

Arc Resources Ltd. Reports Record Year-end Results And Reserves

09.02.2023 | [CNW](#)

CALGARY, Feb. 9, 2023 - (TSX: ARX) [ARC Resources Ltd.](#) ("ARC" or the "Company") today reported its fourth quarter year-end 2022 financial and operational results as well as its year-end 2022 reserves.

ARC generated record production and funds from operations per share in the fourth quarter of 2022. In 2022, annual average production, net income, funds from operations, and free funds flow were the highest of any year in ARC's 26-year history.

HIGHLIGHTS

Fourth Quarter 2022 Results

- ARC delivered record average production of 359,730 boe⁽¹⁾⁽²⁾ per day (61 per cent natural gas and 39 per cent crude oil and liquids). Production per share⁽³⁾ increased 16 per cent year-over-year and was in-line with Company guidance due to weather related downtime in December.
- ARC generated free funds flow of \$603 million⁽⁴⁾ (\$0.96 per share)⁽⁵⁾, funds from operations of \$986 million⁽⁶⁾ (\$1.61 per share)⁽⁷⁾ and cash flow from operating activities of \$878 million in the fourth quarter. ARC invested \$383 million in capital expenditures⁽⁴⁾, in-line with Company guidance.
- ARC's market diversification strategy resulted in an average realized natural gas price of \$8.31 per Mcf⁽⁷⁾; \$2.73 per barrel of oil, or 49 per cent, greater than the average AECO 7A Monthly Index price.
- ARC distributed 68 per cent or \$411 million (\$0.65 per share) of free funds flow for the period to shareholders through dividends and share repurchases, with the remainder used to reduce net debt to \$1.3 billion⁽⁶⁾ or 0.4 times funds from operations⁽⁶⁾.
- ARC repurchased 17 million shares during the fourth quarter. Since renewing its NCIB on August 30, 2022, ARC repurchased 35 million common shares, representing 53 per cent of its allotment under the current NCIB.
- ARC recognized net income of \$741 million (\$1.18 per share), compared to net income of \$678 million (\$0.96 per share) in the fourth quarter of 2021.

Year-end 2022 Results

- ARC generated record free funds flow in 2022 of \$2.3 billion (\$3.42 per share), representing a 58 per cent increase over 2021 free funds flow per share. ARC distributed 71 per cent or \$1.6 billion (\$2.43 per share) of free funds flow to shareholders with the remainder used to further strengthen ARC's balance sheet by reducing debt by \$0.7 billion by \$0.5 billion.
- In the second quarter of 2022, ARC entered into a long-term natural gas supply agreement with Cheniere Energy ("Cheniere"). The agreement commences with the commercial operation of Train 7 of the Corpus Christi Stage III which is expected in 2027. ARC will deliver natural gas to Cheniere through existing pipeline capacity and will receive a fixed liquefied natural gas ("LNG") price based on Platts JKMTM (Japan Korea Marker), after deductions for fixed LNG supply costs and a fixed liquefaction fee.
- ARC recognized net income of \$2.3 billion (\$3.47 per share) compared to net income of \$787 million (\$1.25 per share) in 2021. Cash flow from operating activities was \$3.8 billion and funds from operations were \$3.7 billion (\$5.60 per share).
- ARC executed its 2022 capital program safely and efficiently. Cash flow used in investing activities totaled \$1.4 billion and capital expenditures of \$1.4 billion delivering record average production of 345,613 boe per day (61 per cent natural gas and 39 per cent crude oil and liquids) in 2022.
- Market diversification resulted in an average annual realized natural gas price of \$8.15 per Mcf; \$2.59 per barrel of oil, or 49 per cent, greater than the average AECO 7A Monthly Index price for the period.
- In January 2023, ARC received certification under Equitable Origin's EO100TM Standard for Responsible Development for the Ante Creek asset. With this certification and prior certifications received in 2022 for Kakwa and the Company's other assets, 100 per cent of the Company's assets are now certified under this global standard, representing the largest certified production base in Canada.

Year-end 2022 Reserves⁽¹⁾⁽⁸⁾

- ARC's before-tax net present value ("NPV") of proved plus probable ("2P") reserves, discounted at 10 per cent, increased from \$21.1 billion at December 31, 2021 to \$34.00 per share⁽⁹⁾ or \$21.1 billion at December 31, 2022. The increase was driven by positive technical studies and extensions and improved recovery, particularly at Kakwa, along with stronger commodity prices and reduced development costs.
- ARC grew its reserves per share in all categories between 14 per cent and 22 per cent. Proved producing ("PDP") reserves increased 22 per cent per share to 549 MMboe, primarily due to out performance at Kakwa where PDP reserves increased 17 per cent. PDP finding, development and acquisition ("FD&A") costs including future development costs ("FDC") equated to a 5.2 times⁽¹⁰⁾ PDP recycle ratio.

- 2P reserve replacement from development has been 140 per cent of production or greater for 15 consecutive years. At year-end 2022 just 17 per cent of ARC's total drilling inventory was booked in the 2P category. ARC's Attaché will drive the next phase of production and reserve growth, comprised less than four per cent of total 2P locations. Undeveloped drilling locations booked.

ARC's consolidated financial statements and notes (the "financial statements") and Management's Discussion and Analysis ("MD&A") as at and for the three months and year ended December 31, 2022, are available on ARC's website at www.arcresources.com and under ARC's SEDAR profile at www.sedar.com. The disclosures under the sections entitled "Financial Statements" and "Non-GAAP and Other Financial Measures" in ARC's MD&A as at and for the three months and year ended December 31, 2022 (the "2022 Annual MD&A") are incorporated by reference in this news release.

- (1) ARC has adopted the standard six thousand cubic feet ("Mcf") of natural gas to one barrel ("bbl") of crude oil ratio when converting natural gas to barrels of oil equivalent ("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) 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"). Condensate is a natural gas liquid as defined by NI 51-101. Throughout this news release, natural gas liquids ("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.
- (3) Represents average daily production divided by the diluted weighted average common shares outstanding for the respective three months ended December 31.
- (4) Non-GAAP financial measure that is not a standardized financial measure under International Financial Reporting Standards ("IFRS") and may not be comparable to similar financial measures disclosed by other issuers. See "Non-GAAP and Other Financial Measures" in the 2022 Annual MD&A for information relating to this non-GAAP financial measure, which information is incorporated by reference into this news release. See "Non-GAAP and Other Financial Measures" of this news release for the most directly comparable financial measure disclosed in ARC's current financial statements to which such non-GAAP financial measure relates and a reconciliation to such comparable financial measure.
- (5) Non-GAAP ratio that is not a standardized financial measure under IFRS and may not be comparable to similar ratios disclosed by other issuers. Free funds flow, a non-GAAP financial measure, is used as a component of the non-GAAP ratio. See "Non-GAAP and Other Financial Measures" in the 2022 Annual MD&A for the non-GAAP ratio for the comparative period and other information relating to this non-GAAP ratio, which information is incorporated by reference into this news release.
- (6) See Note 16 "Capital Management" in the financial statements and "Non-GAAP and Other Financial Measures" in the 2022 Annual MD&A for information relating to this capital management measure, which information is incorporated by reference into this news release.
- (7) See "Non-GAAP and Other Financial Measures" in the 2022 Annual MD&A for an explanation of the composition of this supplementary financial measure, which information is incorporated by reference into this news release.
- (8) GLJ Ltd. ("GLJ") conducted an Independent Qualified Reserves Evaluation ("Reserves Evaluation"), dated February 8, 2023 and effective December 31, 2022, which was prepared in accordance with definitions, standards, and procedures in the Canadian Oil and Gas Evaluation ("COGE") Handbook and NI 51-101. The Reserves Evaluation was based on GLJ forecast pricing and foreign exchange rates at January 1, 2023.
- (9) See "Non-GAAP and Other Financial Measures" of this news release for an explanation of the composition of this supplementary financial measure, which information is incorporated by reference into this news release.

(10) Non-GAAP ratio that is not a standardized financial measure under IFRS and may not be comparable to similar financial measures disclosed by other issuers. Netback per boe, a non-GAAP ratio, and capital expenditures and adjusted net capital acquisitions, both non-GAAP financial measures, are used as components of the non-GAAP ratio. See "Non-GAAP and Other Financial Measures" of this news release for the non-GAAP ratio for the comparative period and other information relating to this non-GAAP ratio.

FINANCIAL AND OPERATIONAL RESULTS

(Cdn\$ millions, except per share amounts ⁽¹⁾ , boe amounts, and common shares outstanding)	Three Months Ended			Year Ended ⁽²⁾
	September 30, 2022	December 31, 2022	December 31, 2021	December 31, 2022
FINANCIAL RESULTS				
Net income	867.8	741.0	678.0	2,302.3
Per share	1.32	1.18	0.96	3.47
Cash flow from operating activities	1,103.6	878.3	668.7	3,833.3
Per share ⁽³⁾	1.68	1.39	0.95	5.78
Funds from operations	953.0	986.2	833.6	3,712.5
Per share	1.45	1.56	1.19	5.60
Free funds flow	580.1	602.9	458.7	2,270.6
Per share	0.89	0.96	0.65	3.42
Dividends declared	76.7	93.4	69.5	318.2
Per share	0.12	0.15	0.10	0.49
Cash flow used in investing activities	351.9	350.7	268.7	1,413.2
Capital expenditures	372.9	383.3	374.9	1,441.9
Long-term debt	1,126.6	990.0	1,705.3	990.0
Net debt	1,541.3	1,301.5	1,828.7	1,301.5
Common shares outstanding, weighted average diluted (millions)	655.4	630.3	703.0	663.1
Common shares outstanding, end of period (millions)	637.6	620.9	693.5	620.9
OPERATIONAL RESULTS				
Production				
Crude oil (bbl/day)	8,149	7,280	7,857	7,904
Condensate (bbl/day)	82,203	82,855	74,220	78,489
Crude oil and condensate (bbl/day)	90,352	90,135	82,077	86,393
Natural gas (MMcf/day)	1,227	1,310	1,293	1,259
NGLs (bbl/day)	47,108	51,311	48,299	49,385
Total (boe/day)	342,034	359,730	345,831	345,613
Average realized price				

Crude oil (\$/bbl) ⁽³⁾	111.41	103.58	92.11	115.66
Condensate (\$/bbl) ⁽³⁾	110.35	107.24	96.90	118.17
Natural gas (\$/Mcf) ⁽³⁾	9.29	8.31	6.45	8.15
NGLs (\$/bbl) ⁽³⁾	20.72	28.86	27.65	27.98
Average realized price (\$/boe) ⁽³⁾	65.37	61.17	50.87	63.18
Netback				
Commodity sales from production (\$/boe) ⁽³⁾	65.37	61.17	50.87	63.18
Royalties (\$/boe) ⁽³⁾	(9.23)	(10.18)	(5.44)	(9.59)
Operating expense (\$/boe) ⁽³⁾	(4.69)	(4.37)	(3.50)	(4.44)
Transportation expense (\$/boe) ⁽³⁾	(6.08)	(5.70)	(5.47)	(5.90)
Netback (\$/boe) ⁽⁴⁾	45.37	40.92	36.46	43.25
TRADING STATISTICS ⁽⁵⁾				
High price	19.51	20.49	13.34	22.88
(1) Per share amounts, with the exception of dividends, are based on weighted average diluted common shares.				
Low price	13.12	17.05	10.20	11.66
(2) Comparative figures represent ARC's results prior to the closing of the business combination with Seven Generation on April 6, 2021, and therefore do not reflect historical data from Seven Generation.				
(3) See "Non-GAAP and Other Financial Measures" in the 2022 Annual MD&A for an explanation of the composition of this supplementary financial measure, which information is incorporated by reference into this news release.				
(4) See "Non-GAAP and Other Financial Measures" in the 2022 Annual MD&A for an explanation of the composition of this supplementary financial measure, which information is incorporated by reference into this news release.				
(5) See "Trading Prices" in the 2022 Annual MD&A for an explanation of the composition of this supplementary financial measure, which information is incorporated by reference into this news release.				

(4) Non-GAAP ratio that is not a standardized financial measure under IFRS and may not be comparable to similar ratios disclosed by other issuers. Netback, a non-GAAP financial measure, is used as a component of the non-GAAP ratio. See "Netback" and "Non-GAAP and Other Financial Measures" in the 2022 Annual MD&A for the non-GAAP ratio for the comparative period and other information relating to this non-GAAP ratio, which information is incorporated by reference into this news release.

(5) Trading prices are stated in Canadian dollars on a per share basis and are based on intra-day trading on the **OTC** Stock Exchange.

ARC is well positioned to build on its 2022 record performance over the next several years. Kakwa continues to exhibit strong performance and ARC has regained operational momentum in British Columbia ("BC") following the receipt of permits on freehold lands in late 2022.

- ARC has resumed activity in BC. With more than 95 per cent of its existing BC production base on freehold land, 2023 **Guidance** is well positioned as it continues to receive freehold permits required to fully execute its 2023 capital program which includes the 80 MMcf/day natural gas expansion at Sunrise, one of ARC's most profitable assets with near zero operating costs.
 - In January, 2023, the BC government and several of the Treaty 8 First Nations reached agreements regarding future development of the Attache area. ARC is evaluating the details of the agreements with the government and collaborating with the First Nations to ensure the project is developed in a way that respects the First Nations' interests. With its participation in the regulatory process, the Company will be able to make a decision on how to safely and efficiently execute its Attache West Phase I.
 - Total project costs for Attache West Phase I includes capital required for approximately two years of operations.
 - In 2023, ARC intends to invest \$1.8 billion⁽¹⁾ in capital expenditures and deliver average production of approximately 350,000 boe per day (60 per cent natural gas and 40 per cent crude oil and condensate).
- (1) Refer to the 2023 **Guidance** for details on ARC's 2023 capital expenditures, which is expected to increase to \$2.5 billion in 2024. ARC's 2022 and 2023 annual guidance and a review of 2022 actual results are outlined below:

	2022 Guidance	2022 Actuals	% Variance from 2022 Guidance	2023 Guidance
Crude oil (bbl/day)	8,000 - 9,000	7,904	(1)	8,500 - 9,000
Condensate (bbl/day)	77,000 - 81,000	78,489	-	79,000 - 81,000
Crude oil and condensate (bbl/day)	85,000 - 90,000	86,393	-	87,500 - 90,000
Natural gas (MMcf/day)	1,240 - 1,260	1,259	-	1,260 - 1,270
NGLs (bbl/day)	48,000 - 50,000	49,385	-	47,000 - 49,000
Total (boe/day)	340,000 - 350,000	345,613	-	345,000 - 350,000
Expenses (\$/boe) ⁽¹⁾				
Operating	4.00 - 4.50	4.44	-	4.60 - 5.00
Transportation	5.35 - 5.75	5.90	3	5.50 - 6.00
General and administrative ("G&A") expense before share-based compensation expense	0.80 - 0.90	1.00	11	0.85 - 0.95
G&A - share-based compensation expense ⁽²⁾	0.60 - 0.70	0.69	-	0.25 - 0.35
Interest and financing ⁽³⁾	0.55 - 0.65	0.68	5	0.65 - 0.75
Current income tax expense as a per cent of funds from operations ⁽¹⁾	3 - 8	8	-	10 - 15
Capital expenditures (\$ billions)	1.35 - 1.45	1.4	-	1.8

(1) See "Non-GAAP and Other Financial Measures" in the 2022 Annual MD&A for an explanation of the composition of these supplementary financial measures, which information is incorporated by reference into this news release.

(2) Comprises expense recognized under all share-based compensation plans.

(3) ~~ARC's 2022~~ ARC's 2022 performance of its operations largely within guidance. ARC's G&A expense before share-based compensation expense per boe was above guidance as a result of increased employee compensation and corporate transportation expense per boe was three per cent above guidance reflecting higher fuel gas expense from strong commodity prices. Interest and financing was slightly above the guidance range as short-term borrowing rates increased throughout 2022.

Free Funds Flow Allocation

ARC's goal is to provide shareholders with an attractive total return while adhering to the Company's guiding principles of balance sheet strength, capital discipline, and a focus on profitability. This is achieved through profitable investments in its assets, complemented by a meaningful return of capital that grows over time.

In 2023, ARC anticipates that the proportion of free funds flow allocated to shareholders will increase towards the upper half of its free funds allocation range of between 50 to 100 per cent. Greater operating momentum in BC along with further strengthening of the balance sheet supports an increasing proportion of free funds flow returned to shareholders.

- Base dividend and base dividend growth compounded by share repurchases below intrinsic value remain the optimal mechanism to return capital.
- In 2022, ARC repurchased 10 per cent of its issued and outstanding shares through the NCIB and increased the dividend by 50 per cent. ARC intends to continue to grow the base dividend with the underlying profitability of the company and increase it on a per share basis as shares are retired through the NCIB or other means.
- The current dividend level remains sustainable through the current commodity cycle.

FINANCIAL AND OPERATIONAL RESULTS

Production and Operating Expense

Production

- ARC's production averaged 359,730 boe per day during the fourth quarter of 2022 (61 per cent natural gas and 39 per cent liquids). Production per share increased 16 per cent compared to the fourth quarter of 2021 and was in line with the Company's guidance range of \$4.00 to \$4.50.
- ARC's fourth quarter 2022 operating expense of \$4.37 per boe decreased seven per cent from the third quarter of 2022 to lower planned maintenance activities and higher production. In 2022, ARC's operating expense of \$4.44 per boe was in line with the Company's guidance range of \$4.00 to \$4.50.
- ARC's operating expense per boe in 2023 is anticipated to average between \$4.60 and \$5.00 per boe. In 2024, the water treatment structure investment at Kakwa is expected to reduce corporate operating expense by \$0.50 per boe once it is commissioned by reducing trucking and third-party disposal costs, while lowering emissions.

Funds Flow, Funds from Operations, and Cash Flow from Operating Activities

- ARC generated free funds flow of \$603 million (\$0.96 per share) during the fourth quarter of 2022. ARC distributed \$411 million (\$0.65 per share) of free funds flow to shareholders through a combination of dividends and share repurchases under its NCIB.
- In 2022, ARC generated record free funds flow of \$2.3 billion (\$3.42 per share), of which 71 per cent or \$1.6 billion (\$2.42 per share) was distributed to shareholders.

Funds from Operations and Cash Flow from Operating Activities

- ARC generated funds from operations of \$986 million (\$1.56 per share) during the fourth quarter of 2022, increased \$111 million (\$0.11 per share) from the third quarter of 2022. Lower realized losses on ARC's risk management contracts were partially offset by increased royalties.
- Fourth quarter and full-year 2022 cash flow from operating activities was \$878 million and \$3.8 billion, respectively.

The following table details the change in funds from operations for the fourth quarter of 2022 relative to the third quarter of 2022.

Line Item
Fully
Adjusted
and
Presented
2023
14d
Full-year
Production
Guidance
from
Average
Daily
Production
Stronger
2021
Forecast
Base
Production
Offsetting
the
Impact
from
these
Outages.

Funds from Operations Reconciliation	\$ millions	\$/share ⁽¹⁾
Funds from operations for the three months ended September 30, 2022	953.0	1.45
Production volumes		
Crude oil and liquids	5.7	0.01
Natural gas	70.3	0.11
Commodity prices		
Crude oil and liquids	9.5	0.01
Natural gas	(118.0)	(0.18)
Sales of commodities purchased from third parties	92.1	0.14
Interest and other income	1.7	-
Realized loss on risk management contracts	74.4	0.11
Royalties	(46.3)	(0.07)
Expenses		
Commodities purchased from third parties	(90.5)	(0.14)
Operating	2.8	-
Transportation	2.7	-
G&A	(6.6)	(0.01)
Interest and financing	(0.7)	-
Current income tax	6.5	0.01
Realized gain on foreign exchange	29.4	0.05
Other	0.2	-
Weighted average shares, diluted	-	0.07
Funds from operations for the three months ended December 31, 2022	986.2	1.56

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

Cash Flow Used in Investing Activities and Capital Expenditures

- In the fourth quarter 2022, ARC's cash flow used in investing activities was \$351 million. Of this, ARC invested \$300 million into capital expenditures to drill 42 wells and complete 20 wells, primarily in Kakwa.
- ARC executed its 2022 capital program safely and efficiently. Cash flow used in investing activities totalled \$1.4 billion and delivered record annual production. In addition to drilling 134 wells and completing 126 wells, ARC invested in infrastructure, including the Sunrise and the electrification of its Dawson Phase III and IV facilities.

The following table details ARC's 2022 capital activity by area.

Area	Year Ended December 31, 2022	
	Wells Drilled ⁽¹⁾⁽²⁾	Wells Completed ⁽¹⁾
Kakwa	104	81
Greater Dawson	6	16
Sunrise	5	9
Ante Creek	19	20
Total	134	126

(1) Wells drilled and completed for operated assets only.

(2) Excludes disposal wells.

Returns to Shareholders

Dividends

- In the first quarter of 2022, ARC's board of directors (the "Board") approved an increase of 20 per cent to the Company's quarterly dividend, from \$0.10 per share to \$0.12 per share.
- Subsequently in the third quarter of 2022, ARC's Board approved an increase of 25 per cent to the Company's quarterly dividend, from \$0.12 per share to \$0.15 per share, beginning with its dividend payable on January 16, 2023 to shareholders of record on December 30, 2022.
- During the fourth quarter and full-year 2022, ARC declared dividends of \$93 million (\$0.15 per share) and \$318 million (\$0.15 per share), respectively.
- The dividend serves as a permanent mechanism to return capital to shareholders over the long term. ARC's dividend policy is designed to grow with the underlying profitability of the business, and be sustainable through the commodity cycle. The number of shares are reduced through the NCIB.

Share Repurchases

- Since commencing its initial NCIB in September 2021, ARC has repurchased approximately 15 per cent of total outstanding shares, or 107 million common shares, at a weighted average price of \$15.55 per share.
- ARC will continue to repurchase common shares when the intrinsic value of the Company's common shares exceeds the current market trading price. ARC determines the intrinsic value of the Company's common shares based on the current market trading price of the Company's common shares. During the fourth quarter of 2022, ARC repurchased 107 million common shares at an average price of \$18.57 per share.
- In 2022, ARC returned \$1.1 billion to shareholders through share repurchases.
- Since renewing its current NCIB allotment in September 2021, ARC has repurchased approximately 15 per cent of total outstanding shares, or 107 million common shares, at a weighted average price of \$15.55 per share.

value using a discounted cash flow framework under lower commodity price assumptions and a range of discount rates.

Physical Marketing

- ARC's infrastructure ownership and committed takeaway capacity to end markets played a critical role in mitigating transportation expense during additional margin in periods of price volatility in North America.
- ARC's average realized AECO 7A Monthly Income, which was \$108 million, was 108 percent of the third quarter 2022 target.
- ARC's fourth quarter 2022 transportation expense per boe of \$5.70 decreased six per cent from the third quarter of 2022 reflects slightly lower fuel gas expense.
- Full-year 2022 market price was 177 percent of the full year 2021 target.
- ARC's transportation expense per boe of \$5.90 for 2022 increased 23 per cent compared to the full year 2021, which reflects higher fuel gas expense with a corresponding increase to commodity sales from production.

Net Debt

- As of December 31, 2022, ARC's long-term debt balance was \$1.0 billion, and its net debt balance was \$1.3 billion, which is 1.3 times funds from operations.
- ARC targets its net debt to be in the range of 1.0 to 1.5 times funds from operations.
- In the fourth quarter of 2022, ARC renewed its credit facility, extending the term to 2027.
- Long-term debt is comprised solely of \$1.0 billion of senior notes outstanding under the Company's credit facility as of December 31, 2022.
- During the year, ARC reduced its long-term debt by \$0.7 billion and its net debt by \$0.8 billion.

maturity date by one year to October 2026, and elected to reduce the credit facility capacity from \$2.0 billion to \$1.8 billion.

- ARC holds an investment-grade credit rating, which allows the Company to have access

to capital and to manage a low-cost capital structure. ARC is committed to protecting its strong financial position by maintaining significant financial flexibility with its balance sheet.

Net Income

- ARC recognized net income of \$741 million (\$1.18 per share) during the fourth quarter of 2022, an increase of \$60 million (\$0.21 per share) from the same period in the prior year.

- In 2022, ARC recognized net income of \$2.3 billion (\$3.47 per share), compared to net income of \$787 million (\$1.21 per share) in 2021. ● The increase in net income compared to the prior year was primarily due to higher commodity prices. ● ARC continues to be recognized for its industry-leading ESG performance. The application of emissions reduction technologies has been the primary driver behind the Company's top-tier environmental performance advancement of technologies through the lifecycle will remain a key priority.

- EO100™ Certification - In January 2023, ARC achieved certification of its Ante Creek asset under Equitable Energy Standard for Responsible Energy Development. With this certification and prior certifications received in 2022 for Kakwa and the Company's northeast BC assets, 100 per cent of the Company's assets are now certified under the global standard, representing the largest certified production base in Canada.

- Dawson Electrification - ARC's emissions intensity in BC is among the lowest in North America. In 2023, ARC will invest approximately \$16 million to continue the electrification of its Dawson phase III and IV facilities. Once complete, it will result in an emissions reduction of approximately 140,000 tonnes, which is equivalent to removing 28,000 cars off the road each year.
- Carbon Capture & Sequestration Hub - In 2022, ARC was awarded an evaluation permit from the Government of British Columbia that allows ARC to evaluate the feasibility of a carbon capture and sequestration ("CCS") hub near Kakwa. The evaluation preserves ARC's access to pore space in the region, while providing the opportunity to evaluate the technical, economic and commercial feasibility of a CCS hub.

2022 RESERVES

Highlights

For the 15th consecutive year, 2P reserve replacement from development has been 140 per cent of produced reserves or greater since the Company's flagship Dawson asset was commissioned in 2008. At year-end 2022, ARC's \$34.00 per share before-tax NPV of 2P reserves registers as the highest in its 26-year history, and is based on the development of just 17 per cent of ARC's internal estimate of drilling inventory.

- ARC's before-tax NPV for 2P reserves, discounted at 10 per cent, was \$21.1 billion, or approximately \$34.00 per share at December 31, 2022, increasing 49 per cent from ARC's 2P NPV per share at December 31, 2021. This is based on the development of approximately 900 gross 2P locations, which represents just 17 per cent of the Company's total gross internal inventory estimates.
- ARC's before-tax NPV of \$34.00 per share is based on the development of approximately 900 gross 2P locations, which represents just 17 per cent of the Company's total gross internal inventory estimates. 2P reserves represent more than four per cent of total 2P locations with just 34 undeveloped locations booked at year-end 2022.
- ARC's before-tax NPV for PDP reserves was \$8.1 billion, or \$13.00 per share, an increase of 10 per cent from \$7.2 billion at year-end 2021.

● **ARC's 2P Reserves** increased 49 per cent from \$21.1 billion at year-end 2021 to \$31.7 billion at year-end 2022. PDP reserves increased nine per cent (22 per cent per share) with notable positive technical revisions as a result of well performance, particularly at Kakwa. Positive technical revisions accounted for a nine per cent increase in PDP volumes. PDP FD&A including FDC costs of \$8.31 per boe resulted in a 5.2 times PDP recycle ratio. The 2022 average FDC of \$4.68 per boe is a 10 per cent improvement on the 2021 average of \$5.14 per boe. The 2022 average FDC of \$4.68 per boe is a 10 per cent improvement on the 2021 average of \$5.14 per boe. The 2022 average FDC of \$4.68 per boe is a 10 per cent improvement on the 2021 average of \$5.14 per boe.

times 2022 funds from operations.

Reserves Reconciliation

Reserves Reconciliation	Oil ⁽²⁾	NGLs ⁽³⁾	Total Oil	Natural	Oil Equivalent
Company Gross ⁽¹⁾	(Mbbbl)	(Mbbbl)	and NGLs ⁽⁴⁾	Gas ⁽⁵⁾	(Mboe)
			(Mbbbl)	(MMcf)	
Proved Producing					
Opening Balance, December 31, 2021	10,450	158,983	169,433	2,000,085	502,780
Extensions and Improved Recovery ⁽⁶⁾	2,108	50,038	52,146	420,021	122,150
Technical Revisions	165	18,173	18,338	165,179	45,868
Acquisitions	-	-	-	-	-
Dispositions	-	(184)	(184)	(2,291)	(566)
Economic Factors	292	1,081	1,373	18,588	4,471
Production	(2,822)	(46,668)	(49,490)	(459,317)	(126,043)
Ending Balance, December 31, 2022	10,192	181,423	191,615	2,142,265	548,659
Total Proved					
Opening Balance, December 31, 2021	18,905	391,476	410,381	4,647,242	1,184,922
Extensions and Improved Recovery ⁽⁶⁾	1,827	38,374	40,201	417,970	109,863
Technical Revisions	213	5,020	5,233	159,650	31,842
Acquisitions	-	-	-	-	-
Dispositions	-	(184)	(184)	(2,291)	(566)
Economic Factors	575	3,320	3,895	31,325	9,116

Production	(2,822)	(46,668)	(49,490)	(459,317)	(126,043)
Ending Balance, December 31, 2022	18,698	391,339	410,037	4,794,579	1,209,133
Proved plus Probable					
Opening Balance, December 31, 2021	31,252	576,364	607,616	6,918,191	1,760,648
Extensions and Improved Recovery ⁽⁶⁾	2,809	72,436	75,244	573,838	170,884
Technical Revisions	214	8,150	8,364	38,012	14,700
Acquisitions	-	-	-	-	-
Dispositions	-	(234)	(234)	(3,153)	(760)
Economic Factors	579	1,899	2,477	39,868	9,122
Production	(2,822)	(46,668)	(49,490)	(459,317)	(126,043)
Ending Balance, December 31, 2022	32,031	611,947	643,978	7,107,440	1,828,551

- (1) Amounts may not add due to rounding.
- (2) Oil includes Light, Medium, Heavy and Tight Oil. Tight Oil makes up 98 per cent of the total Oil.
- (3) Condensate and pentanes plus represented 62 per cent of PDP NGLs reserves, 66 per cent of TP NGLs reserves, and 67 per cent of 2P NGLs reserves for the respective opening balances at December 31, 2021. Condensate and pentanes plus represent 63 per cent of PDP NGLs reserves, 66 per cent of TP NGLs reserves, and 69 per cent of 2P NGLs reserves for the respective ending balances at December 31, 2022.
- (4) Total Oil and NGLs represents the summation of Light, Medium, Heavy Oil, and Tight Oil, and NGLs.
- (5) Natural Gas includes shale gas and conventional natural gas product types, as conventional natural gas makes up less than one per cent of total gas and is therefore considered to be immaterial.
- (6) Reserves additions for discoveries, infill drilling, improved recovery, and extensions are combined and reported as "Extensions and Improved Recovery".

Net Present Value Summary

For a summary of the GLJ forecast pricing and foreign exchange rates used to evaluate ARC's reserves, see "2022 Independent Qualified Reserves Evaluation" of this news release.

(\$ millions)	Undiscounted	Discounted at 10%
Before-tax NPV ⁽¹⁾⁽²⁾		
Proved Producing	11,742	8,096
Proved Developed Non-producing	2,627	1,766
Proved Undeveloped	11,193	4,798
Total Proved	25,562	14,660
Probable	17,559	6,484
Proved plus Probable	43,121	21,144
After-tax NPV ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾		
Proved Producing	9,863	6,903
Proved Developed Non-producing	1,999	1,332
Proved Undeveloped	8,445	3,419
Total Proved	20,308	11,655
Probable	13,323	4,847
Proved plus Probable	33,631	16,501

(1) Amounts may not add due to rounding.

(2) Based on NI 51-101 company net interest reserves and GLJ forecast pricing and foreign exchange rates and costs at January 1, 2023.

(3) Based on ARC's estimated tax pools at December 31, 2022.

(4) The after-tax NPV of the future net revenue attributed to ARC's crude oil and natural gas properties reflects the tax burden on the properties on a standalone basis and does not necessarily reflect the business entity tax-level situation or tax planning. For information at the business entity level, see Taxes in the 2022 Annual MD&A.

Finding, Development and Acquisition Costs

- ARC delivered a 2P finding and development ("F&D") cost, including FDC, of \$16.18 per boe⁽¹⁾ (\$7.42 per boe excluding FDC) from development additions in 2022, continuing to demonstrate the high-quality nature of its Montney asset. Company's ability to consistently deliver strong well results through efficient development planning and operations. Including net acquisitions and dispositions, ARC's 2P FD&A cost, including FDC, was \$16.18 per boe⁽¹⁾ (\$7.39 per boe excluding FDC).
- The year-over-year increase in F&D costs including FDC reflects significant increase in FDC driven by inflation.
- FD&A costs are provided including and excluding the change in FDC in the table below.

Including FDC	F&D Cost ⁽²⁾ (\$/boe)	FD&A Cost ⁽²⁾ (\$/boe)	F&D Recycle Ratio ⁽²⁾	FD&A Recycle Ratio ⁽²⁾
Proved Producing ⁽³⁾				
2022	8.35	8.31	5.2	5.2
2021	8.48	16.75	3.4	1.7
2020	4.29	4.33	2.7	2.6
Three-year Average ⁽⁴⁾	7.63	12.80	4.1	2.5
Total Proved ⁽³⁾				
2022	16.92	16.90	2.6	2.6
2021	7.78	12.68	3.8	2.3
2020	2.60	2.07	4.4	5.5
Three-year Average ⁽⁴⁾	10.24	12.60	3.1	2.5
Proved plus Probable ⁽³⁾				
2022	16.18	16.18	2.7	2.7
2021	7.28	10.39	4.0	2.8
2020	2.34	1.89	4.9	6.1
Three-year Average ⁽⁴⁾	9.70	10.77	3.3	2.9

Excluding FDC	F&D Cost ⁽²⁾ (\$/boe)	FD&A Cost ⁽²⁾ (\$/boe)	F&D Recycle Ratio ⁽²⁾	FD&A Recycle Ratio ⁽²⁾
Proved Producing ⁽³⁾				
2022	8.37	8.33	5.2	5.2
2021	8.08	16.27	3.6	1.8
2020	4.88	4.94	2.3	2.3
Three-year Average ⁽⁴⁾	7.62	12.60	4.2	2.5
Total Proved ⁽³⁾				
2022	9.58	9.54	4.5	4.5
2021	7.31	8.11	4.0	3.6
2020	4.04	5.11	2.8	2.2
Three-year Average ⁽⁴⁾	7.47	8.12	4.2	3.9
Proved plus Probable ⁽³⁾				
2022	7.42	7.39	5.8	5.9
2021	6.76	5.96	4.3	4.9
2020	2.87	4.37	4.0	2.6
Three-year Average ⁽⁴⁾	6.04	6.08	5.2	5.2

(1) Non-GAAP ratio that is not a standardized financial measure under IFRS and may not be comparable to similar ratios disclosed by other issuers. Capital expenditures and adjusted net capital acquisitions, both non-GAAP financial measures, are used as components of the non-GAAP ratio. See "Non-GAAP and Other Financial Measures" of this news release for the non-GAAP ratio for the comparative period and other information relating to this non-GAAP ratio.

(2) F&D and FD&A costs and recycle ratios take into account reserves revisions during the year on a per boe basis, and include FDC.

(3) The aggregate of the exploration and development costs incurred in the financial year and the changes during that year in estimated FDC may not reflect the total F&D and FD&A costs related to reserves additions for that year.

(4) Three-year average F&D and FD&A costs are calculated as the total capital expenditures over the three prior years divided by the total reserves additions over the three prior years. The three-year average recycle ratio is calculated as the three-year F&D or FD&A costs divided by the three-year average netback per boe.

ARC's senior leadership team will be hosting a conference call to discuss the Company's fourth quarter and full-year 2022 results on Friday, February 10, 2022, at 8:00 a.m. Mountain Time ("MT").

Date	Friday, February 10, 2023
Time	8:00 a.m. MT
Dial-in Numbers	
Calgary	587-880-2171
Toronto	416-764-8659
Toll-free	1-888-664-6392
Conference ID	22313485
Webcast URL	https://app.webinar.net/9knZ8rXoJG0

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 following the conference call.

CONSOLIDATED BALANCE SHEETS (unaudited)

As at

Cdn\$ millions	December 31, 2022	December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	57.1	-
Inventory	6.7	22.3
Accounts receivable	863.2	672.0
Prepaid expense	52.5	35.6
Risk management contracts	0.9	0.1
Assets held for sale	6.1	-
	986.5	730.0
Risk management contracts	13.3	-
Long-term investment	14.5	2.5
Exploration and evaluation assets	290.9	277.9
Property, plant and equipment	9,300.3	9,265.6
Right-of-use assets	770.2	856.1
Goodwill	248.2	248.2
Total assets	11,623.9	11,380.3

LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	1,190.9	761.5
Current portion of lease obligations	92.4	109.3
Current portion of other deferred liabilities	20.0	90.5
Current portion of asset retirement obligation	16.0	15.0
Dividends payable	93.4	69.5
Risk management contracts	303.0	465.3
	1,715.7	1,511.1
Risk management contracts	38.1	171.9
Long-term portion of lease obligations	702.9	760.0
Long-term debt	990.0	1,705.3
Long-term incentive compensation liability	48.1	40.8
Other deferred liabilities	135.7	154.2
Asset retirement obligation	378.3	535.3
Deferred taxes	961.6	574.2
Total liabilities	4,970.4	5,452.8
SHAREHOLDERS' EQUITY		
Shareholders' capital	6,497.6	7,221.1
Contributed surplus	39.9	46.3
Retained earnings (deficit)	139.1	(1,337.4)
Refer to the accompanying notes to ARC's consolidated financial statements as at and for the year ended December 31, 2022, which are available on ARC's website at www.215resources.com and under ARC's SEDAR profile at www.sedar.com.		
Total shareholders' equity	6,653.5	5,927.5
CONSOLIDATED STATEMENTS OF INCOME (unaudited)		
Total liabilities and shareholders' equity	11,623.9	11,380.3

	Three Months Ended		Year En
(Cdn\$ millions, except per share amounts)	2022	2021	2022
Commodity sales from production			

2,024.4

1,618.5

7,969.9

Royalties	(336.8)	(172.7)	(1,209.2)
Sales of commodities purchased from third parties	458.1	329.9	1,880.5
Revenue from commodity sales	2,145.7	1,775.7	8,641.2
Interest and other income	3.7	3.6	20.1
Gain (loss) on risk management contracts	39.6	103.4	(999.0)
Total revenue, interest and other income, and gain (loss) on risk management contracts	2,189.0	1,882.7	7,662.3
Commodities purchased from third parties	422.4	322.4	1,783.3
Operating	144.7	111.5	559.9
Transportation	188.6	174.2	744.2
General and administrative	56.0	46.0	213.2
Transaction costs	-	-	-
Interest and financing	25.5	24.2	97.2
Impairment of financial assets	4.2	2.0	6.7
Depletion, depreciation and amortization	364.2	320.1	1,317.3
Reversal of impairment of property, plant and equipment	-	-	(3.6)
Loss (gain) on foreign exchange	4.7	(5.5)	(34.1)
Total expenses	1,210.3	994.9	4,684.1
Net income before income taxes	978.7	887.8	2,978.2
Provision for (recovery of) income taxes			
Current	68.5	(14.0)	288.5
Deferred	169.2	223.8	387.4
Total income taxes	237.7	209.8	675.9
Net income	741.0	678.0	2,302.3
Net income per share			
Basic	1.18	0.97	3.48
Diluted	1.18	0.96	3.47

Refer to the accompanying notes to ARC's consolidated financial statements as at and for the year ended December 31, 2022, which are available on ARC's website at www.arcresources.com and under ARC's SEDAR profile at www.sedar.com.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (unaudited)
For the three months and years ended December 31

	Three Months Ended		Year Ended	
	2022	2021	2022	2021
(Cdn\$ millions)				
Net income	741.0	678.0	2,302.3	786.6
Items that may be reclassified to the consolidated statements of income in subsequent periods:				
Net unrealized gain (loss) on foreign currency translation adjustment	5.1	(0.9)	(20.6)	(2.5)
Comprehensive income	746.1	677.1	2,281.7	784.1

Refer to the accompanying notes to ARC's consolidated financial statements as at and for the year ended December 31, 2022, which are available on ARC's website at www.arcresources.com and under ARC's SEDAR profile at www.sedar.com.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)
For the years ended December 31

(Cdn\$ millions)	Shareholders' Capital	Contributed Surplus	Retained Earnings (Deficit)	Accumulated Other Comprehensive Loss	Total Shareholder Equity
January 1, 2021	4,658.2	36.5	(1,904.1)	-	2,790.6
Comprehensive income	-	-	786.6	(2.5)	784.1
Issued upon close of Business Combination	2,903.5	10.5	-	-	2,914.0
Recognized under share-based compensation plans	0.3	3.3	-	-	3.6
Recognized on exercise of share options	17.7	(4.0)	-	-	13.7
Repurchase of shares for cancellation	(321.1)	-	(24.1)	-	(345.2)
Change in liability for share purchase commitment	(37.5)	-	(14.4)	-	(51.9)
Dividends declared	-	-	(181.4)	-	(181.4)
December 31, 2021	7,221.1	46.3	(1,337.4)	(2.5)	5,927.5
Comprehensive income	-	-	2,302.3	(20.6)	2,281.7
Recognized under share-based compensation plans	(0.3)	1.5	-	-	1.2
Recognized on exercise of share options	37.3	(7.9)	-	-	29.4
Repurchase of shares for cancellation	(781.1)	-	(513.7)	-	(1,294.8)
Change in liability for share purchase commitment	20.6	-	6.1	-	26.7
Dividends declared	-	-	(318.2)	-	(318.2)
December 31, 2022	6,497.6	39.9	139.1	(23.1)	6,653.5

Refer to the accompanying notes to ARC's consolidated financial statements as at and for the year ended December 31, 2022, which are available on ARC's website at www.arcresources.com and under ARC's SEDAR profile at www.sedar.com.

CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)
For the three months and years ended December 31

	Three Months Ended		Year Ended	
	2022	2021	2022	2021
(Cdn\$ millions)				
CASH FLOW FROM OPERATING ACTIVITIES				
Net income	741.0	678.0	2,302.3	786.6
Add items not involving cash:				
Unrealized loss (gain) on risk management contracts	(317.6)	(384.9)	(280.5)	534.2
Accretion of asset retirement obligation	3.1	2.6	11.0	9.5
Impairment of financial assets	4.2	2.0	6.7	4.0
Depletion, depreciation and amortization	364.2	320.1	1,317.3	1,063.6
Reversal of impairment of property, plant and equipment	-	-	(3.6)	(137.5)
Unrealized loss (gain) on foreign exchange	21.2	(7.3)	(28.8)	(22.2)
Gain on disposal of crude oil and natural gas assets	-	-	(2.0)	-
Deferred taxes	169.2	223.8	387.4	174.8
Other	0.9	(0.7)	2.7	2.4
Net change in other liabilities	(13.9)	(56.4)	(129.2)	(224.8)
Change in non-cash working capital	(94.0)	(108.5)	250.0	(184.1)
Cash flow from operating activities	878.3	668.7	3,833.3	2,006.5
CASH FLOW USED IN FINANCING ACTIVITIES				
Draw of long-term debt under revolving credit facilities	1,396.4	2,605.2	7,027.0	6,628.7
Issuance of senior notes	-	-	-	1,000.0
Repayment of long-term debt	(1,533.4)	(2,739.7)	(7,748.2)	(8,304.7)
Proceeds from exercise of share options	2.7	3.4	29.4	13.9
Repurchase of shares	(317.4)	(229.2)	(1,292.3)	(340.6)
Repayment of principal relating to lease obligations	(20.3)	(19.8)	(84.6)	(63.0)
Cash dividends paid	(76.7)	(47.1)	(294.3)	(133.1)
Cash flow used in financing activities	(548.7)	(427.2)	(2,363.0)	(1,198.8)
CASH FLOW USED IN INVESTING ACTIVITIES				
Cash acquired upon close of Business Combination	-	-	-	4.9

Acquisition of crude oil and natural gas assets	(0.1)	(0.2)	(2.7)	(1.1)
Disposal of crude oil and natural gas assets	-	0.7	11.9	79.7
Property, plant and equipment development expenditures	(373.8)	(371.7)	(1,419.7)	(1,051.5)
Exploration and evaluation asset expenditures	(3.6)	(0.7)	(6.4)	(2.3)
Long-term investment	(3.3)	(2.5)	(12.0)	(2.5)
Change in non-cash working capital	30.1	105.7	15.7	164.7
Cash flow used in investing activities	(350.7)	(268.7)	(1,413.2)	(808.1)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(21.1)	(27.2)	57.1	(0.4)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	78.2	27.2	-	0.4
CASH AND CASH EQUIVALENTS, END OF PERIOD	57.1	-	57.1	-
Refer to the accompanying notes to ARC's consolidated financial statements as at and for the year ended December 31, 2022, which are available from ARC's website at www.arcresources.com and under ARC's SEDAR profile at www.sedar.com.				
Income taxes paid (received) in cash	(2.4)	5.2	(1.8)	56.9
NON-GAAP AND OTHER FINANCIAL MEASURES				
Interest paid in cash	14.3	14.5	82.8	118.9

Throughout this news release and in other materials disclosed by the Company, ARC employs certain measures to analyze its financial performance, financial position, and cash flow. These non-GAAP and other financial measures are not standardized financial measures under IFRS and may not be comparable to similar financial measures disclosed by other issuers. The non-GAAP and other financial measures should not be considered to be more meaningful than generally accepted accounting principles ("GAAP") measures which are determined in accordance with IFRS, such as net income, cash flow from operating activities, and cash flow used in investing activities, as indicators of ARC's performance.

Non-GAAP Financial Measures

Capital Expenditures

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

Capital Expenditures	Three Months Ended			Year Ended	
	September 30, 2022	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
(\$ millions)					
Cash flow used in investing activities	351.9	350.7	268.7	1,413.2	808.1
Cash acquired upon close of Business Combination	-	-	-	-	4.9
Acquisition of crude oil and natural gas assets	(1.0)	(0.1)	(0.2)	(2.7)	(1.1)
Disposal of crude oil and natural gas assets	4.5	-	0.7	11.9	79.7
Long-term investments	(8.6)	(3.3)	(2.5)	(12.0)	(2.5)
Change in non-cash investing working capital	22.1	30.1	105.7	15.7	164.7
Other ⁽¹⁾	4.0	5.9	2.5	15.8	8.0
Capital expenditures	372.9	383.3	374.9	1,441.9	1,061.8

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

Free Funds Flow

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

Free Funds Flow	Three Months Ended			Year Ended	
	September 30, 2022	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
(\$ millions)					
Cash flow from operating activities	1,103.6	878.3	668.7	3,833.3	2,006.5
Net change in other liabilities	43.3	13.9	56.4	129.2	224.8
Change in non-cash operating working capital	(193.9)	94.0	108.5	(250.0)	184.1
Funds from operations	953.0	986.2	833.6	3,712.5	2,415.4
Capital expenditures ⁽¹⁾	(372.9)	(383.3)	(374.9)	(1,441.9)	(1,061.8)
Free funds flow	580.1	602.9	458.7	2,270.6	1,353.6

(1) Certain additional disclosures for these specified financial measures have been incorporated by reference. See "Cash Flow used in Investing Activities, Capital Expenditures, Acquisitions, and Dispositions" in the 2022 Annual MD&A.

Adjusted Net Capital Acquisitions

Adjusted net capital acquisitions is a non-GAAP financial measure used in the determination of FD&A costs, which is a non-GAAP ratio. Adjusted net capital acquisitions is useful as it provides a measure of cash, debt, and share consideration used to acquire crude oil and natural gas assets during the period, net of cash

provided by the disposal of any crude oil and natural gas assets during the period. The most directly comparable GAAP measure to adjusted net capital acquisitions is acquisition of crude oil and natural gas assets. The following table details the calculation of adjusted net capital acquisitions and its reconciliation to acquisition of crude oil and natural gas assets.

Adjusted Net Capital Acquisitions	Year Ended	Year Ended
(\$ millions)	December 31, 2022	December 31, 2021
Acquisition of crude oil and natural gas assets	2.7	1.1
Add:		
Total consideration in Business Combination	-	2,914.0
Debt acquired in Business Combination	-	1,712.7
Remove:		
Disposal of crude oil and natural gas assets	(11.9)	(79.7)
Adjusted net capital acquisitions	(9.2)	4,548.1

Non-GAAP Ratios

Finding and Development Costs

ARC calculates F&D costs as capital expenditures divided by the change in reserves within the applicable reserves category. ARC calculates F&D costs, including FDC, as the sum of capital expenditures and the change in FDC required to bring the reserves on production, divided by the change in reserves within the applicable reserves category. Capital expenditures, a non-GAAP financial measure, is used as a component of F&D costs. Management uses F&D costs as a measure of capital efficiency for organic reserves development.

Finding, Development and Acquisition Costs

ARC calculates FD&A costs as the sum of capital expenditures and adjusted net capital acquisitions divided by the change in reserves within the applicable reserves category, inclusive of changes due to acquisitions and dispositions. ARC calculates FD&A costs, including FDC, as the sum of capital expenditures, adjusted net capital acquisitions, and the change in FDC required to bring the reserves on production, divided by the change in reserves within the applicable reserves category, inclusive of changes due to acquisitions and dispositions. Capital expenditures and adjusted net capital acquisitions, both non-GAAP financial measures, are used as components of FD&A costs. Management uses FD&A costs as a measure of capital efficiency for organic and acquired reserves development.

Recycle Ratio

ARC calculates recycle ratio by dividing the netback per boe by F&D or FD&A costs. Netback per boe is a non-GAAP ratio that uses netback, a non-GAAP financial measure, as a component. Capital expenditures, a non-GAAP financial measure, is used as a component of F&D costs. Capital expenditures and adjusted net capital acquisitions, both non-GAAP financial measures, are used as components of FD&A costs. Management uses recycle ratio to relate the cost of adding reserves to the expected cash flows to be generated.

Supplementary Financial Measures

Before-tax Proved plus Probable Net Present Value per Share

Before-tax 2P NPV per share is comprised of the before-tax NPV for 2P reserves, discounted at 10 per cent, as determined in accordance with NI 51-101, divided by diluted weighted average common shares.

2022 INDEPENDENT QUALIFIED RESERVES EVALUATION

GLJ conducted a Reserves Evaluation, effective December 31, 2022, which was prepared in accordance with definitions, standards, and procedures in the COGE Handbook and NI 51-101. The Reserves Evaluation was based on GLJ forecast pricing and foreign exchange rates at January 1, 2023, as outlined in the table below. These forecasts reflect current market conditions as defined by current forward commodity prices as at December 31, 2022. This aligns with the COGE Handbook, effective April 1, 2021, which states that major benchmark commodity price forecasts, up to and including the second full forecast year, should not deviate from current forward commodity prices by more than 20 per cent.

Reserves included herein are stated on a company gross basis (working interest before deduction of royalties without the inclusion of any royalty interest) unless otherwise noted. ARC's crude oil and natural gas reserves statement for the year ended December 31, 2022, including complete disclosure of the Company's crude oil and natural gas reserves and other crude oil and natural gas information in accordance with NI 51-101, will be disclosed in ARC's Annual Information Form for the year ended December 31, 2022, which will be available on or before March 31, 2023 on ARC's website at www.arcresources.com and under ARC's SEDAR profile at www.sedar.com.

GLJ Price Forecast ⁽¹⁾	WTI Crude Oil (US\$/bbl)		Edmonton Light Oil (Cdn\$/bbl)		NYMEX Henry Hub Natural Gas (US\$/MMBtu)		AECO Natural Gas (Cdn\$/MMBtu)		Foreign Exchange (US\$/Cdn\$)	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	2023	75.00	69.01	97.96	81.89	4.71	3.50	4.36	3.10	0.735
2024	75.00	67.24	95.30	79.32	4.50	3.15	4.77	3.15	0.745	0.790
2025	75.43	68.58	94.50	80.91	4.27	3.21	4.47	3.21	0.755	0.790
2026	76.94	69.96	95.14	82.53	4.35	3.28	4.49	3.28	0.765	0.790
2027	78.48	71.35	95.79	84.18	4.44	3.34	4.53	3.34	0.775	0.790
2028	80.05	72.78	97.70	85.86	4.53	3.41	4.62	3.41	0.775	0.790
2029	81.65	74.24	99.66	87.58	4.62	3.48	4.71	3.48	0.775	0.790
2030	83.28	75.72	101.65	89.32	4.71	3.55	4.80	3.55	0.775	0.790
2031	84.95	77.24	103.68	91.11	4.80	3.62	4.89	3.62	0.775	0.790
2032 ⁽²⁾	86.65		104.31		4.90		4.99		0.775	0.790
Escalate thereafter at	+2.0%	+2.0%	+2.0%	+2.0%	+2.0%	+2.0%	+2.0%	+2.0%	0.775	0.790
	per year	per year	per year	per year	per year	per year	per year	per year		

(1) GLJ assigns a value to ARC's existing physical diversification contracts for natural gas to consuming markets across North America based upon GLJ's forecast differential to NYMEX Henry Hub, contracted volumes, and transportation expense. No incremental value was assigned to potential future contracts that were not in place on December 31, 2022.

(2) Escalated at two per cent per year starting in 2033 in the January 1, 2023 GLJ price forecast with the exception of foreign exchange, which remains flat.

Definitions of Oil and Gas Reserves

Reserves are estimated remaining quantities of crude oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on the analysis of drilling, geological, geophysical, and engineering data; the use of established technology; and specified economic conditions, which are generally accepted as being reasonable. Reserves are classified according to the degree of certainty associated with the estimates as follows:

Proved Reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

Probable Reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

Information Regarding Disclosure on Crude Oil and Natural Gas Reserves and Operational Information

In accordance with Canadian practice, production volumes and revenues are reported on a company gross basis, before deduction of Crown and other royalties, and without including any royalty interests, unless otherwise stated. Unless otherwise specified, all reserves volumes in this news release (and all information derived therefrom) are based on company gross reserves using forecast prices and costs.

This news release contains metrics commonly used in the crude oil and natural gas industry. These metrics do not have standardized meanings and may not be comparable to similar metrics disclosed by other issuers. See "Non-GAAP and Other Financial Measures" of this news release and the definition of reserve replacement below. Management uses these metrics for its own performance measurements and to provide shareholders with measures to compare ARC's performance over time; however, such measures are not reliable indicators of ARC's future performance and future performance may not compare to the performance in previous periods.

- Reserves replacement is calculated by dividing the annual reserves additions, in boe, by ARC's annual production. Management uses this measure to determine the relative change of its reserves base over a period of time.

This news release discloses drilling inventory in two categories: (i) proved plus probable locations; and (ii) unbooked locations. Proved plus probable locations are derived from the Reserves Evaluation conducted by GLJ and account for drilling locations that have associated proved plus probable reserves. Unbooked locations referenced in this news release were prepared internally by management of ARC based on the Company's prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry standard practice and internal review including evaluation of applicable geologic, seismic, engineering, production and reserves information. These unbooked locations do not have attributed reserves or resources and are therefore unbooked locations. Of the 5,200 total drilling locations identified herein, 888 are proved plus probable and 4,312 are unbooked locations. There is no certainty that ARC will drill all such unbooked locations and if drilled, there is no certainty that such locations will result in additional oil and gas reserves or production. The drilling locations which ARC will actually drill wells, including the number and timing thereof is ultimately dependent upon the availability of funding, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results and additional reservoir information that is obtained and other factors.

FORWARD-LOOKING INFORMATION AND STATEMENTS

This news release contains certain forward-looking statements and forward-looking information (collectively

referred to as "forward-looking information") within the meaning of applicable securities legislation about current expectations regarding the future based on certain assumptions made by ARC. Although ARC believes that the expectations represented by such forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. Forward-looking information in this news release is identified by words such as "anticipate", "believe", "ongoing", "may", "expect", "estimate", "plan", "will", "project", "continue", "target", "strategy", "upholding", or similar expressions, and includes suggestions of future outcomes. In particular, but without limiting the foregoing, this news release contains forward-looking information with respect to: ARC's 2023 guidance, including planned capital expenditures (and the commodity prices at which such capital expenditures are fully funded by funds from operations), production guidance, production estimates and expenses; the anticipated decrease in capital expenditure and production forecast for 2024 and the anticipated timing thereof; the expectation that transportation costs will decrease over the balance of the year on a per unit basis; statements with respect to the 2023 capital budget including the planned investment and allocation of the 2023 capital budget; the long-term natural gas supply agreement with Cheniere and the anticipated timing and benefits thereof; the anticipated investments in sanctioning Attachie West Phase I, should the regulatory environment in BC support such investment; the ability of the Attachie asset to drive production and reserve growth; the expectation that ARC's operating expense per boe will decrease due to higher production volumes; the anticipated operation expenses per boe in 2023; the anticipated reduction in corporate operating expense as a result of the water infrastructure investment at Kakwa and the anticipated timing thereof; plans to allocate surplus funds from operations to returns to shareholders; the anticipated increase in free funds flow allocations to shareholders; the continued assessment of dividends and payment thereof; ARC's plans with respect to growing its dividend and increasing the dividend on a per share basis as shares are retired through the NCIB or other means; ARC's investment to continue electrification of the Dawson facilities and the expected benefits therefrom; ARC's target net debt to funds from operations ratio at mid-cycle commodity prices; ARC's 2023 guidance estimates; and other statements. Further, statements relating to reserves are deemed to be forward-looking information, as they involve the implied assessment, based on certain estimates and assumptions, that the resources and reserves described can be profitably produced in the future. In addition, forward-looking information may include statements attributable to third-party industry sources. There can be no assurance that the plans, intentions, or expectations upon which these forward-looking statements are based will occur.

Readers are cautioned not to place undue reliance on forward-looking information as ARC's actual results may differ materially from those expressed or implied. ARC undertakes no obligation to update or revise any forward-looking information except as required by law. Developing forward-looking information involves reliance on a number of assumptions and consideration of certain risks and uncertainties, some of which are specific to ARC and others that apply to the industry generally. The material assumptions on which the forward-looking information in this news release are based, and the material risks and uncertainties underlying such forward-looking information, include: ARC's ability to successfully integrate and realize the anticipated benefits of completed or future acquisitions and divestitures; access to sufficient capital to pursue any development plans; ARC's ability to issue securities and to repurchase its securities under the NCIB; ARC's ability to meet and maintain certain targets, including with respect to emissions-related reductions and ESG performance; expectations and projections made in light of ARC's historical experience; data contained in key modeling statistics; the potential implementation of new technologies and the cost thereof; forecast commodity prices and other pricing assumptions with respect to ARC's 2023 capital expenditure budget; continuing uncertainty of the impact of the June 29, 2021 BC Supreme Court ruling in *Blueberry River First Nations (Yahey) v. Province of British Columbia on BC and/or federal laws or policies affecting resource development in northeast BC and potential outcomes of the negotiations between Blueberry River First Nations and the Government of BC*; assumptions with respect to global economic conditions and the accuracy of ARC's market outlook expectations for 2023, 2024 and in the future; suspension of or changes to guidance, and the associated impact to production; the assumption that the regulatory environment will be able to support ARC's investment in the execution of Attachie West Phase I, including that regulatory authorities in BC will resume granting approvals for oil and gas activities relating to drilling, completions, testing, processing facilities, and production and transportation infrastructure in 2023 on time frames, and terms and conditions, consistent with past practice; forecast production volumes based on business and market conditions; the accuracy of outlooks and projections contained herein; that future business, regulatory, and industry conditions will be within the parameters expected by ARC, including with respect to prices, margins, demand, supply, product availability, supplier agreements, availability, and cost of labour and interest, exchange, and effective tax rates; projected capital investment levels, the flexibility of capital spending plans, and associated sources of funding; the ability of ARC to complete capital programs and the flexibility of ARC's capital structure; applicable royalty regimes, including expected royalty rates; future improvements in availability of product transportation capacity; opportunity for ARC to pay dividends and the approval and declaration of such dividends by the Board; the existence of alternative uses for ARC's cash resources which may be superior to payment of dividends or effecting repurchases of outstanding common shares; cash flows, cash balances on hand, and access to ARC's credit facility being sufficient to fund capital investments; foreign exchange rates; near-term pricing and continued volatility of the market; the ability of ARC's existing pipeline commitments and financial risk management transactions to partially mitigate a

portion of ARC's risks against wider price differentials; business interruption, property and casualty losses, or unexpected technical difficulties; estimates of quantities of crude oil, natural gas, and liquids from properties and other sources not currently classified as proved; accounting estimates and judgments; future use and development of technology and associated expected future results; ARC's ability to obtain necessary regulatory approvals generally; potential regulatory and industry changes stemming from the results of court actions affecting regions in which ARC holds assets; risks and uncertainties related to oil and gas interests and operations on Indigenous lands; the successful and timely implementation of capital projects or stages thereof; the ability to generate sufficient cash flow to meet current and future obligations; estimated abandonment and reclamation costs, including associated levies and regulations applicable thereto; ARC's ability to obtain and retain qualified staff and equipment in a timely and cost-efficient manner; ARC's ability to carry out transactions on the desired terms and within the expected timelines; forecast inflation and other assumptions inherent in the guidance of ARC; the retention of key assets; the continuance of existing tax, royalty, and regulatory regimes; GLJ Ltd.'s estimates with respect to commodity pricing; ARC's ability to access and implement all technology necessary to efficiently and effectively operate its assets; and other assumptions, risks, and uncertainties described from time to time in the filings made by ARC with securities regulatory authorities.

The forward-looking information contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking information included in this news release are made as of the date of this news release and, except as required by applicable securities laws, ARC undertakes no obligation to publicly update such forward-looking information to reflect new information, subsequent events or otherwise.

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ARC Resources Ltd. is a pure-play Montney producer and one of Canada's largest dividend-paying energy companies, featuring low-cost operations and leading ESG performance. ARC's investment-grade credit

profile is supported by commodity and geographic diversity and robust risk management practices around all aspects of the business. ARC's common shares trade on the Toronto Stock Exchange under the symbol ARX.

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