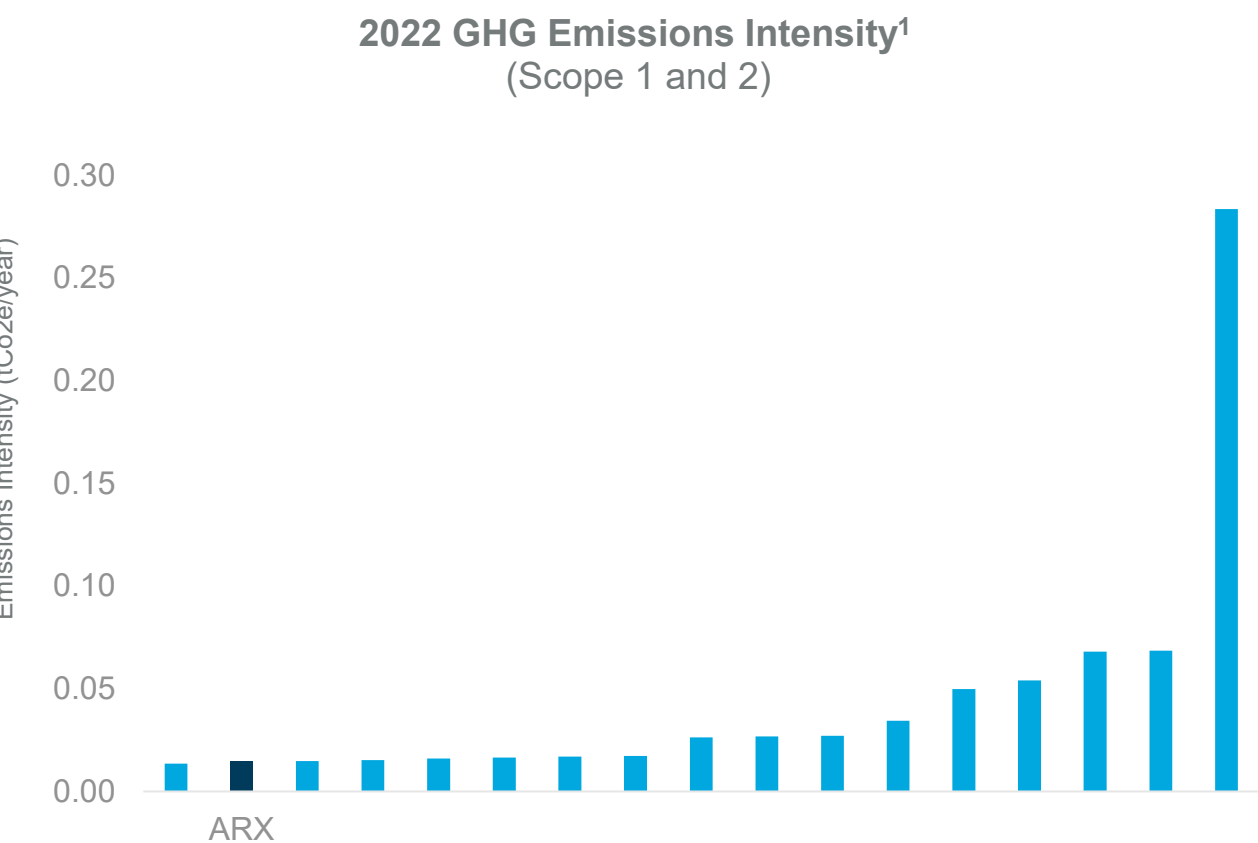


## — ESG Strategy & Performance



# Leading Emissions Profile

ARC has one of the lowest emissions profiles amongst Canadian E&P companies

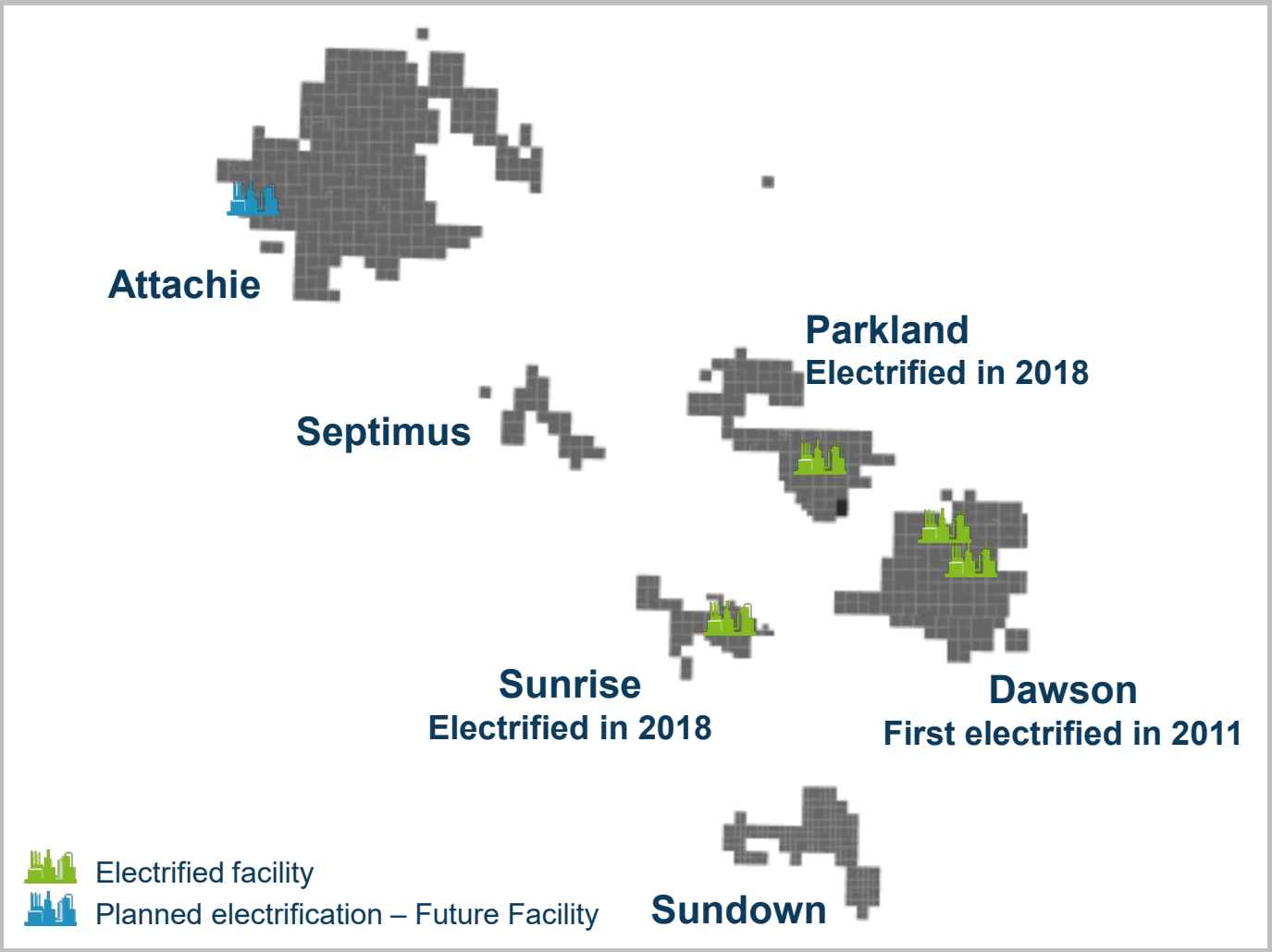


1) Performance data for 2022 GHG emissions intensity sourced from company reports and other publicly available data. Peer group includes: AAV, BTE, BIR, CNQ, CPG, CVE, ERF, MEG, NVA, OVV, PEY, POU, SU, TOU, VET, and WCP.

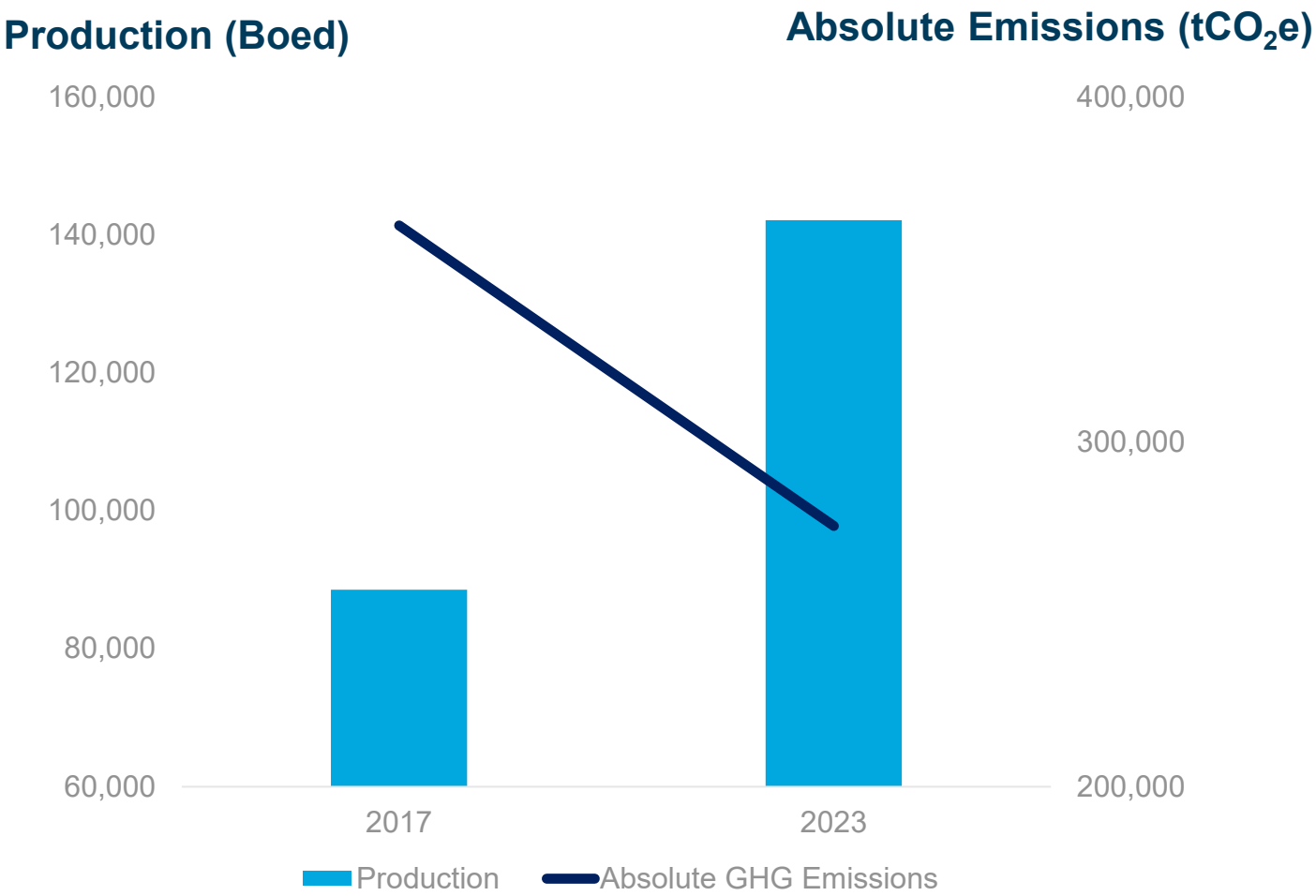


# ESG Leadership

## Northeast BC Infrastructure



## NEBC Absolute GHG emissions reduction<sup>1</sup>



From 2017 to 2023, ARC reduced its direct emissions in NEBC by 22% despite growing production by 57%

(1) Absolute GHG emissions and production represented are prior to the acquisition of Seven Generations, which closed on April 6, 2021.

Through electrification of its NEBC facilities ARC will avoid 420,000 tCO<sub>2</sub>e per year





# ESG Leadership Through Innovation

Driving operational efficiencies and enabling top-quartile emissions performance

## OUR APPROACH

### Invest

in emerging technologies directly (equity) or indirectly (funds) that have the potential to **drive operational efficiencies** or **improve emissions performance**

### Apply

clean technologies in our business to **capture value** and **deliver leading ESG and operational performance**

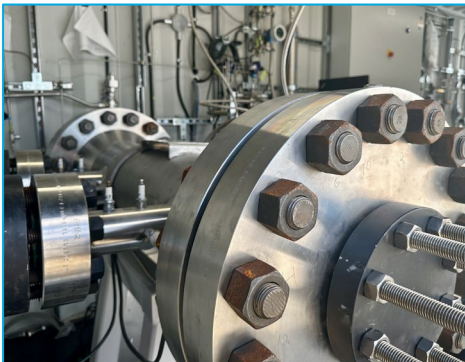
ARC has committed to invest

**\$50** MM

in the development of  
clean technologies



Application of artificial intelligence in continuous emissions monitoring



Piloting hydrogen technology







Ante Creek, AB

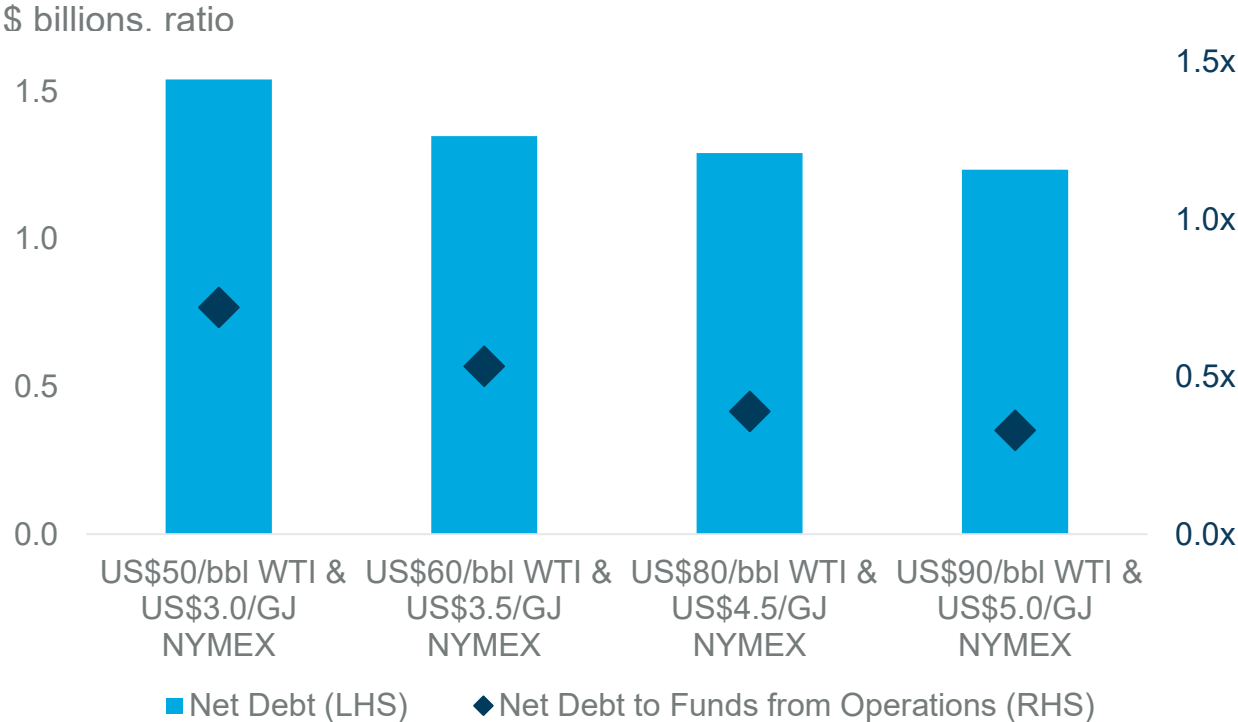
# — Appendix



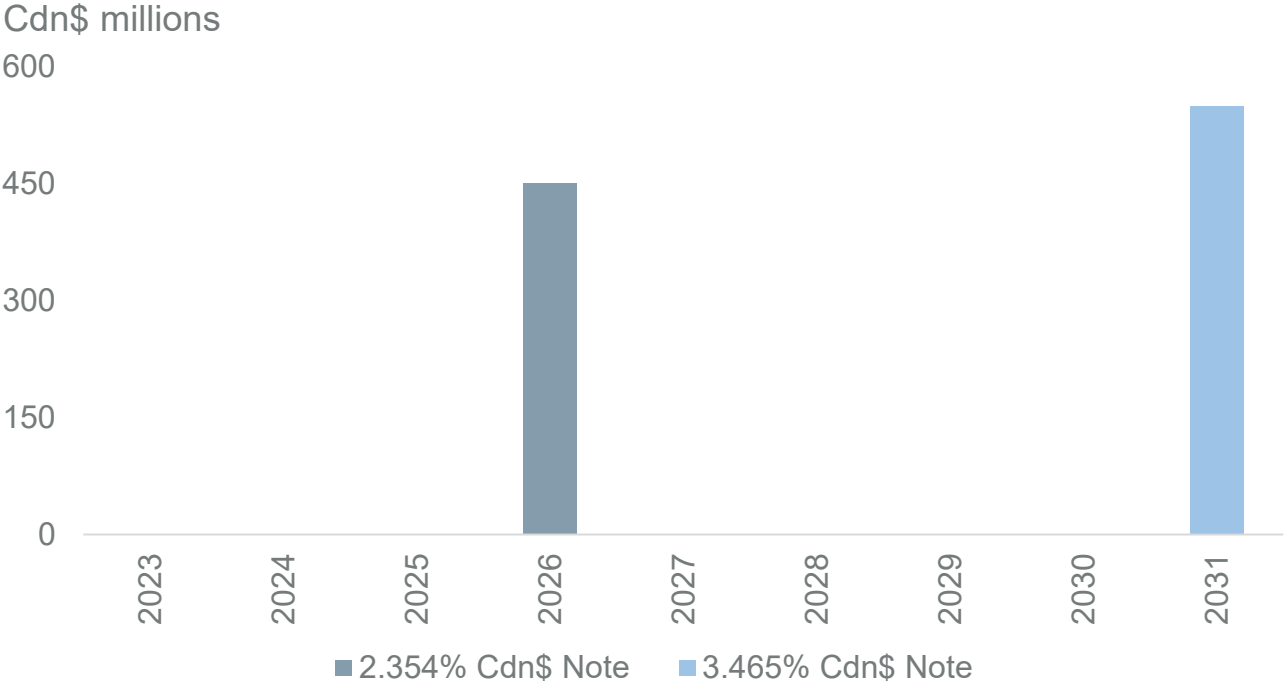
# Financial Strength

Strong financial position has been a foundation of ARC for 26 years

2024 forecasted net debt sensitivities<sup>1</sup>



Long-term notes repayment schedule



## Net debt to funds from operations

- Currently below the long-term target range of approximately 1.0x at mid-cycle pricing
- Ensures ample flexibility and opportunity at low points in the cycle

## Simple capital structure with investment-grade credit rating

- \$1.7 billion unsecured extendible revolving credit facility

1) Refer to the Advisory Statements to this presentation.





# Debt Strategy

ARC is a balance sheet first organization

## Simple Investment Grade Capital Structure

\$1.0 billion low-cost, long-term notes provide stability

- DBRS BBB (stable)
- Weighted average interest rate 2.9%
- Remaining duration 5.8 years

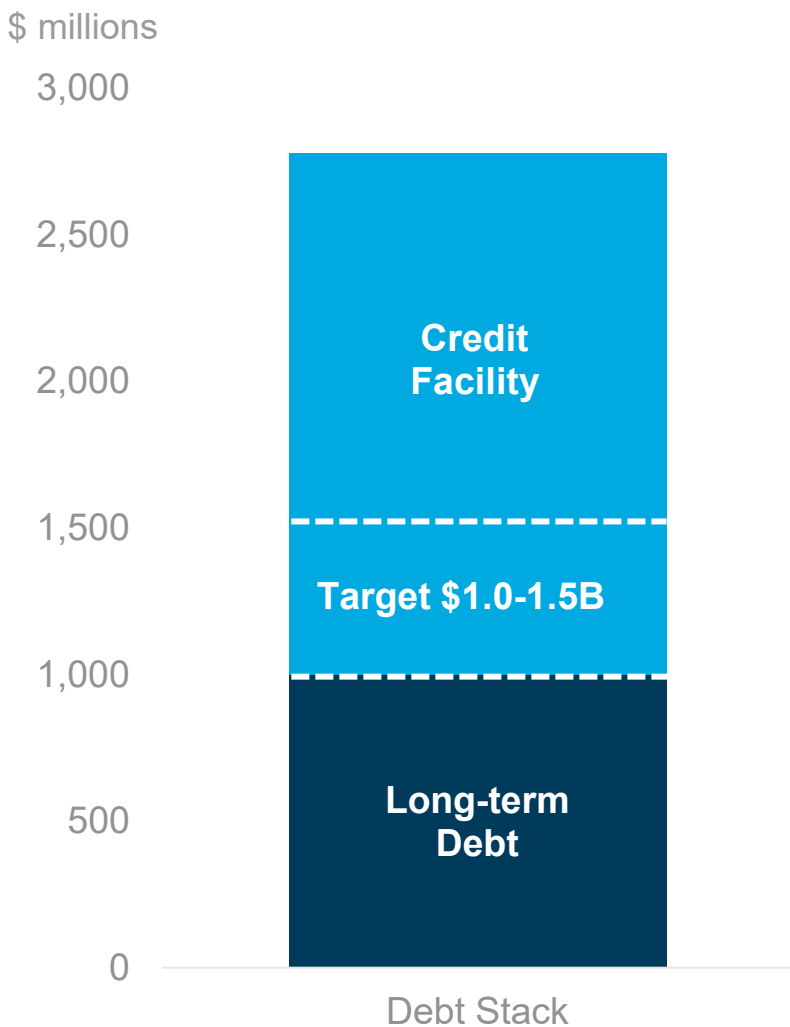
## Ample Credit Capacity for Flexibility

\$1.7 billion of available liquidity to manage working capital and be opportunistic

- Syndicated credit facility with 11 banks
- Maturity date - February 2028

## Target Net Debt<sup>1 2</sup> of \$1.0 - 1.5 Billion

Balance sheet is resilient through low commodity price cycles and over the next phase of disciplined organic growth

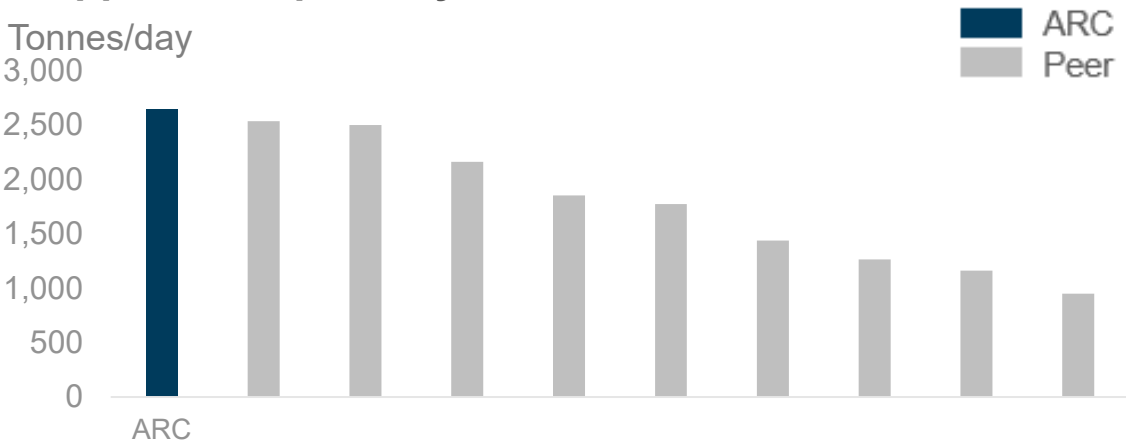




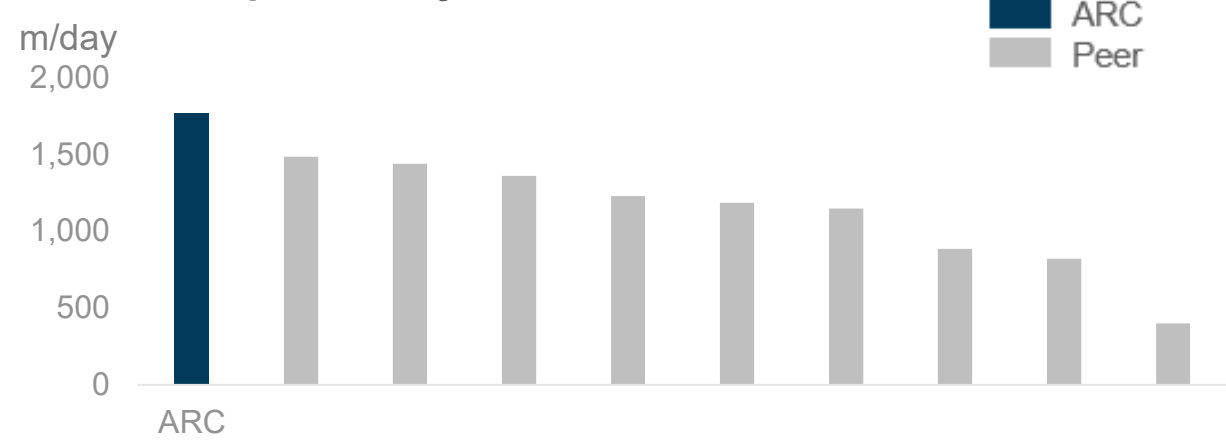
# NEBC Montney Operational Excellence

ARC outperforms industry peers on both drilling and completions operating metrics

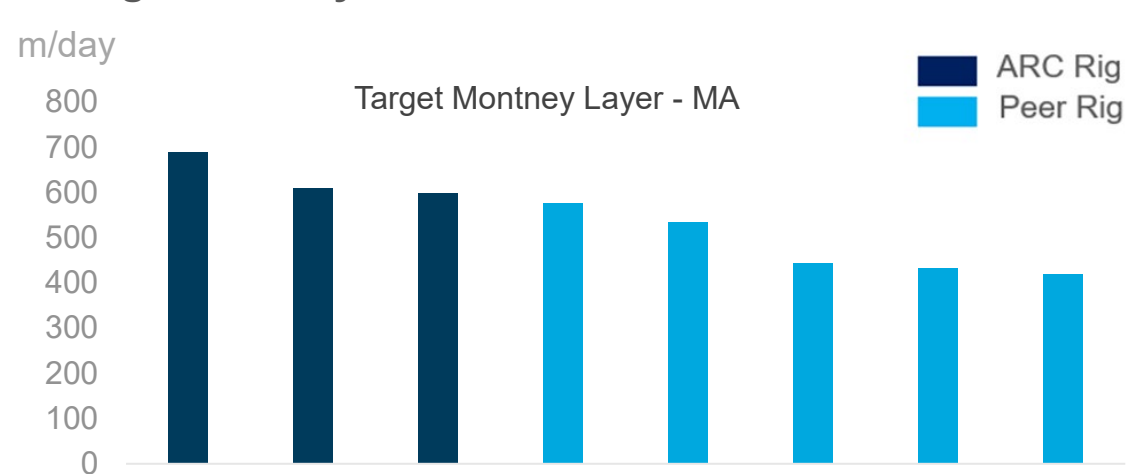
Completions Efficiency  
Proppant Pumped/Day<sup>1</sup>



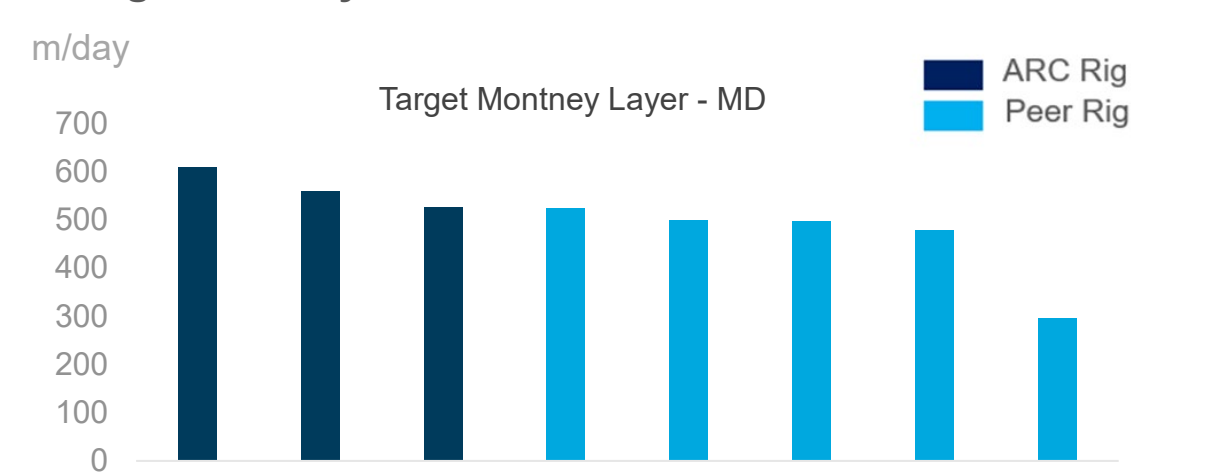
Completions Efficiency  
Lateral Completed/Day<sup>1</sup>



Drilling Efficiency<sup>1 2</sup>



Drilling Efficiency<sup>1 2</sup>



1) Benchmarking data from 2021 to present  
2) Drilling efficiency represents the Greater Dawson area

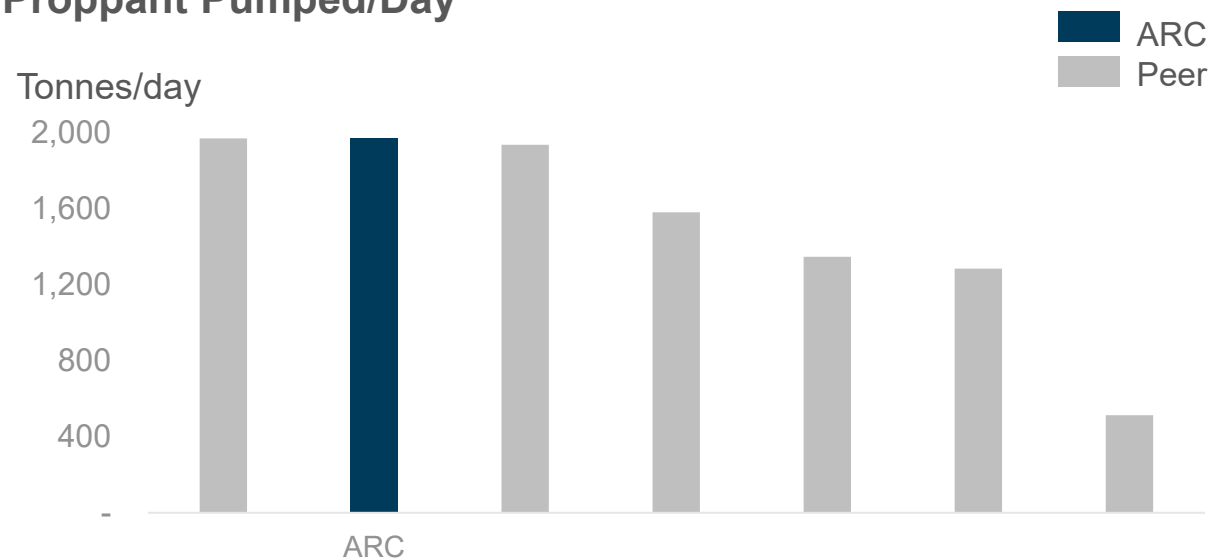




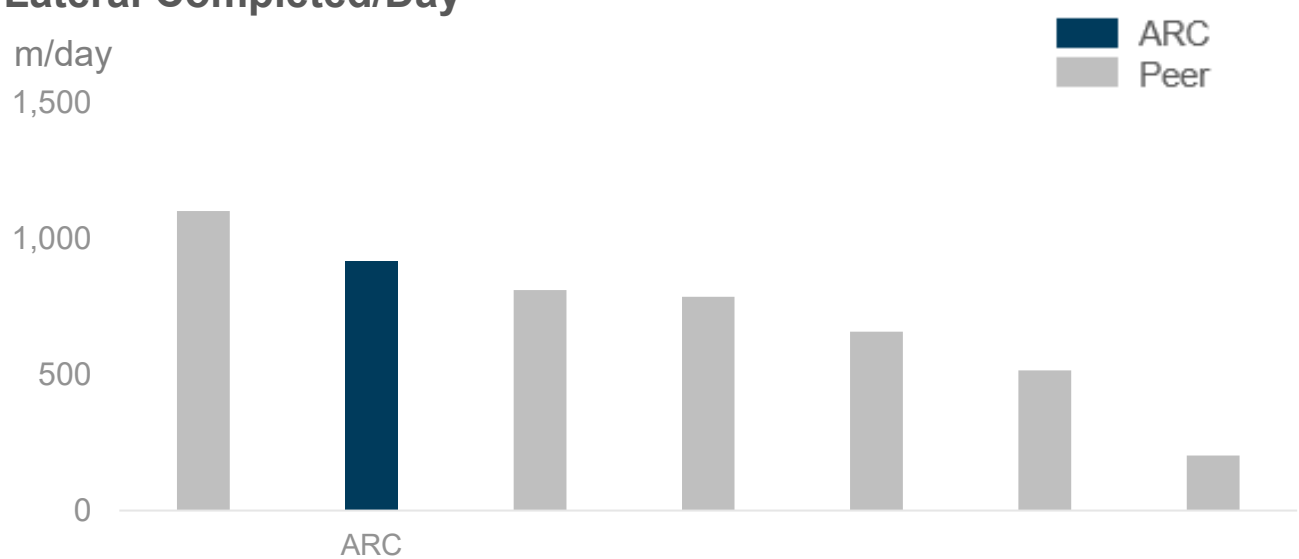
# Greater Kakwa Montney Operational Excellence

ARC continues to deliver top-quartile completions and drilling efficiencies in Kakwa

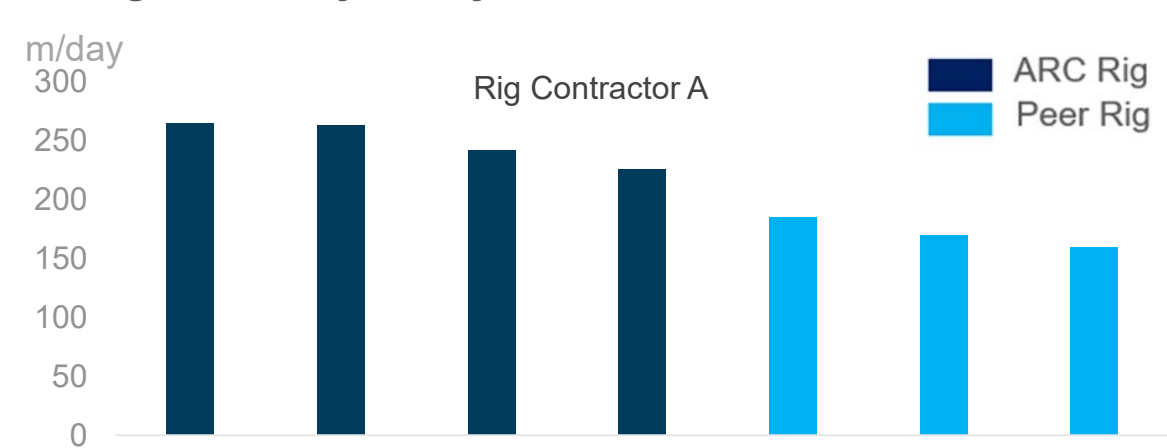
Completions Efficiency  
Proppant Pumped/Day<sup>1</sup>



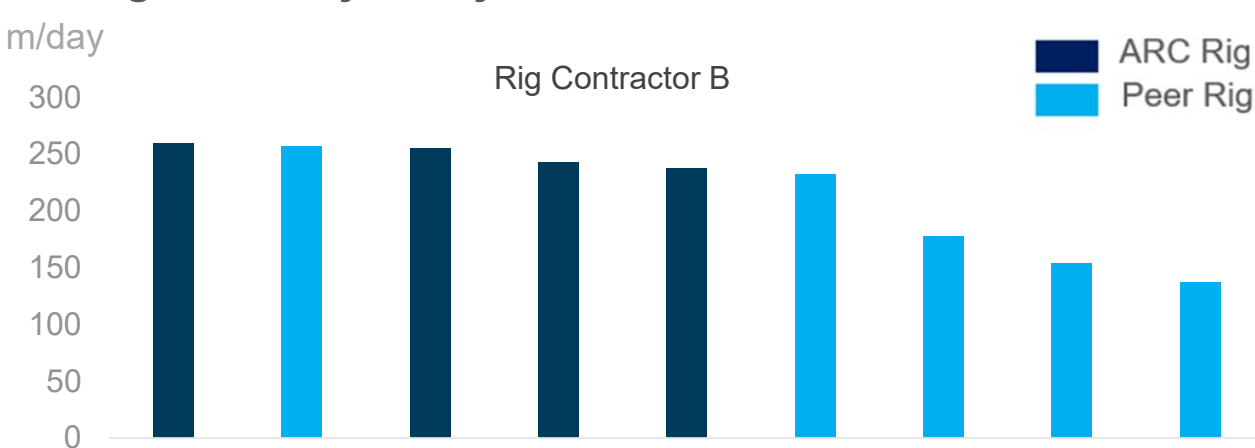
Completions Efficiency  
Lateral Completed/Day<sup>1</sup>



Drilling Efficiency m/day<sup>1</sup>



Drilling Efficiency m/day<sup>1</sup>



1) Benchmarking data from 2021 to present





# Risk Management Contracts Positions

ARC’s long-term focus is to reduce downside risk and create certainty in cash flows

As at December 31, 2023 <sup>1</sup>	2024		2025		2026		2027		2028	
Crude Oil – WTI	US\$/bbl	bbl/day	US\$/bbl	bbl/day	US\$/bbl	bbl/day	US\$/bbl	bbl/day	US\$/bbl	bbl/day
Ceiling	100.26	19,000	88.96	7,000	–	–	–	–	–	–
Floor	69.74	19,000	70.00	7,000	–	–	–	–	–	–
Sold Floor	55.00	17,757	55.00	7,000	–	–	–	–	–	–
Swap	75.12	215	–	–	–	–	–	–	–	–
Sold Swaption <sup>2</sup>	–	–	90.50	5,000	–	–	–	–	–	–
<b>Total Crude Oil Volumes (bbl/day)</b>		<b>19,215</b>		<b>7,000</b>		<b>–</b>		<b>–</b>		<b>–</b>

Natural Gas – NYMEX Henry Hub <sup>3</sup>	US\$/MMBtu	MMBtu/day	US\$/MMBtu	MMBtu/day	US\$/MMBtu	MMBtu/day	US\$/MMBtu	MMBtu/day	US\$/MMBtu	MMBtu/day
Sold Ceiling	–	–	7.60	50,000	–	–	–	–	–	–
Natural Gas – AECO 7A	Cdn\$/GJ	GJ/day	Cdn\$/GJ	GJ/day	Cdn\$/GJ	GJ/day	Cdn\$/GJ	GJ/day	Cdn\$/GJ	GJ/day
Ceiling	4.13	250,000	4.93	170,000	4.91	100,000	–	–	–	–
Floor	3.12	250,000	2.90	170,000	3.00	100,000	–	–	–	–
Swap	3.25	80,000	–	–	–	–	–	–	–	–
<b>Total Natural Gas Volumes (MMBtu/day)</b>		<b>312,780</b>		<b>161,129</b>		<b>94,782</b>				

Natural Gas – AECO Basis (Differential to NYMEX Henry Hub)	US\$/MMBtu	MMBtu/day	US\$/MMBtu	MMBtu/day	US\$/MMBtu	MMBtu/day	US\$/MMBtu	MMBtu/day	US\$/MMBtu	MMBtu/day
Sold Swap	(0.91)	70,000	(0.89)	200,000	(1.03)	15,000	(1.03)	15,000	(1.03)	15,000
<b>Total AECO Basis Volumes (MMBtu/day)</b>		<b>70,000</b>		<b>200,000</b>		<b>15,000</b>		<b>15,000</b>		<b>15,000</b>


Foreign Exchange	Notional (US\$ millions)	Rate (Cdn\$/US\$)	Notional (US\$ millions)	Rate (Cdn\$/US\$)	Notional (US\$ millions)	Rate (Cdn\$/US\$)	Notional (US\$ millions)	Rate (Cdn\$/US\$)	Notional (US\$ millions)	Rate (Cdn\$/US\$)
Ceiling	840.0	1.3839	300.0	1.3992	–	–	–	–	–	–
Floor	840.0	1.3157	300.0	1.3350	–	–	–	–	–	–

1) The prices and volumes in this table represent averages for several contracts representing different periods. The average price for the portfolio of options listed above does not have the same payoff profile as the individual option contracts. Viewing the average price of a group of options is purely for indicative purposes. All positions are financially settled against the benchmark prices.

2) The sold swaption allows the counterparty, at a specific future date, to enter into a swap with ARC at the above-detailed terms. These volumes are not included in the total commodity volumes until such time that the option is exercised.

3) Natural gas prices referenced to NYMEX Henry Hub Last Day Settlement.

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# ESG Ratings and Rankings

View ARC's ESG performance and highlights at [www.arcresources.com/sustainability](http://www.arcresources.com/sustainability)



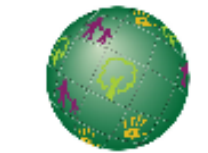
Member of MSCI Global Sustainability Index  
MSCI ESG Rating: AAA



Member of Sustainalytics' Jantzi Social Index



Environment Score: 5  
Social Score: 8  
Governance Score: 1



FTSE4Good

Member of FTSE Russell's FTSE4Good Index Series since 2018



Score: 36 – High (80<sup>th</sup> Percentile)



Member of the 30% Club since 2018



# Advisory Statements





# Advisory Statements

## Notes Regarding Forward-looking Information

This presentation contains certain forward-looking statements and forward-looking information (collectively referred to as "forward-looking information") within the meaning of applicable securities legislation about current expectations regarding the future based on certain assumptions made by ARC. Although ARC believes that the expectations represented by such forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. Forward-looking information in this presentation is identified by words such as "anticipate", "believe", "ongoing", "may", "expect", "estimate", "plan", "will", "project", "continue", "target", "strategy", "upholding", or similar expressions, and includes suggestions of future outcomes. In particular, but without limiting the foregoing, this presentation contains forward-looking information with respect to: expectations that the five-year plan will more than double free funds flow per share; ARC's 2024 guidance including, among others, planned capital expenditures, anticipated average annual production and the components thereof, production estimates by location, and anticipated expenses and the components thereof; ARC's 5 year outlook including, among others, estimated ROACE, reinvestment rate, capital expenditures, production, free funds flow, free funds flow per share and dividends; plans to return essentially all free funds flow to shareholders; ARC's capital allocation priorities and anticipated future capital allocation breakdown; anticipated 5 year outlook for the Dawson asset and related reinvestment rate; anticipated timing of development of Septimus and Sundown and the anticipated capabilities of such assets; expected timing of completion for Attachie Phase I; anticipated capacity for the first phase of Attachie Phase I; anticipated funds flow related to Attachie Phase I; expectations with respect to drilling a second rig and timing thereof; expected performance of Attachie Phase I; anticipated economics related to Attachie Phase I; estimated realized natural gas prices for 2024; global LNG supply and demand outlook; anticipated start dates of ARC's long-term agreements; that the electrification of ARC's NEBC facilities will avoid 420,000 tCO<sub>2</sub>e per year; 2024 forecasted net debt sensitivities and ARC's long-term notes repayment schedule; and other statements. Further, statements relating to reserves and resources are deemed to be forward-looking information, as they involve the implied assessment, based on certain estimates and assumptions, that the resources and reserves described can be profitably produced in the future. In addition, forward-looking information may include statements attributable to third-party industry sources. There can be no assurance that the plans, intentions, or expectations upon which these forward-looking statements are based will occur.

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

Forward-looking information in this presentation pertaining to dividend increases and the repurchase of ARC's outstanding common shares, while based on ARC's current intentions and beliefs, are not guaranteed and should not be unduly relied upon. Any decisions with respect to dividends and/or share repurchases are subject to the approval of the Board. The forward-looking information contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking information included in this presentation are made as of the date of this presentation and, except as required by applicable securities laws, ARC undertakes no obligation to publicly update such forward-looking information to reflect new information, subsequent events or otherwise.



# Advisory Statements

## Financial Outlook

This presentation contains information that may be considered a financial outlook under applicable securities laws about ARC's potential financial position, including, but not limited to, ARC's production guidance, production estimates and expenses; ARC's plans to maintain a strong balance sheet, improve per share metrics and grow dividends; ARC's plans to grow free funds flow per share; anticipated shareholder returns; long-term resource optionality and production outlook; the anticipated return on average capital employed; anticipated capital allocation and reinvestment rates; ARC's long-term outlook regarding capital expenditures, production and free funds flow; ARC's five-year outlook regarding dividend growth; the cash flow profile of Attachie Phase I; the anticipated increase in free funds flow allocations to shareholders; the continued assessment of dividends and payment thereof and other statements, all of which are subject to numerous assumptions, risk factors, limitations and qualifications, including those set forth in the above paragraphs. The actual results of operations of ARC and the resulting financial results will vary from the amounts set forth in this presentation and such variations may be material. This information has been provided for illustration only and with respect to future periods are based on budgets and forecasts that are speculative and are subject to a variety of contingencies. Accordingly, these estimates are not to be relied upon. Because this information is subjective and subject to numerous risks, it should not be relied on as indicative of future results. Except as required by applicable securities laws, ARC undertakes no obligation to update such financial outlook. The financial outlook contained in this presentation was made as of the date of this presentation and was provided for the purpose of providing further information about ARC's potential future business operations. Readers are cautioned that the financial outlook contained in this presentation is not conclusive and is subject to change. Forward-looking information in this presentation 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.

## Basis of Preparation

All financial figures and information have been prepared in Canadian dollars (which includes references to "dollars" and "\$"), except where another currency has been indicated, and in accordance with International Financial Reporting Standards ("IFRS" or "GAAP") as issued by the International Accounting Standards Board. Production volumes are presented on a before royalties basis.

## Non-GAAP and Other Financial Measures

Throughout this presentation and in other materials disclosed by the Company, ARC employs certain measures to analyze its financial performance, financial position, and cash flow. These non-GAAP and other financial measures are not standardized financial measures under IFRS and may not be comparable to similar financial measures disclosed by other issuers. The non-GAAP and other financial measures should not be considered to be more meaningful than GAAP measures which are determined in accordance with IFRS, such as net income (loss), cash flow from operating activities, and cash flow used in investing activities, as indicators of ARC's performance. See "Non-GAAP and Other Financial Measures" in the 2023 Annual MD&A.

References to disclosure in 2023 Annual MD&A (as defined below) are incorporated by reference in this presentation and are available on ARC's website at [www.arcresources.com](http://www.arcresources.com) and under ARC's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).



# Advisory Statements

## Non-GAAP Financial Measures

### ***Capital Expenditures***

ARC uses capital expenditures to measure its capital investment level compared to the Company's annual budgeted capital expenditures. ARC's budgeted capital expenditures exclude any acquisition or disposition activities as well as the accounting impact of any accrual changes and payments under lease arrangements. The directly comparable GAAP measure to capital expenditures is cash flow used in investing activities. Please see "*Non-GAAP Financial Measures – Capital Expenditures*" in the Company's MD&A for the three months and year ended December 31, 2023 ("2023 Annual MD&A") for a quantitative reconciliation of capital expenditures against cash flow used in investing activities, its more directly comparable GAAP measure.

### ***Free Funds Flow***

ARC uses free funds flow as an indicator of the efficiency and liquidity of ARC's business, measuring its funds after capital expenditures available to manage debt levels, pay dividends, and return capital to shareholders. 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. Please see "*Non-GAAP Financial Measures – Free Funds Flow*" in the 2023 Annual MD&A for a quantitative reconciliation of free funds flow against cash flow from operating activities, its most directly comparable GAAP measure.

### ***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. The most directly comparable GAAP measure is commodity sales from production. Please see "*Non-GAAP Financial Measures – Netback*" in the 2023 Annual MD&A for a quantitative reconciliation of netbacks against commodity sales from production, its most directly comparable GAAP measure.

### ***Adjusted Earnings before Interest and Taxes ("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 on an annual basis and a five-year basis. The most directly comparable GAAP measure is net income (loss). Please see "*Non-GAAP Financial Measures – Adjusted EBIT*" in the 2023 Annual MD&A for a quantitative reconciliation of adjusted EBIT against net income (loss), its most directly comparable GAAP measure.

### ***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. The most directly comparable GAAP measure is shareholders' equity. Please see "*Non-GAAP Financial Measures – Average Capital Employed*" in the 2023 Annual MD&A for a quantitative reconciliation of average capital employed against shareholders' equity, its most directly comparable GAAP measure.



# Advisory Statements

## 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 oil and gas producers.

### *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 ("ROACE")*

ARC calculates ROACE, expressed as a percentage, as EBIT divided by the average capital employed. The components 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.

## 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 operations 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. Please see "Non-GAAP Financial Measures – Capital Management Measures – Funds from Operations" in the 2023 Annual MD&A for a quantitative reconciliation of funds from operations against cash flow from operating activities, the most directly comparable financial measure disclosed in the Company's primary financial statements.

### *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. Previously, net debt was computed including current and long-term portions of lease obligations and a similar measure; "net debt excluding lease obligations" was also presented. At December 31, 2023 and 2022, net debt has been computed excluding lease obligations. The current determination of net debt and net debt to funds from operations is reflective of the measures used by Management to monitor its liquidity in light of operating and capital budgeting decisions. Net debt is not a standardized measure and therefore may not be comparable with the calculation of similar measures by other entities. Please see "Non-GAAP Financial Measures – Capital Management Measures – Net Debt and Net Debt to Funds from Operations" in the 2023 Annual MD&A for a quantitative reconciliation of net debt and net debt to funds from operations against long term debt, the most directly comparable financial measure disclosed in the Company's primary financial statements.



# Advisory Statements

## Supplementary Financial Measures

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

"**Before-tax 2P NPV per share**" is comprised of the before-tax NPV for 2P reserves, discounted at 10 per cent, as determined in accordance with NI 51-101, divided by diluted weighted average common shares.

"**Break-even**" is comprised as funds from operation less capital to sustain base production less dividends equals zero.

"**CAGR**" is defined as the compounded annual growth rate.

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

"**Dividend Yield**" is comprised of the dividend as a percent of current share price.

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

"**Reinvestment rate**" is comprised capital expenditures as a percent of funds from operations.

## Barrels of Oil Equivalent

Natural gas volumes have been converted to barrels of oil equivalent ("boe") on the basis of six thousand cubic feet ("Mcf") of natural gas to one barrel ("bbl") of liquids. Boe may be misleading, particularly if used in isolation. A conversion ratio of 6 Mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil compared to natural gas is significantly different from the energy equivalency conversion ratio of 6:1, utilizing a conversion on a 6:1 basis is not an accurate reflection of value.

### *Product Types*

Throughout this presentation, crude oil refers to tight, light, medium, and heavy crude oil product types as defined by National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities ("NI 51-101"). Natural gas refers to shale gas and conventional natural gas product types as defined by NI 51-101. ARC's production of conventional natural gas is considered to be immaterial. ARC's core producing properties that are considered to be shale gas include Attachie, Dawson, Parkland (including parts of Tower), and Sunrise, and as such, natural gas, condensate, and natural gas liquids ("NGLs") are disclosed. ARC's core producing properties that are considered to be tight oil include Ante Creek and parts of Tower, and as such, crude oil, natural gas, and NGLs are disclosed. NGLs for Kakwa refer to natural gas liquids, except for condensate, which is reported separately. Natural gas for Kakwa refers to conventional natural gas and shale gas combined.

Throughout this presentation, when condensate is disclosed, it is done so as it is the product type that is measured at the first point of sale. As per the Canadian Oil and Gas Evaluation ("COGE") Handbook, condensate is a by-product of the NGLs product type. NGLs by-products include ethane, butane, propane, and pentanes-plus (condensate).



# Advisory Statements

## Information Regarding Disclosure on Crude Oil and Natural Gas Reserves and Operational Information

In accordance with Canadian practice, production volumes and revenues are reported on a company gross basis, before deduction of Crown and other royalties, and without including any royalty interests, unless otherwise stated. Unless otherwise specified, all reserves volumes in this news release (and all information derived therefrom) are based on company gross reserves using forecast prices and costs. This presentation contains metrics commonly used in the crude oil and natural gas industry. These metrics do not have standardized meanings and may not be comparable to similar metrics disclosed by other issuers. See "Non-GAAP and Other Financial Measures" of this presentation and the definition of reserve replacement below. Management uses these metrics for its own performance measurements and to provide shareholders with measures to compare ARC's performance over time; however, such measures are not reliable indicators of ARC's future performance and future performance may not compare to the performance in previous periods.

**Reserves replacement** is calculated by dividing the annual reserves additions, in boe, by ARC's annual production, in boe. Management uses this measure to determine the relative change of its reserves base over a period of time.

## Drilling Locations

This presentation discloses ARC's expectations of future drilling location in two categories: (i) proved plus probable locations; and (ii) unbooked locations. Proved plus probable locations are derived from the Reserves Evaluation conducted by GLJ and account for drilling locations that have associated proved plus probable reserves. While certain of these estimated drilling locations may be consistent with "booked" drilling locations identified in the Reserves Report, as having associated proved and/or probable reserves, other locations are considered "unbooked" as they have no associated proved and/or probable reserves in the Reserves Report or any associated resources other than reserves. All drilling locations have been presented on a net basis. Unbooked locations have been identified by Management as an estimation of the multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, historic drilling, production, commodity price assumptions, and reserves information. These unbooked locations do not have attributed reserves or resources and are therefore unbooked locations. Of the 4,995 total drilling locations identified herein, approximately 80 per cent are unbooked locations. There is no certainty that ARC will drill all drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas production. The drilling locations on which ARC will drill wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors.

ARC's crude oil and natural gas reserves statement derived from the GLJ Reserve Report for the year ended December 31, 2023, including complete disclosure of the Company's crude oil and natural gas reserves and other crude oil and natural gas information in accordance with NI 51-101, will be disclosed in ARC's Annual Information Form for the year ended December 31, 2023, which will be available on or before March 31, 2024 on ARC's website at [www.arcresources.com](http://www.arcresources.com) and under ARC's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).

ARC also engaged GLJ to provide an evaluation of its contingent resources effective December 31, 2023 for its working interest Montney properties as at December 31, 2023. See ARC's supplementary filing titled "Other" and dated February 8, 2024 which has been filed on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) for additional details with respect to ARC's contingent resources, including the risks and uncertainties related thereto.



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## Advisory – Credit Ratings

Credit ratings are intended to provide investors with an independent measure of credit quality of an issue of securities. Credit ratings are not recommendations to purchase, hold, or sell securities and do not address the market price or suitability of a specific security for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by the rating agency in the future if, in its judgment, circumstances so warrant.

## Third-party Information

This presentation includes market, industry and economic data which was obtained from various publicly available sources and other sources believed by ARC to be true. Although ARC believes it to be reliable, it has not independently verified any of the data from third party sources referred to in this presentation or analyzed or verified the underlying reports relied upon or referred to by such sources or ascertained the underlying economic and other assumptions relied upon by such sources. ARC believes that its market, industry and economic data is accurate and that its estimates and assumptions are reasonable, but there can be no assurance as to the accuracy or completeness thereof. The accuracy and completeness of the market, industry and economic data used throughout this presentation are not guaranteed and ARC makes no representation as to the accuracy of such information.





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