

ARC Resources Ltd. Reports Third Quarter 2020 Financial and Operational Results and Announces 2021 Capital Budget of \$375 Million to \$425 Million

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CALGARY, AB, Nov. 5, 2020 /CNW/ - (TSX: ARX) [ARC Resources Ltd.](#) ("ARC" or the "Company") today reported its third quarter 2020 financial and operational results and announced its 2021 capital budget that will range from \$375 million to \$425 million. ARC's unaudited condensed interim consolidated financial statements and notes ("financial statements") and Arc Management's Discussion and Analysis ("MD&A") as at and for the three and nine months ended September 30, 2020, are available on ARC's website at www.arcresources.com and SEDAR at www.sedar.com.

ARC delivered average daily production of 158,444 barrels of oil equivalent ("boe") ⁽¹⁾ per day to generate funds from operations ⁽²⁾ of \$144.6 million (\$0.41 per share) during the three months ended September 30, 2020. With funds from operations generated during the period, ARC declared dividends of \$21.2 million (\$0.06 per share), invested \$52.6 million in development activities, and strengthened its financial position by reducing net debt ⁽²⁾ by \$93.3 million or 10 per cent.

This year has been marked with considerable market volatility. The novel coronavirus COVID-19 ("COVID-19") pandemic has had a profound impact on commodity prices, with the overall magnitude of its effects on demand and the pace of global economic recovery still uncertain. Amid this challenging backdrop, the guiding principles upon which ARC conducts its business continue to provide a strong foundation for excellent business performance. ARC's operational flexibility, robust management program, and strong balance sheet have positioned the Company to prudently manage these volatile market conditions. Capital discipline, a moderate pace of development, and excellent capital efficiencies all contribute to a corporate decline rate of approximately 30 per cent. A concentrated Montney asset base that includes a network of owned-and-operated infrastructure has allowed ARC to deliver excellent capital and operating efficiencies. ARC's sustainable business is focused on a strong balance sheet, ample liquidity, environmental, social, and governance ("ESG") excellence, long-term corporate profitability, and paying a sustainable dividend to shareholders. In combination with the Company's premier land position in Montney, these principles make ARC a differentiated investment opportunity.

ARC's current capital allocation priorities are to protect the Company's strong financial position, support the dividend, and invest in development activities that prioritize profitability and value over volumes. Based on forecasted commodity prices, funds from operations generated in 2020 and 2021 are anticipated to exceed the Company's dividend obligations, budgeted capital expenditures, and reclamation activities. Surplus funds from operations are being used to further strengthen the Company's balance sheet by substantially reducing net debt.

With a strategy that is premised on strong business fundamentals, the outlook for ARC is compelling. ARC's operational performance has been excellent and the Company's capital programs for 2020 and 2021 focus on sustaining production and investing in ARC's core Montney properties to maximize the generation of surplus funds from operations. The Company's production is comprised of over 75 per cent natural gas, the market for which is structurally improving. This, coupled with ARC's efficient execution and low cost structure, will allow the Company to maximize profitability and strengthen an already-strong balance sheet, all while paying a sustainable dividend.

Key takeaways from ARC's financial and operational results for the three months ended September 30, 2020 include:

Production	Delivered average daily production of 158,444 boe per day, comprising 708 million cubic feet per day of natural gas, 15,373 barrels per day of crude oil, 14,831 barrels per day of condensate, and 1,233 barrels per day of natural gas liquids ("NGLs") (3). Production was down from the prior quarter due to maintenance activities at Parkland/Tower, and from managing natural gas production at Dawson to ensure maximum throughput during the winter months to capture the anticipated strength in natural gas pricing. This was partially offset by increased production from new wells that were brought on line at Parkland, Attachie West, and Parkland.
Funds from Operations	Generated funds from operations of \$144.6 million (\$0.41 per share). Increased commodity price realizations, due to higher average commodity price realizations, were partially offset by a reduction in realized gains on risk management contracts, and increased operating expenses.
Capital Program	Invested \$52.6 million in capital activities, which focused primarily on ARC's natural gas development at Dawson and Sunrise.
Operational Excellence	Delivered an operating expense of \$4.13 per boe, which included completing a major plant upgrade at Parkland/Tower, under budget and in less time than forecast.
Balance Sheet and Liquidity	Reduced net debt by \$93.3 million or 10 per cent. Net debt was \$867.8 million at September 30, 2020. The net debt to annualized funds from operations ratio was 1.4 times.
Returns to Shareholders	Declared \$21.2 million (\$0.06 per share) of dividends to shareholders. ARC has adopted the standard six thousand cubic feet (Mcf) to one barrel (bbl) of oil rate when

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

(2) 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) Throughout this news release, crude oil ("crude oil") refers to light, medium, and heavy crude oil product types as defined by National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities ("NI 51-101"). ARC's production of heavy crude oil is considered to be immaterial. Condensate is a natural gas liquid as defined by NI 51-101. Throughout this news release, NGLs comprise all natural gas liquids as defined by NI 51-101 other than condensate, which is disclosed separately. Throughout this news release, crude oil and liquids ("crude oil and liquids") refers to crude oil, condensate, and NGLs.

Video updates from ARC's management team, as well as ARC's investor presentation, providing an overview of the Company's corporate strategies and further details to ARC's financial and operational results for the three and nine months ended September 30, 2020, are available on ARC's website at www.arcreources.com.

2020 Budget Update

In March 2020, when ARC reduced its original 2020 capital budget of \$500 million to \$300 million, the Company articulated that while the reduced capital budget would modestly lower production expectations for 2020, the deferred drilling and completions activities would have a larger impact on 2021 production levels. Since that time, the macroeconomic backdrop has improved and commodity prices have strengthened.

ARC's board of directors (the "Board") has approved an increased 2020 capital budget of \$350 million from the previously guided capital budget of \$300 million. The capital increase will allow ARC to accelerate two multi-well pads at Dawson and one multi-well pad at Sunrise, optimizing the Company's rigline utilization through the fourth quarter of 2020. By accelerating these capital projects that would otherwise be part of ARC's 2021 development plan, ARC will be able to maximize throughput of low-cost natural gas during the winter months to capture the anticipated strength in natural gas pricing. The \$50 million of accelerated capital is not additive to the development plans for 2020 and 2021, which, when combined, total between \$725 million and \$775 million over the two-year period.

ARC is modestly increasing its production expectations for 2020 to an updated guidance range of 157,000

boe per day to 160,000 boe per day, and has executed additional hedges for the balance of 2020 and for 2021 to provide greater certainty of ARC's funds from operations and to protect ARC's future capital programs.

The acceleration of capital is expected to collectively generate higher funds from operations for 2020 and 2021, which will allow the Company to reduce its net debt levels and strengthen its leverage metrics in less time than was previously forecasted.

2021 Budget Overview

The Board has approved a capital budget for 2021 that will range from \$375 million to \$425 million and focus on maximizing the generation of surplus funds from operations. The capital program centres around ARC's principles of capital discipline, profitability, and financial strength, and will deliver sustainable returns to shareholders through the continuation of ARC's quarterly dividend of \$0.06 per share. Advancing the Company's ESG leadership and performance, and upholding ARC's strong safety culture, will continue to be top priorities in 2021.

ARC plans to sustain production at Dawson, Sunrise, Parkland/Tower, and Ante Creek, with approximately 80 per cent of the 2021 capital budget directed at profitable half-cycle investments. Additionally, ARC plans to complete two minor facility optimization projects at Sunrise and Parkland/Tower to enhance the assets' overall deliverability and profitability. ARC expects to deliver average daily production of between 158,000 boe per day and 165,000 boe per day in 2021, of which approximately 80 per cent is natural gas and 20 per cent is crude oil and liquids.

ARC invested significant plant and facilities capital over the past four years to build major infrastructure at Dawson Phase III, Sunrise Phase II, and most recently at Dawson Phase IV, which was completed in the second quarter of 2020. With these significant investments complete, ARC's 2021 capital budget will demonstrate how efficient ARC's expanded business has become, by delivering significant surplus funds from operations throughout the year.

At forecasted commodity prices, funds from operations generated in 2021 are expected to fully fund ARC's dividend obligations and capital program. Surplus funds from operations will continue to be directed at strengthening the Company's balance sheet, with the objective to reduce ARC's net debt to annualized funds from operations ratio to the low end of, or possibly below, the Company's targeted range of 1.0 to 1.5 times.

ARC's key priorities for the balance of 2020 and 2021 are to:

- Protect the health, safety, and well-being of employees and contractors while safely executing the Company's business plans;
- Protect the balance sheet by exercising financial discipline and ensuring ample liquidity;
- Enhance profitability through lowering the Company's break-even economics and identifying cost reduction opportunities across the business;
- Ensure maximum throughput of low-cost natural gas production during the upcoming winter to capitalize on anticipated strong natural gas pricing;
- Secure financial risk management opportunities and transportation arrangements to achieve optimal pricing and access to markets for ARC's production;
- Remain committed to the Company's industry-leading ESG performance, including prudently managing business operations and reducing its greenhouse gas ("GHG") emissions and freshwater usage through responsible development activities and
- Remain focused on delivering returns to shareholders through paying a sustainable dividend.

For details on ARC's 2021 capital program and production, funding of the 2021 budget, and formal 2021 guidance, refer to the section entitled "2021 Budget" contained within this news release.

BOARD OF DIRECTORS UPDATE

Director Appointment

Mr. Michael McAllister has been appointed to the Board, effective immediately. Mr. McAllister has over 30 years of industry experience, including approximately 20 years at Orintiv Inc. (formerly Encana Corporation), where he most recently served in the roles of President and Chief Operating Officer before his retirement from the company in 2020. Prior to that, Mr. McAllister worked in various technical and leadership roles for Texaco Canada and Imperial Oil Resources. ARC is pleased to welcome Mr. McAllister to the Board.

Director Retirement

Mr. Herb Pinder Jr. will be retiring from the Board after approximately 14 years of service and will not stand for re-election at ARC's next annual meeting of shareholders. ARC would like to extend its sincere gratitude to Mr. Pinder for his guidance to the Board and ARC's management team during his years of service.

CONFERENCE CALL

ARC's management team will be holding a conference call to discuss ARC's third quarter 2020 results and the Company's 2021 budget on Friday, November 6, 2020, at 8:30 a.m. Mountain Time ("MT").

Date	Friday, November 6, 2020
Time	8:30 a.m. MT
Dial-in Numbers	
Calgary	587-880-2171
Toronto	416-764-8659
Toll-free	1-888-664-6392
Conference ID	42711890

Callers are encouraged to dial in 15 minutes before the start time to register for the event. A replay will be available on ARC's website at www.arcresources.com for 30 days following the conference call.

FINANCIAL AND OPERATIONAL RESULTS

	Three Months Ended			Nine Months Ended	
	June 30, 2020	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
(Cdn\$ millions, except per share amounts, boe amounts, and common shares outstanding)					
FINANCIAL RESULTS					
Net loss	(43.5)	(66.1)	(57.2)	(668.0)	(17.4)
Per share ⁽¹⁾	(0.12)	(0.19)	(0.16)	(1.89)	(0.05)
Funds from operations	150.2	144.6	145.4	455.6	524.6
Per share ⁽¹⁾	0.42	0.41	0.41	1.29	1.48
Dividends declared	21.3	21.2	53.1	85.0	159.3
Per share ⁽¹⁾	0.06	0.06	0.15	0.24	0.45
Capital expenditures, before land and net property acquisitions (dispositions)	44.1	52.6	161.9	266.5	549.8
Total capital expenditures, including land and net property acquisitions (dispositions)	44.0	52.6	159.8	266.5	546.8
Net debt outstanding	961.1	867.8	945.5	867.8	945.5
Common shares outstanding, weighted average diluted (millions)	353.4	353.4	353.4	353.4	353.4
Common shares outstanding, end of period (millions)	353.4	353.4	353.4	353.4	353.4
OPERATIONAL RESULTS					
Production					
Crude oil (bbl/day)	14,987	15,373	16,782	15,784	17,700
Condensate (bbl/day)	13,239	14,831	10,846	13,117	9,772
Crude oil and condensate (bbl/day)	28,226	30,204	27,628	28,901	27,535
Natural gas (MMcf/day)	773.3	708.2	595.4	724.5	607.9
NGLs (bbl/day)	9,405	10,208	7,952	9,258	7,399
Total (boe/day)	166,510	158,444	134,813	158,911	136,200
Average realized prices, prior to gain or loss on risk management contracts					
Crude oil (\$/bbl)	25.88	45.45	64.79	40.79	66.30
Condensate (\$/bbl)	31.54	48.49	65.70	45.38	67.40
Natural gas (\$/Mcf)	1.92	2.16	1.54	2.04	2.04
NGLs (\$/bbl)	10.84	14.85	5.25	11.01	12.50

Oil equivalent (\$/boe)	14.38	19.55	20.46	17.74	23.2
Netback (\$/boe) ⁽²⁾					
Commodity sales from production	14.38	19.55	20.46	17.74	23.2
Royalties	(0.38)	(0.72)	(1.26)	(0.72)	(1.36)
Operating expense	(3.32)	(4.13)	(5.05)	(3.93)	(5.11)
Transportation expense	(2.88)	(3.22)	(2.97)	(2.99)	(2.97)
Netback	7.80	11.48	11.18	10.10	13.8
Realized gain on risk management contracts	2.10	1.13	2.29	1.50	1.96
Netback including realized gain on risk management contracts	9.90	12.61	13.47	11.60	15.76
TRADING STATISTICS ⁽³⁾					
(1) Per share amounts (with the exception of dividends) are based on weighted average diluted common shares.					
High price	6.12	6.94	7.85	8.39	10.4
(2) Non-GAAP measure that does not have any standardized meaning under International Financial Reporting Standards 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.					
Low price	3.64	3.96	5.97	2.42	5.37
Close price	4.56	5.95	6.31	5.95	6.31
(3) Trading prices are stated in Canadian dollars on a per share basis and are based on intra-day trading on the Toronto Stock Exchange.					
Average daily volume (thousands of shares)	2,177	1,363	1,838	2,249	2,12

COMMODITY PRICE ENVIRONMENT

Near-term pricing risk and continued volatility are expected for all commodities. While the gradual economic recovery from the demand destruction caused by the COVID-19 pandemic is taking place, significant uncertainty remains. ARC's risk management program serves to protect corporate cash flows, and ARC will focus on maximizing throughput of its low-cost Montney natural gas production during periods of relative pricing strength.

Crude Oil and Condensate

After experiencing extreme volatility during the first half of 2020, the global crude oil markets started to stabilize during the three months ended September 30, 2020. Average benchmark prices were mostly range-bound. The combination of the Organization of Petroleum Exporting Countries and certain other oil-producing countries continuing to comply with agreed-upon production cuts, and North American energy producers demonstrating capital discipline and restraint, led to global inventory levels trending towards more normalized levels. Although prices have shown recent signs of stability, a second wave of the COVID-19 pandemic is underway, causing growing uncertainty around the global demand recovery and the likelihood of a sustained crude oil price recovery.

Locally, Canadian crude oil and condensate differentials narrowed as supply remained relatively low given limited capital activity in the Western Canadian Sedimentary Basin ("WCSB") and increased maintenance and turnaround activities. Narrower differentials were further supported by pipeline throughput recovering from previous constraints.

Natural Gas

Improving supply and demand dynamics helped support higher US natural gas benchmark prices during the three months ended September 30, 2020, relative to the three months ended June 30, 2020. On the supply side, dry natural gas activity and the associated natural gas supply from liquids basins moderated. On the

demand side, liquefied natural gas exports and exports to Mexico increased.

In western Canada, natural gas prices were higher during the three months ended September 30, 2020, relative to the three months ended June 30, 2020. Like the US, declining supply in the WCSB has helped the AECO market move towards an improved supply/demand balance. As the AECO market continues to experience relative strength compared to other North American sales points, the basis differential to NYMEX Henry Hub has narrowed significantly.

The North American natural gas market is structurally improving, with demand expected to outpace supply, thus providing significant momentum into 2021. While near-term pricing volatility is still expected, improving natural gas fundamentals are expected for 2021 and beyond as the supply/demand balance normalizes.

FINANCIAL REVIEW

Capital Allocation

ARC periodically evaluates its capital allocation priorities and decisions and believes that taking a portfolio approach to capital allocation creates significant long-term shareholder value. Managing reasonable debt levels, paying a sustainable dividend, and delivering modest production growth through profitable development activities are part of ARC's current capital allocation mix. Once ARC's net debt to annualized funds from operations ratio has been reduced to the low end of the Company's targeted range of 1.0 to 1.5 times, ARC will evaluate and consider the following capital allocation priorities: growth through either long-term development investments or mergers and acquisitions; share repurchases; and sustainable dividend increases.

At current and forecasted commodity prices, funds from operations generated in 2020 are expected to exceed ARC's dividend obligations of approximately \$106 million and ARC's revised capital budget of \$350 million. Surplus funds from operations will be directed at strengthening the Company's balance sheet. During the three months ended September 30, 2020, ARC reduced its net debt balance by \$93.3 million or 10 per cent, and has reduced its net debt balance by \$211.9 million or 20 per cent since March 31, 2020.

Balance Sheet and Liquidity

ARC is committed to protecting its strong financial position by maintaining significant financial flexibility with its balance sheet. At September 30, 2020, ARC had \$867.8 million of net debt outstanding and the net debt to annualized funds from operations ratio was 1.4 times, which was within the Company's targeted range of 1.0 to 1.5 times. At September 30, 2020, ARC was in compliance with all of its debt covenants.

ARC's \$1.1 billion of undrawn credit capacity bolsters the Company's overall liquidity. The Company's long-term debt is structured to mature over several years, and repayment of maturities due in 2021 will be settled with existing committed credit facilities. Debt maturities due in 2021 total US\$109.0 million of US dollar-denominated debt and \$8.0 million of Canadian dollar-denominated debt.

ARC's ample financial liquidity has historically allowed the Company to sustain its operations through prolonged periods of commodity price volatility, and is expected to enable the Company to remain in a position of financial strength during future periods of economic uncertainty. ARC will continue to manage conservative debt levels as a priority.

Net Loss

ARC recognized a net loss of \$66.1 million (\$0.19 per share) during the three months ended September 30, 2020, compared to a net loss of \$43.5 million (\$0.12 per share) during the three months ended June 30, 2020. Increased commodity sales due to higher average commodity price realizations were more than offset by a lower income tax recovery and a higher operating expense. Reduced gains on ARC's risk management contracts and ARC's foreign exchange, relating to the revaluation of ARC's US dollar-denominated debt, also contributed to the reduction in earnings.

ARC recognized a net loss of \$668.0 million (\$1.89 per share) during the nine months ended September 30, 2020, compared to a net loss of \$17.4 million (\$0.05 per share) during the nine months ended September 30, 2019. An impairment charge recognized on ARC's property, plant, and equipment during the three months ended March 31, 2020, resulting from the decrease in forecasted commodity pricing for crude oil and natural gas, was the most significant contributor to the net loss in 2020 to-date. Further contributing to ARC's net loss were lower commodity sales due to lower average commodity price realizations, which were partially offset by increased income tax recoveries and a reduced loss on ARC's risk management contracts.

Funds from Operations

ARC generated funds from operations of \$144.6 million (\$0.41 per share) during the three months ended September 30, 2020, a decrease of \$5.6 million (\$0.01 per share) compared to funds from operations generated during the three months ended June 30, 2020. Increased commodity sales due to higher average commodity price realizations were offset by a lower current income tax recovery, a lower realized gain on risk management contracts, and increased operating expense and general and administrative ("G&A") expense.

ARC generated funds from operations of \$455.6 million (\$1.29 per share) during the nine months ended September 30, 2020, representing a decrease of \$69.0 million (\$0.19 per share) compared to funds from operations generated during the nine months ended September 30, 2019. Reduced commodity sales due to lower average commodity price realizations, despite increased production year-over-year, was the largest driver in lower funds from operations. Increased transportation expense and G&A expense also served to reduce funds from operations for the nine months ended September 30, 2020, relative to the nine months ended September 30, 2019. These decreases to funds from operations were partially offset by an increase in current income tax recovery, a lower operating expense, and lower royalties.

Table 1 details the change in funds from operations for the three months ended September 30, 2020, relative to the three months ended June 30, 2020, and the change in funds from operations for the nine months ended September 30, 2020, relative to the nine months ended September 30, 2019.

Table 1

Funds from Operations Reconciliation	Q2 2020 to Q3 2020		2019 YTD to 2020 YTD	
	\$ millions	\$/share ⁽¹⁾	\$ millions	\$/share ⁽¹⁾
Funds from operations for the three months ended June 30, 2020	150.2	0.42		
Funds from operations for the nine months ended September 30, 2019			524.6	1.48
Volume				
Crude oil and liquids	7.2	0.01	34.2	0.10
Natural gas	(10.0)	(0.03)	67.2	0.20
Price				
Crude oil and liquids	54.5	0.17	(193.4)	(0.54)
Natural gas	15.4	0.05	—	—
Sales of commodities purchased from third parties	12.8	0.04	(49.4)	(0.14)
Interest income	0.5	—	(3.9)	(0.01)
Other income	0.2	—	(2.2)	(0.01)
Realized gain (loss) on risk management contracts	(15.3)	(0.04)	(7.5)	(0.02)
Royalties	(4.8)	(0.01)	18.9	0.05
Expenses				
Commodities purchased from third parties	(13.3)	(0.04)	49.3	0.14
Operating	(9.9)	(0.03)	18.9	0.05
Transportation	(3.4)	(0.01)	(19.4)	(0.05)
G&A	(9.2)	(0.03)	(16.8)	(0.05)
Interest and financing	1.0	—	(0.1)	—
Current income tax	(31.8)	(0.09)	22.9	0.06
Realized gain (loss) on foreign exchange	0.5	—	11.8	0.03
Other	—	—	0.5	—
Funds from operations for the three months ended September 30, 2020	144.6	0.41		
Funds from operations for the nine months ended September 30, 2020			455.6	1.29

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

Physical Marketing and Financial Risk Management

ARC's assets and an extensive suite of owned-and-operated infrastructure provide significant optionality to manage the Company's commodity exposures. Depending on prevailing commodity pricing, ARC can selectively target natural gas, liquids-rich natural gas, or crude oil production and optimize the liquids

recoveries at its processing facilities. ARC is currently increasing natural gas recoveries by optimizing its facilities and plans to maximize throughput of low-cost natural gas production during the winter months to capture the anticipated strength in natural gas pricing.

ARC manages its natural gas price risk exposure through physical diversification and financial risk management activities to enhance corporate natural gas price realizations and reduce volatility in funds from operations. Summarized in Table 2 are the impacts that ARC's physical natural gas diversification and financial risk management activities had on the Company's realized natural gas price for the three months ended September 30, 2020, relative to the three months ended June 30, 2020, and the nine months ended September 30, 2020, relative to the nine months ended September 30, 2019.

Table 2

	Three Months Ended			Nine Months Ended		
	September 30, 2020	June 30, 2020	% Change	September 30, 2020	September 30, 2019	% Change
Realized Natural Gas Price Including Realized Gain on Risk Management Contracts (\$/Mcf)						
Average price before diversification activities	2.26	2.07	9	2.15	1.45	48
Diversification activities	(0.10)	(0.15)	33	(0.11)	0.59	(119)
Realized gain on risk management contracts ⁽¹⁾	0.02	0.11	(82)	0.08	0.53	(85)
Realized natural gas price including realized gain on risk management contracts	2.18	2.03	7	2.12	2.57	(18)

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

ARC's average realized crude oil and condensate prices were \$45.45 per barrel and \$48.49 per barrel, respectively, for the three months ended September 30, 2020, increasing 76 per cent and 54 per cent, compared to the three months ended June 30, 2020. ARC's average realized crude oil and condensate prices were \$40.79 per barrel and \$45.38 per barrel, respectively, for the nine months ended September 30, 2020, decreasing 38 per cent and 33 per cent, compared to the nine months ended September 30, 2019.

ARC's risk management program increased the Company's funds from operations during the three and nine months ended September 30, 2020, recording a realized gain of \$16.5 million and \$65.4 million, respectively. For the balance of 2020, approximately 70 per cent of ARC's anticipated crude oil and condensate production is hedged, and approximately 40 per cent of ARC's anticipated natural gas production is hedged. In 2021, over 40 per cent of ARC's anticipated crude oil and condensate production is currently hedged, and approximately 40 per cent of ARC's anticipated natural gas production is currently hedged. ARC continuously monitors commodity prices and executes its risk management program to reduce the volatility of its funds from operations and support its dividend and capital programs. ARC will continue to take positions in natural gas, crude oil, and foreign exchange rates, as appropriate, to provide greater certainty over future funds from operations. For details pertaining to ARC's risk management program and for a summary of the average crude oil and natural gas volumes associated with ARC's risk management contracts as at September 30, 2020, refer to Note 10 "Financial Instruments and Market Risk Management" in ARC's financial statements.

Netback

Table 3 details the components of ARC's netback for the three months ended September 30, 2020, relative to the three months ended June 30, 2020, and the components of ARC's netback for the nine months ended September 30, 2020, relative to the nine months ended September 30, 2019.

Table 3

	Three Months Ended			Nine Months Ended		
	September 30, 2020	June 30, 2020	% Change	September 30, 2020	September 30, 2019	% Change
Netback (\$/boe)						
Commodity sales from production	19.55	14.38	36	17.74	23.24	(24)
Royalties	(0.72)	(0.38)	(89)	(0.72)	(1.36)	47
Operating expense	(4.13)	(3.32)	(24)	(3.93)	(5.11)	23
Transportation expense	(3.22)	(2.88)	(12)	(2.99)	(2.97)	(1)
Netback	11.48	7.80	47	10.10	13.80	(27)
Realized gain on risk management contracts	1.13	2.10	(46)	1.50	1.96	(23)
Netback including realized gain on risk management contracts	12.61	9.90	27	11.60	15.76	(26)

For the three months ended September 30, 2020, relative to the three months ended June 30, 2020, ARC's:

- Netback increased primarily due to higher average realized commodity prices, partially offset by a lower realized risk management contracts.
- Royalties increased as a result of higher royalty rates associated with higher average realized commodity prices.
- Operating expense increased due to planned maintenance activities conducted in the period.
- Transportation expense increased due to the impacts of planned maintenance activities and third-party pipeline maintenance and outages, as well as from lower production levels in the period.

For the nine months ended September 30, 2020, relative to the nine months ended September 30, 2019, ARC's:

- Netback decreased primarily due to lower average realized commodity prices, which was partially offset by a year-over-year decrease in ARC's royalties and operating expense.
- Royalties decreased as a result of lower royalty rates associated with lower average realized commodity prices.
- Operating expense decreased as ARC brought on additional Montney production at Dawson and Sunrise, which lower relative costs.

OPERATIONAL REVIEW

ARC's position in the Montney resource play comprises approximately 1,000 net sections of land (approximately 636,000 net acres), with production from these assets representing approximately 95 per cent of total corporate production. Nearly all of ARC's production is processed through owned-and-operated infrastructure. This affords ARC greater control over its cost structure and liquids recoveries, supports strong

safety and environmental performance, and enables a flexible pace of development, all of which are especially critical in a volatile commodity price environment.

ARC's assets provide significant optionality to manage the Company's commodity exposures. Depending on prevailing commodity prices, ARC can selectively target natural gas, liquids-rich natural gas, or crude oil production by focusing its development in the areas that generate the most robust half-cycle economics.

ARC is a leader in ESG and sustainability practices. Employee and contractor safety is the Company's top priority, and ARC is committed to strong environmental performance by reducing its GHG emissions and freshwater usage. ARC released its 2020 ESG Report during the third quarter of 2020, providing details on ARC's ESG strategies and the Company's leading performance. Notably, ARC ranks as the lowest GHG emissions intensity producer amongst its Canadian peers. The 2020 ESG Report is available on ARC's website at www.arcreources.com.

Capital Expenditures

ARC invested \$52.6 million during the three months ended September 30, 2020, as development activities continued to focus on the Company's natural gas properties. During the period, ARC drilled 10 wells at Dawson and four wells at Sunrise and completed five wells at Parkland/Tower. ARC invested \$266.5 million during the nine months ended September 30, 2020, which included drilling 40 wells, completing 57 wells, and bringing the Dawson Phase IV gas processing and liquids-handling facility and the Ante Creek facility expansion projects on-stream early in the second quarter of 2020.

Table 4 details ARC's capital expenditures and the number of wells drilled and completed in each of the Company's core operating areas for the nine months ended September 30, 2020.

Table 4

Capital Activity by Area	Nine Months Ended September 30, 2020				
	Plant and Facilities (\$ millions)	Drilling and Completions and Other ⁽²⁾ (\$ millions)	Capital Expenditures ⁽³⁾ (\$ millions)	Wells Drilled ⁽⁴⁾	Wells Completed ⁽⁴⁾
Dawson	24.7	61.9	86.6	14	16
Sunrise	—	38.9	38.9	11	7
Parkland/Tower	2.2	47.1	49.3	8	12
Ante Creek	11.0	40.7	51.7	7	16
Attachie West	2.1	27.4	29.5	—	6
Pembina	—	2.0	2.0	—	—
All other ⁽¹⁾	—	8.5	8.5	—	—
Total	40.0	226.5	266.5	40	57

- (1) All other comprises spending and activity for ARC's non-core properties as well as its corporate assets.
- (2) Other capital expenditures comprise expenditures for geological and geophysical, maintenance and optimization, and corporate assets.
- (3) Land expenditures and net property acquisitions and dispositions are not included.
- (4) Wells drilled and completed for ARC's operated properties only.

Planned capital investments for 2020 total \$350 million, with the majority of the remaining capital for the year being deployed to natural gas development activities at Dawson and Sunrise.

Production

ARC's production for the three months ended September 30, 2020 averaged 158,444 boe per day, comprising 708 MMcf per day of natural gas, 15,373 barrels per day of crude oil, 14,831 barrels per day of condensate, and 10,208 barrels per day of NGLs.

Average daily production for the three months ended September 30, 2020 decreased five per cent relative to the three months ended June 30, 2020. Planned maintenance activities at Parkland/Tower contributed to the decrease in production in the period; however, ARC mitigated the magnitude of the impact by completing the maintenance in less time than forecast. Additionally, ARC managed its natural gas production at Dawson and Sunrise during the three months ended September 30, 2020, to ensure maximum throughput of low-cost natural gas production during the winter months to capture the anticipated strength in natural gas pricing. To de-risk the economics of this decision, ARC entered into additional hedges for November 2020 to March 2021. Increased production at Ante Creek, Attachie West, and Parkland, due to new wells being brought on-stream during the three months ended September 30, 2020, partially offset the production decreases in the period.

Table 5 details production from ARC's core operating areas for the three months ended September 30, 2020, relative to the three months ended June 30, 2020.

Table 5

Three Months Ended						
	September 30, 2020					June 30, 2020
Production by Area ⁽¹⁾	Crude Oil	Condensate	Natural Gas	NGLs	Total	Total
	(bbl/day)	(bbl/day)	(MMcf/day)	(bbl/day)	(boe/day)	(boe/day)
Dawson	4,758		309.1	3,973	60,251	67,510
Sunrise	7		200.6	14	33,450	40,662
Parkland/Tower	1,946	5,956	123.8	4,339	32,876	30,757
Ante Creek	7,612	516	45.4	1,595	17,291	14,329
Attachie West	3,317		12.0	143	5,458	3,034
Pembina	5,813	139	10.9	363	8,130	8,973
All other ⁽²⁾	2	138	6.4	(219)	988	1,245
Total						

15,373

14,831

708.2

10,208

158,444

166,510

(1) Includes both operated and non-operated properties.

(2) All other comprises production for ARC's non-core properties.

ARC's production for the nine months ended September 30, 2020 averaged 158,911 boe per day, comprising 725 MMcf per day of natural gas, 15,784 barrels per day of crude oil, 13,117 barrels per day of condensate, and 9,258 barrels per day of NGLs. Average daily production for the nine months ended September 30, 2020 represented a 17 per cent increase from average daily production for the nine months ended September 30, 2019, driven primarily by increased natural gas production at Dawson and Sunrise.

Full-year average daily production for 2020 is expected to be within the guidance range of 157,000 boe per day to 160,000 boe per day.

OUTLOOK

2020 Guidance

ARC increased its 2020 planned capital investments to \$350 million from \$300 million, with a continued focus on balance sheet strength and investment in profitable projects with efficient execution. Capital activity for the remainder of 2020 will be focused on natural gas development at Dawson and Sunrise, allowing ARC to maximize throughput of low-cost natural gas production during the winter months to capture the anticipated strength in natural gas pricing. At current commodity price levels, funds from operations generated in 2020 are anticipated to fund the Company's dividend payments and capital program as well as reduce the Company's net debt balance.

To better reflect ARC's 2020 year-to-date actual results and the corresponding full-year 2020 expectations, ARC is modestly increasing its 2020 production guidance ranges for all commodities, and lowering its 2020 guidance ranges for operating, transportation, and interest expenses, as well as current income tax.

ARC's full-year 2020 guidance estimates and a review of 2020 year-to-date actual results are outlined in Table 6.

Table 6

	2020 Original Guidance	2020 Revised Guidance (March 2020)
Production		
Crude oil (bbl/day)	15,000 - 17,000	14,000 - 16,000
Condensate (bbl/day)	12,000 - 14,000	11,000 - 13,000
Crude oil and condensate (bbl/day)	27,000 - 31,000	25,000 - 29,000
Natural gas (MMcf/day) ⁽¹⁾	715 - 725	705 - 710
NGLs (bbl/day)	8,500 - 9,000	8,000 - 8,500
Total (boe/day) ⁽¹⁾	155,000 - 161,000	150,000 - 156,000
Expenses (\$/boe)		
Operating	4.55 - 4.95	4.55 - 4.95
Transportation	3.10 - 3.30	3.10 - 3.30
G&A expense before share-based compensation expense	1.00 - 1.20	1.00 - 1.20
G&A - share-based compensation expense ⁽²⁾	0.30 - 0.45	0.30 - 0.45
Interest and financing ⁽³⁾	0.65 - 0.80	0.65 - 0.80
Current income tax expense (recovery) as a per cent of funds from operations ⁽⁴⁾	(2) - 3	(2) - 3
Capital expenditures before land and net property acquisitions (dispositions) (\$ millions)	500	300

(1) Guidance does not incorporate the potential impact that third-party transportation restrictions may have on ARC's natural gas production.

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

(3) Excludes accretion of the asset retirement obligation.

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

Operating expense is below the guidance range due to the deferral of discretionary maintenance and workover activities during the first half of 2020. With maintenance and workover activities resumed during the second half of 2020, ARC expects its operating expense to be at the low end of the guidance range.

Current income tax as a per cent of funds from operations is below the guidance range due to the decrease in forecasted commodity pricing for crude oil and natural gas and the recognition of certain income tax deductions received from prior periods. Current income tax is expected to be at the low end of the guidance range.

Refer to the March 13, 2020 news release entitled "[ARC Resources Ltd. Announces Reduced Capital Program of up to \\$300 Million for 2020 and Reduces Its Monthly Dividend to \\$0.02 per Share](#)" and the November 7, 2019 news release entitled "[ARC Resources Ltd. Reports Third Quarter 2019 Financial and Operational Results and Announces \\$500 Million Capital Program for 2020](#)" available on ARC's website at

www.arcresources.com and SEDAR at www.sedar.com.

2021 BUDGET

The Board has approved a capital budget for 2021 that will range from \$375 million to \$425 million and focus on maximizing the generation of surplus funds from operations. The 2021 budget centres on ARC's principles of capital discipline, profitability, and financial strength. ARC plans to deliver meaningful returns to shareholders through profitable development activities, which will support the Company in generating significant funds from operations, paying its quarterly dividend of \$0.06 per share, and further strengthening its already-strong financial position. ARC's commitment to advancing the Company's ESG strategies and performance, and upholding a strong safety culture, will continue to be top priorities in 2021.

ARC plans to sustain production at Dawson, Sunrise, Parkland/Tower, and Ante Creek during 2021 to deliver average daily production between 158,000 boe per day and 165,000 boe per day.

- Crude oil and condensate production is expected to range from 23,000 barrels per day to 26,000 barrels per day.
- Natural gas production is expected to range from 750 MMcf per day to 775 MMcf per day.
- NGLs production is expected to range from 9,500 barrels per day to 10,500 barrels per day.

Demonstrating its continued operational excellence through infrastructure ownership and operatorship, as well as ongoing cost reduction initiatives, ARC expects its 2021 corporate operating expense to be in the range of \$4.00 per boe to \$4.50 per boe.

2021 Capital Program and Production

A key objective for ARC in 2021 is to maximize cash flow generation across the Company's asset base, with approximately 80 per cent of the budget planned for profitable half-cycle investments. ARC will focus its development activities primarily on ARC's natural gas assets at Dawson and Sunrise, with additional development activities planned at ARC's light oil Ante Creek asset and ARC's condensate-rich Parkland/Tower asset.

The most recent development activities at Attachie West have allowed ARC to improve the area's capital efficiencies and optimize well designs. These improvements have reaffirmed the Company's confidence in the asset. ARC continues to move forward with planning the facility design of Attachie West Phase I and finalizing commercial arrangements in advance of project development. With a proven, economic well design in place, ARC plans to recommence drilling activities at Attachie West once full-scale development is undertaken to ensure the most efficient and profitable execution possible.

The 2021 capital program places significant emphasis on the continuous improvement of ARC's capital efficiencies. The collective impact of optimized well and pad designs, realized service cost reductions, and focused drilling activities in ARC's core operating areas have resulted in better capital efficiencies. Of note, ARC expects to reduce the average cost per lateral length in 2021 by 25 per cent relative to 2019 and by five per cent relative to 2020.

Infrastructure Optimization Projects

With an extensive suite of owned-and-operated infrastructure, ARC has the strategic advantage of executing highly economic optimization projects. In 2021, ARC plans to complete infrastructure optimization projects at Sunrise and Parkland/Tower.

At Sunrise, ARC will invest approximately \$11 million of plant and facilities capital to complete a small expansion of the Sunrise Phase I and II gas processing facility, adding approximately 40 MMcf per day of low-cost natural gas processing and sales capacity to take advantage of anticipated future strength in natural gas pricing. The project is expected to be brought on-stream during the fourth quarter of 2021.

At Parkland/Tower, to accommodate for the continued development of the lower Montney horizon and improve the asset's overall deliverability and profitability, ARC is resuming its plans to optimize the existing Parkland sweet facility by converting it to a sour facility and adding approximately six MMcf per day of natural gas processing and sales capacity. Approximately \$30 million of plant and facilities capital will be invested to complete the optimization project, which is expected to be brought on-stream during the fourth quarter of 2021.

ESG Projects

Approximately \$7 million will be dedicated to advancing ARC's ESG strategies and industry-leading performance in 2021. Investments include front-end work for the planned electrification of the Dawson Phase III and IV facility and Attachie West Phase I facility, and investments for several small, profitable emissions reduction projects. These ESG-focused projects are expected to play a significant role in ARC meeting its air emissions reduction targets over the next several years, which are discussed in detail in ARC's 2020 ESG Report, available on ARC's website at www.arcresources.com.

Table 7 details ARC's capital budget by area, including capital expenditures for 2020 and 2021 and the number of wells planned for 2021.

Table 7

Capital Expenditures and Wells Drilled ⁽¹⁾	2020 Revised Guidance (November 2020) Capital Expenditures ⁽³⁾ (\$ millions)	2021 Budget Capital Expenditures ⁽³⁾ (\$ millions)	2021 Budget Wells Drilled (operated)
Dawson	134	168	32
Sunrise	48	77	9
Parkland/Tower	53	70	12
Ante Creek	65	58	16
Attachie West	31	6	—
Pembina	3	6	—
All other ⁽²⁾	16	25	—
Total	350	410	69

(1) Includes both operated and non-operated properties.

(2) All other comprises spending and activity for ARC's non-core properties as well as its corporate assets.

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

Table 8 details ARC's expected capital expenditures by classification for 2020 and 2021.

Table 8

Capital Expenditures by Classification (\$ millions)	2020 Revised Guidance (November 2020)	2021 Budget
Drilling and completions	289	333
Plant and facilities	43	45
Other ⁽¹⁾	18	32
Total	350	410

(1) Other capital expenditures comprise expenditures for geological and geophysical, ESG-related projects, and corporate capital, which includes capitalized G&A expenses, information technology, and corporate office capital.

Table 9 details ARC's expected production by area for 2020 and 2021.

Table 9

Expected Annualized Production by Area ⁽¹⁾⁽²⁾ (boe/day)	2020 Revised Guidance (November 2020)	2021 Budget
Dawson	58,000	62,500
Sunrise	38,500	40,000
Parkland/Tower	32,000	30,000
Ante Creek	16,000	17,000
Attachie West	4,000	3,500
Pembina	9,000	6,500
All other ⁽³⁾	1,000	2,000
Total ⁽⁴⁾	158,500	161,500

(1) Includes both operated and non-operated properties.

(2) Does not incorporate the potential impact that third-party transportation restrictions may have on ARC's natural gas production.

(3) All other comprises production for ARC's non-core properties.

(4) Total production denotes the midpoints of the production guidance ranges of 157,000 boe per day to 160,000 boe per day for 2020 and 158,000 boe per day to 165,000 boe per day for 2021.

Funding of the 2021 Budget

ARC's capital budget range for 2021 of \$375 million to \$425 million was sensitized against various commodity price scenarios and assumes the continuation of the Company's quarterly dividend of \$0.06 per share through 2021. The approved capital projects are expected to provide attractive rates of return at both prevailing and forecasted commodity prices.

Balance sheet strength and long-term financial flexibility are top priorities for ARC. Funds from operations generated in 2021 are expected to fund ARC's dividend obligations of approximately \$85 million and capital

budget that will range from \$375 million to \$425 million. Surplus funds from operations will be used to strengthen the Company's balance sheet and reduce ARC's net debt to annualized funds from operations ratio to the low end of, or possibly below, the target range of 1.0 to 1.5 times. ARC's risk management program is expected to reduce volatility in funds from operations and project economics. ARC will continue to take positions in natural gas, crude oil, and foreign exchange rates, as appropriate, to provide greater certainty over future funds from operations.

2021 Guidance

The corporate guidance for 2021 was determined based on various commodity price scenarios and economic conditions; certain guidance estimates may fluctuate with commodity price changes. ARC's guidance provides readers with the information relevant to Management's expectations for financial and operational results, excluding any potential acquisition or disposition activities, for 2021. Readers are cautioned that the guidance estimates may not be appropriate for any other purpose.

ARC's full-year 2021 guidance estimates are outlined in Table 10.

Table 10

	2021
	Guidance ⁽⁵⁾
Production	
Crude oil (bbl/day)	12,000 - 13,500
Condensate (bbl/day)	11,000 - 12,500
Crude oil and condensate (bbl/day)	23,000 - 26,000
Natural gas (MMcf/day) ⁽¹⁾	750 - 775
NGLs (bbl/day)	9,500 - 10,500
Total (boe/day) ⁽¹⁾	158,000 - 165,000
Expenses (\$/boe)	
Operating	4.00 - 4.50
Transportation	3.00 - 3.50
G&A expense before share-based compensation expense	1.00 - 1.25
G&A - share-based compensation expense ⁽²⁾	0.30 - 0.45
Interest and financing ⁽³⁾	0.45 - 0.55
Current income tax expense (recovery) as a per cent of funds from operations ⁽⁴⁾	3 - 7
Capital expenditures before land and net property acquisitions (dispositions) (\$ millions)	375 - 425

- (1) Guidance does not incorporate the potential impact that third-party transportation restrictions may have on ARC's natural gas production.
 - (2) Comprises expense recognized under the RSU and PSU Plans, Share Option Plan, and LTRSA Plan, and excludes compensation expense under the DSU Plan. In periods where substantial share price fluctuation occurs, ARC's G&A expense is subject to greater volatility.
 - (3) Excludes accretion of the asset retirement obligation.
 - (4) The current income tax estimate varies depending on the level of commodity prices.
 - (5) Ongoing weakness in commodity prices resulting from COVID-19 impacts on demand and market volatility may impact ARC's future financial and operational results. ARC will continuously monitor its guidance and provide updates as deemed appropriate.
- Reclamation and Asset Retirement Activities

ARC's goal is to exceed compliance requirements to minimize its environmental footprint and maintain a leadership position in responsible development practices. ARC has an active program to reclaim inactive wells, pipelines, and facilities, as well as decommission and reclaim sites. Spending on these activities is estimated to be approximately \$18 million in 2021.

Dividend

The quarterly dividend of \$0.06 per share is an essential component of ARC's returns to shareholders. ARC continually assesses dividend levels in light of commodity prices and economic conditions, capital investment programs, and production levels to ensure that the Company's dividends align with its long-term strategy and objectives. The dividend is reviewed regularly by the Board.

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 under: "2020 Budget Update" regarding the impact of the Board's approval of an increased 2020 capital budget and related acceleration of capital projects, including on funds from operations and net debt; "2021 Budget Overview" regarding ARC's 2021 capital program, key priorities, and production plans for 2021, the expectation to fully fund ARC's dividend obligations and capital program from funds from operations, and plans for surplus funds from operations; "Conference Call" regarding Management's upcoming conference call to discuss ARC's third quarter results and 2021 budget; "Commodity Price Environment" relating to the outlook for natural gas and the possibility of a sustained crude oil price recovery; under "Financial Review" relating to capital allocation options that ARC will evaluate and consider, funds from operations expectations, ARC's ability to maintain financial flexibility with its balance sheet and remain in a position of financial strength during future periods of economic uncertainty and to manage conservative debt levels, plans to maximize throughput of low-cost natural gas production during the winter months to capture the anticipated strength in natural gas pricing, plans to continue to take positions in natural gas, crude oil, and foreign exchange rates to provide greater certainty over future funds from operations; under "Operational Review" relating to the planned capital investments for 2020, ARC's objective to ensure the maximum throughput of low-cost natural gas production is monetized into a more attractive future commodity price environment; and third quarter 2020 production estimates; "Outlook" relating to capital activity for the remainder of 2020, 2020 guidance estimates, expectations regarding operating expense and current income tax trends; "2021 Budget" regarding ARC's plans to deliver meaningful returns to shareholders through profitable development activities; expectations that ARC will generate significant funds from operations, pay its quarterly dividend, and strengthen its financial position, plans to sustain production at Dawson, Sunrise, Parkland/Tower, and Ante Creek during 2021 and related daily production estimates for crude oil, natural gas, and NGLS, key objectives for 2021, including to maximize cash flow generation across ARC's asset base and the allocation of 80 per cent of the 2021 budget for profitable half-cycle investments, plans for development and drilling activities, cost reduction expectations, investments in infrastructure optimization projects, including \$11 million of plant and facilities capital to expand the Sunrise Phase I and II gas processing facility and the timing thereof, plans to optimize the existing Parkland sweet facility by converting it to a sour facility and adding natural gas processing and

sales capacity, advancing ESG strategies and performance, capital expenditures for 2020 and 2021, the number of wells planned for 2021, expected capital expenditures by classification for 2020 and 2021, rate of return expectations, the ability of funds from operations to fund ARC's dividend payments and capital program and reduce ARC's net debt balance, the impact of ARC's risk management program and ARC's plans to continue to take positions in natural gas, crude oil, and foreign exchange rates, 2021 guidance estimates, ARC's goals to exceed reclamation and asset retirement compliance requirements to minimize its environmental footprint and spending in relation thereto, the impact of ongoing weakness in commodity prices resulting from COVID-19 on ARC's future financial and operational results, and other statements.

The forward-looking information and statements contained in this news release reflect several material factors, expectations, and assumptions of ARC, including, without limitation: changing global economic conditions; public health crises, such as the COVID-19 pandemic, and any related actions taken by businesses and governments; the production performance of ARC's oil and natural gas assets; the cost and competition for services throughout the oil and gas industry in 2020 and 2021; the results of exploration and development activities during 2020 and 2021; the retention of ARC's key properties; the continuance of existing tax, royalty, and regulatory regimes; the accuracy of the estimates of ARC's reserve volumes; certain commodity price and other cost assumptions; the continued availability of adequate debt and equity financing and funds from operations to fund planned expenditures; and other material risks disclosed in ARC's most recently filed MD&A and Annual Information Form ("AIF"). 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 volumes; limited, unfavourable, or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; the potential for variation in the quality of the Montney formation; unanticipated results from ARC's exploration and development activities; and other risks detailed from time-to-time in ARC's most recently filed MD&A and AIF.

The internal projections, expectations, or beliefs underlying the 2020 and 2021 capital budget and outlook for 2020 and 2021 are subject to change in light of the impact of the COVID-19 pandemic, and any related actions taken by businesses and governments, ongoing results, prevailing economic circumstances, commodity prices, and industry conditions and regulations. ARC's financial outlook for 2020 and 2021 provides shareholders with relevant information on Management's expectations for results of operations, excluding any potential acquisitions or dispositions, for such time periods. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted and ARC's 2020 and 2021 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 of approximately \$3.3 billion. ARC's common shares trade on the Toronto Stock Exchange under the symbol ARX.

[ARC Resources Ltd.](#)

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