Arc Resources Ltd. Reports Third Quarter 2024 Results And Announces 2025 Budget, First Production At Attachie, And 12 Per Cent Dividend Increase

06.11.2024 | CNW

CALGARY, Nov. 6, 2024 - (TSX: ARX)

HIGHLIGHTS

- Attachie Phase I was successfully commissioned in late October, facilitating substantial production growth in the f of 2024 and throughout 2025. Drilling operations for all start-up wells have concluded and completions operations start-up pad will commence in mid-November.
  - Current production at Attachie is approximately 20,000[1] boe per day, and increasing as planned towards p capacity of 40,000 boe per day.
  - Attachie is expected to contribute to record fourth quarter average production of between 380,000 and 385, day (62 per cent natural gas and 38 per cent crude oil and liquids[2]).
- ARC's Board of Directors (the "Board") has approved a 12 per cent increase to the quarterly dividend, from $0.17 $0.19 per share ($0.68 per share to $0.76 per share, per annum). This reflects ARC's commitment to grow the di the profitability of the business, and on a per share basis as the share count is reduced.

Third Quarter Results

- ARC delivered third quarter 2024 average production of 326,768 boe per day (61 per cent natural gas and 39 per oil and liquids), in line with the third quarter production guidance range of 315,000 to 330,000 boe per day.
  - Natural gas production at Sunrise was curtailed during the third quarter by approximately 250 MMcf per day natural gas prices. Production was partially restored in mid-October once natural gas prices recovered.
- ARC generated funds from operations of $592 million[3] ($0.99 per share[4]) and free funds flow of $134 million[5] share[6]), while capital expenditures totalled $459 million[7]. ARC recognized cash flow from operating activities o ($0.87 per share) and net income of $329 million ($0.55 per share).
- ARC realized a natural gas price of $1.78 per Mcf[4], $0.97 per Mcf or 120 per cent greater than the AECO 7A Mo price. Strong price realizations were driven by market diversification into key demand regions in the US, along wit exposure to western Canadian natural gas markets.
- ARC distributed $220 million ($0.37 per share) to shareholders during the third quarter, representing 103 per cen flow (net of proceeds from divestitures).
- As of September 30, 2024, ARC's long-term debt balance was $1.4 billion and its net debt balance was $1.6 billio times funds from operations[3].

2025 Capital Budget

- The Board has approved a 2025 capital budget of between $1.6 billion and $1.7 billion, at the low end of previous of between $1.6 billion and $1.8 billion. The 2025 capital budget is expected to generate record annual average p between 380,000 and 395,000 boe per day (61 per cent natural gas and 39 per cent crude oil and liquids).
- The capital budget implies approximately 10 per cent production growth with a concurrent 10 per cent decrease in expenditures compared to 2024. The enhancement in capital efficiencies is attributed to a full year of production o from Attachie, the finalization of investments into Attachie Phase I infrastructure, and improved capital efficiencies and Sunrise.
- For the third straight year, ARC intends to return essentially all of its free funds flow to shareholders in 2025 throu base dividend and share repurchases. At strip prices[8], ARC estimates free funds flow of between $1.4 and $1.6 2025 and expects to generate an 18 per cent Return on Average Capital Employed[9].

ARC's unaudited condensed interim consolidated financial statements and notes (the "financial statements") and Mana Discussion and Analysis ("MD&A") as at and for the three months and nine months ended September 30, 2024, are av

ARC's website at www.arcresources.com and under ARC's SEDAR+ profile at www.sedarplus.ca. The disclosure unde
entitled "Non-GAAP and Other Financial Measures" in ARC's MD&A as at and for the three and nine months ended Se
2024 (the "Q3 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 Q3 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 Q3 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 Q3 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 Q3 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.

(7) Refer to the section entitled "About ARC Resources Ltd." contained within the Q3 2024 MD&A for historical capital expenditures, which information is incorporated by reference into this news release.

(8) Based on forward curve as at October 24, 2024 (US$WTI $68.60 per barrel; C$2.40/Mcf AECO; US$3.20/MMBtu Henry Hub).

FINANCIAL AND OPERATIONAL RESULTS

(9) 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. Includes non-GAAP financial measure components of adjusted EBIT and average capital employed. See "Non-GAAP and Other Financial Measures" in the Q3 2024 MD&A for an explanation of composition, which information is incorporated by reference into this news release.

(Cdn$ millions, except per share amounts[1], boe amounts,	Three Months Ended			Nin
and common shares outstanding)	June 30. 2024	September 30, 2024	September 30, 2023	Sep
FINANCIAL RESULTS				
Net income	239.5	328.9	236.4	753
Per share	0.40	0.55	0.39	1.2
Cash flow from operating activities	543.0	518.4	604.2	1,6
Per share[2]	0.91	0.87	0.99	2.8
Funds from operations	502.8	592.4	662.2	1,7
Per share	0.84	0.99	1.09	2.8
Free funds flow	(29.5)	133.8	260.8	206
Per share	(0.05)	0.22	0.43	0.3
Dividends declared	101.6	100.8	103.0	304
Per share	0.17	0.17	0.17	0.5
Cash flow used in investing activities	643.4	339.7	394.6	1,4
Capital expenditures	532.3	458.6	401.4	1,4
Long-term debt	1,379.5	1,440.1	1,108.9	1,4
Net debt	1,477.9	1,560.6	1,243.5	1,5
Common shares outstanding, weighted average diluted (millions)	598.2	596.4	609.0	597
Common shares outstanding, end of period (millions)	596.7	591.7	605.0	591
OPERATIONAL RESULTS				
Production				
Crude oil and condensate (bbl/day)	74,713	88,517	87,098	81,
Natural gas (MMcf/day)	1,286	1,203	1,353	1,2
NGLs (bbl/day)	40,994	37,797	47,557	42,
Total (boe/day)	330,046	326,768	360,177	336
Average realized price				
Crude oil ($/bbl)[2]	100.28	92.22	104.91	91.
Condensate ($/bbl)[2]	103.73	95.38	103.21	97.
Natural gas ($/Mcf)[2]	1.86	1.78	3.16	2.2
NGLs ($/bbl)[2]	21.69	23.77	19.63	23.

Average realized price ($/boe)[2]	33.35	35.07	39.47	35.
Netback per boe				
Commodity sales from production ($/boe)[3]	33.35	35.07	39.47	35.
Royalties ($/boe)[3]	(4.19)	(4.09)	(4.68)	(4.1
Operating expense ($/boe)[3]	(5.51)	(4.90)	(4.94)	(4.8
Transportation expense ($/boe)[3]	(5.22)	(5.25)	(4.94)	(5.2
Netback per boe ($/boe)[3]	18.43	20.83	24.91	21.
TRADING STATISTICS[4]				
High price	26.18	26.45	22.05	26.
Low price	23.45	21.44	17.63	19.
Close price	24.41	22.86	21.68	22.
Average daily volume (thousands of shares)	3,648	3,696	3,705	3,5

(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 Q3 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 Q3 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.

2025 CAPITAL BUDGET

The 2025 capital program delivers on ARC's long-term strategy to grow free funds flow per share through profitable investments in the Montney while adhering to its long-standing principles of safety, capital discipline, and financial strength.

Consistent with its long-term plan introduced in 2023, ARC aims to deliver a notable increase in profitability and per share growth in 2025. Production from Attachie Phase I is projected to generate 10 per cent production growth, 20 per cent growth in condensate production, with a concurrent 10 per cent reduction in capital expenditures. The expected outcome is a material increase in organic free funds flow per share and a high return on average capital employed.

The 2025 capital program represents a milestone year for ARC. The first phase of ARC's largest growth asset, Attachie, is expected to drive record condensate and natural gas production and higher margins. At forward strip pricing[1], ARC expects to generate between $1.4 and $1.6 billion of free funds flow, re-investing approximately 50 per cent of funds from operations. The 2025 capital program and dividend are expected to be fully funded by funds from operations at US$50 per barrel WTI and US$1.80 per MMBtu Henry Hub, a reflection of ARC's low cost structure and a commodity mix balanced between natural gas, condensate, and liquids.

Highlights

- ARC plans to invest between $1.6 billion and $1.7 billion[2] in capital expenditures in 2025 and generate average between 380,000 and 395,000 boe per day (61 per cent natural gas and 39 per cent crude oil and liquids).
- Higher margins are expected to accompany production growth in 2025. The increase in funds from operations pe free funds flow per boe will be driven by a higher condensate-weighted production mix with stable cash costs on a basis.
- Well related capital investment activities account for approximately 90 per cent of total planned capital expenditur remainder is to be allocated to facility maintenance and optimization, and includes all corporate capital. ARC plan approximately 130 wells in 2025, complete 154 wells, and tie-in 166 wells.

The following table details ARC's 2025 budget planned well activity by area.

Area	Drill	Complete	Tie-in
Kakwa	64	75	76
Attachie	26	36	44
Greater Dawson	21	18	18
Sunrise	8	14	14
Ante Creek	11	11	14
Total	130	154	166

Attachie

- ARC plans to invest approximately $360 million at Phase I in 2025 and generate average production of approxima boe per day (60 per cent liquids and 40 per cent natural gas).
    - ARC plans to drill 26 wells and complete 36 wells in 2025 to offset initial production declines. Capital expen sustain production for Attachie Phase I are expected to decrease in 2026 and stabilize at approximately $15 year thereafter.
- In alignment with ARC's long-term plan, the capital investment for Attachie Phase II is expected to be included wi budget, targeting an on-stream date in 2028.

Kakwa

- ARC plans to invest approximately $800 million at Kakwa to sustain production between 170,000 and 175,000 bo
- Enhancements in frac design during 2024 are partly responsible for the production growth at Kakwa, which will be implemented again in 2025.

Other Montney

- The remaining $500 million is primarily allocated towards investments to sustain production at ARC's northeast B its Ante Creek asset.
- At Sunrise, ARC's dry natural gas asset, ARC plans to invest approximately $105 million in 2025 to deliver averag production of approximately 60,000 boe per day.
    - Capital investment to sustain production at Sunrise has decreased 10 per cent following the changes in wel has optimized development by moving from a three- layer development to a two-layer development in the U Montney.
- At Greater Dawson, ARC plans to invest approximately $195 million and generate average production of approxir boe per day.

(1) Based on forward curve as at October 24, 2024 (US$WTI $68.60 per barrel; C$2.40/Mcf AECO; US$3.20/MMBtu Henry Hub).

(2) Refer to the section entitled "About ARC Resources Ltd." contained within the 2023 Annual MD&A for historical capital expenditures, which information is incorporated by reference into this news release.

2025 Guidance

ARC's 2025 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 2025. Readers are cautioned that the guidance estimates may not be appropriate for any other purpose.

	2025 Guidance
Crude oil and condensate (bbl/day)	104,000 - 110,000
Natural gas (MMcf/day)	1,400 - 1,420
NGLs (bbl/day)	42,000 - 48,000
Total (boe/day)	380,000 - 395,000
Expenses ($/boe)(1)	
Operating	4.50 - 4.90
Transportation	5.00 - 5.50
General and administrative ("G&A") expense before share-based compensation expense	0.90 - 1.10
G&A - share-based compensation expense	0.25 - 0.35
Interest and financing(2)	0.70 - 0.80
Current income tax expense as a per cent of funds from operations(1)	10 - 15
Capital expenditures ($ billions)(3)	1.6 - 1.7

(1) See "Non-GAAP and Other Financial Measures" in the Q3 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 2023 Annual MD&A for historical capital expenditures, which information is incorporated by reference into this news release.

2024 Guidance

Full-year 2024 guidance remains unchanged. ARC expects to generate average production at the bottom end of guidance, reflecting the 250 MMcf per day of production curtailments at Sunrise throughout the third quarter and beginning of the fourth quarter. These curtailments are expected to impact full-year production guidance by approximately 60 MMcf per day, or approximately 10,000 boe per day, with no change to crude oil, condensate, and liquids production guidance.

	2024 Guidance	2024 YTD Actual
Crude oil and condensate (bbl/day)	87,000 - 91,500	81,991
Natural gas (MMcf/day)	1,325 - 1,340	1,270
NGLs (bbl/day)	42,000 - 45,000	42,716
Total (boe/day)	350,000 - 360,000	336,346
Expenses ($/boe)(1)		
Operating	4.50 - 4.90	4.88
Transportation	5.50 - 6.00	5.27
General and administrative ("G&A") expense before share-based compensation expense	1.05 - 1.25	1.30
G&A - share-based compensation expense	0.55 - 0.65	0.68
Interest and financing(2)	0.90 - 1.00	0.95
Current income tax expense as a per cent of funds from operations(1)	10 - 15	8
Capital expenditures ($ billions)(3)	1.75 - 1.85	1.5

(1) See "Non-GAAP and Other Financial Measures" in the Q3 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 2023 Annual MD&A for historical capital expenditures, which information is incorporated by reference into this news release.

Refer to the section entitled "Annual Guidance" in ARC's MD&A for the three and nine months ended September 30, 2024, available on ARC's website at www.arcresources.com and under ARC's SEDAR+ profile at www.sedarplus.ca.

FINANCIAL AND OPERATIONAL RESULTS

Production

- ARC's production averaged 326,768 boe per day during the third quarter of 2024 (61 per cent natural gas and 39 crude oil and liquids). Production decreased nine per cent year-over-year, driven by the natural gas curtailments a
- Production registered near the high-end of the previously announced third quarter production guidance range of 3 330,000 boe per day primarily due to higher-than-budgeted well productivity at Kakwa.
  - Kakwa production averaged approximately 180,000 boe per day in the quarter (53 per cent crude oil and liq per cent natural gas).
- Natural gas production at Sunrise was partially restored in mid-October following the curtailments during the third to low western Canadian natural gas prices. ARC will continue to manage its Sunrise production with long-term p mind and has the operational flexibility to increase or decrease volumes in response to changes in natural gas pri
  - By curtailing production at Sunrise, ARC managed to conserve volumes for periods when natural gas prices and defer capital expenditures that were initially scheduled for 2025.
- Fourth quarter production is expected to average between 380,000 and 385,000 boe per day. The increase is to b initial production from Attachie, and better well productivity at Kakwa.

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

- Third quarter 2024 funds from operations was $592 million ($0.99 per share), representing an increase of $90 mil per share) compared to the second quarter of 2024. This increase was driven primarily by an increase in condens production. Third quarter condensate revenue represented 68 per cent of ARC's total commodity sales from prod condensate production growth at Kakwa.
- Cash flow from operating activities was $518 million ($0.87 per share), decreasing by $25 million ($0.04 per share second quarter of 2024.
- ARC generated free funds flow of $134 million or $0.22 per share during the third quarter of 2024, of which essen returned to shareholders.

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

Funds from Operations Reconciliation	$ millions	$/share(1)
Funds from operations for the three months ended June 30, 2024	502.8	0.84
Production volumes		
Crude oil and liquids	133.6	0.23
Natural gas	(11.9)	(0.02)
Commodity prices		
Crude oil and liquids	(60.6)	(0.10)
Natural gas	(8.4)	(0.02)
Sales of commodities purchased from third parties	6.0	0.01
Other income	6.6	0.01
Realized gain on risk management contracts	(3.9)	(0.01)
Royalties	2.8	-
Expenses		
Commodities purchased from third parties	(4.4)	(0.01)
Operating	18.3	0.03
Transportation	(1.0)	-
G&A	10.6	0.02
Interest and financing	(1.3)	-
Current income tax	7.2	0.01
Realized loss on foreign exchange	(2.9)	-
Other	(1.1)	-
Funds from operations for the three months ended September 30, 2024	592.4	0.99

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

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

Funds from Operations Reconciliation	$ millions	$/share[1]
Funds from operations for the three months ended September 30, 2023	662.2	1.09
Production volumes		
Crude oil and liquids	(4.6)	(0.01)
Natural gas	(43.7)	(0.07)
Commodity prices		
Crude oil and liquids	(52.4)	(0.09)
Natural gas	(152.9)	(0.25)
Sales of commodities purchased from third parties	32.7	0.05
Other income	5.3	0.01
Realized gain on risk management contracts	81.8	0.13
Royalties	32.2	0.05
Expenses		
Commodities purchased from third parties	(32.0)	(0.05)
Operating	16.3	0.03
Transportation	6.2	0.01
G&A	22.6	0.04
Interest and financing	(6.4)	(0.01)
Current income tax	29.6	0.05
Realized loss on foreign exchange	(2.9)	(0.01)
Other	(1.6)	-
Weighted average shares, diluted	-	0.02
Funds from operations for the three months ended September 30, 2024	592.4	0.99

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

Shareholder Returns

- During the third quarter, ARC distributed $220 million ($0.37 per share) to shareholders through a combination of and share repurchases under its normal course issuer bid ("NCIB"). ARC utilized free funds flow and $80 million c from a previously announced asset disposition to fund the capital returned to shareholders.
  - During the third quarter of 2024, ARC declared dividends of $101 million ($0.17 per share).
  - ARC repurchased 5.0 million common shares under its NCIB at a weighted average price of $23.66 per sha
  - Through the first nine months of 2024, ARC has returned $454 million or 220 per cent (158 per cent net of p divestitures) of free funds flow to shareholders.
- Since commencing its initial NCIB in September 2021, ARC has repurchased approximately 19 per cent of total o shares or 137 million common shares, at a weighted average price of $16.46 per share.
- ARC intends to continue to distribute essentially all of its free funds flow to shareholders on a full-year basis.

Operating, Transportation, and General and Administrative Expense

Operating Expense

- ARC's third quarter 2024 operating expense of $4.90 per boe was in line with Company guidance and 11 per cen per boe lower than the previous quarter due to scheduled maintenance activities that were concentrated in the se 2024.
- ARC's operating expense is expected to decrease in the fourth quarter with planned maintenance activity largely Full-year 2024 operating expense is expected to be within the guidance range.

Transportation Expense

- ARC's third quarter 2024 transportation expense per boe of $5.25 was lower than ARC's guidance range of $5.50 boe primarily due to lower fuel gas expense related to lower natural gas prices.
- ARC's full-year transportation expense is expected to register at the bottom end of the Company guidance range.

General and Administrative Expense

- ARC's third quarter 2024 general and administrative expense per boe of $1.50 decreased 19 per cent or by $0.35 from the second quarter of 2024. General and administrative expense per boe for the quarter was within Compan
- General and administrative expense through the first nine months of 2024 is $1.98 per boe, slightly above Compa primarily due to share-based compensation expense related to share price appreciation.

Cash Flow Used in Investing Activities and Capital Expenditures

- Capital expenditures for the third quarter were $459 million. ARC drilled 48 wells and completed 44 wells during t quarter, focused mainly at Attachie, Kakwa, and Greater Dawson.
- Cash flow used in investing activities was $340 million during the third quarter. During the nine months ended Se 3024, cash flow used in investing activities was $1.5 billion. Of this, ARC invested $1.5 billion in capital expenditu 125 wells and complete 109 wells.
- Capital expenditures in the fourth quarter of 2024 are expected to be between $300 million and $350 million.

The following table details the first nine months of ARC's 2024 drilling and completions activities by area.

	Nine Months Ended September 30, 2024	
Area	Wells Drilled(1)	Wells Completed
Attachie	41	19
Kakwa	40	50
Greater Dawson	33	30
Sunrise	6	10
Ante Creek	5	-
Total	125	109

(1) Excludes disposal wells.

Physical Natural Gas Marketing

- In the third quarter, ARC realized an average natural gas price of $1.78 per Mcf, $0.97 or 120 per cent greater th average AECO 7A Monthly Index price for the period.
- During the third quarter, ARC elected to shut-in a portion of its natural gas production at Sunrise due to low natur As a result, ARC was able to limit its exposure to local western Canadian markets (AECO and Station 2) where n prices were weakest. ARC was able to leverage its dual-connected infrastructure and transport capacity to re-dire condensate-rich volumes to other end markets.
  - Production at Sunrise was partially restored in mid-October as natural gas prices at AECO recovered above required to achieve sufficient full-cycle returns.

- ARC remains on track to execute a sale and purchase agreement by year end 2024 with an investment-grade rat for the entirety of ARC's LNG delivered from the Cedar LNG Project.
  - With the execution of the sale and purchase agreement, ARC expects to achieve its long-term market diver strategy, of linking approximately 25 per cent of its future natural gas production to international or LNG pric

Net Debt

- As at September 30, 2024, ARC's long-term debt balance was $1.4 billion, and its net debt balance was $1.6 billi times funds from operations.
  - ARC targets its net debt to be less than 1.5 times funds from operations and manages its capital structure to target over the long-term.
  - Long-term debt is comprised of $1.0 billion of senior notes outstanding and $445 million drawn on the syndi facilities.
- ARC holds an investment-grade credit rating, which allows the Company to have access to capital and to manage capital structure. ARC is committed to maintaining its strong financial position.

Net Income

- ARC recognized net income of $329 million ($0.55 per share) during the third quarter of 2024, a 39 per cent incre compared to the same period in 2023. The increase in net income compared to the prior year was primarily due to in realized gains on risk management contracts in the third quarter of 2024 and a gain on disposal of assets.

CONFERENCE CALL

ARC's senior leadership team will be hosting a conference call to discuss the Company's third quarter 2024 results on Thursday, November 7, 2024, at 8:00 a.m. Mountain Time ("MT").

Date	Thursday, November 7, 2024
Time	8:00 a.m. MT
Dial-in Numbers	
Calgary	403-910-0389
Toronto	437-900-0527
Toll-free	1-888-510-2154
Conference ID	53238
Webcast URL	https://app.webinar.net/w2Br8J3Q7mG

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	Three Months Ended			Nine Months En
($ millions)	June 30, 2024	September 30, 2024	September 30, 2023	September 30,
Cash flow used in investing activities	643.4	339.7	394.6	1,482.9
Acquisition of crude oil and natural gas assets	(5.0)	-	-	(5.1)
Disposal of crude oil and natural gas assets	-	80.0	-	80.0
Long-term investments	(1.3)	(0.6)	(0.7)	(4.7)
Change in non-cash investing working capital	(109.6)	31.0	3.9	(75.6)
Other (1)	4.8	8.5	3.6	18.0
Capital expenditures	532.3	458.6	401.4	1,495.5

(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			Nine Months En
($ millions)	June 30, 2024	September 30, 2024	September 30, 2023	September 30,
Cash flow from operating activities	543.0	518.4	604.2	1,697.7
Net change in other liabilities	(1.5)	17.9	7.9	23.1
Change in non-cash operating working capital	(38.7)	56.1	50.1	(18.7)
Funds from operations	502.8	592.4	662.2	1,702.1
Capital expenditures(1)	(532.3)	(458.6)	(401.4)	(1,495.5)
Free funds flow	(29.5)	133.8	260.8	206.6

(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 Q3 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 and the anticipated amounts thereof; 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 production volumes, the components thereof and the anticipated timing and benefits related thereto; the timing for completion of the final start-up pad at Attachie Phase I; ARC's planned investments at Attachie Phase I; the amount and timing of investment in Attachie Phase II and anticipated benefits therefrom; ARC's investment plans at Kakwa and the anticipated benefits therefrom; ARC's investment plans at Sunrise and the anticipated benefits therefrom; ARC's investment plans at Greater Dawson and the anticipated benefits therefrom; ARC's expectations regarding its ability to generate free funds flow and ability to reinvest funds from operations; ARC's drilling plans and the anticipated timing thereof; ARC's expectations regarding production levels in Q4 2024; ARC's 2025 capital budget and guidance including, among others, planned capital expenditures, anticipated average annual production and the components thereof, operating expenses, transportation expenses, G&A expenses before share-based compensation expense, G&A expenses, interest and financing expenses and current income tax as a per cent of funds from operations; ARC's expectations regarding transportation expense; 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 Kakwa and anticipated timing of implementation thereof; anticipated fourth quarter capital expenditures; anticipated fourth quarter production, 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; 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; 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; ARC's ability to issue securities and to repurchase its securities under the NCIB; ARC's ability to continue purchasing under 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; 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; 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.

ARC's future shareholder distributions, including but not limited to the payment of dividends, if any, and the level thereof is uncertain. Any decision to pay dividends on ARC's shares (including the actual amount, the declaration date, the record date and the payment date in connection therewith and any special dividends) will be subject to the discretion of the Board and may depend on a variety of factors, including, without limitation, ARC's business performance, financial condition, financial requirements, growth plans, expected capital requirements and other conditions existing at such future time including, without limitation, contractual restrictions and satisfaction of the solvency tests imposed on ARC under applicable corporate law. Further, the actual amount, the declaration date, the record date and the payment date of any dividend are subject to the discretion of the Board. There can be no assurance that ARC will pay dividends in the future.

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 Q3 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.

About ARC

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

ARC RESOURCES LTD.

Please visit ARC's website at www.arcresources.com or contact Investor Relations:
E-mail: IR@arcresources.com
Telephone: (403) 503-8600

Fax: (403) 509-6427
Toll Free: 1-888-272-4900
ARC Resources Ltd.
Suite 1500, 308 - 4 Avenue SW
Calgary, AB T2P 0H7

SOURCE ARC Resources Ltd.