

Arc Resources Ltd. Reports Second Quarter 2024 Results

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CALGARY, Aug. 1, 2024 - (TSX: ARX) [ARC Resources Ltd.](#) ("ARC" or the "Company") today reported its second quarter financial and operational results.

HIGHLIGHTS

- ARC delivered second quarter 2024 production of 330,046 boe⁽¹⁾ per day (65 per cent natural gas and 35 per cent crude oil and liquids⁽²⁾), in line with the top end of the second quarter production guidance range of 325,000 to 330,000 boe per day. Second quarter production decreased four per cent year-over-year reflecting planned turnaround activity completed at Dawson and Kakwa.
- ARC generated funds from operations of \$503 million⁽³⁾ (\$0.84 per share⁽⁴⁾) and capital expenditures totalled \$533 million⁽³⁾ for the second quarter. Therefore free funds flow registered at (\$29) million⁽⁵⁾ or (\$0.05) per share⁽⁶⁾. ARC recognized cash flow from operations of \$543 million⁽⁴⁾ (\$0.91 per share) and net income of \$240 million (\$0.40 per share).
- Company guidance in 2024 remains unchanged. Capital expenditures are planned between \$1.75 to \$1.85 billion for 2024. Production is forecast to average between 350,000 and 360,000 boe per day (63 per cent natural gas and 37 per cent crude oil and liquids).
 - In response to weak natural gas prices, ARC has elected to curtail approximately 250 MMcf per day of natural gas production at Sunrise to preserve value for periods when prices are higher. Despite the curtailment at Sunrise, second quarter production guidance is unchanged with current expectations to be at the low end of the guidance range.
 - The inclusion of the natural gas curtailment at Sunrise is expected to result in average third quarter production of 330,000 and 335,000 boe per day, with a higher percentage of crude oil and liquids relative to the second quarter of 2024.
 - Fourth quarter production is expected to average between 380,000 and 385,000 boe per day. This includes increased volumes at Sunrise, increased condensate-rich production from Kakwa and Greater Dawson relative to the third quarter of 2024, and initial production contribution from Attachie.
- Attachie Phase I remains on schedule and budget. Initial commissioning volumes are planned for the fourth quarter of 2024 and full productive capacity of 40,000 boe per day (40 per cent natural gas, 60 per cent crude oil and liquids) is anticipated to be achieved in the first quarter of 2025.
- In July, the Government of B.C. and Halfway River First Nation announced an agreement which includes a Lands and Resources Planning Pilot for an area that encompasses ARC's Attachie development. As a result, ARC's Attachie development will no longer be longer limited by the disturbance cap for petroleum and natural gas development outlined in the Blueberry River First Nation Implementation Agreement.
- ARC distributed \$118 million to shareholders during the second quarter, and intends to return essentially all free funds from operations to shareholders in 2024 through the base dividend and share repurchases.
 - ARC declared dividends of \$102 million or \$0.17 per share and repurchased 0.7 million common shares for the second quarter under its normal course issuer bid ("NCIB").
- As of June 30, 2024, ARC's long-term debt balance was \$1.4 billion and its net debt balance was \$1.5 billion⁽³⁾ or \$0.47 per share⁽⁶⁾ before funds from operations⁽³⁾.

ARC's unaudited condensed interim consolidated financial statements and notes (the "financial statements") and Management Discussion and Analysis ("MD&A") as at and for the three months and six months ended June 30, 2024, are available on the company website at www.arcresources.com and under ARC's SEDAR+ profile at www.sedarplus.ca. The disclosure under the section entitled "Non-GAAP and Other Financial Measures" in ARC's MD&A as at and for the three and six months ended June 30, 2024 (the "Q2 2024 MD&A") is incorporated by reference into 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) See Note 8 "Capital Management" in the financial statements and "Non-GAAP and Other Financial Measures" in the Q2 2024 MD&A for information relating to this capital management measure, which information is incorporated by reference into this news release.
- (4) See "Non-GAAP and Other Financial Measures" in the Q2 2024 MD&A for an explanation of the composition of this supplementary financial measure, which information is incorporated by reference into this news release.
- (5) Non-GAAP financial measure that is not a standardized financial measure under International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and may not be comparable to similar financial measures disclosed by other issuers. See "Non-GAAP and Other Financial Measures" in the Q2 2024 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.
- (6) Non-GAAP ratio that is not a standardized financial measure under IFRS Accounting Standards and may not be comparable to similar financial 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 Q2 2024 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.

FINANCIAL AND OPERATIONAL RESULTS

(7) Refer to the section entitled "About ARC Resources Ltd." contained within the Q2 2024 MD&A for historical capital expenditures, which information is incorporated by reference into this news release.

(Cdn\$ millions, except per share amounts⁽¹⁾, boe amounts, Three Months Ended Six Months Ended

and common shares outstanding) March 31, 2024 June 30, 2024 June 30, 2023 June 30, 2024

FINANCIAL RESULTS

Net income	185.4	239.5	278.9	424.9
Per share	0.31	0.40	0.46	0.71
Cash flow from operating activities	636.3	543.0	550.9	1,179.3
Per share ⁽²⁾	1.06	0.91	0.90	1.97
Funds from operations	606.9	502.8	560.8	1,109.7
Per share	1.01	0.84	0.92	1.85
Free funds flow	102.3	(29.5)	144.3	72.8
Per share	0.17	(0.05)	0.24	0.12

Dividends declared

101.6

Per share	0.17	0.17	0.17	0.34
Cash flow used in investing activities	499.8	643.4	464.4	1,143.2
Capital expenditures	504.6	532.3	416.5	1,036.9
Long-term debt	1,144.0	1,379.5	1,122.0	1,379.5
Net debt	1,336.1	1,477.9	1,281.1	1,477.9
Common shares outstanding, weighted average diluted	598.4	598.2	611.5	598.3
(millions)				
Common shares outstanding, end of period (millions)	596.7	596.7	608.4	596.7
OPERATIONAL RESULTS				
Production				
Crude oil and condensate (bbl/day)	82,672	74,713	83,540	78,693
Natural gas (MMcf/day)	1,322	1,286	1,289	1,304
NGLs (bbl/day)	49,411	40,994	45,202	45,203
Total (boe/day)	352,328	330,046	343,630	341,187
Average realized price				
Crude oil (\$/bbl) ⁽²⁾	83.83	100.28	88.13	91.10
Condensate (\$/bbl) ⁽²⁾	94.58	103.73	93.43	98.96
Natural gas (\$/Mcf) ⁽²⁾	3.19	1.86	2.83	2.53
NGLs (\$/bbl) ⁽²⁾	25.65	21.69	20.89	23.85
Average realized price (\$/boe) ⁽²⁾	37.49	33.35	35.97	35.49
Netback per boe				
Commodity sales from production (\$/boe) ⁽³⁾	37.49	33.35	35.97	35.49
Royalties (\$/boe) ⁽³⁾	(4.15)	(4.19)	(4.38)	(4.16)
Operating expense (\$/boe) ⁽³⁾	(4.26)	(5.51)	(4.81)	(4.87)
Transportation expense (\$/boe) ⁽³⁾	(5.35)	(5.22)	(5.34)	(5.29)
Netback per boe (\$/boe) ⁽³⁾	23.73	18.43	21.44	21.17
TRADING STATISTICS⁽⁴⁾				
High price	24.32	26.18	18.44	26.18
Low price	19.44	23.45	15.38	19.44
Close price	24.15	24.41	17.67	24.41
Average daily volume (thousands of shares)	3,343	3,648	4,009	3,498

- (1) Per share amounts, with the exception of dividends, are based on weighted average diluted common shares.
- (2) See "Non-GAAP and Other Financial Measures" in the Q2 2024 MD&A for an explanation of the composition of this supplementary financial measure, which information is incorporated by reference into this news release.
- (3) Non-GAAP ratio that is not a standardized financial measure under IFRS Accounting Standards and may not be comparable to similar financial measures disclosed by other issuers. Netback, a non-GAAP financial measure, is used as a component of the non-GAAP ratio. See "Non-GAAP and Other Financial Measures" in the Q2 2024 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.
- (4) Trading prices are stated in Canadian dollars on a per share basis and are based on intra-day trading on the Toronto Stock Exchange.

OUTLOOK

ARC's strategic priorities center on growing free funds flow per share while upholding its principles of capital discipline, profitability, and financial strength.

With these principles in mind, ARC introduced a long-term plan to attain its objectives in 2023. The strategy is focused on delivering a competitive total return by balancing profitable investment in the Montney with margin expansion initiatives and a substantial return of capital.

One year later, ARC remains on-track to achieve its targets established in its long-term plan. Attachie - ARC's single largest growth asset - is advancing as planned with commissioning scheduled for later this year and operational efficiencies are being realized across the base assets that will contribute to higher profitability over the next five years.

Attachie Phase I Update

Attachie Phase I remains on schedule and on-budget. First volumes are expected late in the fourth quarter, with full productive capacity of 40,000 boe per day anticipated for the first quarter of 2025. ARC invested \$182 million at Attachie in the second quarter of 2024, and \$362 million through the first six months of 2024.

Attachie Phase I is approximately 75 per cent complete:

- ARC has drilled 30 of the approximately 40 wells required to fill the 40,000 boe per day facility capacity, and stimulated wells.
- Plant construction is approximately 75 per cent complete.
- The transmission line, natural gas sales line, and water ponds are all complete.
- The liquids and gathering pipelines are on schedule and nearing completion.

Investor Tour

ARC plans to host an Investor Field Tour at Attachie for institutional investors and research coverage analysts on Wednesday, October 2, 2024.

Operational Update

Sunrise

- Subsequent to quarter-end, in response to record low natural gas prices in Western Canada, ARC has elected to temporarily suspend production of approximately 250 MMcf per day of natural gas production at its sole dry gas asset, Sunrise. ARC will resume full production when natural gas prices recover to levels that support ARC's return requirements.
- Sunrise is a low-cost natural gas asset, with a full cycle break-even of approximately C\$1.10 per Mcf, inclusive of costs of approximately \$0.65 per Mcf (operating, transportation, and royalties) and finding and development cost.

- Recent well design changes at Sunrise are yielding stronger productivity and returns.
 - On a per well basis, the well design change in the Upper Montney is expected to yield a 40 per cent increase in gas production over the initial twelve months, with only a 25 per cent increase in well costs due to higher interval completions.
 - As a result, annual sustaining capital at Sunrise in developing both the Upper and Lower Montney is expected to decrease by 10 per cent relative to the previous development plan.

Kakwa

Production growth at Kakwa in the second half of 2024 will focus on higher condensate-rich regions of the asset compared to development in 2023.

- Subsequent to the quarter, ARC completed the construction of the 10-10 superpad expansion, supporting long-term investment in ARC's condensate-rich asset. A key component of this expansion is increased takeaway optionality which provides additional flexibility moving product to market.

2024 Guidance

Capital expenditures and production guidance for 2024 remain unchanged. ARC plans to invest between \$1.75 and \$1.85 billion and generate average production of between 350,000 and 360,000 boe per day (63 per cent natural gas, 37 per cent crude oil and liquids). Full-year average production will be influenced by the duration of the natural gas curtailment at Sunrise and to a lesser extent, downtime related to extreme temperatures in the third quarter, with current expectations to be at the low end of the guidance range.

- The inclusion of the natural gas curtailment at Sunrise is expected to result in average third quarter production between 330,000 and 335,000 boe per day, with a higher percentage of crude oil and liquids relative to the second quarter.
- The effect on funds from operations is anticipated to be negligible at prevailing forward prices, attributable to a high operating netback resulting from a greater proportion of condensate-weighted production.
- Fourth quarter production is estimated to average between 380,000 and 385,000 boe per day. This includes the natural gas production at Sunrise and the growth in production relative to the first half of 2024 from ARC's condensate-rich assets Greater Dawson and Kakwa, as well as some contribution from Attachie Phase I coming on-stream.

ARC's 2024 annual guidance and a review of 2024 year-to-date results are outlined below.

	2024 Guidance	2024 YTD Actual
Production		
Crude oil and condensate (bbl/day)	87,000 - 91,500	78,693
Natural gas (MMcf/day)	1,325 - 1,340	1,304
NGLs (bbl/day)	42,000 - 45,000	45,203
Total (boe/day)	350,000 - 360,000	341,187
Expenses (\$/boe) ⁽¹⁾		
Operating	4.50 - 4.90	4.87
Transportation	5.50 - 6.00	5.29
General and administrative ("G&A") expense before share-based compensation expense	1.05 - 1.25	1.36
G&A - share-based compensation expense	0.55 - 0.65	0.85
Interest and financing ⁽²⁾	0.90 - 1.00	0.91
Current income tax expense as a per cent of funds from operations ⁽¹⁾	10 - 15	9
Capital expenditures (\$ billions) ⁽³⁾	1.75 - 1.85	1.0

(1) See "Non-GAAP and Other Financial Measures" in the Q2 2024 MD&A for an explanation of the composition of these supplementary financial measures, which information is incorporated by reference into this news release.

(2) Excludes accretion of ARC's asset retirement obligation.

(3) Refer to the section entitled "About ARC Resources Ltd." contained within the Q2 2024 MD&A for historical capital expenditures, which information is incorporated by reference into this news release.

ARC's 2024 corporate guidance is based on various commodity price scenarios and economic conditions; certain guidance estimates may fluctuate with commodity price changes and regulatory changes. ARC's guidance provides readers with the information relevant to Management's expectations for financial and operational results for 2024. Readers are cautioned that the guidance estimates may not be appropriate for any other purpose. Refer to the section entitled "Annual Guidance" in the Q2 2024 MD&A, available on ARC's website at www.arcresources.com and under ARC's SEDAR+ profile at www.sedarplus.ca.

2025 Outlook

The 2025 outlook incorporates lower anticipated capital spending relative to 2024 and approximately 10 per cent production growth reflecting a full-year contribution from Attachie Phase I. This is expected to drive a meaningful increase in free funds flow, which is planned to be returned to shareholders through a combination of a growing base dividend and share repurchases.

The outlook for 2025 production and capital expenditures is unchanged from the first quarter of 2024, and outlined in the table below.

	2024	2025
Total production (boe/day)	350,000 - 360,000	375,000 - 400,000
Natural gas production (%)	63 %	60 %
Crude oil and liquids production (%)	37 %	40 %
Capital Expenditures (\$ billions) ⁽¹⁾	1.75 - 1.85	1.6 - 1.8
Funds from Operations (\$ billions) ⁽²⁾⁽³⁾	2.4 - 2.7	3.0 - 3.3

(1) Refer to the section entitled "About ARC Resources Ltd." contained within the Q2 2024 MD&A for historical capital expenditures, which information is incorporated by reference into this news release.

(2) Based on the forward curve at July 19, 2024 (2024: WTI US\$79 per barrel; US\$2.30/MMbtu NYMEX; C\$1.50/Mcf AECO; 2025: WTI US\$74 per barrel; US\$3.30/MMbtu NYMEX; C\$2.50Mcf AECO).

(3) See Note 8 "Capital Management" in the financial statements and "Non-GAAP and Other Financial Measures" in the Q2 2024 MD&A for information relating to this capital management measure, which information is incorporated by reference into this news release.

FINANCIAL AND OPERATIONAL RESULTS

Production

- ARC's production averaged 330,046 boe per day during the second quarter of 2024 (65 per cent natural gas and crude oil and liquids), in line with the top-end of the previously announced second quarter production guidance range of 325,000 to 330,000 boe per day.
 - Higher than forecast well productivity at Sunrise drove the slightly higher production and natural gas weightings.
 - Combined production from Kakwa and Greater Dawson decreased by approximately 20,000 boe per day compared to the first quarter of 2024 due to planned turnaround activity, which was completed on schedule and within budget.

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

- Second quarter 2024 funds from operations was \$503 million (\$0.84 per share), representing a decrease of nine cents per share basis (\$0.08 per share) from the same quarter of 2023. This decrease was primarily driven by lower production and lower average realized commodity prices. Partially offsetting these items were increased realized gains on risk management contracts.
 - Realized gains on risk management contracts increased by \$73 million in the second quarter of 2024, compared to the same period in the prior year.
 - ARC has approximately 20 per cent of its natural gas hedged at AECO for the remainder of 2024, through a combination of collars and swaps, at an average floor price of C\$3.15 per GJ.
- ARC generated cash flow from operating activities of \$543 million (\$0.91 per share) and free funds flow of (\$29) million (\$0.05) per share during the second quarter of 2024.

The following table details the change in funds from operations for the second quarter of 2024 relative to the first quarter of 2024.

Funds from Operations Reconciliation	\$ millions \$/share ⁽¹⁾	
Funds from operations for the three months ended March 31, 2024	606.9	1.01
Production volumes		
Crude oil and liquids	(86.3)	(0.14)
Natural gas	(10.3)	(0.02)
Commodity prices		
Crude oil and liquids	51.7	0.10
Natural gas	(155.5)	(0.27)
Sales of commodities purchased from third parties	39.6	0.07
Other income	0.8	-
Realized gain on risk management contracts	46.9	0.08
Royalties	7.2	0.01
Expenses		
Commodities purchased from third parties	(32.5)	(0.05)
Operating	(29.0)	(0.05)
Transportation	14.8	0.02
G&A	25.7	0.04
Interest and financing	(1.2)	-
Current income tax	22.4	0.04
Realized gain on foreign exchange	1.0	-
Other	0.6	-
Funds from operations for the three months ended June 30, 2024	502.8	0.84

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

The following table details the change in funds from operations for the second quarter of 2024 relative to the second quarter of 2023.

Funds from Operations Reconciliation	\$ millions \$/share ⁽¹⁾	
Funds from operations for the three months ended June 30, 2023	560.8	0.92
Production volumes		
Crude oil and liquids	(82.1)	(0.13)
Natural gas	(0.8)	-
Commodity prices		
Crude oil and liquids	74.1	0.12
Natural gas	(114.2)	(0.19)
Sales of commodities purchased from third parties	56.7	0.09
Other income	1.4	-
Realized gain on risk management contracts	72.9	0.12
Royalties	10.9	0.02
Expenses		
Commodities purchased from third parties	(57.9)	(0.10)
Operating	(15.1)	(0.03)
Transportation	10.2	0.02
G&A	1.3	-
Interest and financing	(6.4)	(0.01)
Current income tax	(14.6)	(0.02)
Realized gain on foreign exchange	6.3	0.01
Other	(0.7)	-
Weighted average shares, diluted	-	0.02
Funds from operations for the three months ended June 30, 2024	502.8	0.84

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

Shareholder Returns

- During the second quarter, ARC distributed \$118 million (\$0.20 per share) to shareholders through a combination of dividends and share repurchases under its NCIB.
 - During the second quarter 2024, ARC declared dividends of \$102 million (\$0.17 per share).
 - ARC repurchased 0.7 million common shares under its NCIB at a weighted average price of \$23.29 per share.
- Since commencing its initial NCIB in September 2021, ARC has repurchased approximately 18 per cent of total common shares or 132 million common shares, at a weighted average price of \$16.17 per share.
- ARC intends to renew its NCIB on or about September 1, 2024 for an additional 10 per cent of the public float, subject to review and approval by the TSX.
- ARC plans to distribute essentially all of its free funds flow to shareholders in 2024.

Operating, Transportation, and General and Administrative Expense

Operating Expense

- ARC's second quarter 2024 operating expense of \$5.51 per boe was in line with Company expectations and \$0.7 above the second quarter of 2023. The increase was due to lower production volumes and planned turnarounds t concentrated in the second quarter 2024.
- Operating expense per boe is expected to decrease over the balance of the year with all major turnarounds comp

Transportation Expense

- ARC's second quarter 2024 transportation expense per boe of \$5.22 was lower than ARC's guidance range of \$5 per boe primarily due to lower fuel gas expense related to lower natural gas prices.

General and Administrative Expense

- ARC's second quarter 2024 G&A expense per boe of \$1.85 decreased 27 per cent or by \$0.69 per boe from the f of 2024. G&A expense per boe for the quarter was within Company guidance.

Cash Flow Used in Investing Activities and Capital Expenditures

- Cash flow used in investing activities was \$643 million during the second quarter of 2024. Of this, ARC invested \$ into capital expenditures to drill 39 wells and complete 41 wells. Drilling was focused primarily at Kakwa, Greater Attachie.
- During the six months ended June 30, 2024, cash flow used in investing activities was \$1.1 billion. Capital expenc six month period registered at \$1.0 billion. ARC drilled 77 wells and completed 65 wells across its asset base. Th investment has been focused on facilities and infrastructure associated with Attachie Phase I and the Kakwa 10-1

The following table details ARC's first six months of 2024 drilling and completion activities by area.

Area	Six Months Ended June 30, 2024	
	Wells Drilled ⁽¹⁾	Wells Completed
Kakwa	26	31
Greater Dawson 20		21
Sunrise	6	10
Ante Creek	-	-
Attachie	25	3
Total	77	65

(1) Excludes disposal wells.

Physical Natural Gas Marketing

- ARC's infrastructure ownership and committed takeaway capacity to U.S. markets played a critical role in capturing natural gas price realizations relative to local benchmarks.
 - Subsequent to the quarter, ARC elected to shut-in a portion of its natural gas at Sunrise. ARC was able to le dual-connected infrastructure and transport capacity to re-direct condensate-rich volumes away from Station natural gas prices were weakest, to AECO.
- In June 2024, Cedar LNG Partners LP reached a positive final investment decision for the Cedar LNG Project (th Cedar LNG has secured 20-year take-or-pay liquefaction tolling services agreements with ARC and Pembina Pip Mtpa each. ARC will deliver approximately 200 MMcf per day of natural gas for liquefaction by the Project for a te years commencing with commercial operations, anticipated in late 2028.
 - ARC remains on track to execute a sale and purchase agreement by year end 2024 with an investment-gra company for the entirety of ARC's LNG delivered from the Project.
 - With the anticipated execution of the sale and purchase agreement, ARC expects to achieve its long-term n diversification strategy, which includes linking approximately 25 per cent of its future natural gas production international or LNG pricing.

Net Debt

- As at June 30, 2024, ARC's long-term debt balance was \$1.4 billion, and its net debt balance was \$1.5 billion, or funds from operations.
 - ARC targets its net debt to be less than 1.5 times funds from operations and manages its capital structure to meet this target over the long-term.
 - Long-term debt is comprised of \$1.0 billion of senior notes outstanding and \$385 million drawn on the syndicated facilities.
- ARC holds an investment-grade credit rating, which allows the Company to have access to capital and to manage its capital structure. ARC is committed to protecting its strong financial position.

Net Income

- ARC recognized net income of \$240 million (\$0.40 per share) during the second quarter of 2024, a 29 per cent increase compared to the first quarter of 2024. The increase in net income compared to the prior quarter was primarily due to an increase in realized gains on risk management contracts in the second quarter of 2024.

CONFERENCE CALL

ARC's senior leadership team will be hosting a conference call to discuss the Company's second quarter 2024 results on Friday, August 2, 2024, at 8:00 a.m. Mountain Time ("MT").

Date Friday, August 2, 2024

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 76324761

Webcast URL <https://app.webinar.net/8mG2Dzwqp6x>

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.

NON-GAAP AND OTHER FINANCIAL MEASURES

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 Accounting Standards 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 Accounting Standards, 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 (\$ millions)	Three Months Ended			Six Months Ended	
	March 31, 2024	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Cash flow used in investing activities	499.8	643.4	464.4	1,143.2	861.8
Acquisition of crude oil and natural gas assets (0.1)		(5.0)	-	(5.1)	(0.5)
Disposal of crude oil and natural gas assets	-	-	-	-	73.6
Long-term investments	(2.8)	(1.3)	(3.2)	(4.1)	(4.4)
Change in non-cash investing working capital	3.0	(109.6)	(44.8)	(106.6)	(28.8)
Other ⁽¹⁾	4.7	4.8	0.1	9.5	2.2
Capital expenditures	504.6	532.3	416.5	1,036.9	903.9

(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 (\$ millions)	Three Months Ended			Six Months Ended	
	March 31, 2024	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Cash flow from operating activities	636.3	543.0	550.9	1,179.3	1,091.2
Net change in other liabilities	6.7	(1.5)	(13.9)	5.2	(0.2)
Change in non-cash operating working capital (36.1)		(38.7)	23.8	(74.8)	187.2
Funds from operations	606.9	502.8	560.8	1,109.7	1,278.2
Capital expenditures ⁽¹⁾	(504.6)	(532.3)	(416.5)	(1,036.9)	(903.9)
Free funds flow	102.3	(29.5)	144.3	72.8	374.3

(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 Q2 2024 MD&A.

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 intentions to return free funds flow to shareholders through the base dividend and share repurchases; ARC's 2024 capital budget and guidance including, among others, planned capital expenditures, anticipated average annual production and the components thereof and anticipated expenses and the components thereof; expectations with respect to Attachie Phase I, including anticipated initial commissioning volumes, full-productive capacity, the components thereof and anticipated timing related thereto; the anticipated benefits of the Cedar LNG agreements and timing thereof; ARC's expectations regarding reaching its long-term market diversification strategy and anticipated timing thereof; anticipated benefits of well design changes at Sunrise and timing thereof; anticipated third and fourth quarter production, the increase of such production in the second half of 2024, the components thereof and the rationale behind such anticipated production and growth; ARC's 2024 and 2025 outlook the components thereof and the rationale behind such anticipated production and growth; the anticipated timing of completion of ARC's enterprise system implementation; ARC's intention to renew its NCIB and timing thereof; net debt targets; expectations regarding operating expense per boe; and other statements. Further, statements relating to reserves and resources 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 renew its NCIB; that conditions precedent to the liquefaction tolling services agreement with Cedar LNG Partners LP will be met; that the terms and conditions of the sale and purchase agreement to be entered into will be as expected; that the Cedar LNG project will be completed on the timelines anticipated; that counterparties to ARC's various agreements will comply with their contractual obligations; 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 2024 capital expenditure budget; assumptions with respect to ARC's 2024 and 2025 guidance; 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 2024 and 2025; 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 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 2024 on time frames, and terms and conditions, currently anticipated; 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 and other long-term debt 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'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, including those risks contained under the heading "Risk Factors" in ARC's management's discussion and analysis for the year ended December 31, 2023.

Forward-looking information in this news release pertaining to dividend increases and the repurchase of ARC's outstanding common shares, while based on ARC's current intentions and beliefs, are not guaranteed and should not be unduly relied upon. Any decisions with respect to dividends and/or share repurchases are subject to the approval of the Board.

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.

The forward-looking information in this news release also includes financial outlooks and other related forward-looking information (including production and financial-related metrics) relating to ARC, including, but not limited to: the expectations of ARC regarding free funds flow, funds from operations, capital expenditures, net debt, and production. Any financial outlook and forward-looking information implied by such forward-looking statements are described in ARC's Q2 2024 MD&A, and ARC's most recent annual information form, which are available on ARC's website at www.arcresources.com and under ARC's SEDAR profile at www.sedarplus.ca and are incorporated by reference herein.

Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/477224--Arc-Resources-Ltd.-Reports-Second-Quarter-2024-Results.html>

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common shares trade on the Toronto Stock Exchange under the symbol ARX.

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