

ARC Resources Ltd. Reports Third Quarter 2018 Financial and Operational Results and Announces 2019 Budget

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CALGARY, Nov. 8, 2018 /CNW/ - (ARX - TSX) [ARC Resources Ltd.](#) ("ARC" or "the Company") is pleased to report its 2018 financial and operational results. Third quarter production averaged 135,410 boe per day, net income was \$45.1 million (13¢ per share), funds from operations totaled \$205.0 million (\$0.58 per share), and net debt was \$667.8 million as at September 30, 2018. ARC's unaudited condensed interim financial statements and notes ("financial statements"), as well as ARC's Management Discussion and Analysis ("MD&A") as at and for the three and nine months ended September 30, 2018, are available on the company website at www.arcresources.com and as filed on SEDAR at www.sedar.com.

(Cdn\$ millions, except per share amounts, barrel of oil equivalent ("boe") amounts, and shares outstanding)	Three Months Ended			Nine Months Ended
	June 30, 2018	September 30, 2018	September 30, 2017	
FINANCIAL				
Net income (loss)	(45.9)	45.1	48.5	54.1
Per share ⁽¹⁾	(0.13)	0.13	0.14	0.18
Funds from operations ⁽²⁾	204.4	205.0	163.8	611.2
Per share ⁽¹⁾	0.58	0.58	0.46	1.70
Dividends	53.1	53.0	53.0	159.1
Per share ⁽¹⁾	0.15	0.15	0.15	0.49
Capital expenditures, before land and net property acquisitions (dispositions)	164.8	169.3	178.4	512.5
Total capital expenditures, including land and net property acquisitions (dispositions)	164.1	73.1	255.7	352.9
Net debt outstanding ⁽²⁾	757.0	667.8	645.1	667.8
Shares outstanding, weighted average diluted (millions)	353.5	354.0	353.9	353.5
Shares outstanding, end of period (millions)	353.5	353.4	353.5	353.5
OPERATIONAL				
Production				
Crude oil (bbl/day)	24,893	23,867	25,020	24,260
Condensate (bbl/day)	6,960	8,158	6,815	6,815
Natural gas (MMcf/day)	537.9	574.2	549.6	550.6
Natural gas liquids ("NGLs") (bbl/day)	6,380	7,687	6,091	6,815

Total (boe/day) ⁽³⁾	127,879	135,410	129,526	13
Average realized prices, prior to gains or losses on risk management contracts ⁽⁴⁾				
Crude oil (\$/bbl)	78.57	78.62	54.50	75
Condensate (\$/bbl)	85.10	85.28	54.35	83
Natural gas (\$/Mcf)	1.91	2.15	2.00	2.1
NGLs (\$/bbl)	32.98	35.26	28.37	33
Oil equivalent (\$/boe) ⁽³⁾	29.59	30.12	23.20	29
Operating netback (\$/boe) ⁽³⁾⁽⁴⁾⁽⁵⁾				
Commodity sales from production	29.59	30.12	23.20	29
Royalties	(2.55)	(2.90)	(1.85)	(2.
Operating expenses	(6.50)	(6.04)	(6.46)	(6.
Transportation expenses	(2.61)	(2.75)	(2.47)	(2.
Operating netback prior to gain on risk management contracts	17.93	18.43	12.42	17
Realized gain on risk management contracts	2.55	1.58	3.81	2.1
Operating netback including gain on risk management contracts	20.48	20.01	16.23	20

TRADING STATISTICS ⁽⁶⁾

(1) Per share amounts (with the exception of dividends) are based on diluted weighted average common shares. High price 15

(2) Refer to Note 11 "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. Low price 11

Close price 13.58 14.40 17.19 14

(3) 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. Average daily volume in thousands 1,2

(4) Refer to Note 3 "Changes in Accounting Policies" in ARC's financial statements for details on revised presentation of certain items in the unaudited condensed interim consolidated statements of income ("the statements of income") for the three and nine months ended September 30, 2017.

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

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

"ARC delivered another strong quarter, highlighted by record quarterly production, the early start-up of our Sunrise Phase processing facility expansion, and the commissioning of our Parkland-Dawson pipeline interconnect," explained Myron ARC's President and Chief Executive Officer. "We also sold our Redwater assets, the proceeds from which will be used for major infrastructure projects at Attachie West and Dawson to allow us to profitably grow the Company's condensate volumes. We will continue to deliver value to our shareholders over the long term with consistent per share dividends."

Highlights of ARC's financial and operational results for the third quarter of 2018 include:

Record Production	Achieved record quarterly production of 135,410 boe per day, comprised of 32,025 barrels per day of light oil and condensate, 7,687 barrels per day of NGLs, and 574 MMcf per day of natural gas.
Strong Funds from Operations and Earnings	Generated funds from operations of \$205.0 million (\$0.58 per share) and net income of \$45.1 million (\$0.13 per share).
Infrastructure Development	Completed two major infrastructure projects: The Sunrise Phase II gas processing facility expansion, which will increase production and move volumes from a third-party facility to ARC's owned-and-operated facility. These volumes will be added and moved over the course of the next three quarters; and The Parkland-Dawson pipeline interconnect, which will allow ARC to accelerate its liquids-rich Lower Montney development in the Parkland field and take advantage of liquids processing capacity at the Dawson Phase III gas processing and liquids-handling facility.
Portfolio Management	Divested non-core Redwater assets for net proceeds of \$130.3 million, including \$40.0 million of deferred consideration, effectively completing ARC's program to dispose of the remaining non-core properties within its asset portfolio, and substantially reducing corporate liabilities and operating expenses to an expected range of \$5.30 to \$5.70 per boe for 2019.
Liquids Focus	Remained focused on liquids projects at Attachie West, Dawson, and Parkland/Tower to grow ARC's condensate production which realized narrower differentials than the large discounts being experienced by Canadian heavy oil producers; ARC's average realized prices for crude oil and condensate were \$78.62 per barrel and \$85.28 per barrel, respectively.
Physical and Financial Diversification	Managed a strategic physical and financial natural gas diversification program to increase ARC's exposure to premium North American markets, resulting in an average realized price for natural gas of \$2.15 per Mcf, significantly higher than western Canadian natural gas prices. Including gains on risk management contracts for natural gas, ARC's corporate natural gas price was \$3.02 per Mcf. ARC continues to execute on its risk management program to reduce volatility of funds from operations and to support its dividend and capital programs.
Balance Sheet Strength	Continued to create financial flexibility through ARC's strong balance sheet, with a net debt to annualized funds from operations ratio of 0.8 times at September 30, 2018, enabling ARC to fully fund its capital programs without the need for outside capital or additional disposition proceeds.
2019 Capital Budget	Approved a \$775 million capital budget for 2019 focused on initial infrastructure investments to support Montney liquids growth at Attachie West and Dawson in northeast British Columbia, and Ante Creek in Alberta. Productive capacity of infrastructure will initially exceed current production forecasts.

ARC is committed to managing a sustainable business and is viewed as a leader in its strong environmental, social, and governance practices. ARC released its 2018 Corporate Sustainability Report in the third quarter of 2018, which can be accessed on ARC's website at www.arcresources.com/responsibility.

STRATEGY OVERVIEW

ARC's strategy of "risk-managed value creation" and its continued focus on profitability and sustainability are critical elements of ARC's decision-making processes. ARC's strategy revolves around long-term thinking and the pursuit of strong financial returns, technical excellence, and creating strategic control and optionality while managing risk. Safety, environmental, and sustainability leadership are also key to ARC's success. ARC has undergone a massive corporate transformation towards the Montney that has successfully set the Company up for continued long-term success. Over 90 per cent of ARC's assets are new since 2010, and these businesses have been built with owned-and-operated infrastructure to support commercial development of projects for light oil, condensate, NGLs, and natural gas for the long term.

ARC's program to dispose of its non-core assets was effectively completed in the third quarter of 2018 with the sale of the Redwater assets; non-core assets now account for less than one per cent of total corporate production. ARC recorded net dispositions of \$96.2 million and \$195.0 million for the three and nine months ended September 30, 2018, respectively. During the nine months ended September 30, 2018, ARC divested approximately 4,700 boe per day of production, approximately 2,800 gross well bores (approximately 1,200 net well bores), and over 1,700 kilometers of pipeline. The expected annual impact of the dispositions to ARC's full-year 2018 production is approximately 2,100 boe per day.

At the core of ARC's long-term strategy is the preservation of a strong balance sheet through all commodity price cycles. ARC is in an enviable position due to low debt levels that allow for greater certainty around the availability of funding to initiate multi-year, large-scale development projects. ARC's depth of projects, excellent capital and operating efficiencies, leading cost structure, and physical and financial diversification strategies underpin our ability to continuously optimize our capital allocation decisions. Allocating capital profitably, strategically managing our portfolio of assets, and positioning the Company to deliver strong returns to our shareholders remain key priorities for ARC. ARC has delivered corporate-level returns on average capital employed ⁽¹⁾ of approximately 10 per cent since inception.

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

2019 BUDGET

ARC's Board of Directors has approved a capital budget of \$775 million for 2019 that focuses on liquids growth to deliver a meaningful cash flow per share increase over the long term. The 2019 budget invests in multi-year infrastructure development projects that will add facility capacity at Attachie West and Dawson in northeast British Columbia, and Ante Creek in northern Alberta, to allow ARC to profitably grow its liquids and natural gas production. The majority of the production associated with these infrastructure projects will be added in 2020 and 2021. Annual average production is expected to be in the range of 135,000 to 142,000 boe per day in 2019.

In the current commodity price environment, ARC's outlook on production growth is an annualized average production increase of approximately 10 per cent from 2019 to 2021.

- ARC's liquids-focused investments are set to deliver an anticipated average production compound annual growth of greater than 40 per cent for condensate, 25 per cent for NGLs, and 10 per cent for natural gas from 2019 to 2021. Production is expected to decline slightly over the same time period.

Over the three-year period, ARC expects its annual sustaining capital ⁽¹⁾ requirements to average approximately \$400 million. ARC is choosing to invest an additional \$350 million annually in growth capital ⁽²⁾

, and will continue to protect its strong financial position, targeting a net debt to annualized funds from operation ratio of less than 1.5 times during this period.

Additional details on ARC's 2019 capital program and 2019 guidance can be found in the November 8, 2018 news release entitled, "[ARC Resources Ltd. Announces \\$775 Million Capital Program for 2019 That Will Advance Multi-year Infrastructure Development Projects at Attachie West, Dawson, and Ante Creek](#)" available on ARC's website at www.arcresources.com and as filed on SEDAR at www.sedar.com.

- (1) Sustaining capital refers to capital expenditures to maintain production from existing facilities up to current levels. Sustaining capital does not have any standardized meaning and therefore should not be used to make comparisons to similar measures presented by other issuers.
- (2) Growth capital refers to capital expenditures that result in increased production levels at existing facilities or increased production from new facilities and infrastructure required to support higher production levels. Growth capital does not have any standardized meaning and therefore should not be used to make comparisons to similar measures presented by other issuers.

INVESTOR DAY

ARC will be hosting an investor day in Calgary, Alberta the morning of November 12, 2018 where Myron Stadnyk, President and Chief Executive Officer, together with other members of ARC's management team, will provide an update on ARC's long-term plan and a review of the 2019 budget. A live webcast of the event will be available on ARC's website at www.arcresources.com.

The following economic, financial, and operational reviews provide further details to the above highlights. For additional commentary on ARC's third quarter 2018 financial and operational results, as well as ARC's 2019 budget, please view the following videos: "Myron's Minute", "ARC Resources Q3 2018 Financial Review", and "ARC Resources Q3 2018 Operations Review" available on ARC's website at www.arcresources.com.

ECONOMIC ENVIRONMENT

ARC manages an integrated approach to its physical marketing and financial risk management programs, which is underpinned by a strong understanding of market fundamentals. ARC leverages market fundamental analysis to set a view on the outlook for commodity prices to drive decisions across the business. This detailed analysis not only informs ARC's financial hedging and physical marketing strategies, which helps to reduce cash flow volatility and diversify price risk, but also supports ARC's strategic planning and budgeting processes.

Five years ago, in anticipation of weak natural gas fundamentals in western Canada, ARC initiated a strategy to physically and financially diversify its realized natural gas price to multiple North American downstream sales points. As a result, less than five per cent of ARC's expected overall commodity sales revenue from production is exposed to the AECO and Station 2 markets for the remainder of 2018. Due to the majority of its crude oil production being made up of conventional light oil and condensate, ARC has realized narrower differentials than the discounted pricing being experienced by Canadian heavy oil producers. However, it is expected that due to congestion on major export pipelines, high western Canadian crude oil inventories, and growing western Canadian crude oil production, local oil prices may continue to be depressed until incremental export capacity comes on-line.

ARC's financial and operational results for the three and nine months ended September 30, 2018 were impacted by commodity prices and foreign exchange rates. Refer to the sections entitled, "Economic Environment" and "Realized Commodity Prices" contained within ARC's MD&A.

FINANCIAL REVIEW

Net Income

ARC recorded net income of \$45.1 million (\$0.13 per share) for the three months ended September 30, 2018 compared to a net loss of \$45.9 million (\$0.13 per share loss) for the three months ended June 30, 2018. The increase in earnings is primarily attributed to the mark-to-market on ARC's risk management contracts and foreign exchange on the revaluation of ARC's US dollar-denominated debt, which resulted in reduced unrealized losses recognized in the period. Commodity sales from both increased production and improved realized pricing also contributed to higher earnings.

ARC recognized net income of \$54.1 million (\$0.15 per share) for the nine months ended September 30, 2018 compared to net income of \$315.0 million (\$0.89 per share) for the nine months ended September 30, 2017. The decrease in earnings is primarily attributed to the mark-to-market on ARC's risk management contracts and foreign exchange on the revaluation of ARC's US dollar-denominated debt, which resulted in the recognition of unrealized losses in the period. This was partially offset by an increase in commodity sales from increased production and improved realized pricing, as well as an increase in recorded gains on the disposal of non-core assets for the nine months ended September 30, 2018 relative to the nine months ended September 30, 2017.

Refer to ARC's statements of income for the three and nine months ended September 30, 2018 and to the section entitled, "Net Income" contained within ARC's MD&A.

Funds from Operations

ARC's funds from operations for the three months ended September 30, 2018 was \$205.0 million (\$0.58 per share), an increase of \$0.6 million from the three months ended June 30, 2018. Funds from operations for the nine months ended September 30, 2018 of \$610.4 million (\$1.73 per share) increased 20 per cent, on a per share basis, relative to funds from operations of \$510.8 million (\$1.44 per share) for the nine months ended September 30, 2017. Improved oil and liquids pricing and increased production levels contributed to higher funds from operations. For further discussion pertaining to ARC's funds from operations, refer to Note 11 "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.

The following table details the change in funds from operations for the three months ended September 30, 2018 relative to the three months ended June 30, 2018 and the change in funds from operations for the nine months ended September 30, 2018 relative to the nine months ended September 30, 2017.

Funds from Operations Reconciliation ⁽¹⁾⁽²⁾	Q2 2018 to Q3 2018 2017 YTD to 2018 YTD			
	\$ millions	\$/share ⁽³⁾	\$ millions	\$/share ⁽³⁾
Funds from operations for the three months ended June 30, 2018	204.4	0.58		
Funds from operations for the nine months ended September 30, 2017			510.8	1.44
Volume variance				
Crude oil and liquids	8.6	0.02	45.9	0.13
Natural gas	7.5	0.03	35.3	0.10
Price variance				
Crude oil and liquids	1.9	—	172.5	0.49
Natural gas	12.7	0.04	(71.9)	(0.21)
Sales of commodities purchased from third parties	27.6	0.08	40.8	0.12
Interest income	2.8	0.01	1.5	—
Other income	(0.3)	—	(0.9)	—
Realized gain on risk management contracts	(10.0)	(0.03)	(23.2)	(0.07)
Royalties	(6.4)	(0.02)	(18.3)	(0.05)
Expenses				
Commodities purchased from third parties	(27.0)	(0.08)	(43.6)	(0.12)
Operating	0.4	—	(6.6)	(0.02)
Transportation	(3.8)	(0.01)	(12.3)	(0.03)
General and administrative ("G&A")	(7.0)	(0.02)	(7.8)	(0.02)
Interest	(0.4)	—	2.5	0.01
Current tax	(1.8)	(0.01)	(25.1)	(0.07)
Realized gain (loss) on foreign exchange	(4.2)	(0.01)	10.8	0.03
Funds from operations for the three months ended September 30, 2018	205.0	0.58		
Funds from operations for the nine months ended September 30, 2018			610.4	1.73

(1) Refer to Note 11 "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) Refer to Note 3 "Changes in Accounting Policies" in ARC's financial statements for details on revised presentation of certain items in the statements of income for the three and nine months ended September 30, 2017.

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

Physical Marketing and Financial Risk Management

ARC's commodity sales revenue is supported predominantly by its liquids revenue, with crude oil and liquids production comprising 70 per cent of ARC's commodity sales revenue for the three months ended September 30, 2018, and 68 per cent of commodity sales revenue for the nine months ended September 30, 2018. The majority of ARC's crude oil production is made up of conventional light oil and condensate, which has narrower differentials than the discounted pricing that is currently being experienced by Canadian heavy oil producers. ARC's average realized price for crude oil for the three and nine months ended September 30, 2018 was \$78.62 per barrel and \$75.54 per barrel, respectively.

To manage natural gas price risk exposure, ARC's physical natural gas diversification and financial risk management activities have helped to significantly increase ARC's exposure to more attractive North American markets and enhance commodity price realizations. ARC's financial risk management program provides additional cash flow protection.

Summarized in the following table are the impacts of ARC's physical natural gas diversification and financial risk management activities for the three and nine months ended September 30, 2018.

Corporate Natural Gas Price (\$/Mcf)	Three Months Ended Nine Months Ended	
	September 30, 2018	September 30, 2018
Average price before diversification activities	1.43	1.63
Diversification activities	0.72	0.56
Realized gain on risk management contracts ⁽¹⁾	0.87	0.88
Corporate natural gas price	3.02	3.07

(1) Realized gains on risk management contracts are not included in ARC's realized natural gas price.

Total realized gains on risk management contracts for the three and nine months ended September 30, 2018 were \$19.7 million and \$78.0 million, respectively, and the fair value of ARC's risk management contracts at September 30, 2018 was \$71.3 million. ARC continues to execute on its risk management program to reduce volatility of funds from operations and to support its dividend and capital programs. For details pertaining to ARC's risk management program and for a summary of the average oil and natural gas volumes associated with ARC's risk management contracts as at November 8, 2018, refer to the section entitled, "Risk Management" contained within ARC's MD&A.

Operating Netback

Summarized in the following table are the components of ARC's operating netback for the three months ended September 30, 2018 relative to the three months ended June 30, 2018, and for the nine months ended September 30, 2018 relative to the nine months ended September 30, 2017.

Operating Netback	Three Months Ended			Nine Months Ended		
	September 30, 2018	June 30, 2018	% Change	September 30, 2018	September 30, 2017	% Change
(\$/boe) ⁽¹⁾						
Commodity sales from production	30.12	29.59	2	29.53	26.93	10
Royalties	(2.90)	(2.55)	14	(2.64)	(2.34)	13
Operating expenses ⁽²⁾	(6.04)	(6.50)	(7)	(6.28)	(6.71)	(6)
Transportation expenses	(2.75)	(2.61)	5	(2.66)	(2.55)	4
Operating netback prior to gain on risk management contracts	18.43	17.93	3	17.95	15.33	17
Realized gain on risk management contracts	1.58	2.55	(38)	2.17	3.10	(30)
Operating netback including gain on risk management contracts	20.01	20.48	(2)	20.12	18.43	9

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

(2) Composed of direct costs incurred to operate oil, natural gas, and liquids-rich natural gas wells.

ARC's operating netback, prior to gains on risk management contracts, for the three months ended September 30, 2018 increased three per cent relative to the three months ended June 30, 2018 due to strengthened commodity pricing and lower operating expenses. ARC's operating netback, including gains on risk management contracts, for the three months ended September 30, 2018 decreased two per cent relative to the three months ended June 30, 2018 due to lower realized gains on risk management contracts recorded in the period.

ARC's operating netback, prior to gains on risk management contracts, and ARC's operating netback, including gains on risk management contracts, for the nine months ended September 30, 2018 increased 17 per cent and nine per cent, respectively, relative to the nine months ended September 30, 2017. Improved operating netbacks were primarily due to strengthened liquids pricing and lower operating expenses.

ARC's royalty expenses for the three months ended September 30, 2018 increased 14 per cent from the three months ended June 30, 2018, and royalty expenses for the nine months ended September 30, 2018 increased 13 per cent from the nine months ended September 30, 2017. The increase in royalty expenses reflects the effect of higher commodity prices on royalty rates. Royalty expenses for the three and nine months ended September 30, 2018 were \$36.1 million and \$94.7 million, respectively.

ARC's operating expenses for the three months ended September 30, 2018 decreased seven per cent from the three months ended June 30, 2018 due to the disposition of ARC's Redwater assets, which had higher relative costs to operate, and reduced maintenance and turnaround activities compared to the prior period. Operating expenses for the nine months ended September 30, 2018 decreased six per cent relative to the nine months ended September 30, 2017, and is the combination of bringing on new production at Dawson with lower relative costs to operate and disposing of non-core assets with higher relative costs to operate. Operating expenses for the three and nine months ended September 30, 2018 were \$75.2 million and \$225.2 million, respectively.

Incorporating the impact that non-core dispositions will have on ARC's full-year 2018 operating expenses,

ARC expects that 2018 operating expenses will come within a guided range of \$6.10 to \$6.30 per boe.

ARC's transportation expenses for the three months ended September 30, 2018 increased five per cent from the three months ended June 30, 2018, and transportation expenses for the nine months ended September 30, 2018 increased four per cent relative to the nine months ended September 30, 2017. The increase in transportation expenses reflects increased expenses associated with new production, increased natural gas tolls throughout 2017 and 2018, and the addition of new transportation agreements for greater market access beyond AECO. Transportation expenses for the three and nine months ended September 30, 2018 were \$34.2 million and \$95.4 million, respectively.

Balance Sheet

ARC continues to ensure financial flexibility through its strong balance sheet. With the proceeds received from the non-core Redwater asset disposition, ARC had \$667.8 million of net debt outstanding at September 30, 2018, \$89.2 million lower than the net debt balance at June 30, 2018. ARC has an additional \$1.2 billion of cash and credit capacity available after taking into account ARC's working capital surplus. The net debt to annualized funds from operations ratio was 0.8 times at the end of the third quarter of 2018, and net debt was approximately 12 per cent of ARC's total capitalization. Subsequent to September 30, 2018, the maturity date of ARC's credit facility was extended for an additional year to November 8, 2022; the facility remains undrawn. ARC will continue to manage conservative debt levels as a priority.

ARC has the ability to fund its 2018 and 2019 sustaining capital requirements and dividend obligations with funds from operations generated from existing businesses, and growth capital from both funds from operations, the redeployment of proceeds from non-core dispositions, and debt if necessary. ARC's outlook is such that in 2021, the Company will be able to satisfy its dividend obligations and sustain and grow its business entirely out of cash flow, while maintaining a net debt to annualized funds from operations ratio of between 1.0 and 1.5 times.

OPERATIONAL REVIEW

ARC's position in the Montney is made up of approximately 1,120 net sections of land (approximately 732,000 net acres), with production from these assets representing greater than 90 per cent of total corporate production. ARC's excellent capital and operating efficiencies are supported by ARC owning and operating its own facilities, which allows for greater control over costs and the production mix of its liquids recovery, safety and environmental performance, and pace of development. ARC continues to optimize well designs and maximize well value, pursue new technologies, and work with service providers to preserve its competitive cost structure. ARC actively monitors market conditions and executes a marketing strategy that proactively secures takeaway capacity for future development projects, mitigates the impact of third-party infrastructure outages, and diversifies ARC's sales portfolio to ensure that production gets to market at optimal pricing.

Capital Expenditures

ARC invested \$169.3 million of capital, before land and net property acquisitions and dispositions, during the three months ended September 30, 2018, which included drilling 24 wells (18 natural gas and liquids-rich wells, five oil wells, and one disposal well), and completing 36 wells. Capital investment in the period was also focused on major infrastructure projects including commissioning the Sunrise Phase II gas processing facility expansion and the Parkland-Dawson pipeline interconnect, ongoing construction of ARC's water handling and recycling infrastructure in northeast British Columbia, and initial investments for the Dawson Phase I and II liquids-handling facility upgrade.

ARC invested \$547.8 million of capital, before land and net property acquisitions and dispositions, during the nine months ended September 30, 2018, approximately 95 per cent of which was directed towards ARC's Montney assets. ARC maintains its planned 2018 capital investment levels of \$690 million.

The following table outlines the number of wells drilled and completed in each of ARC's core operating areas for the nine months ended September 30, 2018.

Nine Months Ended September 30, 2018

Area	Wells Drilled	Wells Completed
Attachie	1	7
Dawson	8	22
Parkland/Tower	13	15
Sunrise	24	14
Ante Creek	3	5
Pembina	5	5
Other	1	—
Total	55	68

Production

ARC delivered record quarterly production of 135,410 boe per day in the third quarter of 2018, comprised of 32,025 barrels per day of light oil and condensate, 7,687 barrels per day of NGLs, and 574 MMcf per day of natural gas. ARC's third quarter 2018 average daily production increased six per cent from the second quarter of 2018, with continued strong production from ARC's Attachie West commercial demonstration pad, and recoveries from planned maintenance and turnaround activities conducted in the second quarter of 2018, contributing to the increase.

Average daily production for the nine months ended September 30, 2018 was 131,451 boe per day, and was made up of 31,479 barrels per day of light oil and condensate, 6,804 barrels per day of NGLs, and 559 MMcf per day of natural gas. Average daily production for the nine months ended September 30, 2018 is 10 per cent higher than average daily production of 119,408 boe per day for the nine months ended September 30, 2017. The increase is predominantly made up of new condensate-rich production flowing through the Dawson Phase III gas processing and liquids-handling facility.

Taking into account the Redwater asset disposition, which closed in the third quarter of 2018, ARC has divested approximately 4,700 boe per day of production for the nine months ended September 30, 2018. The expected annual impact of the dispositions to ARC's full-year 2018 production is approximately 2,100 boe per day. Incorporating the impact of the non-core dispositions, ARC expects that 2018 average daily production will come within a guided range of 131,000 to 133,000 boe per day.

Water Infrastructure

As part of its ongoing commitment to responsible water management and reducing its overall freshwater dependency, ARC is investing in strategic water infrastructure in northeast British Columbia. ARC has invested approximately \$30 million on these projects to-date. At Sunrise, ARC completed the construction of a 200,000 m³ water storage reservoir in the second quarter of 2018 for completion operations. The project will generate strong economic returns with an expected 80 per cent reduction in water handling costs in the Sunrise area. At Dawson and Parkland/Tower, construction of the water recycling facility continued in the third quarter of 2018. With pipelines connecting the three assets, the water hub facility will reduce ARC's dependency on freshwater used for hydraulic fracturing operations and will result in significant completion cost savings. ARC anticipates that the project will be in service by year-end 2018.

Attachie

ARC's Attachie property is a highly prospective, Montney condensate and liquids-rich natural gas exploration play located in northeast British Columbia where ARC has a land position of 306 net sections (approximately 201,000 net acres). ARC invested \$56 million during the nine months ended September 30, 2018, directed primarily at completion activities on a seven-well commercial demonstration pad at Attachie West. ARC also drilled a liquids-rich natural gas well and invested in upgrades to the Attachie area's battery to increase its liquids processing capacity to 3,000 barrels per day.

ARC is encouraged by early wellhead condensate rates and indications of the overall productivity of the commercial demonstration pad wells. Six of the wells, which target the Upper Montney horizon, were brought on production in the second quarter of 2018, and one well targeting the Lower Montney horizon was brought on production late in the third quarter of 2018. Cumulatively, the seven wells have produced over 360,000 barrels of condensate and 1,500 MMcf of raw natural gas over 180 days of production. Third quarter 2018 production at Attachie averaged 4,400 boe per day, comprised of 2,700 barrels per day of condensate and 10 MMcf per day of natural gas.

Positive results at ARC's seven-well pad validate the material Upper Montney condensate development opportunity at Attachie West and extends the prolific Lower Montney liquids-rich resource play into Attachie. ARC will continue to optimize and monitor production results from existing pilot wells in the area, as well as results from the seven-well pad, and will incorporate these learnings into future development plans at Attachie.

With its condensate-rich production profile, significantly over-pressured reservoir, and a large contiguous land position that is suited for multi-layered development, Attachie West is a leading development opportunity within ARC's portfolio. As such, ARC's Board of Directors has formally sanctioned the first phase of major development for the area. The Attachie West Phase I gas processing and liquids-handling facility will have 60 MMcf per day of natural gas processing, 10,000 barrels per day of condensate, and 4,000 barrels per day of NGLs-handling capacity, and is expected to be on-stream in the second quarter of 2021. For additional details, refer to the November 8, 2018 news release entitled, "[ARC Resources Ltd. Announces \\$775 Million Capital Program for 2019 That Will Advance Multi-year Infrastructure Development Projects at Attachie West, Dawson, and Ante Creek](#)" available on ARC's website at www.arcresources.com and as filed on SEDAR at www.sedar.com.

Lower Montney

ARC's lands within the Montney fairway have significant development potential in the liquids-rich Lower Montney horizon, including incremental reserves booking potential. Successful 2017 appraisal activities resulted in the delineation of a significant portion of ARC's Montney lands and moved a substantial amount of ARC's drilling inventory into the development stage. Building upon strong results, ARC is pursuing opportunities to expand liquids production from the Lower Montney through development activities at Dawson and Parkland/Tower.

Encouraged by Lower Montney appraisal activities conducted at Parkland in 2017, ARC is currently piloting dual-layer Lower Montney development in the area. In the third quarter of 2018, ARC completed construction of a pipeline that connects ARC's Parkland and Dawson assets. Interconnecting these assets gives ARC the ability to invest in light oil and liquids-rich natural gas opportunities across the Parkland/Tower and Dawson fields on the basis of highest profitability, gives ARC the ability to accelerate its development of the Lower Montney at Parkland, and takes advantage of liquids processing capacity at the Dawson Phase III gas processing and liquids-handling facility. Following the commissioning of the pipeline interconnect in the third quarter of 2018, the first Parkland condensate volumes were transported via pipeline to be processed at the Dawson Phase III facility.

Dawson

ARC's flagship Dawson property is a low-cost Montney natural gas play where ARC has a land position of 137 net sections (approximately 89,000 net acres). The Dawson play delivers strong economics and cash flow at current natural gas prices, and is further enhanced by the growing liquids-rich production being developed in the Lower Montney horizon. Dawson production averaged 47,600 boe per day in the third quarter of 2018, comprised of 258 MMcf per day of natural gas, 2,700 barrels per day of condensate, and

2,000 barrels per day of NGLs. Third quarter 2018 production was 11 per cent higher than the second quarter of 2018, representing recoveries from a planned turnaround conducted at ARC's Dawson Phase I and II gas processing facility in the prior quarter. ARC invested \$91 million during the nine months ended September 30, 2018 to drill eight wells and complete 22 wells across the Dawson field.

Excellent production results from ARC's Lower Montney appraisal activities in 2017 and subsequent investments in 2018 unlocked significant liquids growth opportunities in the Lower Montney. As such, ARC commenced initial work on enhancements to ARC's existing Dawson Phase I and II gas processing facility during the third quarter of 2018, which will allow for increased liquids-handling capabilities. The addition of refrigeration and dehydration capabilities will allow ARC to accelerate the exploitation of the Lower Montney horizon in the core of ARC's Dawson lands and enhance its liquids growth profile, adding approximately 3,000 barrels per day of liquids (of which approximately 2,000 barrels per day is condensate), over time, as production in the Dawson core becomes more heavily-weighted towards the Lower Montney. ARC expects to have the facility enhancements completed by the fourth quarter of 2019.

The Dawson Phase IV gas processing and liquids-handling facility expansion has received regulatory approval and will add natural gas sales capacity of approximately 90 MMcf per day and have the ability to handle up to 7,500 barrels per day of condensate and 3,000 barrels per day of NGLs. Earthwork for the facility expansion commenced in the third quarter of 2018 and ARC expects to have the facility on-stream in the second quarter of 2020. Long-term takeaway capacity for production associated with the facility expansion has been secured.

Parkland/Tower

ARC's Parkland/Tower property, a light oil and liquids-rich natural gas Montney play in northeast British Columbia, consists of 57 net sections at Tower (approximately 37,000 net acres), which produce predominantly light oil and condensate with liquids-rich associated gas; and 37 net sections at Parkland (approximately 24,000 net acres), which produce liquids-rich natural gas. With contiguous lands, these areas share ARC-operated infrastructure and processing capacity. Third quarter 2018 production at Parkland/Tower averaged 30,700 boe per day, comprised of 9,300 barrels per day of light oil and condensate, 3,700 barrels per day of NGLs, and 106 MMcf per day of natural gas. Production increased 15 per cent relative to the second quarter of 2018, and reflected recoveries from a planned turnaround conducted in the prior period and new core Tower wells being brought-on stream during the third quarter of 2018.

Capital investment at Parkland/Tower was \$160 million during the nine months ended September 30, 2018, and included the drilling of eight and completion of 15 oil wells at Tower. ARC also drilled five liquids-rich natural gas wells at Parkland, where ARC is piloting dual-layer development in the Lower Montney horizon. Completion activities on these wells were commenced in the third quarter of 2018, and initial flowback volumes were directed to the Dawson Phase III facility for processing via the recently completed Parkland-Dawson interconnect pipeline.

In addition to drilling and completion activities, capital investment at Parkland/Tower was directed towards the electrification of ARC's owned-and-operated Parkland/Tower gas processing and liquids-handling facility, and upgrades to the facility's refrigeration capacity, both of which were completed in the second quarter of 2018. Construction of the water recycling facility, which will service the Dawson and Parkland/Tower areas, continued in the third quarter of 2018 and is expected to be in service by year-end 2018.

Sunrise

ARC has a land position of 32 net sections at Sunrise (approximately 21,000 net acres), a dry natural gas Montney play in northeast British Columbia with up to six layers of development. With a significant natural gas resource base, low finding and development costs, high well deliverability, low capital requirements, and low operating expenses, Sunrise continues to create value in the current commodity price environment. Third quarter 2018 production at Sunrise was approximately 129 MMcf per day of natural gas, a decrease of four per cent from the second quarter of 2018 due to an 11-day planned turnaround conducted at ARC's owned-and-operated facility.

ARC invested \$159 million on capital activities at Sunrise during the nine months ended September 30,

2018, directed primarily at completing construction of the Sunrise Phase II gas processing facility expansion. The facility was commissioned in the third quarter of 2018. Overall, execution of the expansion project was excellent, with the project being completed ahead of schedule, under budget, and with an exceptional safety record. ARC expects that the plant will be fully connected to BC Hydro's electric grid by year-end 2018, at which point the facility will be fully run on hydro-electricity.

Capital investment also included drilling and completion activities on wells that will provide the initial supply of gas to the Sunrise Phase II facility. ARC drilled 23 natural gas wells, one disposal well, and completed 14 wells during the nine months ended September 30, 2018. The 2018 drilling program at Sunrise has validated all six layers for future development in the area, and ARC utilized microseismic technology on its 2018 completion activities, the learnings from which will be utilized to optimize future completion designs across ARC's Montney asset base.

The Sunrise Phase II facility is designed for 180 MMcf per day of gas processing and sales capacity, and upon completion, will bring ARC's total owned-and-operated processing and sales capacity for the entire Sunrise area to 240 MMcf per day of natural gas. Production is planned to be processed through Sunrise Phase II according to the following, approximate timeline:

- With plant commissioning activities complete, an initial 60 MMcf per day of processing capacity is available to be fourth quarter of 2018.
- In the first half of 2019, an additional 60 MMcf per day of incremental processing capacity is available once final arrangements have come into effect. The exact timing of the production being brought on-stream will be commodity price-dependent.
- By June 2019, 60 MMcf per day of existing natural gas production that is currently being processed through a third party will be redirected to ARC's operated Sunrise Phase II facility. With increased control of ARC's Sunrise production, operating expenses will be significantly reduced with the elimination of third-party processing fees.

Long-term takeaway capacity for production associated with the facility expansion has been secured. ARC's low-cost structure in Sunrise, notably its finding and development costs, operating expenses, and processing fees, will be top-decile for the area, given that many of ARC's peers utilize more costly third-party midstream companies to process their production.

Ante Creek

ARC has a land position of 329 net sections at Ante Creek (approximately 211,000 net acres), a Montney light oil play in northern Alberta that generates strong free cash flow and has significant future development potential. Production in the third quarter of 2018 was 16,600 boe per day (approximately 50 per cent light oil and liquids), an increase of three per cent relative to the second quarter of 2018, and was the result of new wells being brought on-stream during the quarter.

ARC invested \$45 million during the nine months ended September 30, 2018 to drill three oil wells and to complete five wells. Maintenance and optimization of base production remains a key objective for the area, and the ongoing success from these activities, as well as strong production results from the recent optimization of well designs, continue to affirm the overall strength of this asset. As such, ARC is initiating an expansion project at its operated Ante Creek 10-36 facility which will allow ARC to grow its light oil production in the area. The expansion project is expected to be on-stream by the second quarter of 2020, adding approximately 15 MMcf per day of natural gas processing and approximately 1,500 barrels per day of oil-handling capacity in 2020 and approximately 2,500 barrels per day of oil-handling capacity in 2021.

Pembina

ARC's Cardium assets in Pembina deliver high-quality, light oil production, and generate strong operating netbacks and free cash flow with major infrastructure already in place. ARC has a land position of 219 net sections in Pembina (approximately 140,000 net acres), where third quarter 2018 production averaged 10,700 boe per day (approximately 80 per cent light oil and liquids). ARC invested \$25 million during the nine months ended September 30, 2018, which included drilling and completing a five-well pad in the third quarter of 2018. ARC expects to bring these five wells on production in the fourth quarter of 2018. Capital investment

at Pembina was also focused on maintenance and optimization activities and ongoing upgrades to aging infrastructure, with production optimization and waterflood management continuing to be key components of ARC's operations in the area.

OUTLOOK

ARC's Board of Directors has approved a \$775 million capital program for 2019 that focuses on liquids growth to deliver a meaningful cash flow per share increase over the long term. The 2019 budget focuses on maintaining ARC's strong financial position, improving ARC's competitive capital and operating efficiencies, and profitably developing ARC's Montney assets while supporting sustainable future growth and ARC's monthly dividend. The 2019 budget invests in multi-year infrastructure development projects that will add facility capacity at Attachie West and Dawson in northeast British Columbia, and Ante Creek in northern Alberta. The majority of the production associated with these infrastructure projects will be added in 2020 and 2021. Annual average production is expected to be in the range of 135,000 to 142,000 boe per day in 2019, which will set the stage for an anticipated average production CAGR of greater than 10 per cent from 2019 to 2021. Additional details on ARC's 2019 capital program and 2019 guidance can be found in the November 8, 2018 news release entitled, "[ARC Resources Ltd. Announces \\$775 Million Capital Program for 2019 That Will Advance Multi-year Infrastructure Development Projects at Attachie West, Dawson, and Ante Creek](#)" available on ARC's website at www.arcresources.com and as filed on SEDAR at www.sedar.com.

Ongoing commodity price volatility may affect ARC's funds from operations, profitability, and economic returns of its capital programs. As continued volatility is expected, ARC will continue to take steps to mitigate these risks, including executing financial and physical marketing diversification programs, 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 1.0 and 1.5 times. ARC will continue to screen projects for profitability and will adjust investment levels and the pace of development, if required, to ensure balance sheet strength is protected. ARC's capital budgets exclude land purchases and property acquisitions or dispositions. ARC will continue to pursue opportunities to consolidate its land position and grow its presence in key areas through land purchases and property acquisitions, and evaluate 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 could impact the expected production for the year.

To more accurately reflect ARC's 2018 year-to-date actual results and the corresponding full-year 2018 expectations, ARC is making the following revisions to its 2018 guidance:

- ARC is reducing its 2018 guidance range for crude oil production following the disposition of its non-core Redwater however is increasing its 2018 guidance ranges for condensate, natural gas, and NGLs production. As such, ARC is increasing its 2018 total production guidance to a range of 131,000 to 133,000 boe per day.
- ARC is reducing its 2018 guidance ranges for operating expenses, transportation expenses, and G&A expenses and share-based compensation plans. Notably, ARC is reducing its 2018 guidance for operating expenses to a range of \$6.30 per boe to reflect the disposition of ARC's non-core Redwater assets, which had higher relative costs to operations.
- ARC is increasing its 2018 guidance range for current income taxes to reflect increasing commodity prices through 2018 coupled with a decrease in tax pools available for deduction following the disposition of non-core assets during the period ended September 30, 2018.

ARC's full-year 2018 guidance estimates and a review of 2018 year-to-date actual results are outlined in the following table.

	2018 Guidance	2018 Revised Guidance	2018 YTD	% Variance from Revised Guidance
Production				
Crude oil (bbl/day)	25,000 - 26,500	23,000 - 24,000	24,595	2
Condensate (bbl/day)	6,500 - 7,500	7,000 - 7,500	6,884	(2)
Crude oil and condensate (bbl/day)	31,500 - 34,000	30,000 - 31,500	31,479	—
Natural gas (MMcf/day)	555 - 565	565 - 570	559.0	(1)
NGLs (bbl/day)	6,000 - 6,500	6,500 - 7,000	6,804	—
Total (boe/day)	130,000 - 134,000	131,000 - 133,000	131,451	—
Expenses (\$/boe)				
Operating	6.50 - 6.90	6.10 - 6.30	6.28	—
Transportation	2.80 - 3.00	2.60 - 2.80	2.66	—
G&A expenses before share-based compensation plans	1.25 - 1.45	1.25 - 1.30	1.27	—
G&A - share-based compensation plans ⁽¹⁾	0.40 - 0.55	0.40 - 0.55	0.37	(8)
Interest	0.80 - 1.00	0.80 - 1.00	0.89	—
Current income tax (per cent of funds from operations) ⁽²⁾	0 - 5	3 - 6	6	—
Capital expenditures before land purchases and net property acquisitions (dispositions) (\$ millions) ⁽³⁾	690	690	547.8	N/A
Land purchases and net property acquisitions (dispositions) (\$ millions)	N/A	N/A	(194.3)	N/A
Weighted average shares (millions)	353	353	353	—

(1) Comprises expenses recognized under the Restricted Share Unit ("RSU") and Performance Share Unit ("PSU") Plans, Share Option Plan, and Long-term Restricted Share Award Plan, and excludes compensation charges under the Deferred Share Unit Plan. In periods where substantial share price fluctuation occurs, ARC's G&A expenses are subject to greater volatility.

(2) The current income tax estimate varies depending on the level of commodity prices.

(3) Land expenditures and net property acquisitions and dispositions are not included as these amounts are unbudgeted.

ARC's 2018 guidance is based on full-year 2018 estimates; certain variances exist between 2018 year-to-date actual results and 2018 full-year guidance estimates due to the cyclical and seasonal nature of operations. ARC expects full-year 2018 actual results to closely approximate guidance.

- 2018 year-to-date crude oil production is above the 2018 guidance range. Following the disposition of ARC's non-asset in the third quarter of 2018, ARC expects crude oil production to decrease in the fourth quarter of 2018.

- 2018 year-to-date condensate production is below the 2018 guidance range. ARC expects condensate production in the fourth quarter of 2018 due to continued strong production from the seven-well pad at Attachie West and successful Lower Montney development activities.
- 2018 year-to-date natural gas production is below the 2018 guidance range due to planned maintenance and turn-out activities conducted during the nine months ended September 30, 2018. Sunrise Phase II is now operational and will process and sell natural gas through the facility throughout the fourth quarter of 2018.
- 2018 year-to-date G&A expenses relating to ARC's share-based compensation plans are below the 2018 guidance range due to negative revaluations of payment obligations under the RSU and PSU Plans resulting from lower performance metrics and reduced share price.

On a per boe basis, all other expense items were within their respective guidance ranges.

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: the ability of ARC to grow its condensate and oil volumes through the investment in infrastructure and continue to generate value for its shareholders; as to the transition and execution of its business plan, and guidance as to the capital expenditure plans of ARC in 2018 and beyond and its production and the impact of dispositions on production in 2018 under the heading "Strategy Overview", as to annualized average production from 2019 to 2021, average production CAGRs from 2019 to 2021, sustaining capital requirements, growth capital requirements, and net debt to annualized funds from operations ratio for 2019 and beyond under the heading "2019 Budget", its views on future commodity prices under the heading "Economic Environment", as to the impact of property dispositions on ARC's 2018 operating expenses, as to its risk management plans for 2018 and beyond, as to plans to internally fund sustaining capital and dividends with cash on-hand and funds from operations generated from ARC's existing businesses, as to plans to fund growth capital from both funds from operations, debt, and proceeds from non-core dispositions under the heading "Financial Review", as to its production, exploration and development and infrastructure plans, and capital expenditures for 2018 and beyond, as to the impact of the completion of the water facility on ARC's operations and as to the timing and regulatory approvals and as to future operational and capital expenditure plans by area (including planned capital expenditures, timing for completion of infrastructure and processing capacities) under the heading "Operational Review", and all matters in respect of 2018 guidance under the heading "Outlook".

The forward-looking information and statements contained in this news release reflect several material factors, expectations and assumptions of ARC, including, without limitation: the production performance of ARC's oil and natural gas assets; the cost and competition for services throughout the oil and gas industry in 2018 and beyond; the results of exploration and development activities during 2018; the general continuance of current industry conditions including commodity and forward strip pricing; 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 and resource volumes; certain commodity price and other cost assumptions for 2018 and beyond; the retention of ARC's key properties; ARC's knowledge and past experience with developing major infrastructure projects will be applicable to similar projects in the future; 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; 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 underlying the 2019 capital budget and corporate outlook from 2019 to 2021 are subject to change in light of ongoing results, prevailing economic circumstances, commodity prices and industry conditions and regulations. ARC's financial outlook for 2019 and beyond provides shareholders with relevant information on Management's expectations for results of operations, excluding any potential acquisitions or dispositions, for 2019 and beyond. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted and ARC's 2019 guidance may not be appropriate for other purposes. The forward-looking information and statements contained in this news release speak only as of the date of this news release, and ARC assumes no obligation to publicly update or revise such information or statements to reflect new events or circumstances, except as may be required pursuant to applicable laws.

[ARC Resources Ltd.](#) is one of Canada's largest conventional oil and gas companies with an enterprise value ⁽¹⁾ of approximately \$4.9 billion. ARC's common shares trade on the Toronto Stock Exchange under the symbol ARX.

[ARC Resources Ltd.](#)

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(1) Enterprise value is also referred to as total capitalization. Refer to Note 11 "Capital Management" in ARC's financial statements as at and for the three and nine months ended September 30, 2018 and to the section entitled, "Capitalization, Financial Resources and Liquidity" contained within ARC's MD&A.

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