MANAGEMENT’S DISCUSSION AND ANALYSIS

This Management’s Discussion and Analysis (“MD&A”) of ARC Resources Ltd. (“ARC” or the “Company”) is Management’s analysis of the financial performance and significant trends and external factors that may affect future performance. It is dated February 6, 2020 and should be read in conjunction with the audited consolidated financial statements (the "financial statements") as at and for the year ended December 31, 2019, and the MD&A and unaudited condensed interim consolidated financial statements for the periods ended March 31, 2019, June 30, 2019, and September 30, 2019, as well as ARC’s Annual Information Form ("AIF"), each of which is filed on SEDAR at www.sedar.com. 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"). ARC's production of heavy crude oil is considered to be immaterial. Condensate is a natural gas liquid as defined by NI 51-101. Throughout this MD&A, NGLs comprise all natural gas liquids 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.

This MD&A contains non-GAAP measures and forward-looking statements. Readers are cautioned that the MD&A should be read in conjunction with ARC’s disclosure under the headings “Non-GAAP Measures”, “Forward-looking Information and Statements”, and "Glossary" included 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 conventional crude oil, condensate, natural gas liquids ("NGLs"), and natural gas in western Canada with an emphasis on the development of properties with a large volume of hydrocarbons in-place commonly referred to as “resource plays”.

ARC has maintained its strategy of **risk-managed value creation** since inception which has delivered value to shareholders, including the payment of a regular dividend. ARC's low cost structure, disciplined capital allocation decisions, marketing strategies, portfolio management, low debt, and strategic optionality have all contributed to ARC's success.

Highlights

Corporate highlights for the years 2015 through 2019 are shown in Table 1:

Table 1

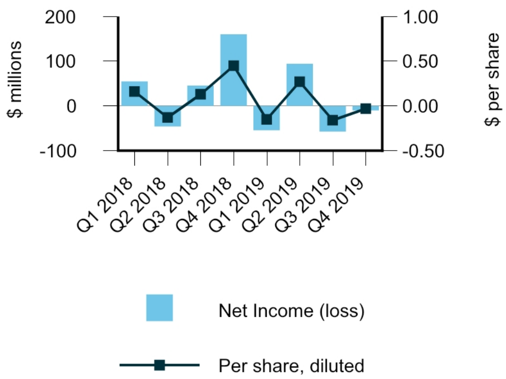
	2019	2018	2017	2016	2015
Production [1]					
Crude oil (bbl/d)	**17,591**	23,460	24,380	31,510	32,762
Condensate (bbl/d)	**10,066**	7,281	5,650	3,626	3,430
Crude oil and condensate (bbl/d)	**27,657**	30,741	30,030	35,136	36,192
Natural gas (MMcf/d)	**623.3**	570.2	525.8	475.6	444.9
NGLs (bbl/d)	**7,578**	6,955	5,273	4,274	3,819
Total production (boe/d)	**139,126**	132,724	122,937	118,671	114,167
Average daily production per thousand shares [2]	**0.39**	0.38	0.35	0.34	0.34
Net income (loss)	**(27.6)**	213.8	388.9	201.3	(342.7)
Net income (loss) per share	**(0.08)**	0.60	1.10	0.57	(1.01)
Funds from operations [3]	**697.4**	819.0	731.9	633.3	773.4
Funds from operations per share [3]	**1.97**	2.31	2.07	1.80	2.27
Capital expenditures [4]	**691.5**	679.4	829.7	453.4	541.6
Net debt [3]	**940.2**	702.7	728.0	356.5	985.1
Net debt to funds from operations (ratio) [3]	**1.3**	0.9	1.0	0.6	1.3
Return on average capital employed ("ROACE") (%) [5]	**(2)**	8	14	7	(7)
Proved plus probable reserves (MMboe) [6][7]	**909.9**	878.9	836.1	736.7	686.9
Proved plus probable reserves per share (boe) [6][7]	**2.6**	2.5	2.4	2.1	2.0

(1) Reported production amount is based on Company interest before royalty burdens.
(2) Daily production per thousand shares represents annual average daily production divided by the diluted weighted average common shares for the respective years ended December 31.
(3) Refer to Note 15 "Capital Management" in the financial statements and to the section entitled "Funds from Operations" contained within this MD&A.
(4) Prior to expenditures for land purchases and property acquisitions and dispositions.
(5) Non-GAAP measure that does not have any standardized meaning under International Financial Reporting Standards ("IFRS") and therefore may not be comparable to similar measures presented by other entities. Refer to the section entitled "Non-GAAP Measures" contained within this MD&A.
(6) As determined by ARC's independent reserves evaluator with an effective date of December 31 for the years shown in accordance with the Canadian Oil and Gas Evaluation Handbook.
(7) Company gross reserves are the gross interest reserves before deduction of royalties and without including any royalty interests. For more information, see ARC's AIF on SEDAR at www.sedar.com and the news release entitled *"ARC Resources Ltd. Reports Fourth Quarter and Year-end 2019 Financial and Operational Results and 2019 Reserves Results"* dated February 6, 2020.

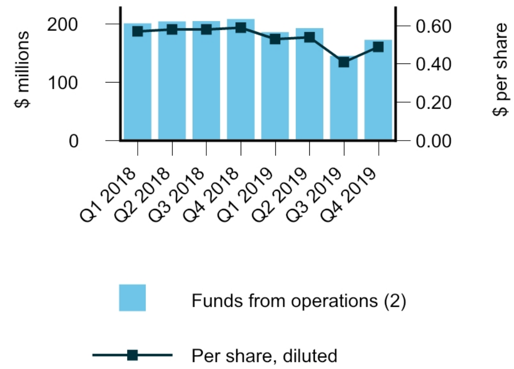
QUARTERLY RESULTS [1]

Exhibit 1

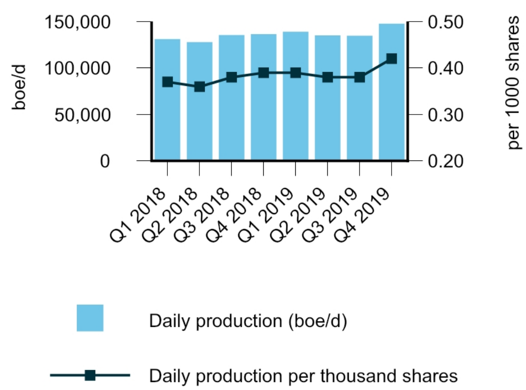
Net Income (Loss)



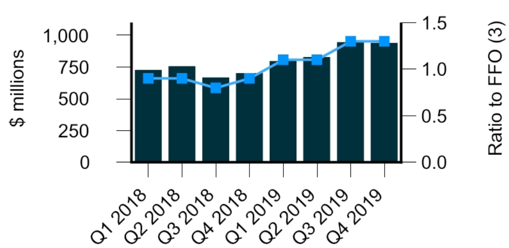
Funds from Operations (2)



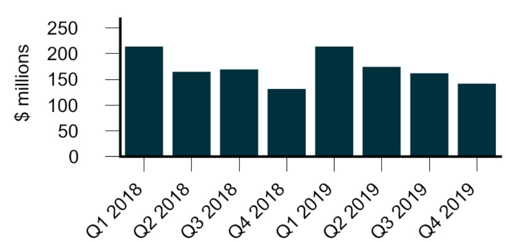
Average Daily Production



Net Debt (2)



Capital Expenditures



(1) The details contained in the graphs above are included in the section entitled "Quarterly Historical Review" contained within this MD&A.
(2) Refer to Note 15 "Capital Management" in the financial statements and to the section entitled "Funds from Operations" contained within this MD&A.
(3) Net debt to annualized funds from operations. Refer to the section entitled "Capitalization, Financial Resources and Liquidity" contained within this MD&A.

Trends in earnings and funds from operations are primarily associated with fluctuations in revenues which reflect changes in production levels and commodity prices. Realized risk management gains and losses serve to partially mitigate the effect of volatile commodity prices and the impact on quarterly funds from operations, while changes in the Canadian value of ARC's US dollar-denominated long-term debt and unrealized risk management gains and losses also impact earnings. The following significant items impacted the Company's financial and operational results over the past eight quarters:

- In the fourth quarter of 2019, ARC recognized an unrealized loss on risk management contracts of $62.9 million.
- In the third quarter of 2019, ARC recognized an impairment charge of $39.2 million relating to financial assets. For more information, refer to the section entitled "ACCEL Canada Holdings Limited" contained within this MD&A and Note 6 "Financial Assets and Credit Risk" in the financial statements.
- In the second quarter of 2019, ARC recognized an income tax recovery of $63.9 million. Additionally an impairment charge of $8.5 million was recognized relating to financial assets. For more information, refer to the section entitled "ACCEL Canada Holdings Limited" contained within this MD&A and Note 6 "Financial Assets and Credit Risk" in the financial statements.
- In the first quarter of 2019, ARC recognized an unrealized loss on risk management contracts of $146.5 million.
- In the fourth quarter of 2018, ARC recognized an unrealized gain on risk management contracts of $194.9 million.
- In the third quarter of 2018, ARC disposed of its non-core Redwater assets for proceeds of $130.3 million, and recognized a $22.8 million reversal of impairment of Property, Plant and Equipment ("PP&E").
- In the second quarter of 2018, ARC recognized an unrealized loss on risk management contracts of $122.1 million.
- In the first quarter of 2018, ARC completed asset dispositions for proceeds of $98.3 million, and recognized a gain on disposal of $80.1 million.

ANNUAL GUIDANCE

ARC's $500 million capital program for 2020 centres around capital discipline and efficiency, balance sheet strength, delivering profitable projects to shareholders, and generating funds from operations to fully fund the Company's dividend and capital program. Notably, ARC will complete the Dawson Phase IV facility in the second quarter of 2020. Planned investment levels for 2020 represent a 28 per cent decrease from 2019. ARC plans to keep its gas plants at or near capacity through 2020 while maximizing liquids production and funds from operations. ARC expects that production will grow through the second half of the year and that annual average production will be in the range of 155,000 to 161,000 boe per day. For additional details on ARC's 2020 capital program, refer to the November 7, 2019 news release entitled, *"ARC Resources Ltd. Reports Third Quarter 2019 Financial and Operational Results and Announces $500 Million Capital Program for 2020"* available on ARC's website at www.arcresources.com and on SEDAR at www.sedar.com.

Table 2 is a summary of ARC's 2019 and 2020 annual guidance and a review of 2019 actual results:

Table 2

	2020 Guidance	2019 Guidance	**2019 Actuals**	% Variance from 2019 Guidance
Production				
Crude oil (bbl/d)	15,000 - 17,000	17,000 - 19,000	**17,591**	—
Condensate (bbl/d)	12,000 - 14,000	9,000 - 11,000	**10,066**	—
Crude oil and condensate (bbl/d)	27,000 - 31,000	26,000 - 30,000	**27,657**	—
Natural gas (MMcf/d) (1)	715 - 725	620 - 630	**623.3**	—
NGLs (bbl/d)	8,500 - 9,000	6,500 - 7,000	**7,578**	8
Total (boe/d) (1)	155,000 - 161,000	136,000 - 142,000	**139,126**	—
Expenses ($/boe)				
Operating	4.55 - 4.95	5.00 - 5.35	**4.97**	(1)
Transportation	3.10 - 3.30	2.90 - 3.10	**2.94**	—
G&A expense before share-based compensation expense	1.00 - 1.20	1.10 - 1.30	**1.20**	—
G&A - share-based compensation expense (2)	0.30 - 0.45	0.20 - 0.35	**0.46**	31
Interest and financing (3)	0.65 - 0.80	0.75 - 0.90	**0.81**	—
Current income tax expense (recovery), as a per cent of funds from operations	(2) - 3	(3) - 2	**(2)**	—
Capital expenditures before land purchases and net property acquisitions (dispositions) ($ millions)	500	700	**691.5**	(1)
Weighted average shares (millions)	N/A	353	**353**	—

(1) Does not incorporate the potential impact that third-party transportation restrictions may have on ARC's natural gas production.
(2) Comprises expense recognized under the Restricted Share Unit ("RSU") and Performance Share Unit ("PSU") Plans, Share Option Plan and Long-term Restricted Share Award ("LTRSA") Plan, and excludes compensation expense under the Deferred Share Unit ("DSU") Plan. In periods where substantial share price fluctuation occurs, ARC's general and administrative ("G&A") expense is subject to greater volatility.
(3) Excludes accretion of the asset retirement obligation ("ARO").

ARC's 2019 financial and operational results were generally within guidance. ARC's 2019 NGLs production was above the guidance range due to stronger-than-anticipated results from lower Montney development across ARC's asset base. ARC's 2019 operating expense was below the guidance range, reflecting diligent cost control efforts undertaken by ARC's field operations teams. ARC's 2019 G&A expense for share-based compensation was above the guidance range due to an increase in the value of the plans, driven primarily by the appreciation in ARC's share price late in 2019.

Exhibit 2

2019 Production Guidance

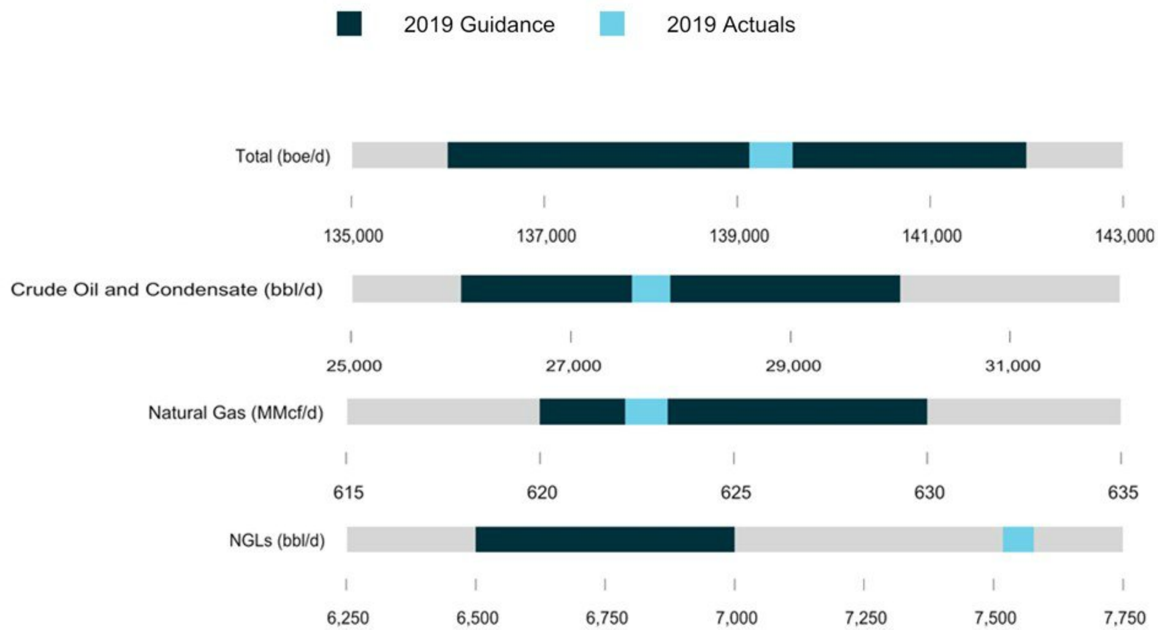


Exhibit 2a

2019 Expense Guidance

The guidance information presented for 2020 is intended to provide shareholders with information on Management's expectations for results from operations. Readers are cautioned that the guidance may not be appropriate for other purposes.

2019 FOURTH QUARTER FINANCIAL AND OPERATIONAL RESULTS

Financial Highlights

Table 3

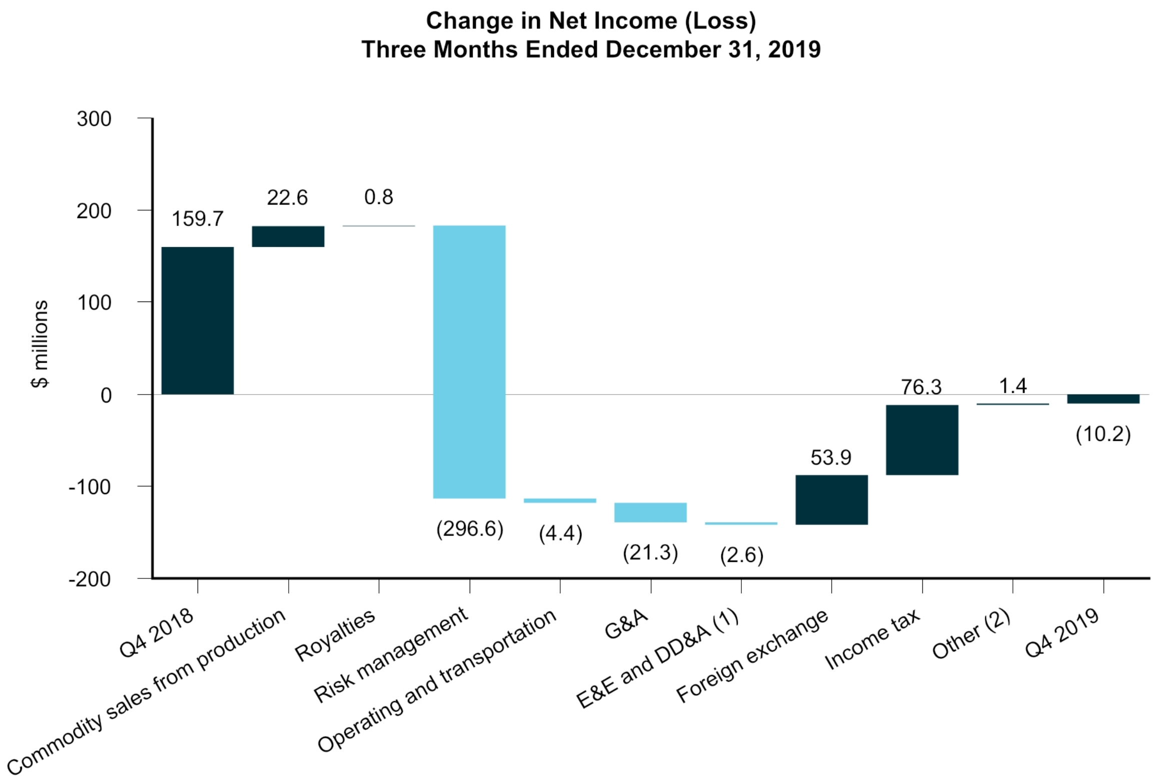
	Three Months Ended				Year Ended		
($ millions, except per share and volume data)	September 30, 2019	**December 31, 2019**	December 31, 2018	% Change	**December 31, 2019**	December 31, 2018	% Change
Net income (loss)	(57.2)	**(10.2)**	159.7	(106)	**(27.6)**	213.8	(113)
Net income (loss) per share	(0.16)	**(0.03)**	0.45	(107)	**(0.08)**	0.60	(113)
Funds from operations (1)	145.4	**172.8**	208.6	(17)	**697.4**	819.0	(15)
Funds from operations per share (1)	0.41	**0.49**	0.59	(17)	**1.97**	2.31	(15)
Dividends per share (2)	0.15	**0.15**	0.15	—	**0.60**	0.60	—
Average daily production (boe/d)	134,813	**147,650**	136,502	8	**139,126**	132,724	5

(1) Refer to Note 15 "Capital Management" in the financial statements and to the section entitled "Funds from Operations" contained within this MD&A.
(2) Dividends per share are based on the number of shares outstanding at each dividend record date.

Net Income (Loss)

In the fourth quarter of 2019, ARC recognized a net loss of $10.2 million (loss of $0.03 per share), a decrease of $169.9 million from ARC's fourth quarter 2018 net income of $159.7 million ($0.45 per share). The decrease in net income is primarily due to a loss recognized on risk management contracts of $240.3 million as compared to a gain on risk management contracts of $56.3 million in the fourth quarter of 2018. This was partially offset by a foreign exchange gain of $15.7 million compared to a foreign exchange loss of $38.2 million in the fourth quarter of 2018 and lower income tax expense of $76.3 million.

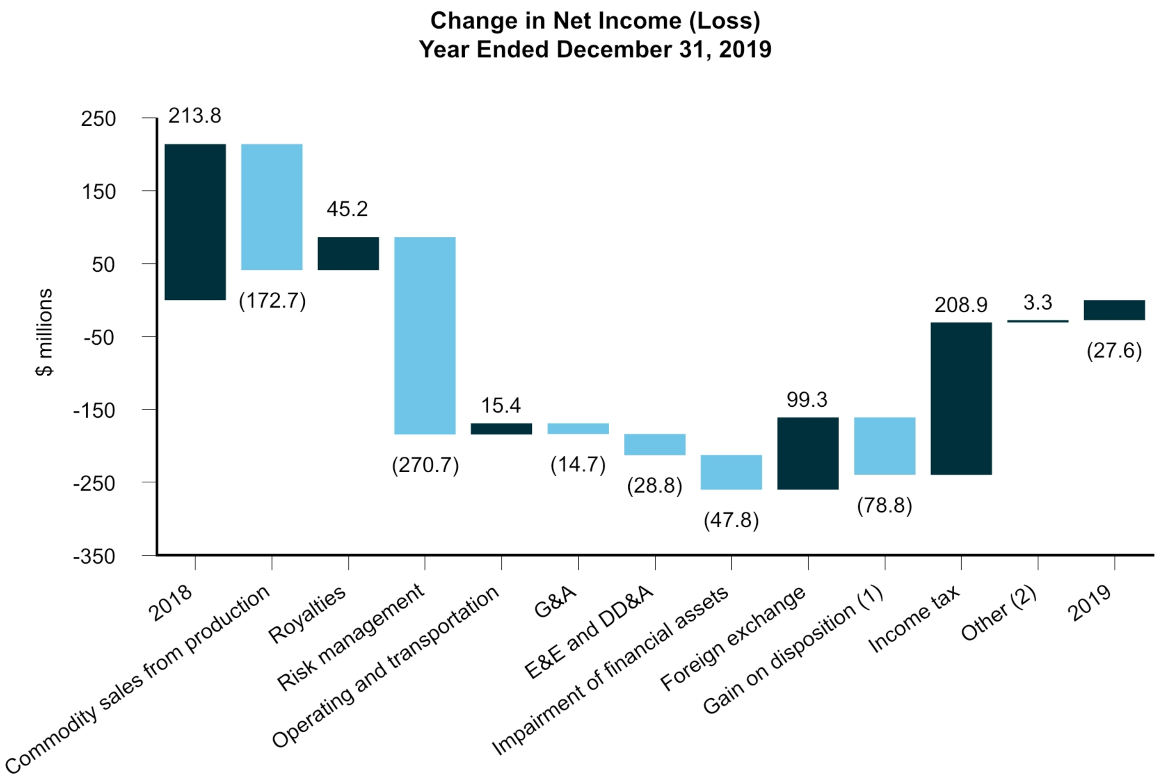
Exhibit 3



(1) Includes Exploration and evaluation ("E&E") and Depletion, depreciation and amortization ("DD&A") and impairment.
(2) Includes sales of commodities purchased from third parties, interest income, other income, commodities purchased from third parties, interest and financing, impairment of financial assets, and gain on disposal of PP&E.

During the year ended December 31, 2019, ARC recognized a net loss of $27.6 million (loss of $0.08 per share) compared to net income of $213.8 million ($0.60 per share) for the prior year. The $241.4 million decrease in income is primarily attributed to lower revenue from commodity sales of $172.7 million, a loss recognized on risk management contracts of $175.9 million compared to a gain on risk management contracts of $94.8 million for the prior year, a recognition of impairment of financial assets of $47.8 million in 2019, and a lower gain on disposition of PP&E of $78.8 million. Partially offsetting these items are decreased royalties of $45.2 million, a foreign exchange gain of $35.5 million compared to a foreign exchange loss of $63.8 million in the prior year, and income tax recovery of $100.9 million compared to income tax expense of $108.0 million for the prior year.

Exhibit 3a



(1) Includes gain on disposal of PP&E.
(2) Includes sales of commodities purchased from third parties, interest income, other income, commodities purchased from third parties, interest and financing, and gain on sale of reclamation fund.

Funds from Operations

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

ARC reports funds from operations in total and on a per share basis. Refer to Note 15 "Capital Management" in the financial statements. Table 4 is a reconciliation of ARC's net income (loss) to funds from operations and cash flow from operating activities:

Table 4

	Three Months Ended			Year Ended	
($ millions)	September 30, 2019	**December 31, 2019**	December 31, 2018	**December 31, 2019**	December 31, 2018
Net income (loss)	(57.2)	**(10.2)**	159.7	**(27.6)**	213.8
Adjusted for the following non-cash items:					
Impairment of financial assets	39.2	**0.1**	—	**47.8**	—
DD&A and impairment	132.4	**132.6**	125.6	**539.2**	494.7
Accretion of ARO	1.8	**1.7**	2.0	**7.3**	11.3
E&E expense	—	**—**	4.4	**—**	15.7
Deferred tax expense (recovery)	(12.0)	**2.7**	64.1	**(86.9)**	59.6
Unrealized loss (gain) on risk management contracts	30.8	**62.9**	(194.9)	**255.4**	28.6
Unrealized loss (gain) on foreign exchange	9.4	**(16.3)**	47.2	**(40.3)**	73.9
Gain on disposal of petroleum and natural gas properties	—	**(1.7)**	—	**(1.7)**	(80.5)
Other	1.0	**1.0**	0.5	**4.2**	1.9
Funds from operations	145.4	**172.8**	208.6	**697.4**	819.0
Net change in other liabilities	(1.5)	**8.3**	(12.1)	**(0.3)**	(20.9)
Change in non-cash working capital	6.1	**(14.4)**	28.1	**(58.3)**	64.7
Cash flow from operating activities	150.0	**166.7**	224.6	**638.8**	862.8

Details of the change in funds from operations from the three months and year ended December 31, 2018 to the three months and year ended December 31, 2019 are included in Table 5 below:

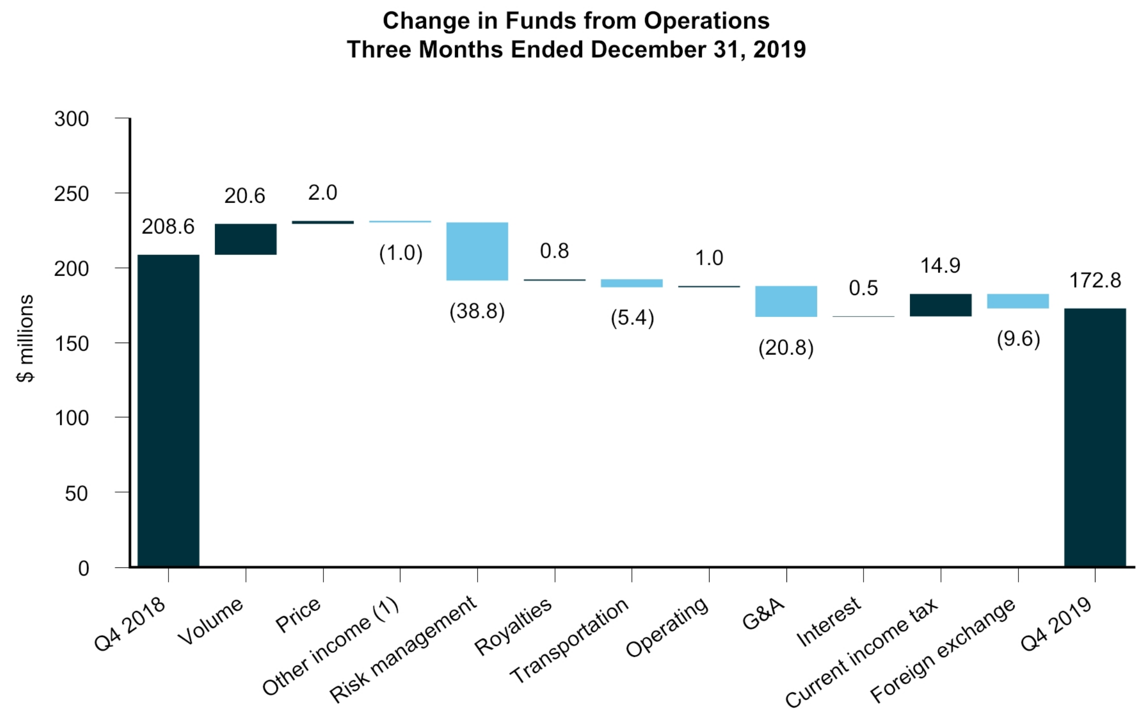
Table 5

	Three Months Ended December 31		Year Ended December 31	
	$ millions	$/Share	$ millions	$/Share
Funds from operations – 2018	208.6	0.59	819.0	2.31
Volume variance				
Crude oil and liquids	**2.9**	**0.02**	**(62.8)**	**(0.18)**
Natural gas	**17.7**	**0.05**	**47.0**	**0.13**
Price variance				
Crude oil and liquids	**32.2**	**0.10**	**(100.9)**	**(0.28)**
Natural gas	**(30.2)**	**(0.09)**	**(56.0)**	**(0.16)**
Sales of commodities purchased from third parties	**(16.1)**	**(0.05)**	**(48.0)**	**(0.14)**
Interest income	**(1.7)**	**—**	**(3.7)**	**(0.01)**
Other income	**0.5**	**—**	**1.9**	**0.01**
Realized gain on risk management contracts	**(38.8)**	**(0.11)**	**(43.9)**	**(0.12)**
Royalties	**0.8**	**—**	**45.2**	**0.13**
Expenses				
Commodities purchased from third parties	**16.3**	**0.05**	**48.4**	**0.14**
Operating	**1.0**	**—**	**36.0**	**0.10**
Transportation	**(5.4)**	**(0.02)**	**(20.6)**	**(0.06)**
G&A	**(20.8)**	**(0.06)**	**(13.3)**	**(0.04)**
Interest and financing [(1)]	**0.5**	**—**	**1.6**	**—**
Current income tax	**14.9**	**0.04**	**62.4**	**0.18**
Realized loss on foreign exchange	**(9.6)**	**(0.03)**	**(14.9)**	**(0.04)**
Funds from operations – 2019	**172.8**	**0.49**	**697.4**	**1.97**

(1) Excludes accretion of ARO.

Funds from operations decreased by 17 per cent in the fourth quarter of 2019 to $172.8 million ($0.49 per share) from $208.6 million ($0.59 per share) generated in the fourth quarter of 2018. The decrease in funds from operations for the three months ended December 31, 2019 primarily reflects a lower realized gain on risk management contracts and increased G&A expense. Increased natural gas and condensate production and current income tax recovery partially offset the decrease.

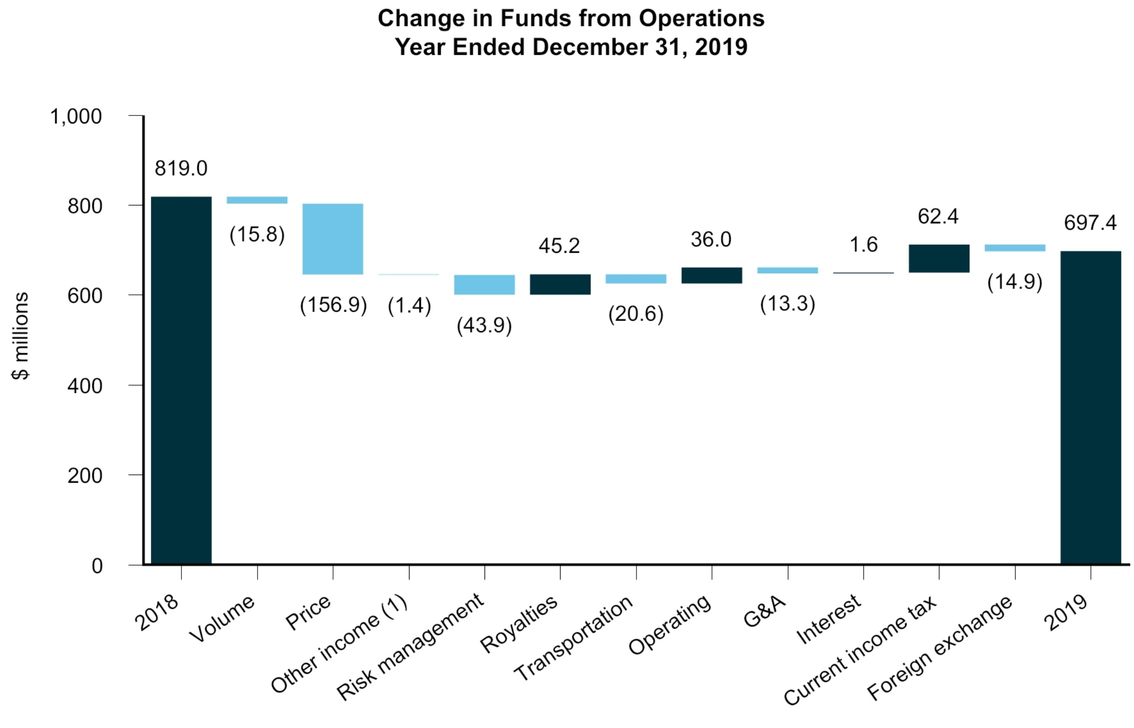
Exhibit 4



(1) Includes sales of commodities purchased from third parties, interest income, other income, and commodities purchased from third parties.

For the year ended December 31, 2019, funds from operations decreased by $121.6 million to $697.4 million ($1.97 per share) from $819.0 million ($2.31 per share) in 2018. This decrease primarily reflects lower average realized commodity prices and a lower realized gain on risk management contracts. Lower royalties, operating costs and current income tax recovery partially offset the decrease.

Exhibit 4a



(1) Includes sales of commodities purchased from third parties, interest income, other income, and commodities purchased from third parties.

Net Income (Loss) and Funds from Operations Sensitivity

Table 6 illustrates sensitivities of operating items (prior to the impact of risk management contracts) to operational and business environment changes and the resulting impact on net income (loss) and funds from operations:

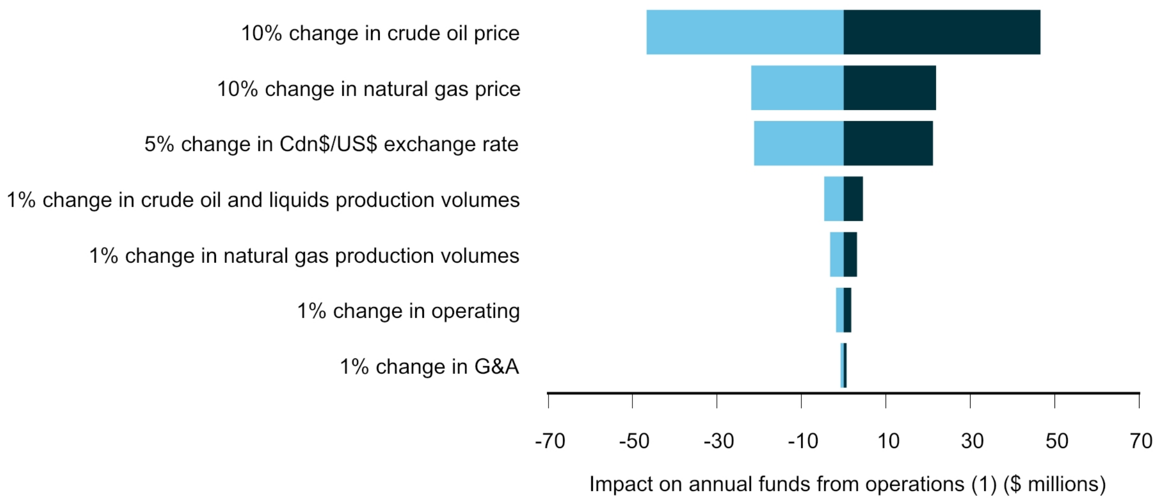
Table 6

			Impact on Annual Funds from Operations (6)		**Impact on Annual Net Income (Loss)**	
	Assumption	Change	Notional Amount ($ millions)	$/Share	Notional Amount ($ millions)	$/Share
Business Environment (1)						
Crude oil price (2)(3)	66.01	10%	46.7	0.132	46.7	0.132
Natural gas price (2)	2.12	10%	21.9	0.062	21.9	0.062
Cdn$/US$ exchange rate (2)(4)	1.33	5%	21.2	0.060	21.2	0.060
Interest rate on floating-rate debt (2)	3.6%	0.5%	0.1	—	0.1	—
Operational (5)						
Crude oil and liquids production (bbl/d)	35,235	1%	4.6	0.013	3.5	0.010
Natural gas production (MMcf/d)	623.3	1%	3.2	0.009	0.7	0.002
Operating ($/boe)	4.97	1%	1.8	0.005	1.8	0.005
G&A ($/boe)	1.66	1%	0.7	0.002	0.7	0.002

(1) Calculations are performed independently and may not be indicative of actual results that would occur when multiple variables change at the same time.
(2) Prices and rates are indicative of ARC's average realized prices for the year ended December 31, 2019. Refer to Table 11 contained within this MD&A for additional details. The calculated impact on funds from operations and net income (loss) 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 natural gas, crude oil, condensate, and NGLs prices that are presented in US dollars.
(5) Operational assumptions are based upon results for the year ended December 31, 2019.
(6) Refer to Note 15 "Capital Management" in the financial statements and to the section entitled "Funds from Operations" contained within this MD&A.

Exhibit 5

Funds from Operations Sensitivity (Prior to Risk Management Contracts)



(1) Refer to Note 15 "Capital Management" in the financial statements and to the section entitled "Funds from Operations" contained within this MD&A.

Production

Table 7

Production	Three Months Ended				Year Ended		
	September 30, 2019	**December 31, 2019**	December 31, 2018	% Change	**December 31, 2019**	December 31, 2018	% Change
Light and medium crude oil (bbl/d)	16,224	**16,607**	19,229	(14)	**17,064**	22,601	(24)
Heavy crude oil (bbl/d)	558	**476**	863	(45)	**527**	859	(39)
Condensate (bbl/d)	10,846	**10,937**	8,458	29	**10,066**	7,281	38
NGLs (bbl/d)	7,952	**8,123**	7,402	10	**7,578**	6,955	9
Crude oil and liquids (bbl/d)	35,580	**36,143**	35,952	1	**35,235**	37,696	(7)
Natural gas (MMcf/d)	595.4	**669.0**	603.3	11	**623.3**	570.2	9
Total production (boe/d)	134,813	**147,650**	136,502	8	**139,126**	132,724	5
Natural gas production (%)	74	**76**	74	2	**75**	72	3
Crude oil and liquids production (%)	26	**24**	26	(2)	**25**	28	(3)

For the three months ended December 31, 2019, crude oil and liquids production increased one per cent as compared to the same period in the prior year. For the year ended December 31, 2019, crude oil and liquids production decreased seven per cent as compared to the same periods in the prior year. Increases in condensate and NGLs production were offset by lower crude oil production.

In the fourth quarter of 2019, crude oil and liquids production increased primarily at Parkland/Tower and Dawson resulting from continued development activities targeting the liquids-rich Lower Montney. These increases were partially offset by the impact of dispositions of non-core properties that occurred throughout 2018.

For the year ended December 31, 2019, the decrease in ARC's crude oil and liquids production was primarily due to the impact of dispositions of non-core properties throughout 2018 as well as natural declines of oil-producing properties where minimal development activity occurred in the current year.

For the three months and year ended December 31, 2019, natural gas production increased 11 per cent and nine per cent, respectively, as compared to the same periods in the prior year. The increases were both driven by increased volumes at Sunrise following the start-up of the Sunrise Phase II gas processing facility during the fourth quarter of 2019, as well as continued drilling and completions activity in northeast British Columbia.

Exhibit 6

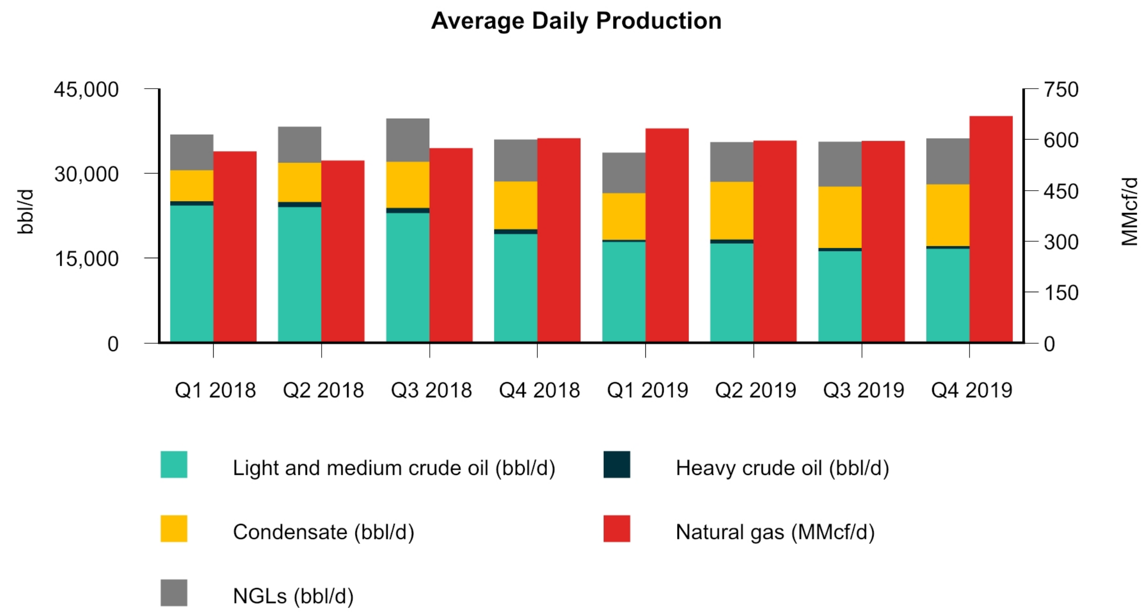

Average Daily Production
45,000
30,000
15,000
0
bbl/d
750
600
450
300
150
0
MMcf/d
Q1 2018
Q2 2018
Q3 2018
Q4 2018
Q1 2019
Q2 2019
Q3 2019
Q4 2019
Light and medium crude oil (bbl/d)
Heavy crude oil (bbl/d)
Condensate (bbl/d)
Natural gas (MMcf/d)
NGLs (bbl/d)

Table 8 summarizes ARC's production by core area for the fourth quarters of 2019 and 2018:

Table 8

	Three Months Ended December 31, 2019				
Production	**Total**	**Crude Oil**	**Condensate**	**Natural Gas**	**NGLs**
Core Area	(boe/d)	(bbl/d)	(bbl/d)	(MMcf/d)	(bbl/d)
Dawson	**43,014**	—	2,925	228.3	2,046
Parkland/Tower	**33,464**	3,062	4,802	128.7	4,158
Sunrise	**39,324**	—	50	235.5	26
Ante Creek	**15,199**	5,623	489	46.3	1,365
Pembina	**10,773**	8,288	156	11.4	422
Attachie West	**4,022**	—	2,349	9.7	61
All other	**1,854**	110	166	9.1	45
Total	**147,650**	**17,083**	**10,937**	**669.0**	**8,123**

	Three Months Ended December 31, 2018				
Production	Total	Crude Oil	Condensate	Natural Gas	NGLs
Core Area	(boe/d)	(bbl/d)	(bbl/d)	(MMcf/d)	(bbl/d)
Dawson	47,386	—	2,817	256.4	1,842
Parkland/Tower	30,232	5,603	2,496	111.8	3,503
Sunrise	25,572	—	148	152.4	21
Ante Creek	16,238	5,875	470	50.4	1,484
Pembina	10,664	8,248	158	11.0	424
Attachie West	4,119	—	2,133	11.5	75
All other	2,291	366	236	9.8	53
Total	136,502	20,092	8,458	603.3	7,402

Exhibit 7

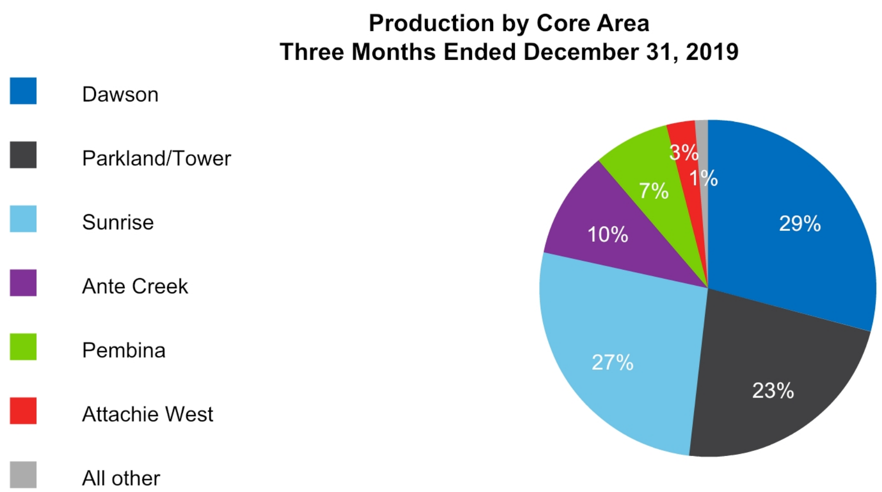


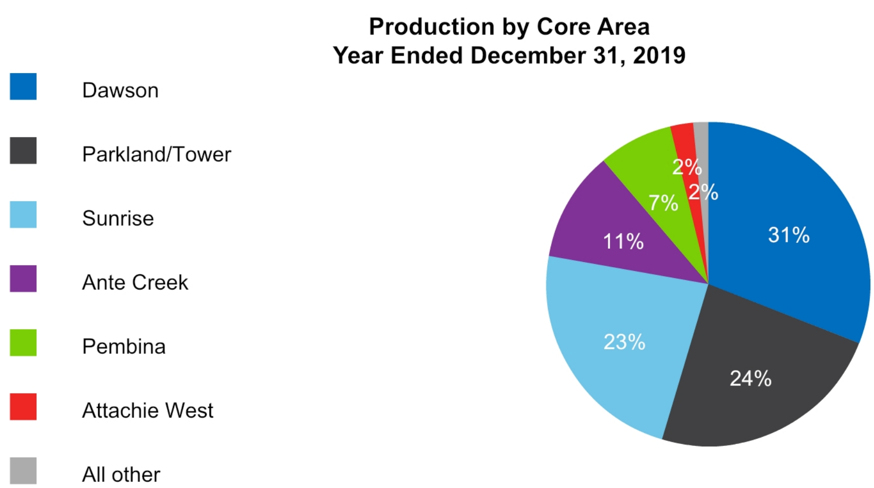
Table 8a summarizes ARC's production by core area for the years ended December 31, 2019 and 2018:

Table 8a

	Year Ended December 31, 2019				
Production	**Total**	**Crude Oil**	**Condensate**	**Natural Gas**	**NGLs**
Core Area	(boe/d)	(bbl/d)	(bbl/d)	(MMcf/d)	(bbl/d)
Dawson	**43,101**	—	2,567	232.5	1,792
Parkland/Tower	**32,996**	3,678	4,949	122.8	3,900
Sunrise	**32,278**	—	57	193.2	27
Ante Creek	**15,324**	5,789	449	46.5	1,341
Pembina	**10,336**	7,899	150	11.2	427
Attachie West	**3,194**	—	1,730	8.5	50
All other	**1,897**	225	164	8.6	41
Total	**139,126**	**17,591**	**10,066**	**623.3**	**7,578**

	Year Ended December 31, 2018				
Production	Total	Crude Oil	Condensate	Natural Gas	NGLs
Core Area	(boe/d)	(bbl/d)	(bbl/d)	(MMcf/d)	(bbl/d)
Dawson	45,408	—	2,619	246.3	1,741
Parkland/Tower	29,267	6,436	1,975	106.1	3,177
Sunrise	22,911	—	97	136.7	31
Ante Creek	16,136	6,239	476	48.6	1,323
Pembina	10,941	8,439	163	11.3	462
Attachie West	2,907	—	1,673	7.1	49
All other	5,154	2,346	278	14.1	172
Total	132,724	23,460	7,281	570.2	6,955

Exhibit 7a



Commodity Sales from Production

For the three months and year ended December 31, 2019, commodity sales from production increased by seven per cent and decreased by 13 per cent, respectively, as compared to the same periods in 2018. The increase in commodity sales for the three months ended December 31, 2019, primarily reflects higher realized crude oil and condensate prices, along with increased condensate production, partially offset by lower average realized natural gas and NGL prices. The decrease in commodity sales for the year ended December 31, 2019, primarily reflects lower average realized commodity prices and lower crude oil production, partially offset by increased natural gas and condensate production.

A breakdown of commodity sales from production by product is outlined in Table 9:

Table 9

	Three Months Ended				Year Ended		
Commodity Sales from Production ($ millions)	September 30, 2019	**December 31, 2019**	December 31, 2018	% Change	**December 31, 2019**	December 31, 2018	% Change
Crude oil	100.0	**102.3**	80.1	28	**423.8**	587.3	(28)
Condensate	65.6	**68.5**	44.5	54	**248.4**	200.8	24
Natural gas (1)	84.3	**145.5**	158.0	(8)	**483.3**	492.3	(2)
NGLs	3.8	**8.8**	19.9	(56)	**34.0**	81.8	(58)
Total commodity sales from production	253.7	**325.1**	302.5	7	**1,189.5**	1,362.2	(13)

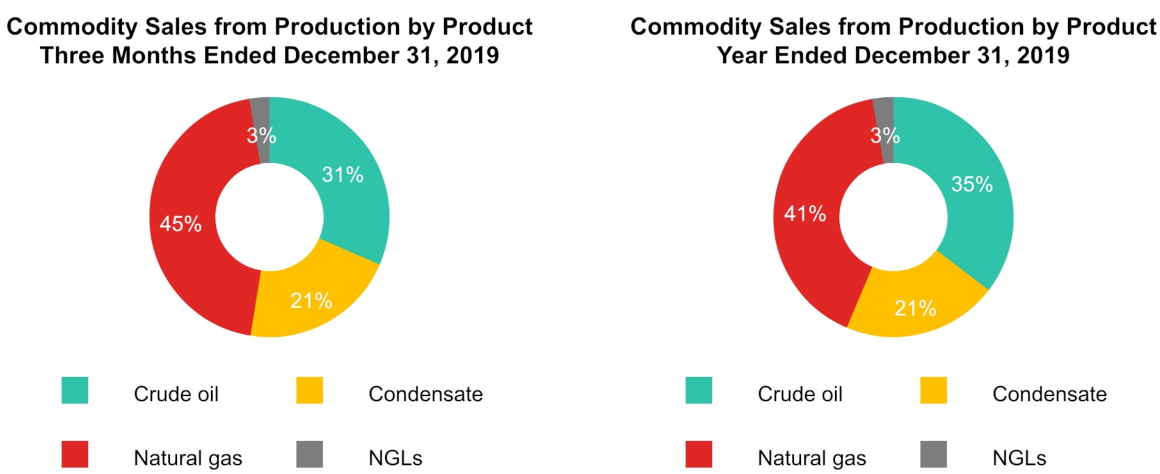
(1) Includes $3.5 million and $14.9 million of natural gas transportation revenue from contracts assigned temporarily to third parties for the three months and year December 31, 2019 ($nil for both the three months and year December 31, 2018), respectively.

While ARC's production mix, on a per boe basis, is weighted more heavily to natural gas than to crude oil and liquids, ARC's commodity sales contribution is typically more heavily weighted to its crude oil and liquids production as seen in Table 10:

Table 10

	Three Months Ended			Year Ended	
% of Commodity Sales from Production by Product Type	September 30, 2019	**December 31, 2019**	December 31, 2018	**December 31, 2019**	December 31, 2018
Crude oil and liquids	67	**55**	48	**59**	64
Natural gas	33	**45**	52	**41**	36
Total commodity sales from production	100	**100**	100	**100**	100

Exhibit 8



Commodity Prices

A listing of benchmark commodity prices and ARC's average realized commodity prices are outlined in Table 11:

Table 11

	Three Months Ended				Year Ended		
	September 30, 2019	**December 31, 2019**	December 31, 2018	% Change	**December 31, 2019**	December 31, 2018	% Change
Average Benchmark Prices							
NYMEX Henry Hub Last Day Settlement (US$/MMBtu)	2.23	**2.50**	3.64	(31)	**2.63**	3.09	(15)
Chicago Citygate Monthly Index (US$/MMBtu)	2.03	**2.44**	3.63	(33)	**2.56**	3.06	(16)
AECO 7A Monthly Index (Cdn$/Mcf)	1.04	**2.34**	1.90	23	**1.62**	1.53	6
WTI crude oil (US$/bbl)	56.44	**56.87**	59.34	(4)	**57.04**	64.90	(12)
Cdn$/US$ exchange rate	1.32	**1.32**	1.32	—	**1.33**	1.30	2
WTI crude oil (Cdn$/bbl)	74.50	**75.07**	78.33	(4)	**75.86**	84.37	(10)
Mixed Sweet Blend ("MSW") Price at Edmonton (Cdn$/bbl)	68.35	**67.96**	43.63	56	**69.19**	69.65	(1)
Condensate Stream Price at Edmonton (Cdn$/bbl)	68.66	**69.83**	60.45	16	**70.13**	79.18	(11)
ARC Average Realized Prices Prior to Gain or Loss on Risk Management Contracts							
Crude oil ($/bbl)	64.79	**65.11**	43.30	50	**66.01**	68.58	(4)
Condensate ($/bbl)	65.70	**68.08**	57.25	19	**67.61**	75.56	(11)
Natural gas ($/Mcf)	1.54	**2.36**	2.85	(17)	**2.12**	2.37	(11)
NGLs ($/bbl)	5.25	**11.69**	29.12	(60)	**12.28**	32.22	(62)
Total average realized commodity price prior to gain or loss on risk management contracts ($/boe)	20.46	**23.93**	24.09	(1)	**23.42**	28.12	(17)

Benchmark Commodity Prices

WTI crude oil prices for the fourth quarter of 2019 were one per cent higher than the prior quarter and four per cent lower than the fourth quarter of 2018. Global macroeconomic and trade uncertainty continue to present the risk of an economic slowdown, but decreases in supply from both planned and unplanned production curtailments continue to support global oil balances. Geopolitical disruptions and tensions have led to significant market volatility, but the impact on oil prices has not been prolonged.

Canadian stream prices were relatively unchanged in the fourth quarter of 2019 compared to the prior quarter, but increased significantly compared to the fourth quarter of 2018. The continuance of the Alberta government-mandated, province-wide crude oil production curtailments, along with modest pipeline egress improvements and increasing exports of crude-by-rail are helping to keep the local market in balance.

NYMEX Henry Hub prices increased 12 per cent in the fourth quarter of 2019 compared to the prior quarter, but decreased 31 per cent from the fourth quarter of 2018. Despite a slowing of production growth and record levels of liquefied natural gas ("LNG") exports in the United States, a lack of cold weather at major demand centers resulted in prices trending lower for much of the period. Mild winter temperatures across the northern hemisphere have exacerbated global oversupply issues leading to weaker prices at international gas trading hubs. With LNG connecting the United States market to the global market, international gas price volatility has a growing influence on North American prices.

Western Canadian natural gas prices increased in the fourth quarter of 2019 compared to both the prior quarter and the fourth quarter of 2018. Recent temporary changes to service priority on TC Energy's Nova Gas Transmission Limited System have resulted in an improved balance at AECO. These system changes along with low seasonal inventory levels and elevated exports, resulted in a significantly narrower AECO basis differential to NYMEX Henry Hub during the quarter.

ARC's Average Realized Commodity Prices

For the three months and year ended December 31, 2019, ARC's average realized crude oil price increased 50 per cent and decreased four per cent, respectively, compared to the same periods in 2018. The increase for the three months ended December 31, 2019, reflects tighter differentials between WTI and MSW, while the decrease for the year ended December 31, 2019, reflects lower WTI benchmark prices partially offset by a tighter differential between WTI and MSW.

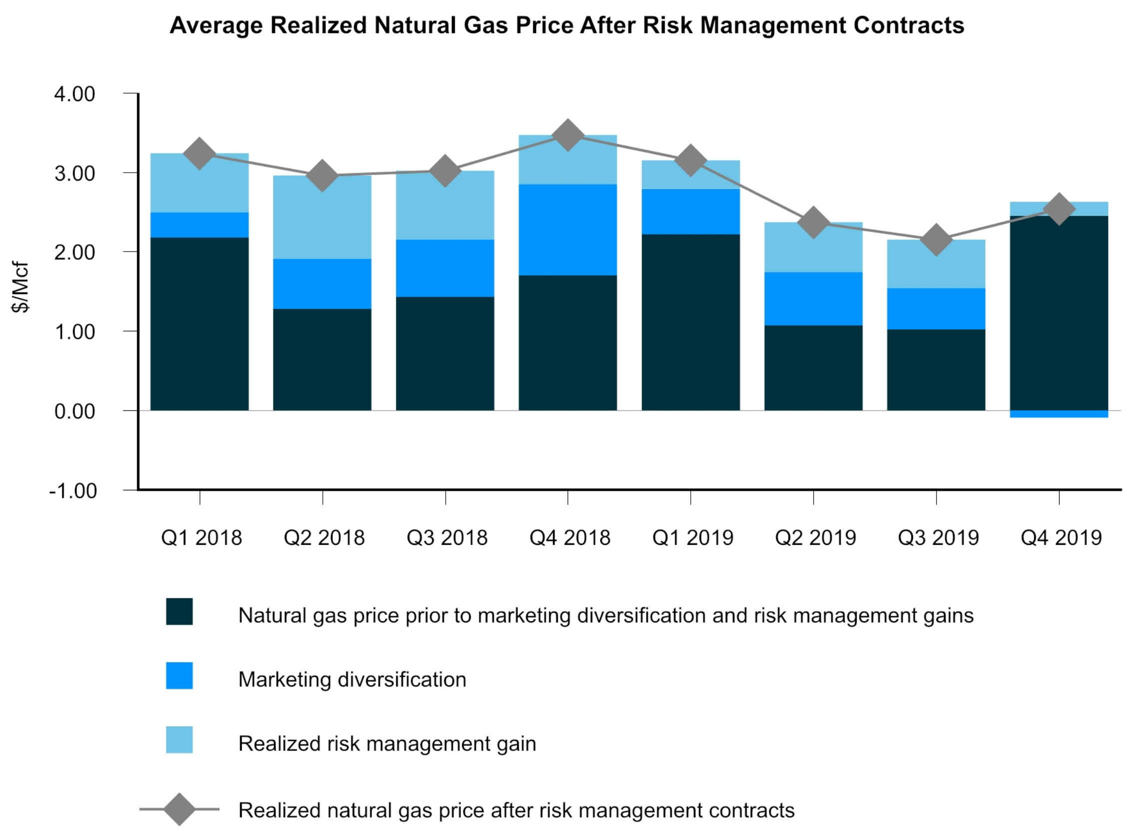
ARC's average realized condensate price for the three months and year ended December 31, 2019 increased 19 per cent and decreased 11 per cent, respectively, compared to the same periods in the prior year. The increase for the three months ended December 31, 2019, was primarily due to tighter Edmonton condensate differentials to WTI, while the decrease for the year ended December 31, 2019, primarily reflects a lower WTI benchmark price.

ARC's natural gas sales are physically and financially diversified to multiple sales points including AECO, Station 2, US Midwest, Dawn, and Malin hubs, each of which impact ARC's average realized natural gas price. ARC's average realized natural gas price for the three months and year ended December 31, 2019 decreased 17 per cent and 11 per cent, respectively, compared to the same periods in the prior year. The decrease for the three months and year ended December 31, 2019, is primarily due to lower pricing at markets beyond AECO and Station 2, primarily Chicago and NYMEX Henry Hub, compared to the same periods in 2018.

During the three months ended December 31, 2019, physical sales diversification activities reduced ARC's average realized natural gas price by $0.09 per Mcf compared to an addition of $1.15 per Mcf in the same period in 2018. For the year ended December 31, 2019, physical sales diversification activities added $0.40 per Mcf compared to $0.72 per Mcf in 2018. Additionally, the realized gain on natural gas risk management contracts added a further $0.18 per Mcf and $0.44 per Mcf for the three months and year ended December 31, 2019 ($0.62 per Mcf and $0.81 per Mcf for the same periods in 2018), respectively, which is not included in ARC's realized natural gas price.

Average realized pricing for NGLs decreased $17.43 per boe (60 per cent) and $19.94 per boe (62 per cent) for the three months and year ended December 31, 2019, respectively, compared to the same periods in the prior year. The decrease reflects broad weakness in North American supply and demand fundamentals for NGLs and is primarily related to lower propane and butane pricing. The decrease in NGLs pricing for the three months and year ended December 31, 2019, resulted in decreases in Commodity sales from production of $11.1 million and $47.8 million, respectively.

Exhibit 9



Risk Management Contracts

ARC's Management oversees the Company's risk management program and the program is governed by certain guidelines approved by the Risk Committee of ARC's Board of Directors ("the Board"). The objective of the risk management program is to support ARC's business plan by mitigating adverse changes in commodity prices, interest rates and foreign exchange rates in order to reduce the volatility of commodity sales, increase the certainty of cash flows from operating activities, and to protect acquisition and development economics. All risk management contracts are executed by specialist teams that have the appropriate skills, experience and supervision.

Tables 12 and 12a summarize the total gain or loss on risk management contracts for the three months and year ended December 31, 2019 compared to the same periods in 2018:

Table 12

Risk Management Contracts ($ millions)	**Crude Oil & Liquids**	**Natural Gas**	**Foreign Currency**	**Q4 2019 Total**	Q4 2018 Total
Realized gain (loss) on contracts (1)	(4.6)	11.3	(0.1)	**6.6**	45.4
Unrealized gain (loss) on contracts (2)	(25.2)	(37.0)	(0.7)	**(62.9)**	194.9
Gain (loss) on risk management contracts	**(29.8)**	**(25.7)**	**(0.8)**	**(56.3)**	240.3

(1) Represents actual cash settlements under the respective contracts.
(2) Represents the change in fair value of the contracts during the period.

Table 12a

Risk Management Contracts ($ millions)	**Crude Oil & Liquids**	**Natural Gas**	**Foreign Currency**	**2019 Total**	2018 Total
Realized gain (loss) on contracts (1)	(19.1)	99.1	(0.5)	**79.5**	123.4
Unrealized gain (loss) on contracts (2)	(49.9)	(208.0)	2.5	**(255.4)**	(28.6)
Gain (loss) on risk management contracts	**(69.0)**	**(108.9)**	**2.0**	**(175.9)**	94.8

(1) Represents actual cash settlements under the respective contracts.
(2) Represents the change in fair value of the contracts during the period.

For the three months and year ended December 31, 2019, ARC's realized gain on risk management contracts primarily reflects positive cash settlements received on AECO Basis, AECO, and NYMEX Henry Hub natural gas contracts. This is partially offset by cash payments made on WTI and MSW crude oil contracts related to higher WTI realized pricing and tighter MSW differentials during the period.

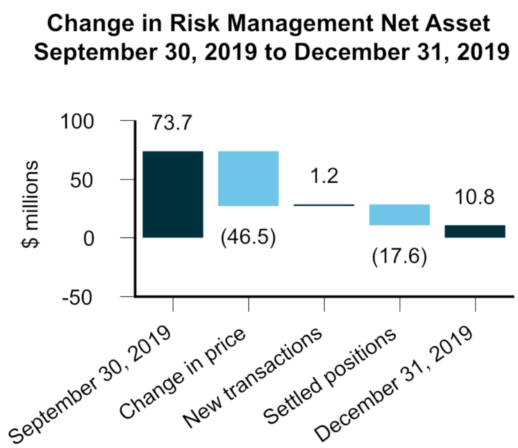
ARC's unrealized loss on crude oil contracts for the three months and year ended December 31, 2019 reflects higher forward curve pricing for WTI on outstanding contracts, as well as the settlement of positions that expired in the respective period.

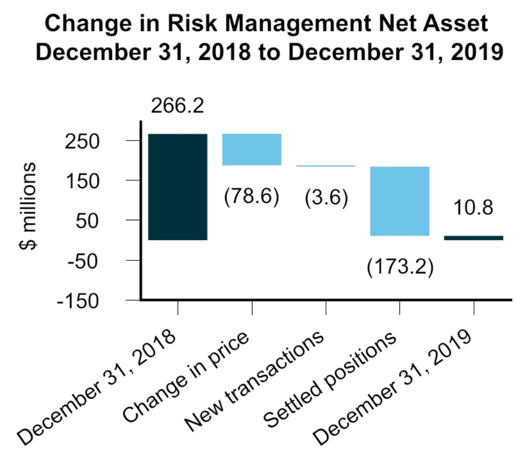
ARC's unrealized loss on natural gas contracts for the three months ended December 31, 2019, primarily reflects a narrowing of the AECO and Malin basis curves as well as the settlement of positions that expired in the period. During the year ended December 31, 2019, the unrealized loss on natural gas contracts primarily reflects higher forward curve pricing for AECO, a narrowing of the AECO and Malin basis curves, as well as the settlement of positions that expired in the period.

For more information, refer to Note 16 "Financial Instruments and Market Risk Management" in the financial statements.

The fair value of ARC's risk management contracts at December 31, 2019 was a net asset of $10.8 million, representing the expected value of settlement of ARC's contracts at the balance sheet date after adjustments for credit risk. This comprises a net asset of $10.3 million for natural gas contracts, a net asset of $1.3 million for crude oil contracts and a net liability of $0.8 million for foreign currency contracts.

Exhibit 10





Netback

The components of ARC's netback for the three months and year ended December 31, 2019 compared to the same periods in 2018 are summarized in Tables 13 and 13a:

Table 13

	Three Months Ended				Year Ended		
Netback ($ millions) (1)	September 30, 2019	**December 31, 2019**	December 31, 2018	% Change	**December 31, 2019**	December 31, 2018	% Change
Commodity sales from production	253.7	**325.1**	302.5	7	**1,189.5**	1,362.2	(13)
Royalties	(15.6)	**(20.2)**	(21.0)	(4)	**(70.5)**	(115.7)	(39)
Operating	(62.6)	**(62.3)**	(63.3)	(2)	**(252.5)**	(288.5)	(12)
Transportation	(36.8)	**(38.8)**	(33.4)	16	**(149.4)**	(128.8)	16
Netback	138.7	**203.8**	184.8	10	**717.1**	829.2	(14)
Realized gain on risk management contracts	28.4	**6.6**	45.4	(85)	**79.5**	123.4	(36)
Netback after realized gain on risk management contracts	167.1	**210.4**	230.2	(9)	**796.6**	952.6	(16)

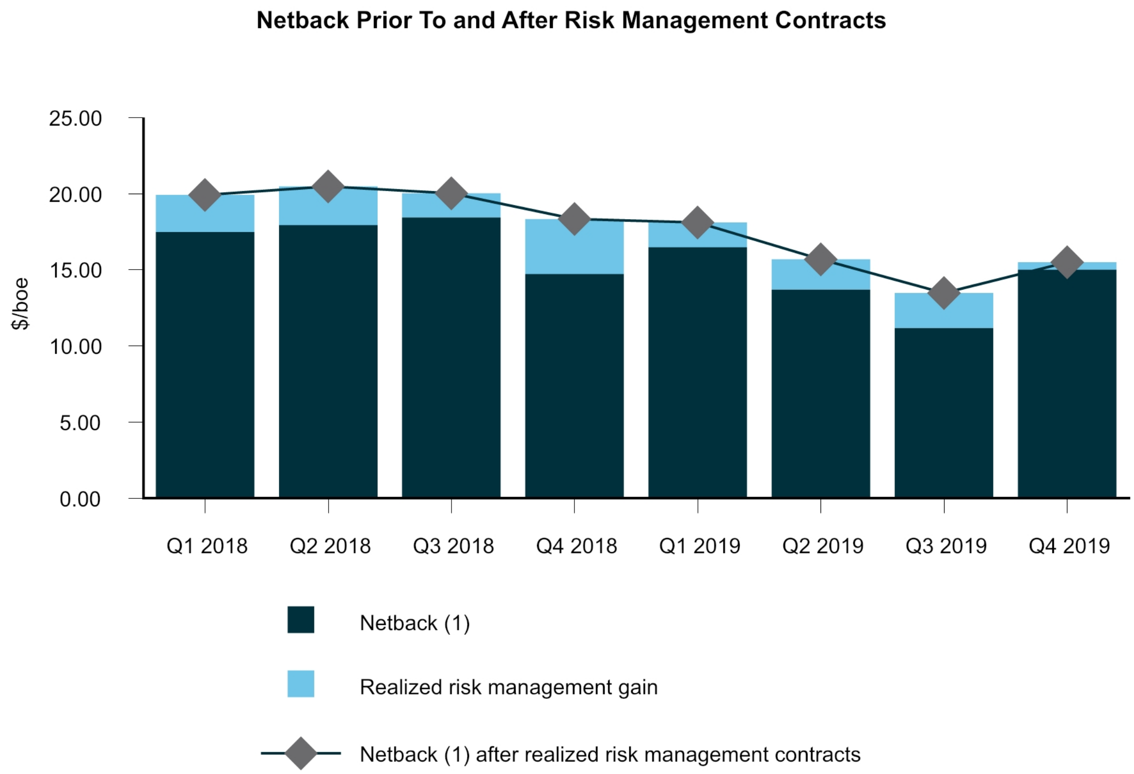
(1) Non-GAAP measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. Refer to the section entitled "Non-GAAP Measures" contained within this MD&A.

Table 13a

	Three Months Ended				Year Ended		
Netback ($ per boe) (1)	September 30, 2019	**December 31, 2019**	December 31, 2018	% Change	**December 31, 2019**	December 31, 2018	% Change
Commodity sales from production	20.46	**23.93**	24.09	(1)	**23.42**	28.12	(17)
Royalties	(1.26)	**(1.48)**	(1.67)	(11)	**(1.39)**	(2.39)	(42)
Operating	(5.05)	**(4.59)**	(5.04)	(9)	**(4.97)**	(5.95)	(16)
Transportation	(2.97)	**(2.86)**	(2.66)	8	**(2.94)**	(2.66)	11
Netback	11.18	**15.00**	14.72	2	**14.12**	17.12	(18)
Realized gain on risk management contracts	2.29	**0.49**	3.62	(86)	**1.57**	2.55	(38)
Netback after realized gain on risk management contracts	13.47	**15.49**	18.34	(16)	**15.69**	19.67	(20)

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

Exhibit 11

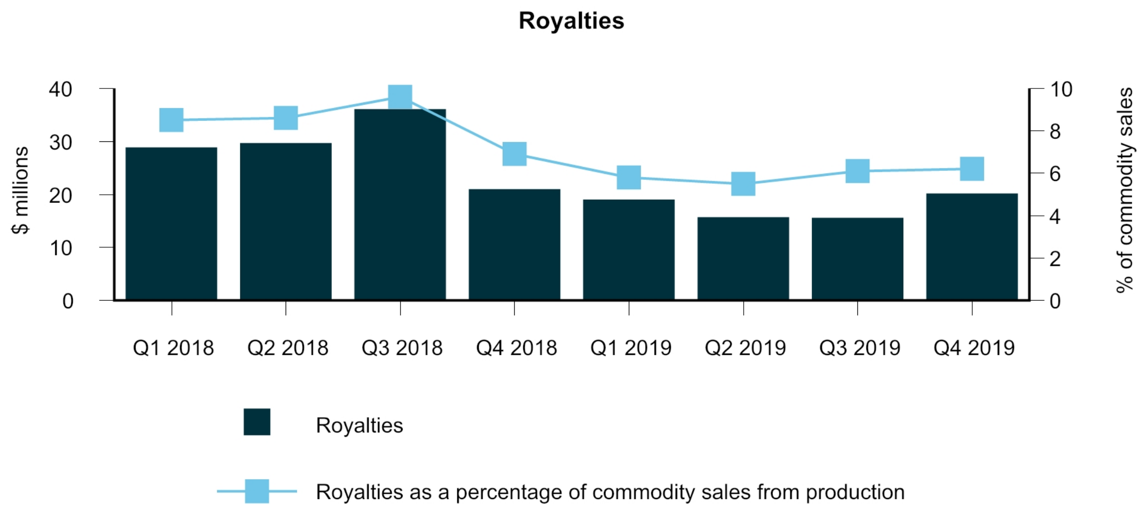


(1) Non-GAAP measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. Refer to the section entitled "Non-GAAP Measures" contained within this MD&A.

Royalties

Total royalties for the three months and year ended December 31, 2019 were $20.2 million and $70.5 million ($21.0 million and $115.7 million for the same periods in 2018), respectively. As a percentage of commodity sales from production, royalties decreased to 6.2 per cent ($1.48 per boe) in the fourth quarter of 2019 from 6.9 per cent ($1.67 per boe) in the fourth quarter of 2018. For the year ended December 31, 2019, royalties represented 5.9 per cent of commodity sales from production ($1.39 per boe) as compared to 8.5 per cent ($2.39 per boe) in 2018. The decrease in total royalties and royalties as a percentage of commodity sales from production for the three months and year ended December 31, 2019, is primarily reflective of a lower royalty rate due to decreased commodity prices compared to the same periods in 2018.

Exhibit 12



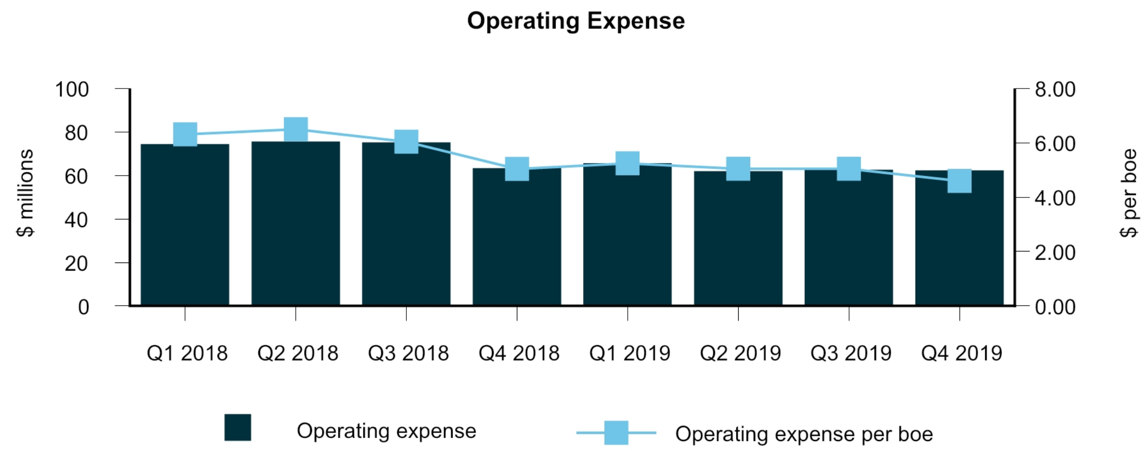
Operating

Operating expense decreased by $1.0 million in the fourth quarter of 2019 to $62.3 million as compared to $63.3 million in the fourth quarter of 2018. For the year ended December 31, 2019, operating expense decreased by $36.0 million to $252.5 million as compared to $288.5 million in the prior year. The decrease in operating expense for the year ended December 31, 2019 is primarily due to various dispositions of non-core assets throughout 2018 that had higher average operating costs.

On a per boe basis, operating expense decreased $0.45 per boe to $4.59 per boe in the fourth quarter of 2019 compared to $5.04 per boe in the fourth quarter of 2018. For the year ended December 31, 2019, operating expense decreased by $0.98 per boe to $4.97 per boe compared to $5.95 per boe in the year ended December 31, 2018. Operating expense on a per boe basis continues to decrease as ARC grows production in the Montney which has lower average operating expense and disposes of non-core properties with higher average operating expense.

Lease payments of $0.4 million and $1.5 million for the three months and year ended December 31, 2019, respectively, which had previously been recognized as operating expense, are now classified as repayment of lease obligations following the Company's adoption of IFRS 16 *Leases* ("IFRS 16"). Refer to the section entitled "Financial Reporting Update" contained within this MD&A.

Exhibit 13

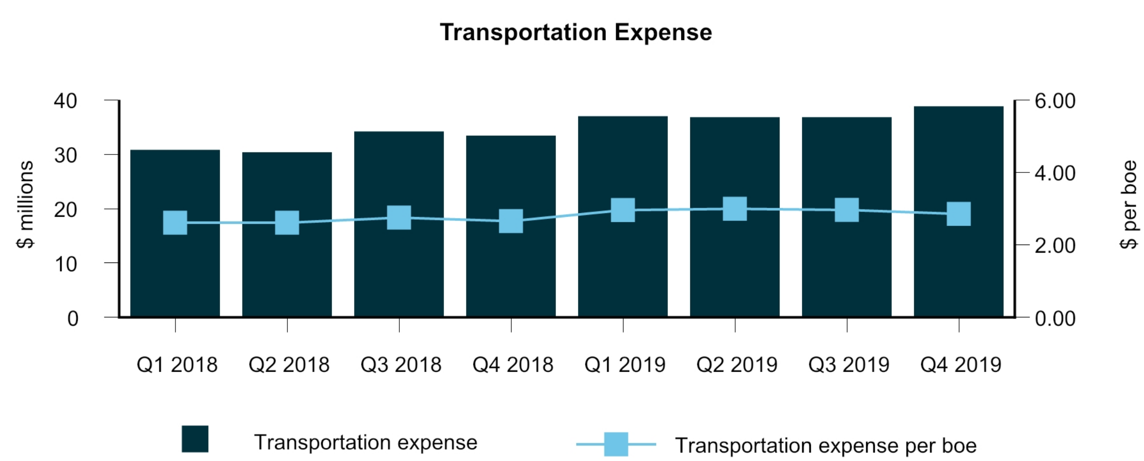


Transportation

Transportation expense for the three months and year ended December 31, 2019 was $38.8 million and $149.4 million ($33.4 million and $128.8 million for the three months and year ended December 31, 2018), respectively. On a per boe basis, transportation expense for the three months and year ended December 31, 2019, was $2.86 per boe and $2.94 per boe, respectively ($2.66 per boe for the three months and year ended December 31, 2018). The increase for the three months and year ended December 31, 2019 relative to the same periods in 2018 primarily reflects higher pipeline tariffs and trucking charges for increased natural gas and condensate volumes associated with new production in northeast British Columbia. Additionally, tariffs for transportation agreements, which have been temporarily assigned to a third party as part of ARC's physical marketing diversification efforts, increased transportation expense by $3.5 million and $14.9 million for the three months and year ended December 31, 2019, compared to the same periods in the prior year. There is no impact to ARC's netback or funds from operations as a result of these agreements.

ARC enters into firm transportation commitments in order to secure diversified market access for its current production as well as anticipated production from planned facility infrastructure to be operational in the future. For information regarding ARC's payment obligations under its future transportation commitments, refer to Note 21 "Commitments and Contingencies" in the financial statements.

Exhibit 14



G&A Expense and Share-Based Compensation

G&A expense before share-based compensation increased by 23 per cent to $17.4 million in the fourth quarter of 2019 from $14.2 million in the fourth quarter of 2018. The increase reflects higher directors compensation, which comprises both share-based and non share-based compensation. While the non share-based component remained unchanged, the share-based component under the DSU Plan increased in value due to appreciation in ARC's share price. During the fourth quarter of 2018, directors compensation was in a recovery position which has reversed in 2019. For the year ended December 31, 2019, ARC's G&A expense before share-based compensation was $60.8 million, a $1.0 million increase from $59.8 million in 2018.

Office lease payments of $2.0 million and $7.8 million for the three months and year ended December 31, 2019, respectively, which have previously been recognized in G&A, are now classified as repayments of lease obligations following the Company's adoption of IFRS 16. Refer to the section entitled "Financial Reporting Update" contained within this MD&A.

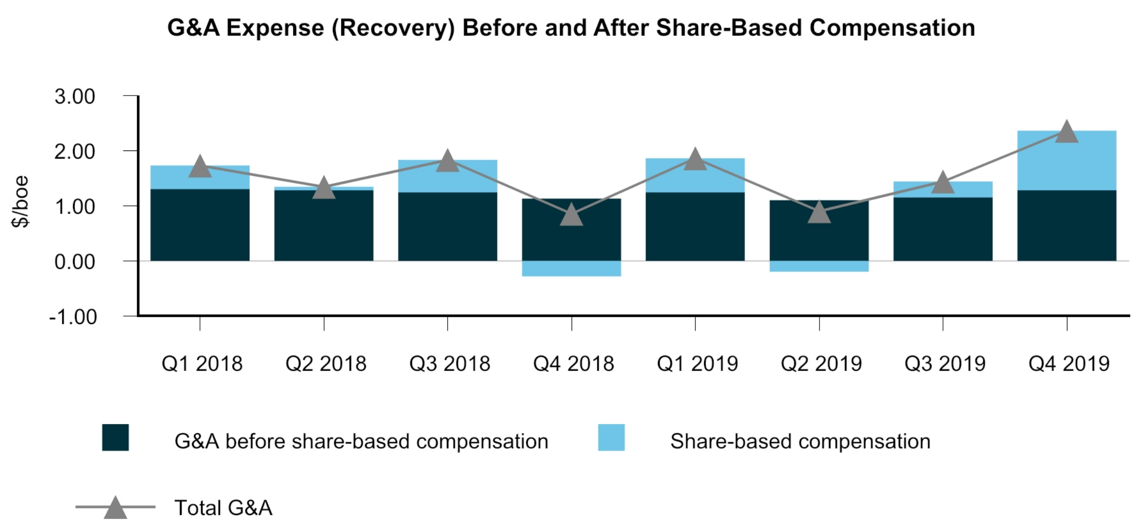
Table 14 is a breakdown of G&A and share-based compensation expense:

Table 14

	Three Months Ended				Year Ended		
G&A and Share-Based Compensation ($ millions, except per boe)	September 30, 2019	**December 31, 2019**	December 31, 2018	% Change	**December 31, 2019**	December 31, 2018	% Change
G&A expense before share-based compensation expense [1]	14.3	**17.4**	14.2	23	**60.8**	59.8	2
G&A – share-based compensation expense [2]	3.6	**14.6**	(3.5)	(517)	**23.4**	9.7	141
Total G&A expense	17.9	**32.0**	10.7	199	**84.2**	69.5	21
G&A expense before share-based compensation expense per boe	1.15	**1.28**	1.13	13	**1.20**	1.23	(2)
G&A – share-based compensation expense per boe	0.29	**1.08**	(0.28)	(486)	**0.46**	0.20	130
Total G&A expense per boe	1.44	**2.36**	0.85	178	**1.66**	1.43	16

(1) Includes expense recognized under the DSU Plan.
(2) Comprises expense recognized under the RSU, PSU, Share Option, and LTRSA Plans.

Exhibit 15



Share-Based Compensation Plans

ARC's share-based long-term incentive plans result in employees, officers and directors (the "plan participants") receiving cash compensation in relation to the value of a specified number of underlying notional share units. During the three months and year ended December 31, 2019, ARC recognized G&A expense of $14.6 million and $23.4 million in respect of its share-based compensation plans, respectively, compared to a recovery of $3.5 million and expense of $9.7 million during the same periods of the prior year.

Restricted Share Unit and Performance Share Unit Plans

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

Upon vesting of the RSUs, the plan participant receives a cash payment based on the fair value of the underlying share awards plus all dividends accrued since the grant date. The cash compensation of the PSUs issued upon vesting is further dependent upon an adjustment to the final number of PSU awards that eventually vest based on a performance multiplier.

In 2018, the Human Resources and Compensation Committee of the Board engaged a third party to conduct an independent review of ARC’s compensation philosophy, design and programs. Following this review, certain changes were made to ARC’s PSU Plan. Following the implementation of the changes and effective commencing with PSU awards granted during the year ended December 31, 2019, performance multipliers associated with PSUs will be determined using two criteria; 50 per cent of the performance multiplier will be based on ARC's relative total shareholder return performance compared to a defined peer group, and 50 per cent of the performance multiplier will be dependent on an overall assessment of achievements based on a predetermined corporate scorecard. Performance multipliers associated with PSU awards that were granted prior to 2019 will continue to be determined solely on ARC's relative total shareholder return performance.

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

At December 31, 2019, ARC had 2.2 million RSUs and 3.4 million PSUs outstanding under these plans. For the three months and year ended December 31, 2019, ARC recognized G&A expense of $13.6 million and $18.2 million in relation to the RSU and PSU Plans (G&A recovery of $4.7 million and expense of $3.9 million for the three months and year ended December 31, 2018), respectively. The increase in expense recognized for the three months and year ended December 31, 2019 as compared to the same periods in 2018 is due to the change in valuation of awards outstanding throughout the respective periods. At December 31, 2019, ARC's share price on the Toronto Stock Exchange ("TSX") was $8.18, a 30 per cent increase from the share price of $6.31 at September 30, 2019, and a one per cent increase from $8.10 at December 31, 2018. This compares to a 44 per cent decrease and a 45 per cent decrease per share outstanding during the same periods of the prior year. ARC's performance multiplier, applicable to its PSU awards, also increased for the year ended December 31, 2019 compared to the prior year, primarily from the increase of ARC's total return performance relative to the total return performance of its peers.

During the year ended December 31, 2019, ARC made cash payments of $7.9 million in respect of the RSU and PSU Plans ($15.6 million for the year ended December 31, 2018). Of these payments, $6.1 million were in respect of amounts recognized as G&A ($12.6 million for the year ended December 31, 2018) and $1.8 million were in respect of amounts recognized as Operating and capitalized as PP&E and E&E ($3.0 million for the year ended December 31, 2018). These amounts were accrued in prior periods.

Table 15 shows the changes to the outstanding RSU and PSU awards during 2019:

Table 15

RSU and PSU Awards (number of awards, thousands)	**RSUs**	**PSUs Granted Prior to 2019** (1)	**PSUs Granted Subsequent to 2018** (1)	**Total RSUs and PSUs**
Balance, December 31, 2018	942	2,270	—	3,212
Granted (2)	**1,816**	**165**	**1,833**	**3,814**
Distributed	**(433)**	**(573)**	**—**	**(1,006)**
Forfeited	**(89)**	**(234)**	**(53)**	**(376)**
Balance, December 31, 2019	**2,236**	**1,628**	**1,780**	**5,644**

(1) Based on underlying awards before any effect of the performance multiplier.
(2) Grants for PSUs Granted Prior to 2019 relate to re-invested dividends.

Due to the variability in the expected future payments under the plans, ARC estimates that between $18.3 million and $74.0 million will be paid out in 2020 through 2022 based on the current share price, accrued dividends, ARC’s market performance relative to its peers, and ARC's corporate scorecard achievements. 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 December 31, 2019:

Table 16

Value of RSU and PSU Awards as at December 31, 2019	**Performance Multiplier**		
(awards thousands and $ millions, except per share)	**—**	**1.0**	**2.0**
Estimated awards to vest (1)			
RSUs	2,236	2,236	2,236
PSUs (2)	—	3,408	6,816
Total awards	**2,236**	**5,644**	**9,052**
Share price (3)	8.18	8.18	8.18
Value of RSU and PSU awards upon vesting	**18.3**	**46.2**	**74.0**
2020	7.4	12.9	18.3
2021	6.2	14.1	21.9
2022	4.7	19.2	33.8

(1) Includes additional estimated awards to be issued under the RSU and PSU Plans for dividends accrued to-date.
(2) Includes all PSU awards.
(3) 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 share price at December 31, 2019.

Share Option Plan

In conjunction with the above-mentioned independent third-party review, ARC has suspended its Share Option Plan. No grants were made under the Share Option Plan in 2019. Share options previously granted to officers and certain employees of ARC vest evenly on the fourth and fifth anniversary of their grant date and have a maximum term of seven years. The option holder has the right to exercise the options and purchase one common share per option at the original grant price or at a reduced exercise price, equal to the grant price less all dividends paid subsequent to the grant date and prior to the exercise date.

At December 31, 2019, ARC had 5.1 million share options outstanding, representing 1.4 per cent of outstanding shares, with a weighted average exercise price of $17.27 per share. At December 31, 2019, approximately 1.3 million share options were exercisable with a weighted average exercise price of $23.01 per share. ARC recognized compensation expense of $0.7 million and $3.6 million relating to the Share Option Plan for the three months and year ended December 31, 2019 ($1.0 million and $4.3 million for the three months and year ended December 31, 2018), respectively.

Long-term Restricted Share Award Plan

ARC's LTRSA Plan awards shares of ARC to qualifying officers and employees and is intended to further align participant compensation with the interests of the Company and its shareholders over the long term. LTRSA grants consist of restricted common shares that are awarded at the date of grant and a cash payment made equal to the estimated personal tax obligation associated with the total award. The restricted shares issued on the grant date of the award are held in trust until the vesting conditions have been met.

While in trust, the restricted shares earn dividends which are reinvested into the purchase of ARC common shares that are also held in trust until vested. Each LTRSA has a 10-year term and vests evenly on the eighth, ninth, and tenth anniversaries of the grant date of the award. Restricted shares and any accrued dividends that are subject to forfeiture will be redeemed and cancelled by ARC.

Compensation expense associated with cash payments is recognized at the fair value on the grant date, while expense associated with the restricted common shares is estimated as the fair value of the award equal to the previous five-day weighted average trading price of ARC shares on the TSX on the grant date and is recognized over the vesting period.

At December 31, 2019, ARC had 0.7 million restricted shares outstanding under the LTRSA Plan. ARC recognized G&A expense of $0.3 million and $1.8 million relating to the LTRSA Plan during the three months and year ended December 31, 2019 ($0.2 million and $1.5 million for the three months and year ended December 31, 2018), respectively.

Deferred Share Unit Plan

ARC has a DSU Plan for its non-employee directors under which each director receives a minimum of 60 per cent of their total annual remuneration in DSUs. Each DSU fully vests on the date of grant but is settled in cash only when the director has ceased to be a member of the Board.

At December 31, 2019, ARC had 0.9 million DSUs outstanding under this plan. For the three months and year ended December 31, 2019, G&A expense of $2.1 million and $2.6 million was recognized in relation to the DSU Plan (G&A recovery of $3.2 million and $0.6 million for the same periods in 2018), respectively. Amounts related to the DSU Plan are recognized as G&A expense before share-based compensation expense.

During the year ended December 31, 2019, ARC made cash payments of $0.2 million in respect of the DSU Plan ($nil million for the year ended December 31, 2018).

Interest and Financing

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

Table 17

	Three Months Ended				Year Ended		
Interest and Financing ($ millions)	September 30, 2019	**December 31, 2019**	December 31, 2018	% Change	**December 31, 2019**	December 31, 2018	% Change
Bank debt and long-term notes	9.5	**9.8**	10.7	(8)	**39.3**	42.6	(8)
Lease obligations	0.4	**0.4**	—	100	**1.7**	—	100
Accretion on ARO	1.8	**1.7**	2.0	(15)	**7.3**	11.3	(35)
Total interest and financing	11.7	**11.9**	12.7	(6)	**48.3**	53.9	(10)

Interest and financing expense decreased six per cent and 10 per cent for the three months and year ended December 31, 2019, compared to the same periods in the prior year from $12.7 million to $11.9 million and from $53.9 million to $48.3 million, respectively. The decrease for the three months and year ended December 31, 2019 compared to the same periods of the prior year is primarily due to principal repayments on long-term notes that were made throughout 2018 and 2019 as well as a decrease in accretion on ARO, stemming from the disposal of non-core properties in 2018 and 2019. Beginning in the first quarter of 2019, ARC recognizes interest on its lease obligations as part of Interest and financing following its adoption of IFRS 16. Refer to the section entitled "Financial Reporting Update" contained within this MD&A.

Foreign Exchange Gain and Loss

ARC recognized a foreign exchange gain of $15.7 million in the fourth quarter of 2019 compared to a loss of $38.2 million in the fourth quarter of 2018. During the three months ended December 31, 2019, the value of the US dollar relative to the Canadian dollar decreased to $1.30 from $1.32 at September 30, 2019. During the three months ended December 31, 2018, the value of the US dollar relative to the Canadian dollar increased to $1.36 from $1.29 at September 30, 2018.

ARC recognized a foreign exchange gain of $35.5 million for the year ended December 31, 2019 compared to a loss of $63.8 million for the year ended December 31, 2018. During the year ended December 31, 2019, the value of the US dollar relative to the Canadian dollar decreased to $1.30 from $1.36 at December 31, 2018. During the year ended December 31, 2018, the value of the US dollar relative to the Canadian dollar increased to $1.36 from $1.25 at December 31, 2017.

Table 18 shows the various components of ARC's foreign exchange gain and loss:

Table 18

	Three Months Ended				Year Ended		
Foreign Exchange Gain and Loss ($ millions)	September 30, 2019	**December 31, 2019**	December 31, 2018	% Change	**December 31, 2019**	December 31, 2018	% Change
Unrealized gain (loss) on US dollar-denominated debt	(9.1)	**16.7**	(45.9)	136	**41.2**	(74.3)	155
Unrealized gain (loss) on US dollar-denominated receivables	(0.3)	**(0.4)**	(1.3)	69	**(0.9)**	0.4	(325)
Realized gain (loss) on US dollar-denominated transactions	0.4	**(0.6)**	9.0	(107)	**(4.8)**	10.1	(148)
Total foreign exchange gain (loss)	(9.0)	**15.7**	(38.2)	141	**35.5**	(63.8)	156

Taxes

ARC recognized a current income tax recovery of $2.0 million and $14.0 million for the three months and year ended December 31, 2019, respectively, compared to income tax expense of $12.9 million and $48.4 million for the same periods in 2018. The income tax recovery is primarily related to the Accelerated Investment Incentive deductions announced in the 2018 Federal Fall Economic Statement becoming substantively enacted in the second quarter of 2019 for the 2019 taxation year. Additionally, ARC's average realized commodity prices have decreased, resulting in lower expected taxable income for the year ended December 31, 2019, as compared to the prior year.

For the three months and year ended December 31, 2019, deferred income tax expense of $2.7 million and deferred income tax recovery of $86.9 million were recognized, respectively, compared to deferred income tax expense of $64.1 million and $59.6 million for the same periods in 2018. The changes in deferred income tax recovery and expense for the three months and year ended December 31, 2019 is primarily related to an increase in the unrealized loss on risk management contracts from the comparable period, as well as a reduction in the deferred tax rate as a result of the Alberta general corporate income tax rate reductions that were substantively enacted in the second quarter of 2019. The Alberta general corporate income tax rate decreased to 11 per cent effective July 1, 2019, and will further decrease by one per cent on January 1 of each subsequent year to eight per cent in 2022.

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)	**December 31, 2019**	**Annual Deductibility**
Canadian oil and gas property expense	88.8	10% declining balance
Canadian development expense	787.3	30% declining balance
Canadian exploration expense	17.4	100%
Undepreciated capital cost	864.0	Primarily 25% declining balance
Other	22.2	Various rates, 5% declining balance to 20%, and capital losses
Total federal tax pools	1,779.7	
Additional Alberta tax pools	2.9	Various rates, 25% declining balance to 100%

DD&A Expense and Impairment

For the three months and year ended December 31, 2019, ARC recognized DD&A expense related to its PP&E assets before any impairment charges or related reversals of $131.0 million and $531.0 million, as compared to $126.3 million and $509.9 million for the three months and year ended December 31, 2018, respectively. The increase in DD&A for the three months and year ended December 31, 2019, compared to the same periods in the prior year primarily reflects an increase in production.

In conjunction with the adoption of IFRS 16, ARC recognized DD&A expense related to its right-of-use ("ROU") assets under lease of $1.6 million and $6.3 million for the three months and year ended December 31, 2019. Refer to the section entitled "Financial Reporting Update" contained within this MD&A.

During the year ended December 31, 2019, ARC recognized an impairment charge of $3.9 million compared to a reversal of impairment of $15.2 million recognized in 2018. Both the impairment charge in 2019 and impairment reversal recognized in 2018 related to the disposition of non-core assets completed in the periods.

A breakdown of DD&A expense and impairment charges (reversal) is summarized in Table 20:

Table 20

	Three Months Ended				Year Ended		
DD&A Expense ($ millions, except per boe amounts)	September 30, 2019	**December 31, 2019**	December 31, 2018	% Change	**December 31, 2019**	December 31, 2018	% Change
Depletion of crude oil and natural gas assets	129.5	**129.4**	124.8	4	**524.8**	504.0	4
Depreciation of corporate assets	1.6	**1.6**	1.5	7	**6.2**	5.9	5
Depreciation of ROU assets under lease	1.5	**1.6**	—	100	**6.3**	—	100
Impairment (reversal)	(0.2)	**—**	(0.7)	(100)	**1.9**	(15.2)	113
Total DD&A expense and impairment (reversal)	132.4	**132.6**	125.6	6	**539.2**	494.7	9
DD&A expense per boe, excluding impairment (reversal)	10.69	**9.76**	10.06	(3)	**10.58**	10.53	—

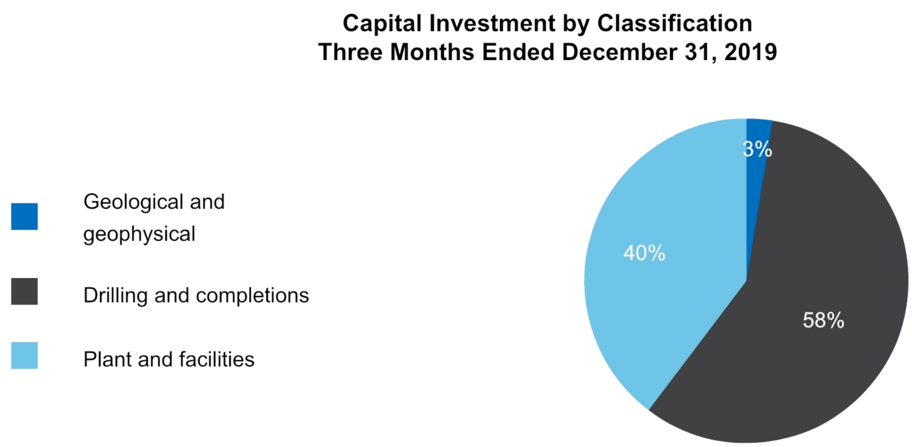
Capital Expenditures, Acquisitions and Dispositions

A breakdown of capital expenditures, acquisitions and dispositions for the fourth quarter of 2019 and 2018 is shown in Table 21:

Table 21

	Three Months Ended December 31						
	2019			2018			
Capital Expenditures ($ millions)	**E&E**	**PP&E**	**Total**	E&E	PP&E	Total	% Change
Geological and geophysical	**—**	**3.7**	**3.7**	0.3	1.0	1.3	185
Drilling and completions	**—**	**80.7**	**80.7**	3.6	56.9	60.5	33
Plant and facilities	**1.0**	**55.6**	**56.6**	(0.1)	69.7	69.6	(19)
Corporate assets	**—**	**0.7**	**0.7**	—	0.2	0.2	250
Total capital expenditures	**1.0**	**140.7**	**141.7**	3.8	127.8	131.6	8
Undeveloped land	**—**	**—**	**—**	0.2	—	0.2	100
Total capital expenditures including undeveloped land purchases	**1.0**	**140.7**	**141.7**	4.0	127.8	131.8	8
Dispositions	**—**	**(1.1)**	**(1.1)**	—	(0.9)	(0.9)	22
Total capital expenditures, land purchases, and net acquisitions and dispositions	**1.0**	**139.6**	**140.6**	4.0	126.9	130.9	7

Exhibit 16

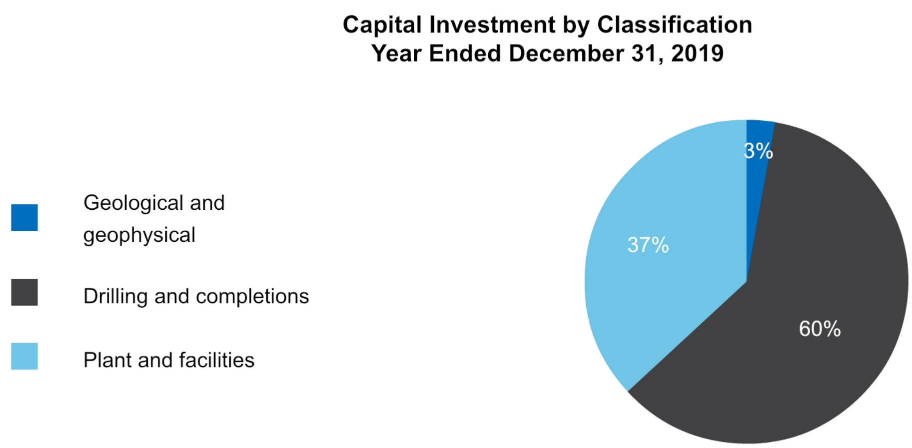


A breakdown of capital expenditures, acquisitions and dispositions for the year ended December 31, 2019 and 2018 is shown in Table 21a:

Table 21a

	Year Ended December 31						
	2019			2018			
Capital Expenditures ($ millions)	**E&E**	**PP&E**	**Total**	E&E	PP&E	Total	% Change
Geological and geophysical	**0.3**	**19.3**	**19.6**	2.1	8.7	10.8	81
Drilling and completions	**0.3**	**415.2**	**415.5**	46.4	370.0	416.4	—
Plant and facilities	**1.5**	**252.9**	**254.4**	11.0	238.6	249.6	2
Corporate assets	**—**	**2.0**	**2.0**	—	2.6	2.6	(23)
Total capital expenditures	**2.1**	**689.4**	**691.5**	59.5	619.9	679.4	2
Undeveloped land	**—**	**0.7**	**0.7**	0.6	0.3	0.9	(22)
Total capital expenditures including undeveloped land purchases	**2.1**	**690.1**	**692.2**	60.1	620.2	680.3	2
Acquisitions	**0.2**	**—**	**0.2**	—	0.2	0.2	—
Dispositions	**—**	**(5.0)**	**(5.0)**	—	(196.1)	(196.1)	(97)
Total capital expenditures, land purchases and net acquisitions and dispositions	**2.3**	**685.1**	**687.4**	60.1	424.3	484.4	42

Exhibit 16a



ARC invested $141.7 million and $691.5 million in capital expenditures, before land purchases and net property acquisitions and dispositions during the three months and year ended December 31, 2019, respectively. Investment activity included drilling and completions activities across ARC's asset base, with the drilling of 17 and 87 wells and the completion of 14 and 83 wells for the three months and year ended December 31, 2019, respectively. Capital investment was also focused on the ongoing construction of the Dawson Phase IV gas processing and liquids-handling facility, the Ante Creek facility expansion, initial investments for the first phase of development at Attachie West, as well as the development of water-handling and gas processing facilities at Tower, Dawson, and Ante Creek. The Dawson Phase I and II liquids-handling upgrade was commissioned early in the fourth quarter of 2019.

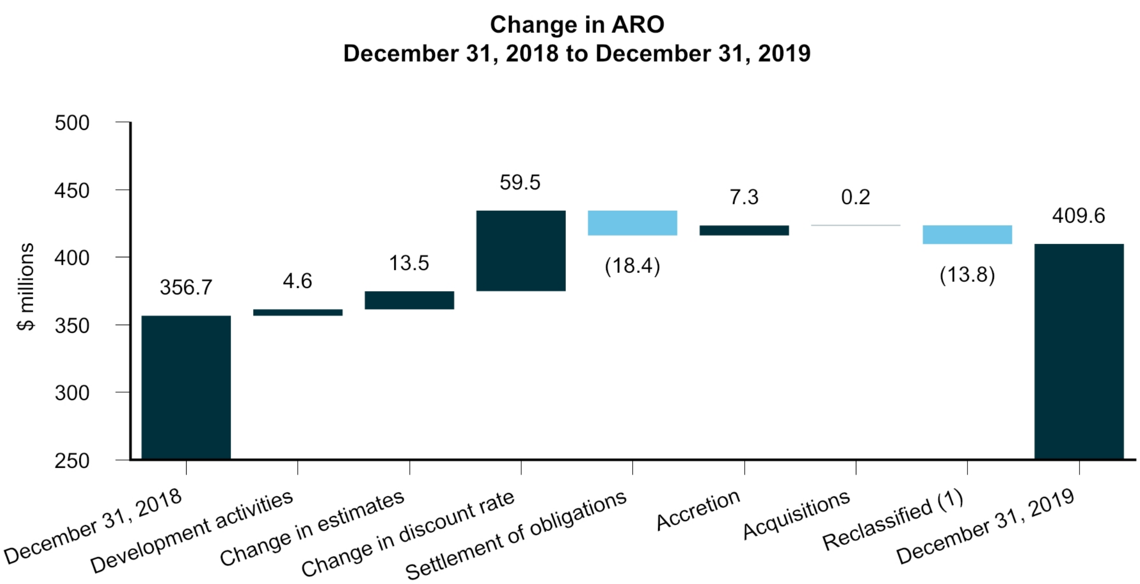
For information regarding ARC's planned capital expenditures for 2020, refer to the November 7, 2019 news release entitled *"ARC Resources Ltd. Reports Third Quarter 2019 Financial and Operational Results and Announces $500 Million Capital Program for 2020"* available on ARC's website at www.arcresources.com and on SEDAR at www.sedar.com.

Asset Retirement Obligation

At December 31, 2019, ARC has recognized ARO of $409.6 million ($356.7 million at December 31, 2018) for the future abandonment and reclamation of ARC's properties. The estimated ARO includes assumptions in respect of actual costs to abandon wells and reclaim the property, 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 1.8 per cent (2.2 per cent at December 31, 2018).

Accretion charges of $1.7 million and $7.3 million for the three months and year ended December 31, 2019 ($2.0 million and $11.3 million for the same periods in 2018), respectively, have been recognized in Interest and financing in the statements of income to reflect the increase in ARO associated with the passage of time. ARC has a planned and scheduled approach to its abandonment and reclamation activities. Actual spending under ARC's program for the three months and year ended December 31, 2019 was $4.0 million and $18.4 million ($6.1 million and $15.8 million for the same periods in 2018), respectively.

Exhibit 17



(1) Reclassified as liabilities associated with assets held for sale and disposed in the period.

Capitalization, Financial Resources and Liquidity

ARC's capital management objective is to fund dividend payments, current period 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 has three primary sources available to raise capital: share equity, bank debt and long-term notes. The cost of bank debt under the syndicated credit facility comprise two items: first, the underlying interest rate on Bankers' Acceptances and Prime Loans (Canadian dollar-denominated loans) or LIBOR Loans and US Base Rate Loans (US dollar-denominated borrowings) and second, ARC's credit spread. Long-term notes are issued to large institutional investors normally with an average term of five to 12 years. The cost of this debt is based upon two factors: the current rate of long-term government bonds and ARC's credit spread. Refer to Note 13 "Long-Term Debt" in the financial statements for additional information.

Following the adoption of IFRS 16, ARC now recognizes lease obligations in its determination of net debt. Lease obligations are affected by the amount of future lease payments, anticipated lease terms, and ARC's estimated incremental borrowing rate. Changes in ARC's lease obligations could have a significant impact on ARC's net debt to annualized funds from operations ratio in future periods. Refer to the section entitled "Financial Reporting Update" contained within this MD&A and to Note 4 "Changes in Accounting Policies" in the financial statements.

A breakdown of ARC's capital structure as at December 31, 2019 and December 31, 2018 is outlined in Table 22:

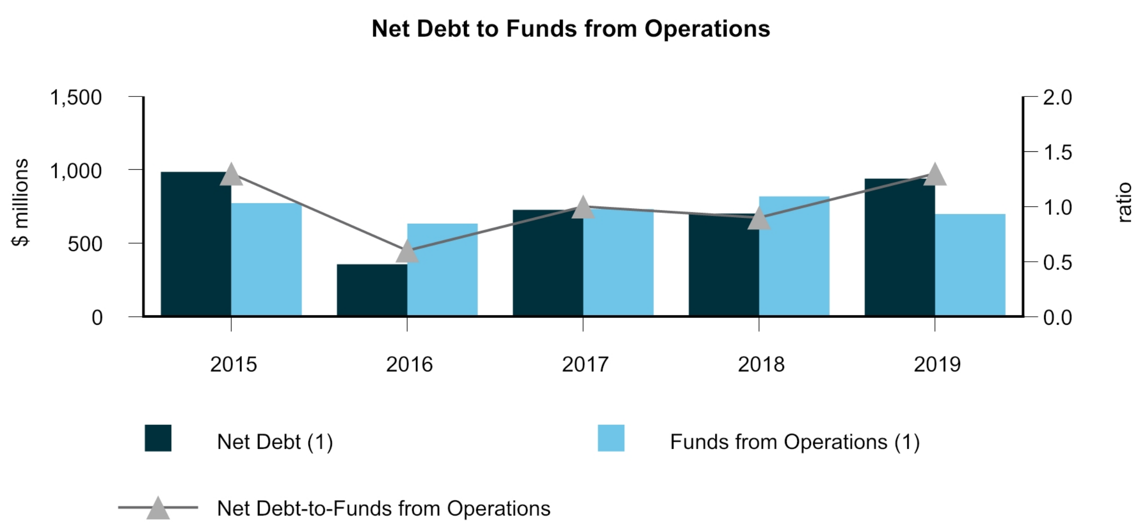
Table 22

Capital Structure and Liquidity ($ millions, except ratio amounts)	**December 31, 2019**	December 31, 2018
Long-term debt (1)	**877.6**	909.2
Lease obligations (2)	**46.2**	—
Accounts payable and accrued liabilities	**150.5**	166.5
Dividends payable	**17.7**	17.7
Cash and cash equivalents, accounts receivable, and prepaid expense	**(151.8)**	(390.7)
Net debt (3)	**940.2**	702.7
Net debt to funds from operations (ratio) (3)	**1.3**	0.9

(1) Includes a current portion of long-term debt of $148.9 million at December 31, 2019 and $80.5 million at December 31, 2018.
(2) Includes a current portion of lease obligations of $16.3 million at December 31, 2019.
(3) Refer to Note 15 "Capital Management" in the financial statements and to the section entitled "Funds from Operations" contained within this MD&A.

Management's long-term strategy is to keep its net debt balance to a ratio of between 1.0 and 1.5 times annualized funds from operations. This strategy has resulted in manageable debt levels to-date and has positioned ARC to remain well within its debt covenants. Following the adoption of IFRS 16, ARC's net debt balance has increased with the inclusion of ARC's lease obligations though compliance with ARC's credit facility covenants is not expected to be impacted by this change. At December 31, 2019, ARC had $940.2 million of net debt outstanding and a net debt to 2019 funds from operations ratio of 1.3 times.

Exhibit 18



(1) Refer to Note 15 "Capital Management" in the financial statements and to the section entitled "Funds from Operations" contained within this MD&A.

At December 31, 2019, ARC had total credit capacity of approximately $2.1 billion with long-term debt of $877.6 million currently outstanding. ARC's long-term debt balance includes a current portion of $148.9 million at December 31, 2019 ($80.5 million at December 31, 2018), reflecting principal payments that are due to be paid within the next 12 months. ARC intends to finance these obligations by using cash on hand or drawing on its syndicated credit facility at the time the payments are due. ARC's long-term debt has a weighted average interest rate of 4.1 per cent. 91 per cent (US$617.5 million) of ARC’s long-term debt outstanding at December 31, 2019 is denominated in US dollars.

ARC’s debt agreements contain a number of covenants, all of which were met as at December 31, 2019. During the year ended December 31, 2019, ARC executed certain amendments to the note purchase agreements governing its senior notes. The amendments include additional language that modernize the agreements to align with current legislation as well as a modification of certain covenant calculations. It has been determined that these amendments do not comprise substantial modifications as they have not materially changed the future cash outflows of the senior notes. No significant financial covenants were impacted by the adoption of IFRS 16. These agreements are available on SEDAR at www.sedar.com. ARC calculates its covenants quarterly. The following table describes the financial covenants related to ARC's senior notes:

Table 23

Covenant Description (1)	Estimated Position at December 31, 2019 (2)
Total Indebtedness not to exceed 325 per cent total EBITDA for the most recently completed period of four consecutive quarters	219%
Total EBITDA not to be less than 400 per cent of Total Interest Charges for the most recently completed period of four consecutive quarters	1,236%
Total Priority Indebtedness not to exceed two per cent of Total Assets	0%
Total Indebtedness not to exceed 65 per cent of Present Asset Value (3)	28%
Total Indebtedness not to exceed 65 per cent of Present Asset Value (4)	32%

(1) Capitalized terms are as defined in the note purchase agreements.
(2) Estimated position, subject to final approval of the note holders.
(3) Pertains to senior notes issued under the 2009, 2010, and 2012 note agreements whereby the Present Asset Value is determined using a 10 per cent discount rate.
(4) Pertains to senior notes issued under the prior Master Shelf agreement whereby the Present Asset Value is determined using a 12 per cent discount rate.

On December 6, 2019, ARC extended its syndicated revolving credit facility for one additional year until December 15, 2023 at similar terms. The following table describes the financial covenants of the syndicated credit facility and the Master Shelf Agreement:

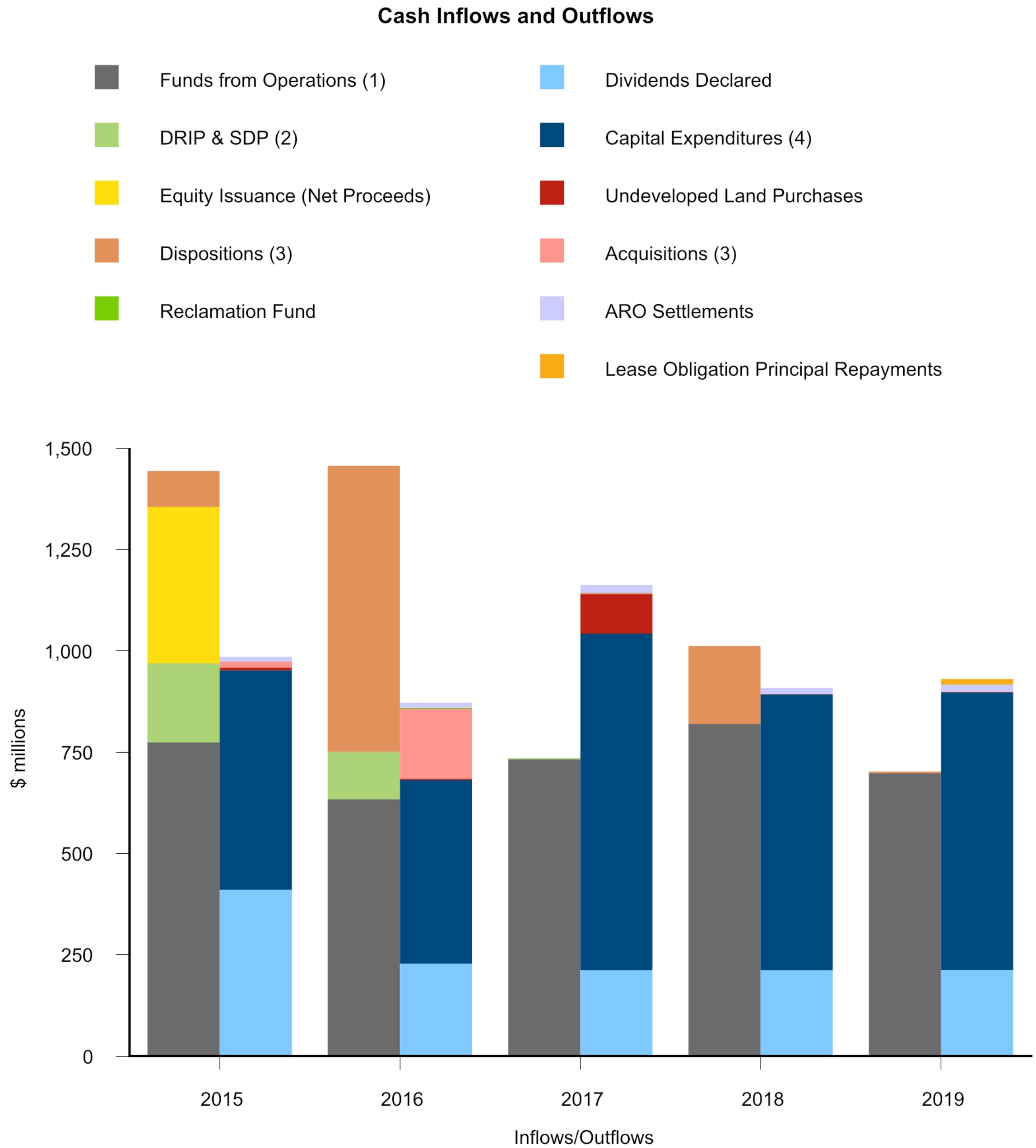
Table 23a

Covenant Description (1)	Estimated Position at December 31, 2019 (2)
Consolidated Senior Debt not to exceed 3.5 times Consolidated EBITDA	1.2
Consolidated Total Debt not to exceed 4.0 times Consolidated EBITDA	1.2
Consolidated Senior Debt not to exceed 55 per cent of Total Capitalization	20%
Consolidated Tangible Assets of the Restricted Group must exceed 85 per cent of Consolidated Tangible Assets	100%

(1) Capitalized terms are as defined in the credit facility agreement and the Master Shelf Agreement.
(2) Estimated position, subject to final approval of the syndicate.

The following illustrates the balance of cash inflows and outflows over the past five years. In any period when cash outflows exceed inflows, ARC's net debt balance will increase to cover the shortfall and will decrease in any period when inflows exceed outflows.

Exhibit 19



(1) Refer to Note 15 "Capital Management" in the financial statements and to the section entitled "Funds from Operations" contained within this MD&A.
(2) On February 8, 2017, the Board approved the elimination of the Dividend Reinvestment Plan ("DRIP") and Stock Dividend Program ("SDP"), effective for the March dividend that was paid on April 17, 2017 to shareholders of record on March 31, 2017.
(3) Excludes non-cash property transactions.
(4) Excludes capital additions in respect of non-cash share options, lease depreciation, and asset retirement cost.

Table 24

($ millions)	**2019**	2018	2017	2016	2015
Cash Inflows					
Funds from operations (1)	**697.4**	819.0	731.9	633.3	773.4
DRIP & SDP (2)	**—**	—	3.0	117.1	195.5
Equity issuance (net proceeds)	**—**	—	—	—	386.1
Dispositions (3)	**5.0**	156.1	—	705.4	88.8
Disposition of reclamation fund	**—**	36.5	—	—	—
Reclamation fund withdrawals	**—**	1.1	—	—	0.9
Total	**702.4**	1,012.7	734.9	1,455.8	1,444.7
Cash Outflows					
Dividends declared	**212.4**	212.3	212.3	228.2	410.5
Capital expenditures (4)	**684.8**	679.3	829.4	452.9	541.2
Undeveloped land purchases	**0.7**	0.7	97.6	2.7	6.7
Acquisitions (3)	**0.2**	0.2	2.5	172.9	14.4
ARO settlements	**18.4**	15.8	19.8	13.0	12.3
Lease obligation principal repayments	**13.7**	—	—	—	—
Reclamation fund contributions	**—**	—	0.6	2.0	—
Total	**930.2**	908.3	1,162.2	871.7	985.1

(1) Refer to Note 15 "Capital Management" in the financial statements and to the section entitled "Funds from Operations" contained within this MD&A.
(2) On February 8, 2017, the Board approved the elimination of the DRIP and SDP, effective for the March dividend that was paid on April 17, 2017 to shareholders of record on March 31, 2017.
(3) Excludes non-cash property transactions.
(4) Excludes capital additions in respect of non-cash share options, lease depreciation, and asset retirement cost.

Shareholders’ Equity

At December 31, 2019 and February 6, 2020, there were 353.4 million shares outstanding and 5.1 million share options outstanding under ARC's Share Option Plan. For more information on the Share Option Plan, refer to the section entitled "Share Option Plan” contained within this MD&A.

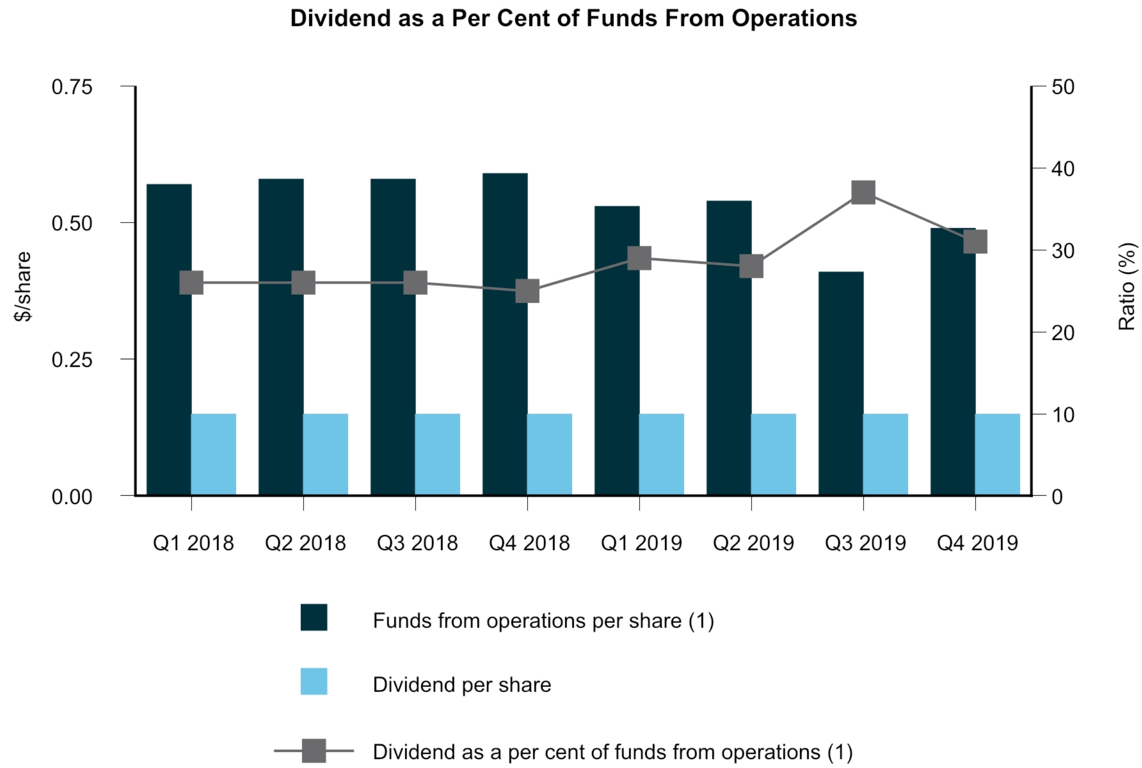
At December 31, 2019, ARC had 0.7 million restricted shares outstanding under its LTRSA Plan. For more information on the restricted shares outstanding and held in trust under ARC's LTRSA Plan, refer to the section entitled "Long-term Restricted Share Award Plan” contained within this MD&A.

Dividends

ARC's business strategy is focused on value creation and long-term returns to shareholders, with the dividend being an important component. In both of the fourth quarters of 2019 and 2018, ARC declared dividends totaling $53.1 million ($0.15 per share outstanding). ARC declared dividends of $212.4 million for the year ended December 31, 2019 ($0.60 per share outstanding) and $212.3 million for the year ended December 31, 2018 ($0.60 per share outstanding). At this time, ARC plans to sustain current dividend levels.

As a result of a decrease in funds from operations for the three months and year ended December 31, 2019 compared to the same periods of the prior year, ARC’s dividend as a per cent of funds from operations increased from an average of 25 per cent and 26 per cent to an average of 31 per cent and 30 per cent, respectively.

Exhibit 20



(1) Refer to Note 15 "Capital Management" in the financial statements and to the section entitled "Funds from Operations" contained within this MD&A.

The actual amount of future monthly dividends is proposed by Management and is subject to the approval and discretion of the Board. The Board reviews future dividends in conjunction with their review of quarterly financial and operating results. ARC has confirmed that a dividend of $0.05 per common share designated as an eligible dividend will be paid on February 14, 2020 to shareholders of record on January 31, 2020 with an ex-dividend date of January 30, 2020.

Please refer to ARC's website at www.arcresources.com for details of the estimated monthly dividend amounts and dividend dates for 2020.

ACCEL Canada Holdings Limited ("ACCEL")

In May 2018, ARC entered into a purchase and sale agreement (the "ACCEL PSA") with ACCEL to dispose of its interests in certain non-core assets located within the area of Redwater, Alberta (the "Transaction") for net proceeds of $130.3 million before post-closing adjustments. At closing, in August 2018, $90.3 million of the purchase price was received in cash with the remaining $40.0 million being recognized as deferred consideration payable on the earlier of January 2, 2020 or certain events of insolvency affecting ACCEL. Concurrent with closing, ARC and ACCEL executed a gross overriding royalty agreement providing for the reservation and grant of a gross overriding royalty payable on ACCEL's working interest in the hydrocarbons produced from the royalty lands included in the disposed assets in accordance with the royalty agreement.

In addition to the deferred consideration, ARC had recognized in its accounts receivable at December 31, 2018, amounts owing from ACCEL in relation to post-closing adjustments and cash payments made by ARC on behalf of ACCEL after closing of the Transaction and while ARC continued to act as operator of the disposed assets ("FSOA amounts"). On May 31, 2019, ARC initiated a lawsuit against ACCEL for approximately $12.0 million for failure to pay certain of these amounts.

On October 21, 2019, ACCEL filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*. On November 22, 2019, proceedings were converted to proceedings under the *Companies' Creditors*

Arrangement Act. As a result of these proceedings ARC's contractual and enforcement rights in respect of the deferred consideration are stayed by orders of the insolvency court, notwithstanding that ARC is contractually entitled to enforce its rights to payment of the deferred consideration.

At December 31, 2019, had ARC recognized in its accounts receivable amounts owing from ACCEL in relation to both the FSOA amounts as well as the deferred consideration amount and accrued interest thereon. A provision for impairment of these financial assets of $47.7 million has been recognized against these receivables at period-end.

Refer to Note 6 "Financial Assets and Credit Risk" in the financial statements for further detail.

At December 31, 2019, the Alberta Energy Regulator had transferred substantially all relevant operating licenses of the assets under the ACCEL PSA from ARC to ACCEL. However, the operating licenses of certain assets (the "Outstanding Assets") remain with ARC as of the date of this MD&A. The potential obligation associated with the future decommissioning cost of the Outstanding Assets is estimated to be $11.7 million.

On October 23, 2019, ACCEL filed a counterclaim against ARC for $200.0 million for damages alleging breaches of contract or misrepresentation related to the ACCEL PSA. On January 3, 2020, ARC filed its Defence to the Counterclaim. Management does not expect the outcome of the counterclaim to result in a material outflow of resources by ARC.

Environmental Regulation Impacting ARC

ARC operates in jurisdictions that regulate greenhouse gas ("GHG") emissions and other air pollutants, including through the imposition of a price on GHG emissions. While some regulations are in effect at both the federal and provincial levels, further changes and amendments are at various stages of review, discussion, and implementation. There is uncertainty around the nature and scope of future regulations and the extent to which future federal legislation will harmonize with provincial regulation, as well as the timing and effects of such regulations. Climate change regulation at both the federal and provincial level has the potential to significantly affect the regulatory environment of the crude oil and natural gas industry in Canada. In addition, the Supreme Court's decision in *Orphan Well Association v Grant Thornton Ltd* may impact the manner in which provincial regulators seek to regulate their liability management and end-of-life asset retirement regimes. Climate change and other environmental regulations impose certain costs and risks on the industry, and there remains some uncertainty with regard to the impacts of federal or provincial climate change and environmental laws and regulations, as ARC is unable to predict additional legislation or amendments that governments may enact in the future. Any new laws and regulations, or additional requirements to existing laws and regulations, could have a material impact on the Company's operations and cash flow.

ARC's Liability Management Rating is well within both the British Columbia Oil and Gas Commission's and the Alberta Energy Regulator ("AER") requirements, such that no deposits were required at December 31, 2019 or at the date of this MD&A.

Additional information is available in ARC's AIF on SEDAR at www.sedar.com.

Contractual Obligations and Commitments

The following table is a summary of ARC's contractual obligations and commitments as at December 31, 2019:

Table 25

	Payments Due by Period				
	1 Year	2-3 Years	4-5 Years	Beyond 5 Years	Total
Debt repayments [(1)]	148.9	402.2	249.4	77.1	877.6
Interest payments [(2)]	31.2	42.8	20.1	4.3	98.4
Purchase and service commitments	33.4	18.5	10.3	0.8	63.0
Transportation commitments	153.7	291.4	259.5	743.3	1,447.9
Total contractual obligations and commitments	**367.2**	**754.9**	**539.3**	**825.5**	**2,486.9**

(1) Long-term and current portion of long-term debt.
(2) Fixed interest payments on senior notes.

ARC enters into commitments for business arrangements and capital expenditures in the normal course of operations in advance of expenditures being made. At a given point in time, it is estimated that ARC has committed to capital expenditures equal to approximately one quarter of its capital budget by means of giving the necessary authorizations to incur the expenditures in a future period.

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

Operating leases previously included in ARC's contractual obligations and commitments are now disclosed on the balance sheets in conjunction with the adoption of IFRS 16. For more information, refer to Note 21 "Commitment and Contingencies" 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 balance sheet other than commitments disclosed in Note 21 "Commitments & Contingencies" of the financial statements.

Related Parties

Key Management Personnel Compensation

ARC has determined that the key management personnel of ARC consists of its officers and directors. Short-term benefits are composed of salaries and directors' fees, annual bonuses, and other benefits. In addition, the Company provides share-based compensation to its key management personnel under the RSU and PSU, DSU, LTRSA and Share Option Plans. For the year ended December 31, 2019, ARC recognized $21.8 million in total key management personnel compensation ($12.2 million for the year ended December 31, 2018).

Critical Accounting Estimates

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

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

- estimated commodity sales, royalties, transportation, and operating expense on production as at a specific reporting date but for which actual revenues and costs have not yet been received;
- estimated capital expenditures on projects that are in progress;
- estimated DD&A charges that are based on estimates of crude oil, condensate, NGLs, and natural gas reserves that ARC expects to recover in the future;
- estimated fair values of financial instruments that are subject to fluctuation depending upon the underlying forward curves for commodity prices, foreign exchange rates and interest rates, as well as volatility curves and the risk of non-performance;
- 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 future recoverable value of PP&E, E&E and goodwill and any associated impairment charges or reversals; and
- estimated compensation expense under ARC's share-based compensation plans including the PSUs awarded under the PSU Plan that is dependent on the final number of PSU awards that eventually vest based on a performance multiplier.

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

ASSESSMENT OF BUSINESS RISKS

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

Volatility of Crude Oil, Condensate, NGLs, and Natural Gas Prices

ARC's operational results and financial condition, and therefore its amount of capital investment and future dividend payments made to shareholders, are dependent on the prices received for crude oil, condensate, NGLs, and natural gas production. Decreasing crude oil and natural gas prices will reduce ARC's cash flow, impacting ARC's level of capital investment and may result in the shut-in of certain producing properties. Differentials on Canadian crude oil have also shown significant volatility throughout recent years due to pipeline and infrastructure constraints. Any movement in crude oil and natural gas prices will have an effect on ARC's ability to continue with its capital expenditure program and its ability to pay dividends. Future declines in crude oil and natural gas prices may result in future decreases in, or elimination of, any future dividends. Crude oil and natural gas prices are determined by economic and, in some circumstances, political factors. Political factors include foreign tax regimes and protectionist measures that could have the effect of closing off key markets. Supply and demand factors, including weather and general economic conditions as well as conditions in other crude oil and natural gas regions, impact prices. ARC may manage the risk associated with changes in commodity prices by entering into crude oil or natural gas price derivative contracts. If ARC engages in activities to manage its commodity price exposure, it may forego the benefits it would otherwise experience if commodity prices were to increase. In addition, commodity derivative contracts activities could expose ARC to losses. To the extent that ARC engages in risk management activities related to commodity prices, it will be subject to credit risks associated with counterparties with which it contracts.

Refinancing and Debt Service

ARC currently has a $950.0 million financial covenant-based syndicated credit facility with 11 banks. At the request of ARC, the lenders will review the credit facility each year and determine if they will extend for another year. In the event that the facility is not extended before December 15, 2023, indebtedness under the facility will become repayable at that date. There is also a risk that the credit facility will not be renewed for the same amount or on the same terms. Any of these events could affect ARC's ability to fund ongoing operations and make future dividend payments.

ARC currently has $789.4 million of long-term, fixed interest rate senior notes outstanding at December 31, 2019, which require principal repayments in 2020 through 2026. ARC intends to fund these principal repayments with existing credit facilities. In the event ARC is unable to fund future principal repayments, it may impact ARC's ability to fund its ongoing operations and make future dividend payments.

ARC is required to comply with covenants under its credit facility and senior notes. In the event that ARC does not comply with covenants, ARC's access to capital could be restricted or repayment could be required. ARC routinely reviews its covenants based on actual and forecast results and has the ability to make changes to its development plans and/or dividend policy to comply with covenants. If ARC becomes unable to pay its debt service charges or otherwise commits an event of default such as bankruptcy, the lender may foreclose on such assets of ARC or sell the working interests.

Access to Capital Markets

ARC's capital expenditures are financed from funds from operations, borrowings, proceeds from property divestments and possible future equity issuances. ARC's ability to issue equity is dependent upon, among other factors, the overall state of capital markets and investor appetite for investments in the energy industry and ARC securities. Further, if revenues or reserves decline, ARC may not have access to the capital necessary to undertake or complete future drilling programs.

Additionally, ARC may issue additional common shares from treasury at prices which may result in a decline in production per common share and reserves per common share.

To the extent that external sources of capital become limited or unavailable or available on onerous terms, ARC's ability to make capital investments and maintain or expand existing assets and reserves may be impaired and ARC's assets, liabilities, business, financial condition, results of operations and dividend payments may be materially or adversely affected as a result.

Retention of Key Personnel

A loss in the key personnel of ARC could delay the completion of certain projects or otherwise have a material adverse effect on the Company. Shareholders are dependent on ARC's management and staff in respect of the administration and management of all manners relating to ARC's assets. Any deterioration of ARC's corporate culture could adversely affect ARC's long-term success.

Operational Matters

The operation of oil and gas wells involves a number of operating and natural hazards that may result in blowouts, environmental damage and other unexpected or dangerous conditions resulting in damage to ARC and possible liability to third parties. ARC maintains liability insurance, where available, in amounts consistent with industry standards. Business interruption insurance may also be purchased for selected facilities, to the extent that such insurance is available. ARC may become liable for damages arising from such events against which it cannot insure or against which it may elect not to insure because of high premium costs or other reasons. Costs incurred to repair such damage or pay such liabilities may reduce dividend payments to shareholders.

Continuing production from a property, and to some extent the marketing of production therefrom, are largely dependent upon the ability of the operator of the property. Less than two per cent of ARC’s production is operated by third parties. ARC has limited ability to influence costs on partner-operated properties. Operating costs on most properties operated by third parties have increased steadily over recent years. To the extent the operator fails to perform these functions properly, ARC’s revenue from such property may be reduced. Payments from production generally flow through the operator and there is a risk of delayed payment, or non-payment and additional expense in recovering such revenues if the operator becomes insolvent. To mitigate this risk, all significant non-operated production is taken in-kind and marketed by ARC. Although satisfactory title reviews are generally conducted in accordance with industry standards, such reviews do not guarantee or certify that a defect in the chain of title may not arise to defeat the claim of ARC to certain properties. A reduction of future dividend payments to shareholders could result under such circumstances.

Availability of Third-Party Pipeline and Processing Infrastructure

A portion of ARC's production is delivered through processing facilities and pipeline systems owned by third parties over which ARC does not have control. The amount of oil and natural gas that ARC can produce and sell is subject to the accessibility, availability, proximity and capacity of these third-party processing facilities and pipeline systems. From time-to-time, these facilities may discontinue or decrease operations either as a result of normal servicing requirements or as a result of unexpected events. A discontinuation or decrease of operations could have a materially adverse effect on ARC's ability to process its production and deliver the same to market. The ongoing lack of availability of capacity in any of the third-party processing facilities and pipeline systems could result in ARC's inability to realize the full economic potential of its production, or in a reduction of the price offered for ARC's production.

Reserves Estimates

The reserves and recovery information contained in ARC’s independent reserves evaluation is only an estimate. The actual production and ultimate reserves from the properties may be greater or less than the estimates prepared by the independent reserves evaluator. The reserves report has been prepared using certain commodity price assumptions. If lower prices for crude oil, natural gas, condensate and NGLs are realized by ARC and substituted for the price assumptions utilized in the reserves report, the present value of estimated future net cash flows for ARC’s reserves as well as the amount of ARC’s reserves would be reduced and the reduction could be significant.

Depletion of Reserves

ARC's future crude oil and natural gas reserves and production, and therefore its cash flows, will be highly dependent on ARC's success in exploiting its reserves base and acquiring additional reserves. Without reserves additions through acquisition or development activities, ARC's reserves and production will decline over time as the oil and natural gas reserves are produced out. There can be no assurance that ARC will make sufficient capital expenditures to maintain production at current levels. There can be no assurance that ARC will be successful in developing or acquiring additional reserves on terms that meet ARC's investment objectives.

Counterparty Risk

ARC assumes customer credit risk associated with commodity sales from production, transportation assignment agreements, financial hedging transactions and joint arrangement participants. In the event that ARC's counterparties default on payments to ARC, cash flows will be impacted and dividend payments to shareholders may be impacted. ARC has established credit policies and controls designed to mitigate the risk of default or non-payment with respect to oil and gas sales, financial hedging transactions and joint arrangement participants. A diversified sales customer base is maintained and exposure to individual entities is reviewed on a regular basis.

Variations in Interest Rates and Foreign Exchange Rates

Variations in interest rates could result in an increase in the amount ARC pays to service debt. Global oil prices and United States natural gas prices are quoted in United States dollars and the price received by Canadian producers is therefore affected by the Cdn$/US$ exchange rate that may fluctuate over time. A material increase in the value of the Canadian dollar may negatively impact ARC's net production revenue. Volatility in interest rates and the Canadian dollar may affect future cash flows and reduce funds available for both dividends and capital expenditures. ARC may initiate certain derivative contracts to attempt to mitigate these risks. To the extent that ARC engages in risk management activities related to foreign exchange rates, it will be subject to credit risk associated with counterparties with which it contracts. An increase in Cdn$/US$ exchange rates may impact future dividend payments to shareholders and the value of ARC's reserves as determined by independent evaluators.

Changes in Income Tax Legislation

In the future, income tax laws or other laws may be changed or interpreted in a manner that adversely affects ARC or its shareholders. Tax authorities having jurisdiction over ARC or its shareholders may disagree with how ARC calculates its income for tax purposes to the detriment of ARC and its shareholders.

Changes in Government Royalty Legislation

Provincial programs related to the oil and natural gas industry may change in a manner that adversely impacts shareholders. ARC currently operates in British Columbia and Alberta, both of which have different royalty programs that could be revised at any time. Future amendments to royalty programs in any of ARC's operating jurisdictions could result in reduced cash flow and reduced dividend payments to shareholders.

Environmental Concerns and Changes in Environmental Regulation

The oil and natural gas industry is subject to environmental regulation pursuant to local, provincial and federal legislation. A breach of such legislation may result in the imposition of fines or issuance of clean-up orders in respect of ARC or its working interests. Such legislation may be changed to impose higher standards and potentially more costly obligations to ARC. Climate change policy is evolving at regional, national and international levels, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place. Furthermore, Management believes the federal and provincial governments appear to favor new programs for environmental laws and regulation, particularly in relation to the reduction of GHG emissions, and there is no assurance that any such programs or regulatory amendments, if enacted, will not contain GHG emission reduction targets that ARC cannot meet. Financial penalties or charges could be incurred as a result of the failure to meet such targets.

There is further uncertainty regarding the implementation of the Pan-Canadian Framework on Clean Growth and Climate change ("the Framework"), the Government of Canada's pledge to cut Canadian GHG emissions by 30 per cent from 2005 levels by 2030 and the various regulatory changes and challenges that may arise from federal and provincial efforts to meet this pledge.

The Government of Canada has, among other things, (i) enacted the *Greenhouse Gas Pollution Pricing Act*, which creates an emissions trading program on industrial facilities and imposes an escalating GHG-pricing strategy (measured in CO2 equivalent ("CO2e")) that will operate as a "federal backstop" in provinces that do not have equivalent pricing mechanisms in place; and (ii) enacted the *Regulations Respecting Reduction in the Release of Methane and Certain*

Volatile Organic Compounds (Upstream Oil and Gas Sector) (the "Federal Methane Regulations") that seek to reduce emissions of methane from the crude oil and natural gas sector. The Federal Methane Regulations came into effect on January 1, 2020. Both Alberta and British Columbia have, to varying degrees, developed and begun to implement similar provincial measures, but ARC cannot predict whether or how such measures will change in the future or the effect that such changes may have.

In this regard, the regulatory environment in Alberta continues to evolve. In 2015, the Government of Alberta released its Climate Leadership Plan ("CLP"). Under the CLP, the Government of Alberta enacted the *Climate Leadership Act* (the "CLA") and imposed a price on emissions from January 1, 2017 until May 29, 2019. On May 30, however, the Government of Alberta repealed the CLA. In response, the Government of Canada imposed a fuel charge of $20 per tonne of CO2e in Alberta, effective January 1, 2020. This price will increase to $30 per tonne on April 1, 2020. This will rise to $40 per tonne, and to $50 per tonne in 2022. In addition to repealing the CLA, the Government of Alberta introduced the *Technology Innovation and Emissions Reduction (TIER) Regulation* (the "TIER Regulation") to replace the *Carbon Competitiveness Incentive Regulation* that previously applied to industrial emitters in Alberta. The TIER Regulation came into effect on January 1, 2020 and satisfies the Government of Canada's equivalency requirement by imposing an effective price of $30 per tonne on CO2e emissions. To maintain equivalency with the federal backstop, this price will need to increase to $40 in 2021 and $50 in 2020. Finally, the Government of Alberta enacted the *Methane Emission Reduction Regulation* (the "Alberta Methane Regulations") on January 1, 2020 and the AER simultaneously released an updated edition of *Directive 060: Upstream Petroleum Industry Flaring, Incinerating, and Venting* ("Directive 060"). The release of Directive 060 complements a previously released update to *Directive 017: Measurement Requirements for Oil and Gas Operations* that took effect in December 2018. The Government of Alberta and the federal government have not yet reached an equivalency agreement with respect to the Alberta Methane Regulations and the Federal Methane Regulations; however, the federal government has agreed to avoid duplicative processes through the initial stages of implementation by allowing companies with operations in Alberta to register under the Alberta Methane Regulations.

British Columbia has had a provincial levy on CO2e emissions since 2008. The British Columbia emissions levy is currently set at $40 per tonne. This will increase to $45 per tonne on April 1, 2020 and $50 per tonne on April 1, 2021. In addition, recent amendments to the *Drilling and Production Regulation (*the "BC Methane Regulations") designed to address and reduce methane emissions in British Columbia came into effect on January 1, 2020. The Government of Canada has proposed recognizing the BC Methane Regulations as equivalent to the Federal Methane Regulations, but a formal agreement has not yet been entered.

Fracture stimulations have been used in western Canada for decades. With the increase in the use of fracture stimulations in horizontal wells there is increased dialogue between the oil and natural gas industry and a wider variety of stakeholders regarding the responsible use of this technology. This increased attention to fracture stimulations may result in increased regulation, changes of law and third-party claims, which may make the conduct of ARC's business more expensive or prevent ARC from conducting its business as currently conducted. ARC focuses on conducting its operations in a safe, responsible and transparent manner in the communities in which it operates.

The provincial regulation of environmental liabilities and associated ARO in the oil and gas industry may face substantial changes in the near future. In 2016, the Alberta Court of Queen's Bench issued its decision in *Redwater Energy Corporation (Re)*, finding that receivers and trustees of insolvent entities have the right to renounce assets within insolvency proceedings. The Alberta Court of Appeal affirmed this decision. In response, several provincial regulators, most notably the AER, implemented a number of interim rule changes to the regulatory scheme pertaining to the ARO, licensing and liability management programs. On January 31, 2019, however, the Supreme Court of Canada released its decision in *Orphan Well Association v Grant Thornton Ltd*, overturning the decisions of the Alberta Court of Queen's Bench and the Alberta Court of Appeal to hold that receivers and trustees can no longer avoid the AER's legislated authority to impose abandonment orders against licensees or to require a licensee to pay a security deposit before approving a transfer when such a licensee is subject to formal insolvency proceedings. As a result, any financial resources of a bankrupt licensee will first be used to satisfy outstanding abandonment obligations in respect of its unproductive assets. Remaining amounts, if any, will then satisfy the claims of secured creditors in accordance with the *Bankruptcy and Insolvency Act*.

There remains a great deal of uncertainty as to what regulatory measures will be developed by the provinces or in concert with the federal government to address the *Orphan Well Association v Grant Thornton Ltd* decision. However, the Government of British Columbia has developed mandatory asset retirement timelines for "dormant sites", with the goal of reducing outstanding ARO and restoring 100 per cent of all currently dormant sites by 2036, with additional regulated timelines for sites that become dormant between 2019 and 2023 or become dormant after 2024. Further analysis of ARO are discussed in the section entitled "Asset Retirement Obligation" in this MD&A.

Transportation Constraints and Market Access

Lack of capacity and/or regulatory constraints on gathering and processing facilities, pipeline systems and railway lines may have a negative impact on ARC's ability to produce and sell its crude oil and natural gas. The amount of crude oil and natural gas that ARC can produce and sell is subject to the accessibility, availability, proximity and capacity of various gathering and processing facilities, pipeline systems and railway lines. The lack of availability or capacity in any of the gathering and processing facilities, pipeline systems and railway lines could result in ARC's inability to realize the full economic potential of its production or in a reduction of the price offered for ARC's production. The lack of firm pipeline capacity continues to affect the oil and gas industry and limit the ability to transport produced oil and gas to market. In addition, the pro-rationing of capacity on inter-provincial pipeline systems continues to affect the ability to export oil and natural gas. Unexpected shut-downs or curtailment of capacity of pipelines for maintenance or integrity work or because of actions taken by regulators could also affect ARC's production, operations and financial results. Any significant change in market factors or other conditions affecting these infrastructure systems and facilities, as well as any delays or uncertainty in constructing new infrastructure systems and facilities could harm ARC's business and, in turn, ARC's financial condition, operations and cash flows. Further analysis of transportation costs are discussed in the section entitled "Transportation" in this MD&A.

To mitigate the risk of transportation and market access constraints, ARC engages in long-term transportation commitments with various third parties. These arrangements result in ARC having future financial commitments as disclosed in the section entitled "Contractual Obligations and Commitments" in this MD&A.

Acquisitions

The price paid for acquisitions is based on engineering and economic estimates of the potential reserves made by independent engineers modified to reflect the technical views of Management. These assessments include a number of material assumptions regarding such factors as recoverability and marketability of crude oil, natural gas, condensate and NGLs, future prices of crude oil, natural gas, condensate and NGLs, and operating costs, future capital expenditures and royalties and other government levies that will be imposed over the producing life of the reserves. Many of these factors are subject to change and are beyond the control of the operators of the working interests, Management and ARC. In particular, changes in the prices of and markets for crude oil, natural gas, condensate and NGLs from those anticipated at the time of making such assessments will affect the amount of future dividends and the value of the shares. In addition, all such estimates involve a measure of geological and engineering uncertainty that could result in lower production and reserves than attributed to the working interests. Actual reserves could vary materially from these estimates. Consequently, the reserves acquired may be less than expected, which could adversely impact cash flow and dividends to shareholders.

Cyber-Security

ARC employs and depends upon information technology systems to conduct its business. These systems have the potential to introduce information security risks, which are growing in both complexity and frequency and could include potential breakdown, invasion, virus, cyber-attack, cyber-fraud, security breach, and destruction or interruption of ARC's information technology systems by third parties or insiders. Unauthorized access to these systems by employees or third parties could lead to corruption or exposure of confidential, fiduciary or proprietary information, interruption to communications or operations or disruption to our business activities or our competitive position. Further, disruption of critical information technology services, or breaches of information security, could have a negative effect on ARC's assets, performance and earnings, as well as on ARC's reputation. The significance of any such event is difficult to quantify, but may in certain circumstances be material and could have a material adverse effect on ARC's business, financial condition and results of operations.

Additional information is available in ARC's AIF on SEDAR at www.sedar.com.

PROJECT RISKS

ARC manages a variety of small and large projects and plans to continue with the development of several capital projects throughout 2020. Project delays may impact expected revenues from operations. Significant project cost overruns could make a project uneconomic. ARC's ability to execute projects and market crude oil, condensate, NGLs, and natural gas depends upon numerous factors beyond its control, including:

- availability and proximity of pipeline capacity;
- availability of processing capacity;

- availability of storage capacity;
- supply of and demand for crude oil, condensate, NGLs, and natural gas;
- availability of alternative fuel sources;
- effects of inclement weather;
- availability of drilling-related equipment and resources;
- unexpected cost increases;
- accidental events;
- changes in regulations; and
- availability and productivity of skilled labour.

Because of these factors, ARC could be unable to execute projects on time, on budget, or at all, and may not be able to effectively market the crude oil, condensate, NGLs, and natural gas that ARC produces.

CONTROL ENVIRONMENT

Disclosure Controls and Procedures

As of December 31, 2019, an internal evaluation was carried out of the effectiveness of ARC's disclosure controls and procedures as defined in Canada by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"). Based on that evaluation, the President and Chief Executive Officer and the Senior Vice President and Chief Financial Officer concluded that the disclosure controls and procedures are effective to ensure that the information required to be disclosed in the reports that ARC files or submits under Canadian Securities Legislation is recorded, processed, summarized and reported, within the time periods specified in the rules and forms therein. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that the information required to be disclosed by ARC in the reports that it files or submits under Canadian Securities Legislation is accumulated and communicated to ARC's Management, including the senior executive and financial officers, as appropriate to allow timely decisions regarding the required disclosure.

Internal Control over Financial Reporting

Internal control over financial reporting is a process designed to provide reasonable assurance that all assets are safeguarded, transactions are appropriately authorized and to facilitate the preparation of relevant, reliable and timely information. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Management has assessed the effectiveness of ARC's internal control over financial reporting as defined in Canada by NI 52-109. The assessment was based on the framework in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management concluded that ARC's internal control over financial reporting was effective as of December 31, 2019. No changes were made to ARC's internal control over financial reporting during the year ended December 31, 2019 that have materially affected, or are reasonably likely to materially affect, the internal controls over financial reporting.

FINANCIAL REPORTING UPDATE

New Accounting Policies

IFRS 16 *Leases*

Effective January 1, 2019, ARC adopted IFRS 16 which requires the recognition of an ROU asset and associated lease obligation for most leasing arrangements entered into by ARC. Prior to the adoption of this standard, identified leases were categorized as either operating or finance leases, and operating leases were not subject to balance sheet recognition.

ARC adopted IFRS 16 on a modified retrospective basis whereby an adjustment is made to the opening deficit at January 1, 2019 to reflect the cumulative earnings impact of the standard up to the date of adoption. No restatement of prior periods has been made. In conjunction with the adoption of IFRS 16, ARC has completed the implementation of necessary changes to accounting processes, internal controls, information systems, and business reporting that has been affected.

Table 26 details the impact of the adoption of IFRS 16 on the Company’s balance sheet, as at January 1, 2019:

Table 26

	Impact on Balance Sheet Item	$ millions
ROU assets	Increase	43.1
Current portion of lease obligations	Increase	(13.5)
Long-term portion of lease obligations	Increase	(44.5)
Other deferred liabilities	Decrease	10.2
Deferred taxes	Decrease	4.0
Deficit	Increase	0.7

The Company's leases recognized on its balance sheet at January 1, 2019 include leases of buildings, land use rights, equipment, and vehicles. Certain short-term leases (less than 12 months) and leases of low-value assets are exempt from the balance sheet recognition requirements. For full information regarding the effects of the adoption of IFRS 16 on ARC's financial statements, refer to Note 4 "Changes in Accounting Policies" in the financial statements.

Certain of ARC's performance measures including funds from operations, net debt, ROACE, and netback are impacted by the adoption of IFRS 16. Where lease payments made for certain operating items were previously included in operating expense and G&A, these payments are now reflected as payments of interest and lease obligations, which increases total funds from operations and netback. Lease obligations have been included to increase net debt. As IFRS 16 was adopted using a modified retrospective approach, prior period comparatives have not been restated and may not be comparable. For more information on funds from operations and net debt, refer to Note 15 "Capital Management" in the financial statements. For more information on ROACE and netback refer to the section entitled "Non-GAAP Measures" contained within this MD&A.

Non-GAAP Measures

Throughout this MD&A, the Company uses certain measures to analyze operational and financial performance. These non-GAAP measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to similar measures presented by other entities.

Netback
ARC calculates netback on a total and per boe basis as commodity sales from production less royalties, operating, and transportation expense. ARC also discloses netback after the effect of realized gain or loss on risk management contracts. Realized gain or loss represents the portion of risk management contracts that have settled in cash during the period and disclosing this impact provides Management and investors with transparent measures that reflect how ARC’s risk management program can impact its netback. Management believes that netback is a key industry benchmark and a measure of performance for ARC that provides investors with information that is commonly used by other crude oil and natural gas producers. The measurement on a per boe basis assists Management with evaluating operating performance on a comparable basis. ARC’s netback is disclosed in Tables 13 and 13a within this MD&A.

Return on Average Capital Employed
ARC calculates ROACE, expressed as a percentage, as net income (loss) plus interest and total income taxes (recovery) divided by the average of the opening and closing capital employed for the 12 months preceding the period end. Capital employed is the total of net debt plus shareholders’ equity. Refer to Note 15 "Capital Management" in the financial statements for additional discussion on net debt.

ARC uses ROACE as a measure of long-term operating performance, to measure how effectively Management utilizes the capital it has been provided and to demonstrate to shareholders that capital has been used wisely over the long term. ROACE is calculated by ARC for the 12 months preceding the period end, on an annual basis and a five-year basis in Table 27 of this MD&A.

Table 27

ROACE	2019	2018	2017	2016	2015	Five Year
Net income (loss)	**(27.6)**	213.8	388.9	201.3	(342.7)	86.7
Add: Interest	**41.0**	42.6	45.3	50.5	51.0	46.1
Add: Total income taxes (recovery)	**(100.9)**	108.0	135.9	41.4	(15.8)	33.7
Earnings before interest and taxes	**(87.5)**	364.4	570.1	293.2	(307.5)	166.5
Net debt - beginning of period	**702.7**	728.0	356.5	985.1	1,255.9	1,255.9
Shareholders' equity - beginning of period	**3,675.8**	3,668.9	3,484.8	3,388.5	3,551.8	3,551.8
Opening capital employed (A)	**4,378.5**	4,396.9	3,841.3	4,373.6	4,807.7	4,807.7
Net debt - end of period	**940.2**	702.7	728.0	356.5	985.1	940.2
Shareholders' equity - end of period	**3,439.9**	3,675.8	3,668.9	3,484.8	3,388.5	3,439.9
Closing capital employed (B)	**4,380.1**	4,378.5	4,396.9	3,841.3	4,373.6	4,380.1
Average capital employed (A+B)/2	**4,379.3**	4,387.7	4,119.1	4,107.5	4,590.7	4,593.9
ROACE (%)	**(2)**	8	14	7	(7)	4

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 2020 capital program including guidance and planned operations for 2020 as well as expected trends during the course of the year with respect to production and expenses under the heading “Annual Guidance,” ARC’s view as to the estimated future payments under the RSU and PSU Plans under the heading “Share-Based Compensation Plans,” as to anticipated changes to the provincial corporate tax rate under the heading "Taxes," ARC's plans with respect to the financing of its operations and strategy regarding its net debt to annualized funds from operations and the sources of funds to repay principal payments due in the next 12 months under the heading "Capitalization, Financial Resources and Liquidity," ARC's plans in relation to future dividend levels under the heading "Dividends," as to ARC's potential obligation associated with the future decommissioning of the Outstanding Assets under the heading "ACCEL Canada Holdings Limited," changes to environmental legislation and regulation under the heading "Environmental Regulation Impacting ARC," and a number of other matters, including the amount of future asset retirement obligations, future liquidity and financial capacity (including sources of capital), future results from operations and operating metrics, timing of production coming on-stream, future costs, expenses and royalty rates, future interest costs, and future development, exploration, acquisition and development activities (including drilling plans), and related capital expenditures.

The forward-looking information and statements contained in this MD&A reflect material factors and expectations and assumptions of ARC including, without limitation: that ARC will continue to conduct its operations in a manner consistent with past operations; the general continuance of current industry conditions; the continuance of existing (and in certain circumstances, the implementation of proposed) tax, royalty, and regulatory regimes; the accuracy of the estimates of ARC's reserves and resource 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: changes in commodity prices; changes in the demand for or supply of ARC's products; changes to government regulations including royalty rates, taxes, and environmental and climate change regulation; market access constraints or transportation interruptions, unanticipated operating results or production declines; changes in development plans of ARC or by third-party operators of ARC's properties, increased debt levels or debt service requirements; inaccurate estimation of ARC's reserve and resource volumes; limited, unfavorable or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; and certain other risks detailed herein under the heading "Assessment of Business Risks" and from time to time in ARC's public disclosure documents (including, without limitation, those risks identified in this MD&A and in ARC's most recent AIF).

The internal projections, expectations or beliefs are based on the 2020 capital budget which is subject to change in light of ongoing results, prevailing economic circumstances, commodity prices, and industry conditions and regulations. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted. The forward-looking information contained in this MD&A speak only as of the date of this MD&A, and none of ARC or any subsidiaries assumes 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

ARO	asset retirement obligations
CGU	cash generating unit
COGE Handbook	The Canadian Oil and Gas Evaluation Handbook prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum
DD&A	depletion, depreciation and amortization
DRIP	Dividend Reinvestment Plan
DSU	Deferred Share Unit
E&E	exploration and evaluation
GAAP	generally accepted accounting principles
G&A	general and administrative
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
LTRSA	Long-term Restricted Share Award
MSW	Mixed Sweet Blend
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
SDP	Stock Dividend Program
TSX	Toronto Stock Exchange
WTI	West Texas Intermediate

ANNUAL HISTORICAL REVIEW

For the year ended December 31					
($ millions, except per share amounts)	**2019**	2018	2017	2016	2015
FINANCIAL					
Commodity sales from production [1]	**1,189.5**	1,362.2	1,215.2	1,063.5	1,193.7
Per share, basic [1]	**3.37**	3.85	3.44	3.03	3.51
Per share, diluted [1]	**3.37**	3.85	3.43	3.03	3.51
Net income (loss)	**(27.6)**	213.8	388.9	201.3	(342.7)
Per share, basic	**(0.08)**	0.60	1.10	0.57	(1.01)
Per share, diluted	**(0.08)**	0.60	1.10	0.57	(1.01)
Funds from operations [2]	**697.4**	819.0	731.9	633.3	773.4
Per share, basic	**1.97**	2.32	2.07	1.80	2.27
Per share, diluted	**1.97**	2.31	2.07	1.80	2.27
Dividends declared	**212.4**	212.3	212.3	228.2	410.5
Per share [3]	**0.60**	0.60	0.60	0.65	1.20
Total assets	**5,778.3**	6,016.2	6,224.0	5,990.5	5,932.2
Total liabilities	**2,338.4**	2,340.4	2,555.1	2,505.7	2,543.7
Net debt outstanding [4]	**940.2**	702.7	728.0	356.5	985.1
Weighted average shares, basic	**353.4**	353.5	353.4	350.9	340.5
Weighted average shares, diluted	**353.4**	353.8	353.9	351.3	340.5
Shares outstanding, end of period	**353.4**	353.4	353.5	353.3	347.1
CAPITAL EXPENDITURES					
Geological and geophysical	**19.6**	10.8	9.5	12.4	15.9
Drilling and completions	**415.5**	416.4	551.6	227.0	361.2
Plant and facilities	**254.4**	249.6	262.7	210.6	162.0
Corporate assets	**2.0**	2.6	5.9	3.4	2.5
Total capital expenditures	**691.5**	679.4	829.7	453.4	541.6
Undeveloped land	**0.7**	0.9	97.6	2.7	6.7
Total capital expenditures, including undeveloped land purchases	**692.2**	680.3	927.3	456.1	548.3
Acquisitions	**0.2**	0.2	2.5	172.9	14.4
Dispositions	**(5.0)**	(196.1)	—	(705.4)	(88.8)
Total capital expenditures, land purchases, and net acquisitions and dispositions	**687.4**	484.4	929.8	(76.4)	473.9
OPERATING					
Production					
Crude oil (bbl/d)	**17,591**	23,460	24,380	31,510	32,762
Condensate (bbl/d)	**10,066**	7,281	5,650	3,626	3,430
Crude oil and condensate (bbl/d)	**27,657**	30,741	30,030	35,136	36,192
Natural gas (MMcf/d)	**623.3**	570.2	525.8	475.6	444.9
NGLs (bbl/d)	**7,578**	6,955	5,273	4,274	3,819
Total (boe/d)	**139,126**	132,724	122,937	118,671	114,167
Average realized prices, prior to risk management contracts					
Crude oil ($/bbl)	**66.01**	68.58	60.66	50.34	53.53
Condensate ($/bbl)	**67.61**	75.56	62.02	50.98	53.84
Natural gas ($/Mcf)	**2.12**	2.37	2.56	2.23	2.88
NGLs ($/bbl)	**12.28**	32.22	29.57	13.85	10.70
Oil equivalent ($/boe)	**23.42**	28.12	27.08	24.35	28.57
RESERVES (company gross) [5]					
Proved plus probable reserves					
Crude oil and NGLs (Mbbl) [6]	**216,613**	205,577	203,210	195,500	199,826
Natural gas (Bcf)	**4,159.9**	4,039.8	3,797.4	3,247.4	2,922.1
Total (Mboe)	**909,930**	878,875	836,103	736,733	686,851
TRADING STATISTICS ($, based on intra-day trading) [7]					
High	**10.49**	15.90	23.70	24.94	25.87
Low	**5.37**	7.38	13.64	14.43	15.39
Close	**8.18**	8.10	14.75	23.11	16.70
Average daily volume (thousands)	**2,242**	1,480	1,124	986	1,093

(1) Comparatives prior to 2017 have not been restated for IFRS 15 *"Revenue from Contracts with Customers"*.
(2) Refer to Note 15 "Capital Management" in the financial statements and to the section entitled "Funds from Operations" contained within this MD&A.
(3) Dividends per share are based on the number of shares outstanding at each dividend record date.
(4) Refer to Note 15 "Capital Management" in the financial statements and to the section entitled "Capitalization, Financial Resources and Liquidity" contained within this MD&A.
(5) Company gross reserves are the gross interest reserves before deduction of royalties and without including any royalty interests.
(6) Is inclusive of crude oil, condensate and NGLs.
(7) Trading statistics denote trading activity on the TSX only.

QUARTERLY HISTORICAL REVIEW

($ millions, except per share amounts)	2019				2018			
FINANCIAL	**Q4**	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Commodity sales from production	**325.1**	253.7	282.9	327.8	302.5	375.1	344.4	340.2
Per share, basic	**0.92**	0.72	0.80	0.93	0.86	1.06	0.97	0.96
Per share, diluted	**0.92**	0.72	0.80	0.93	0.86	1.06	0.97	0.96
Net income (loss)	**(10.2)**	(57.2)	94.4	(54.6)	159.7	45.1	(45.9)	54.9
Per share, basic	**(0.03)**	(0.16)	0.27	(0.15)	0.45	0.13	(0.13)	0.16
Per share, diluted	**(0.03)**	(0.16)	0.27	(0.15)	0.45	0.13	(0.13)	0.16
Funds from operations (1)	**172.8**	145.4	193.0	186.2	208.6	205.0	204.4	201.0
Per share, basic	**0.49**	0.41	0.54	0.53	0.59	0.58	0.58	0.57
Per share, diluted	**0.49**	0.41	0.54	0.53	0.59	0.58	0.58	0.57
Dividends declared	**53.1**	53.1	53.1	53.1	53.1	53.0	53.1	53.1
Per share (2)	**0.15**	0.15	0.15	0.15	0.15	0.15	0.15	0.15
Total assets	**5,778.3**	5,819.2	5,878.9	5,952.4	6,016.2	5,846.3	6,059.8	6,235.7
Total liabilities	**2,338.4**	2,317.1	2,267.7	2,383.6	2,340.4	2,278.3	2,485.8	2,563.8
Net debt outstanding (3)	**940.2**	945.5	829.2	796.3	702.7	667.8	757.0	728.0
Weighted average shares, basic	**353.4**	353.4	353.4	353.4	353.4	353.5	353.5	353.5
Weighted average shares, diluted	**353.4**	353.4	353.9	353.4	353.9	354.0	353.5	353.8
Shares outstanding, end of period	**353.4**	353.4	353.4	353.4	353.4	353.4	353.5	353.5
CAPITAL EXPENDITURES								
Geological and geophysical	**3.7**	2.7	1.3	11.9	1.3	3.4	2.1	4.0
Drilling and completions	**80.7**	98.6	107.0	129.2	60.5	114.2	102.6	139.1
Plant and facilities	**56.6**	60.0	65.5	72.3	69.6	51.2	58.8	70.0
Corporate assets	**0.7**	0.6	0.4	0.3	0.2	0.5	1.3	0.6
Total capital expenditures	**141.7**	161.9	174.2	213.7	131.6	169.3	164.8	213.7
Undeveloped land	**—**	0.7	—	—	0.2	—	—	0.7
Total capital expenditures, including undeveloped land purchases	**141.7**	162.6	174.2	213.7	131.8	169.3	164.8	214.4
Acquisitions	**—**	—	—	0.2	—	—	—	0.2
Dispositions	**(1.1)**	(2.8)	(0.9)	(0.2)	(0.9)	(96.2)	(0.7)	(98.3)
Total capital expenditures, land purchases, and net acquisitions and dispositions	**140.6**	159.8	173.3	213.7	130.9	73.1	164.1	116.3
OPERATING								
Production								
Crude oil (bbl/d)	**17,083**	16,782	18,272	18,251	20,092	23,867	24,893	25,037
Condensate (bbl/d)	**10,937**	10,846	10,230	8,210	8,458	8,158	6,960	5,505
Crude oil and condensate (bbl/d)	**28,020**	27,628	28,502	26,461	28,550	32,025	31,853	30,542
Natural gas (MMcf/d)	**669.0**	595.4	596.4	632.5	603.3	574.2	537.9	564.9
NGLs (bbl/d)	**8,123**	7,952	7,041	7,183	7,402	7,687	6,380	6,332
Total (boe/d)	**147,650**	134,813	134,938	139,054	136,502	135,410	127,879	131,016
Average realized prices, prior to risk management contracts								
Crude oil ($/bbl)	**65.11**	64.79	70.26	63.72	43.30	78.62	78.57	69.50
Condensate ($/bbl)	**68.08**	65.70	71.38	64.81	57.25	85.28	85.10	77.42
Natural gas ($/Mcf)	**2.36**	1.54	1.74	2.79	2.85	2.15	1.91	2.50
NGLs ($/bbl)	**11.69**	5.25	7.71	25.43	29.12	35.26	32.98	31.39
Oil equivalent ($/boe)	**23.93**	20.46	23.04	26.20	24.09	30.12	29.59	28.85
TRADING STATISTICS (4)								
($, based on intra-day trading)								
High	**8.26**	7.85	9.61	10.49	14.84	15.90	15.25	15.90
Low	**5.40**	5.37	6.37	7.82	7.38	12.70	12.71	11.88
Close	**8.18**	6.31	6.41	9.12	8.10	14.40	13.58	14.04
Average daily volume (thousands)	**2,583**	1,838	2,255	2,291	2,117	1,246	1,150	1,406

(1) Refer to Note 15 "Capital Management" in the financial statements and to the section entitled "Funds from Operations" contained within this MD&A.
(2) Dividends per share are based on the number of shares outstanding at each dividend record date.
(3) Refer to Note 15 "Capital Management" in the financial statements and to the section entitled "Capitalization, Financial Resources and Liquidity" contained within this MD&A.
(4) Trading statistics denote trading activity on the TSX only.