

CALGARY, Aug. 3, 2017 /CNW/ - (ARX - TSX) [ARC Resources Ltd.](http://www.arcresources.com) ("ARC") is pleased to report its second quarter 2017 operating and financial results. Second quarter production averaged 113,410 boe per day, net income was \$124.0 million (\$0.35 per share), and funds from operations totaled \$169.8 million (\$0.48 per share). ARC's unaudited condensed interim consolidated financial statements and notes ("financial statements"), as well as ARC's Management's Discussion and Analysis ("MD&A") for the three and six months ended June 30, 2017, are available on ARC's website at [www.arcresources.com](http://www.arcresources.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

	Three Months Ended		
	March 31, 2017	June 30, 2017	June 30, 2016
<b>FINANCIAL</b>			
(Cdn\$ millions, except per share and boe amounts and shares outstanding)			
Net income (loss)	142.5	124.0	(58.1)
Per share <sup>(1)</sup>	0.40	0.35	(0.17)
Funds from operations <sup>(2)</sup>	177.2	169.8	141.7
Per share <sup>(1)</sup>	0.50	0.48	0.40
Dividends	53.1	53.1	52.5
Per share <sup>(1)</sup>	0.15	0.15	0.15
Capital expenditures, before land and net property acquisitions (dispositions)	255.2	151.0	112.6
Total capital expenditures, including land and net property acquisitions (dispositions)	260.6	165.8	221.2
Net debt outstanding <sup>(3)</sup>	501.4	527.4	969.3
Shares outstanding, weighted average diluted	353.7	353.8	350.5
Shares outstanding, end of period	353.4	353.4	351.1
<b>OPERATING</b>			
<b>Production</b>			
Crude oil (bbl/d)	24,030	23,813	31,702
Condensate (bbl/d)	4,504	4,253	3,733
Natural gas (MMcf/d)	496.2	483.9	467.5
NGLs (bbl/d)	3,893	4,691	4,336
Total (boe/d) <sup>(4)</sup>	115,129	113,410	117,695
<b>Average realized prices, prior to risk management contracts</b>			
Crude oil (\$/bbl)	61.62	59.78	52.80
Condensate (\$/bbl)	64.44	60.08	51.20
Natural gas (\$/Mcf)	3.10	2.99	1.39
NGLs (\$/bbl)	25.91	26.27	13.60
Oil equivalent (\$/boe) <sup>(4)</sup>	29.63	28.63	21.87
<b>Operating netback (\$/boe) <sup>(4)(5)</sup></b>			
Commodity sales	29.63	28.63	21.87
Royalties	(2.49)	(2.76)	(1.97)
Transportation expenses			













Operating expenses	(6.74)	(6.65)	(6.41)
Netback prior to gain on risk management contracts	17.98	16.44	11.30
Realized gain on risk management contracts	2.36	3.03	6.10
Netback including gain on risk management contracts	20.34	19.47	17.40

#### TRADING STATISTICS <sup>(6)</sup>

High price	23.70	19.55	23.35
Low price	18.26	16.23	17.43
Close price	19.00	16.96	22.11
Average daily volume (thousands)	1,104	1,269	1,029

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

(2) Refer to Note 9 "Capital Management" in ARC's financial statements and to the sections entitled, "Funds from Operations" and "Capitalization, Financial Resources and Liquidity" contained within ARC's MD&A.

(3) Refer to Note 9 "Capital Management" in ARC's financial statements and to the section entitled, "Capitalization, Financial Resources and Liquidity" contained within ARC's MD&A.

(4) ARC has adopted the standard 6 Mcf : 1 barrel when converting natural gas to boe. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf : 1 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.

(5) Operating netback does not have a standardized meaning under IFRS. See "Non-GAAP Measures" contained within ARC's MD&A.

(6) Trading prices are stated in Canadian dollars and are based on intra-day trading on the Toronto Stock Exchange.

"Across our portfolio, ARC's team continued to deliver strong operating results in the second quarter of 2017, punctuated by the early start-up of our Dawson Phase III facility. As our largest facility constructed to-date, it is a great accomplishment that our team efficiently completed the facility ahead of schedule, on budget and with an exceptional safety record," stated Myron Stadnyk, President and CEO. "Looking ahead to the next major phases of growth for ARC, our Board of Directors has approved an increased 2017 capital budget of \$830 million. The increased budget sets the stage for a new project sequence that will add approximately 50,000 boe per day of new production over the next two and a half years, take the next step towards development at Attachie West, and enhance the long-term optionality of our business plan to create value for our shareholders."

## FINANCIAL AND OPERATING HIGHLIGHTS

### Financial Results

ARC delivered strong financial performance in the second quarter of 2017, recording net income of \$124.0 million (\$0.35 per share) and funds from operations of \$169.8 million (\$0.48 per share). First half 2017 net income was \$266.5 million (\$0.75 per share) and first half 2017 funds from operations were \$347.0 million (\$0.98 per share). Profitability is a key measure of performance at ARC, and strong full-cycle economics across our portfolio of assets enable us to efficiently convert our resources into earnings for shareholders.

ARC closed the second quarter with a strong balance sheet with \$527.4 million of net debt outstanding at June 30, 2017, and had additional cash and credit capacity of approximately \$1.7 billion, taking into account ARC's working capital surplus. The net debt to annualized funds from operations ratio was 0.8 times and net debt was approximately eight per cent of ARC's total capitalization at the end of the second quarter of 2017. ARC expects to outspend its cash flows over the course of the next two to three years and return to target debt levels of between one and 1.5 times annualized funds from operations.

### Operating Results

ARC achieved second quarter 2017 production of 113,410 boe per day, which was one per cent lower than the first quarter of 2017. The lower production, which was expected and noted in our first quarter 2017 results, was the result of planned maintenance activities and the anticipated impact of extensive weather-related road bans. ARC did not experience any volume impact as a result of broad-scale third-party infrastructure maintenance and outages in the period, as a result of proactively securing alternative marketin

arrangements in impacted areas. Second quarter 2017 natural gas production was 484 MMcf per day and crude oil and liquids production was 32,757 barrels per day. In mid-June, ARC's Dawson Phase III gas processing and liquids-handling facility started up ahead of schedule with initial sales volumes processed through the facility. ARC expects production levels at Dawson to increase through the second half of the year as the facility ramps up production. First half 2017 production of 114,265 boe per day was made up of 490 MMcf per day of natural gas and 32,593 barrels per day of crude oil and liquids. First half 2017 production was six per cent lower than the first half of 2016 primarily due to the 8,800 boe per day of production that was divested in 2016 as part of ARC's portfolio rationalization efforts. With Dawson Phase III coming on-stream earlier than planned, ARC's full-year 2017 annual production guidance is now expected to be in the range of 120,000 to 124,000 boe per day. ARC anticipates its 2017 exit rate to be in excess of 130,000 boe per day.

Second quarter 2017 capital expenditures, before land and net property acquisitions and dispositions, of \$151.0 million were focused on completing the construction of Dawson Phase III, as well as drilling and completion activities throughout the Montney. ARC drilled 20 operated wells (12 natural gas and liquids-rich natural gas wells, seven crude oil wells, and one disposal well) in the second quarter of 2017. First half 2017 capital expenditures, before land and net property acquisitions and dispositions, totaled \$406.2 million and included 66 wells drilled (36 crude oil wells, 29 natural gas and liquids-rich natural gas wells, and one disposal well).

## Strategy and Mid-year Budget Update

ARC's strategy of risk-managed value creation and its deliberate pace of asset development allow for learnings to be applied throughout all stages of the development model, while remaining focused on per share growth and overall shareholder returns. Through the ongoing evaluation of ARC's long-term plans, we are able to apply these learnings and have recently identified opportunities to improve the overall base plan. The result is a new project sequence that will profitably increase production by approximately 50,000 boe per day from 2017 through early 2020, continue to improve capital and operating efficiencies, advance ARC's safety and environmental performance, and enhance ARC's future development optionality. The plan will allow ARC to execute on the following:

- Increase production levels through the second half of 2017 at the Dawson Phase III facility, where ARC has sales capacity of 180 MMcf per day of natural gas and up to 7,500 barrels per day of liquids-handling;
- Increase the Sunrise Phase II facility expansion to sales capacity of 180 MMcf per day of natural gas. The facility is expected to come on-stream in stages starting mid-year 2019, at which point ARC's owned and operated total processing and sales capacity in the area will be 240 MMcf per day of natural gas;
- Accelerate the Dawson Phase IV gas processing and liquids-handling facility, which will have sales capacity of 90 MMcf per day of natural gas and up to 7,500 barrels per day of liquids-handling, by leveraging pre-investment in ARC's newest facility at Dawson Phase III, and building on our confidence in well performance and predictability of results in the area. The facility expansion is expected to come on-stream in early 2020;
- Advance towards commercialization at Attachie by drilling our first multi-well pad at Attachie West; and
- Optimize liquids production at Parkland/Tower while applying fracture stimulation knowledge from ARC's Tower development to the identified liquids opportunity at Attachie.

ARC's proactive physical marketing strategy has secured takeaway capacity for the Sunrise Phase II, Dawson Phase IV, and Attachie West projects.

Given the re-sequencing of projects within ARC's long-term plan, the Board of Directors has approved an increase to its 2017 capital program to \$830 million, from the \$750 million previously announced. The increased budget will accelerate initial investments in the Sunrise Phase II and Dawson Phase IV facilities, enter the demonstration stage at Attachie West with the addition of a multi-well pad to the 2017 drilling program, continue to advance ARC's understanding of the Lower Montney, which includes increased investment in Sunrise, and load-level drilling and completion operations at Tower in order to maintain crude oil production near facility capacity. The increased budget will continue to focus on sustaining ARC's base businesses, improving capital and operating efficiencies, and will support the optionality and overall depth that exists within ARC's long-term plan.

With its strong financial position, ARC has the flexibility to fund the increased 2017 capital budget as well as ARC's long-term capital programs with cash on-hand, cash flow generated from ARC's existing businesses, the redeployment of divestment proceeds, and additional debt if necessary. ARC will continue to manage conservative debt levels as a priority.

The following economic, financial, and operational reviews provide further details to the above highlights. For additional commentary on ARC's second quarter 2017 financial and operating results, please view the following videos: "Myron's Minute" and "[ARC Resources Ltd. Q2 2017 Review](#)" available on ARC's website at [www.arcresources.com](http://www.arcresources.com).

## ECONOMIC ENVIRONMENT

ARC's second quarter and first half 2017 financial and operating results were impacted by commodity prices and foreign exchange rates which are outlined in the following table.

Selected Benchmark Prices and Exchange Rates <sup>(1)</sup>	Three Months Ended			Six Months Ended		
	June 30, 2017	March 31, 2017	% Change	June 30, 2017	June 30, 2016	% Change
	WTI crude oil (US\$/bbl)	48.15	51.78	(7)	49.95	39.78
Mixed sweet crude stream price at Edmonton (Cdn\$/bbl)	61.74	63.64	(3)	62.78	47.84	31
NYMEX Henry Hub Last Day Settlement (US\$/MMBtu)	3.18	3.32	(4)	3.25	2.02	61
Chicago Citygate Monthly Index (US\$/MMBtu)	3.01	3.40	(11)	3.20	2.10	52
AECO 7A Monthly Index (Cdn\$/Mcf)	2.77	2.94	(6)	2.86	1.68	70
Cdn\$/US\$ exchange rate	1.34	1.32	2	1.33	1.33	&

(1) The benchmark prices do not reflect ARC's realized sales prices. For average realized sales prices, refer to the section entitled, "Sales of Crude Oil, Natural Gas, Condensate, NGLs and Other Income" contained within ARC's MD&A. Prices and exchange rates presented above represent averages for the respective periods.

Global crude oil prices remained range bound in the second quarter of 2017 as rising output from Libya and Nigeria and surging production from US shale producers served to offset the OPEC-led production cut extension that took place in the period. The WTI benchmark price averaged seven per cent lower than the first quarter of 2017. Global crude oil and product inventory levels remain elevated, which have caused weaker pricing to persist. ARC's crude oil price is primarily referenced to the mixed sweet crude stream price at Edmonton, which decreased three per cent in the second quarter of 2017 relative to the first quarter of 2017. The differential between WTI and the mixed sweet crude stream price at Edmonton narrowed to average a discount of US\$2.24 per barrel in the second quarter of 2017, 37 per cent less than the first quarter of 2017.

US natural gas prices, referenced by the average NYMEX Henry Hub Last Day Settlement price, decreased four per cent relative to the first quarter of 2017. While the supply/demand balance was generally within norms in the period, prices were down as a result of small gains in US production and lower demand from the power generation sector. ARC's realized natural gas price is diversified to multiple sales points including AECO, Station 2 and Chicago hubs. The AECO hub price decreased six per cent in the second quarter of 2017 relative to the first quarter of 2017. Despite strong local demand, AECO basis differentials remain wide due to the high marginal transportation costs of shipping natural gas to downstream markets. Local production is expected to be constrained through the third quarter of 2017 as third-party maintenance and planned outages get underway, which may lead to significant price volatility in the near term.

The Canadian dollar weakened relative to the US dollar during the second quarter of 2017, averaging Cdn\$/US\$1.34 (US\$/Cdn\$0.75). Subsequent to period-end, the Canadian dollar has strengthened as a result of the Bank of Canada's announcement to increase interest rates.

## FINANCIAL REVIEW

### Net Income

ARC recorded net income of \$124.0 million (\$0.35 per share) in the second quarter of 2017 compared to net income of \$142.5 million (\$0.40 per share) in the first quarter of 2017. Decreased gains of \$96.0 million recognized on ARC's risk management contracts and reduced operating netbacks of \$17.2 million, caused primarily by lower commodity prices, served to decrease net income in the second quarter of 2017 relative to the first quarter of 2017. Increased general and administrative ("G&A") expenses of \$9.9 million, driven by increased expenses recorded on ARC's share-based compensation plans resulting from ARC's improved total return performance relative to its peers, also contributed to the decrease in earnings. Partially offsetting these decreases to net income was a \$75.0 million reversal of a previously-recognized impairment charge, reduced income taxes of \$12.9 million, and increased foreign exchange gains of \$11.4 million.

Net income of \$266.5 million (\$0.75 per share) for the six months ended June 30, 2017 was \$260.5 million higher than net income for the six months ended June 30, 2016. Increased gains of \$196.0 million on ARC's risk management contracts and improved operating netbacks of \$118.9 million due to strengthened commodity prices were the most significant drivers in the year-over-year increase to net income. The reversal of a previously-recognized impairment charge of \$75.0 million, reduced depletion, depreciation and amortization expenses of \$38.7 million, and reduced G&A expenses of \$26.4 million driven by decreased expenses recorded on ARC's share-based compensation plans due to a lower share price, also contributed to the increase. These increases to earnings were partially offset by increased income taxes of \$120.4 million resulting primarily from improved commodity prices and reduced tax pools associated with the disposition of certain non-core assets in 2016, the recognition of a \$40.2 million gain on business combinations in the prior year, and lower gains on foreign exchange of \$36.9 million.

### Funds from Operations

ARC's second quarter 2017 funds from operations of \$169.8 million (\$0.48 per share) decreased four per cent from first quarter 2017 funds from operations of \$177.2 million (\$0.50 per share). The most significant drivers in the quarter-over-quarter decrease in funds from operations were lower commodity prices and increased G&A expenses driven primarily by expenses recorded on ARC's share-based compensation plans. These factors were partially offset by lower current income taxes and increased realized gains on ARC's risk management contracts.

First half 2017 funds from operations of \$347.0 million (\$0.98 per share) were 19 per cent higher than first half 2016 funds from operations. Improved commodity prices and reduced G&A expenses increased funds from operations relative to the prior year. These items were partially offset by decreased crude oil production and lower realized gains on ARC's risk management contracts. Higher royalty expenses and increased current income taxes also served to partially decrease funds from operations in the first half of 2017 relative to the first half of 2016.

The following table details the change in funds from operations for the second quarter of 2017 relative to the first quarter of 2017 and for the first half of 2017 relative to the first half of 2016.

	Q1 2017 to Q2 2017		H1 2016 to H1 2017	
	\$ millions	\$/Share <sup>(2)</sup>	\$ millions	\$/Share <sup>(2)</sup>
Funds from operations for the first quarter of 2017 <sup>(1)</sup>	177.2	0.50		
Funds from operations for the first half of 2016 <sup>(1)</sup>			291.8	0.83
Volume variance				
Crude oil and liquids	0.9	&mdash;	(72.0)	(0.21)
Natural gas	(2.2)	(0.01)	3.0	0.01
Price variance				
Crude oil and liquids	(5.5)	(0.01)	90.3	0.26
Natural gas	(4.8)	(0.01)	116.4	0.32
Other income	(0.6)	&mdash;	2.4	0.01
Realized gain on risk management contracts	6.9	0.02	(78.0)	(0.22)
Royalties	(2.7)	(0.01)	(14.9)	(0.04)
Expenses				
Transportation	(3.6)	(0.01)	(5.4)	(0.02)
Operating	1.3	&mdash;	(0.9)	&mdash;
G&A	(7.5)	(0.02)	28.3	0.08
Interest	&mdash;	&mdash;	2.0	0.01
Current tax	16.0	0.05	(12.0)	(0.03)
Realized loss on foreign exchange	(5.6)	(0.02)	(4.0)	(0.01)
Weighted average shares, diluted	&mdash;	&mdash;	&mdash;	(0.01)
Funds from operations for the second quarter of 2017 <sup>(1)</sup>	169.8	0.48		
Funds from operations for the first half of 2017 <sup>(1)</sup>			347.0	0.98

(1) Refer to Note 9 "Capital Management" in ARC's financial statements and to the sections entitled, "Funds from Operations" and "Capitalization, Financial Resources and Liquidity" contained within ARC's MD&A.

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

Operating Netbacks

ARC's second quarter 2017 operating netback, prior to gains on risk management contracts, of \$16.44 per boe decreased nine per cent relative to the first quarter of 2017, and ARC's second quarter 2017 operating netback, including gains on risk management contracts, of \$19.47 per boe decreased four per cent relative to the first quarter of 2017. Lower operating netbacks were predominantly due to weakened crude oil and natural gas prices.

ARC's first half 2017 operating netback, prior to gains on risk management contracts, of \$17.21 per boe increased 58 per cent from the first half of 2016, and ARC's first half 2017 operating netback, including gains on risk management contracts, of \$19.90 per boe increased 17 per cent relative to the first half of 2016. Higher operating netbacks were predominantly due to strengthened crude oil and natural gas prices.

ARC's second quarter 2017 total corporate royalty rate of 9.6 per cent (\$2.76 per boe) increased from 8.4 per cent (\$2.49 per boe) in the first quarter of 2017 as a result of certain wells completing their eligibility period for reduced royalty rates. ARC's first half 2017 total corporate royalty rate of 9.0 per cent (\$2.62 per boe) increased from 8.5 per cent (\$1.79 per boe) and reflects the effect of increased commodity prices on royalty rates. Second quarter and first half 2017 royalty expenses on an absolute basis were \$28.5 million and \$54.3 million, respectively.

Second quarter 2017 transportation expenses of \$2.78 per boe increased 15 per cent from the first quarter of 2017 due to additional gas transportation charges incurred in order to mitigate the negative impact of third-party pipeline outages to ARC's production. In addition to the factors contributing to the increase in second quarter transportation expenses, first half 2017 transportation expenses of \$2.60 per boe increased 19 per cent relative to the first half of 2016 primarily as a result of an aggregate increase in tolls for natural gas on third-party pipelines. Second quarter and first half 2017 transportation expenses on an absolute basis were \$28.6 million and \$53.6 million, respectively.

Second quarter 2017 operating expenses of \$6.65 per boe were relatively unchanged from first quarter 2017 operating expenses of \$6.74 per boe. First half 2017 operating expenses of \$6.70 per boe increased seven per cent relative to the first half of 2016 and was the result of increased maintenance and workover activities in the first half of 2017. Second quarter and first half 2017 operating expenses on an absolute basis were \$68.6 million and \$138.5 million, respectively.

## Risk Management

ARC realized cash gains on natural gas risk management contracts of \$31.3 million and \$56.7 million during the second quarter and first half of 2017, respectively. Approximately 30 per cent of natural gas production was hedged at NYMEX Henry Hub with an average floor price of US\$4.00 per MMBtu during the first half of 2017, while market prices averaged US\$3.25 per MMBtu. Approximately 10 per cent of natural gas production was hedged at AECO with an average swap price of Cdn\$2.64 per GJ during the first half of 2017, while market prices averaged Cdn\$2.71 per GJ. ARC has hedged approximately 247,000 MMBtu per day of natural gas production for the second half of 2017 and a portion of natural gas production is hedged for the period 2018 through 2021. ARC's natural gas risk management portfolio also includes AECO basis swap contracts which fix the AECO price received relative to the NYMEX Henry Hub price on a portion of its natural gas volumes for 2017 through 2021, and basis swap contracts which fix other regional sales prices received relative to the NYMEX Henry Hub price on a portion of its natural gas volumes for 2019 through 2021. ARC's natural gas risk management contract positions support long-term development economics for ARC's significant natural gas resource base. Details pertaining to ARC's natural gas hedged volumes and prices for the period 2017 through 2021 are outlined in the table that follows.

ARC realized cash gains of \$0.8 million and \$0.3 million on crude oil risk management contracts during the second quarter and first half of 2017, respectively. ARC currently has 14,000 barrels per day of crude oil production hedged with collars and swaps for the second half of 2017 and has additional crude oil production hedged for 2018 and 2019. ARC's crude oil risk management portfolio also includes MSW basis swap contracts for 2017 and 2018, fixing the discount between WTI and the mixed sweet crude stream price at Edmonton. Details pertaining to ARC's crude oil hedged volumes and prices for the period 2017 through 2019 are outlined in the table that follows.

ARC has risk management contracts in place, at levels that support ARC's long-term business plans, to protect prices on a portion of natural gas and crude oil volumes. ARC will continue to take positions in natural gas, crude oil, foreign exchange rates, power and interest rates, as appropriate, to provide greater certainty over future cash flows. For a summary of the average crude oil and natural gas volumes associated with ARC's risk management contracts as at June 30, 2017, see Note 10 "Financial Instruments and Market Risk Management" in ARC's financial statements for the three and six months ended June 30, 2017.

## Risk Management Contracts Positions Summary <sup>(1)</sup>

As at August 3, 2017	H2 2017		2018		2019
Crude Oil &ndash; WTI <sup>(2)</sup>	US\$/bbl	bbl/day	US\$/bbl	bbl/day	US\$/bbl
Ceiling					























Floor	45.71	14,000	50.00	4,000	50.00
Sold Floor	35.23	11,000	40.00	4,000	40.00
Crude Oil &ndash; Cdn\$ WTI <sup>(3)</sup>	Cdn\$/bbl	bbl/day	Cdn\$/bbl	bbl/day	Cdn\$/bbl
Ceiling	&mdash;	&mdash;	76.25	2,000	&mdash;
Floor	&mdash;	&mdash;	65.00	2,000	&mdash;
Swap	&mdash;	&mdash;	72.52	6,000	&mdash;
Total Crude Oil Volumes (bbl/day)		14,000		12,000	
Crude Oil &ndash; MSW (Differential to WTI) <sup>(4)</sup>	US\$/bbl	bbl/day	US\$/bbl	bbl/day	US\$/bbl
Swap	(3.22)	10,000	(3.45)	5,000	&mdash;
Natural Gas &ndash; NYMEX Henry Hub <sup>(5)</sup>	US\$/MMBtu	MMBtu/day	US\$/	MMBtu/day	US\$/
			MMBtu		MMBtu
Ceiling	3.37	20,000	3.64	80,000	4.12
Floor	3.00	20,000	3.00	80,000	3.31
Sold Floor	&mdash;	&mdash;	2.50	80,000	2.25
Swap	4.00	145,000	4.00	90,000	&mdash;
Natural Gas &ndash; AECO <sup>(6)</sup>	Cdn\$/GJ	GJ/day	Cdn\$/GJ	GJ/day	Cdn\$/GJ
Ceiling	&mdash;	&mdash;	&mdash;	&mdash;	3.30
Floor	&mdash;	&mdash;	&mdash;	&mdash;	3.00
Swap	2.78	86,630	2.99	44,932	3.16
Total Natural Gas Volumes (MMBtu/day)		247,110		212,587	
Natural Gas &ndash; AECO Basis (Percentage of NYMEX)	AECO/	MMBtu/day	AECO/	MMBtu/day	AECO/
	NYMEX		NYMEX		NYMEX
Sold Swap	89.7	145,000	84.9	90,000	83.7
Natural Gas &ndash; AECO Basis (Differential to NYMEX)	US\$/	MMBtu/day	US\$/	MMBtu/day	US\$/
	MMBtu		MMBtu		MMBtu
Sold Swap	(0.81)	70,000	(0.78)	80,000	(0.78)
Bought Swap	(1.19)	(50,000)	&mdash;	&mdash;	&mdash;
Total AECO Basis Volumes (MMBtu/day)		165,000		170,000	
Natural Gas &ndash; Other Basis (Differential to NYMEX) (MMBtu/day) <sup>(7)</sup>		MMBtu/day		MMBtu/day	
Sold Swap		&mdash;		&mdash;	

(1) The prices and volumes in this table represent averages for several contracts representing different periods. The average price for the portfolio of options listed above does not have the same payoff profile as the individual option contracts. Viewing the average price of a group of options is purely for indicative purposes. All positions are financially settled against the benchmark prices disclosed in Note 10 "Financial Instruments and Market Risk Management" in ARC's financial statements for the three and six months ended June 30, 2017.

(2) Crude oil prices referenced to WTI.

(3) Crude oil prices referenced to WTI, multiplied by the WM/Reuters Intra-day Spot Rate as of Noon EST.

(4) MSW differential refers to the discount between WTI and the mixed sweet crude stream price at Edmonton, calculated on a monthly weighted average basis in US\$.

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

(6) Natural gas prices referenced to AECO 7A Monthly Index.

(7) ARC has entered into basis swaps at locations other than AECO.

## OPERATIONAL REVIEW

ARC invested \$151.0 million of capital, before land and net property acquisitions and dispositions, in the second quarter of 2017, including drilling 20 operated wells (12 natural gas and liquids-rich natural gas wells, seven crude oil wells, and one disposal well). Capital expenditures in the period included completing construction of Dawson Phase III and drilling and completion activities throughout the Montney. First half 2017 capital expenditures, before land and net property acquisitions and dispositions, totaled \$406.2 million and included 66 wells drilled (36 crude oil wells, 29 natural gas and liquids-rich natural gas wells, and one disposal well). Nearly 90 per cent of capital investment in the first half of 2017 was invested in ARC's low-cost, high-value Montney assets.

Area	Six Months Ended June 30, 2017	
	Wells Drilled	Wells Completed
Dawson	15	17
Sunrise	5	&mdash;
Parkland/Tower	21	23
Attachie	2	2
Pouce Coupe	1	3
Ante Creek	13	6
Pembina	9	12
Total	66	63

Second quarter 2017 production was 113,410 boe per day, with natural gas production of 484 MMcf per day (71 per cent of total production) and crude oil and liquids production of 32,757 barrels per day (29 per cent of total production). As expected, second quarter 2017 average daily production was one per cent lower relative to the first quarter of 2017 due to planned maintenance activities and the anticipated impact of extensive weather-related road bans. ARC did not experience any volume impact as a result of broad-scale third-party infrastructure maintenance and outages in the period, as a result of proactively securing alternative marketing arrangements in impacted areas. First half 2017 production of 114,265 boe per day was made up of 490 MMcf per day of natural gas and 32,593 barrels per day of crude oil and liquids. First half 2017 production was six per cent lower than the first half of 2016 primarily due to the 8,800 boe per day of production that was divested in 2016 as part of ARC's portfolio rationalization efforts.

ARC currently has a land position of approximately 1,200 net Montney sections, and Montney production represented approximately 85 per cent of corporate production in the second quarter of 2017. Excellent operating and capital efficiencies are supported by ARC owning and operating its own facilities, allowing for greater control over costs and pace of development. ARC continues to optimize well designs and maximize well value, pursue new technologies, and partner with service providers to preserve its low cost structure. ARC actively monitors market conditions and maintains a marketing strategy that proactively secures takeaway capacity for future development projects, diversifies ARC's sales portfolio, and ensures that production gets to market at optimal pricing.

Lower Montney

ARC's lands within the over-pressured Montney fairway have significant development potential in the Lower Montney horizon. This opportunity is currently being appraised across all of ARC's Montney assets as ARC progresses its technical understanding of the zone and works to better understand the economics associated with development.

At Dawson, the Lower Montney horizon has shown high liquids yields that are driving strong economics and indicating significant upside in the area of the field that will be developed to support production at the Dawson Phase III and the newly-sanctioned Dawson Phase IV facilities. At Pouce Coupe, two wells brought on production during the first half of 2017 have garnered strong initial production results. Encouraged by these results, ARC plans to tie in a third well in the third quarter of 2017. Parkland/Tower has been a focus of ARC's Lower Montney appraisal program, and two recently-drilled wells will be brought on production during the latter half of 2017. At Sunrise, a five-well development pad was drilled in the second quarter of 2017 with completion operations scheduled to commence during the fourth quarter of 2017. Significant Lower Montney development potential has also been identified at Attachie, where ARC will drill an appraisal well in the fourth quarter of 2017.

ARC's 2017 capital program includes the drilling of 20 Lower Montney wells across ARC's Montney acreage. Evaluation and monitoring of production results will be ongoing as ARC optimizes well designs. The long-term growth opportunities from the Lower Montney horizon will provide ARC with strategic optionality in the future, and increase the overall depth of ARC's portfolio.

## Dawson

The Dawson Montney play is the foundation of ARC's low-cost natural gas business, where ARC has a land position of 137 net Montney sections. Dawson production averaged 181 MMcf per day of natural gas and 1,400 barrels per day of condensate and liquids during the second quarter of 2017, an increase of two per cent from the first quarter of 2017. The increased production was from initial sales recorded at the Dawson Phase III facility, which started up ahead of schedule in mid-June. Production levels at Dawson are expected to increase through the second half of 2017 as additional wells that were drilled and completed in the first half of 2017 are tied into the new facility. The Dawson play delivers strong economics and significant cash flow at current natural gas prices, due to excellent capital efficiencies, exceptional well results, and low operating expenses.

ARC invested \$128 million at Dawson in the first half of 2017. Capital investment was directed at completing construction of the Dawson Phase III facility, which was started up ahead of schedule and had an exceptional safety record through construction and start-up. The first phase of Dawson Phase III was designed to process 90 MMcf per day of natural gas and handle up to 7,500 barrels per day of liquids (approximately 50 per cent condensate-handling), and has dual-connectivity to third-party pipeline infrastructure in order to provide increased takeaway optionality. Liquids production through Dawson Phase III is expected to stabilize at approximately 3,000 barrels per day. ARC drilled 15 natural gas wells and completed 17 wells in the first half of 2017; the majority of these wells targeted the liquids-rich areas of the Montney.

Given the high confidence in well performance, predictability of results, and overall well inventory, ARC is proceeding with the Phase IV expansion of the Dawson gas processing and liquids-handling facility. The facility expansion, which has received regulatory approval, will add natural gas sales of approximately 90 MMcf per day and will have the ability to handle up to 7,500 barrels per day of liquids (approximately 50 per cent condensate-handling). The plant design is consistent with the Dawson Phase III facility, taking advantage of the Phase III investments and design, making Dawson Phase IV one of our most attractive investment opportunities. The Phase IV facility has been designed to handle free liquids and a richer gas production from the Lower Montney. The facility expansion is expected to come on-stream in early 2020, and long-term takeaway capacity for production associated with the facility expansion has been secured.

## Sunrise

ARC has a land position of 32 net Montney sections at Sunrise, a dry natural gas Montney play in northeast British Columbia with potential for up to six layers of development. With a significant natural gas resource base, high well deliverability, low capital requirements, and low operating expenses, Sunrise continues to create significant value and superior full-cycle economics. Second quarter 2017 Sunrise production was approximately 136 MMcf per day of natural gas, unchanged from the first quarter of 2017, as ARC continues to see strong performance and longer stabilized production from our wells in this area.

ARC invested \$13 million on capital activities at Sunrise in the first half of 2017, including drilling five natural gas wells targeting the Lower Montney zone, and front-end engineering and design work for the second phase of the existing Sunrise gas processing facility. Through the front-end engineering and design work, ARC determined that the capacity of the second phase could be increased by 50 per cent for minimal incremental infrastructure investment. The facility expansion will now add incremental natural gas sales of 120 MMcf per day at Sunrise in addition to 60 MMcf per day of repatriated production that is currently flowing through a third-party facility. The Sunrise facility expansion of 180 MMcf per day is expected to come on-stream in stages mid-year 2019, at which point ARC's owned and operated total processing and sales capacity in the area will be 240 MMcf per day of natural gas. With increased control of ARC's Sunrise production volumes, operating costs in the area will be reduced once the facility comes on-stream. Long-term takeaway capacity for production associated with the facility expansion has been secured.

With strong well performance, ARC expects to maintain production at current facility capacity at Sunrise throughout 2017 and

has increased the investment planned for the second half of 2017 to include the completion of the five Lower Montney wells drilled in the second quarter of 2017. The learnings from these wells will be integrated into ARC's broader strategic Lower Montney program.

#### Parkland/Tower

ARC's Parkland/Tower property, located in the Montney play in northeast British Columbia, consists of 57 net Montney sections at Tower, which produce predominantly light crude oil and condensate with liquids-rich associated gas; and 37 net Montney sections at Parkland, which produce liquids-rich natural gas and dry gas. With contiguous lands, these areas share ARC-operated infrastructure and processing capacity.

Parkland/Tower second quarter 2017 production averaged 23,600 boe per day (40 per cent crude oil and liquids and 60 per cent natural gas), six per cent lower than the first quarter of 2017 due to the planned shut-in of offset pads for nearby completion activities. Capital investment at Parkland/Tower was \$129 million in the first half of 2017 and included the drilling of 15 crude oil wells, five liquids-rich natural gas wells and one natural gas well, and completion of 23 wells. Application of learnings to the most recent development activities within the Tower core is delivering strong production results. By load-leveling drilling and completion operations in the area, ARC expects second half 2017 production to increase as production at the Tower oil battery is maintained at sales of over 10,000 barrels per day of crude oil and wellhead condensate.

ARC continues to evaluate and progress its understanding of the Parkland/Tower area, with a focus on improving capital efficiencies, refining well designs for optimized efficiency, and ensuring that the optimal exploitation strategy is achieved. As such, the Phase III expansion of the Parkland/Tower gas processing and liquids-handling facility has been deferred while ARC seeks to achieve further improvements to well and completion designs outside of the Tower core. ARC will continue to manage the overall pace of development by integrating learnings, preserving ARC's strong capital efficiencies, and sustaining production in the area.

#### Attachie

ARC's Attachie property is a highly prospective, Montney crude oil and liquids-rich natural gas exploration play located in northeast British Columbia, where ARC has a land position of 286 net Montney sections. ARC invested \$19 million on pilot activities on the west side of Attachie in the first half of 2017, including the drilling and completion of two liquids-rich natural gas wells, both of which were brought on-stream in the second quarter of 2017. ARC now has six pilot wells on production at Attachie West, with the two most recent wells showing strong initial production results of average cumulative wellhead condensate volumes of approximately 50,000 barrels in less than 70 days on production.

Building on the success of these existing pilot wells, ARC will be increasing its investment at Attachie West in the second half of 2017 with the drilling of a multi-well demonstration pad. ARC is currently producing through third-party infrastructure while long-term infrastructure requirements are being assessed, and will continue to optimize and monitor production results in the area.

#### Ante Creek

ARC has a land position of 381 net sections at Ante Creek, a Montney crude oil play in northern Alberta that provides significant cash flow and has substantial future development potential. Second quarter 2017 Ante Creek production averaged 15,300 boe per day (approximately 45 per cent crude oil and liquids), a 12 per cent decrease from the first quarter of 2017. The decrease in production at Ante Creek was largely due to unfavourable weather conditions in the area, which limited ARC's ability to access well sites and to bring new wells on-stream. ARC invested \$48 million in the first half of 2017, including drilling 12 crude oil wells and one vertical disposal well, and completing six wells. Recent optimization of well designs at Ante Creek has resulted in improved capital efficiencies, including a greater than 50 per cent reduction in drilling days and a corresponding 25 per cent reduction in drilling costs. New wells brought on production over the past year have confirmed our improved type curve expectations.

Base production continues to perform well at Ante Creek, demonstrating the effectiveness of ARC's ongoing optimization activities and the overall strength of the asset base. Together with revised well designs, which has extended the overall development area, ARC has initiated studies for the next phase of development at Ante Creek and is evaluating the scale of its infrastructure expansion options.

#### Pembina

ARC's Pembina Cardium assets provide high-quality light oil production and generate strong operating netbacks, with favourable half-cycle economics with major infrastructure already in place. ARC has a land position of 218 net Cardium sections in Pembina, where production averaged approximately 10,800 boe per day (approximately 80 per cent light oil and liquids) in the second quarter of 2017, relatively unchanged from the first quarter of 2017.

ARC invested \$37 million in capital activities in the first half of 2017, including drilling nine crude oil wells and completing 12 wells. ARC continues to focus on capital and operating efficiencies with its drilling and completion designs in Pembina, driving an increase in overall profitability and free cash flow growth. Optimizing production, converting horizontal injectors, and waterflood management continue to be core components of operations at Pembina.

## Redwater

ARC's Redwater region in Alberta produces high-quality crude oil. Second quarter 2017 production averaged approximately 3,200 boe per day of light oil, unchanged from the first quarter of 2017. Capital investment for the first half of 2017 at Redwater was \$2 million.

## DIVIDENDS

As a dividend-paying corporation, ARC declares monthly dividends to its shareholders. ARC continually assesses dividend levels in light of commodity prices, capital expenditure programs, and production volumes to ensure that dividends are in line with ARC's long-term strategy and objectives.

ARC declared dividends totaling \$53.1 million (\$0.15 per share) for the second quarter of 2017, and \$106.2 million (\$0.30 per share) for the first half of 2017. The Board of Directors previously confirmed a dividend of \$0.05 per share for July 2017, payable on August 15, 2017, and has conditionally declared a monthly dividend of \$0.05 per share for August 2017 through October 2017, payable as follows:

Record Date	Ex-dividend Date	Payment Date	Per Share Amount
July 31, 2017	July 27, 2017	August 15, 2017	\$0.05 <sup>(1)</sup>
August 31, 2017	August 29, 2017	September 15, 2017	\$0.05 <sup>(2)</sup>
September 29, 2017	September 27, 2017	October 16, 2017	\$0.05 <sup>(2)</sup>
October 31, 2017	October 27, 2017	November 15, 2017	\$0.05 <sup>(2)</sup>

(1) Confirmed on July 17, 2017.

(2) Conditionally declared, subject to confirmation by news release and further resolution by the Board of Directors.

The dividends have been designated as eligible dividends under the Income Tax Act (Canada). The declaration of the dividends is conditional upon confirmation by news release and is subject to any further resolution of the Board of Directors. Dividends are subject to change in accordance with ARC's dividend policy depending on a variety of factors and conditions existing from time-to-time, including fluctuations in commodity prices, production levels, capital expenditure requirements, debt service requirements, operating expenses, royalty burdens, foreign exchange rates and the satisfaction of solvency tests imposed by the Business Corporations Act (Alberta) for the declaration and payment of dividends. Shareholders, wherever resident, are encouraged to consult their own tax advisors regarding the tax consequences to them of receiving cash dividends.

## OUTLOOK

The foundation of ARC's business strategy is risk-managed value creation. High-quality assets, operational excellence, financial strength, and top talent are the key principles underpinning ARC's business strategy. ARC's goal is to create shareholder value in the form of regular dividends and anticipated capital appreciation relating to profitable future growth.

ARC's deliberate pace of asset development allows for learnings to be applied throughout all stages of the development model. Through the ongoing evaluation of ARC's long-term plans, we are able to apply these learnings and have recently identified opportunities to improve the overall base plan. The result is a new project sequence that increases the size of the Sunrise Phase II facility, accelerates the liquids-rich Dawson Phase IV facility, and advances key strategic initiatives at Attachie and in the Lower Montney. Through the execution of this plan, ARC expects to profitably increase production by approximately 50,000 boe per day from 2017 through early 2020, continue to improve capital and operating efficiencies, advance ARC's safety and environmental performance, and enhance ARC's future development optionality.

Given the re-sequencing of projects within ARC's long-term plan, the Board of Directors has approved an increase to its 2017 capital program to \$830 million, from the \$750 million previously announced. The increased budget will accelerate initial investments in the Sunrise Phase II and Dawson Phase IV facilities, enter the demonstration stage at West Attachie with the addition of a multi-well pad to the 2017 drilling program, continue to advance ARC's understanding of the Lower Montney, which includes increased investment at Sunrise, and load-level drilling and completion operations at Tower in order to maintain crude oil production near facility capacity. The increased budget will continue to focus on sustaining ARC's base businesses,

improving capital and operating efficiencies, and will support the optionality and overall depth that exists within ARC's long-term plan.

Ongoing commodity price volatility may affect ARC's funds from operations and over the long term, profitability of capital programs. As continued volatility is expected, ARC will continue to take steps to mitigate these risks, including managing an active risk management program, focusing on capital and operating efficiencies, and protecting its strong financial position, with a targeted net debt to annualized funds from operations ratio of between one and 1.5 times. ARC will screen projects for profitability in a disciplined manner and will adjust investment levels and the pace of development, if required, to ensure balance sheet strength is protected. The 2017 capital budget excludes land purchases and property acquisitions or dispositions. ARC will continue to consolidate its land position and grow its presence in key areas through land purchases and property acquisitions. ARC evaluates its asset portfolio on a continuous basis with a view to selling assets that do not meet ARC's investment guidelines. Through the normal course of business, acquisitions and dispositions may occur that would impact the expected production for the year.

As part of ARC's mid-year budget update, the following revisions have been made to ARC's full-year 2017 guidance estimates:

- With Dawson Phase III coming on-stream earlier than planned and production levels in the area expected to increase through the second half of the year, ARC's full-year 2017 annual production guidance is now expected to be in the range of 120,000 to 124,000 boe per day. ARC anticipates its 2017 exit rate to be in excess of 130,000 boe per day;
- Transportation expenses have been increased to a range of \$2.45 to \$2.65 per boe, as ARC continues to mitigate the impact of third-party pipeline outages and optimize its operating netbacks by securing additional downstream transportation arrangements;
- G&A expenses before share-based compensation plans have been revised upward to a range of \$1.25 to \$1.45 per boe to reflect the non-routine expenses incurred in the first half of 2017;
- G&A expenses relating to share-based compensation plans have been revised downward to a range of \$0.10 to \$0.40 per boe to reflect the impact that ARC's lower share price had on share-based compensation expenses in the first half of 2017;
- Interest expenses have been revised downward to a range of \$1.00 to \$1.10 per boe due to lower expected interest expenses in 2017; and
- Current income taxes have been lowered to a range of zero to five per cent of funds from operations due primarily to decreased commodity prices.

ARC's full-year 2017 guidance estimates and a review of 2017 year-to-date actual results are outlined in the following table.

	2017 Guidance	2017 Revised
Production		
Crude oil (bbl/d)	25,000 - 28,000	25,000 - 27,000
Condensate (bbl/d)	5,000 - 5,500	5,000 - 5,500
Natural gas (MMcf/d)	505 - 515	510 - 520
NGLs (bbl/d)	4,000 - 4,500	4,500 - 5,000
Total (boe/d)	118,000 - 124,000	120,000 - 124,000
Expenses (\$/boe)		
Operating	6.30 - 6.70	6.30 - 6.70
Transportation	2.25 - 2.45	2.45 - 2.65
G&A expenses before share-based compensation plans	1.15 - 1.35	1.25 - 1.45
G&A - share-based compensation plans <sup>(1)</sup>	0.65 - 0.75	0.10 - 0.40
Interest	1.00 - 1.20	1.00 - 1.10
Current income tax (per cent of funds from operations) <sup>(2)</sup>	5 - 10	0 - 5
Capital expenditures before land purchases and net property acquisitions (dispositions) (\$ millions)	750	830
Land purchases and net property acquisitions (dispositions) (\$ millions)	N/A	N/A
Weighted average shares (millions)	353	353

(1) Comprises expenses recognized under the RSU and PSU Plan, Share Option Plan and LTRSA Plan, and excludes compensation charges under the DSU Plan. In periods where substantial share price fluctuation occurs, ARC's G&A expenses are subject to greater volatility.

(2) The current income tax estimates vary depending on the level of commodity prices.

ARC's 2017 guidance is based on full-year 2017 estimates; certain variances exist between 2017 year-to-date actual results and 2017 full-year guidance estimates due to the cyclical and seasonal nature of operations. ARC expects full-year 2017 actual results to closely approximate guidance.

- ARC's first half 2017 production was below the 2017 guidance range. Production levels are expected to increase through the second half of the year as the Dawson Phase III facility, which was started up in mid-June, ramps up production.
- On a per boe basis, ARC's first half 2017 operating expenses were at the high end of the 2017 guidance range due to accelerated maintenance and workover activities that took place in advance of spring break-up. ARC expects full-year operating expenses to trend towards guidance as additional volumes with lower relative costs to operate are brought on-stream in the second half of the year.
- ARC's first half 2017 G&A expenses before share-based compensation plans were above the 2017 guidance range due primarily to an increase in compensation expenses associated with reducing the size of ARC's workforce and a provision recorded on ARC's tenant subleases, which have been determined to be onerous contracts. ARC expects full-year 2017 G&A expenses before share-based compensation plans to trend towards guidance as the year progresses.
- G&A expenses relating to share-based compensation plans were below the 2017 guidance range due to the decrease in ARC share price.

## Forward-looking Information and Statements

This news release 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 news release contains forward-looking information and statements pertaining to the following: guidance as to the capital expenditure plans of ARC in 2017 and beyond and its production in 2017 and beyond, and operating expenses under the heading "Financial and Operating Highlights", as to its views

on future commodity prices under the heading "Economic Environment", as to its risk management plans for 2017 and beyond under the heading "Risk Management", as to its production, exploration and development plans, and capital expenditures for 2017 and beyond under the heading "Operational Review", as to its plans in relation to future dividend levels under the heading "Dividends", and all matters in respect of 2017 guidance under the heading "Outlook".

The forward-looking information and statements contained in this news release reflect material factors and expectations and assumptions of ARC including, without limitation: that ARC will continue to conduct its operations in a manner consistent with past operations; the general continuance of current industry conditions; the continuance of existing (and in certain circumstances, the implementation of proposed) tax, royalty and regulatory regimes; the accuracy of the estimates of ARC's reserves and resource volumes; certain commodity price and other cost assumptions; and the continued availability of adequate debt and equity financing, and funds from operations to fund its planned expenditures. ARC believes the material factors, expectations and assumptions reflected in the forward-looking information and statements are reasonable but no assurance can be given that these factors, expectations and assumptions will prove to be correct.

The forward-looking information and statements included in this news release are not guarantees of future performance and should not be unduly relied upon. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements including, without limitation: changes in commodity prices; changes in the demand for or supply of ARC's products; changes to government regulations including royalty rates, taxes, and environmental and climate change regulation; market access constraints or transportation interruptions, unanticipated operating results, or production declines; changes in development plans of ARC or by third-party operators of ARC's properties, increased debt levels or debt service requirements; inaccurate estimation of ARC's oil and gas reserve and resource volumes; limited, unfavorable or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; the risk that the United States Securities and Exchange Commission will object to ARC's termination of its Exchange Act reporting obligations; and certain other risks detailed from time-to-time in ARC's public disclosure documents (including, without limitation, those risks identified in this news release and in ARC's Annual Information Form).

The internal projections, expectations or beliefs are based on the 2017 capital budget which is subject to change in light of ongoing results, prevailing economic circumstances, commodity prices and industry conditions and regulations. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted. The forward-looking information and statements contained in this news release speak only as of the date of this news release, and none of ARC or its subsidiaries assumes any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable laws.

ARC has adopted the standard 6 Mcf : 1 barrel when converting natural gas to boe. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf : 1 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.

[ARC Resources Ltd.](#) is one of Canada's largest conventional oil and gas companies with an enterprise value <sup>(1)</sup> of approximately \$6.2 billion. ARC's common shares trade on the TSX under the symbol ARX.

[ARC Resources Ltd.](#)

Myron M. Stadnyk  
President and Chief Executive Officer

(1) Enterprise value is also referred to as total capitalization. Refer to Note 9 "Capital Management" in ARC's financial statements for the three and six months ended June 30, 2017 and to the section entitled "Capitalization, Financial Resources and Liquidity" contained within ARC's MD&A.

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#### Contact

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