MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

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

ABOUT ARC RESOURCES LTD.

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

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

Highlights

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

Table 1

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

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

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

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

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

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

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

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

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

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

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

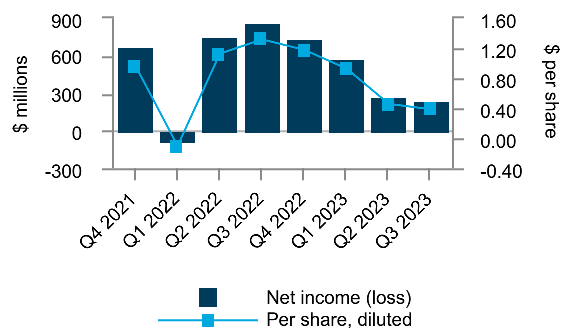
(11) Reserves are the gross interest reserves before deduction of royalties and without including any royalty interests. For more information, see ARC's AIF available on ARC's website at www.arcresources.com and on SEDAR+ at www.sedarplus.ca.

QUARTERLY RESULTS [(1)]

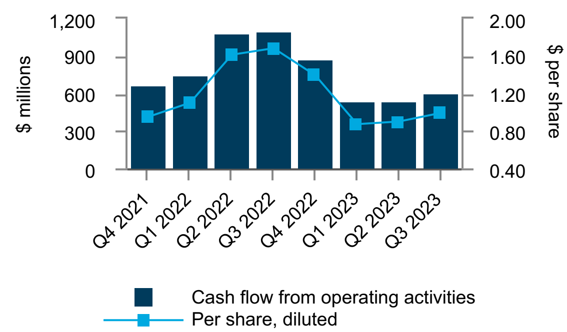
Trends in net income (loss), cash flow from operating activities, and funds from operations are primarily associated with fluctuations in commodity sales from production which reflect changes in production levels and commodity prices. Net income (loss) is also impacted by changes in the value of risk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

Exhibit 1

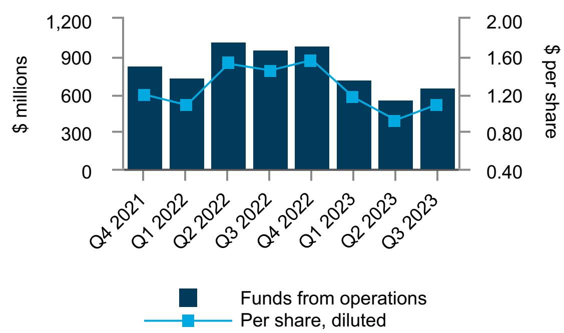
Net Income (Loss)



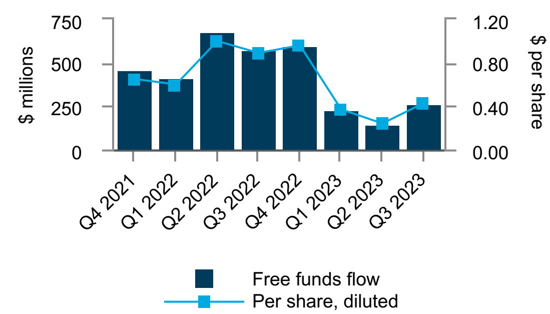
Cash Flow from Operating Activities



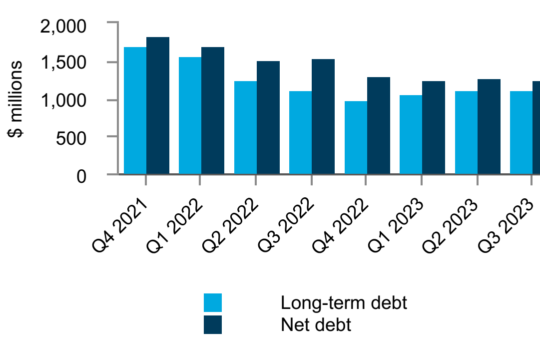
Funds from Operations



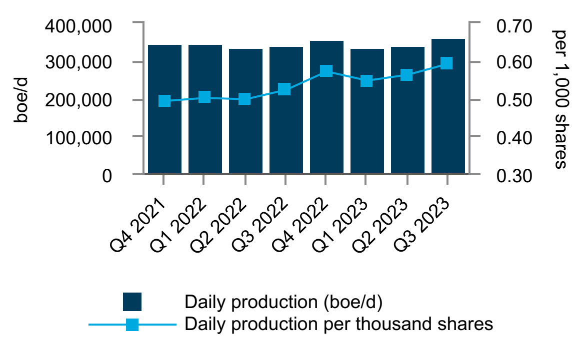
Free Funds Flow



Long-term Debt and Net Debt



Average Daily Production



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

ANNUAL GUIDANCE

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

Table 2

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

(1) Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for an explanation of composition.
(2) Excludes accretion of ARC's asset retirement obligation ("ARO").
(3) Refer to the section entitled "About ARC Resources Ltd." contained within this MD&A for historical capital expenditures.

Variances from 2023 guidance ranges are as follows:

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

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

Exhibit 2


2023 Production Guidance
2023 Guidance
2023 YTD Actual
Total (boe/d)
340,000
345,000
350,000
355,000
360,000
365,000
Crude Oil and Condensate (bbl/d)
80,000
82,000
84,000
86,000
88,000
90,000
Natural Gas (MMcf/d)
1,280
1,290
1,300
1,310
1,320
NGLs (bbl/d)
46,000
47,000
48,000
49,000
50,000
51,000
52,000

Exhibit 2a

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

2023 THIRD QUARTER FINANCIAL AND OPERATIONAL RESULTS

Financial Highlights

Table 3

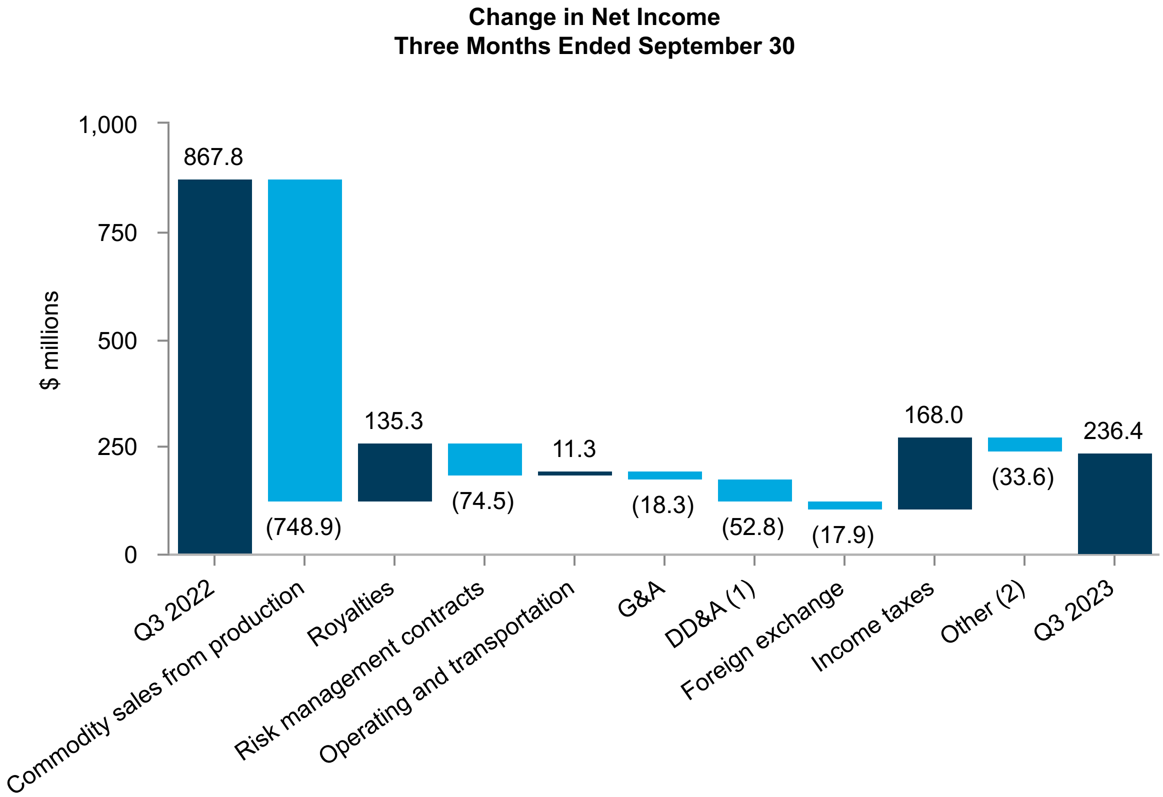
	Three Months Ended				Nine Months Ended		
($ millions, except per share and volume data)	June 30, 2023	**September 30, 2023**	September 30, 2022	% Change	**September 30, 2023**	September 30, 2022	% Change
Net income	278.9	**236.4**	867.8	(73)	**1,090.2**	1,561.3	(30)
Net income per share	0.46	**0.39**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

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

Net Income

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

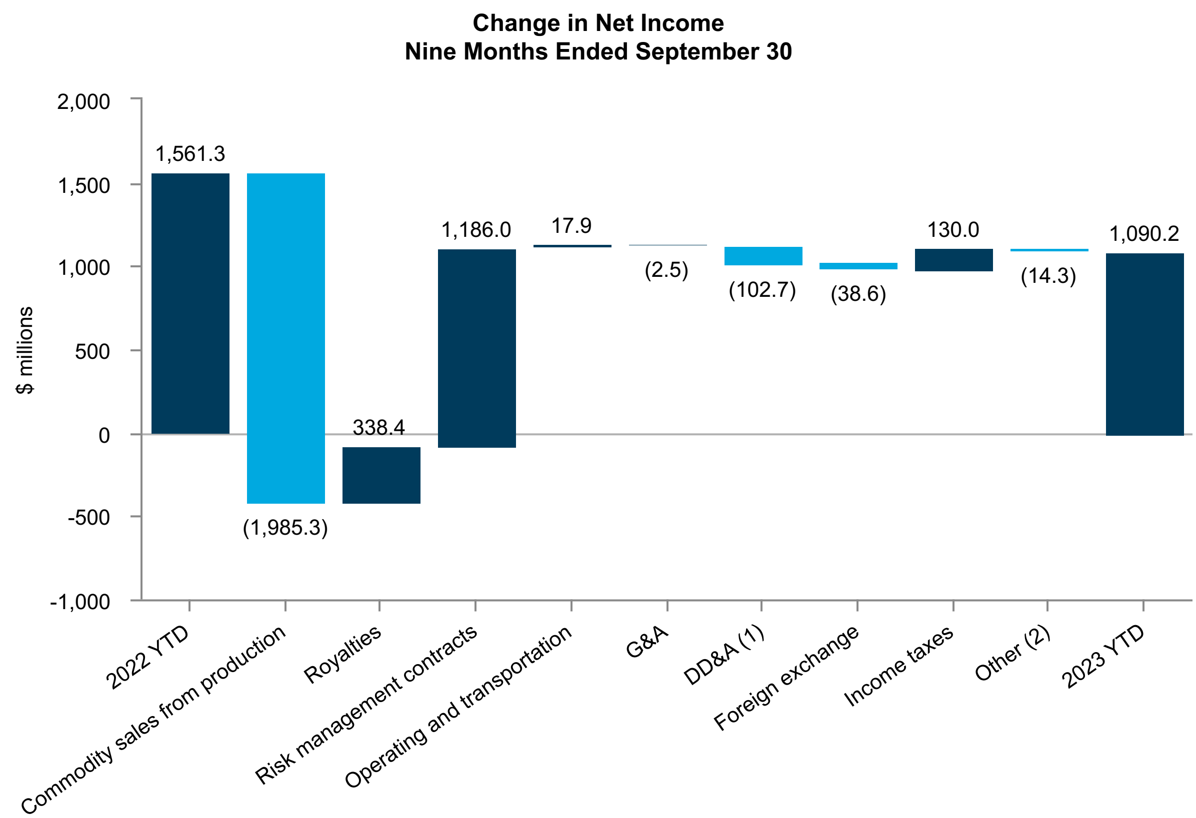
Exhibit 3



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

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

Exhibit 3a



(1) Includes DD&A and impairment of PP&E.
(2) Includes sales of commodities purchased from third parties, interest and other income, commodities purchased from third parties, interest and financing, and reversal of impairment of financial assets.

Cash Flow from Operating Activities and Funds from Operations

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

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

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

Table 4

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

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

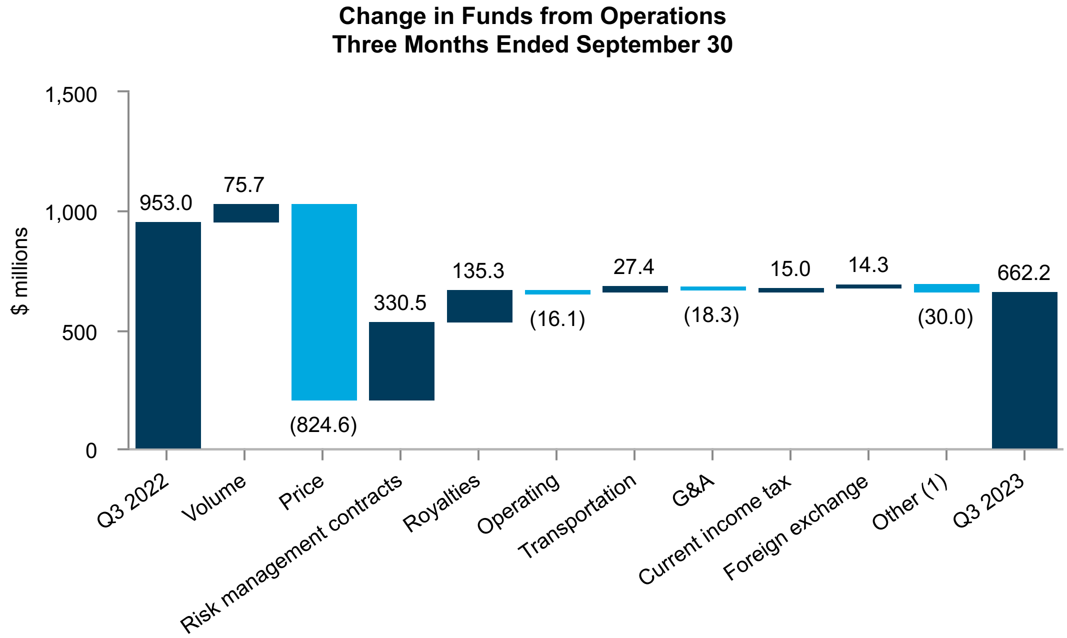
Table 5

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

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

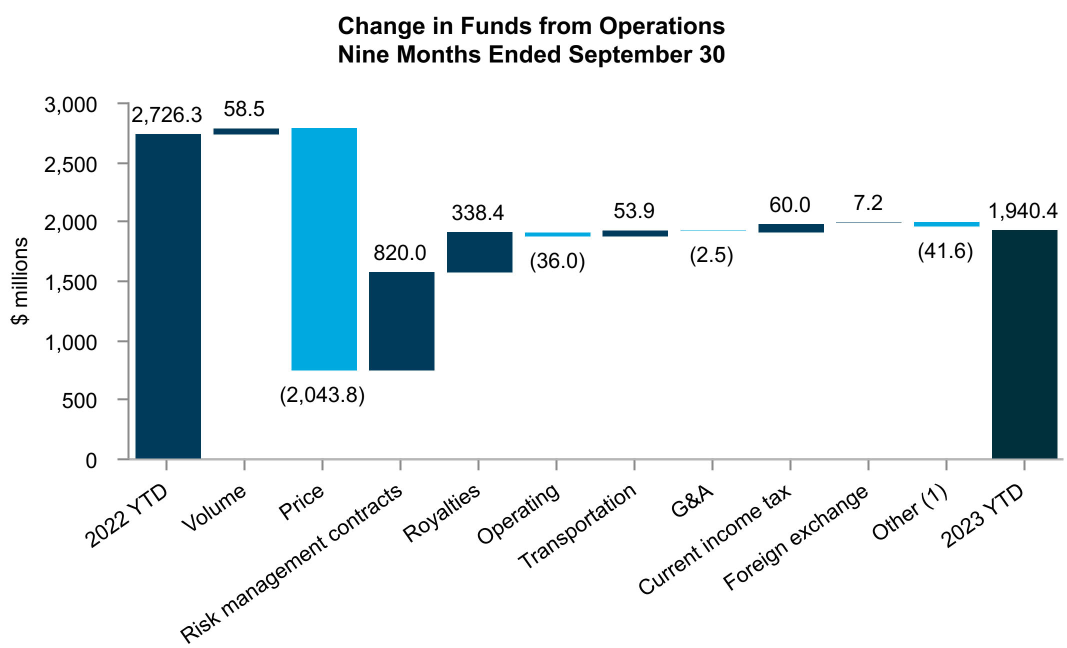
The decrease in funds from operations for the three and nine months September 30, 2023, is primarily due to lower commodity sales from production, resulting from lower average realized commodity prices. This was partially offset by a decrease in the realized loss on risk management contracts and a decrease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

Exhibit 4



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

Exhibit 4a



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

Net Income Sensitivity

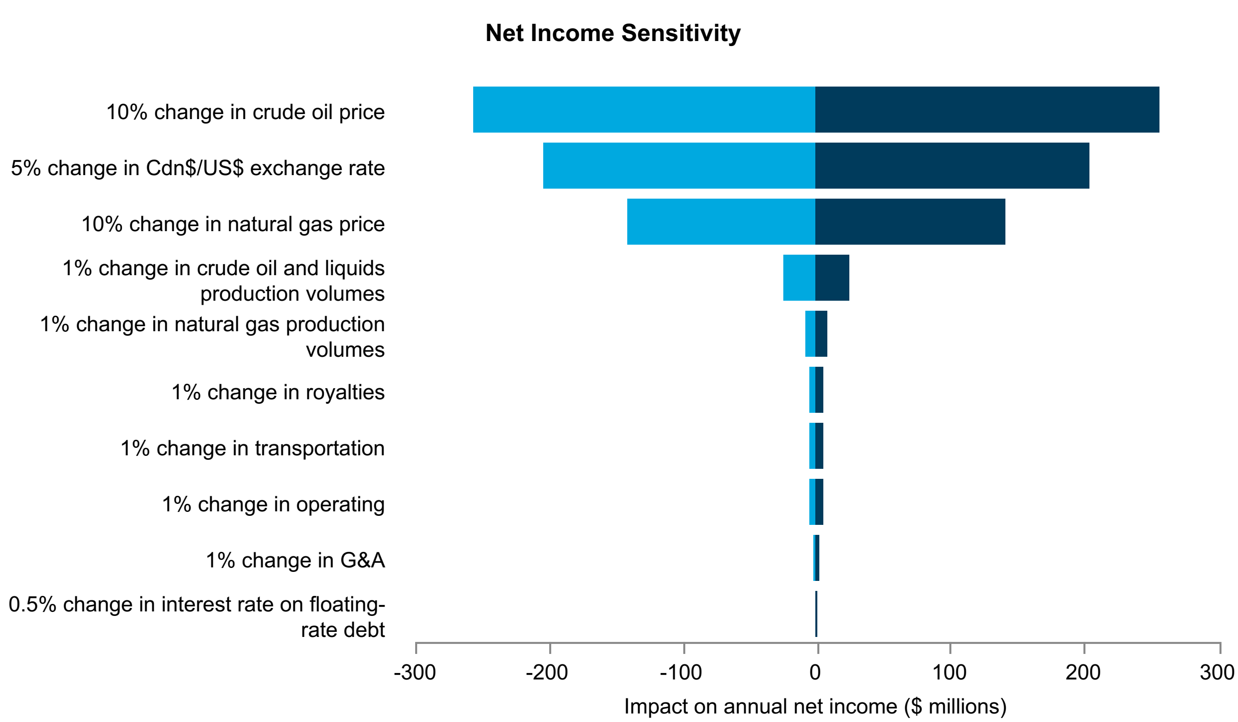
Table 6 illustrates sensitivities of operating items to business environment and operational changes and the resulting impact on net income:

Table 6

			Impact on Annual Net Income	
	Assumption	Change	Notional Amount ($ millions)	$/share
Business Environment (1)				
Crude oil price ($/bbl) (2)(3)	95.65	10 %	256.7	0.419
Natural gas price ($/Mcf) (2)	3.93	10 %	141.8	0.231
Cdn$/US$ exchange rate (2)(4)	1.35	5 %	203.5	0.332
Interest rate on floating-rate debt	6.52 %	0.5 %	0.7	0.001
Operational (5)				
Crude oil and liquids production (bbl/d)	130,414	1 %	24.8	0.040
Natural gas production (MMcf/d)	1,302	1 %	7.7	0.013
Royalties ($/boe)	5.63	1 %	5.4	0.009
Operating ($/boe)	4.76	1 %	4.5	0.007
Transportation ($/boe)	5.29	1 %	5.0	0.008
G&A ($/boe)	1.68	1 %	1.6	0.003

(1) Calculations are performed independently and may not be indicative of actual results that would occur when multiple variables change at the same time. The subsequent impact on risk management contracts is not included.
(2) Prices and rates are indicative of ARC's average realized prices for the nine months ended September 30, 2023. Refer to Table 10 contained within this MD&A for additional details. The calculated impact on net income is indicative of changes in the underlying benchmark prices and differentials and would only be applicable within a limited range of these amounts.
(3) Includes the impact on crude oil, condensate, and NGLs prices.
(4) Includes impact of foreign exchange on crude oil, condensate, natural gas, and NGLs prices that are realized in US dollars.
(5) Operational assumptions are based upon results for the nine months ended September 30, 2023 and the calculated impact on net income would only be applicable within a limited range of these amounts.

Exhibit 5



Production

Table 7

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

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

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

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

Exhibit 6

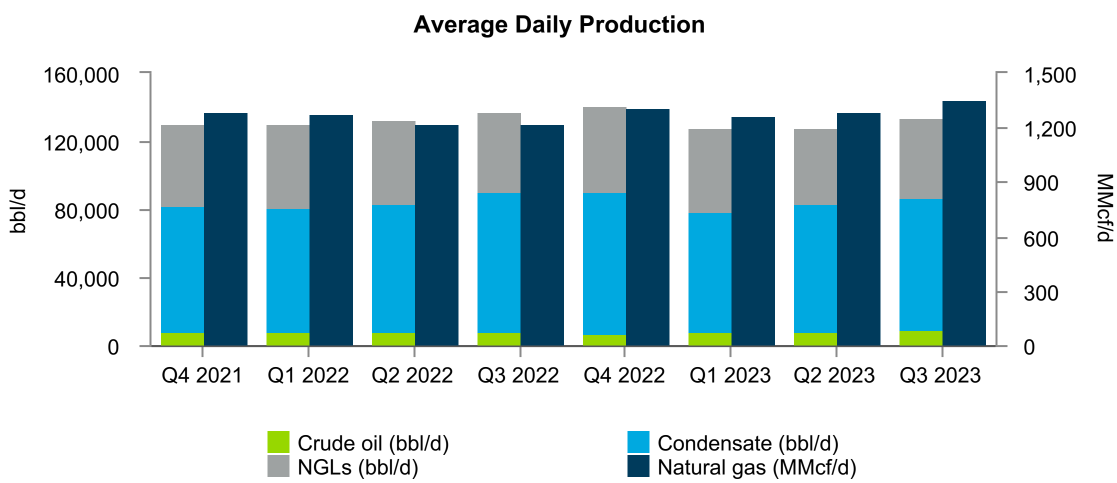


Table 8 summarizes ARC's production by core area for the three months ended September 30, 2023 and September 30, 2022:

Table 8

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

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

Exhibit 7

Production by Core Area
Three Months Ended September 30, 2023

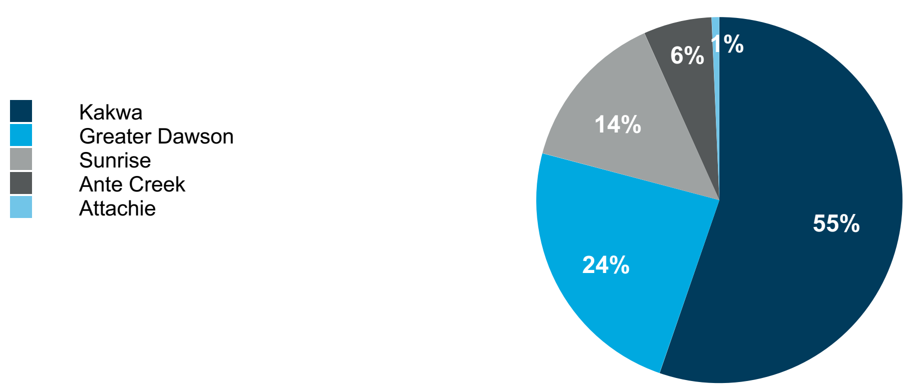


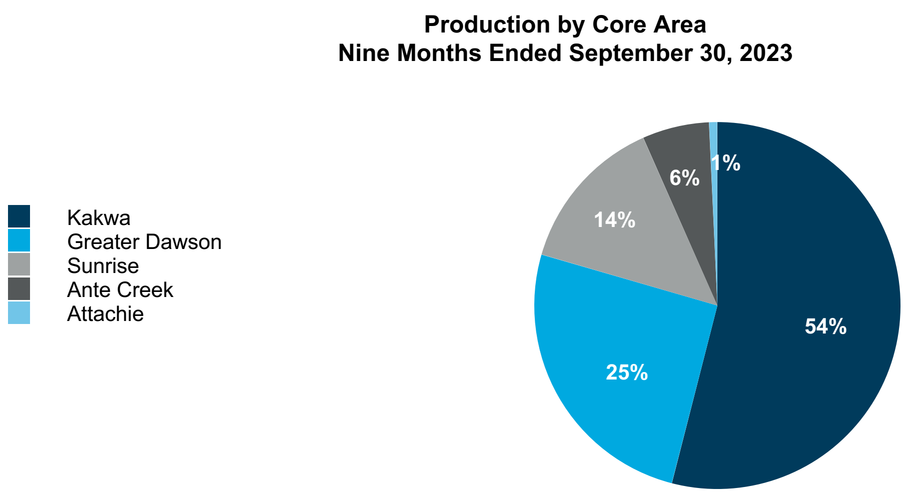
Table 8a summarizes ARC's production by core area for the nine months ended September 30, 2023 and September 30, 2022:

Table 8a

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

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

Exhibit 7a



Commodity Sales from Production

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

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

Table 9

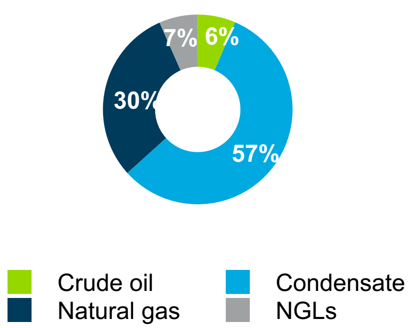
		Three Months Ended			Nine Months Ended		
Commodity Sales from Production, by Product ($ millions)	June 30, 2023	**September 30, 2023**	September 30, 2022	% Change	**September 30, 2023**	September 30, 2022	% Change
Crude oil	64.8	**85.6**	83.5	3	**216.2**	264.3	(18)
Condensate	641.6	**742.8**	834.6	(11)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

Table 9a

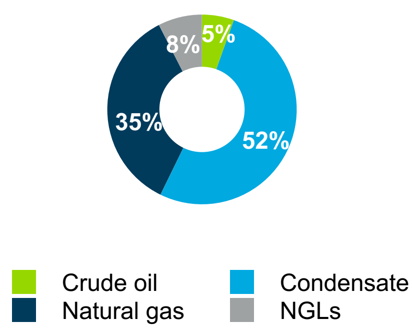
		Three Months Ended			Nine Months Ended		
% of Commodity Sales from Production by Product Type	June 30, 2023	**September 30, 2023**	September 30, 2022	% Change	**September 30, 2023**	September 30, 2022	% Change
Crude oil and liquids	70	**70**	49	21	**65**	54	11
Natural gas	30	**30**	51	(21)	**35**	46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

Exhibit 8

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



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



Commodity Prices

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

Table 10

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

(1) Historically this benchmark price referenced the Blended Condensate Index, but now references the Fort Saskatchewan Pipeline System condensate price.
(2) Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for an explanation of composition.

Benchmark Commodity Prices

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

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

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

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

ARC's Average Realized Commodity Prices

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

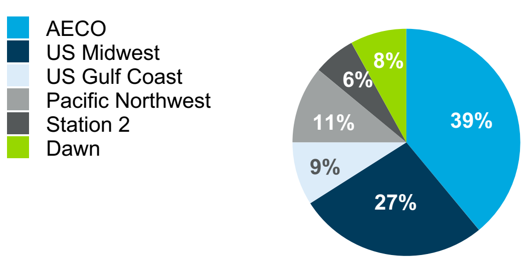
For the three and nine months ended September 30, 2023, ARC's average realized condensate price decreased six per cent and 18 per cent, respectively, compared to the same periods in 2022. The decrease for the three months ended September 30, 2023 reflects a decline in the WTI benchmark price and weaker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

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

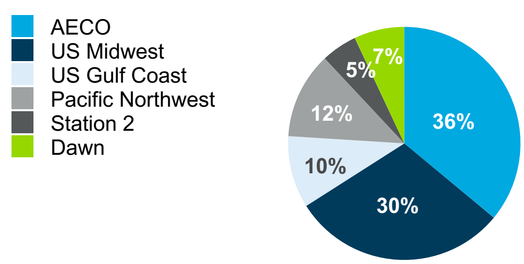
During the nine months ended September 30, 2023, ARC entered into a non-binding Memorandum of Understanding for a 20-year agreement to supply and liquefy approximately 200 MMcf per day of natural gas with the proposed Cedar LNG Project in British Columbia. The parties are working towards finalizing a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

Exhibit 9

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



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



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

Risk Management Contracts

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

Table 11

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

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

Table 11a

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

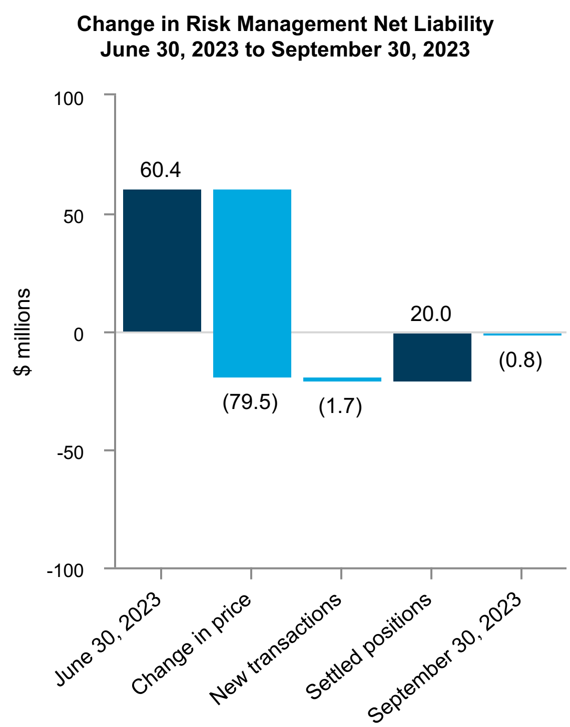
(1) Represents actual cash settlements under the respective contracts recognized in net income during the period.
(2) Represents the change in fair value of the contracts during the period.

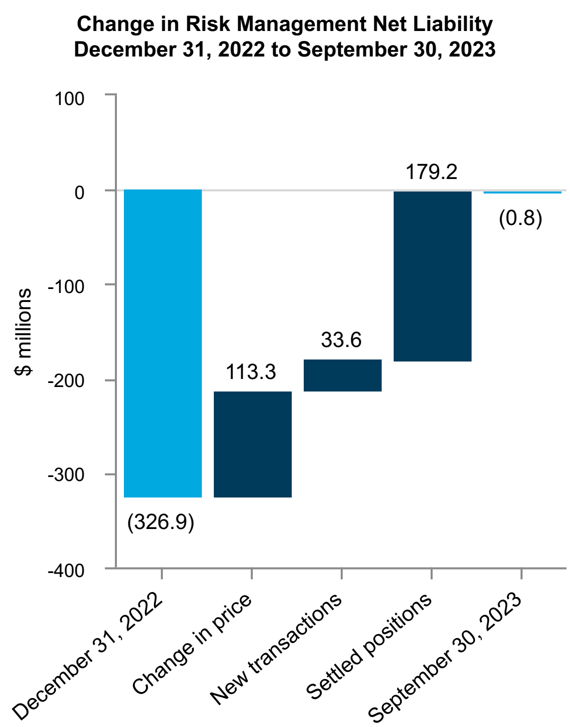
ARC's realized loss on risk management contracts for the three months ended September 30, 2023, primarily reflects cash settlements paid on WTI crude oil contracts. ARC's realized loss on risk management contracts for the nine months ended September 30, 2023, primarily reflects cash settlements paid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

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

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

Exhibit 10





Natural Gas - Embedded Derivative

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

Netback

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

Table 12

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

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

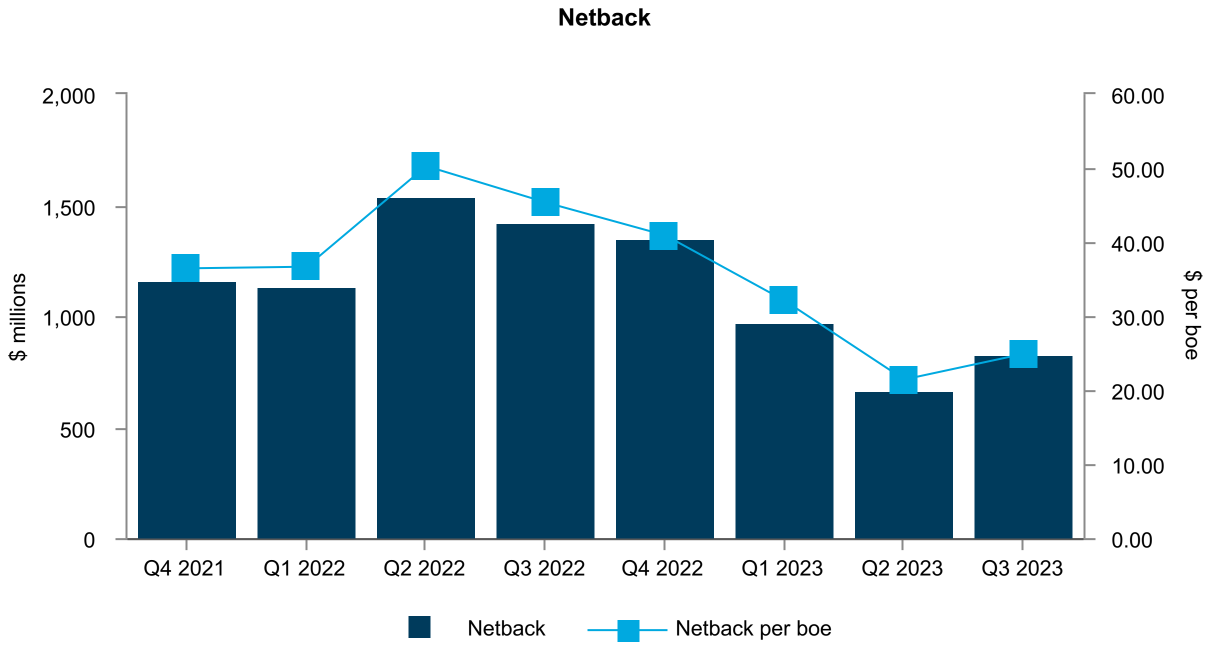
Table 12a

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

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

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

Exhibit 11

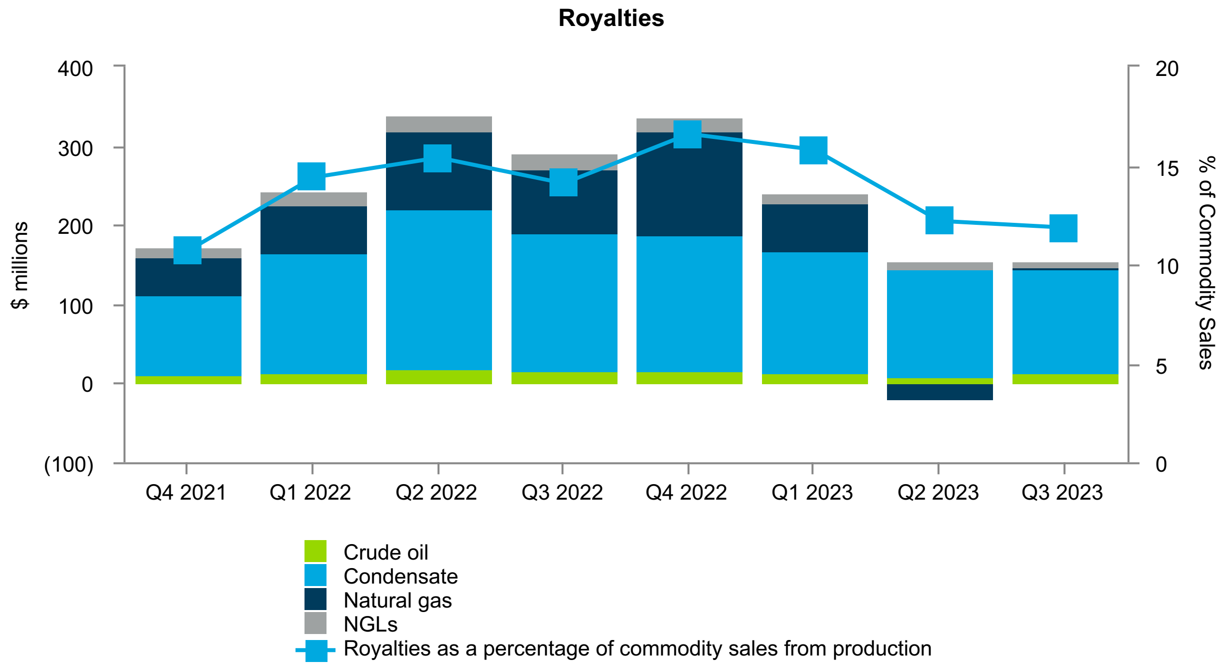


Royalties

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

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

Exhibit 12



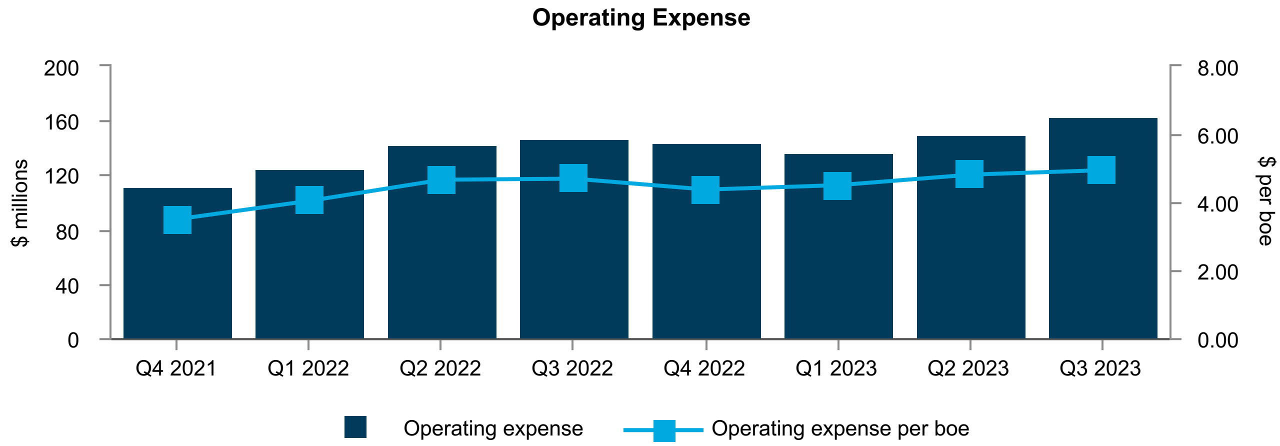
Operating

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

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

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

Exhibit 13



Transportation

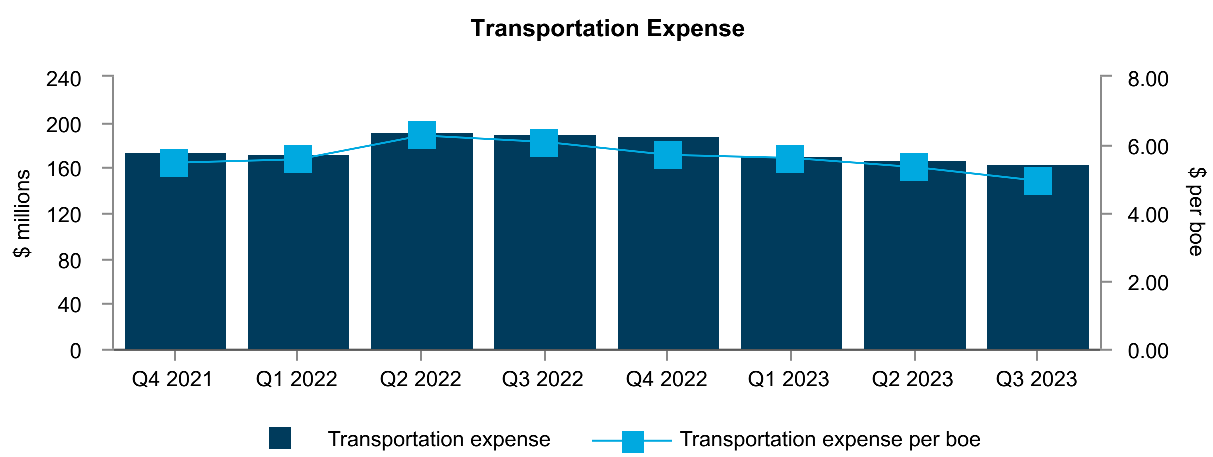
Transportation expense for the three and nine months ended September 30, 2023 was $163.9 million and $501.7 million, a decrease of 14 per cent and 10 per cent, from $191.3 million and $555.6 million for the three and nine months ended September 30, 2022, respectively.

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

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

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

Exhibit 14



G&A

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

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

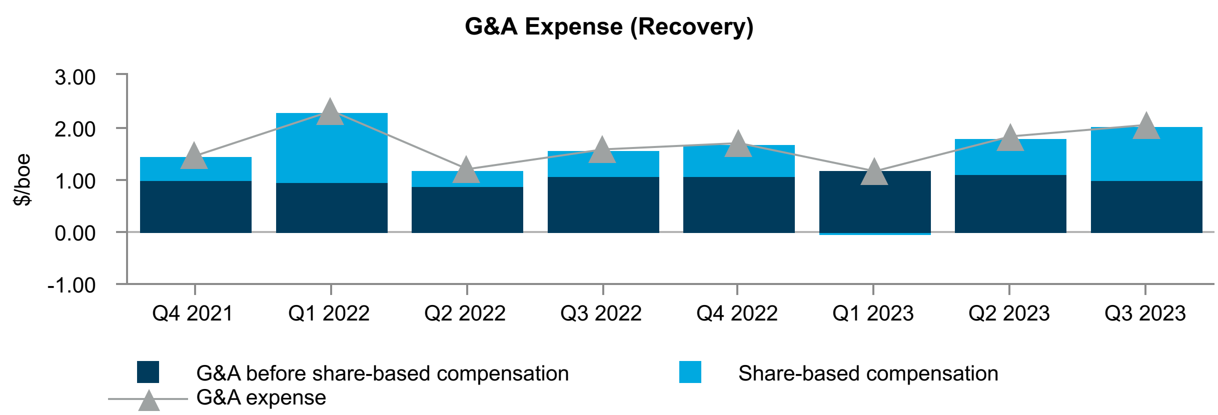
During the nine months ended September 30, 2023, ARC recognized G&A expense of $56.0 million associated with its share-based compensation plans, compared to $66.9 million during the same period of the prior year. The decrease for the nine months ended September 30, 2023 is primarily due to a smaller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

Table 13 is a breakdown of G&A expense:

Table 13

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

Exhibit 15



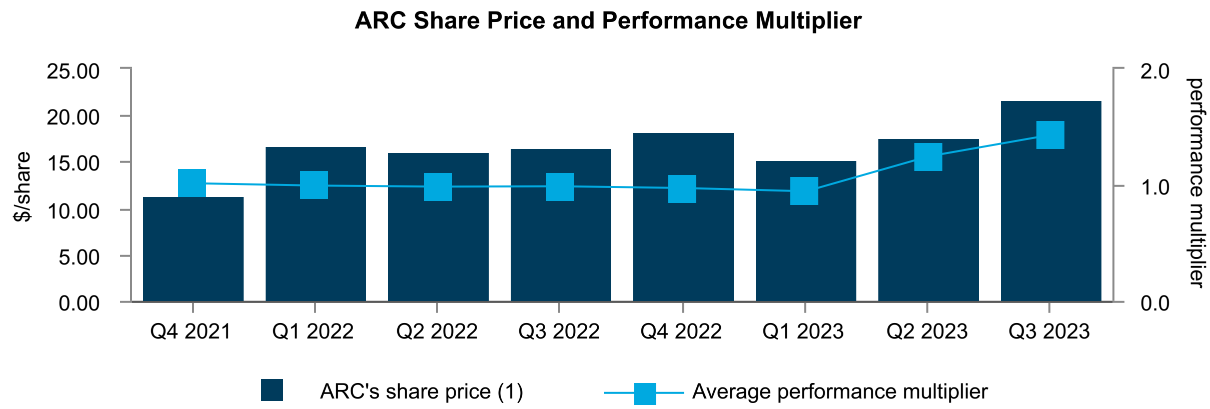
Share-based Compensation Plans

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

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

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

Exhibit 16



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

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

Table 14

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

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

Table 14a

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

(1) Based on underlying awards before any effect of the performance multiplier.
(2) Grants relate to additional performance awards for grants that vested in the current period.

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

Table 15

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

(1) Includes additional estimated awards to be issued under the Legacy Plans for dividends accrued to-date.
(2) Per share outstanding. Values will fluctuate over the vesting period based on the volatility of the underlying share price. Assumes a future share price equal to the TSX closing price at September 30, 2023.

Share Option Plans

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

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

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

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

Deferred Share Unit ("DSU") Plans

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

Interest and Financing

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

Table 16

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

Foreign Exchange Gain and Loss

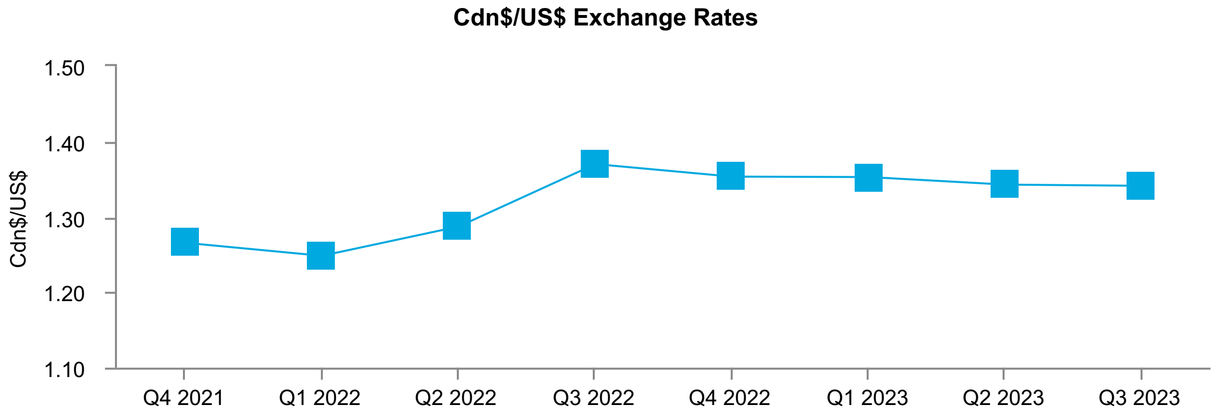
ARC recognized a gain on foreign exchange of $7.6 million in the third quarter of 2023 compared to $25.5 million in the third quarter of 2022. For the nine months ended September 30, 2023, ARC recognized a foreign exchange gain of $0.2 million compared to $38.8 million for the nine months ended September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

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

Table 17

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

Exhibit 17



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

Taxes

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

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

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

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

Table 18

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

DD&A and Impairment of PP&E

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

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

Table 19

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

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

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

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

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

Table 20

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

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

Capital expenditures were $401.4 million and $1.3 billion for the three and nine months ended September 30, 2023, respectively, compared to $372.9 million and $1.1 billion for the three and nine months ended September 30, 2022. Capital expenditures for the three and nine months ended September 30, 2023 included the drilling of 33 and 111 crude oil and natural gas wells and the completion of 35 and 118 crude oil and natural gas wells, respectively, across ARC's asset base. Capital expenditures during the third quarter of 2023 also included investment in Attachie Phase I development, following project sanctioning earlier in the year. Additional investment in 2023 included the completion of the Sunrise facility expansion and the electrification of the Dawson Phase III and IV facilities, which was supported in part through funding provided by the Province of British Columbia.

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

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

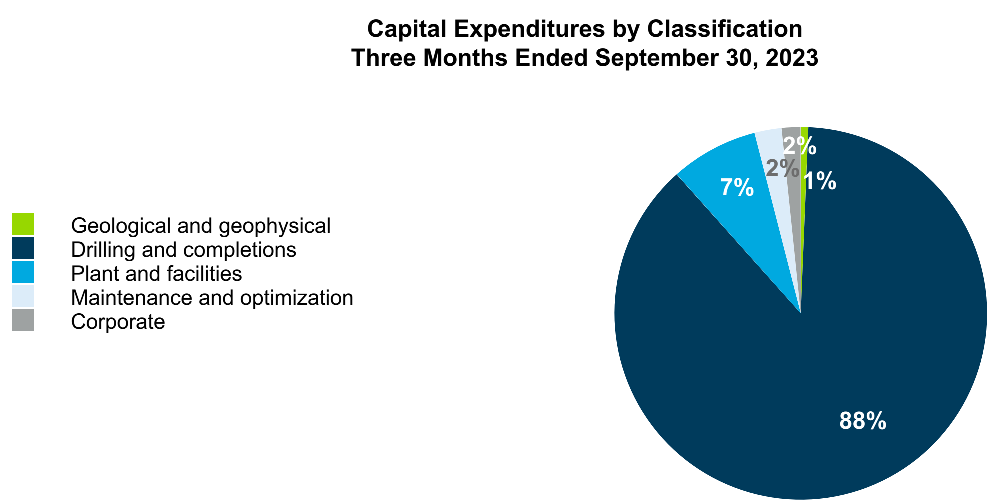
A breakdown of capital expenditures, acquisitions, and dispositions for the three months ended September 30, 2023 and September 30, 2022 is shown in Table 21:

Table 21

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

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

Exhibit 18



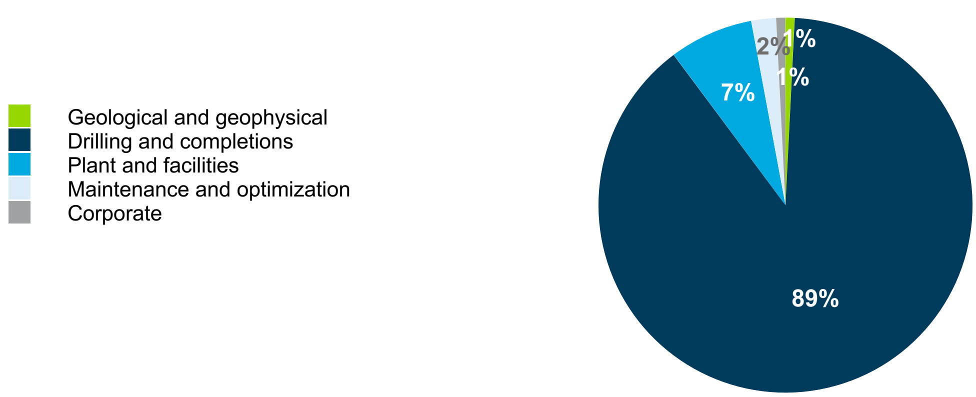
A breakdown of capital expenditures, acquisitions, and dispositions for the nine months ended September 30, 2023 and September 30, 2022 is shown in Table 21a:

Table 21a

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

Exhibit 18a

Capital Expenditures by Classification
Nine Months Ended September 30, 2023



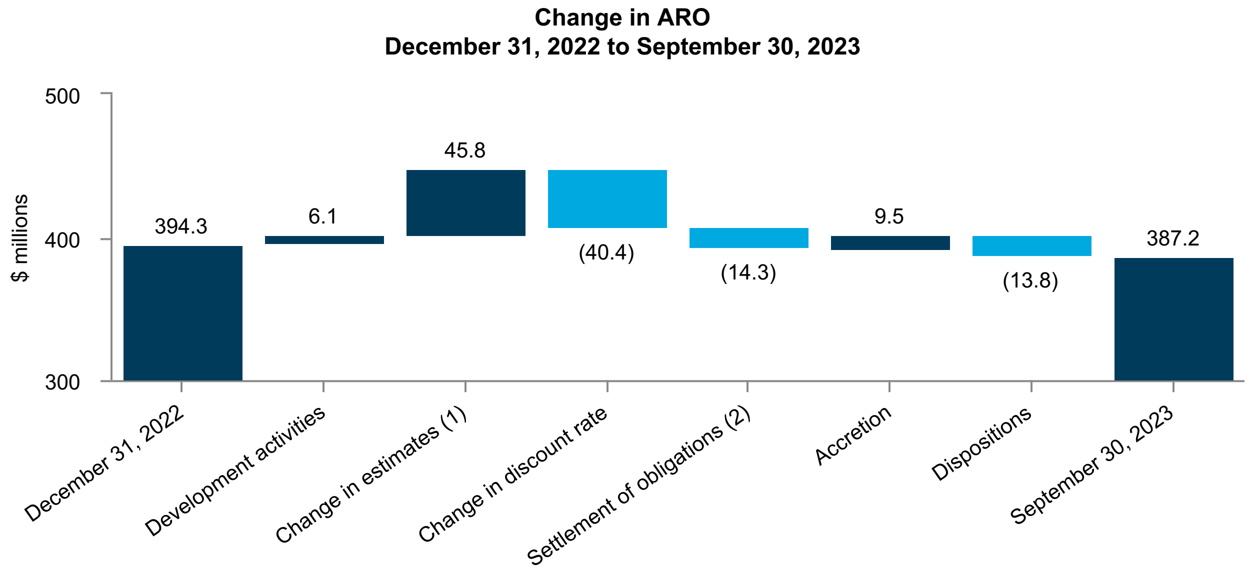
Asset Retirement Obligation

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

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

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

Exhibit 19



(1) Relates to changes in cost estimates of future obligations and anticipated settlement dates of ARO.
(2) For the three and nine months ended September 30, 2023, $nil and $0.4 million of obligations were indirectly settled through a government subsidy, whereby third-party service providers were reimbursed on behalf of ARC ($0.5 million and $1.0 million for the three and nine months ended September 30, 2022).

Capitalization, Financial Resources and Liquidity

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

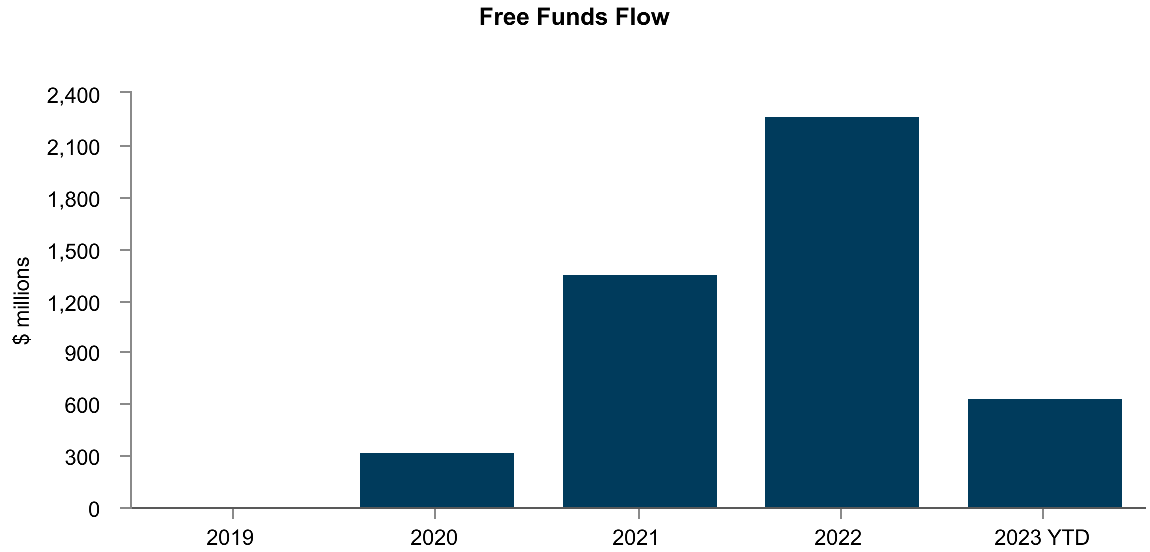
Maintaining targeted debt levels, paying a sustainable dividend, and exercising capital discipline to manage a moderate pace of development and control its corporate decline rate are the basis for ARC's current capital allocation. ARC takes a portfolio approach by periodically evaluating its capital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

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

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

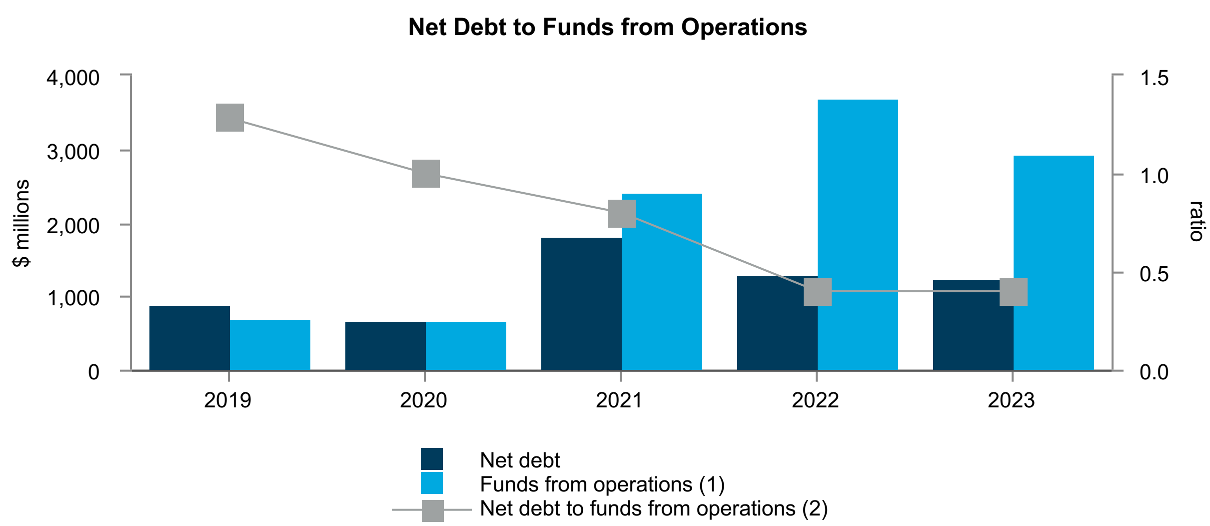
During the nine months ended September 30, 2023, ARC increased its dividend by 13 per cent from $0.15 per share per quarter to $0.17 per share per quarter, repurchased 16.9 million common shares under its normal course issuer bid ("NCIB"), and announced the renewal of its NCIB.

Exhibit 20



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

Exhibit 21



(1) 12-month trailing funds from operations.
(2) Composed of net debt divided by 12-month trailing funds from operations.

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

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

Table 22

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

Shareholders’ Equity

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

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

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

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

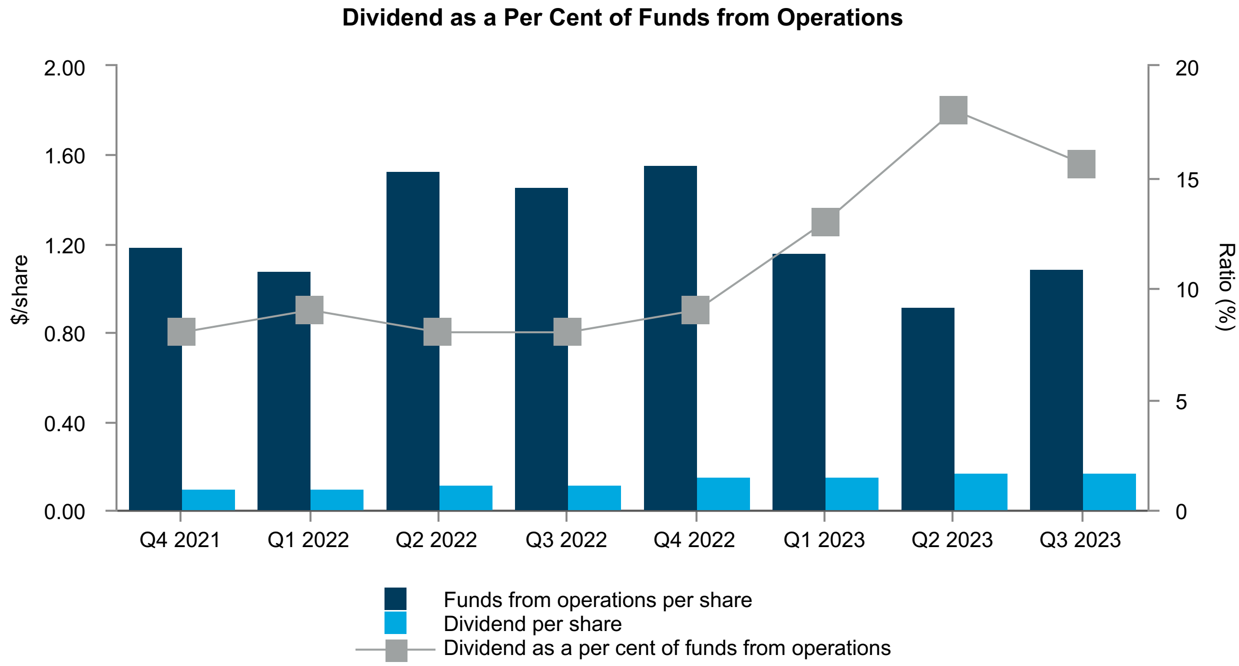
Dividends

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

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

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

Exhibit 22



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

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

Contractual Obligations and Commitments

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

Off-Balance Sheet Financing

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

Critical Accounting Estimates

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

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

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

- estimated fair values of financial instruments that are subject to fluctuation depending upon the underlying forward curves for commodity prices, foreign exchange rates and interest rates, as well as volatility curves, and the risk of non-performance, including embedded derivatives;

- estimated value of ARO that is dependent upon estimates of future costs and timing of expenditures;

- estimated value of ROU assets and lease obligations that are dependent upon estimates of discount rates and timing of lease payments;

- estimated compensation expense under ARC’s share-based compensation plans including the PSUs awarded under the PSU Plans that are dependent on the final number of PSU awards that eventually vest based on a performance multiplier; and

- estimated fair values of assets acquired and liabilities assumed in a business combination.

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

CONTROL ENVIRONMENT

Internal Control over Financial Reporting ("ICFR")

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

FINANCIAL REPORTING UPDATE

New Accounting Policies

Amendments to IAS 12 *Income Taxes*

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

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

Non-GAAP and Other Financial Measures

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

Non-GAAP Financial Measures

Capital Expenditures

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

Table 23

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

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

Free Funds Flow

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

Table 24

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

Netback

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

Adjusted EBIT

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

Table 25

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

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

Average Capital Employed

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

Table 26

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

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

Non-GAAP Ratios

Netback per boe

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

Free Funds Flow per Share

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

Return on Average Capital Employed

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

Table 27

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

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

Capital Management Measures

Funds from Operations

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

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

Table 28

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

Net Debt and Net Debt to Funds from Operations

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

Table 29

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

(1) 12-month trailing funds from operations.
(2) Composed of net debt divided by 12-month trailing funds from operations.

Supplementary Financial Measures

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Forward-looking Information and Statements

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

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

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

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

GLOSSARY

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

Measurement

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

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

Financial and Business Environment

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

QUARTERLY HISTORICAL REVIEW

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

(1) Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within this MD&A for an explanation of composition.
(2) Trading statistics denote trading activity on the TSX only.