

# Arc Resources Ltd. Reports Year-end 2024 Results And Reserves

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CALGARY, Feb. 6, 2025 - (TSX: ARX) [ARC Resources Ltd.](#) ("ARC" or the "Company") today reported its fourth quarter year-end 2024 financial and operational results as well as its year-end 2024 reserves.

## HIGHLIGHTS

### Fourth Quarter 2024 Results

- ARC delivered record quarterly production of 382,341 boe<sup>(1)</sup> per day (62 per cent natural gas and 38 per cent crude oil liquids<sup>(2)</sup>), in line with fourth quarter guidance of between 380,000 and 385,000 boe per day. Production increased compared to the fourth quarter of 2023, and seven per cent on a per share basis<sup>(3)</sup>.
- Condensate and light oil production during the fourth quarter averaged approximately 103,000 barrels per day, the highest in ARC's 29-year history, and a 20 per cent increase year-over-year. This growth was driven primarily by initial production at Attachie Phase I and strong well productivity at Kakwa.
  - Attachie production continued to increase in December, averaging approximately 29,000 boe per day, and including approximately 18,000 barrels per day of condensate and natural gas liquids.
  - Kakwa production during the fourth quarter averaged approximately 195,000 boe per day, including approximately 105,000 barrels per day of condensate and natural gas liquids.
- The deliberate natural gas production curtailments at Sunrise during the third and fourth quarters of 2024 reduced average production by approximately 10,500 boe per day. In alignment with ARC's commitment to long-term profitability, Sunrise production was restored in the fourth quarter as natural gas prices recovered. This curtailment preserved cash flow during periods when prices are higher and allowed ARC to defer a portion of the capital originally planned for 2025.
- ARC realized funds from operations of \$770 million<sup>(4)</sup> (\$1.30 per share)<sup>(5)</sup> and cash flow from operating activities of \$627 million (\$1.10 per share) during the fourth quarter. ARC generated free funds flow of \$420 million<sup>(6)</sup> (\$0.71 per share) and recognized net income of \$370 million (\$0.63 per share).
  - ARC realized a natural gas price of \$2.58 per Mcf<sup>(5)</sup>, 77 per cent greater than the average AECO 7A Monthly Index price of \$1.46 per Mcf.
- ARC reported capital expenditures of \$350 million<sup>(6)</sup> in the fourth quarter, which contributed to total capital expenditures of \$1.85 billion in 2024, within Company guidance.
- During the quarter, ARC declared dividends of \$112 million or \$0.19 per share, and repurchased 2.2 million common shares for \$52 million under its normal course issuer bid ("NCIB"). Net debt decreased by \$225 million compared to the third quarter of 2024. As of December 31, 2024, net debt was 1.3 billion<sup>(4)</sup> or 0.5 times funds from operations<sup>(4)</sup>.

### Year-end 2024 Highlights

- ARC recognized funds from operations of \$2.5 billion (\$4.15 per share) and free funds flow of \$627 million (\$1.05 per share) in 2024. ARC distributed 99 per cent of free funds flow to shareholders through its base dividend and share repurchases. In 2024, ARC declared dividends of \$416 million and repurchased 8.5 million shares under its NCIB.
  - In the third quarter of 2024, ARC's Board of Directors (the "Board") approved a 12 per cent increase to the base dividend, from \$0.17 per share to \$0.19 per share (\$0.68 per share to \$0.76 per share, per annum).
  - In the third quarter of 2024, ARC disposed of certain non-core, non-Montney assets for total cash proceeds of \$100 million. The proceeds were allocated to share repurchases.
- In April 2024, ARC announced a long-term liquefaction tolling services agreement with Cedar LNG Partners LP. Under the agreement, ARC will deliver approximately 200 MMcf per day of natural gas for liquefaction for a term of 20 years commencing with commercial operations anticipated in the second half of 2028.
  - ARC also entered into a non-binding Heads of Agreement with an investment-grade rated company for the sale of an equivalent volume of LNG offtake, approximately 1.5 million tonnes per annum of LNG.
- Combined, operating and transportation costs registered at \$9.89 per boe in 2024, slightly below the bottom end of the 2024 guidance range.
- In 2024, ARC's annual average realized natural gas price of \$2.37 per Mcf was 65 per cent or \$0.93 per Mcf greater than the average AECO 7A Monthly Index price. This marks the 12th consecutive year that ARC's market diversification strategy resulted in a realized natural gas price that exceeded AECO by 20 per cent or greater.

### 2024 Reserves<sup>(1)(8)</sup>

- ARC reported record reserves across all categories in 2024. Proved producing ("PDP") and proved plus probable reserves increased by five per cent compared to 2023.
- ARC's before-tax net present value ("NPV") of 2P reserves, discounted at 10 per cent, increased six per cent from \$40.66 per share<sup>(9)</sup> at December 31, 2024. The 2P NPV considers the development of 23 per cent of ARC's inter-identified inventory, providing a runway for future development and reserve growth.
  - At year-end 2024, 72 per cent of the 672 MMbbl of 2P NGL reserves were recognized as condensate.
  - ARC booked an additional 50 MMboe of 2P reserves at Attachie, resulting in total booked 2P reserves of 177 MMboe at year-end 2024, 146 undeveloped locations were booked at Attachie, representing nine per cent of ARC's inter-identified inventory estimate at Attachie.
- ARC reported positive technical revisions in all categories (PDP, total proved ("1P"), and 2P) due to relative output across several assets, most notably at Kakwa. Positive technical revisions and extensions represented a 28 per cent increase in reserves to 2023 PDP reserves.
  - The modified completion design at Kakwa has been favourably reflected in the reserve report. ARC received a 10 per cent increase in reserves per undeveloped location, while positive technical revisions contributed an additional 4 per cent of barrels of oil equivalent reserves to the proved category.

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, 2024, are available on ARC's website at [www.arcresources.com](http://www.arcresources.com) and under ARC's SEDAR+ profile at [www.sedarplus.ca](http://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 months and year ended December 31, 2024 (the "2024 Annual 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) Represents average daily production divided by the diluted weighted average common shares outstanding for the respective three months ended December 31.
- (4) See Note 15 "Capital Management" in the financial statements and "Non-GAAP and Other Financial Measures" in the 2024 Annual MD&A for information relating to this capital management measure, which information is incorporated by reference into this news release.
- (5) See "Non-GAAP and Other Financial Measures" in the 2024 Annual MD&A for an explanation of the composition of this supplementary financial measure, which information is incorporated by reference into this news release.
- (6) 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 2024 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.
- (7) 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 2024 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.
- (8) GLJ Ltd. ("GLJ") conducted an Independent Qualified Reserves Evaluation ("Reserves Evaluation"), dated February 6, 2025 and effective December 31, 2024, 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 Ltd., Sproule, McDaniel & Associates Consultants Ltd. Three Consultant Average ("3CA") forecast pricing and foreign exchange rates at January 1, 2025.

#### FINANCIAL AND OPERATIONAL RESULTS

- (9) See "Non-GAAP and Other Financial Measures" of this news release for an explanation of the composition of this supplementary financial measure.

(Cdn\$ millions, except per share amounts<sup>(1)</sup>, boe amounts, Three Months Ended

and common shares outstanding) September 30, 2024 December 31, 2024 December 31, 2023

#### FINANCIAL RESULTS

Net income	328.9	370.3	506.3
Per share	0.55	0.63	0.84
Cash flow from operating activities	518.4	650.9	698.9
Per share <sup>(2)</sup>	0.87	1.10	1.16

Funds from operations

592.4

770.4









Per share	0.99	1.30	1.16
Free funds flow	133.8	420.4	154.7
Per share	0.22	0.71	0.26
Dividends declared	100.8	112.2	101.7
Per share	0.17	0.19	0.17
Cash flow used in investing activities	339.7	423.3	434.3
Capital expenditures	458.6	350.0	544.5
Long-term debt	1,440.1	1,387.4	1,148.9
Net debt	1,560.6	1,335.6	1,317.1
Common shares outstanding, weighted average diluted	596.4	592.3	602.8
(millions)			
Common shares outstanding, end of period (millions)	591.7	589.6	596.9
<b>OPERATIONAL RESULTS</b>			
<b>Production</b>			
Crude oil and condensate (bbl/day)	88,517	102,977	85,805
Natural gas (MMcf/day)	1,203	1,418	1,380
NGLs (bbl/day)	37,797	42,998	49,474
Total (boe/day)	326,768	382,341	365,248
<b>Average realized price</b>			
Crude oil (\$/bbl) <sup>(2)</sup>	92.22	91.46	93.34
Condensate (\$/bbl) <sup>(2)</sup>	95.38	95.52	99.09
Natural gas (\$/Mcf) <sup>(2)</sup>	1.78	2.58	3.33
NGLs (\$/bbl) <sup>(2)</sup>	23.77	26.83	21.97
Average realized price (\$/boe) <sup>(2)</sup>	35.07	38.25	38.69
<b>Netback per boe</b>			
Commodity sales from production (\$/boe) <sup>(3)</sup>	35.07	38.25	38.69
Royalties (\$/boe) <sup>(3)</sup>	(4.09)	(4.07)	(5.14)
Operating expense (\$/boe) <sup>(3)</sup>	(4.90)	(4.18)	(4.13)
Transportation expense (\$/boe) <sup>(3)</sup>	(5.25)	(5.03)	(4.59)
Netback per boe (\$/boe) <sup>(3)</sup>	20.83	24.97	24.83
<b>TRADING STATISTICS<sup>(4)</sup></b>			

High price	26.45	27.40	23.77
Low price	21.44	22.48	19.02
Close price	22.86	26.07	19.67
Average daily volume (thousands of shares)	3,696	3,747	4,271

- (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 2024 Annual 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 2024 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.
- (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 achieved record results in a pivotal year for the organization. Key milestones that were achieved reinforced ARC's confidence in achieving the goals of its long-term plan introduced in 2023. ARC executed its capital program within budget and delivered one of its most efficient Montney programs since drilling the first horizontal Montney well in 2005. Concurrently, ARC successfully commissioned its first phase of Attachie, providing line of sight to long-term growth at its condensate-rich natural gas asset. ARC delivered on its objectives while upholding its long-standing principles of safety, capital discipline, and financial strength.

## 2025

In 2025, ARC plans to demonstrate the growth in free funds flow with the first phase of Attachie onstream. ARC expects to deliver record condensate and natural gas production, coupled with a reduction in capital expenditures. The result is a notable increase in free funds flow per share and a 25 per cent return on average capital employed<sup>(1)(2)</sup> under forward curve pricing assumptions. With a deep Montney inventory and financial strength, ARC plans to once again return essentially all free funds flow to shareholders in 2025. Additional priorities include:

- Kakwa: ARC plans to focus its development program in the condensate-rich regions of the asset, capitalizing on the operational momentum in 2024. The enhancements in completion design implemented in 2024 have resulted in increased leading well productivity.
- Attachie: Integrate production data to identify efficiencies for future development.
- Margin Expansion: ARC anticipates an increase in operating and free funds flow margins in 2025. The increase is driven by a higher condensate-weighted production mix from Attachie and stable cash costs on a per boe basis.
- Marketing: Finalize the sale and purchase agreement for the associated LNG offtake from Cedar LNG. Once executed, approximately 25 per cent of ARC's projected natural gas production will be exposed to international pricing by 2025.

## Attachie Update

ARC's first phase of Attachie is operating as planned. Since commissioning the facility in October, production has steadily increased to greater than 30,000 boe per day, with no safety incidents.

- Current production exceeds 30,000 boe per day, with the production mix greater than 60 per cent condensate and natural gas liquids, and includes approximately 15,000 barrels per day of condensate.
- First quarter 2025 production at Attachie is expected to average between 30,000 and 35,000 boe per day (approximately 60 per cent condensate and natural gas liquids). Full-year production is expected to average approximately 37,500 boe per day (approximately 60 per cent condensate and natural gas liquids).

## Attachie Phase II

- Consistent with its long-term plan, ARC remains on track to formalize plans for Attachie Phase II, with investment to begin in 2026 and anticipated production in 2028.
- Phase II envisions a similar development program and facility design to that of Phase I, which includes a facility capable of producing up to 40,000 boe per day (60 per cent condensate and natural gas liquids, and 40 per cent natural gas).

(1) Based on the forward curve at January 24, 2025 (WTI US\$71.70 per barrel; US\$3.88/MMBtu NYMEX; C\$2.03/Mcf AECO).

(2) 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 2024 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.

The 2025 capital program and Company guidance are unchanged since announced in November 2024.

- Planned capital expenditures of between \$1.6 to \$1.7 billion<sup>(1)</sup>.
- Average annual production of between 380,000 and 395,000 boe per day (61 per cent natural gas and 39 per cent liquids).
- Based on the forward curve and Company guidance, ARC estimates 2025 free funds flow of between \$1.7 and \$2.0 billion, essentially all of which is earmarked for shareholder returns via the base dividend and share repurchases. The free funds flow estimate in 2025 does not account for the potential impact from US tariffs.

ARC's 2025 corporate guidance is based on various commodity price scenarios and economic conditions discussed below; certain guidance estimates may fluctuate with commodity price changes and regulatory changes. Production guidance does not incorporate natural gas curtailments due to periods of low pricing. ARC is prepared to curtail natural gas production if prices do not meet ARC's return requirements. 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.

ARC's 2024 and 2025 annual guidance and a review of 2024 actual results are outlined below:

	2024 Guidance	2024 Actual	% Variance from 2025 Guidance	2025 Guidance
<b>Production</b>				
Crude oil and condensate (bbl/day)	87,000 - 91,500	87,266	-	104,000 - 110,000
Natural gas (MMcf/day)	1,325 - 1,340	1,307	(1)	1,400 - 1,420
NGLs (bbl/day)	42,000 - 45,000	42,787	-	42,000 - 48,000
Total (boe/day)	350,000 - 360,000	347,908	(1)	380,000 - 395,000
<b>Expenses (\$/boe)<sup>(3)(4)</sup></b>				
Operating	4.50 - 4.90	4.68	-	4.50 - 4.90
Transportation	5.50 - 6.00	5.21	(5)	5.00 - 5.50
General and administrative ("G&A") expense before share-based compensation expense	1.05 - 1.25	1.28	2	0.90 - 1.10
G&A - share-based compensation expense	0.55 - 0.65	0.67	3	0.25 - 0.35
Interest and financing <sup>(5)</sup>	0.90 - 1.00	0.94	-	0.70 - 0.80
Current income tax expense as a per cent of funds from operations <sup>(3)</sup>	10 - 15	8	(20)	10 - 15
<b>Capital expenditures (\$ billions)<sup>(1)</sup></b>				

1.75 - 1.85



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- (1) Refer to the section entitled "About ARC Resources Ltd." contained within the 2024 Annual MD&A for historical capital expenditures, which information is incorporated by reference into this news release. Guidance for capital expenditures does not include any potential impact from tariffs.
  - (2) Based on the forward curve at January 24, 2025 (WTI US\$71.70 per barrel; US\$3.88/MMBtu NYMEX; C\$2.03/Mcf AECO).
  - (3) See "Non-GAAP and Other Financial Measures" in the 2024 Annual MD&A for an explanation of the composition of these supplementary financial measures, which information is incorporated by reference into this news release.
  - (4) 2025 annual guidance excludes potential impact from tariffs.
- FINANCIAL AND OPERATIONAL RESULTS**
- Production**

## Production

### Fourth Quarter 2024

- ARC generated record production averaging 382,341 boe per day during the fourth quarter of 2024 (62 per cent natural gas and 38 per cent crude oil and liquids). Production increased five per cent compared to the fourth quarter of 2023, per cent on a per share basis.
  - The increase was driven by initial production from Attachie Phase I, and strong well productivity at Kakwa which more than offset natural gas curtailments at Sunrise that occurred during the third and fourth quarters.
  - Production at Kakwa for the quarter averaged 195,362 boe per day, and included 104,793 barrels per day of condensate and natural gas liquids.
  - Attachie Phase I contributed an average of 16,950 boe per day (61 per cent condensate and natural gas liquids) to the quarter average production.

### Full-Year 2024

- Full-year production averaged 347,908 boe per day (63 per cent natural gas and 37 per cent crude oil and liquids) and liquids production was in line with Company guidance, while natural gas production was slightly below full-year guidance due to ARC's deliberate production curtailments at its Sunrise asset.
  - The natural gas production curtailments at Sunrise during periods from July through November impacted full-year average production by approximately 10,500 boe per day.
  - By curtailing production at Sunrise, ARC preserved margins, conserved volumes for periods when natural gas prices were higher, and deferred some capital expenditures initially scheduled for 2025.

### 2025

- Production in the first quarter of 2025 is estimated to average between 370,000 and 375,000 boe per day (63 per cent natural gas and 37 per cent crude oil and liquids).
- Attachie Phase I is expected to contribute average production in the first quarter between 30,000 and 35,000 boe per day (approximately 60 per cent condensate and natural gas liquids), and full year average production of approximately 30,000 boe per day (approximately 60 per cent condensate and natural gas liquids).

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

- Fourth quarter 2024 funds from operations were \$770 million (\$1.30 per share), representing an increase of \$178 million (\$0.31 per share) compared to the third quarter of 2024. This increase was driven primarily by initial production at Attachie Phase I and high well productivity at Kakwa. ARC generated \$420 million of free funds flow (\$0.71 per share) during the fourth quarter.
- In 2024, ARC generated funds from operations of \$2.5 billion (\$4.15 per share) and cash from operating activities of \$1.8 billion (\$3.94 per share). Full-year 2024 free funds flow was \$627 million (\$1.05 per share) of which essentially all was returned to shareholders.

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

Funds from Operations Reconciliation	\$ millions \$/share <sup>(1)</sup>	
Funds from operations for the three months ended September 30, 2024	592.4	0.99
Production volumes		
Crude oil and liquids	138.5	0.24
Natural gas	35.3	0.06
Commodity prices		
Crude oil and liquids	12.8	0.02
Natural gas	104.5	0.17
Sales of commodities purchased from third parties	(61.4)	(0.10)
Other income	(3.8)	(0.01)
Realized gain on risk management contracts	(10.2)	(0.02)
Royalties	(20.1)	(0.03)
Expenses		
Commodities purchased from third parties	60.9	0.10
Operating	0.4	-
Transportation	(19.3)	(0.03)
G&A	(20.8)	(0.03)
Interest and financing	(2.3)	-
Current income tax	(42.0)	(0.07)
Realized gain on foreign exchange	5.0	0.01
Other	0.5	-
Funds from operations for the three months ended December 31, 2024	770.4	1.30

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

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

Funds from Operations Reconciliation	\$ millions\$/share <sup>(1)</sup>	
Funds from operations for the three months ended December 31, 2023	699.2	1.16
Production volumes		
Crude oil and liquids	144.6	0.24
Natural gas	11.8	0.02
Commodity prices		
Crude oil and liquids	(13.7)	(0.02)
Natural gas	(97.4)	(0.16)
Sales of commodities purchased from third parties	(39.8)	(0.07)
Other income	2.0	-
Realized gain on risk management contracts	70.0	0.12
Royalties	29.7	0.05
Expenses		
Commodities purchased from third parties	41.7	0.07
Operating	(8.3)	(0.01)
Transportation	(22.7)	(0.04)
G&A	(13.4)	(0.02)
Interest and financing	(4.7)	(0.01)
Current income tax	(30.9)	(0.05)
Realized gain on foreign exchange	3.0	-
Other	(0.7)	-
Weighted average shares, diluted	-	0.02
Funds from operations for the three months ended December 31, 2024	770.4	1.30

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

#### Shareholder Returns

- In 2024, ARC returned 99 per cent of free funds flow to shareholders through the base dividend and share repurchase program.
  - ARC repurchased 8.5 million common shares under its NCIB at a weighted average price of \$23.81 per share to 1.4 per cent of the opening balance at December 31, 2024.
  - In the third quarter of 2024, the Board approved an increase of 12 per cent to the Company's quarterly dividend from \$0.17 per share to \$0.19 per share.
  - During the fourth quarter 2024, ARC declared dividends of \$112 million (\$0.19 per share) and repurchased 8.5 million common shares under its NCIB at a weighted average price of \$23.73 per share.
- Since commencing its initial NCIB in September 2021, ARC has repurchased approximately 19 per cent of total outstanding shares or 140 million common shares, at a weighted average price of \$16.60 per share.
- ARC intends to continue to distribute essentially all of its free funds flow to shareholders on a full-year basis in 2025.

#### Operating, Transportation, and General and Administrative Expense

### Operating Expense

- ARC's fourth quarter 2024 operating expense of \$4.18 per boe was below Company guidance and 15 per cent or 1.18 per boe lower than the previous quarter due to higher production and lower planned maintenance activity.
- Full-year 2024 operating expense of \$4.68 per boe was in-line with Company guidance.
- Operating expense per boe in 2025 is anticipated to average between \$4.50 and \$4.90 per boe.

### Transportation Expense

- ARC's fourth quarter 2024 transportation expense per boe of \$5.03 was lower than ARC's guidance range of \$5.50 to \$6.00 per boe primarily due to lower fuel gas expense related to lower natural gas prices.
- ARC's full-year 2024 transportation expense of \$5.21 per boe was below ARC's guidance range of \$5.50 to \$6.00 per boe primarily due to lower than forecast fuel gas expense related to lower natural gas prices.

### General and Administrative Expense

- ARC's fourth quarter 2024 general and administrative expense per boe of \$1.87 increased 25 per cent or by \$0.30 from the third quarter of 2024. General and administrative expense per boe for the quarter was within Company guidance.
- ARC's full-year 2024 general and administrative expense of \$1.95 per boe was slightly above the Company guidance of \$1.60 to \$1.90 per boe primarily due to share-based compensation expense driven by share price appreciation.

### Cash Flow Used in Investing Activities and Capital Expenditures

- Cash flow used in investing activities was \$423 million during the fourth quarter of 2024. Capital expenditures in the fourth quarter were \$350 million. ARC drilled 34 wells and completed 35 wells during the fourth quarter, focused mainly at Kakwa and Greater Dawson.
- ARC executed its 2024 capital program safely and efficiently. Cash flow used in investing activities was \$1.9 billion during the year. ARC invested \$1.85 billion in capital expenditures to drill 159 wells and complete 144 wells. Capital expenditures for the year were directly in-line with Company guidance.

The following table details ARC's 2024 drilling and completions activities by area.

Area	Year ended December 31, 2024	
	Wells Drilled	Wells Completed
Kakwa	52	55
Attachie	50	40
Greater Dawson	37	30
Ante Creek	14	9
Sunrise	6	10
Total	159	144

### Physical Natural Gas Marketing

- In the fourth quarter, ARC realized an average natural gas price of \$2.58 per Mcf, \$1.12 or 77 per cent greater than the average AECO 7A Monthly Index price for the period.
- Full-year 2024 ARC realized an average natural gas price of \$2.37 per Mcf, 65 per cent higher than the average AECO 7A Monthly Index price, largely as a result of marketing diversification activities.
- ARC anticipates executing a sale and purchase agreement in the first quarter of 2025 with an investment-grade counterparty for the entirety of ARC's LNG offtake associated with the Cedar LNG Project.
  - With the execution of the sale and purchase agreement, ARC expects to achieve its long-term market diversification strategy, of linking approximately 25 per cent of its future natural gas production to international pricing.

### Net Debt

- As at December 31, 2024, ARC's long-term debt balance was \$1.4 billion, and its net debt balance was \$1.3 billion, which is 1.5 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 meet this target over the long-term.
  - Long-term debt is comprised of \$1.0 billion of senior notes outstanding and \$0.4 billion drawn on the syndicated credit 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 maintaining its strong financial position.

#### Net Income

- ARC recognized net income of \$370 million (\$0.63 per share) during the fourth quarter of 2024, a 13 per cent increase compared to the prior quarter. The increase in net income compared to the prior quarter was primarily due to an increase in production.
- ARC recognized net income of \$1.1 billion (\$1.88 per share) during the year ended December 31, 2024, compared to net income of \$1.6 billion (\$2.61 per share) in 2023. The decrease in net income compared to the prior year was primarily due to lower average realized commodity prices.

#### 2024 RESERVES

##### Highlights

- ARC reported record reserves in 2024 across all categories, including PDP, 1P, and 2P. PDP and 2P reserves increased by five per cent compared to 2023.
- ARC's before-tax NPV for 2P reserves of \$24.0 billion (discounted at 10 per cent) registers as the highest in ARC's history, and equates to \$40.66 per share. ARC's 2P NPV includes the development of 23 per cent of ARC's internal drilling inventory.
  - ARC's before-tax PDP NPV of \$16.55 per share, discounted at 10 per cent, increased 18 per cent year-over-year. Reserves increased across every property, with the NPV increase driven primarily by the condensate reserves at Attachie.
  - ARC's NPV was determined using Three Consultant Average ("3CA") forecast pricing and foreign exchange rates as of January 1, 2025, with a 10-year average WTI price of US\$79.92 per barrel and a 10-year average AECO price of \$11.45 per MMBtu.
- In 2024, ARC replaced 182 per cent of its 2P reserves. For the 17th consecutive year, 2P reserve replacement from development has been 140 per cent of produced reserves or greater. This record began with Phase I of its Montrose development at Dawson, which was commissioned in 2008.
- PDP reserves increased 31 MMboe or five per cent to 622 MMboe (increased six per cent on a per share basis) due to positive technical revisions and drilling extensions.
- 2P reserves of 2,098 MMboe were a company record, driven by organic reserve growth at Attachie, Kakwa, and Dawson. Attachie comprised 14 per cent of total 2P locations with 146 undeveloped drilling locations booked.
  - ARC booked 50 MMboe of 2P reserves at Attachie, resulting in total booked 2P reserves of 174 MMboe and approximately seven years of development at Attachie Phase I. The 146 undeveloped locations booked at Attachie represent nine per cent of ARC's internal inventory estimate at Attachie, providing a runway for future reserve growth.
- PDP finding, development and acquisition ("FD&A") costs, including future development capital ("FDC") of \$11.45 billion, equated to a 1.9 times<sup>(2)</sup> PDP FD&A recycle ratio.
- FDC for 2P reserves totalled \$10.3 billion at December 31, 2024 as compared to \$10.0 billion at December 31, 2023. FDC equates to 6.2 times ARC's 2025 capital expenditure guidance, or approximately 2.8 times 2025 ARC's estimated funds from operations based on current forward strip pricing.
- ARC's reserve life index ("RLI") is 4.4 years on a PDP basis and 14.8 years on a 2P basis.

- (1) 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. Capital expenditures and adjusted net capital acquisitions, both non-GAAP financial measures, are used as components of this 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) 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 per boe, a non-GAAP ratio, is used as a component of this non-GAAP ratio. Additional information with respect to the calculation of netback per boe can be found under "Non-GAAP and Other Financial Measures" in the 2024 Annual MD&A, which is incorporated by reference herein. 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.

Reserves Reconciliation

Reserves Reconciliation	Tight Oil <sup>(2)</sup>	NGLs <sup>(3)</sup>	Total Oil	Natural	Oil Equivalent
Company Gross <sup>(1)</sup>	(Mbbbl)	(Mbbbl)	and NGLs <sup>(4)</sup>	Gas <sup>(5)</sup>	(Mboe)
			(Mbbbl)	(MMcf)	
<b>Proved Producing</b>					
Opening Balance, December 31, 2023	11,022	178,979	190,002	2,408,806	591,469
Extensions and Improved Recovery <sup>(6)</sup>	923	49,633	50,557	462,473	127,636
Technical Revisions	1,331	9,935	11,266	153,533	36,855
Acquisitions	-	-	-	-	-
Dispositions	-	-	-	-	-
Economic Factors	25	(1,118)	(1,094)	(32,903)	(6,578)
Production	(2,512)	(45,046)	(47,558)	(478,314)	(127,277)
Ending Balance, December 31, 2024	10,790	192,383	203,172	2,513,596	622,105
<b>Total Proved</b>					
Opening Balance, December 31, 2023	18,369	408,418	426,787	5,227,591	1,298,052
Extensions and Improved Recovery <sup>(6)</sup>	2,594	29,282	31,876	373,365	94,104
Technical Revisions	1,168	30,577	31,745	252,912	73,897
Acquisitions	-	-	-	-	-
Dispositions	-	-	-	-	-
Economic Factors	75	(2,375)	(2,299)	(72,153)	(14,325)
Production	(2,512)	(45,046)	(47,558)	(478,314)	(127,277)
Ending Balance, December 31, 2024	19,695	420,856	440,551	5,303,400	1,324,451
<b>Proved plus Probable</b>					
Opening Balance, December 31, 2023	30,460	641,622	672,082	7,933,476	1,994,328
Extensions and Improved Recovery <sup>(6)</sup>	3,710	71,182	74,891	871,268	220,103
Technical Revisions	499	7,899	8,397	146,024	32,735
Acquisitions	-	-	-	-	-
Dispositions	-	-	-	-	-
Economic Factors	142	(3,605)	(3,463)	(109,424)	(21,700)
Production	(2,512)	(45,046)	(47,558)	(478,314)	(127,277)
Ending Balance, December 31, 2024	32,299	672,051	704,350	8,363,031	2,098,188

- (1) Amounts may not add due to rounding.
- (2) Tight Oil includes immaterial amounts of Light, Medium, and Heavy Crude Oil.
- (3) Condensate and pentanes plus represented 67 per cent of PDP NGLs reserves, 71 per cent of TP NGLs reserves, and 72 per cent of 2P NGLs reserves for the respective opening balances at December 31, 2023. Condensate and pentanes plus represent 69 per cent of PDP NGLs reserves, 72 per cent of TP NGLs reserves, and 72 per cent of 2P NGLs reserves for the respective ending balances at December 31, 2024.
- (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 two 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 3CA forecast pricing and foreign exchange rates used to evaluate ARC's reserves, see "2024 Independent Qualified Reserves Evaluation" of this news release.

(\$ millions)	Undiscounted	Discounted at 10%
Before-tax NPV <sup>(1)(2)</sup>		
Proved Producing	14,124	9,760
Proved Developed Non-producing	1,192	779
Proved Undeveloped	12,674	5,546
Total Proved	27,991	16,084
Probable	20,286	7,890
Proved plus Probable	48,277	23,974
After-tax NPV <sup>(1)(2)(3)(4)</sup>		
Proved Producing	11,617	8,159
Proved Developed Non-producing	906	585
Proved Undeveloped	9,516	3,939
Total Proved	22,039	12,682
Probable	15,294	5,873
Proved plus Probable	37,333	18,555

- (1) Amounts may not add due to rounding.
- (2) Based on NI 51-101 company net interest reserves and 3CA forecast pricing and foreign exchange rates and costs at January 1, 2025.
- (3) Based on ARC's estimated tax pools at December 31, 2024.

- (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 the section entitled Taxes in the 2024 Annual MD&A.

## Finding, Development and Acquisition Costs

- ARC continues to demonstrate the profitability and consistency of its Montney assets through low finding and development ("F&D") costs.
  - ARC delivered a 2P F&D cost, including FDC, of \$9.19 per boe<sup>(1)</sup> (\$7.98 per boe excluding FDC), compared to 2023 2P F&D of \$9.17 per boe (\$5.98 per boe excluding FDC).
  - Including net acquisitions and dispositions, ARC's 2P FD&A cost, including FDC, was \$8.90 per boe<sup>(1)</sup> (\$7.77 per boe excluding FDC), compared to 2023 2P FD&A of \$9.03 per boe (\$5.89 per boe excluding FDC).

(1) Non-GAAP ratio that is not a standardized financial measure under IFRS Accounting Standards 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.

FD&A costs are provided including and excluding the change in FDC in the table below.

Including FDC	F&D Cost <sup>(1)</sup>	FD&A Cost <sup>(1)</sup>	F&D Recycle	FD&A Recycle
	(\$/boe)	(\$/boe)	Ratio <sup>(1)</sup>	Ratio <sup>(1)</sup>
Proved Producing <sup>(2)</sup>				
2024	11.87	11.45	1.9	1.9
2023	10.34	9.81	2.5	2.6
2022	8.35	8.31	5.2	5.2
Three-year Average <sup>(3)</sup>	10.14	9.81	3.0	3.1
Total Proved <sup>(2)</sup>				
2024	13.42	12.99	1.6	1.7
2023	11.33	11.04	2.3	2.3
2022	16.92	16.90	2.6	2.6
Three-year Average <sup>(3)</sup>	13.53	13.31	2.2	2.3
Proved plus Probable <sup>(2)</sup>				
2024	9.19	8.90	2.4	2.5
2023	9.17	9.03	2.8	2.9
2022	16.18	16.18	2.7	2.7
Three-year Average <sup>(3)</sup>	10.37	10.92	2.9	2.8

Excluding FDC	F&D Cost <sup>(1)</sup> (\$/boe)	FD&A Cost <sup>(1)</sup> (\$/boe)	F&D Recycle Ratio <sup>(1)</sup>	FD&A Recycle Ratio <sup>(1)</sup>
Proved Producing <sup>(2)</sup>				
2024	11.69	11.27	1.9	2.0
2023	10.64	10.12	2.4	2.5
2022	8.37	8.33	5.2	5.2
Three-year Average <sup>(3)</sup>	10.19	9.87	3.0	3.1
Total Proved <sup>(2)</sup>				
2024	12.01	11.58	1.8	1.9
2023	8.19	7.97	3.1	3.2
2022	9.58	9.54	4.5	4.5
Three-year Average <sup>(3)</sup>	9.69	9.49	3.1	3.2
Proved plus Probable <sup>(2)</sup>				
2024	7.98	7.70	2.8	2.9
2023	5.98	5.89	4.3	4.4
2022	7.42	7.39	5.8	5.9
Three-year Average <sup>(3)</sup>	6.99	6.87	4.3	4.4

(1) 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.

(2) 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.

(3) 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.

#### CONFERENCE CALL

ARC's senior leadership team will be hosting a conference call to discuss the Company's fourth quarter and full-year 2024 results on Friday, February 7, 2025, at 8:00 a.m. Mountain Time ("MT").

Date Friday, February 7, 2025

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 93602

Webcast URL <https://app.webinar.net/nxEV0wYR1Qo>

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](http://www.arcresources.com) following the conference call.

CONSOLIDATED BALANCE SHEETS (unaudited)

As at

Cdn\$ millions December 31, 2024 December 31, 2023

ASSETS

Current assets

Cash and cash equivalents	-	1.1
Inventory	12.4	29.1
Accounts receivable	691.0	583.0
Prepaid expense	107.4	102.7
Risk management contracts	190.1	177.5
	1,000.9	893.4
Risk management contracts	154.1	61.5
Long-term investments	27.7	19.7
Exploration and evaluation assets	338.1	307.6
Property, plant and equipment	10,373.9	9,836.5
Right-of-use assets and other long-term assets	956.8	1,016.0
Goodwill	248.2	248.2
Total assets	13,099.7	12,382.9

LIABILITIES

Current liabilities

Accounts payable and accrued liabilities	634.4	753.3
Current portion of lease obligations	92.8	85.2
Current portion of other deferred liabilities	23.3	20.8
Current portion of asset retirement obligation	17.0	17.0
Dividends payable	112.2	101.7
Risk management contracts	1.0	3.6
	880.7	981.6
Risk management contracts	37.1	10.5
Long-term portion of lease obligations	908.5	974.6
Long-term debt	1,387.4	1,148.9
Long-term incentive compensation liability	76.2	58.4
Other deferred liabilities	95.8	125.9
Asset retirement obligation	414.4	434.3
Deferred taxes	1,351.4	1,220.9
Total liabilities	5,151.5	4,955.1
<b>SHAREHOLDERS' EQUITY</b>		
Shareholders' capital	6,194.3	6,268.2
Contributed surplus	31.6	36.1
Retained earnings	1,728.5	1,141.4
Accumulated other comprehensive loss	(6.2)	(17.9)
Total shareholders' equity	7,948.2	7,427.8
Total liabilities and shareholders' equity	13,099.7	12,382.9

Refer to the accompanying notes to ARC's consolidated financial statements as at and for the year ended December 31, 2024, which are available on ARC's website at [www.arcresources.com](http://www.arcresources.com) and under ARC's SEDAR profile at [www.sedar.com](http://www.sedar.com)

(Cdn\$ millions, except per share amounts)	Three Months Ended Year Ended			
	2024	2023	2024	2023
Commodity sales from production	1,345.5	1,300.2	4,603.7	5,260.4
Royalties	(143.1)	(172.8)	(524.9)	(706.8)
Sales of commodities purchased from third parties	221.9	261.7	1,020.2	1,101.5
Revenue from commodity sales	1,424.3	1,389.1	5,099.0	5,655.1
Interest and other income	5.8	3.5	20.2	12.3

Gain on risk management contracts	59.2	207.0	272.7	354.4
Total revenue, interest and other income, and gain on risk management contracts	1,489.3	1,599.6	5,391.96	6,021.8
Commodities purchased from third parties	217.5	259.2	1,011.4	1,076.3
Operating	146.9	138.6	596.4	589.8
Transportation	177.0	154.3	662.9	656.0
General and administrative	65.9	52.5	248.1	212.2
Interest and financing	36.2	31.6	133.8	105.5
Impairment (reversal of impairment) of financial assets	0.6	(1.4)	2.3	(7.3)
Depletion, depreciation and amortization and impairment of property, plant and equipment	372.4	353.6	1,360.7	1,405.8
Loss (gain) on foreign exchange	(6.2)	10.8	1.3	10.6
Gain on disposal of crude oil and natural gas assets	-	(58.5)	(80.0)	(84.4)
Total expenses	1,010.3	940.7	3,936.9	3,964.5
Net income before income taxes	479.0	658.9	1,455.0	2,057.3
Provision for income taxes				
Current	72.4	41.5	200.4	201.5
Deferred	36.3	111.1	130.5	259.3
Total income taxes	108.7	152.6	330.9	460.8
Net income	370.3	506.3	1,124.1	1,596.5
Net income per share				
Basic	0.63	0.84	1.89	2.62
Diluted	0.63	0.84	1.88	2.61

Refer to the accompanying notes to ARC's consolidated financial statements as at and for the year ended December 31, 2024, which are available on ARC's website at [www.arcresources.com](http://www.arcresources.com) and under ARC's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).

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

(Cdn\$ millions)	Three Months Ended Year Ended			
	2024	2023	2024	2023
Net income	370.3	506.3	1,124.1	1,596.5
Items that may be reclassified to the consolidated statements of income in subsequent periods:				
Net unrealized gain (loss) on foreign currency translation adjustment	(0.5)	4.4	11.7	5.2
Comprehensive income	369.8	510.7	1,135.8	1,601.7

Refer to the accompanying notes to ARC's consolidated financial statements as at and for the year ended December 31, 2024, which are available on ARC's website at [www.arcresources.com](http://www.arcresources.com) and under ARC's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).

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

(Cdn\$ millions)	Shareholders' Capital	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
January 1, 2023	6,497.6	39.9	139.1	(23.1)	6,653.5
Comprehensive income	-	-	1,596.5	5.2	1,601.7
Recognized under share-based compensation plans	0.2	1.0	-	-	1.2
Recognized on exercise of share options	21.4	(4.8)	-	-	16.6
Repurchase of shares for cancellation	(264.6)	-	(199.5)	-	(464.1)
Change in liability for share purchase commitment	13.6	-	5.6	-	19.2
Dividends declared	-	-	(400.3)	-	(400.3)
December 31, 2023	6,268.2	36.1	1,141.4	(17.9)	7,427.8
Comprehensive income	-	-	1,124.1	11.7	1,135.8
Recognized under share-based compensation plans	1.1	(0.2)	-	-	0.9
Recognized on exercise of share options	20.8	(4.3)	-	-	16.5
Repurchase of shares for cancellation	(93.2)	-	(113.9)	-	(207.1)
Change in liability for share purchase commitment	(2.6)	-	(6.9)	-	(9.5)
Dividends declared	-	-	(416.2)	-	(416.2)
December 31, 2024	6,194.3	31.6	1,728.5	(6.2)	7,948.2

Refer to the accompanying notes to ARC's consolidated financial statements as at and for the year ended December 31, 2024, which are available on ARC's website at [www.arcresources.com](http://www.arcresources.com) and under ARC's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).

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

(Cdn\$ millions)	Three Months Ended Year Ended			
	2024	2023	2024	2023
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net income	370.3	506.3	1,124.1	1,596.5
Add items not involving cash:				
Unrealized gain on risk management contracts	(9.5)	(227.3)	(82.4)	(556.2)

Depletion, depreciation and amortization and impairment of property, plant and equipment	372.4	353.6	1,360.7	1,405.8
Unrealized loss (gain) on foreign exchange	(2.7)	11.3	5.1	7.1
Gain on disposal of crude oil and natural gas assets	-	(58.5)	(80.0)	(84.4)
Deferred taxes	36.3	111.1	130.5	259.3
Other	3.6	2.7	14.5	11.5
Net change in other liabilities	3.2	(1.6)	(19.9)	(9.3)
Change in non-cash working capital	(122.7)	1.3	(104.0)	(236.0)
Cash flow from operating activities	650.9	698.9	2,348.6	2,394.3
<b>CASH FLOW USED IN FINANCING ACTIVITIES</b>				
Draw of long-term debt under revolving credit facilities	2,189.7	1,359.3	7,348.0	4,247.9
Repayment of long-term debt	(2,241.7)	(1,320.3)	(7,111.0)	(4,092.9)
Proceeds from exercise of share options	1.5	2.3	16.5	16.6
Repurchase of shares	(52.2)	(181.9)	(202.4)	(469.3)
Repayment of lease obligations	(25.6)	(22.0)	(93.6)	(69.9)
Cash dividends paid	(100.8)	(103.1)	(405.7)	(392.0)
Change in non-cash working capital	2.7	-	4.7	-
Cash flow used in financing activities	(226.4)	(265.7)	(443.5)	(759.6)
<b>CASH FLOW USED IN INVESTING ACTIVITIES</b>				
Acquisition of crude oil and natural gas assets	(8.8)	-	(13.9)	(0.5)
Disposal of crude oil and natural gas assets	-	44.2	80.0	117.8
Property, plant and equipment development expenditures	(339.0)	(533.8)	(1,787.8)	(1,826.0)
Exploration and evaluation asset expenditures	(2.5)	(4.5)	(31.2)	(11.8)
Long-term investments	(2.1)	(0.3)	(6.8)	(5.4)
Change in non-cash working capital	(70.9)	60.1	(146.5)	35.2
Cash flow used in investing activities	(423.3)	(434.3)	(1,906.2)	(1,690.7)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1.2</b>	<b>(1.1)</b>	<b>(1.1)</b>	<b>(56.0)</b>
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD (1.2)	2.2	1.1	57.1	
CASH AND CASH EQUIVALENTS, END OF PERIOD	-	1.1	-	1.1

The following are included in cash flow from operating activities:

Income taxes paid (received) in cash	57.4	(2.4)	199.7	510.2
Interest paid in cash	24.8	14.3	117.4	88.1

Refer to the accompanying notes to ARC's consolidated financial statements as at and for the year ended December 31, 2024, which are available on ARC's website at [www.arcresources.com](http://www.arcresources.com) and under ARC's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).

## 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.

	Three Months Ended		Year Ended		
	September 30, 2024	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Capital Expenditures					
(\$ millions)					
Cash flow used in investing activities	339.7	423.3	434.3	1,906.2	1,690.7
Acquisition of crude oil and natural gas assets -		(8.8)	-	(13.9)	(0.5)
Disposal of crude oil and natural gas assets	80.0	-	44.2	80.0	117.8
Long-term investments	(0.6)	(2.1)	(0.3)	(6.8)	(5.4)
Change in non-cash investing working capital	31.0	(70.9)	60.1	(146.5)	35.2
Other <sup>(1)</sup>	8.5	8.5	6.2	26.5	12.0
Capital expenditures	458.6	350.0	544.5	1,845.5	1,849.8

(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, 2024	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
(\$ millions)					
Cash flow from operating activities	518.4	650.9	698.9	2,348.6	2,394.3
Net change in other liabilities	17.9	(3.2)	1.6	19.9	9.3
Change in non-cash operating working capital	56.1	122.7	(1.3)	104.0	236.0
Funds from operations	592.4	770.4	699.2	2,472.5	2,639.6
Capital expenditures <sup>(1)</sup>	(458.6)	(350.0)	(544.5)	(1,845.5)	(1,849.8)
Free funds flow	133.8	420.4	154.7	627.0	789.8

(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 2024 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, 2024	December 31, 2023
Acquisition of crude oil and natural gas assets	(13.9)	(0.5)
Remove:		
Disposal of crude oil and natural gas assets	80.0	117.8
Adjusted net capital acquisitions	66.1	117.3

#### 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 divided by common shares outstanding at the end of the period.

#### 2024 INDEPENDENT QUALIFIED RESERVES EVALUATION

GLJ conducted a Reserves Evaluation, effective December 31, 2024, which was prepared in accordance with definitions, standards, and procedures in the COGE Handbook and NI 51-101. The Reserves Evaluation was based on Three Consultant Average forecast pricing and foreign exchange rates at January 1, 2025, as outlined in the table below. These forecasts reflect current market conditions as defined by current forward commodity prices as at December 31, 2024. 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, 2024, 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, 2024, which will be available on or before March 31, 2025 on ARC's website at [www.arcresources.com](http://www.arcresources.com) and under ARC's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).

#### Summary of Three Consultant Average January 1, 2025 Forecast Prices and Inflation Rate Assumptions

3CA Price Forecast <sup>(1)</sup>	WTI		Edmonton		NYMEX Henry Hub Natural Gas		AECO		Foreign Exchange	
	Crude Oil		Light Oil		(US\$/MMBtu)		Natural Gas		(US\$/Cdn\$)	
	(US\$/bbl)		(Cdn\$/bbl)				(Cdn\$/MMBtu)			
	2025	2024 <sup>(2)</sup>	2025	2024 <sup>(2)</sup>	2025	2024 <sup>(2)</sup>	2025	2024 <sup>(2)</sup>	2025	2024 <sup>(2)</sup>
2025	71.58	75.00	94.79	94.04	3.31	3.85	2.36	3.42	0.712	0.755
2026	74.48	76.99	97.04	95.31	3.73	4.16	3.33	4.30	0.728	0.765
2027	75.81	78.53	97.37	97.22	3.85	4.25	3.48	4.39	0.743	0.765
2028	77.66	80.10	99.80	99.16	3.93	4.33	3.69	4.47	0.743	0.765
2029	79.22	81.70	101.79	101.14	4.01	4.42	3.76	4.56	0.743	0.765
2030	80.80	83.34	103.83	103.16	4.09	4.50	3.83	4.65	0.743	0.765
2031	82.42	85.00	105.91	105.23	4.17	4.60	3.91	4.75	0.743	0.765
2032	84.06	86.70	108.02	107.33	4.26	4.69	3.99	4.84	0.743	0.765
2033	85.75	88.44	110.19	109.48	4.34	4.78	4.07	4.94	0.743	0.765
2034 <sup>(3)</sup>	87.46		112.39		4.43		4.15		0.743	0.765
Escalate thereafter at	+2.0%	+2.0%	+2.0%	+2.0%	+2.0%	+2.0%	+2.0%	+2.0%	0.743	0.765

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 3CA 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, 2024.

(2) 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, 2023.

(3) Escalated at two per cent per year starting in 2035 in the January 1, 2025 3CA price forecast with the Definition of Oil and Gas Reserves which remains flat.

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 definitions of reserve replacement, reserves life index and finding and development costs 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.
- Reserves life index ("RLI") is calculated by dividing the reserves by the average annual production for that period. Management uses this measure to determine the relative change of its reserves base over a period of time. PDP is calculated by dividing the proved developed producing reserves by the average annual production for that period. Management uses this measure to determine the relative change of its reserves base over a period of time.
- Finding and development costs are calculated as capital expenditures divided by the change in reserves within the reserves category. See "Non-GAAP and Other Financial Measures" for additional information about this metric.

This news release contains estimates of the NPV of the Company's future net revenue from reserves associated with ARC's assets. Such amounts do not represent the fair market value of such reserves. The recovery and reserve estimates provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. The NPV of the assets' base production is a snapshot in time and is based on the reserves evaluated using applicable pricing assumptions. It should not be assumed that the undiscounted or discounted NPV of future net revenue attributable to the assets represents the fair market value of those assets. The estimates for reserves for individual properties may not reflect the same confidence level as estimates of reserves for all properties due to the effects of aggregation. The recovery and reserve estimates of crude oil, natural gas liquids and natural gas reserves are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates relied upon for NPV calculations, herein.

## 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 2025 capital budget and guidance including, among others, planned capital expenditures, anticipated free funds flow, anticipated average annual production and the components thereof, anticipated 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; expectations regarding base dividends and share repurchases; expectations with respect to Attachie Phase I, including anticipated production volumes, the components thereof and the anticipated timing and benefits related thereto; ARC's planned investments at Attachie Phase I; the amount and timing of investment in Attachie Phase II and anticipated benefits therefrom; the anticipated production volumes and the components thereof from Attachie Phase II; ARC's drilling plans and the anticipated timing thereof; ARC's development and investment plans at Kakwa and anticipated benefits therefrom; ARC's expectations regarding its ability to generate free funds flow and ability to reinvest funds from operations; ARC's expectations regarding production levels in 2025; ARC's expectations regarding transportation expense; the anticipated benefits of the Cedar LNG agreements and timing thereof; ARC's expectations regarding entering into a sale and purchase agreement for the entirety of ARC's LNG offtake associated with the Cedar LNG Project and the

anticipated timing and benefits thereof; ARC's expectations regarding reaching its long-term market diversification strategy and anticipated timing thereof; ARC's 2025 outlook, the components thereof, expectations and the rationale behind such anticipated production and growth; anticipated production in the first quarter of 2025; anticipated runway for future reserves 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: volatility of commodity prices; adverse economic conditions; political uncertainty; lack of capacity in, and/or regulatory constraints and uncertainty regarding, gathering and processing facilities, pipeline systems, and railway lines; indigenous land and rights claims; compliance with environmental regulations; risks relating to climate change, including transition and physical risks; ARC's ability to recruit and retain a skilled workforce and key personnel; development and production risks; project risks; risks relating to failure to obtain regulatory approvals; reputational risks; risks relating to a changing investor sentiment; asset concentration; risks relating to information technology systems and cyber security; risks related to hydraulic fracturing; liquidity; inflation, cost management and interest rates; third-party credit risks; variations in foreign exchange rates; risks relating to royalty regimes; the impact of competitors; lack of adequate insurance coverage; inaccurate estimation of ARC's reserve volumes; limited, unfavorable or a lack of access to capital markets; market access constraints or transportation interruptions, unanticipated operating results or production declines; increased debt levels or debt service requirements; increased costs; potential regulatory and industry changes stemming from the results of court actions affecting regions in which ARC holds assets; 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; that the 10 per cent ad valorem rates of duty imposed by the Executive Branch of the United States Government on the importation of Canadian energy products into the United States after March 4, 2025 will not take effect; that the Canadian federal and provincial governments will not impose production curtailments or export controls or restrictions or other protectionist economic policies affecting the Canadian energy industry as a result of an escalation of any trade dispute with Canada's trading parties; forecast commodity prices and other pricing assumptions with respect to ARC's 2025 capital expenditure budget; assumptions with respect to ARC's 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; assumptions with respect to global economic conditions and the accuracy of ARC's market outlook expectations for 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; 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; 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; future use and development of technology and associated expected future results; 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; the retention of key assets; the continuance of existing tax, royalty, and regulatory regimes; estimates with respect to commodity pricing; 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, 2024.

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 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: production, capital expenditures, operating expenses, transportation expenses, G&A expenses before share-based compensation expense, G&A expenses - share based compensation expense, interest and financing expenses, and current income tax as a per cent of funds from operations. The internal projections, expectations, or beliefs are based on the 2025 capital budget, which is subject to change in light of ongoing results, prevailing economic conditions, commodity prices, and industry conditions and regulations. These financial outlook and other related forward-looking statements are also subject to the same assumptions, risk factors, limitations, and qualifications as set forth above. Any financial outlook and forward-looking information implied by such forward-looking statements are described in ARC's MD&A, and ARC's most recent annual information form, which are available on ARC's website at [www.arcresources.com](http://www.arcresources.com) and under ARC's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca) and are incorporated by reference herein.

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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. 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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