

Q2

2025

SECOND QUARTER REPORT
For the Three Months Ended June 30, 2025

ARX



Corporate Profile

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

Table of Contents

01

News Release

03

Financial and
Operational Results

17

Management's
Discussion & Analysis

63

Financial Statements

ARC RESOURCES LTD. REPORTS SECOND QUARTER 2025 RESULTS, PROVIDES 2025 REVISED GUIDANCE, AND ANNOUNCES NEW ATTACHIE LAND ACQUISITION

NEWS RELEASE

Calgary, July 31, 2025 (ARX - TSX) ARC Resources Ltd. ("ARC" or the "Company") today reported its second quarter 2025 financial and operational results and provided 2025 revised guidance.

HIGHLIGHTS

Second Quarter Results

- ARC delivered second quarter 2025 average production of 357,228 boe⁽¹⁾ per day (61 per cent natural gas and 39 per cent crude oil and liquids⁽²⁾). Production increased eight per cent year-over-year, and 11 per cent on a per share basis⁽³⁾.
 - Attachie production averaged 26,833 boe per day including approximately 61 per cent or 16,254 barrels per day of condensate and natural gas liquids. Production emulsion, planned maintenance, and unplanned third-party downtime impacted second quarter production. These were resolved by the end of the second quarter and production is expected to average between 35,000 and 40,000 boe per day during the second half of the year (approximately 60 per cent liquids, 40 per cent natural gas).
 - In response to low natural gas prices in Western Canada, ARC curtailed between 75 and 200 MMcf per day of natural gas production during the second quarter. This effectively eliminated ARC's cash exposure to Western Canadian prices, and preserves resource for periods when prices are higher.
- ARC generated funds from operations of \$682 million⁽⁴⁾ (\$1.17 per share⁽⁴⁾) and recognized cash flow from operating activities of \$699 million (\$1.19 per share⁽⁴⁾) in the second quarter. Free funds flow was \$186 million⁽⁴⁾ (\$0.32 per share⁽⁴⁾), while capital expenditures totalled \$496 million⁽⁴⁾. ARC recognized net income of \$396 million or \$0.68 per share.
 - Market diversification contributed to a realized natural gas price of \$3.19 per Mcf⁽⁴⁾, \$1.12 greater than the average AECO 7A Monthly Index price of \$2.07 per Mcf.
- ARC distributed \$188 million (\$0.32 per share) or approximately 100 per cent of free funds flow to shareholders during the second quarter. ARC is committed to returning essentially all free funds flow to shareholders in 2025 through the base dividend and share repurchases.
 - ARC declared dividends of \$111 million (\$0.19 per share⁽⁴⁾) and repurchased 2.9 million common shares for \$77 million under its normal course issuer bid ("NCIB").
- On July 2, 2025, ARC completed the acquisition of the condensate-rich Montney assets in the Kakwa region in Alberta (the "Kakwa Assets") from Strathcona Resources Ltd. ("Strathcona") in an all-cash transaction valued at approximately \$1.6 billion⁽⁵⁾ (the "Kakwa Acquisition").

Attachie Development Agreement with Tsaa Dunne Za Energy

- Subsequent to the quarter, ARC executed an agreement for the earning and development of up to 36 new contiguous sections in the Montney with the Tsaa Dunne Za Energy Limited Partnership ("TDZE") – a limited partnership owned by Halfway River First Nation ("HRFN"). The lands, upon development, increase ARC's Attachie position by greater than ten per cent to approximately 360 sections, and are directly adjacent to ARC's existing Attachie asset in the condensate-rich region of the Montney. The resource quality is comparable to ARC's existing Attachie asset, further extending the development runway at one of ARC's most profitable assets.

Revised 2025 Guidance

- ARC revised its 2025 guidance to incorporate the Kakwa Acquisition, and natural gas production curtailments that occurred during the second quarter and extended into the third quarter.
 - ARC plans to invest between \$1.85 and \$1.95 billion in capital expenditures⁽⁶⁾ in 2025. The increase from the original budget reflects the investment into the acquired Kakwa Assets, and additional investment at Attachie, including \$50 million towards advancing Attachie Phase II.
 - ARC expects to generate average production in 2025 between 385,000 and 395,000 boe per day (60 per cent natural gas, 40 per cent crude oil and liquids). The increase from original guidance reflects the Kakwa Acquisition, offset by natural gas production curtailments during the second and third quarter, and the delayed production ramp at Attachie during the first half of 2025.
 - Production during the second half of 2025 is expected to average greater than 410,000 boe per day, including approximately 120,000 barrels per day of crude oil and condensate. This assumes additional natural gas curtailments at Sunrise of approximately 200 MMcf per day (33,000 boe per day) anticipated through July and August.

ARC's unaudited condensed interim consolidated financial statements and notes (the "financial statements") and Management's Discussion and Analysis ("MD&A") as at and for the three and six months ended June 30, 2025, are available on ARC's website at www.arcresources.com and under ARC's SEDAR+ profile at www.sedarplus.ca. The disclosure under the section entitled "Non-GAAP and Other Financial Measures" in ARC's MD&A as at and for the three and six months ended June 30, 2025 (the "Q2 2025 MD&A") is incorporated by reference into this news release.

-
- (1) ARC has adopted the standard six thousand cubic feet ("Mcf") of natural gas to one barrel ("bbl") of crude oil ratio when converting natural gas to barrels of oil equivalent ("boe"). Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different than the energy equivalency of the 6:1 conversion ratio, utilizing the 6:1 conversion ratio may be misleading as an indication of value.
 - (2) Throughout this news release, crude oil ("crude oil") refers to light, medium, and heavy crude oil product types as defined by National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"). Condensate is a natural gas liquid as defined by NI 51-101. Throughout this news release, natural gas liquids ("NGLs") comprise all natural gas liquids as defined by NI 51-101 other than condensate, which is disclosed separately. Throughout this news release, crude oil and liquids ("crude oil and liquids") refers to crude oil, condensate, and NGLs.
 - (3) Represents average daily production divided by the diluted weighted average common shares outstanding for the respective three months ended June 30.
 - (4) This is a specified financial measure. See "Non-GAAP and Other Financial Measures" of this news release and in the Q2 2025 MD&A for additional disclosure, which is incorporated by reference.
 - (5) The purchase price was approximately \$1.6 billion for the Kakwa Assets before purchase price adjustments and unrelated equipment and land.
 - (6) Refer to the section entitled "About ARC Resources Ltd." contained within the Q2 2025 MD&A for historical capital expenditures, which information is incorporated by reference into this news release.

FINANCIAL AND OPERATIONAL RESULTS

(Cdn\$ millions, except per share amounts ⁽¹⁾ , boe amounts, and common shares outstanding)	Three Months Ended			Six Months Ended	
	March 31, 2025	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
FINANCIAL RESULTS					
Net income	404.7	396.1	239.5	800.8	424.9
Per share	0.69	0.68	0.40	1.36	0.71
Cash flow from operating activities	1,013.0	699.1	543.0	1,712.1	1,179.3
Per share	1.72	1.19	0.91	2.91	1.97
Funds from operations	857.0	682.1	502.8	1,539.1	1,109.7
Per share	1.45	1.17	0.84	2.62	1.85
Free funds flow	399.9	185.8	(29.5)	585.7	72.8
Per share	0.68	0.32	(0.05)	1.00	0.12
Dividends declared	111.3	110.9	101.6	222.2	203.2
Per share	0.19	0.19	0.17	0.38	0.34
Cash flow used in investing activities	429.3	471.2	643.4	900.5	1,143.2
Capital expenditures	457.1	496.3	532.3	953.4	1,036.9
Long-term debt	1,072.0	1,990.8	1,379.5	1,990.8	1,379.5
Net debt ⁽²⁾	1,260.5	1,289.2	1,477.9	1,289.2	1,477.9
Common shares outstanding, weighted average diluted (millions)	589.7	585.0	598.2	587.4	598.3
Common shares outstanding, end of period (millions)	585.0	582.5	596.7	582.5	596.7
OPERATIONAL RESULTS					
Production					
Crude oil and condensate (bbl/day)	94,334	100,399	74,713	97,384	78,693
Natural gas (MMcf/day)	1,411	1,307	1,286	1,359	1,304
NGLs (bbl/day)	42,821	38,999	40,994	40,899	45,203
Total (boe/day)	372,265	357,228	330,046	364,705	341,187
Average realized price					
Crude oil (\$/bbl) ⁽²⁾	87.90	82.56	100.28	85.00	91.10
Condensate (\$/bbl) ⁽²⁾	99.28	85.35	103.73	92.09	98.96
Natural gas (\$/Mcf) ⁽²⁾	4.19	3.19	1.86	3.71	2.53
NGLs (\$/bbl) ⁽²⁾	31.98	20.39	21.69	26.42	23.85
Average realized price (\$/boe) ⁽²⁾	44.48	37.81	33.35	41.20	35.49
Netback per boe					
Commodity sales from production (\$/boe) ⁽²⁾	44.48	37.81	33.35	41.20	35.49
Royalties (\$/boe) ⁽²⁾	(4.86)	(3.71)	(4.19)	(4.29)	(4.16)
Operating expense (\$/boe) ⁽²⁾	(4.85)	(5.17)	(5.51)	(5.01)	(4.87)
Transportation expense (\$/boe) ⁽²⁾	(5.55)	(5.36)	(5.22)	(5.46)	(5.29)
Netback per boe (\$/boe) ⁽²⁾	29.22	23.57	18.43	26.44	21.17
TRADING STATISTICS⁽³⁾					
High price	29.05	31.56	26.18	31.56	26.18
Low price	23.85	22.63	23.45	22.63	19.44
Close price	28.93	28.71	24.41	28.71	24.41
Average daily volume (thousands of shares)	3,674	3,559	3,648	3,616	3,498

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

(2) This is a specified financial measure. See "Non-GAAP and Other Financial Measures" of this news release and in the Q2 2025 MD&A for additional disclosure, which information is incorporated by reference.

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

OUTLOOK

ARC remains committed to executing on its strategy to grow free funds flow per share through profitable Montney investments. In the near-term, ARC is focused on operational execution at Attachie Phase I, and optimizing the recently acquired Kakwa Assets and capital efficiencies across its remaining assets. This is expected to drive record production and condensate volumes in the second half of the year, and at strip prices⁽¹⁾, generate between \$1.3 and \$1.5 billion of free funds flow in 2025. For the third consecutive year, ARC is committed to returning essentially all free funds flow to shareholders through the base dividend and share repurchases.

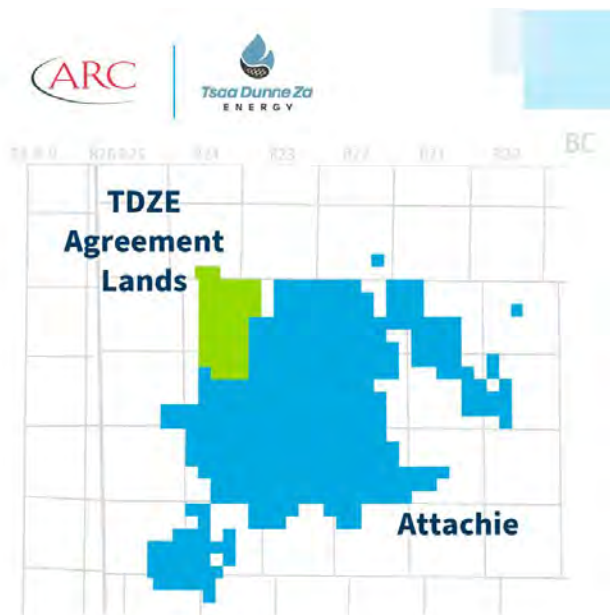
ARC continues to execute its long-term strategy as evidenced through the strategic consolidation at Kakwa, and by advancing its second phase at Attachie. At its base price deck (US\$70 per barrel WTI; US\$3.75 per Mcf NYMEX), the long-term plan through 2028 is expected to deliver a five per cent production CAGR⁽²⁾, re-investing approximately 50 per cent of funds from operations, and generating a 20 per cent return on average capital employed⁽³⁾. ARC remains committed to its long-standing principles of safety, capital discipline, and financial strength to ensure long-term profitability.

Corporate Update

Attachie Development Agreement with Tsaa Dunne Za Energy

ARC executed an agreement with TDZE, a limited partnership owned by HRFN, for the earning and development of mineral tenure in northeast BC. The new lands encompass 36 contiguous sections in the condensate-rich region of the Montney, directly adjacent to ARC's Attachie development.

These lands are initially considered to be integrated into ARC's long-term development strategy at Attachie. Upon development, the agreement increases ARC's Attachie position by greater than ten per cent to a total of approximately 360 sections, bringing even greater scale to one of ARC's most profitable Montney assets.



(1) Based on forward pricing as of July 10, 2025 of US\$66 per barrel WTI; C\$1.90 per Mcf AECO.

(2) Production CAGR defined as the production compounded annual growth rate.

(3) This is a specified financial measure. See "Non-GAAP and Other Financial Measures" of this news release and in the Q2 2025 MD&A for additional disclosure, which information is incorporated by reference.

Operations Update

Attachie

Attachie production during the second quarter averaged 26,833 boe per day including approximately 61 per cent or 16,254 barrels per day of condensate and natural gas liquids. Production emulsion, planned maintenance, and unplanned third-party downtime contributed to lower than anticipated production in the second quarter.

ARC has resolved the production emulsion issue, and the facility is operating as expected. Attachie production reached 39,000 boe per day at a point in June, including strong condensate production of approximately 21,000 barrels per day, and ARC's three most recent pads have been successfully drilled and completed as planned. This is expected to support average production between 35,000 and 40,000 boe per day during the second half of 2025 (approximately 60 per cent condensate and liquids, and 40 per cent natural gas).

ARC continues to optimize the well design to maximize capital efficiencies. At one of its recent trial pads, the average well produced approximately 107,000 barrels of condensate over the initial six months on production (approximately 580 barrels per day) exceeding expectations of ARC's original well design.

ARC is investing approximately \$50 million in 2025 towards site clearance and long-lead items in preparation for a positive investment decision on Attachie Phase II. ARC intends to formalize this decision with the release of its 2026 capital budget in November.

Kakwa

Kakwa production averaged 169,622 boe per day (54 per cent crude oil and liquids) during the second quarter, including approximately 65,500 barrels per day of condensate (exclusive of the acquired Kakwa Assets).

Inclusive of the acquired Kakwa Assets, ARC expects Kakwa production to average between 205,000 and 210,000 boe per day (approximately 57 per cent crude oil and liquids, 43 per cent natural gas) during the second half of the year.

Sunrise

During the second quarter, ARC elected to curtail between 75 and 200 MMcf per day of natural gas production at Sunrise in response to low natural gas prices in Western Canada. Production is currently curtailed by approximately 360 MMcf per day, and will be fully restored when natural gas prices recover to levels that support ARC's return requirements.

2025 Guidance

ARC has revised 2025 guidance to incorporate the Kakwa Acquisition, and adjust for natural gas curtailments that occurred throughout the second quarter and continued in the third quarter.

- ARC intends to invest between \$1.85 and \$1.95 billion in capital expenditures⁽¹⁾ (previously \$1.6 to \$1.7 billion).
 - The increase includes approximately \$150 million on the newly acquired Kakwa Assets, and approximately \$50 million towards advancing Attachie Phase II.
- Production guidance for 2025 increased to between 385,000 and 395,000 boe per day (60 per cent natural gas and 40 per cent crude oil and liquids). The increase reflects the additional production as a result of the Kakwa Acquisition, which closed on July 2, 2025, partially offset by production curtailments at Sunrise and the slower than planned ramp in production at Attachie.
 - The Kakwa Assets are expected to add between 35,000 and 40,000 boe per day during the second half of the year (approximately 50 per cent crude oil and liquids, 50 per cent natural gas). This represents approximately 18,000 boe per day on an annual basis in 2025.
 - Production guidance was reduced by approximately 50 MMcf per day (8,000 boe per day) to reflect the natural gas production curtailments at Sunrise that occurred in the second quarter, and additional natural gas curtailments of approximately 200 MMcf per day (approximately 33,000 boe per day) anticipated through July and August.
 - The full-year production forecast at Attachie was reduced by approximately 5,000 boe per day to reflect the slower than anticipated ramp in production in the first half of 2025. The production forecast in the second half of 2025 is unchanged, and expected to average between 35,000 and 40,000 boe per day (60 per cent condensate and liquids, and 40 per cent natural gas).
- Operating expense per boe increased to range between \$5.00 and \$5.50 per boe. The increase reflects higher water-handling costs at Kakwa, the Kakwa Acquisition, and the reduction in Sunrise production which represents a lower operating cost on a boe basis than the corporate average.

ARC's 2025 original and revised guidance are based on various commodity price scenarios and economic conditions. Certain guidance estimates may fluctuate with commodity price changes and regulatory changes. ARC's guidance provides readers with the information relevant to Management's expectations for financial and operational results for 2025. Readers are cautioned that the guidance estimates may not be appropriate for any other purpose.

(1) Refer to the section entitled "About ARC Resources Ltd." contained within the Q2 2025 MD&A for historical capital expenditures, which information is incorporated by reference into this news release.

ARC's 2025 original and revised guidance and a review of 2025 year-to-date results are outlined below:

	2025 Guidance	2025 Revised Guidance	2025 YTD Actual	% Variance from YTD Actual to 2025 Revised Guidance
Production				
Crude oil and condensate (bbl/day)	104,000 - 110,000	107,000 - 112,000	97,384	(8)
Natural gas (MMcf/day)	1,400 - 1,420	1,390 - 1,420	1,359	(2)
NGLs (bbl/day)	42,000 - 48,000	43,000 - 48,000	40,899	(5)
Total (boe/day)	380,000 - 395,000	385,000 - 395,000	364,705	(5)
Expenses (\$/boe) ⁽¹⁾⁽²⁾				
Operating	4.50 - 4.90	5.00 - 5.50	5.01	—
Transportation	5.00 - 5.50	5.00 - 5.50	5.46	—
General and administrative ("G&A") expense before share-based compensation expense	0.90 - 1.10	1.00 - 1.10	1.17	6
G&A - share-based compensation expense	0.25 - 0.35	0.30 - 0.40	0.40	—
Interest and financing ⁽³⁾	0.70 - 0.80	0.90 - 1.00	0.75	(17)
Current income tax expense as a per cent of funds from operations ⁽¹⁾	10 - 15	5 - 10	11	10
Capital expenditures (\$ billions) ⁽⁴⁾	1.6 - 1.7	1.85 - 1.95	1.0	n/a

(1) This is a specified financial measure. See "Non-GAAP and Other Financial Measures" of this news release and in the Q2 2025 MD&A for additional disclosure, which information is incorporated by reference.

(2) 2025 annual guidance excludes potential impact from tariffs.

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

(4) Refer to the section entitled "About ARC Resources Ltd." contained within the Q2 2025 MD&A for historical capital expenditures, which information is incorporated by reference into this news release. Guidance for capital expenditures does not include any potential impact from tariffs.

FINANCIAL AND OPERATIONAL RESULTS

Production

- ARC's production averaged 357,228 boe per day during the second quarter of 2025 (61 per cent natural gas and 39 per cent crude oil and liquids). Production increased eight per cent compared to the same quarter of the prior year, and 11 per cent on a per share basis.
 - The increase was driven primarily by production from Attachie, which contributed an average of 26,833 boe per day (61 per cent condensate and natural gas liquids) in the second quarter.
 - In response to weak Western Canadian natural gas prices, ARC elected to curtail between 75 and 200 MMcf per day of natural gas production at Sunrise during the second quarter. This effectively eliminated ARC's exposure to Station 2 where natural gas prices were especially weak, thereby preserving resource for periods when prices are higher.
- Production at Kakwa in the second quarter averaged 169,622 boe per day, which included 92,289 barrels per day of condensate and natural gas liquids. Full-year 2025 production is expected to average between 185,000 and 190,000 boe per day, reflecting contribution from the acquired Kakwa Assets.
- Production during the second half of the year is forecast to average greater than 410,000 boe per day, including greater than 120,000 barrels per day of crude oil and condensate. The production forecast during the second half of the year includes the estimated production impact from curtailments at Sunrise in July through August.

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

- ARC generated \$682 million (\$1.17 per share) of funds from operations in the second quarter of 2025. This represents an increase of \$179 million (\$0.33 per share) compared to the same quarter of the prior year. This increase was driven primarily by production at Attachie and higher average realized natural gas prices, partially offset by lower average realized crude oil and liquids prices.
- Cash flow from operating activities was \$699 million (\$1.19 per share) and free funds flow was \$186 million (\$0.32 per share) for the quarter.

The following table details the change in funds from operations for the second quarter of 2025 relative to the first quarter of 2025.

Funds from Operations Reconciliation	\$ millions	\$/share⁽¹⁾
Funds from operations for the three months ended March 31, 2025	857.0	1.45
Production volumes		
Crude oil and liquids	52.8	0.09
Natural gas	(33.6)	(0.06)
Commodity prices		
Crude oil and liquids	(161.0)	(0.28)
Natural gas	(119.2)	(0.20)
Sales from third-party purchases	2.0	—
Other income	(8.6)	(0.01)
Realized gain on risk management contracts	9.9	0.02
Royalties	42.1	0.07
Expenses		
Third-party purchases	(11.8)	(0.02)
Operating	(5.6)	(0.01)
Transportation	11.9	0.02
G&A	10.8	0.02
Interest and financing	0.8	0.01
Current income tax	45.0	0.08
Realized loss on foreign exchange	(10.6)	(0.02)
Other	0.2	—
Weighted average shares, diluted	—	0.01
Funds from operations for the three months ended June 30, 2025	682.1	1.17

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

The following table details the change in funds from operations for the second quarter of 2025 relative to the second quarter of 2024.

Funds from Operations Reconciliation	\$ millions	\$/share⁽¹⁾
Funds from operations for the three months ended June 30, 2024	502.8	0.84
Production volumes		
Crude oil and liquids	237.6	0.39
Natural gas	3.6	0.01
Commodity prices		
Crude oil and liquids	(172.2)	(0.28)
Natural gas	158.5	0.26
Sales from third-party purchases	29.9	0.05
Other income	(0.9)	—
Realized gain on risk management contracts	(3.9)	(0.01)
Royalties	5.1	0.01
Expenses		
Third-party purchases	(33.5)	(0.06)
Operating	(2.5)	—
Transportation	(17.4)	(0.03)
G&A	9.2	0.02
Interest and financing	4.7	0.01
Current income tax	(27.4)	(0.05)
Realized loss on foreign exchange	(12.7)	(0.02)
Other	1.2	—
Weighted average shares, diluted	—	0.03
Funds from operations for the three months ended June 30, 2025	682.1	1.17

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

Shareholder Returns

- During the second quarter, ARC distributed 100 per cent of free funds flow or \$188 million (\$0.32 per share) to shareholders through a combination of dividends and share repurchases under its NCIB.
 - During the second quarter 2025, ARC declared dividends of \$111 million (\$0.19 per share) and repurchased 2.9 million common shares under its NCIB at a weighted average price of \$26.41 per share.
- Since commencing its initial NCIB in September 2021, ARC has repurchased approximately 20 per cent of total its outstanding shares or 148 million common shares, at a weighted average price of \$17.16 per share.
- ARC intends to renew its NCIB on or about September 4, 2025 for an additional ten per cent of the public float, subject to review and approval by the TSX.
- Through the first six months of 2025, ARC distributed \$430 million to shareholders, or 73 per cent of free funds flow. ARC intends to distribute essentially all of its free funds flow in 2025 to shareholders.

Operating, Transportation, and General and Administrative Expense

Operating Expense

- ARC's second quarter 2025 operating expense of \$5.17 per boe was six per cent or \$0.34 per boe lower than the second quarter of 2024. The decrease year over year is primarily due to increased production at Attachie.
- Operating costs are expected to increase during the second half of the year, reflecting the Kakwa Assets and higher water-handling costs at Kakwa.

Transportation Expense

- ARC's second quarter 2025 transportation expense per boe of \$5.36 was in line with ARC's guidance range of \$5.00 to \$5.50 per boe.
- Transportation expense per boe is expected to decrease over the remainder of 2025 with the anticipated increase in production volumes.

General and Administrative Expense

- ARC's second quarter 2025 general and administrative expense per boe of \$1.43 decreased 23 per cent or \$0.42 per boe from the same period of the prior year primarily due to the revaluation of the liability associated with ARC's share-based compensation plans.

Cash Flow Used in Investing Activities and Capital Expenditures

- Cash flow used in investing activities was \$471 million during the second quarter of 2025. ARC invested \$496 million into capital expenditures to drill 32 wells and complete 45 wells. Drilling was focused primarily at Kakwa and Attachie.
- During the six months ended June 30, 2025, cash flow from investing activities was \$901 million and capital expenditures were \$953 million. ARC drilled 55 wells and completed 89 wells across its asset base.

The following table details ARC's first six months of 2025 drilling and completions activities by area.

Area	Six months ended June 30, 2025	
	Wells Drilled	Wells Completed
Kakwa	34	41
Greater Dawson	6	18
Attachie	14	19
Ante Creek	—	5
Sunrise	1	6
Total	55	89

Physical Natural Gas Marketing

- ARC's infrastructure ownership and committed takeaway capacity to U.S. markets played a critical role in capturing higher realized natural gas prices in the quarter relative to local benchmarks.
- In the second quarter, ARC realized an average natural gas price of \$3.19 per Mcf, \$1.12 per Mcf or 54 per cent greater than the average AECO 7A Monthly Index price of \$2.07 per Mcf for the period.

Net Debt

- In June 2025, ARC closed its offering of \$1.0 billion aggregate principal amount of senior unsecured notes, consisting of \$550 million aggregate principal amount of 3.577% Senior Unsecured Notes, Series 3 due 2028 and \$450 million aggregate principal amount of 4.409% Senior Unsecured Notes, Series 4 due 2032. DBRS Morningstar assigned a rating of BBB with a Stable trend to the notes.
- Subsequent to June 30, 2025, ARC obtained a new \$500 million two-year term loan and increased the borrowing capacity under its existing credit facility to \$2.0 billion.
 - The proceeds from the 2025 notes, together with drawings under credit facilities, were used to fund the Kakwa Acquisition which closed July 2, 2025.
- As at June 30, 2025, ARC's long-term debt balance was \$2.0 billion, and its net debt balance was \$1.3 billion, or 0.4 times funds from operations⁽¹⁾.
 - ARC targets its net debt to be less than 1.5 times funds from operations and manages its capital structure to achieve that target over the long-term.
- ARC holds an investment-grade credit rating, which allows the Company to access capital and manage a low-cost capital structure. ARC is committed to maintaining its strong financial position.

Net Income

- ARC recognized net income of \$396 million (\$0.68 per share) during the second quarter of 2025, a 65 per cent or \$156 million increase compared to the same quarter in the prior year. The increase was primarily due to an increase in production year over year.

CONFERENCE CALL

ARC's senior leadership team will be hosting a conference call to discuss the Company's second quarter 2025 results on Friday, August 1, 2025, at 8:00 a.m. Mountain Time ("MT").

Date	Friday, August 1, 2025
Time	8:00 a.m. MT
Dial-in Numbers	
Calgary	403-910-0389
Toronto	437-900-0527
Toll-free	1-888-510-2154
Conference ID	99652
Webcast URL	https://app.webinar.net/rDavVMBxQlj

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

(1) This is a specified financial measure. See "Non-GAAP and Other Financial Measures" of this news release and in the Q1 2025 MD&A for additional disclosure, which is incorporated by reference.

NON-GAAP AND OTHER FINANCIAL MEASURES

Throughout this news release and in other materials disclosed by the Company, ARC employs certain measures to analyze its financial performance, financial position, and cash flow. These non-GAAP and other financial measures are not standardized financial measures under IFRS Accounting Standards and may not be comparable to similar financial measures disclosed by other issuers. The non-GAAP and other financial measures should not be considered to be more meaningful than generally accepted accounting principles ("GAAP") measures which are determined in accordance with IFRS 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 or disposition activities as well as the accounting impact of any accrual changes and payments under certain lease arrangements. The most directly comparable GAAP measure to capital expenditures is cash flow used in investing activities. The following table details the composition of capital expenditures and its reconciliation to cash flow used in investing activities.

Capital Expenditures (\$ millions)	Three Months Ended			Six Months Ended	
	March 31, 2025	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Cash flow used in investing activities	429.3	471.2	643.4	900.5	1,143.2
Acquisition of crude oil and natural gas assets	(4.0)	(0.8)	(5.0)	(4.8)	(5.1)
Disposal of crude oil and natural gas assets	—	4.0	—	4.0	—
Long-term investments	(0.3)	(0.9)	(1.3)	(1.2)	(4.1)
Change in non-cash investing working capital	23.6	14.7	(109.6)	38.3	(106.6)
Non-cash capitalized right-of-use asset depreciation	8.5	8.1	4.8	16.6	9.5
Capital expenditures	457.1	496.3	532.3	953.4	1,036.9

Free Funds Flow

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

Free Funds Flow (\$ millions)	Three Months Ended			Six Months Ended	
	March 31, 2025	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Cash flow from operating activities	1,013.0	699.1	543.0	1,712.1	1,179.3
Net change in other liabilities	47.4	7.7	(1.5)	55.1	5.2
Change in non-cash operating working capital	(203.4)	(24.7)	(38.7)	(228.1)	(74.8)
Funds from operations	857.0	682.1	502.8	1,539.1	1,109.7
Capital expenditures ⁽¹⁾	(457.1)	(496.3)	(532.3)	(953.4)	(1,036.9)
Free funds flow	399.9	185.8	(29.5)	585.7	72.8

(1) Certain additional disclosures for these specified financial measures have been incorporated by reference. See "Cash Flow used in Investing Activities, Capital Expenditures, Acquisitions and Dispositions" in the Q2 2025 MD&A.

Non-GAAP Ratios

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. See "Non-GAAP and Other Financial Measures" in the Q2 2025 MD&A for information on additional disclosures, which information is incorporated by reference into this news release.

Capital Management Measures

Funds from operations, net debt, and net debt to funds from operations are capital management measures. See Note 8 "Capital Management" in the financial statements and "Non-GAAP and Other Financial Measures" in the Q2 2025 MD&A for information additional disclosures, which information is incorporated by reference into this news release.

FORWARD-LOOKING INFORMATION AND STATEMENTS

This news release contains certain forward-looking statements and forward-looking information (collectively referred to as "forward-looking information") within the meaning of applicable securities legislation about current expectations regarding the future based on certain assumptions made by ARC. Although ARC believes that the expectations represented by such forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. Forward-looking information in this news release is identified by words such as "anticipate", "believe", "ongoing", "may", "expect", "estimate", "plan", "will", "project", "continue", "target", "strategy", "upholding", or similar expressions, and includes suggestions of future outcomes. In particular, but without limiting the foregoing, this news release contains forward-looking information with respect to: ARC's intentions to return essentially all free funds flow to shareholders through the base dividend and share repurchases; ARC's 2025 capital budget and guidance including, among others, planned capital expenditures, anticipated free funds flow, anticipated average annual production and the components thereof, anticipated operating expenses, transportation expenses, G&A expenses before share-based compensation expense, G&A expenses, interest and financing expenses and current income tax as a per cent of funds from operations; expectations regarding base dividends and share repurchases; expectations with respect to investment in

Attachie Phase II, including the timing of an investment decision and the anticipated capital expenditures related thereto and the benefits therefrom; ARC's commitment to executing on its strategy to grow free funds flow per share through Montney investments; ARC's focus on operational execution at Attachie Phase I, and optimizing the Kakwa Assets and capital efficiencies across its remaining assets and the results therefrom; ARC's long-term plan through 2028 and the expected results therefrom; that ARC will remain committed to safety, capital discipline and financial strength; the anticipated increases to ARC's Attachie position upon development in connection with the agreement with TDZE; anticipated production in the second half of 2025 and the components thereof; ARC's continued evaluation and optimization of well design to maximize capital efficiencies; ARC's intention regarding investments towards site clearance and long-lead items and the expected timing with respect to formalizing such investment decision; anticipated Kakwa production during the second half of the year; plans to further implement the use of dual frac spreads and the benefits thereof; expectations regarding production curtailment at Sunrise and the timing of restoration; anticipated production and capital expenditures related to the acquired Kakwa Assets; the updated full-year production forecast and production forecast for the second half of 2025 at Attachie; expectations in respect of operating expenses per boe; estimated production for the full-year, and the second half of 2025 and the components thereof; ARC's intentions to renew its NCIB and the timing thereof; expectations regarding increased operating costs and the reasons therefor; expectations regarding decreased transportation expense per boe; net debt targets; and other statements. There can be no assurance that the plans, intentions, or expectations upon which these forward-looking statements are based will occur.

Readers are cautioned not to place undue reliance on forward-looking information as ARC's actual results may differ materially from those expressed or implied. ARC undertakes no obligation to update or revise any forward-looking information except as required by law. Developing forward-looking information involves reliance on a number of assumptions and consideration of certain risks and uncertainties, some of which are specific to ARC and others that apply to the industry generally. The material assumptions on which the forward-looking information in this news release are based, and the material risks and uncertainties underlying such forward-looking information, include: ARC's ability to successfully integrate the Kakwa Assets on a timely basis; assumptions with respect to natural gas curtailments at Sunrise; volatility of commodity prices; adverse economic conditions; political uncertainty; lack of capacity in, and/or regulatory constraints and uncertainty regarding, gathering and processing facilities, pipeline systems, and railway lines; indigenous land and rights claims; compliance with environmental regulations; risks relating to climate change, including transition and physical risks; ARC's ability to recruit and retain a skilled workforce and key personnel; development and production risks; project risks; risks relating to failure to obtain regulatory approvals; reputational risks; risks relating to a changing investor sentiment; asset concentration; risks relating to information technology systems and cyber security; risks related to hydraulic fracturing; liquidity; inflation, cost management and interest rates; third-party credit risks; variations in foreign exchange rates; risks relating to royalty regimes; the impact of competitors; lack of adequate insurance coverage; inaccurate estimation of ARC's reserve volumes; limited, unfavorable or a lack of access to capital markets; market access constraints or transportation interruptions, unanticipated operating results or production declines; increased debt levels or debt service requirements; increased costs; potential regulatory and industry changes stemming from the results of court actions affecting regions in which ARC holds assets; 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; the risk that (i) the tariffs that are currently in effect on goods exported from or imported into Canada continue in effect for an extended period of time, the tariffs that have been threatened are implemented, that tariffs that are currently suspended are reactivated, the rate or scope of tariffs are increased, or new tariffs are imposed, including on oil and natural gas, (ii) the U.S. and/or Canada imposes any other form of tax, restriction or prohibition on the import or export of products from one country to the other, including on oil and natural gas, and (iii) the tariffs imposed or threatened to be imposed by the U.S. on other countries and retaliatory tariffs imposed or threatened to be imposed by other countries on the U.S., will trigger a broader global trade war which could have a material adverse effect on the Canadian, U.S. and global economies, and by extension the Canadian oil and natural gas industry and the Company, including by decreasing demand for (and the price of) oil and natural gas,

disrupting supply chains, increasing costs, causing volatility in global financial markets, and limiting access to financing; forecast commodity prices and other pricing assumptions with respect to ARC's 2025 capital expenditure budget; assumptions with respect to ARC's revised 2025 guidance; ARC's ability to repurchase its securities under the NCIB and its ability to renew its NCIB; that the previously announced LNG agreements will commence on the timelines anticipated; that counterparties to ARC's various agreements will comply with their contractual obligations; expectations and projections made in light of ARC's historical experience; data contained in key modeling statistics; assumptions with respect to global economic conditions and the accuracy of ARC's market outlook expectations for 2025; suspension of or changes to guidance, and the associated impact to production; 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; opportunity for ARC to pay dividends and the approval and declaration of such dividends by ARC's board of directors; 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; 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; future use and development of technology and associated expected future results; 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; the retention of key assets; the continuance of existing tax, royalty, and regulatory regimes; estimates with respect to commodity pricing; 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 management's discussion and analysis for the year ended December 31, 2024.

ARC's future shareholder distributions, including but not limited to the payment of dividends, if any, and the level thereof is uncertain. Any decision to pay dividends on ARC's shares (including the actual amount, the declaration date, the record date and the payment date in connection therewith and any special dividends) will be subject to the discretion of ARC's board of directors and may depend on a variety of factors, including, without limitation, ARC's business performance, financial condition, financial requirements, growth plans, expected capital requirements and other conditions existing at such future time including, without limitation, contractual restrictions and satisfaction of the solvency tests imposed on ARC under applicable corporate law. Further, the actual amount, the declaration date, the record date and the payment date of any dividend are subject to the discretion of ARC's board of directors. There can be no assurance that ARC will pay dividends in the future.

The forward-looking information in this news release also includes financial outlooks and other related forward-looking information (including production and financial-related metrics) relating to ARC, including, but not limited to: production, capital expenditures, operating expenses, transportation expenses, G&A expenses before share-based compensation expense, G&A expenses – share based compensation expense, interest and financing expenses, and current income tax as a per cent of funds from operations. The internal projections, expectations, or beliefs are based on the 2025 capital budget, which is subject to change in light of ongoing results, prevailing economic conditions, commodity prices, and industry conditions and regulations. These financial outlook and other related forward-looking statements are also subject to the same assumptions, risk factors, limitations, and qualifications as set forth above. Any financial outlook and forward-looking information implied by such forward-looking statements are

described in the Q2 2025 MD&A, and ARC's most recent annual information form, which are available on ARC's website at www.arcresources.com and under ARC's SEDAR+ profile at www.sedarplus.ca and are incorporated by reference herein.

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

About ARC

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

ARC RESOURCES LTD.

Please visit ARC's website at www.arcresources.com or contact Investor Relations:

E-mail: IR@arcresources.com

Telephone: (403) 503-8600

Fax: (403) 509-6427

Toll Free: 1-888-272-4900

ARC Resources Ltd.

Suite 1500, 308 - 4 Avenue SW

Calgary, AB T2P 0H7

Q22025

Management's
Discussion & Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") of ARC Resources Ltd. ("ARC" or the "Company") is Management's analysis of the financial performance and significant trends and external factors that may affect future performance. It is dated July 31, 2025, and should be read in conjunction with the unaudited condensed interim consolidated financial statements (the "financial statements") as at and for the three and six months ended June 30, 2025, and the MD&A and audited consolidated financial statements for the year ended December 31, 2024, as well as ARC's 2024 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 indicators of ARC's performance 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.

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 assets 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 standard of operational excellence, robust risk management program, and strong balance sheet have positioned the Company to effectively manage volatile market conditions. The Company's concentrated asset base, located in premier positions within the Montney fairway and 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 business model is focused on a strong balance sheet, with ample liquidity, social and governance leadership, long-term corporate profitability, free funds flow generation, and paying a dividend to shareholders. Together with the Company's premier land position in the Montney, significant resource in-place, large inventory of future drilling locations, and high-performance people and culture, these principles make ARC a differentiated company.

Highlights

Corporate highlights for the annual periods of 2021 through 2024 and the six months ended June 30, 2025 are shown in Table 1:

Table 1

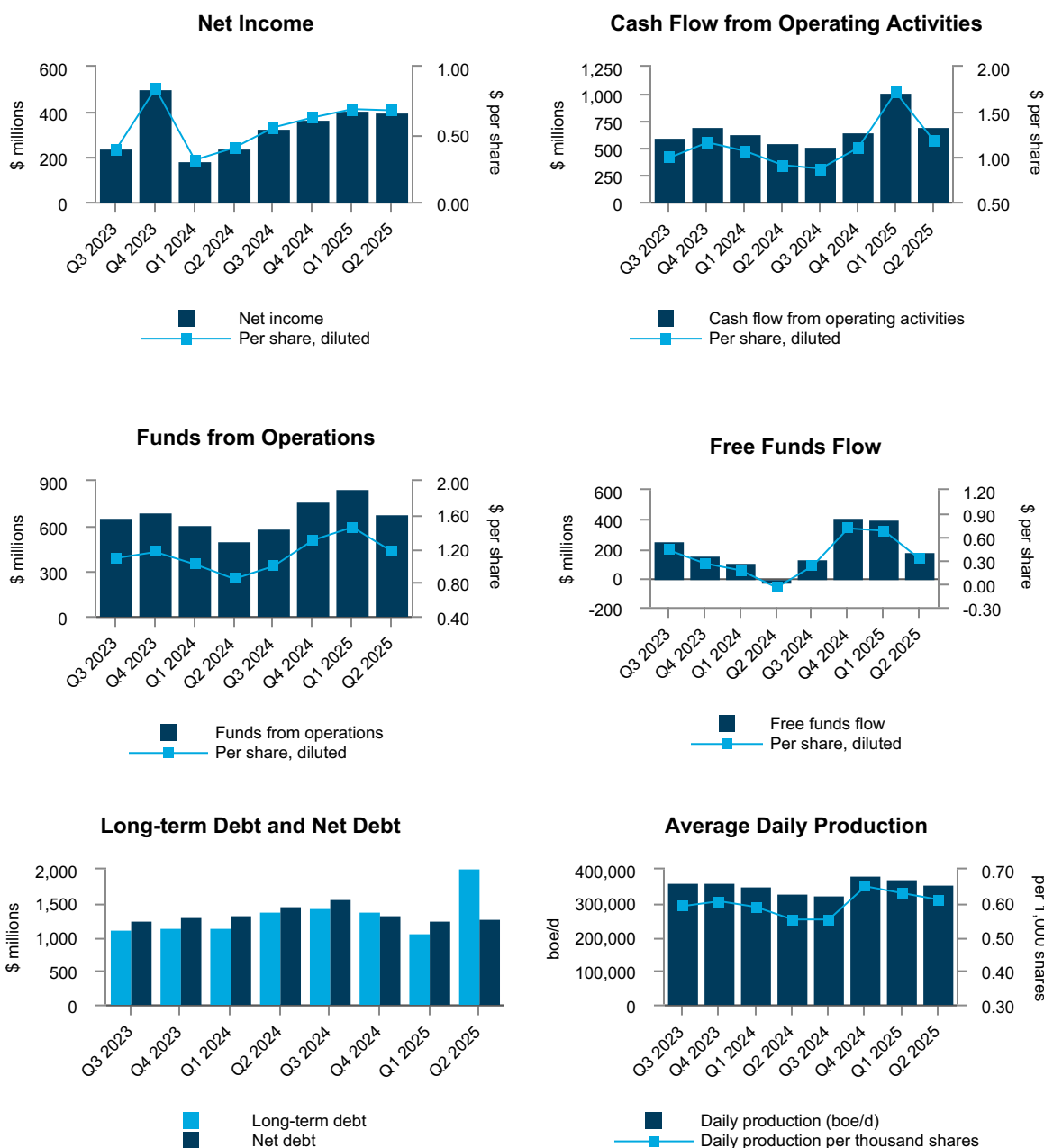
(\$ millions, except per share amounts, or unless otherwise noted)	2025 YTD	2024	2023	2022	2021
Production ⁽¹⁾					
Crude oil and condensate (bbl/d)	97,384	87,266	83,880	86,393	70,393
Natural gas (MMcf/d)	1,359	1,307	1,322	1,259	1,149
NGLs (bbl/d)	40,899	42,787	47,760	49,385	40,084
Total production (boe/d)	364,705	347,908	351,954	345,613	302,003
Average daily production per thousand shares ⁽²⁾	0.62	0.58	0.58	0.52	0.48
Net income	800.8	1,124.1	1,596.5	2,302.3	786.6
Net income per share	1.36	1.88	2.61	3.47	1.25
Cash flow from operating activities	1,712.1	2,348.6	2,394.3	3,833.3	2,006.5
Cash flow from operating activities per share ⁽³⁾	2.91	3.94	3.92	5.78	3.20
Funds from operations ⁽⁴⁾	1,539.1	2,472.5	2,639.6	3,712.5	2,415.4
Funds from operations per share ⁽³⁾	2.62	4.15	4.32	5.60	3.85
Free funds flow ⁽⁵⁾	585.7	627.0	789.8	2,270.6	1,353.6
Free funds flow per share ⁽⁶⁾	1.00	1.05	1.29	3.42	2.16
Cash flow used in investing activities	900.5	1,906.2	1,690.7	1,413.2	808.1
Capital expenditures ⁽⁷⁾	953.4	1,845.5	1,849.8	1,441.9	1,061.8
Long-term debt ⁽⁸⁾	1,990.8	1,387.4	1,148.9	990.0	1,705.3
Net debt ⁽⁴⁾	1,289.2	1,335.6	1,317.1	1,301.5	1,828.7
Net debt to funds from operations (ratio) ⁽⁴⁾	0.4	0.5	0.5	0.4	0.8
Return on average capital employed ("ROACE") (%) ⁽⁹⁾	20	16	23	35	18
Proved plus probable reserves (MMboe) ⁽¹⁰⁾⁽¹¹⁾	n/a	2,098.2	1,994.3	1,828.6	1,760.6
Proved plus probable reserves per share (boe) ⁽¹⁰⁾⁽¹¹⁾	n/a	3.5	3.3	2.8	2.8

- (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 six months ended June 30, 2025, and for the respective years ended December 31, 2024, 2023, 2022, and 2021.
- (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 8 "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 6 "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 and NI 51-101.
- (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 Year-end 2024 Results and Reserves" dated February 6, 2025, 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

On July 2, 2025, ARC closed the previously announced acquisition of condensate-rich Montney assets in the Kakwa region in Alberta (the "Kakwa Assets") from Strathcona Resources Ltd. ("Strathcona"). Refer to Note 15 "Subsequent Event" in the financial statements and the news release dated July 2, 2025, entitled "ARC Resources Ltd. Announces the Closing of its Montney Acquisition", available on ARC's website at www.arcresources.com and on SEDAR+ at www.sedarplus.ca.

ARC's 2025 guidance, 2025 revised guidance, which incorporates the expected impacts of the acquired Kakwa Assets, and a review of 2025 year-to-date results are outlined in Table 2:

Table 2

	2025 Guidance	2025 Revised Guidance	2025 YTD Actual	% Variance from 2025 Revised Guidance
Production				
Crude oil and condensate (bbl/d)	104,000 - 110,000	107,000 - 112,000	97,384	(8)
Natural gas (MMcf/d)	1,400 - 1,420	1,390 - 1,420	1,359	(2)
NGLs (bbl/d)	42,000 - 48,000	43,000 - 48,000	40,899	(5)
Total (boe/d)	380,000 - 395,000	385,000 - 395,000	364,705	(5)
Expenses (\$/boe) ⁽¹⁾⁽²⁾				
Operating	4.50 - 4.90	5.00 - 5.50	5.01	—
Transportation	5.00 - 5.50	5.00 - 5.50	5.46	—
General and administrative ("G&A") expense before share-based compensation expense	0.90 - 1.10	1.00 - 1.10	1.17	6
G&A - share-based compensation expense	0.25 - 0.35	0.30 - 0.40	0.40	—
Interest and financing ⁽³⁾	0.70 - 0.80	0.90 - 1.00	0.75	(17)
Current income tax expense, as a per cent of funds from operations ⁽¹⁾	10 - 15	5 - 10	11	10
Capital expenditures (\$ billions) ⁽²⁾⁽⁴⁾	1.6 - 1.7	1.85 - 1.95	1.0	n/a

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

(2) Excludes potential impact from tariffs.

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

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

ARC has revised 2025 production guidance to incorporate the acquisition of the Kakwa Assets, natural gas production curtailments in the Sunrise area, and year-to-date production from the Attachie area.

Expense guidance has been revised to reflect the Kakwa Assets acquisition, higher water-handling costs in the Kakwa area, and reduced production in the Sunrise area. The increase in interest and financing reflects additional interest payments associated with the issuance of senior notes.

The increase in planned capital expenditures reflects the acquisition of the Kakwa Assets as well as \$50 million towards advancing the development of Attachie Phase II.

For more information regarding ARC's revised 2025 guidance, refer to the news release dated July 31, 2025, entitled "ARC Resources Ltd. Reports Second Quarter 2025 Results, Provides 2025 Revised Guidance, and Announces New Attachie Land Acquisition", available on ARC's website at www.arcresources.com and on SEDAR+ at www.sedarplus.ca.

Exhibit 2

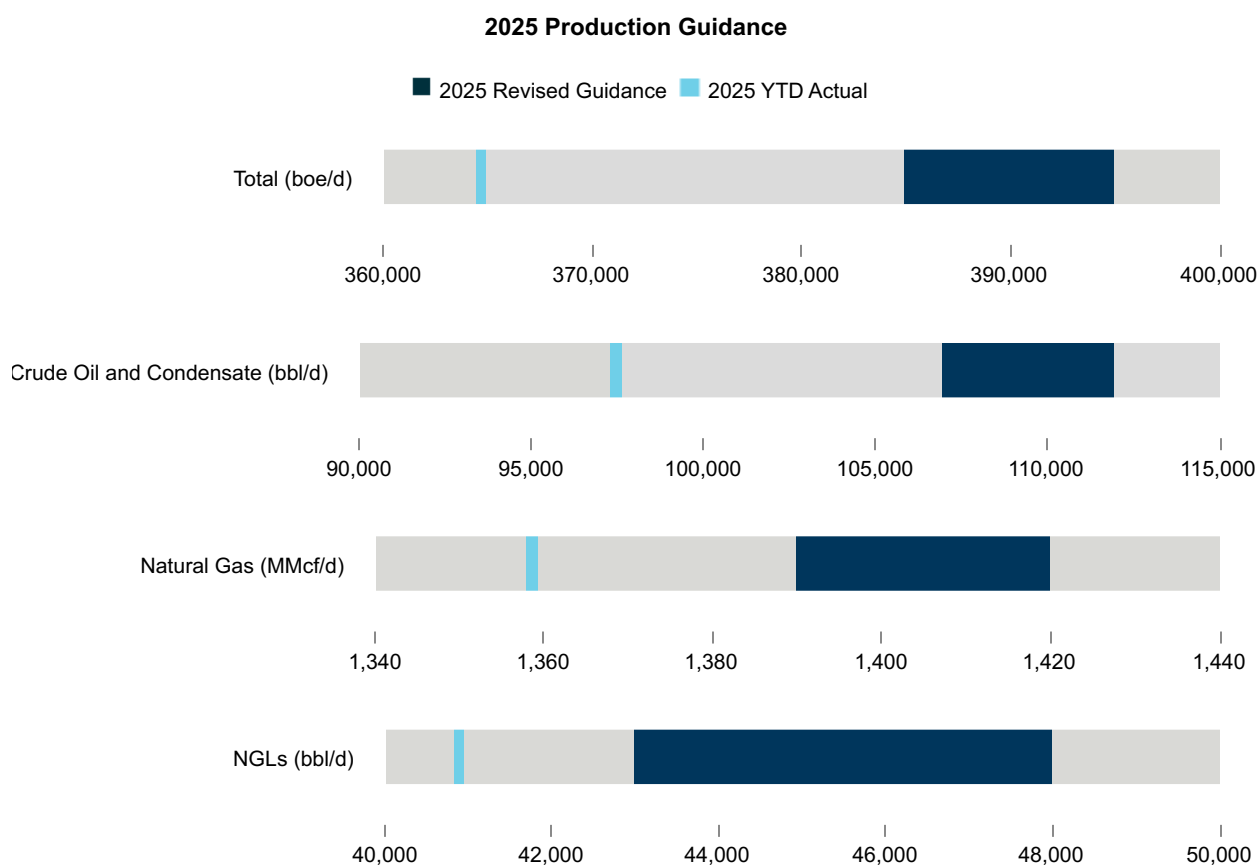
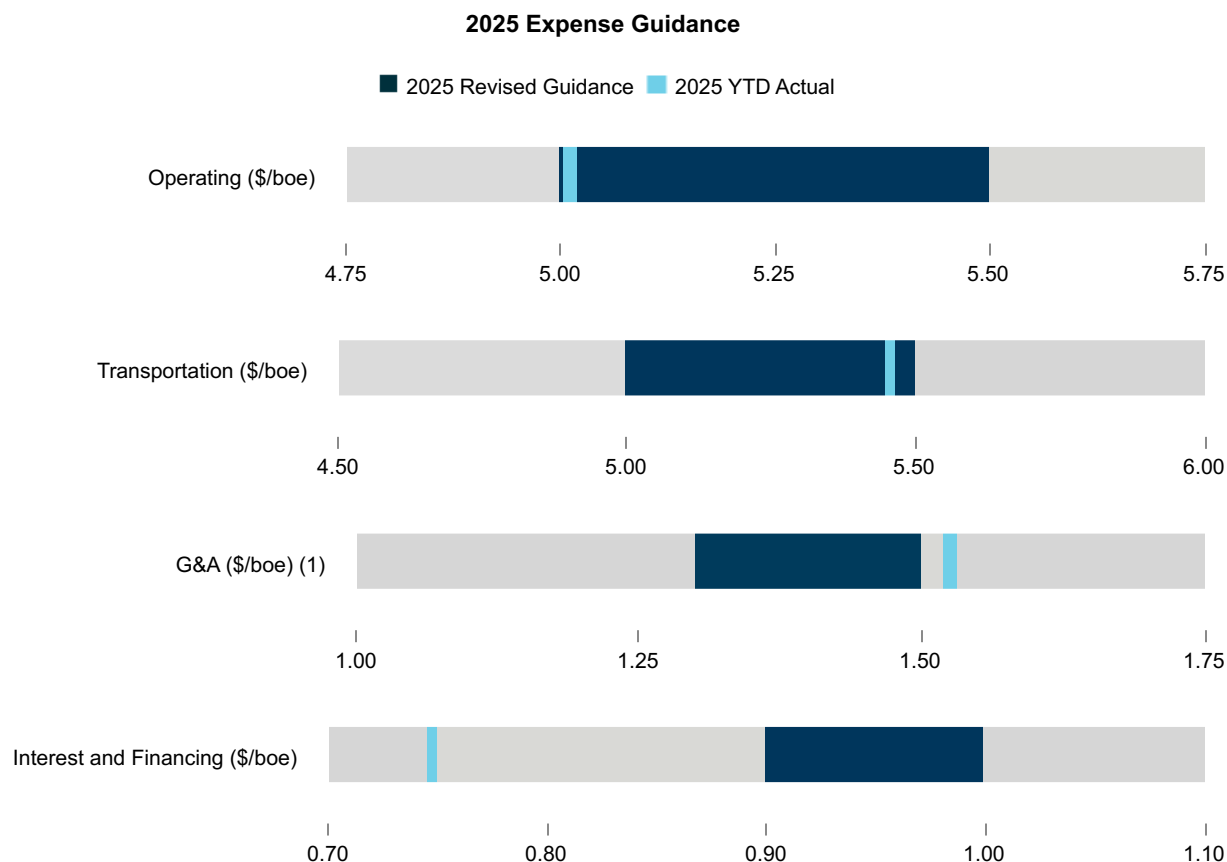


Exhibit 2a



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

2025 SECOND QUARTER FINANCIAL AND OPERATIONAL RESULTS

Financial Highlights

Table 3

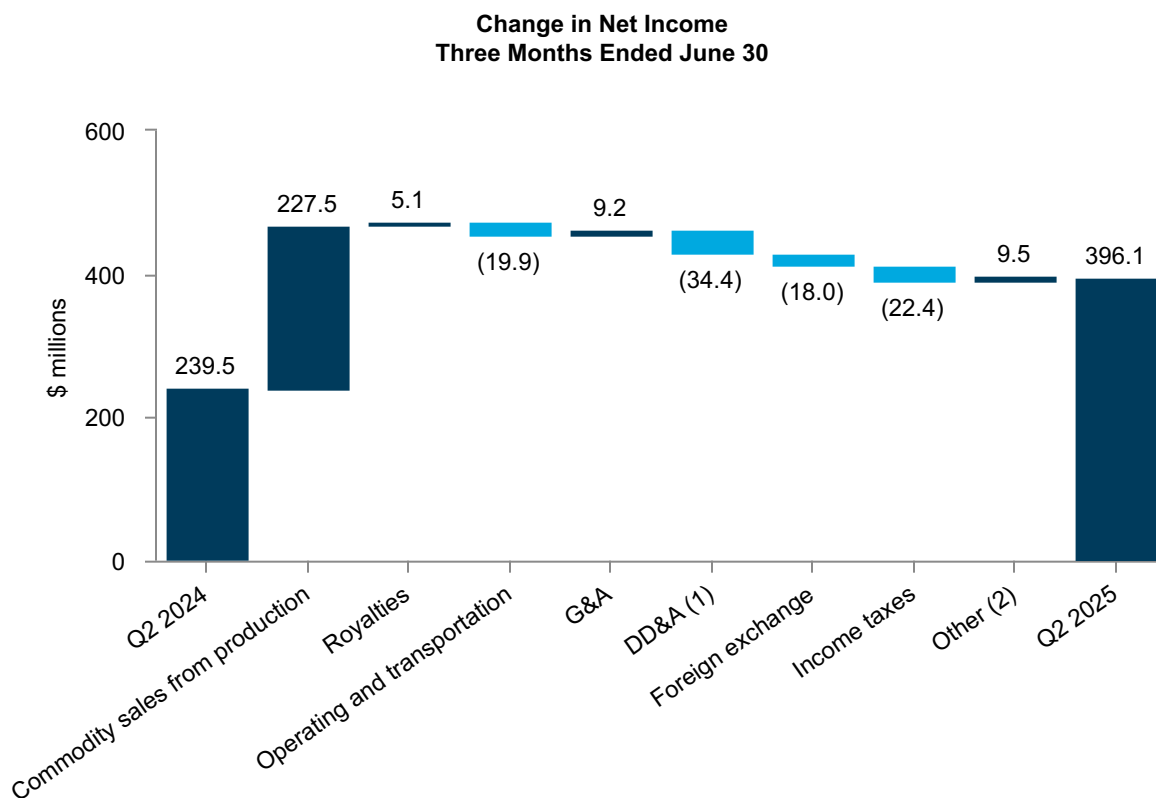
(\$ millions, except per share and production data)	Three Months Ended				Six Months Ended		
	March 31, 2025	June 30, 2025	June 30, 2024	% Change	June 30, 2025	June 30, 2024	% Change
Net income	404.7	396.1	239.5	65	800.8	424.9	88
Net income per share	0.69	0.68	0.40	70	1.36	0.71	92
Cash flow from operating activities	1,013.0	699.1	543.0	29	1,712.1	1,179.3	45
Cash flow from operating activities per share	1.72	1.19	0.91	31	2.91	1.97	48
Funds from operations	857.0	682.1	502.8	36	1,539.1	1,109.7	39
Funds from operations per share	1.45	1.17	0.84	39	2.62	1.85	42
Free funds flow	399.9	185.8	(29.5)	730	585.7	72.8	705
Free funds flow per share	0.68	0.32	(0.05)	740	1.00	0.12	733
Dividends declared per share ⁽¹⁾	0.19	0.19	0.17	12	0.38	0.34	12
Average daily production (boe/d)	372,265	357,228	330,046	8	364,705	341,187	7

(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 second quarter of 2025, ARC recognized net income of \$396.1 million (\$0.68 per share), an increase of \$156.6 million from ARC's second quarter 2024 net income of \$239.5 million (\$0.40 per share). The increase in net income is primarily attributed to an increase in commodity sales from production of \$227.5 million, driven by an increase in production, with the increase in average realized natural gas prices offset by a decrease in average realized crude oil and liquids prices.

Exhibit 3

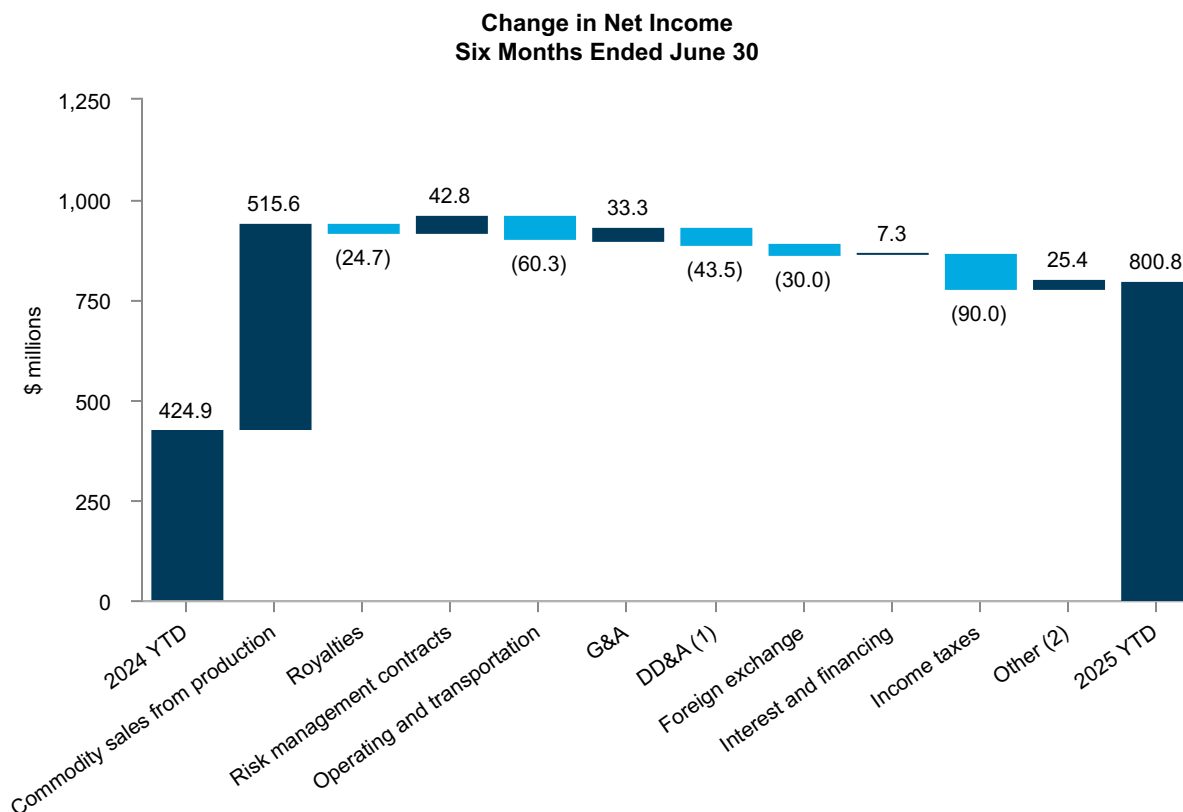


(1) Includes depletion, depreciation and amortization ("DD&A") and impairment of PP&E.

(2) Includes sales from third-party purchases, interest and other income, risk management contracts, third-party purchases, interest and financing, impairment (reversal of impairment) of financial assets, and gain on disposal of crude oil and natural gas assets.

For the six months ended June 30, 2025, ARC recognized net income of \$800.8 million (\$1.36 per share) compared to \$424.9 million (\$0.71 per share) for the same period of the prior year. The \$375.9 million increase in net income is primarily attributed to an increase in commodity sales from production of \$515.6 million, driven by increased production and a higher average realized commodity price.

Exhibit 3a



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

(2) Includes sales from third-party purchases, interest and other income, third-party purchases, impairment (reversal of impairment) of financial assets, and gain on disposal of crude oil and natural gas assets.

Cash Flow from Operating Activities and Funds from Operations

Cash flow from operating activities for the three months ended June 30, 2025, was \$699.1 million, an increase of \$156.1 million from ARC's second quarter 2024 cash flow from operating activities of \$543.0 million. For the six months ended June 30, 2025, cash flow from operating activities increased to \$1.7 billion from \$1.2 billion for the same period in 2024. The increase in cash flow from operating activities for the three and six months ended June 30, 2025, compared to the same periods in the prior year, primarily reflects higher funds from operations.

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 8 "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			Six Months Ended	
	March 31, 2025	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Net income	404.7	396.1	239.5	800.8	424.9
Adjusted for the following non-cash items:					
Unrealized loss (gain) on risk management contracts	84.8	(86.8)	(81.9)	(2.0)	11.6
DD&A and impairment of PP&E	349.3	349.0	314.6	698.3	654.8
Unrealized loss (gain) on foreign exchange	0.7	2.3	(3.0)	3.0	(13.2)
Gain on disposal of crude oil and natural gas assets	—	(4.0)	—	(4.0)	—
Deferred taxes	12.9	24.2	29.2	37.1	24.5
Other	4.6	1.3	4.4	5.9	7.1
Funds from operations	857.0	682.1	502.8	1,539.1	1,109.7
Net change in other liabilities	(47.4)	(7.7)	1.5	(55.1)	(5.2)
Change in non-cash operating working capital	203.4	24.7	38.7	228.1	74.8
Cash flow from operating activities	1,013.0	699.1	543.0	1,712.1	1,179.3

Details of the change in funds from operations from the three and six months ended June 30, 2024 to the three and six months ended June 30, 2025 are included in Table 5 below:

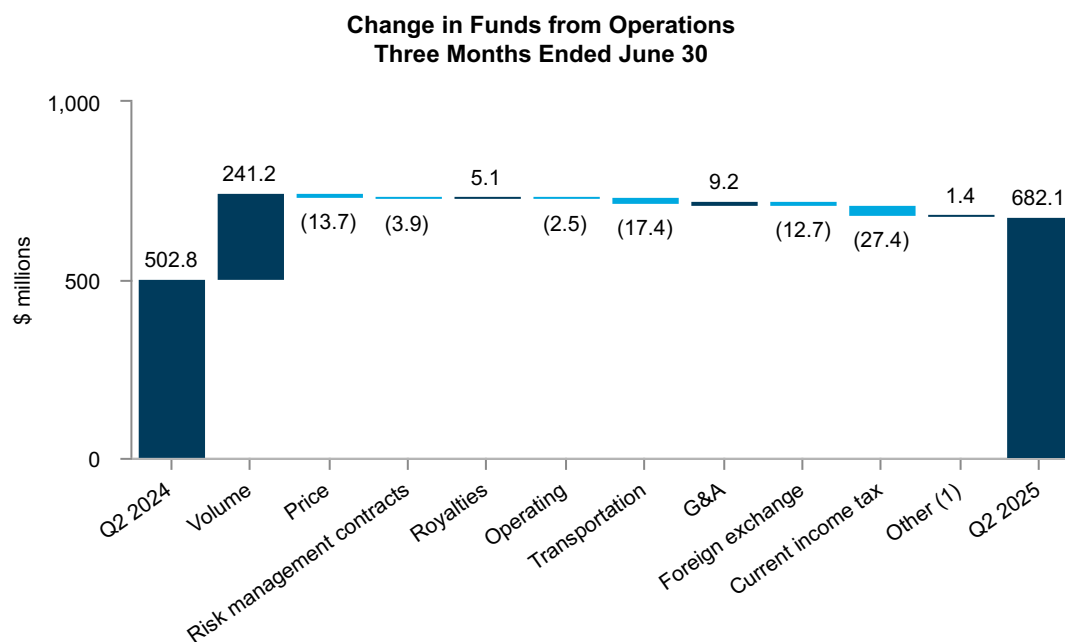
Table 5

	Three Months Ended June 30		Six Months Ended June 30	
	\$ millions	\$/share	\$ millions	\$/share
Funds from operations – 2024	502.8	0.84	1,109.7	1.85
Production volume variance				
Crude oil and liquids	237.6	0.39	305.2	0.51
Natural gas	3.6	0.01	21.8	0.04
Commodity price variance				
Crude oil and liquids	(172.2)	(0.28)	(100.8)	(0.16)
Natural gas	158.5	0.26	289.4	0.48
Sales from third-party purchases	29.9	0.05	97.4	0.16
Interest and other income	(0.9)	—	8.1	0.01
Realized gain on risk management contracts	(3.9)	(0.01)	29.2	0.05
Royalties	5.1	0.01	(24.7)	(0.04)
Expenses				
Operating	(2.5)	—	(28.4)	(0.05)
Transportation	(17.4)	(0.03)	(31.9)	(0.05)
Third-party purchases	(33.5)	(0.06)	(87.7)	(0.15)
G&A	9.2	0.02	33.3	0.06
Interest and financing	4.7	0.01	7.4	0.01
Realized loss on foreign exchange	(12.7)	(0.02)	(13.8)	(0.02)
Current income tax	(27.4)	(0.05)	(77.4)	(0.13)
Other	1.2	—	2.3	—
Weighted average shares, diluted	—	0.03	—	0.05
Funds from operations – 2025	682.1	1.17	1,539.1	2.62

Funds from operations for the three months ended June 30, 2025, was \$682.1 million (\$1.17 per share), an increase of \$179.3 million from \$502.8 million (\$0.84 per share) for the three months ended June 30, 2024. For the six months ended June 30, 2025, funds from operations was \$1.5 billion (\$2.62 per share) an increase of \$429.4 million from \$1.1 billion (\$1.85 per share) for the six months ended June 30, 2024.

The increase in funds from operations for the three months ended June 30, 2025, is primarily due to an increase in production, with the increase in average realized natural gas prices offset by a decrease in average realized crude oil and liquids prices.

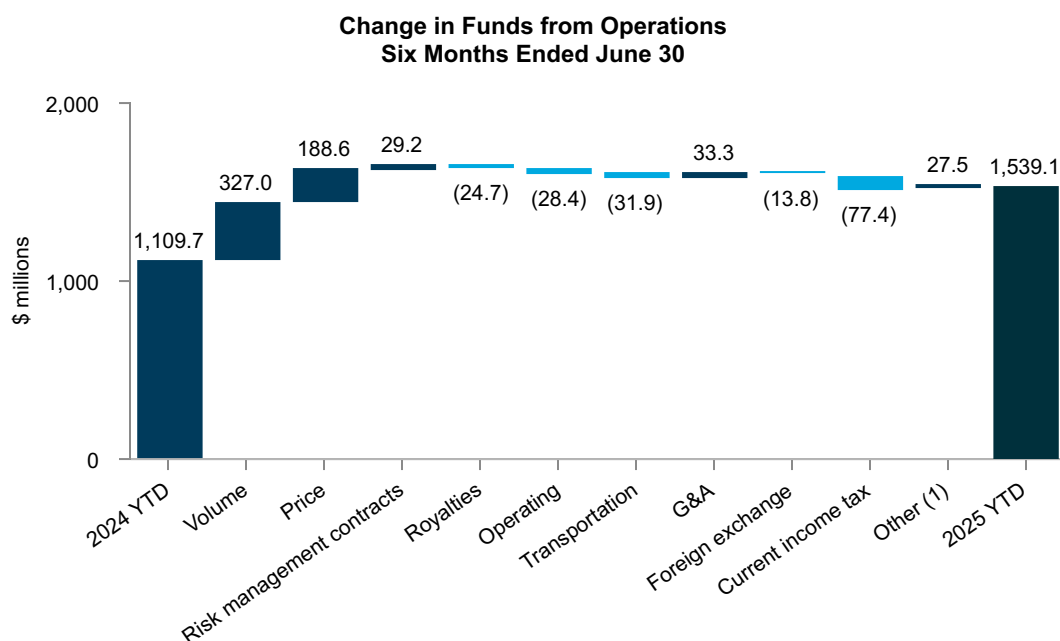
Exhibit 4



(1) Includes sales from third-party purchases, interest and other income, third-party purchases, interest and financing, and other non-cash items.

The increase in funds from operations for the six months ended June 30, 2025, is primarily due to an increase in production and an increase in average realized natural gas prices.

Exhibit 4a



(1) Includes sales from third-party purchases, interest and other income, third-party purchases, interest and financing, and other non-cash items.

Net Income Sensitivity

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

Table 6

			Impact on Annual Net Income	
	Assumption	Change	Notional Amount (\$ millions)	\$/share
Business Environment ⁽¹⁾				
Crude oil price (\$/bbl)	85.00	10 %	293.2	0.50
Natural gas price (\$/Mcf)	3.71	10 %	230.1	0.39
Cdn\$/US\$ exchange rate	1.41	5 %	219.4	0.37
Interest rate on floating-rate debt (%)	4.78	1 %	1.9	—
Operational ⁽⁵⁾				
Crude oil and liquids production (bbl/d)	138,283	5 %	141.7	0.24
Natural gas production (MMcf/d)	1,359	5 %	16.2	0.03
Royalties (\$/boe)	4.29	5 %	21.9	0.04
Operating (\$/boe)	5.01	5 %	25.6	0.04
Transportation (\$/boe)	5.46	5 %	27.9	0.05
G&A (\$/boe)	1.57	5 %	8.0	0.01

(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.

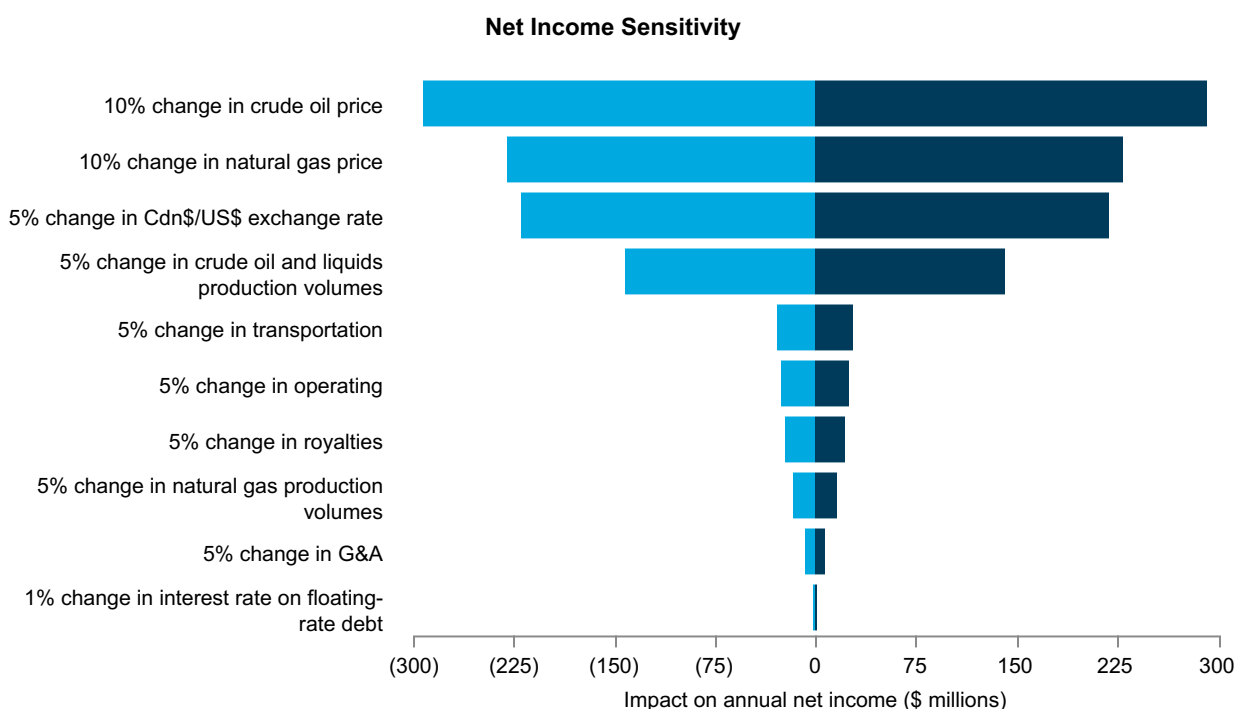
(2) Prices and rates are indicative of ARC's average realized commodity prices for the six months ended June 30, 2025. Refer to Table 10 contained within this MD&A for additional details. The calculated impact on net income is indicative of changes in the underlying benchmark prices and differentials 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 six months ended June 30, 2025 and the calculated impact on net income would only be applicable within a limited range of these amounts.

Exhibit 5



Production

A breakdown of production by product type and percentage of production by product type is outlined in Table 7:

Table 7

Production	Three Months Ended				Six Months Ended		
	March 31, 2025	June 30, 2025	June 30, 2024	% Change	June 30, 2025	June 30, 2024	% Change
Crude oil (bbl/d)	8,038	9,405	6,403	47	8,726	7,240	21
Condensate (bbl/d)	86,296	90,994	68,310	33	88,658	71,453	24
NGLs (bbl/d)	42,821	38,999	40,994	(5)	40,899	45,203	(10)
Crude oil and liquids (bbl/d)	137,155	139,398	115,707	20	138,283	123,896	12
Natural gas (MMcf/d)	1,411	1,307	1,286	2	1,359	1,304	4
Total production (boe/d)	372,265	357,228	330,046	8	364,705	341,187	7
Natural gas production (%)	63	61	65	(4)	62	64	(2)
Crude oil and liquids production (%)	37	39	35	4	38	36	2

For the three and six months ended June 30, 2025, total production increased eight per cent and seven per cent, respectively, as compared to the same periods of the prior year.

For the three and six months ended June 30, 2025, crude oil and liquids production increased 20 per cent and 12 per cent, respectively, as compared to the same periods in the prior year. The increase for the three and six months ended June 30, 2025, was primarily due to new production from ARC's Attachie Phase I facility.

For the three and six months ended June 30, 2025, natural gas production increased two per cent and four per cent, respectively, as compared to the same periods in the prior year. The increase for the three and six months ended June 30, 2025, was primarily due to new production from ARC's Attachie Phase 1 facility and increased production in the Kakwa and Greater Dawson areas with less scheduled maintenance required, partially offset by the deliberate curtailment of production from the Sunrise area in response to low Western Canadian natural gas prices.

Exhibit 6

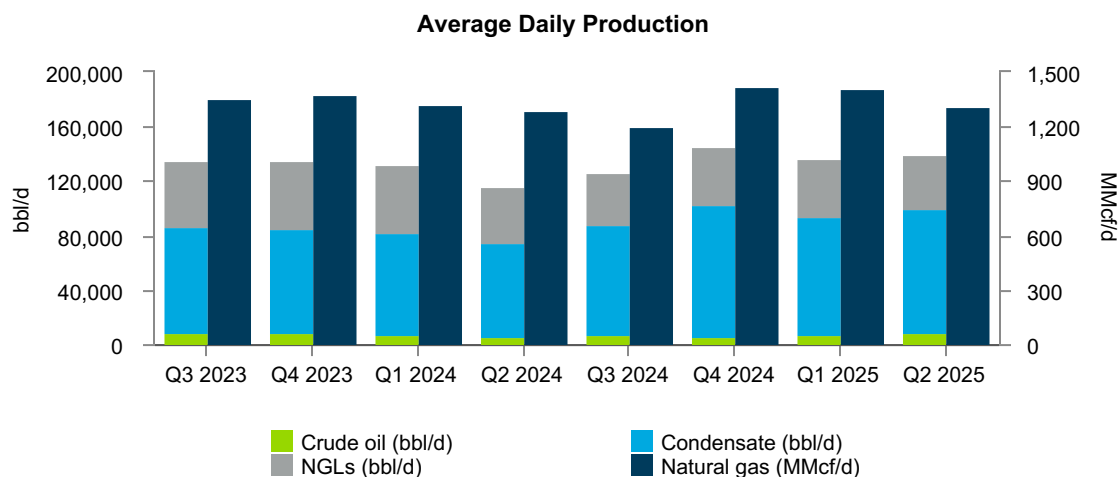


Table 8 summarizes ARC's production by core area for the three months ended June 30, 2025 and June 30, 2024:

Table 8

Three Months Ended June 30, 2025					
Production	Total	Crude Oil	Condensate	Natural Gas	NGLs
Core Area	(boe/d)	(bbl/d)	(bbl/d)	(MMcf/d)	(bbl/d)
Kakwa	169,622	17	65,474	463.9	26,815
Greater Dawson	93,616	574	11,326	443.0	7,905
Sunrise	46,286	—	370	274.8	114
Attachie	26,833	—	13,195	63.5	3,059
Ante Creek	21,569	8,814	628	61.8	1,826
All other	(698)	—	1	—	(720)
Total	357,228	9,405	90,994	1,307.0	38,999

Three Months Ended June 30, 2024					
Production	Total	Crude Oil	Condensate	Natural Gas	NGLs
Core Area	(boe/d)	(bbl/d)	(bbl/d)	(MMcf/d)	(bbl/d)
Kakwa	159,756	22	54,265	441.5	31,880
Greater Dawson	88,299	397	11,741	411.8	7,525
Sunrise	61,057	—	284	364.1	98
Attachie	2,922	—	1,489	8.1	77
Ante Creek	18,052	5,820	531	60.3	1,654
All other	(40)	164	—	0.2	(240)
Total	330,046	6,403	68,310	1,286.0	40,994

Exhibit 7

**Average Daily Production by Core Area
Three Months Ended June 30, 2025**

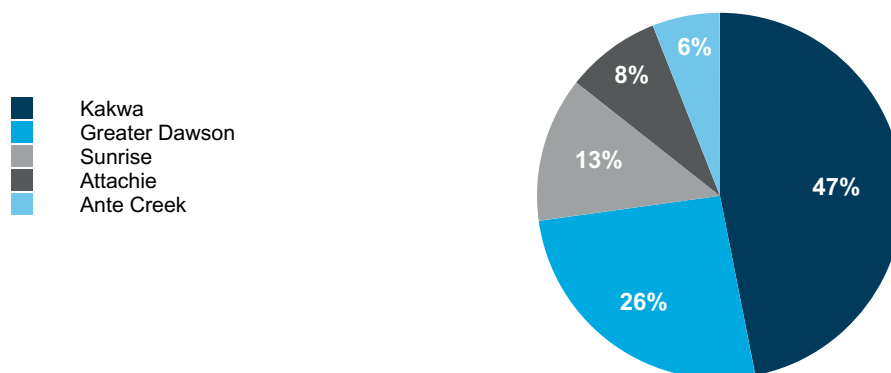


Table 8a summarizes ARC's production by core area for the six months ended June 30, 2025 and June 30, 2024:

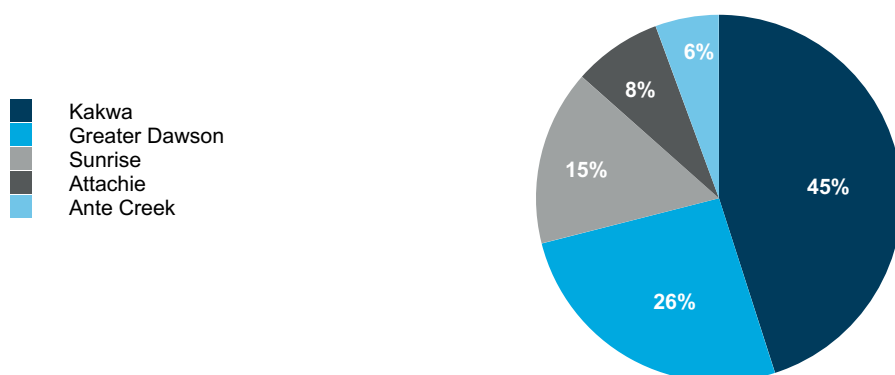
Table 8a

Six Months Ended June 30, 2025					
Production	Total	Crude Oil	Condensate	Natural Gas	NGLs
Core Area	(boe/d)	(bbl/d)	(bbl/d)	(MMcf/d)	(bbl/d)
Kakwa	166,049	19	62,550	456.5	27,391
Greater Dawson	95,791	629	11,263	453.1	8,406
Sunrise	53,419	—	261	318.4	83
Attachie	28,947	—	13,966	69.1	3,465
Ante Creek	20,725	8,077	617	61.4	1,795
All other	(226)	1	1	—	(241)
Total	364,705	8,726	88,658	1,358.5	40,899

Six Months Ended June 30, 2024					
Production	Total	Crude Oil	Condensate	Natural Gas	NGLs
Core Area	(boe/d)	(bbl/d)	(bbl/d)	(MMcf/d)	(bbl/d)
Kakwa	167,817	22	58,269	445.1	35,335
Greater Dawson	89,891	577	10,988	423.9	7,676
Sunrise	60,477	—	234	361.0	82
Attachie	2,695	—	1,363	7.6	69
Ante Creek	19,784	6,463	598	65.5	1,811
All other	523	178	1	0.7	230
Total	341,187	7,240	71,453	1,303.8	45,203

Exhibit 7a

**Average Daily Production by Core Area
Six Months Ended June 30, 2025**



Commodity Sales from Production

For both the three and six months ended June 30, 2025, commodity sales from production increased by 23 per cent as compared to the same periods in 2024. The increase for the three months ended June 30, 2025 is due to an increase in production volumes. The increase for the six months ended June 30, 2025 is due to an increase in production volumes and a higher average realized commodity price, driven by an increase in natural gas 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

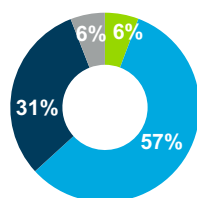
Commodity Sales from Production, by Product Type (\$ millions)	Three Months Ended				Six Months Ended		
	March 31, 2025	June 30, 2025	June 30, 2024	% Change	June 30, 2025	June 30, 2024	% Change
Crude oil	63.6	70.6	58.4	21	134.2	120.0	12
Condensate	771.1	706.7	645.0	10	1,477.8	1,287.0	15
Natural gas	532.3	379.5	217.4	75	911.8	600.6	52
NGLs	123.2	72.4	80.9	(11)	195.6	196.2	—
Commodity sales from production	1,490.2	1,229.2	1,001.7	23	2,719.4	2,203.8	23

Table 9a

% of Commodity Sales from Production by Product Type	Three Months Ended				Six Months Ended		
	March 31, 2025	June 30, 2025	June 30, 2024	% Change	June 30, 2025	June 30, 2024	% Change
Crude oil and liquids	64	69	78	(9)	66	73	(7)
Natural gas	36	31	22	9	34	27	7
Commodity sales from production	100	100	100	—	100	100	—

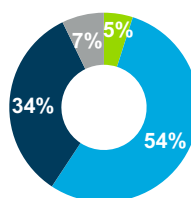
Exhibit 8

**Commodity Sales from Production by Product
Three Months Ended
June 30, 2025**



■ Crude oil
 ■ Condensate
 ■ Natural gas
 ■ NGLs

**Commodity Sales from Production by Product Type
Six Months Ended
June 30, 2025**



■ Crude oil
 ■ Condensate
 ■ Natural gas
 ■ NGLs

Commodity Prices

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

Table 10

	Three Months Ended				Six Months Ended		
	March 31, 2025	June 30, 2025	June 30, 2024	% Change	June 30, 2025	June 30, 2024	% Change
Average Benchmark Prices							
WTI crude oil (US\$/bbl)	71.42	63.68	80.66	(21)	67.52	78.81	(14)
Cdn\$/US\$ exchange rate	1.44	1.38	1.37	1	1.41	1.36	4
WTI crude oil (Cdn\$/bbl)	102.84	87.88	110.50	(20)	95.20	107.18	(11)
Peace Sour Price at Edmonton (Cdn\$/bbl)	92.19	82.06	101.42	(19)	87.01	93.20	(7)
Condensate Stream Price at Edmonton (Cdn\$/bbl)	100.60	88.05	105.73	(17)	94.19	102.31	(8)
NYMEX Henry Hub Last Day Settlement (US\$/MMBtu)	3.65	3.44	1.89	82	3.55	2.07	71
Chicago Citygate Monthly Index (US\$/MMBtu)	3.93	2.99	1.60	87	3.46	2.05	69
AECO 7A Monthly Index (Cdn\$/Mcf)	2.02	2.07	1.44	44	2.05	1.74	18
ARC Average Realized Commodity Prices ⁽¹⁾							
Crude oil (\$/bbl)	87.90	82.56	100.28	(18)	85.00	91.10	(7)
Condensate (\$/bbl)	99.28	85.35	103.73	(18)	92.09	98.96	(7)
Natural gas (\$/Mcf)	4.19	3.19	1.86	72	3.71	2.53	47
NGLs (\$/bbl)	31.98	20.39	21.69	(6)	26.42	23.85	11
Average realized commodity price (\$/boe)	44.48	37.81	33.35	13	41.20	35.49	16

(1) 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 11 per cent in the second quarter of 2025 compared to the prior quarter and 21 per cent compared to the second quarter of 2024. Crude oil prices decreased during the quarter due to a larger-than-expected supply increase from several large crude oil-producing countries as well as shifting United States trade policy that weakened the global economic outlook. Geopolitical tensions in the Middle East had the potential for significant supply disruptions, causing crude oil price volatility for the period.

The Edmonton condensate benchmark price decreased 12 per cent in the second quarter of 2025 compared to the prior quarter and 17 per cent compared to the second quarter of 2024. With limited change in local market fundamentals and pricing differentials, Western Canadian condensate pricing remained aligned with WTI crude oil pricing in the quarter.

Average NYMEX Henry Hub natural gas prices decreased six per cent in the second quarter of 2025 compared to the prior quarter and increased 82 per cent compared to the second quarter of 2024. Natural gas prices declined slightly during the quarter due to increased production and reduced weather-related demand, resulting in elevated natural gas inventory levels.

The AECO 7A Monthly Index increased two per cent in the second quarter of 2025 compared to the prior quarter and 44 per cent compared to the second quarter of 2024. Pricing remained relatively unchanged during the quarter, reflecting stable production and export levels.

ARC's Average Realized Commodity Prices

For the three months ended June 30, 2025, both ARC's average realized crude oil and condensate prices decreased 18 per cent, compared to the same periods of the prior year. For the six months ended June 30, 2025, both ARC's average realized crude oil and condensate prices decreased seven per cent, compared to the same periods of the prior year. The decreases for the three and six months ended June 30, 2025, primarily reflect a weaker WTI benchmark price, partially offset by narrower differentials between WTI and Canadian benchmark prices.

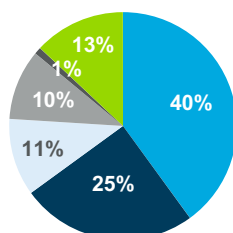
ARC's natural gas sales are physically diversified to multiple sales points within North America, each with different index-based pricing. All of ARC's natural gas sold in the United States complies with the rules of origin under the Canada-United States-Mexico Agreement.

ARC's average realized natural gas price increased 72 per cent and 47 per cent for the three and six months ended June 30, 2025, respectively, compared to the same periods of the prior year. The increases are primarily due to stronger benchmark prices in most North American markets.

Exhibit 9

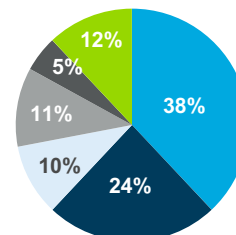
**Natural Gas Sales by Sales Point
Three Months Ended
June 30, 2025**

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



**Natural Gas Sales by Sales Point
Six Months Ended
June 30, 2025**

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

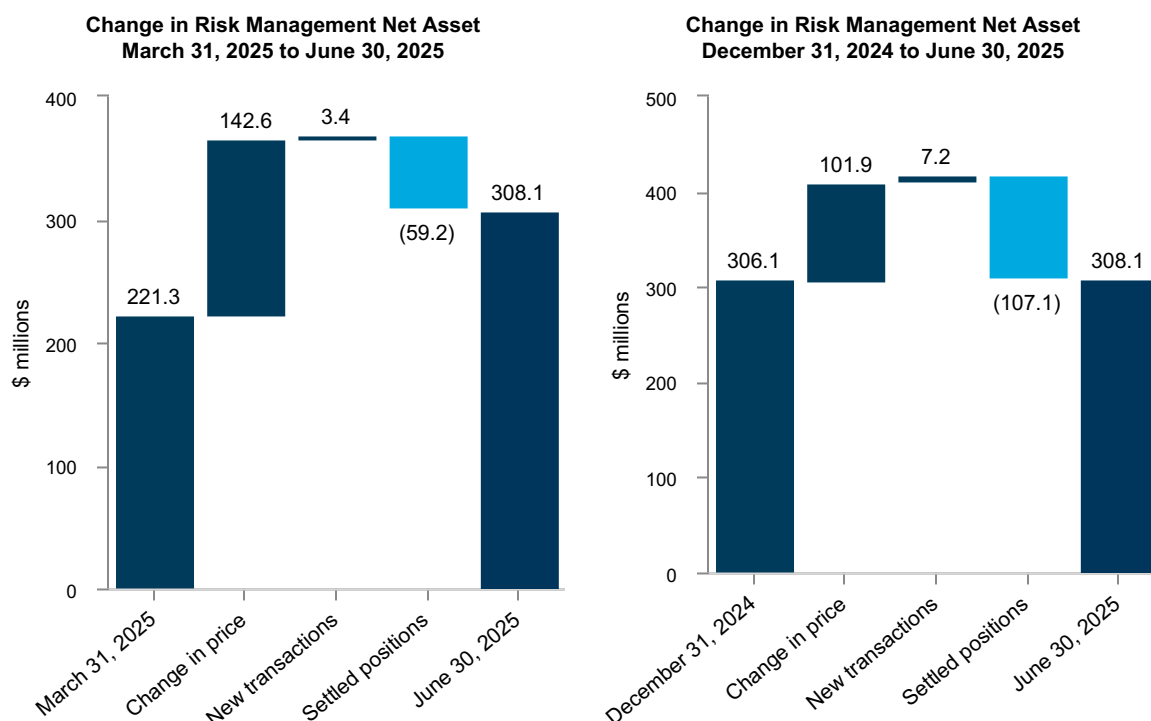


During the six months ended June 30, 2025, ARC entered into a long-term LNG sale and purchase agreement (the "Agreement") with ExxonMobil LNG Asia Pacific ("EMLAP"). Under the Agreement, EMLAP will purchase all of ARC's LNG offtake from the Cedar LNG Project, approximately 1.5 million tonnes per annum, at international LNG pricing. For additional information, refer to the news release dated March 11, 2025, entitled "*ARC Resources Ltd. Announces Long-Term Sale and Purchase Agreement with ExxonMobil*", available on ARC's website at www.arcresources.com and on SEDAR+ at www.sedarplus.ca.

Risk Management Contracts

The fair value of ARC's risk management contracts at June 30, 2025 was a net asset of \$308.1 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 \$57.1 million from crude oil contracts, a net asset of \$242.4 million from natural gas contracts, and a net asset of \$8.6 million from foreign currency contracts.

Exhibit 10



Tables 11 and 11a summarize the gain or loss on risk management contracts for the three and six months ended June 30, 2025 compared to the same periods in 2024:

Table 11

Risk Management Contracts (\$ millions)	Crude Oil & Condensate	Natural Gas	Embedded Derivative ⁽¹⁾	Foreign Currency	Q2 2025 Total	Q2 2024 Total
Realized gain on risk management contracts ⁽²⁾	18.3	41.3	—	0.3	59.9	63.8
Unrealized gain (loss) on risk management contracts ⁽³⁾	18.7	(11.4)	57.5	22.0	86.8	81.9
Gain on risk management contracts	37.0	29.9	57.5	22.3	146.7	145.7

(1) Represents the change in fair value of embedded derivatives contained within certain natural gas sales contracts.

(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 recognized in net income during the period.

Table 11a

Risk Management Contracts (\$ millions)	Crude Oil & Condensate	Natural Gas	Embedded Derivative ⁽¹⁾	Foreign Currency	2025 YTD Total	2024 YTD Total
Realized gain (loss) on risk management contracts ⁽²⁾	20.4	92.7	—	(3.2)	109.9	80.7
Unrealized gain (loss) on risk management contracts ⁽³⁾	19.7	(66.8)	24.0	25.1	2.0	(11.6)
Gain on risk management contracts	40.1	25.9	24.0	21.9	111.9	69.1

(1) Represents the change in fair value of embedded derivatives contained within certain natural gas sales contracts.

(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 recognized in net income during the period.

ARC's realized gain on risk management contracts for the three and six months ended June 30, 2025, primarily reflects cash settlements received on WTI crude oil, AECO, and AECO basis natural gas contracts. As compared to the same period of the prior year, the decrease in realized gain on risk management contracts for the three months ended June 30, 2025, is primarily the result of higher natural gas prices relative to contract prices, partially offset by lower WTI crude oil prices relative to contract prices. The increase in realized gain on risk management contracts for the six months ended June 30, 2025, compared to the same period of the prior year, is primarily the result of lower WTI crude oil prices relative to contract prices, partially offset by higher natural gas prices relative to contract prices.

ARC's unrealized gain on risk management contracts for the three and six months ended June 30, 2025, primarily reflects the revaluation of WTI crude oil and foreign exchange contracts outstanding with lower forward pricing, as well as widening differentials between North American and international gas prices. The change in the unrealized gain on risk management contracts for the three and six months ended June 30, 2025, as compared to the same periods of the prior year, reflects the difference between average commodity prices and contracts prices as well as contract settlements.

Embedded Derivatives

ARC is party to two separate long-term natural gas supply agreements whereby ARC will deliver natural gas to specified North American delivery points and receive international pricing in exchange. These contracts have been determined to contain embedded derivatives that are required by IFRS Accounting Standards to be valued separately from their host contracts. Table 12 summarizes the details of the agreements:

Table 12

	Volume (MMBtu/d)	Term	Delivery Point	Pricing Formula	Anticipated Commencement
JKM Agreement	140,000	15 years	Chicago	JKM less transport and liquefaction	2027
TTF Agreement	140,000	15 years	Gulf Coast	TTF less transport, liquefaction and regasification	2029

In respect of these contracts, ARC recognized an unrealized gain on risk management contracts of \$57.5 million and \$24.0 million for the three and six months ended June 30, 2025 (\$13.4 million and \$17.4 million for the three and six months ended June 30, 2024), respectively. At June 30, 2025, the fair value of the embedded derivatives was \$49.2 million (\$25.2 million at December 31, 2024). The fair value reflects the estimated differentials between forward pricing at the respective delivery points and those contained in the pricing formulas. 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 the embedded derivatives will fluctuate over time as the agreements mature. For further information, refer to Note 9 "Financial Instruments and Market Risk Management" in the financial statements.

Netback and Netback per boe

The components of ARC's netback and netback per boe for the three and six months ended June 30, 2025 compared to the same periods in 2024 are summarized in Tables 13 and 13a:

Table 13

Netback (\$ millions) ⁽¹⁾	Three Months Ended				Six Months Ended		
	March 31, 2025	June 30, 2025	June 30, 2024	% Change	June 30, 2025	June 30, 2024	% Change
Commodity sales from production	1,490.2	1,229.2	1,001.7	23	2,719.4	2,203.8	23
Royalties	(162.8)	(120.7)	(125.8)	(4)	(283.5)	(258.8)	10
Operating	(162.5)	(168.1)	(165.6)	2	(330.6)	(302.2)	9
Transportation	(186.0)	(174.1)	(156.7)	11	(360.1)	(328.2)	10
Netback	978.9	766.3	553.6	38	1,745.2	1,314.6	33

(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 13a

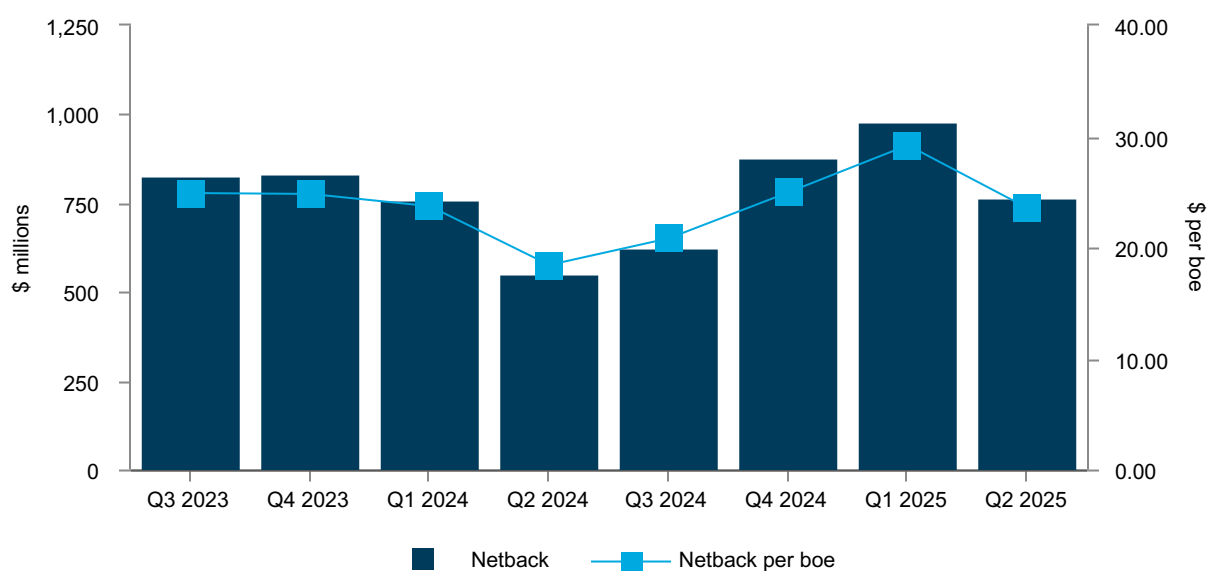
Netback per boe (\$ per boe) ⁽¹⁾	Three Months Ended				Six Months Ended		
	March 31, 2025	June 30, 2025	June 30, 2024	% Change	June 30, 2025	June 30, 2024	% Change
Commodity sales from production ⁽²⁾	44.48	37.81	33.35	13	41.20	35.49	16
Royalties ⁽²⁾	(4.86)	(3.71)	(4.19)	(11)	(4.29)	(4.16)	3
Operating	(4.85)	(5.17)	(5.51)	(6)	(5.01)	(4.87)	3
Transportation	(5.55)	(5.36)	(5.22)	3	(5.46)	(5.29)	3
Netback per boe	29.22	23.57	18.43	28	26.44	21.17	25

(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

Netback and Netback per boe



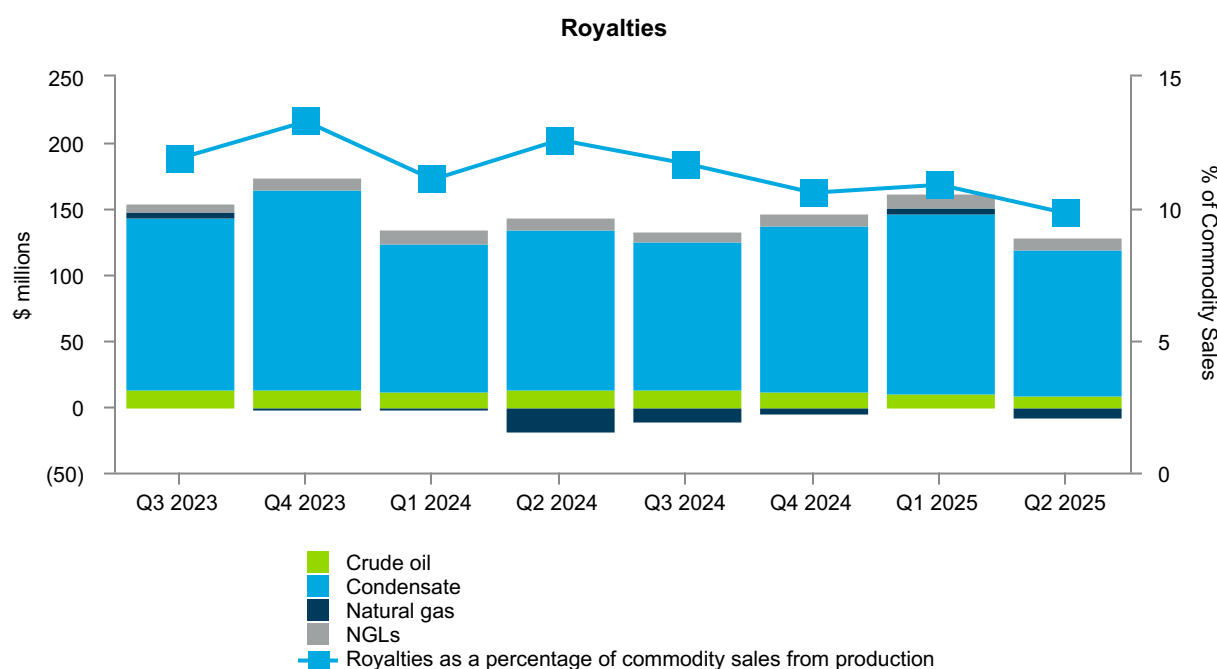
Royalties

Royalties for the three months ended June 30, 2025 decreased four per cent to \$120.7 million from \$125.8 million for the same period in 2024. Royalties for the six months ended June 30, 2025 increased 10 per cent to \$283.5 million from \$258.8 million for the same period in 2024. The decrease in royalties for the three months ended June 30, 2025, as compared to the same period of the prior year, is primarily due to a decrease in average realized commodity prices for crude oil and liquids, partially offset by an increase in production. The increase for the six months ended June 30, 2025, as compared to the same period of the prior year, is primarily due to an increase in production, partially offset by a decrease in average realized commodity prices for crude oil and liquids.

Royalties as a percentage of commodity sales from production⁽¹⁾ decreased to 10 per cent (\$3.71 per boe) in the second quarter of 2025 from 13 per cent (\$4.19 per boe) in the second quarter of 2024. For the six months ended June 30, 2025, royalties represented 10 per cent (\$4.29 per boe) of commodity sales from production as compared to 12 per cent (\$4.16 per boe) for the same period in 2024. The decrease in royalties as a percentage of commodity sales from production for the three and six months ended June 30, 2025, primarily reflects lower average royalty rates due to decreased crude oil and liquids prices, as compared to the same periods in 2024.

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

Exhibit 12



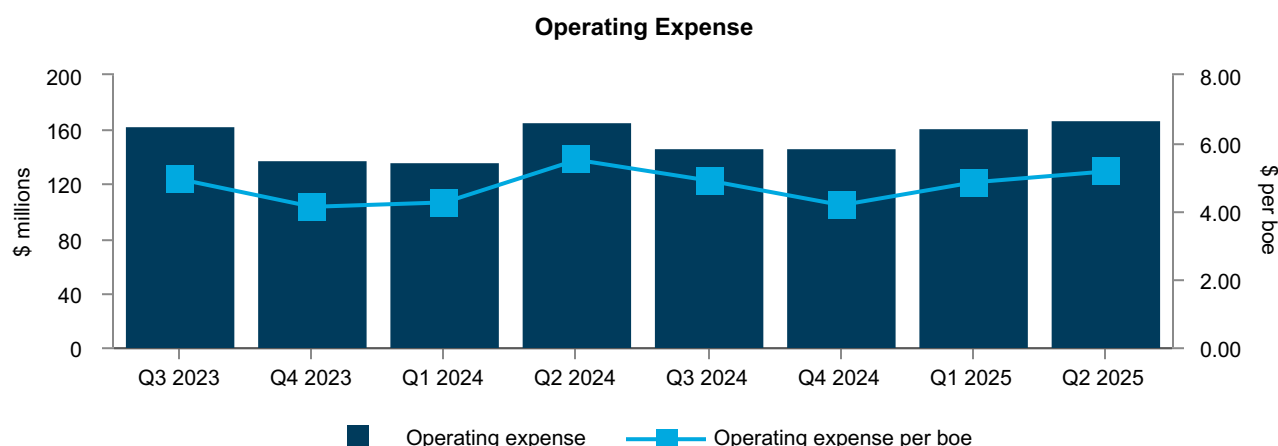
Operating

Operating expense for the three months ended June 30, 2025 was \$168.1 million, an increase of two per cent from \$165.6 million for the three months ended June 30, 2024. For the six months ended June 30, 2025, operating expense was \$330.6 million, an increase of nine per cent from \$302.2 million in the same period of the prior year.

Operating expense for the three and six months ended June 30, 2025 increased compared to the same periods of the prior year with the addition of ARC's Attachie Phase I facility and an increase in water-handling costs in the Kakwa area. This was partially offset by a decrease of maintenance costs, with less scheduled maintenance required compared to the same periods of the prior year.

Operating expense per boe for the three months ended June 30, 2025 was \$5.17 per boe, a decrease of six per cent from \$5.51 per boe for the three months ended June 30, 2024. For the six months ended June 30, 2025, operating expense was \$5.01 per boe, an increase of three per cent from \$4.87 per boe in the same period of the prior year.

Exhibit 13



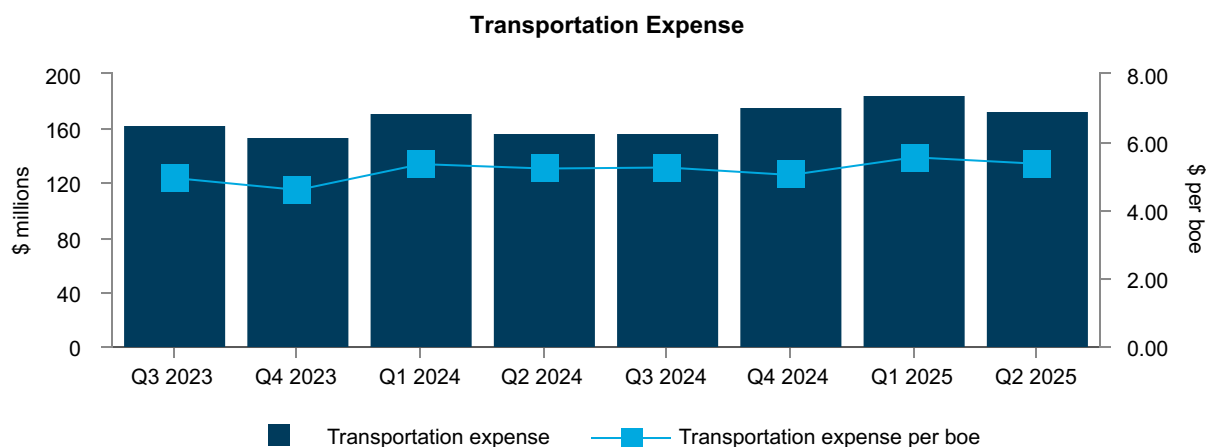
Transportation

Transportation expense for the three and six months ended June 30, 2025 was \$174.1 million and \$360.1 million, an increase of 11 per cent and 10 per cent, from \$156.7 million and \$328.2 million for the three and six months ended June 30, 2024, respectively.

The increase in transportation expense for the three and six months ended June 30, 2025, relative to the same periods in 2024, is primarily due to an increase in condensate transportation costs, reflecting the increase in condensate production.

Transportation expense per boe for the three and six months ended June 30, 2025 was \$5.36 per boe and \$5.46 per boe, an increase of three per cent from \$5.22 per boe and \$5.29 per boe for both the three and six months ended June 30, 2024, respectively.

Exhibit 14



G&A

G&A expense before share-based compensation expense for the three months ended June 30, 2025 was \$41.1 million, unchanged from \$41.2 million for the three months ended June 30, 2024. For the six months ended June 30, 2025, ARC's G&A expense before share-based compensation expense was \$77.1 million, an eight per cent decrease from \$84.2 million for the same period of the prior year. The decrease is primarily due to a decrease in consulting and information technology costs associated with an enterprise system implementation project that concluded in 2024.

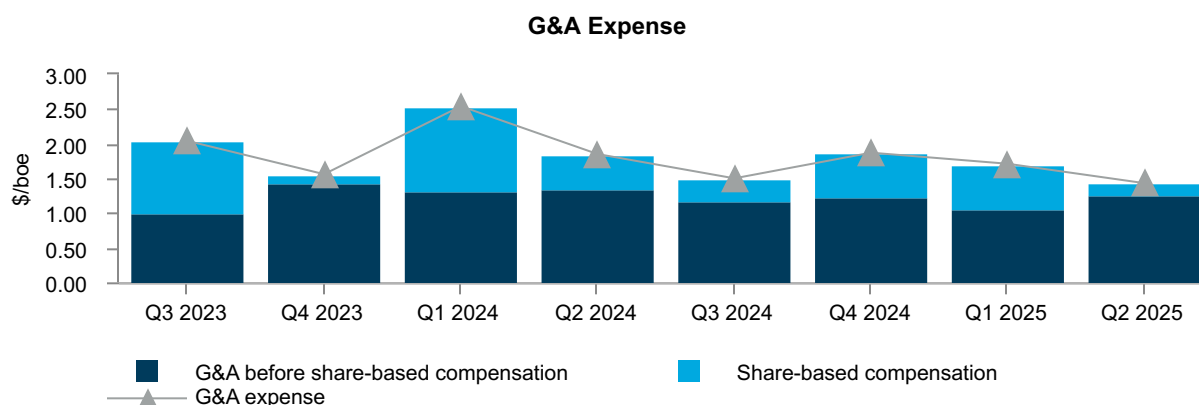
During the three and six months ended June 30, 2025, ARC recognized G&A expense of \$5.4 million and \$26.7 million, respectively, associated with its share-based compensation plans, compared to \$14.5 million and \$52.9 million during the same periods of the prior year. The change for the three and six months ended June 30, 2025, compared to the same periods of the prior year, reflects the revaluation of the liability associated with ARC's share-based compensation plans, based on the movement of ARC's share price and the average performance multiplier associated with certain of its plans.

Table 14 is a breakdown of G&A expense:

Table 14

G&A Expense (\$ millions, except per boe)	Three Months Ended				Six Months Ended		
	March 31, 2025	June 30, 2025	June 30, 2024	% Change	June 30, 2025	June 30, 2024	% Change
G&A expense before share-based compensation expense	36.0	41.1	41.2	—	77.1	84.2	(8)
G&A – share-based compensation expense	21.3	5.4	14.5	(63)	26.7	52.9	(50)
G&A expense	57.3	46.5	55.7	(17)	103.8	137.1	(24)
G&A expense before share-based compensation expense per boe	1.07	1.26	1.37	(8)	1.17	1.36	(14)
G&A – share-based compensation expense per boe	0.64	0.17	0.48	(65)	0.40	0.85	(53)
G&A expense per boe	1.71	1.43	1.85	(23)	1.57	2.21	(29)

Exhibit 15

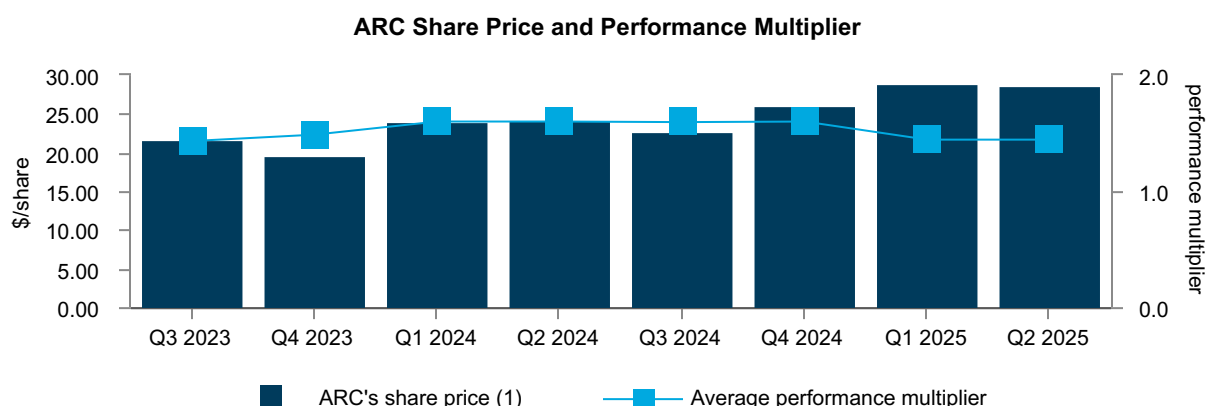


Share-based Compensation Plans

For a description of ARC's various share-based compensation plans and related accounting policies, refer to Note 3 "Summary of Material Accounting Policies" and Note 20 "Share-based Compensation Plans" of ARC's audited consolidated financial statements as at and for the year ended December 31, 2024.

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

At June 30, 2025, ARC had 1.5 million RSUs and 2.7 million PSUs outstanding under these plans. For the three and six months ended June 30, 2025, ARC recognized G&A in relation to its RSU and PSU Plans of \$4.7 million and \$22.0 million (\$13.1 million and \$45.4 million for the three and six months ended June 30, 2024), respectively. The change in expense recognized for the three and six months ended June 30, 2025 reflects the change in valuation of awards outstanding throughout the respective periods.

Exhibit 16


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

Table 15 shows the changes to the outstanding RSU and PSU awards during the six months ended June 30, 2025:

Table 15

RSU and PSU Plans (number of awards, thousands)	RSUs	PSUs ⁽¹⁾	Total RSUs and PSUs
Balance, December 31, 2024	1,557	2,862	4,419
Granted	333	899	1,232
Distributed	(384)	(950)	(1,334)
Forfeited	(36)	(136)	(172)
Balance, June 30, 2025 ⁽²⁾	1,470	2,675	4,145

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

(2) Includes 3,568 RSUs that were acquired through a business combination which are eligible for continuation and exercise (the "Acquired Plans").

Due to the variability in the expected future payments under the plans, ARC estimates that between \$42.1 million and \$195.7 million could be paid out in 2025 through 2028 based on possible future changes to ARC's period-end share price, accrued dividends, market performance relative to peers, and corporate scorecard results. Table 16 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 June 30, 2025:

Table 16

Value of RSU and PSU Awards as at June 30, 2025 (awards thousands and \$ millions, except per share)	Performance Multiplier		
	—	1.0	2.0
Estimated awards to vest ⁽¹⁾			
RSUs	1,466	1,466	1,466
PSUs	—	2,675	5,350
Total awards	1,466	4,141	6,816
Share price ⁽²⁾	28.71	28.71	28.71
Value of RSU and PSU awards upon vesting	42.1	118.9	195.7
2025	13.4	26.6	39.8
2026	16.6	44.9	73.1
2027	9.2	33.2	57.2
2028	2.9	14.2	25.6

(1) Includes additional estimated awards to be issued under the RSU and PSU 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 June 30, 2025.

Share Option Plans

At June 30, 2025, ARC had 0.5 million share options outstanding with a weighted average exercise price of \$20.32. All share options pertain to the Acquired Plans and were exercisable at June 30, 2025.

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

At June 30, 2025, ARC had 0.7 million restricted shares outstanding under the LTRSA Plan. ARC recognized G&A of \$0.2 million and \$0.4 million relating to the LTRSA Plan during the three and six months ended June 30, 2025 (\$0.2 million and \$0.5 million for the three and six months ended June 30, 2024), respectively.

Deferred Share Unit ("DSU") Plans

At June 30, 2025, ARC had 1.1 million DSUs outstanding, including 0.3 million DSUs outstanding under the Acquired Plans. For the three and six months ended June 30, 2025, G&A of \$0.5 million and \$4.3 million was recognized in relation to the DSU Plans (\$1.2 million and \$7.0 million for the three and six months ended June 30, 2024), respectively.

Interest and Financing

Interest and financing expense for the three and six months ended June 30, 2025 was \$27.8 million and \$56.5 million (\$0.86 per boe for both periods), respectively, compared to \$32.6 million and \$63.8 million (\$1.09 per boe and \$1.03 per boe) for the same periods of the prior year. The decrease for the three and six months ended June 30, 2025, as compared to the same periods of the prior year, is primarily the result of a decrease in short-term borrowing costs related to draws on ARC's credit facility, and a decrease in financing expense associated with lower lease obligations.

A breakdown of interest and financing expense is shown in Table 17:

Table 17

Interest and Financing (\$ millions, except per boe amounts)	Three Months Ended				Six Months Ended		
	March 31, 2025	June 30, 2025	June 30, 2024	% Change	June 30, 2025	June 30, 2024	% Change
Bank debt and long-term notes	12.6	11.9	15.3	(22)	24.5	29.5	(17)
Lease obligations	12.5	12.4	13.7	(9)	24.9	27.3	(9)
Accretion on ARO	3.6	3.5	3.6	(3)	7.1	7.0	1
Interest and financing	28.7	27.8	32.6	(15)	56.5	63.8	(11)
Interest and financing per boe	0.86	0.86	1.09	(21)	0.86	1.03	(17)

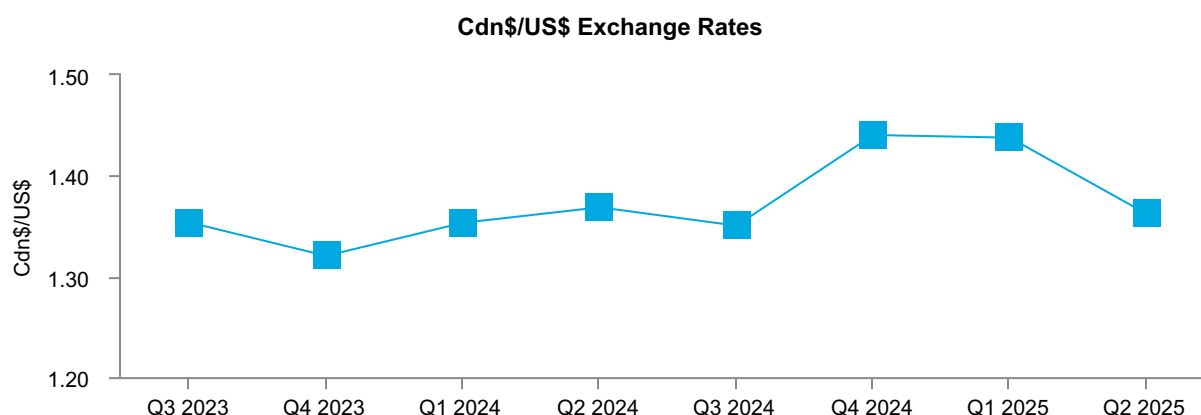
Foreign Exchange Gain and Loss

Table 18 details the realized and unrealized components of ARC's foreign exchange gain and loss:

Table 18

Foreign Exchange Gain and Loss (\$ millions)	Three Months Ended				Six Months Ended		
	March 31, 2025	June 30, 2025	June 30, 2024	% Change	June 30, 2025	June 30, 2024	% Change
Unrealized gain (loss) on US dollar-denominated balances	(0.7)	(2.3)	3.0	(177)	(3.0)	13.2	(123)
Realized gain (loss) on US dollar-denominated transactions	(0.7)	(11.3)	1.4	(907)	(12.0)	1.8	(767)
Foreign exchange gain (loss)	(1.4)	(13.6)	4.4	(409)	(15.0)	15.0	(200)

Exhibit 17



For the three and six months ended June 30, 2025, ARC recognized an unrealized gain on foreign currency translation adjustment in other comprehensive income of \$4.2 million and \$5.0 million (unrealized loss of \$2.1 million and \$6.4 million for the three and six months ended June 30, 2024), respectively.

Taxes

ARC recognized current income tax of \$65.0 million and \$175.0 million for the three and six months ended June 30, 2025, respectively, compared to \$37.6 million and \$97.6 million for the same periods in 2024. The increase for the three and six months ended June 30, 2025, as compared to the same periods of the prior year, is primarily due to higher expected taxable income as a result of increased production volumes and higher average realized natural gas prices.

For the three months ended June 30, 2025, ARC recognized deferred income tax of \$24.2 million, compared to \$29.2 million for the same period in 2024. The decrease primarily relates to lower income tax pools claimed relative to DD&A expense as compared to the same period of 2024.

For the six months ended June 30, 2025, ARC recognized deferred income tax of \$37.1 million, compared to \$24.5 million for the same period in 2024. The increase primarily relates to higher income tax pools claimed relative to DD&A expense and an unrealized gain on risk management contracts for the six months ended June 30, 2025, as compared to an unrealized loss in the same period of 2024.

The income tax pools, which are detailed in Table 19, are deductible at various rates and annual deductions associated with the initial tax pools will decline over time.

Table 19

Income Tax Pool Type (\$ millions)	June 30, 2025	Annual Deductibility
Canadian oil and gas property expense	750.2	10% declining balance
Canadian development expense	2,031.4	30% declining balance
Undepreciated capital cost	1,811.9	Primarily 25% declining balance
Other	29.9	Various rates, 5% declining balance to 20%
Total federal tax pools	4,623.4	

Depletion, Depreciation and Amortization

For the three and six months ended June 30, 2025, ARC recognized DD&A of \$349.0 million and \$698.3 million, respectively, compared to \$311.4 million and \$651.6 million for the three and six months ended June 30, 2024. The increase in DD&A for the three and six months ended June 30, 2025, compared to the same periods in the prior year, is due to increased production volumes and a higher DD&A rate reflecting updated reserves and future development costs.

A breakdown of DD&A expense is summarized in Table 20:

Table 20

DD&A Expense (\$ millions, except per boe amounts)	Three Months Ended				Six Months Ended		
	March 31, 2025	June 30, 2025	June 30, 2024	% Change	June 30, 2025	June 30, 2024	% Change
Depletion of crude oil and natural gas assets	326.0	325.2	289.9	12	651.2	603.0	8
Depreciation of corporate assets	1.9	2.2	0.2	100	4.1	6.1	(33)
Depreciation of right-of-use ("ROU") assets	21.4	21.6	21.3	1	43.0	42.5	1
DD&A expense	349.3	349.0	311.4	12	698.3	651.6	7
DD&A expense per boe ⁽¹⁾	10.43	10.74	10.37	4	10.58	10.49	1

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

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

ARC's cash flow used in investing activities was \$471.2 million and \$900.5 million during the three and six months ended June 30, 2025, respectively, compared to \$643.4 million and \$1.1 billion for the three and six months ended June 30, 2024. 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 expenditure budget, as well as the accounting impact of any accrual changes or payments under certain lease arrangements. Refer to Table 24 in the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for a reconciliation of ARC's capital expenditures to its most directly comparable GAAP measure, cash flow used in investing activities.

Capital expenditures were \$496.3 million and \$953.4 million for the three and six months ended June 30, 2025, respectively, compared to \$532.3 million and \$1.0 billion for the three and six months ended June 30, 2024. Capital expenditures for the three and six months ended June 30, 2025 primarily pertain to ARC's drilling and completions activities, which included the drilling of 32 and 55 crude oil and natural gas wells and the completion of 45 and 89 crude oil and natural gas wells, respectively, primarily in the Kakwa and Attachie areas.

On July 2, 2025, ARC closed the previously announced agreement with Strathcona to acquire the Kakwa Assets. For additional information, refer to Note 15 "Subsequent Event" in the financial statements and the news release dated July 2, 2025 entitled "*ARC Resources Ltd. Announces the Closing of its Montney Acquisition*", available on ARC's website at www.arcresources.com and on SEDAR+ at www.sedarplus.ca.

For information regarding ARC's planned capital expenditures for 2025, including the impact of the acquired Kakwa Assets, refer to the news releases dated July 31, 2025 and November 6, 2024, entitled "*ARC Resources Ltd. Reports Second Quarter 2025 Results, Provides 2025 Revised Guidance, and Announces New Attachie Land Acquisition*" and "*ARC Resources Ltd. Reports Third Quarter 2024 Results and Announces 2025 Budget, First Production at Attachie, and 12 per cent Dividend Increase*", 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 June 30, 2025 and June 30, 2024 is shown in Table 21:

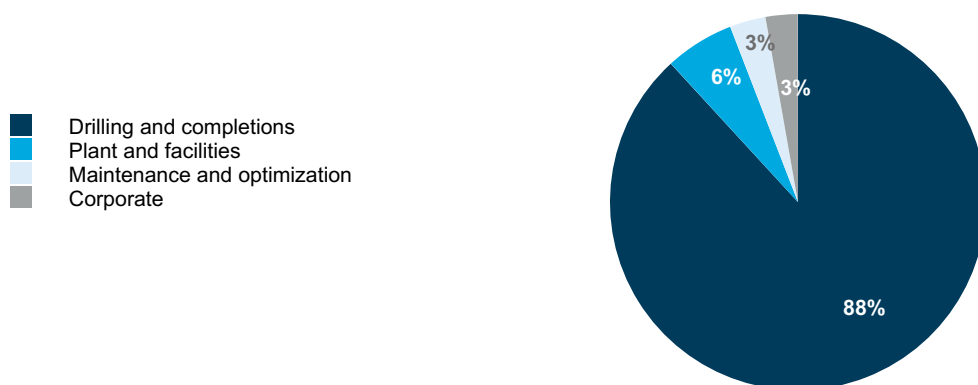
Table 21

Three Months Ended June 30							
Capital Expenditures (\$ millions)	2025			2024			% Change
	E&E ⁽¹⁾	PP&E	Total	E&E	PP&E	Total	
Geological and geophysical	—	1.8	1.8	—	1.5	1.5	20
Drilling and completions	—	436.1	436.1	2.1	468.1	470.2	(7)
Plant and facilities	15.5	13.9	29.4	5.2	6.2	11.4	158
Maintenance and optimization	—	15.3	15.3	—	35.7	35.7	(57)
Corporate	—	13.7	13.7	—	13.5	13.5	1
Capital expenditures	15.5	480.8	496.3	7.3	525.0	532.3	(7)
Acquisitions	—	0.8	0.8	—	5.0	5.0	(84)
Dispositions	—	(4.0)	(4.0)	—	—	—	(100)
Capital expenditures and net acquisitions and dispositions	15.5	477.6	493.1	7.3	530.0	537.3	(8)

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

Exhibit 18

**Capital Expenditures by Classification
Three Months Ended June 30, 2025**



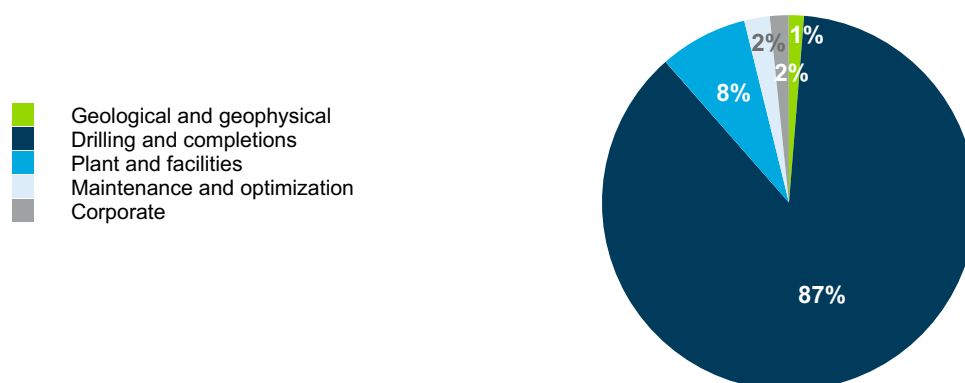
A breakdown of capital expenditures, acquisitions, and dispositions for the six months ended June 30, 2025 and June 30, 2024 is shown in Table 21a:

Table 21a

Six Months Ended June 30							
Capital Expenditures (\$ millions)	2025			2024			% Change
	E&E	PP&E	Total	E&E	PP&E	Total	
Geological and geophysical	—	12.3	12.3	0.1	4.1	4.2	193
Drilling and completions	—	831.8	831.8	1.7	848.6	850.3	(2)
Plant and facilities	28.7	43.9	72.6	8.0	105.3	113.3	(36)
Maintenance and optimization	—	21.0	21.0	—	49.8	49.8	(58)
Corporate	—	15.7	15.7	—	19.3	19.3	(19)
Capital expenditures	28.7	924.7	953.4	9.8	1,027.1	1,036.9	(8)
Acquisitions	—	4.8	4.8	—	5.1	5.1	(6)
Dispositions	—	(4.0)	(4.0)	—	—	—	(100)
Capital expenditures and net acquisitions and dispositions	28.7	925.5	954.2	9.8	1,032.2	1,042.0	(8)

Exhibit 18a

**Capital Expenditures by Classification
Six Months Ended June 30, 2025**

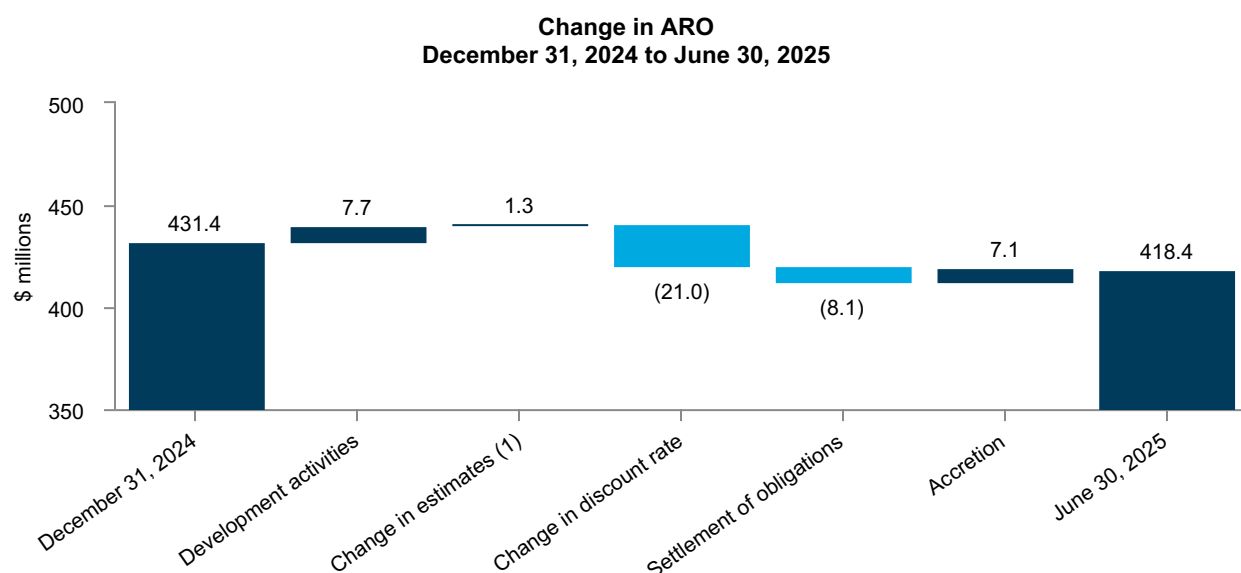


Asset Retirement Obligation

ARC maintains a planned and scheduled approach to its abandonment and reclamation activities. At June 30, 2025, ARC recognized ARO of \$418.4 million (\$431.4 million at December 31, 2024), 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 \$401.4 million is classified as long-term (\$17.0 million and \$414.4 million at December 31, 2024, 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 3.6 per cent (3.3 per cent at December 31, 2024).

Accretion charges of \$3.5 million and \$7.1 million for the three and six months ended June 30, 2025 (\$3.6 million and \$7.0 million for the same periods in 2024), respectively, have been recognized in interest and financing in the unaudited condensed interim consolidated statements of comprehensive income to reflect the increase in ARO associated with the passage of time. Actual spending under ARC's program for the three and six months ended June 30, 2025 was \$1.3 million and \$8.1 million (\$3.4 million and \$9.9 million for the same periods in 2024), respectively.

Exhibit 19



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

ARC acquired additional ARO through its purchase of the Kakwa Assets. For more information, refer to Note 15 "Subsequent Event" in the financial statements.

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.

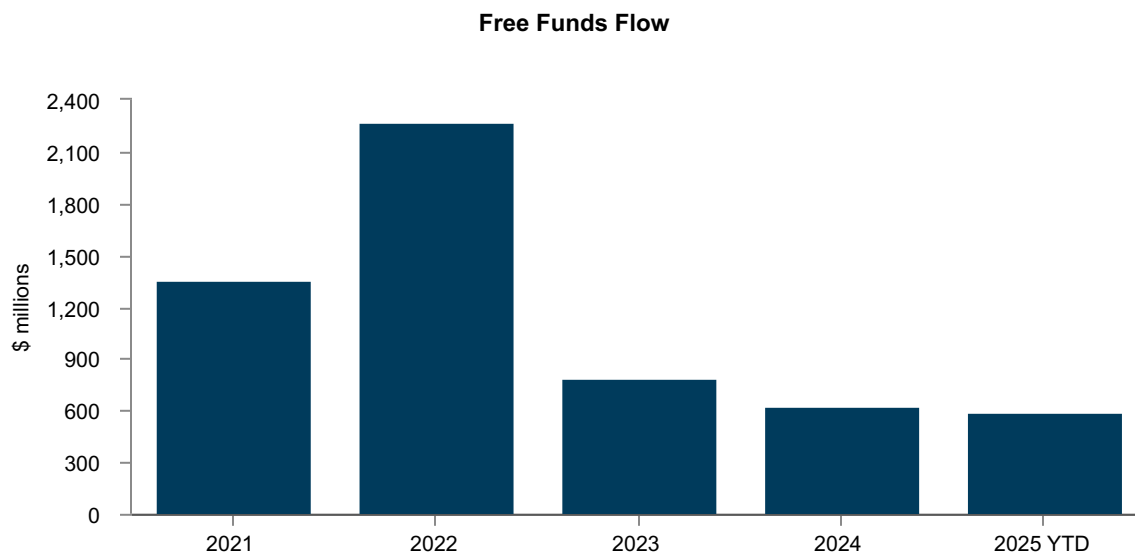
Maintaining targeted debt levels, paying a sustainable dividend, and exercising capital discipline to manage a moderate pace of development and control its corporate decline rate are the basis for ARC's current capital allocation framework. ARC takes a portfolio approach by periodically evaluating its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

ARC uses free funds flow, defined as funds from operations less capital expenditures, as an indicator of the funds available for capital allocation. For the three and six months ended June 30, 2025, ARC generated free funds flow of \$185.8 million and \$585.7 million (\$nil and \$72.8 million for the three and six months ended June 30, 2024), 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 plans to distribute essentially all free funds flow in 2025 to shareholders through dividends and share repurchases. During the six months ended June 30, 2025, ARC distributed 73 per cent of free funds flow to shareholders. Currently, ARC believes that the optimal mechanism to return shareholder capital is through a combination of a sustainable base dividend that grows over time and continued share repurchases.

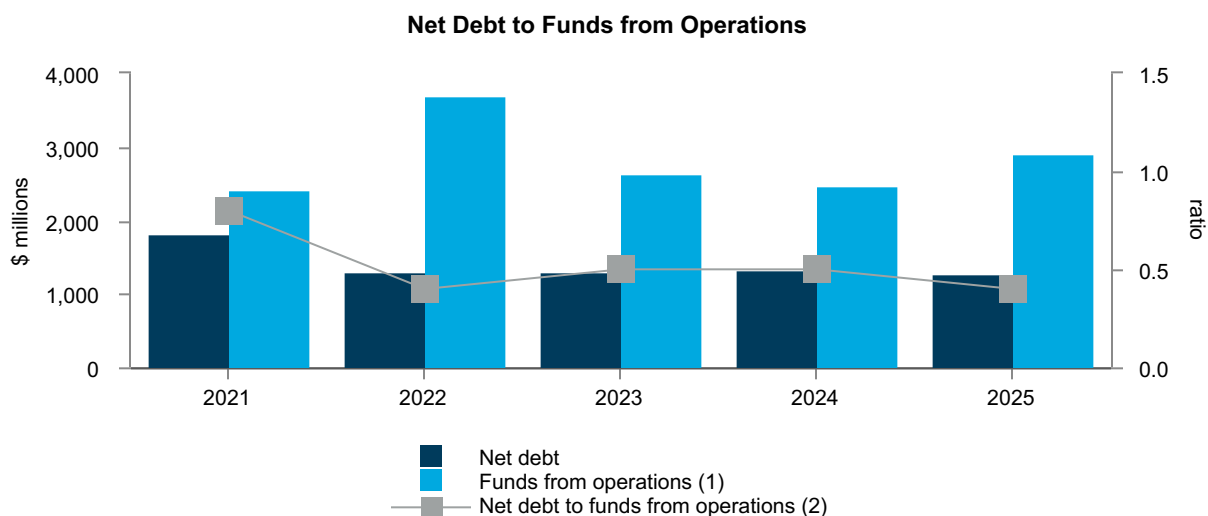
During the six months ended June 30, 2025, ARC declared dividends totaling \$0.38 per share and repurchased 7.8 million common shares under its normal course issuer bid ("NCIB").

Exhibit 20



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 less than 1.5 times funds from operations. At June 30, 2025, ARC's net debt was 0.4 times its funds from operations.

Exhibit 21



(1) 12-month trailing funds from operations.

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

Long-term Debt

In June 2025, ARC closed its offering of \$1.0 billion aggregate principal amount of senior unsecured notes (the "2025 Notes"). For more information, refer to Note 6 "Long-Term Debt" in the financial statements.

During the six months ended June 30, 2025, the maturity date of ARC's unsecured extendible revolving credit facility was extended to March 2029, with the borrowing capacity unchanged at \$1.7 billion.

At June 30, 2025, ARC's total available credit capacity, including its credit facility and senior notes, was \$3.7 billion, of which \$2.0 billion was drawn. ARC's long-term debt balance includes a current portion of \$450.0 million at June 30, 2025 (\$nil at December 31, 2024), reflecting the principal payment that is due to be paid within the next 12 months. ARC intends to finance this obligation by using cash on hand or drawing on its syndicated credit facility at the time the payment is due. At June 30, 2025, ARC's long-term debt had a weighted average interest rate of 3.5 per cent. For more information, refer to Note 6 "Long-term Debt" in the financial statements.

There are no financial covenants associated with the 2025 Notes and there were no changes to any existing debt covenants. At June 30, 2025, ARC was in compliance with the financial covenants related to its credit facility as follows:

Table 22

Covenant Description	Position at June 30, 2025
Consolidated Debt not to exceed 60 per cent of Total Capitalization	19 %
Consolidated Tangible Assets of the Restricted Group must exceed 80 per cent of Consolidated Tangible Assets	100 %

Subsequent to June 30, 2025, ARC obtained a \$500.0 million two-year term loan and increased the borrowing capacity under its credit facility to \$2.0 billion.

The proceeds from the 2025 Notes, the term loan, and drawings under the credit facility were used to fund the previously announced acquisition of the Kakwa Assets. For more information, refer to Note 15 "Subsequent Event" in the financial statements.

Lease Obligations

At June 30, 2025, ARC had lease obligations of \$952.2 million, of which \$84.6 million is due within one year. ARC's lease obligations primarily relate to office space, equipment used in ARC's operations, and processing facilities. For further information, refer to Note 5 "Lease Obligations" in the financial statements.

ARC acquired additional lease obligations through its purchase of the Kakwa Assets. For more information, refer to Note 15 "Subsequent Event" in the financial statements.

Shareholders' Equity

During the six months ended June 30, 2025, ARC repurchased 7.8 million common shares under its NCIB at a weighted average price of \$27.53 per share for a total of \$214.7 million, inclusive of all costs. Shares were cancelled upon repurchase.

At June 30, 2025, ARC has recognized a liability of \$46.6 million (\$15.1 million at December 31, 2024) for share repurchases that may take place during its internal blackout period under an automatic share purchase plan agreement with an independent broker. The transaction has been recognized as a reduction to share capital of \$18.1 million and a reduction to retained earnings of \$28.5 million (\$5.6 million and \$9.5 million at December 31, 2024, respectively).

At June 30, 2025, there were 582.5 million common shares outstanding and 0.5 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 June 30, 2025, ARC had 0.7 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.

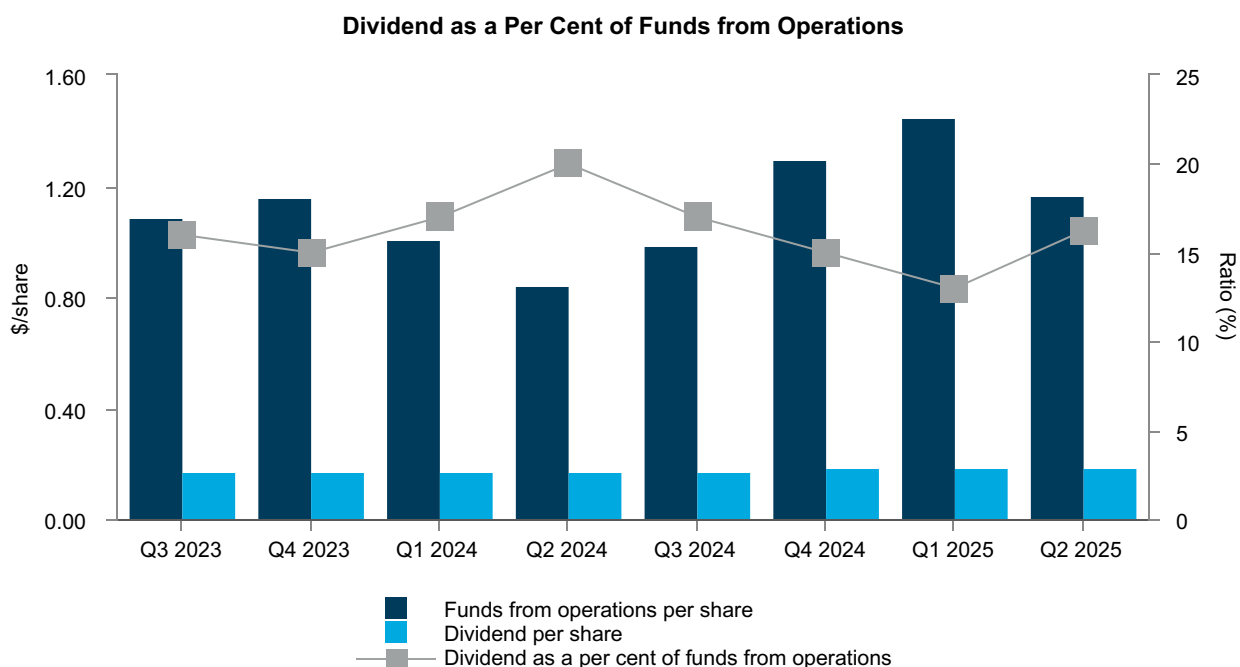
Dividends

ARC's business strategy is focused on value creation and long-term returns to shareholders, with the dividend being an important component. In the second quarter of 2025, ARC declared dividends totaling \$110.9 million (\$0.19 per share) compared to \$101.6 million (\$0.17 per share) in the same period of 2024. ARC declared dividends of \$222.2 million (\$0.38 per share) for the six months ended June 30, 2025 compared to \$203.2 million (\$0.34 per share) for the same period in 2024.

ARC's dividend as a per cent of funds from operations⁽¹⁾ decreased from an average of 20 per cent and 18 per cent for the three and six months ended June 30, 2024, respectively, to an average of 16 per cent and 14 per cent for the three and six months ended June 30, 2025, respectively. The decrease in dividend as a per cent of funds from operations for the three and six months ended June 30, 2025, as compared to the same periods of the prior year, reflects the increase in funds from operations.

(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 quarterly dividends is proposed by Management and is subject to the approval and discretion of ARC's board of directors (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 2025.

Contractual Obligations and Commitments

The following is a summary of ARC's contractual obligations and commitments as at June 30, 2025:

Table 23

	Payments Due by Period				Total
	1 Year	2-3 Years	4-5 Years	Beyond 5 Years	
Debt repayments	450.0	550.0	—	1,000.0	2,000.0
Interest payments ⁽¹⁾	69.2	117.1	77.8	58.7	322.8
Purchase and service commitments ⁽²⁾	193.8	102.8	857.6	7,340.1	8,494.3
Transportation commitments	688.5	1,147.3	1,079.4	4,697.3	7,612.5
Total contractual obligations and commitments	1,401.5	1,917.2	2,014.8	13,096.1	18,429.6

(1) Fixed interest payments on senior notes.

(2) Includes variable operating costs associated with the Company's lease obligations.

At June 30, 2025, ARC's total contractual obligations and commitments were \$18.4 billion, compared to \$17.6 billion at December 31, 2024. The increase during the six months ended June 30, 2025, primarily relates to principal and interest amounts associated with the 2025 Notes and additional transportation commitments.

ARC acquired additional commitments through its purchase of the Kakwa Assets. For more information, refer to Note 15 "Subsequent Event" in the financial statements.

Off-Balance Sheet Financing

ARC does not have any guarantees or off-balance sheet arrangements that have been excluded from the unaudited condensed interim consolidated balance sheets other than commitments disclosed in Note 13 "Commitments and Contingencies" of the financial statements.

Critical Accounting Estimates

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

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

- estimated commodity sales from production at a specific reporting date for which actual revenues have not yet been received, including associated estimated credit losses;
- estimated royalty obligations, transportation, and operating expenses at a specific reporting date for which costs have been incurred but have not yet been settled;
- estimated capital expenditures on projects that are in progress;
- estimated DD&A charges that are based on estimates of reserves that ARC expects to recover in the future;
- estimated future recoverable value of PP&E, E&E, and goodwill and any associated impairment charges or reversals;
- estimated fair values of financial instruments, 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 audited consolidated financial statements for the year ended December 31, 2024.

CONTROL ENVIRONMENT

Internal Control over Financial Reporting ("ICFR")

ARC is required to comply with National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"). The certification of interim filings for the interim period ended June 30, 2025 requires that ARC disclose in the interim MD&A any changes in ARC's ICFR that occurred during the period that have materially affected, or are reasonably likely to materially affect, ARC's ICFR. ARC confirms that no such changes were made to its ICFR during the three and six months ended June 30, 2025.

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			Six Months Ended	
	March 31, 2025	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Cash flow used in investing activities	429.3	471.2	643.4	900.5	1,143.2
Acquisition of crude oil and natural gas assets	(4.0)	(0.8)	(5.0)	(4.8)	(5.1)
Disposal of crude oil and natural gas assets	—	4.0	—	4.0	—
Long-term investments	(0.3)	(0.9)	(1.3)	(1.2)	(4.1)
Change in non-cash investing working capital	23.6	14.7	(109.6)	38.3	(106.6)
Non-cash capitalized ROU asset depreciation	8.5	8.1	4.8	16.6	9.5
Capital expenditures	457.1	496.3	532.3	953.4	1,036.9

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 its reconciliation to cash flow from operating activities.

Table 25

Free Funds Flow (\$ millions)	Three Months Ended			Six Months Ended	
	March 31, 2025	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Cash flow from operating activities	1,013.0	699.1	543.0	1,712.1	1,179.3
Net change in other liabilities	47.4	7.7	(1.5)	55.1	5.2
Change in non-cash operating working capital	(203.4)	(24.7)	(38.7)	(228.1)	(74.8)
Funds from operations	857.0	682.1	502.8	1,539.1	1,109.7
Capital expenditures	(457.1)	(496.3)	(532.3)	(953.4)	(1,036.9)
Free funds flow	399.9	185.8	(29.5)	585.7	72.8

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 13 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 plus interest and financing, less accretion of ARO, plus total income taxes. 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.

Table 26

	Twelve Months Ended	Twelve Months Ended December 31				
Adjusted EBIT (\$ millions)	June 30, 2025	2024	2023	2022	2021	2021 - 2024 Average ⁽¹⁾
Net income	1,500.0	1,124.1	1,596.5	2,302.3	786.6	1,452.4
Add interest and financing	126.5	133.8	105.5	97.2	126.1	115.7
Less accretion of ARO	(14.2)	(14.1)	(13.2)	(11.0)	(9.5)	(12.0)
Add income taxes	420.9	330.9	460.8	675.9	208.5	419.0
Adjusted EBIT	2,033.2	1,574.7	2,149.6	3,064.4	1,111.7	1,975.1

(1) Average for the years ended December 31, 2021, 2022, 2023, and 2024.

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

	Twelve Months Ended	Twelve Months Ended December 31				
Average Capital Employed (\$ millions)	June 30, 2025	2024	2023	2022	2021	2021 - 2024 Average ⁽¹⁾
Net debt - beginning of period	1,477.9	1,317.1	1,301.5	1,828.7	693.5	693.5
Current portion of lease obligations	88.2	85.2	92.4	109.3	15.3	15.3
Long-term portion of lease obligations	934.2	974.6	702.9	760.0	33.9	33.9
Shareholders' equity - beginning of period	7,628.0	7,427.8	6,653.5	5,927.5	2,790.6	2,790.6
Opening capital employed (A)	10,128.3	9,804.7	8,750.3	8,625.5	3,533.3	3,533.3
Net debt - end of period	1,289.2	1,335.6	1,317.1	1,301.5	1,828.7	1,335.6
Current portion of lease obligations	84.6	92.8	85.2	92.4	109.3	92.8
Long-term portion of lease obligations	867.6	908.5	974.6	702.9	760.0	908.5
Shareholders' equity - end of period	8,296.0	7,948.2	7,427.8	6,653.5	5,927.5	7,948.2
Closing capital employed (B)	10,537.4	10,285.1	9,804.7	8,750.3	8,625.5	10,285.1
Average capital employed (A+B)/2	10,332.9	10,044.9	9,277.5	8,687.9	6,079.4	6,909.2

(1) Average for the years ended December 31, 2021, 2022, 2023, and 2024.

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 13a within this MD&A.

Free Funds Flow per Share

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

Return on Average Capital Employed

ARC calculates ROACE, expressed as a percentage, as adjusted EBIT divided by the average capital employed. The components adjusted EBIT and average capital employed are non-GAAP financial measures. ARC uses ROACE as a measure of long-term financial performance, to measure how effectively Management utilizes the capital it has been provided and to demonstrate to shareholders the returns generated over the long term. ROACE is calculated by ARC for the 12 months preceding the period end, on an annual basis, and a four-year basis in Table 28:

Table 28

ROACE (\$ millions)	Twelve Months Ended	Twelve Months Ended December 31				2021 - 2024 Average ⁽¹⁾
	June 30, 2025	2024	2023	2022	2021	
Adjusted EBIT	2,033.2	1,574.7	2,149.6	3,064.4	1,111.7	1,975.1
Divided by average capital employed	10,332.9	10,044.9	9,277.5	8,687.9	6,079.4	6,909.2
ROACE (%)	20	16	23	35	18	29

(1) Average for the years ended December 31, 2021, 2022, 2023, and 2024.

Capital Management Measures

Funds from Operations

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

Funds from operations for the three and six months ended June 30, 2025 and 2024 is calculated as follows in Table 29:

Table 29

Funds from Operations (\$ millions)	Three Months Ended			Six Months Ended	
	March 31, 2025	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Cash flow from operating activities	1,013.0	699.1	543.0	1,712.1	1,179.3
Net change in other liabilities	47.4	7.7	(1.5)	55.1	5.2
Change in non-cash operating working capital	(203.4)	(24.7)	(38.7)	(228.1)	(74.8)
Funds from operations	857.0	682.1	502.8	1,539.1	1,109.7

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 June 30, 2025 and December 31, 2024:

Table 30

Net Debt (\$ millions, except ratio amounts)	June 30, 2025	December 31, 2024
Long-term debt ⁽¹⁾	1,990.8	1,387.4
Accounts payable and accrued liabilities	846.3	634.4
Dividends payable	110.9	112.2
Cash and cash equivalents, accounts receivable, and prepaid expense	(1,658.8)	(798.4)
Net debt	1,289.2	1,335.6
Funds from operations ⁽²⁾	2,901.9	2,472.5
Net debt to funds from operations (ratio) ⁽³⁾	0.4	0.5

(1) Includes current portion of long-term debt at June 30, 2025 of \$450.0 million.

(2) 12-month trailing funds from operations.

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

Supplementary Financial Measures

"Average realized commodity price" is comprised of total commodity sales from production, as determined in accordance with IFRS 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.

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

"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.

"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 revised 2025 annual guidance, production guidance, expense guidance and guidance with respect to current income tax expense as a per cent of funds from operations and ARC's expectations related thereto and planned 2025 capital expenditures under the heading "Annual Guidance"; ARC's expectations with respect to production, transportation expense, and G&A - share-based compensation expenses; ARC's previously announced LNG agreement with EMLAP and the anticipated volumes and terms associated therewith under the heading "Commodity Prices"; the terms, including the anticipated timing of commencement, volumes, delivery points, and pricing formulas, 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 ARC's available tax pools under the heading "Taxes"; ARC's expectations regarding the estimated fair value of the embedded derivatives; ARC's estimated value of ROU assets and lease obligations; ARC's estimated ARO under the heading "Asset Retirement Obligation"; 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 ARC's target net debt to funds from operations under the heading "Capitalization, Financial Resources and Liquidity"; ARC's intentions regarding ARC's long-term debt, its sources of financing for repayment and the anticipated timing thereof under the heading "Long-term Debt"; ARC's expectations regarding share repurchases during its internal blackout period under the heading "Shareholders' Equity"; ARC's intentions to continue paying dividends and the anticipated amounts and timing thereof under the heading "Dividends"; expectations with respect to ARC's commitments under its contracts and the 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; ARC's ability to successfully integrate the Kakwa Assets on a timely basis; assumptions with respect to natural gas curtailments; ARC's ability to issue securities and to repurchase its securities under its NCIB and its ability to renew its NCIB; that counterparties to ARC's various agreements will comply with their contractual obligations; assumptions regarding the successful implementation of future agreements; the duration and impact of tariffs that are currently in effect on goods exported from or imported into Canada, and that other than the tariffs that are currently in effect, neither the U.S. nor Canada (i) increases the rate or scope of such tariffs, reenacts tariffs that are currently suspended, or imposes new tariffs, on the import of goods from one country to the other, including on crude oil and natural gas, and/or (ii) imposes any other form of tax, restriction, or prohibition on the import or export of products from one country to the other, including on crude oil and natural gas; 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 2025 and in the future; the general continuance of current industry conditions; the continuance of existing tax, royalty, tariff, 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: volatility of commodity prices; adverse economic conditions; political uncertainty; the risk that (i) the tariffs that are currently in effect on goods exported from or imported into Canada continue in effect for an extended period of time, the tariffs that have been threatened are implemented, that tariffs that are currently suspended are reactivated, the rate or scope of tariffs are increased, or new tariffs are imposed, including on crude oil and natural gas, (ii) the U.S. and/or Canada imposes any other form of

tax, restriction, or prohibition on the import or export of products from one country to the other, including on crude oil and natural gas, and (iii) the tariffs imposed or threatened to be imposed by the U.S. on other countries and retaliatory tariffs imposed or threatened to be imposed by other countries on the U.S., will trigger a broader global trade war which could have a material adverse effect on the Canadian, U.S., and global economies, and by extension the Canadian crude oil and natural gas industry and the Company, including by decreasing demand for (and the price of) crude oil and natural gas, disrupting supply chains, increasing costs, causing volatility in global financial markets, and limiting access to financing; lack of capacity on, and/or regulatory constraints and uncertainty regarding, gathering and processing facilities, pipeline systems, and railway lines; Indigenous land and rights claims; compliance with environmental regulations; risks relating to climate change, including transition and physical risks; ARC's ability to recruit and retain a skilled workforce and key personnel; development and production risks; project risks; risks relating to failure to obtain regulatory approvals; reputational risks; risks relating to a changing investor sentiment; asset concentration; risks relating to information technology systems and cyber security; risks related to hydraulic fracturing; liquidity; inflation, cost management, and interest rates; third-party credit risks; variations in foreign exchange rates; risks relating to royalty regimes; the impact of competitors; lack of adequate insurance coverage; inaccurate estimation of ARC's reserve volumes; limited, unfavorable or a lack of access to capital markets; market access constraints or transportation interruptions; unanticipated operating results or production declines; increased debt levels or debt service requirements; increased costs; potential regulatory and industry changes stemming from the results of court actions affecting regions in which ARC holds assets; and certain other risks detailed in ARC's public disclosure documents. Readers should also carefully consider the risks discussed in the section entitled "Risk Factors" contained within the MD&A for the year ended December 31, 2024.

ARC's future shareholder distributions, including but not limited to the payment of dividends, if any, and the level thereof is uncertain. Any decision to pay dividends on ARC's shares (including the actual amount, the declaration date, the record date, and the payment date in connection therewith) will be subject to the discretion of the Board and may depend on a variety of factors, including, without limitation, ARC's business performance, financial condition, financial requirements, growth plans, expected capital requirements and other conditions existing at such future time including, without limitation, contractual restrictions and satisfaction of the solvency tests imposed on ARC under applicable corporate law. Further, the actual amount, the declaration date, the record date, and the payment date of any dividend are subject to the discretion of the Board. There can be no assurance that ARC will pay dividends in the future.

The forward-looking information in this MD&A also includes financial outlooks and other related forward-looking information (including production and financial-related metrics) relating to ARC, including, but not limited to: the expectations of ARC regarding production, capital expenditures, operating expenses, transportation expenses, G&A expenses before share-based compensation expense, G&A expenses - share-based compensation expense, interest and financing expenses, and current income tax as a per cent of funds from operations. The internal projections, expectations, or beliefs are based on the 2025 capital budget, which is subject to change in light of ongoing results, prevailing economic conditions, commodity prices, and industry conditions and regulations. These financial outlook and other related forward-looking statements are also subject to the same assumptions, risk factors, limitations, and qualifications as set forth above. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted, and as such, undue reliance should not be placed on financial outlook and/or forward-looking statements. The financial outlook and forward-looking information contained in this MD&A is 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
DD&A	depletion, depreciation and amortization
DSU	Deferred Share Unit
E&E	exploration and evaluation
GAAP	generally accepted accounting principles
G&A	general and administrative
IFRS	International Financial Reporting Standards
JKM	Japan Korea Marker
LNG	liquefied natural gas
LTRSA	Long-term Restricted Share Award
NCIB	normal course issuer bid
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

QUARTERLY HISTORICAL REVIEW

(\$ millions, except per share amounts)	2025		2024				2023	
FINANCIAL	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Commodity sales from production	1,229.2	1,490.2	1,345.5	1,054.4	1,001.7	1,202.1	1,300.2	1,308.0
Per share, basic ⁽¹⁾	2.10	2.53	2.28	1.77	1.68	2.01	2.16	2.15
Per share, diluted ⁽¹⁾	2.10	2.53	2.27	1.77	1.67	2.01	2.16	2.15
Net income	396.1	404.7	370.3	328.9	239.5	185.4	506.3	236.4
Per share, basic	0.68	0.69	0.63	0.55	0.40	0.31	0.84	0.39
Per share, diluted	0.68	0.69	0.63	0.55	0.40	0.31	0.84	0.39
Cash flow from operating activities	699.1	1,013.0	650.9	518.4	543.0	636.3	698.9	604.2
Per share, basic ⁽¹⁾	1.20	1.72	1.10	0.87	0.91	1.07	1.16	1.00
Per share, diluted ⁽¹⁾	1.19	1.72	1.10	0.87	0.91	1.06	1.16	0.99
Funds from operations	682.1	857.0	770.4	592.4	502.8	606.9	699.2	662.2
Per share, basic ⁽¹⁾	1.17	1.46	1.30	1.00	0.84	1.02	1.16	1.09
Per share, diluted ⁽¹⁾	1.17	1.45	1.30	0.99	0.84	1.01	1.16	1.09
Free funds flow	185.8	399.9	420.4	133.8	(29.5)	102.3	154.7	260.8
Per share, basic ⁽¹⁾	0.32	0.68	0.71	0.22	(0.05)	0.17	0.26	0.43
Per share, diluted ⁽¹⁾	0.32	0.68	0.71	0.22	(0.05)	0.17	0.26	0.43
Cash flow used in investing activities	471.2	429.3	423.3	339.7	643.4	499.8	434.3	394.6
Dividends declared	110.9	111.3	112.2	100.8	101.6	101.6	101.7	103.0
Per share	0.19	0.19	0.19	0.17	0.17	0.17	0.17	0.17
Total assets	14,177.9	13,040.2	13,099.7	12,901.2	12,593.4	12,325.5	12,382.9	11,924.9
Total liabilities	5,881.9	4,942.1	5,151.5	5,172.2	4,965.4	4,827.1	4,955.1	4,775.4
Net debt	1,289.2	1,260.5	1,335.6	1,560.6	1,477.9	1,336.1	1,317.1	1,243.5
Weighted average shares, basic	584.0	588.5	591.0	595.1	596.6	596.7	601.0	607.2
Weighted average shares, diluted	585.0	589.7	592.3	596.4	598.2	598.4	602.8	609.0
Shares outstanding, end of period	582.5	585.0	589.6	591.7	596.7	596.7	596.9	605.0
CAPITAL EXPENDITURES								
Geological and geophysical	1.8	10.5	2.3	4.6	1.5	2.7	1.4	2.6
Drilling and completions	436.1	400.4	264.3	390.3	470.2	380.1	387.5	352.3
Plant and facilities	29.4	38.5	57.0	52.7	11.4	101.9	132.9	30.5
Maintenance and optimization	15.3	5.7	9.7	17.0	35.7	14.1	14.6	9.4
Corporate	13.7	2.0	16.7	(6.0)	13.5	5.8	8.1	6.6
Capital expenditures	496.3	457.1	350.0	458.6	532.3	504.6	544.5	401.4
Acquisitions	0.8	4.0	16.4	—	5.0	0.1	22.0	—
Dispositions	(4.0)	—	(7.6)	(80.0)	—	—	(66.3)	(0.1)
Capital expenditures, and net acquisitions and dispositions	493.1	461.1	358.8	378.6	537.3	504.7	500.2	401.3
OPERATING								
Production								
Crude oil and condensate (bbl/d)	100,399	94,334	102,977	88,517	74,713	82,672	85,805	87,098
Natural gas (MMcf/d)	1,307	1,411	1,418	1,203	1,286	1,322	1,380	1,353
NGLs (bbl/d)	38,999	42,821	42,998	37,797	40,994	49,411	49,474	47,557
Total (boe/d)	357,228	372,265	382,341	326,768	330,046	352,328	365,248	360,177
Average realized commodity prices								
Crude oil (\$/bbl)	82.56	87.90	91.46	92.22	100.28	83.83	93.34	104.91
Condensate (\$/bbl)	85.35	99.28	95.52	95.38	103.73	94.58	99.09	103.21
Natural gas (\$/Mcf)	3.19	4.19	2.58	1.78	1.86	3.19	3.33	3.16
NGLs (\$/bbl)	20.39	31.98	26.83	23.77	21.69	25.65	21.97	19.63
Oil equivalent (\$/boe)	37.81	44.48	38.25	35.07	33.35	37.49	38.69	39.47
TRADING STATISTICS ⁽²⁾								
(\$, based on intra-day trading)								
High	31.56	29.05	27.40	26.45	26.18	24.32	23.77	22.05
Low	22.63	23.85	22.48	21.44	23.45	19.44	19.02	17.63
Close	28.71	28.93	26.07	22.86	24.41	24.15	19.67	21.68
Average daily volume (thousands)	3,559	3,674	3,747	3,696	3,648	3,343	4,271	3,705

(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.

Q2 2025

Financial **Statements**

ARC RESOURCES LTD.

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

(unaudited)

As at

(Cdn\$ millions)	June 30, 2025	December 31, 2024
ASSETS		
Current assets		
Cash and cash equivalents	949.8	—
Inventory	10.1	12.4
Accounts receivable	519.6	691.0
Prepaid expense	189.4	107.4
Risk management contracts (Note 9)	179.2	190.1
	1,848.1	1,000.9
Risk management contracts (Note 9)	150.8	154.1
Long-term investments	27.8	27.7
Exploration and evaluation assets	366.7	338.1
Property, plant and equipment (Note 3)	10,634.8	10,373.9
Right-of-use and other long-term assets (Note 4)	901.5	956.8
Goodwill	248.2	248.2
Total assets	14,177.9	13,099.7
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	846.3	634.4
Current portion of lease obligations (Note 5)	84.6	92.8
Current portion of long-term debt (Note 6)	450.0	—
Current portion of other deferred liabilities	23.9	23.3
Current portion of asset retirement obligation (Note 7)	17.0	17.0
Dividends payable (Note 10)	110.9	112.2
Risk management contracts (Note 9)	—	1.0
	1,532.7	880.7
Risk management contracts (Note 9)	21.9	37.1
Long-term portion of lease obligations (Note 5)	867.6	908.5
Long-term debt (Note 6)	1,540.8	1,387.4
Long-term incentive compensation liability (Note 12)	41.3	76.2
Other deferred liabilities	87.7	95.8
Asset retirement obligation (Note 7)	401.4	414.4
Deferred taxes	1,388.5	1,351.4
Total liabilities	5,881.9	5,151.5
SHAREHOLDERS' EQUITY		
Shareholders' capital (Note 10)	6,109.9	6,194.3
Contributed surplus	28.2	31.6
Retained earnings	2,159.1	1,728.5
Accumulated other comprehensive loss	(1.2)	(6.2)
Total shareholders' equity	8,296.0	7,948.2
Total liabilities and shareholders' equity	14,177.9	13,099.7
Commitments and contingencies (Note 13)		

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

ARC RESOURCES LTD.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (unaudited)

For the three and six months ended June 30

	Three Months Ended		Six Months Ended	
(Cdn\$ millions, except per share amounts)	2025	2024	2025	2024
Commodity sales from production (Note 11)	1,229.2	1,001.7	2,719.4	2,203.8
Royalties	(120.7)	(125.8)	(283.5)	(258.8)
Sales from third-party purchases (Note 11)	307.2	277.3	612.4	515.0
Total revenue	1,415.7	1,153.2	3,048.3	2,460.0
Interest and other income	2.3	3.2	13.2	5.1
Gain on risk management contracts (Note 9)	146.7	145.7	111.9	69.1
Total revenue, interest and other income, and gain on risk management contracts	1,564.7	1,302.1	3,173.4	2,534.2
Operating	168.1	165.6	330.6	302.2
Transportation	174.1	156.7	360.1	328.2
Third-party purchases (Note 14)	307.5	274.0	603.2	515.5
General and administrative	46.5	55.7	103.8	137.1
Interest and financing	27.8	32.6	56.5	63.8
Impairment (reversal of impairment) of financial assets	(3.2)	1.0	(3.0)	0.6
Depletion, depreciation and amortization and impairment of property, plant and equipment (Notes 3 and 4)	349.0	314.6	698.3	654.8
Loss (gain) on foreign exchange	13.6	(4.4)	15.0	(15.0)
Gain on disposal of crude oil and natural gas assets	(4.0)	—	(4.0)	—
Total expenses	1,079.4	995.8	2,160.5	1,987.2
Net income before income taxes	485.3	306.3	1,012.9	547.0
Provision for income taxes				
Current	65.0	37.6	175.0	97.6
Deferred	24.2	29.2	37.1	24.5
Total income taxes	89.2	66.8	212.1	122.1
Net income	396.1	239.5	800.8	424.9
Other comprehensive income				
Items that may be reclassified to net income in subsequent periods:				
Net unrealized gain (loss) on foreign currency translation adjustment	4.2	(2.1)	5.0	(6.4)
Comprehensive income	400.3	237.4	805.8	418.5
Net income per share (Note 10)				
Basic	0.68	0.40	1.37	0.71
Diluted	0.68	0.40	1.36	0.71

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

ARC RESOURCES LTD.

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

For the six months ended June 30

(Cdn\$ millions)	Shareholders' Capital (Note 10)	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
December 31, 2023	6,268.2	36.1	1,141.4	(17.9)	7,427.8
Comprehensive income	—	—	424.9	(6.4)	418.5
Share-based compensation plans (Note 12)	1.2	(0.7)	—	—	0.5
Exercise of share options (Note 12)	18.5	(3.9)	—	—	14.6
Repurchase of shares for cancellation (Note 10)	(13.9)	—	(16.5)	—	(30.4)
Change in liability for share purchase commitment (Note 10)	0.7	—	(0.5)	—	0.2
Dividends declared (Note 10)	—	—	(203.2)	—	(203.2)
June 30, 2024	6,274.7	31.5	1,346.1	(24.3)	7,628.0
December 31, 2024	6,194.3	31.6	1,728.5	(6.2)	7,948.2
Comprehensive income	—	—	800.8	5.0	805.8
Share-based compensation plans (Note 12)	2.6	(2.1)	—	—	0.5
Exercise of share options (Note 12)	11.2	(1.3)	—	—	9.9
Repurchase of shares for cancellation (Note 10)	(85.7)	—	(129.0)	—	(214.7)
Change in liability for share purchase commitment (Note 10)	(12.5)	—	(19.0)	—	(31.5)
Dividends declared (Note 10)	—	—	(222.2)	—	(222.2)
June 30, 2025	6,109.9	28.2	2,159.1	(1.2)	8,296.0

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

ARC RESOURCES LTD.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

For the three and six months ended June 30

	Three Months Ended		Six Months Ended	
(Cdn\$ millions)	2025	2024	2025	2024
CASH FLOW FROM OPERATING ACTIVITIES				
Net income	396.1	239.5	800.8	424.9
Add items not involving cash:				
Unrealized loss (gain) on risk management contracts (Note 9)	(86.8)	(81.9)	(2.0)	11.6
Depletion, depreciation and amortization and impairment of property, plant and equipment (Notes 3 and 4)	349.0	314.6	698.3	654.8
Unrealized loss (gain) on foreign exchange	2.3	(3.0)	3.0	(13.2)
Gain on disposal of crude oil and natural gas assets	(4.0)	—	(4.0)	—
Deferred taxes	24.2	29.2	37.1	24.5
Other (Note 14)	1.3	4.4	5.9	7.1
Net change in other liabilities (Note 14)	(7.7)	1.5	(55.1)	(5.2)
Change in non-cash working capital (Note 14)	24.7	38.7	228.1	74.8
Cash flow from operating activities	699.1	543.0	1,712.1	1,179.3
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES				
Draw of long-term debt under revolving credit facilities	814.4	1,596.8	2,062.6	3,296.3
Issuance of senior notes (Notes 6 and 15)	1,000.0	—	1,000.0	—
Repayment of long-term debt	(891.5)	(1,361.8)	(2,454.7)	(3,066.3)
Proceeds from exercise of share options	5.5	8.4	9.9	14.6
Repurchase of shares	(76.6)	(16.3)	(207.4)	(31.4)
Repayment of principal relating to lease obligations	(25.6)	(21.5)	(51.9)	(42.6)
Cash dividends paid	(111.3)	(101.6)	(223.5)	(203.3)
Change in non-cash working capital (Note 14)	5.1	(1.5)	3.2	(1.3)
Cash flow from (used in) financing activities	720.0	102.5	138.2	(34.0)
CASH FLOW USED IN INVESTING ACTIVITIES				
Acquisition of crude oil and natural gas assets	(0.8)	(5.0)	(4.8)	(5.1)
Disposal of crude oil and natural gas assets	4.0	—	4.0	—
Property, plant and equipment development expenditures (Note 3)	(472.7)	(520.2)	(908.1)	(1,017.6)
Exploration and evaluation asset expenditures	(15.5)	(7.3)	(28.7)	(9.8)
Long-term investments	(0.9)	(1.3)	(1.2)	(4.1)
Change in non-cash working capital (Note 14)	14.7	(109.6)	38.3	(106.6)
Cash flow used in investing activities	(471.2)	(643.4)	(900.5)	(1,143.2)
INCREASE IN CASH AND CASH EQUIVALENTS	947.9	2.1	949.8	2.1
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1.9	1.1	—	1.1
CASH AND CASH EQUIVALENTS, END OF PERIOD	949.8	3.2	949.8	3.2
The following are included in cash flow from operating activities:				
Income taxes paid in cash	41.2	58.7	80.6	101.5
Interest paid in cash	14.8	21.0	46.9	55.2

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

1. Structure of the Business

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

ARC was incorporated in Alberta, Canada and the Company's registered office and principal place of business is located at 1500, 308 – 4th Avenue SW, Calgary, Alberta, Canada T2P 0H7. ARC's common shares are traded on the Toronto Stock Exchange ("TSX") under the symbol ARX.

2. Basis of Preparation

These unaudited condensed interim consolidated financial statements (the "financial statements") have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). These financial statements are condensed as they do not include all of the information required by IFRS Accounting Standards for annual financial statements and therefore should be read in conjunction with ARC's audited consolidated financial statements for the year ended December 31, 2024. All financial information is reported in millions of Canadian dollars ("Cdn\$"), unless otherwise noted as United States dollars ("US\$").

The financial statements have been prepared on a historical cost basis, except those items that are presented at fair value as detailed in the accounting policies disclosed in Note 3 "Summary of Material Accounting Policies" of ARC's audited consolidated financial statements for the year ended December 31, 2024. All accounting policies and methods of computation followed in the preparation of these financial statements are consistent with those of the previous year, except for income taxes. Income taxes on net income in the interim periods are accrued using the income tax rate that would be applicable to the expected total annual net income.

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

These financial statements were authorized for issue by ARC's board of directors (the "Board") on July 31, 2025.

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

Cost	Development and Production Assets	Corporate Assets	Total
Balance, December 31, 2024	18,950.0	155.3	19,105.3
Additions	912.3	12.4	924.7
Acquisitions	4.8	—	4.8
Change in asset retirement cost	(12.0)	—	(12.0)
Balance, June 30, 2025	19,855.1	167.7	20,022.8
Accumulated Depletion, Depreciation and Amortization ("DD&A")			
Balance, December 31, 2024	(8,610.8)	(120.6)	(8,731.4)
DD&A	(652.5)	(4.1)	(656.6)
Balance, June 30, 2025	(9,263.3)	(124.7)	(9,388.0)
Carrying Amounts			
Balance, December 31, 2024	10,339.2	34.7	10,373.9
Balance, June 30, 2025	10,591.8	43.0	10,634.8

For the three and six months ended June 30, 2025, \$11.4 million and \$25.2 million of overhead charges, including share-based compensation, were capitalized to PP&E (\$13.1 million and \$30.1 million for the three and six months ended June 30, 2024), respectively.

4. Right-of-Use ("ROU") and Other Long-term Assets

Cost	Leases			Other	Total
	Buildings	Equipment and Vehicles	Facilities	Service Contracts	
Balance, December 31, 2024	40.2	123.8	1,157.9	27.1	1,349.0
Additions	—	—	—	2.3	2.3
Modifications	—	2.8	—	—	2.8
Balance, June 30, 2025	40.2	126.6	1,157.9	29.4	1,354.1
Accumulated Depreciation					
Balance, December 31, 2024	(25.7)	(84.6)	(275.4)	(6.5)	(392.2)
Depreciation ⁽¹⁾	(0.8)	(18.5)	(40.3)	(0.8)	(60.4)
Balance, June 30, 2025	(26.5)	(103.1)	(315.7)	(7.3)	(452.6)
Carrying Amounts					
Balance, December 31, 2024	14.5	39.2	882.5	20.6	956.8
Balance, June 30, 2025	13.7	23.5	842.2	22.1	901.5

(1) Includes \$16.6 million of depreciation on equipment and vehicle ROU assets capitalized to PP&E.

5. Lease Obligations

Carrying Amount	
Balance, December 31, 2024	1,001.3
Modifications	2.8
Interest Expense	24.9
Repayments	(76.8)
Balance, June 30, 2025	952.2
Lease obligations due within one year	84.6
Lease obligations due beyond one year	867.6

6. Long-term Debt

	June 30, 2025	December 31, 2024
Syndicated credit facilities	—	392.0
Senior notes		
2.354% note due March 10, 2026	450.0	450.0
3.577% note due June 17, 2028	550.0	—
3.465% note due March 10, 2031	550.0	550.0
4.409% note due June 17, 2032	450.0	—
Total senior notes	2,000.0	1,000.0
Unamortized debt issuance costs	(9.2)	(4.6)
Total long-term debt outstanding	1,990.8	1,387.4
Long-term debt due within one year	450.0	—
Long-term debt due beyond one year	1,540.8	1,387.4

In June 2025, ARC closed its offering of \$1.0 billion aggregate principal amount of senior unsecured notes (the "2025 Notes"). The terms and rates of the 2025 Notes are summarized below:

Issue Date	Principal	Coupon Rate	Maturity Date	Principal Payment Terms
June 17, 2025	\$550 million	3.577 %	June 17, 2028	Due upon maturity
June 17, 2025	\$450 million	4.409 %	June 17, 2032	Due upon maturity

During the six months ended June 30, 2025, the maturity date of ARC's unsecured extendible revolving credit facility was extended to March 2029, with the borrowing capacity unchanged at \$1.7 billion.

At June 30, 2025, ARC's total available credit capacity, including its credit facility and senior notes, was \$3.7 billion (\$2.7 billion at December 31, 2024), of which \$2.0 billion was drawn (\$1.4 billion at December 31, 2024).

There are no financial covenants associated with the 2025 Notes and there were no changes to any existing debt covenants. At June 30, 2025, ARC was in compliance with all of its debt covenants.

At June 30, 2025, the fair value of all long-term debt outstanding was \$2.0 billion (\$1.4 billion at December 31, 2024).

Subsequent to June 30, 2025, ARC obtained a \$500.0 million two-year term loan and increased the borrowing capacity under its credit facility to \$2.0 billion.

The proceeds from the 2025 Notes, the term loan, and drawings under the credit facility were used to fund the previously announced acquisition of condensate-rich Montney assets in the Kakwa region in Alberta (the "Kakwa Assets") from Strathcona Resources Ltd. ("Strathcona"). For more information, refer to Note 15 "Subsequent Event".

7. Asset Retirement Obligation ("ARO")

ARC has estimated the net present value of its total ARO to be \$418.4 million at June 30, 2025 (\$431.4 million at December 31, 2024) based on a total future undiscounted liability of \$609.4 million (\$599.7 million at December 31, 2024). Management estimates that these payments are expected to be made over the next 58 years with costs being incurred evenly over those years. The Bank of Canada's long-term risk-free bond rate of 3.6 per cent (3.3 per cent at December 31, 2024) and an average inflation rate of 2.0 per cent (2.0 per cent at December 31, 2024) were used to calculate the present value of ARO at June 30, 2025.

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

	Six Months Ended June 30, 2025	Year Ended December 31, 2024
Balance, beginning of period	431.4	451.3
Development activities	7.7	21.8
Change in estimates ⁽¹⁾	1.3	(8.4)
Change in discount rate	(21.0)	(31.2)
Settlement of obligations	(8.1)	(16.2)
Accretion	7.1	14.1
Balance, end of period	418.4	431.4
Expected to be incurred within one year	17.0	17.0
Expected to be incurred beyond one year	401.4	414.4

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

8. Capital Management

ARC actively manages its capital structure and adjusts it in response to changes in economic conditions and the risk characteristics of its underlying assets. ARC has the ability to manage its capital structure by issuing or repurchasing shares, or issuing or repaying debt.

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

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

During the six months ended June 30, 2025, ARC issued \$1.0 billion of long-term debt, repurchased 7.8 million common shares under its normal course issuer bid ("NCIB"), and the Board declared dividends totaling \$0.38 per share. The issuance of long-term debt is in conjunction with the acquisition of the Kakwa Assets, for more information refer to Note 15 "Subsequent Event".

Funds from Operations

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

Funds from operations for the three and six months ended June 30, 2025 and 2024 is calculated as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Cash flow from operating activities	699.1	543.0	1,712.1	1,179.3
Net change in other liabilities (Note 14)	7.7	(1.5)	55.1	5.2
Change in non-cash operating working capital (Note 14)	(24.7)	(38.7)	(228.1)	(74.8)
Funds from operations	682.1	502.8	1,539.1	1,109.7

Net Debt and Net Debt to Funds from Operations

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

ARC manages its capital structure for the long term, with the objective of having its net debt less than 1.5 times funds from operations. At June 30, 2025, ARC's net debt was 0.4 times its funds from operations.

The following table details the composition of ARC's net debt and net debt to funds from operations as at June 30, 2025 and 2024:

	June 30, 2025	June 30, 2024
Long-term debt ⁽¹⁾	1,990.8	1,379.5
Accounts payable and accrued liabilities	846.3	585.1
Dividends payable	110.9	101.6
Cash and cash equivalents, accounts receivable, and prepaid expense	(1,658.8)	(588.3)
Net debt	1,289.2	1,477.9
Funds from operations ⁽²⁾	2,901.9	2,471.1
Net debt to funds from operations (ratio) ⁽³⁾	0.4	0.6

(1) Includes current portion of long-term debt at June 30, 2025 of \$450.0 million.

(2) 12-month trailing funds from operations.

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

9. Financial Instruments and Market Risk Management

Financial Instruments

At June 30, 2025, ARC's financial instruments include cash and cash equivalents, accounts receivable, long-term investments, risk management contracts, accounts payable and accrued liabilities, dividends payable, lease obligations, and long-term debt.

ARC's risk management contracts are carried at fair value on the unaudited condensed interim consolidated balance sheets (the "balance sheets"). All of ARC's risk management contracts are transacted in active markets, with the exception of embedded derivatives identified within certain natural gas sales contracts.

Risk management contracts and fair value disclosure for ARC's long-term debt are classified as Level 2 measurements in the three-level fair value measurement hierarchy. The fair value of ARC's long-term debt is disclosed in Note 6 "Long-term Debt". There were no transfers between levels in the fair value hierarchy for the six months ended June 30, 2025.

The carrying values of ARC's accounts receivable, accounts payable and accrued liabilities, and dividends payable as at June 30, 2025 approximate their fair values due to the short-term nature of these instruments.

Embedded Derivatives

The embedded derivatives identified within certain natural gas sales contracts are classified as Level 3 within the fair value hierarchy, as the fair values have been determined using a discounted cash flow valuation technique, which models incorporate significant unobservable inputs. For additional information regarding the significant unobservable inputs and sensitivity of the fair value of ARC's embedded derivatives, refer to Note 16 "Financial Instruments and Market Risk Management" of ARC's audited consolidated financial statements for the year ended December 31, 2024.

ARC recognizes a gain (loss) on risk management contracts in the unaudited condensed interim consolidated statements of comprehensive income ("statements of comprehensive income") related to its natural gas embedded derivatives. The gain (loss) is determined by the relative movements in fair value compared to the prior period balance sheet date. For the three and six months ended June 30, 2025, ARC recognized an unrealized gain of \$57.5 million and \$24.0 million (\$13.4 million and \$17.4 million for the three and six months ended June 30, 2024), respectively. At June 30, 2025, the fair value of the natural gas embedded derivatives was \$49.2 million (\$25.2 million at December 31, 2024).

Financial Assets and Financial Liabilities Subject to Offsetting

The following is a summary of ARC's financial assets and financial liabilities that are subject to offsetting as at June 30, 2025 and December 31, 2024:

	Gross Amounts of Recognized Financial Assets (Liabilities)	Gross Amounts of Recognized Financial Assets (Liabilities) Offset	Net Amounts of Financial Assets (Liabilities) Prior to Credit Risk Adjustment	Credit Risk Adjustment	Net Amounts of Financial Assets (Liabilities) Recognized on Balance Sheets
As at June 30, 2025					
Risk management contracts					
Current asset	227.8	(47.6)	180.2	(1.0)	179.2
Long-term asset	194.6	(43.4)	151.2	(0.4)	150.8
Current liability	(47.6)	47.6	—	—	—
Long-term liability	(65.3)	43.4	(21.9)	—	(21.9)
Net position	309.5	—	309.5	(1.4)	308.1
As at December 31, 2024					
Risk management contracts					
Current asset	250.9	(60.0)	190.9	(0.8)	190.1
Long-term asset	187.2	(32.7)	154.5	(0.4)	154.1
Current liability	(61.1)	60.0	(1.1)	0.1	(1.0)
Long-term liability	(69.8)	32.7	(37.1)	—	(37.1)
Net position	307.2	—	307.2	(1.1)	306.1

Risk Management Contracts

The following table details the composition of ARC's gain on risk management contracts:

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Realized gain on risk management contracts	59.9	63.8	109.9	80.7
Unrealized gain (loss) on risk management contracts	86.8	81.9	2.0	(11.6)
Total gain on risk management contracts	146.7	145.7	111.9	69.1

The following table summarizes ARC's risk management contracts as at June 30, 2025:

Risk Management Contracts Positions Summary ⁽¹⁾										
As at June 30, 2025	2025 (remainder)		2026		2027		2028		2029	
Crude Oil – WTI	US\$/bbl	bbl/day	US\$/bbl	bbl/day	US\$/bbl	bbl/day	US\$/bbl	bbl/day	US\$/bbl	bbl/day
Ceiling	82.99	25,000	81.16	10,000	—	—	—	—	—	—
Floor	69.50	25,000	65.00	10,000	—	—	—	—	—	—
Sold Floor	56.25	20,000	52.50	10,000	—	—	—	—	—	—
Sold Swaption ⁽²⁾	—	—	90.00	6,000	89.51	4,000	—	—	—	—
Total Crude Oil Volumes (bbl/day)	25,000		10,000		—		—		—	
Natural Gas – NYMEX Henry Hub ⁽³⁾	US\$/MMBtu	MMBtu/day	US\$/MMBtu	MMBtu/day	US\$/MMBtu	MMBtu/day	US\$/MMBtu	MMBtu/day	US\$/MMBtu	MMBtu/day
Ceiling	4.62	100,000	6.16	50,000	—	—	—	—	—	—
Floor	3.00	100,000	3.00	50,000	—	—	—	—	—	—
Sold Ceiling	7.60	50,000	—	—	—	—	—	—	—	—
Natural Gas – AECO 7A	Cdn\$/GJ	GJ/day	Cdn\$/GJ	GJ/day	Cdn\$/GJ	GJ/day	Cdn\$/GJ	GJ/day	Cdn\$/GJ	GJ/day
Ceiling	4.93	170,000	4.04	300,000	3.71	85,000	—	—	—	—
Floor	2.90	170,000	2.71	300,000	2.60	85,000	—	—	—	—
Total Natural Gas Volumes (MMBtu/day)	261,129		334,345		80,564		—		—	
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	(0.89)	183,152	(1.05)	92,500	(1.05)	92,500	(1.05)	92,500	(1.05)	21,075
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	270.0	1.4190	120.0	1.4390	—	—	—	—	—	—
Floor	270.0	1.3483	120.0	1.3800	—	—	—	—	—	—
Swap	10.0	1.3600	—	—	—	—	—	—	—	—

(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.

10. Shareholders' Capital

(thousands of shares)	Six Months Ended June 30, 2025	Year Ended December 31, 2024
Common shares, beginning of period	589,626	596,853
Repurchase of shares for cancellation	(7,776)	(8,487)
Issued on exercise of share options and long-term incentive awards	562	1,215
Unvested restricted shares held in trust pursuant to the LTRSA Plan ⁽¹⁾	(8)	(18)
Restricted shares vested pursuant to the LTRSA Plan	96	63
Common shares, end of period	582,500	589,626

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

During the six months ended June 30, 2025, ARC repurchased 7.8 million common shares under its NCIB at a weighted average price per share of \$27.53 for a total of \$214.7 million, inclusive of all costs. Shares are cancelled upon repurchase.

At June 30, 2025, ARC has recognized a liability of \$46.6 million (\$15.1 million at December 31, 2024) for share repurchases that may take place during its internal blackout period under an automatic share purchase plan agreement with an independent broker. The transaction has been recognized as a reduction to share capital of \$18.1 million and a reduction to retained earnings of \$28.5 million (\$5.6 million and \$9.5 million at December 31, 2024, respectively).

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

(thousands of shares)	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Weighted average common shares	584,002	596,623	586,236	596,678
Dilutive impact of share-based compensation ⁽¹⁾	1,045	1,534	1,122	1,612
Weighted average common shares, diluted	585,047	598,157	587,358	598,290

(1) For the six months ended June 30, 2025, 0.1 million of share-based compensation awards were excluded from the diluted weighted average shares calculation, as they were anti-dilutive (0.3 million for both the three and six months ended June 30, 2024).

Dividends declared for the three and six months ended June 30, 2025 were \$0.19 and \$0.38 per share (\$0.17 and \$0.34 for the three and six months ended June 30, 2024), respectively.

11. Revenue

Commodity Sales from Production

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

Commodity Sales from Production, by Product	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Crude oil	70.6	58.4	134.2	120.0
Condensate	706.7	645.0	1,477.8	1,287.0
Natural gas	379.5	217.4	911.8	600.6
Natural gas liquids	72.4	80.9	195.6	196.2
Total commodity sales from production	1,229.2	1,001.7	2,719.4	2,203.8

During the three and six months ended June 30, 2025, \$198.3 million and \$487.8 million of total commodity sales from production are attributed to the United States (\$115.8 million and \$318.6 million for the three and six months ended June 30, 2024), respectively, with the remainder attributed to Canada, based on the location of ARC's sales points.

At June 30, 2025, accounts receivable includes \$481.4 million from contracts with customers (\$607.1 million at December 31, 2024).

Sales from Third-Party Purchases

Through the normal course of business, ARC will purchase goods and services from third parties and will earn revenue upon the subsequent sale of these purchases. The following table presents the Company's disaggregation of sales from third-party purchases:

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Sales of commodities purchased from third parties	295.3	277.3	600.5	515.0
Transportation assignment sales	11.9	—	11.9	—
Sales from third-party purchases	307.2	277.3	612.4	515.0

12. Share-based Compensation Plans

Long-term Incentive Plans

The following table summarizes the changes in the Restricted Share Unit ("RSU"), Performance Share Unit ("PSU"), and Deferred Share Unit ("DSU") awards for the six months ended June 30, 2025:

RSU, PSU, and DSU Plans (number of awards, thousands)	RSUs	PSUs ⁽¹⁾	DSUs
Balance, December 31, 2024	1,557	2,862	1,079
Granted	333	899	52
Distributed	(384)	(950)	—
Forfeited	(36)	(136)	—
Balance, June 30, 2025 ⁽²⁾	1,470	2,675	1,131

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

(2) Includes 3,568 RSUs and 0.3 million DSUs that were acquired through a business combination which are eligible for continuation and exercise (the "Acquired Plans").

Compensation charges relating to ARC's share-based compensation plans are reconciled as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
General and administrative ("G&A")	5.2	14.3	26.3	52.4
Operating	1.0	1.5	1.7	4.4
PP&E	2.0	4.3	8.0	15.4
Total compensation charge	8.2	20.1	36.0	72.2
Cash payment	—	4.8	34.4	44.1

At June 30, 2025, compensation amounts of \$96.6 million were recognized in accounts payable and accrued liabilities on the balance sheets (\$60.0 million at December 31, 2024) and \$41.3 million was included in long-term incentive compensation liability (\$76.2 million at December 31, 2024).

Share Option Plans

At June 30, 2025, all outstanding share options were vested and exercisable. The changes in total share options outstanding and related weighted average exercise prices of share options outstanding were as follows:

Share Option Plans	Share Options (number of units, thousands)	Weighted Average Exercise Price (\$)
Balance, December 31, 2024	1,060	18.95
Exercised	(562)	17.61
Balance, June 30, 2025 ⁽¹⁾	498	20.32

(1) All share options pertain to the Acquired plans.

The following table summarizes information regarding share options outstanding at June 30, 2025:

Range of Exercise Price per Common Share (\$)	Number of Share Options Outstanding (thousands)	Weighted Average Exercise Price (\$)	Weighted Average Remaining Term (years)
5.98 - 18.00	166	10.59	3.4
18.01 - 27.89	332	25.21	1.4
Total	498	20.32	2.1

LTRSA Plan

The changes in total LTRSA outstanding and related fair value per restricted share for the six months ended June 30, 2025 were as follows:

	Granted Prior to 2020		Granted Subsequent to 2019	
	LTRSA (number of awards, thousands)	Fair Value per Restricted Share (\$)	LTRSA (number of awards, thousands)	Fair Value per Restricted Share (\$)
Balance, December 31, 2024 ⁽¹⁾	693	11.18	205	7.12
Restricted shares purchased	6	26.54	2	26.54
Distributed	(96)	28.71	—	—
Forfeited	(44)	12.04	(20)	6.17
Balance, June 30, 2025	559	8.28	187	7.43

(1) Balances at December 31, 2024 have been revised to reflect forfeitures from awards granted prior to 2020, which had previously been attributed to awards granted subsequent to 2019.

ARC recognized G&A expense of \$0.2 million and \$0.4 million relating to the LTRSA Plan for the three and six months ended June 30, 2025 (\$0.2 million and \$0.5 million for the three and six months ended June 30, 2024), respectively.

13. Commitments and Contingencies

The following is a summary of ARC's contractual obligations and commitments as at June 30, 2025:

	Payments Due by Period				
	1 Year	2-3 Years	4-5 Years	Beyond 5 Years	Total
Debt repayments	450.0	550.0	—	1,000.0	2,000.0
Interest payments ⁽¹⁾	69.2	117.1	77.8	58.7	322.8
Purchase and service commitments ⁽²⁾	193.8	102.8	857.6	7,340.1	8,494.3
Transportation commitments	688.5	1,147.3	1,079.4	4,697.3	7,612.5
Total contractual obligations and commitments	1,401.5	1,917.2	2,014.8	13,096.1	18,429.6

(1) Fixed interest payments on senior notes.

(2) Includes variable operating costs associated with the Company's lease obligations.

Total contractual obligations and commitments were \$18.4 billion at June 30, 2025 (\$17.6 billion at December 31, 2024).

ARC acquired additional commitments through its purchase of the Kakwa Assets. For more information, refer to Note 15 "Subsequent Event".

14. Supplemental Disclosures

Presentation in the Statements of Comprehensive Income

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

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Operating	18.5	14.1	45.1	30.8
G&A	23.4	31.3	60.1	83.1
Total employee compensation expense	41.9	45.4	105.2	113.9

Through the normal course of business, ARC will purchase goods and services from third parties which are subsequently sold. The following table presents the disaggregation of the expenses associated with third-party purchases:

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Commodities purchased from third parties	295.5	274.0	591.2	515.5
Transportation assignment	12.0	—	12.0	—
Third-party purchases	307.5	274.0	603.2	515.5

Presentation in the Statements of Cash Flows

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

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Change in Non-cash Working Capital				
Accounts receivable	44.4	16.1	127.3	107.9
Accounts payable and accrued liabilities	80.9	(92.0)	222.8	(154.0)
Inventory	4.0	17.8	3.6	27.3
Prepaid and other long-term assets	(84.8)	(14.3)	(84.1)	(14.3)
Total change in non-cash working capital	44.5	(72.4)	269.6	(33.1)
Relating to:				
Operating activities	24.7	38.7	228.1	74.8
Financing activities	5.1	(1.5)	3.2	(1.3)
Investing activities	14.7	(109.6)	38.3	(106.6)
Total change in non-cash working capital	44.5	(72.4)	269.6	(33.1)
	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Other Non-cash Items				
Accretion of asset retirement obligation	3.5	3.6	7.1	7.0
Share-based compensation expense	0.2	0.2	0.4	0.5
Impairment (reversal of impairment) of financial assets	(3.2)	1.0	(3.0)	0.6
Loss on long-term investments	0.3	—	0.3	—
Other income	—	(0.5)	—	(0.5)
Other amortization	0.5	0.1	1.1	(0.5)
Total other non-cash items	1.3	4.4	5.9	7.1
	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Net Change in Other Liabilities				
Long-term incentive compensation liability	4.2	11.2	(34.9)	11.6
Risk management contracts	—	—	—	1.2
ARO cash settlements	(1.3)	(3.4)	(8.1)	(9.9)
Other deferred liabilities	(6.0)	(6.3)	(6.7)	(7.3)
Debt issuance costs	(4.6)	—	(5.4)	(0.8)
Total net change in other liabilities	(7.7)	1.5	(55.1)	(5.2)

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

Financing Liabilities	Current Financial Liabilities	Long-term Financial Liabilities	Total Financial Liabilities from Financing Activities
December 31, 2023	85.2	2,123.5	2,208.7
Cash flows			
Draw of long-term debt	—	3,296.3	3,296.3
Repayment of long-term debt	—	(3,066.3)	(3,066.3)
Repayment of lease obligations	(42.6)	—	(42.6)
Reclassified to current			
Lease obligations	45.6	(45.6)	—
Non-cash changes			
Lease modification	—	5.2	5.2
Other	—	1.4	1.4
Other changes	—	(0.8)	(0.8)
Balance, June 30, 2024	88.2	2,313.7	2,401.9
Balance, December 31, 2024	92.8	2,295.9	2,388.7
Cash flows			
Draw and issuance of long-term debt	—	3,062.6	3,062.6
Repayment of long-term debt	—	(2,454.7)	(2,454.7)
Repayment of lease obligations	(51.9)	—	(51.9)
Reclassified to current			
Long-term debt	450.0	(450.0)	—
Lease obligations	43.6	(43.6)	—
Non-cash changes			
Lease modification	0.1	2.7	2.8
Other	—	0.9	0.9
Other changes	—	(5.4)	(5.4)
Balance, June 30, 2025	534.6	2,408.4	2,943.0
Lease obligations due within one year	84.6	—	84.6
Lease obligations due beyond one year	—	867.6	867.6
Long-term debt due within one year	450.0	—	450.0
Long-term debt due beyond one year	—	1,540.8	1,540.8

15. Subsequent Event

On July 2, 2025, ARC completed its previously announced acquisition of the Kakwa Assets from Strathcona for total cash consideration of \$1.7 billion, subject to final closing adjustments (the "Transaction"). The Transaction will be accounted for as a business combination using the acquisition method in accordance with the accounting policies disclosed in Note 3 "Summary of Material Accounting Policies" of ARC's audited consolidated financial statements for the year ended December 31, 2024.

Purchase Price Allocation

The following preliminary purchase price allocation is based on Management's best estimate of the assets acquired and liabilities assumed and is subject to change.

(\$ millions)	July 2, 2025
Cash consideration	1,674.5
Identifiable net assets	
Property, plant and equipment	1,705.0
Right-of-use assets	50.8
Lease obligations	(50.8)
Asset retirement obligation	(30.5)
Total identifiable net assets	1,674.5

Liquidity and Commitments

The Transaction was financed with proceeds from the 2025 Notes, a \$500.0 million two-year term loan, and borrowings under ARC's credit facility. The two-year term loan was issued by a similar syndicate of banks with the same terms and conditions and with the same pricing as ARC's credit facility, as detailed in Note 12 "Long-term Debt" of ARC's audited consolidated financial statements for the year ended December 31, 2024. Additionally, the borrowing capacity under ARC's credit facility was increased from \$1.7 billion to \$2.0 billion. There are no new financial covenants and no changes to ARC's existing debt covenants.

As a result of the Transaction, ARC assumed approximately \$190.0 million of additional commitments relating to transportation and natural gas processing.

Shareholder Information

Corporate Head Office

ARC Resources Ltd.

1500, 308 – 4th Avenue S.W.
Calgary, Alberta T2P 0H7

T 403.503.8600

Toll Free 1.888.272.4900

F 403.509.6427

www.arcresources.com

Transfer Agent

Computershare Trust Company of Canada

800, 324 8th Avenue S.W.
Calgary, Alberta T2P 2Z2

T 403.267.6800

Independent Reserves Evaluator

GLJ Ltd.

Auditors

PricewaterhouseCoopers LLP

Legal Counsel

Burnet, Duckworth & Palmer LLP

Corporate Calendar

November 6, 2025 | Q3 2025 Results

Stock Exchange Listing

ARC Resources Ltd. shares are traded on the
Toronto Stock Exchange under the symbol **ARX**.

Shareholder Inquiries

ARC's financial reports, annual regulatory
filings and news releases are available on
www.arcresources.com.

Investor Relations

T 403.503.8600

Toll Free 1.888.272.4900

E IR@arcresources.com





ARC Resources Ltd.

1500, 308 – 4th Avenue S.W.
Calgary, Alberta
T2P 0H7

T 403.503.8600

Toll Free 1.888.272.4900

F 403.509.6427

