



RISK MANAGED VALUE CREATION

Investor Presentation

July 2015

 **ARC** RESOURCES LTD.

Forward Looking Statements



This presentation contains forward-looking information as to ARC's internal projections, expectations or beliefs relating to future events or future performance and includes information as to our future well inventory in our core areas, our exploration and development drilling and other exploitation plans for 2015 and beyond, and related production expectations, costs and cash flow, expenses, our plans for constructing and expanding the facilities, the volume of ARC's oil and gas reserves and the volume of ARC's gas and oil resources in the Northeast British Columbia Montney ("NE BC Montney"), the recognition of additional reserves and the capital required to do so, the life of ARC's reserves, the volume and product mix of ARC's oil and gas production, future results from operations and operating metrics. These statements represent management's expectations or beliefs concerning, among other things, future operating results and various components thereof or the economic performance of ARC Resources. The projections, estimates and beliefs contained in such forward-looking statements are based on management's assumptions relating to the production performance of ARC's oil and gas assets, the cost and competition for services, the continuation of ARC's historical experience with expenses and production, changes in the capital expenditure budgets, future commodity prices, continuing access to capital and the continuation of the current regulatory and tax regime in Canada and necessarily involve known and unknown risks and uncertainties, such as changes in oil and gas prices, infrastructure constraints in relation to the development of the Montney in British Columbia, risks associated with the degree of certainty in resource assessments and including the business risks discussed in ARC's annual and quarterly MD&A and other continuous disclosure documents, and related to management's assumptions, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Accordingly, readers are cautioned that events or circumstances could cause actual results to differ materially from those predicted. Other than the 2015 Guidance, which is updated and discussed quarterly, ARC does not undertake to update any forward looking information in this document whether as to new information, future events or otherwise except as required by securities laws and regulations.

We have adopted the standard of 6 mcf:1 bbl when converting natural gas to barrels of oil equivalent ("boes"). Boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf per barrel 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.

Value Proposition



Clear Line of Sight to Long-term Value Creation

CREATING VALUE



Dividend + Profitable Growth = Value Creation

Value Creation Culture



Culture Focused on Organizational Learning Drives Ongoing Success

Technology

Applying New Technology:

- ✓ Longer Laterals
- ✓ Optimize Frac Spacing
- ✓ Optimize Proppant Rates
- ✓ Horizontal Water Floods

Efficiency

Focus on Operational Efficiency:

- ✓ Managing Operating Costs
- ✓ Low Decline Rate
- ✓ Pad Drilling Efficiencies
- ✓ Facility Ownership

Opportunity

Building for the Long-Term:

- ✓ Significant Land Base
- ✓ Multi-layer Potential
- ✓ Large Drilling Inventory
- ✓ Montney Liquids Potential
- ✓ Montney Pilot Projects
- ✓ EOR Projects

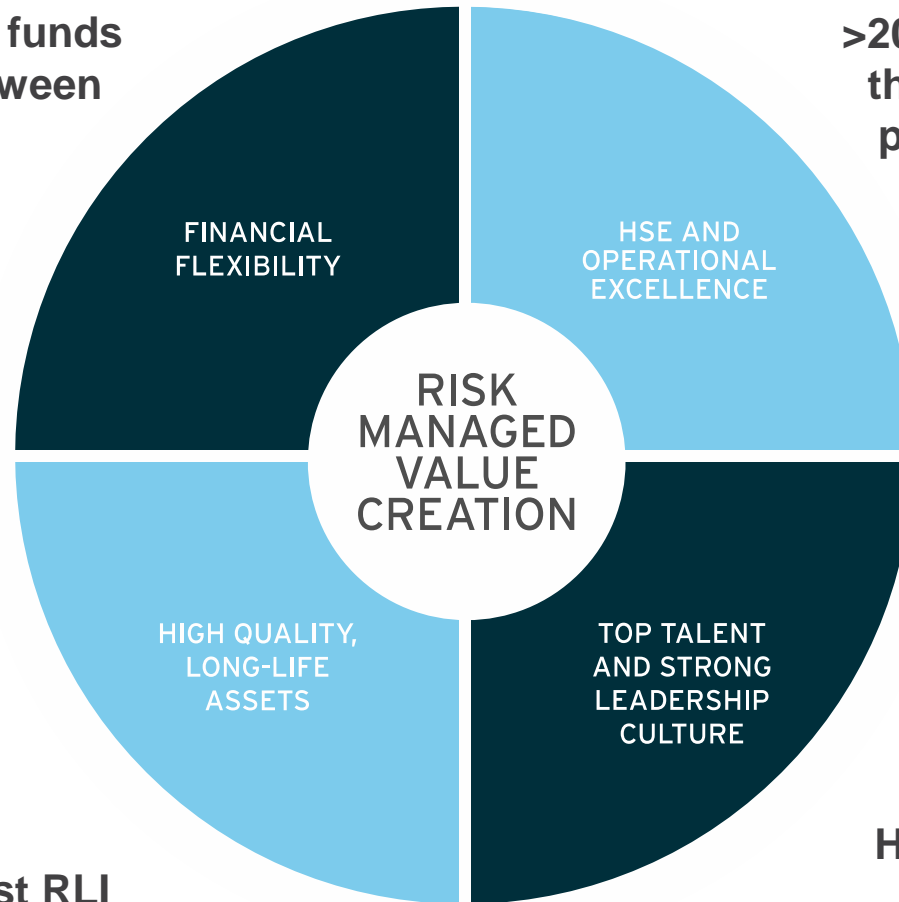
Unique Strategy



Risk Managed Value Creation is Central to ARC's Strategy

Targeting net debt to funds from operations between 1.0 – 1.5x

>200% Reserve Replacement through the drill bit for the past 7 consecutive years



One of the longest RLI compared to peers at 16 years

Highly skilled team of 570 employees with proven ability to execute

Corporate Profile



Corporate Summary

Production (Q1 2015)	120,354 boe/d
Reserves (2P Gross – YE 2014) ⁽¹⁾	673 mmboe
Reserve Life Index (2P) ⁽¹⁾	16 years ⁽²⁾
Annualized Dividend / Dividend Yield	\$1.20 per share / 5.6% ⁽³⁾
Annualized Returns ⁽⁴⁾	
Since Inception	16%
5 Year Trailing	7%

Market Summary

Ticker Symbol	TSX: ARX
Average Daily Volume	1.7 million ⁽⁵⁾
Shares Outstanding	341 million
Enterprise Value	\$8.2 billion ⁽⁶⁾
Total Net Debt	\$950.5 million ⁽⁶⁾
Net Debt to Funds from Operations	1.2 times ⁽⁷⁾

Member of TSX 60

(1) See “Reserves and Resources Disclosure” and “Definitions of Oil and Gas Reserves and Resources” in the Appendix to this Presentation.

(2) Based on 2015 production guidance midpoint of 114,500 boe/d.

(3) Dividend yield as at June 30, 2015.

(4) Annualized total return to June 30, 2015, including May dividend, and assuming reinvestment of dividends in ARC shares.

(5) Daily average trading volume for the trailing six month period ended June 30, 2015.

(6) Market Capitalization as at June 30, 2015 and net debt as at March 31, 2015.

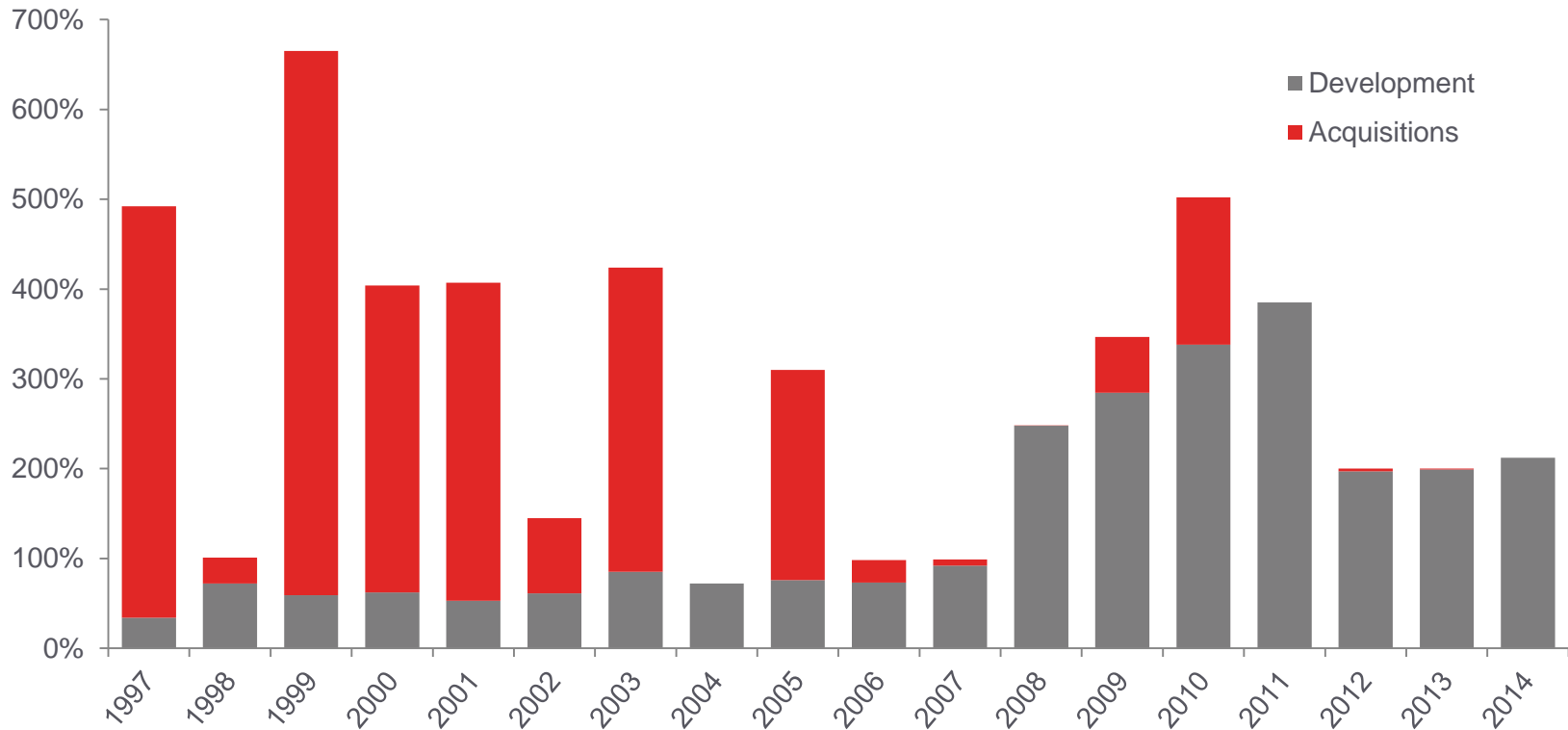
(7) Based on Q1 2015 Funds from Operations and net debt as at March 31, 2015.

High Quality Long Life Assets



200% or Greater Reserve Replacement Over the Past Seven Years

Annual Produced Reserves Replacement



Key Reserve Information

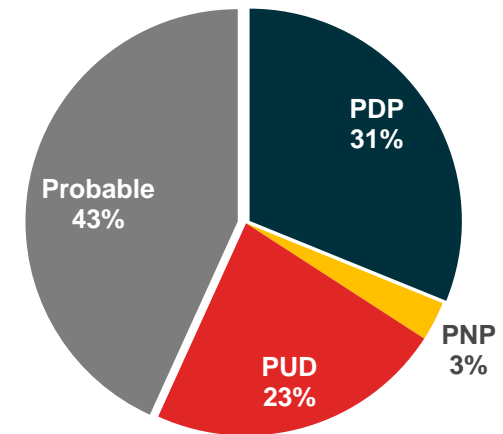


Consistent Year-Over-Year Reserves Growth

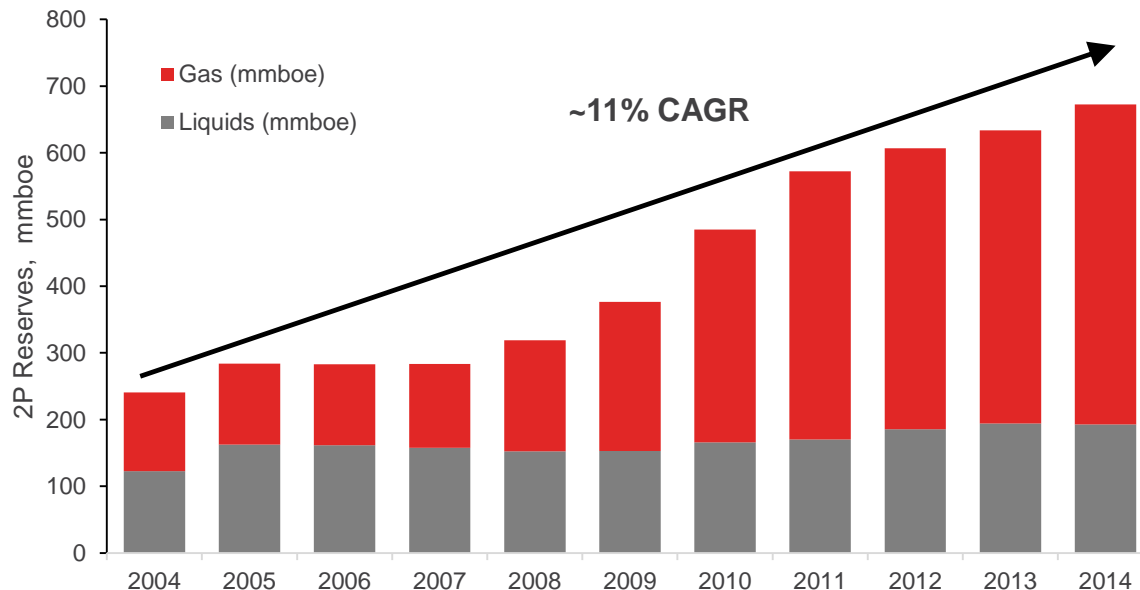
Reserves at year end, December 31, 2014

- Proved Producing 210 mmboe
- Total Proved 382 mmboe
- Proved Plus Probable 673 mmboe
- 2P Reserve Life Index 16 years ⁽¹⁾

YE 2014 2P Reserves



2P Reserves

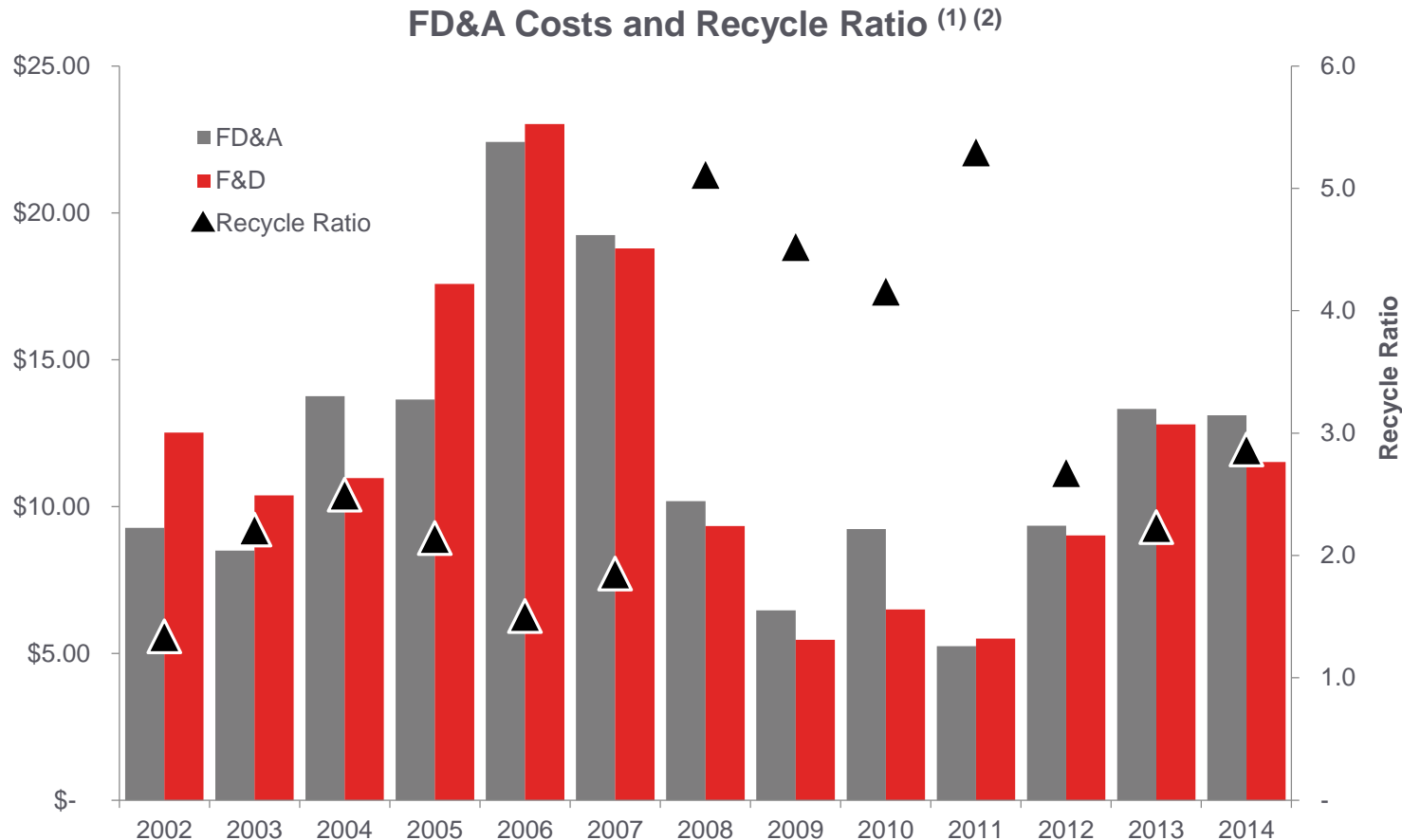


(1) Based on 2015 production guidance midpoint of 114,500 boe/d.

Capital Efficiency – Strong F&D Performance



Growing our Low Cost Montney Business at Low F&D Costs



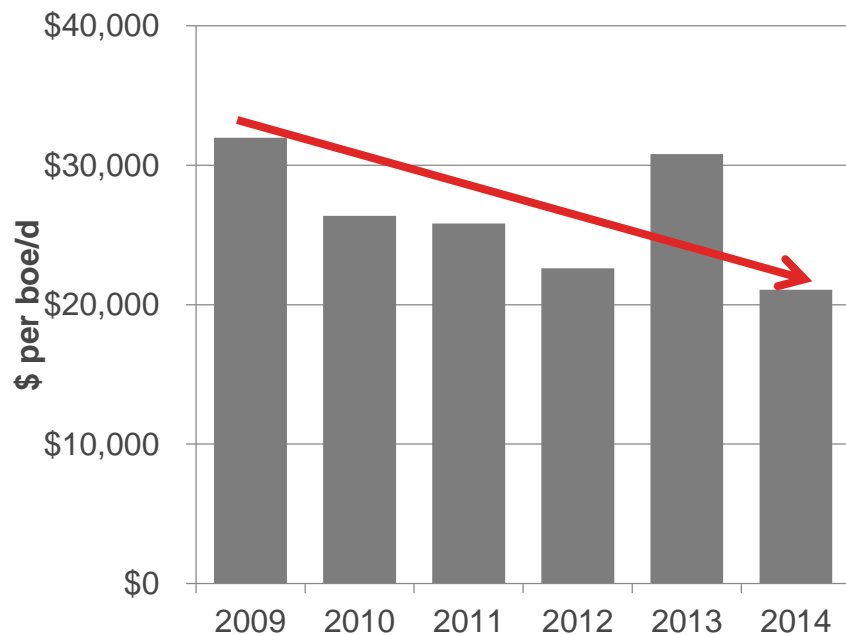
(1) (2) F&D and FD&A excluding FDC and calculated on 'Gross' Reserves beginning in 2005
 Recycle Ratio based on annual F&D costs before FDC and annual netback before hedging

Operational Excellence – Capital Efficiencies

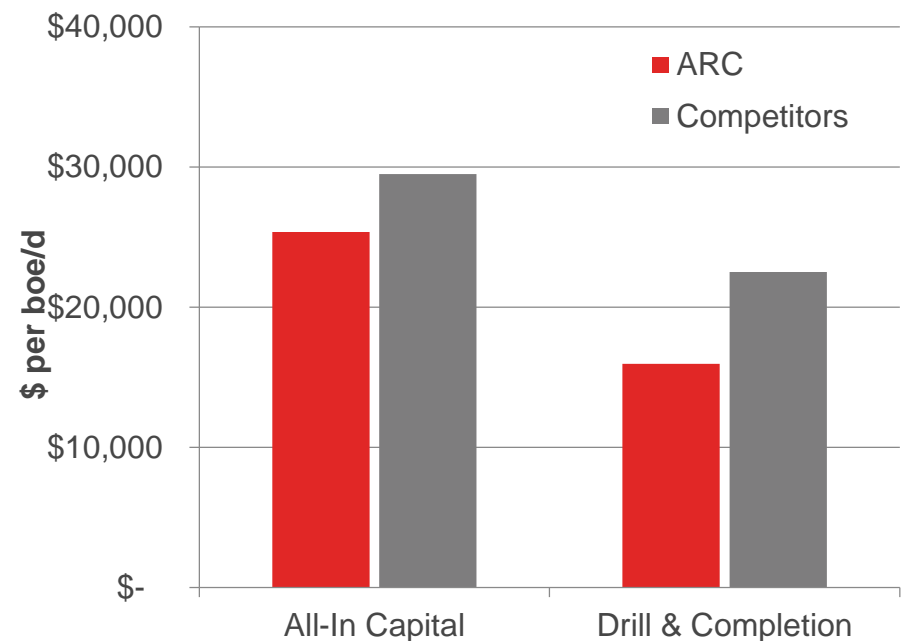


Managing Declines and Driving Down Costs

ARC All-In Capital Efficiencies \$/boe/d⁽¹⁾⁽²⁾



3 Year Avg. Capital Efficiencies \$/boe/d⁽³⁾⁽⁴⁾ (2012-2014)



(1) 2013 costs include infrastructure spending, related production did not come on-stream until 2014.

(2) Capital costs include the cost of geological and geophysical mapping, infrastructure, and drilling and completion.

(3) Source: Scotiabank "The Statsbook: Taking a Closer Look" May 2015.

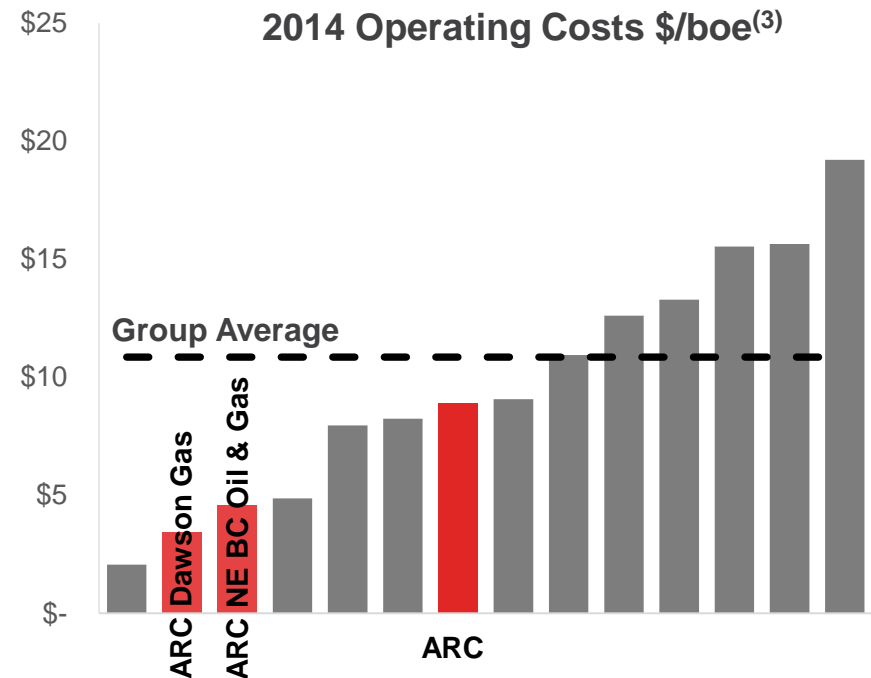
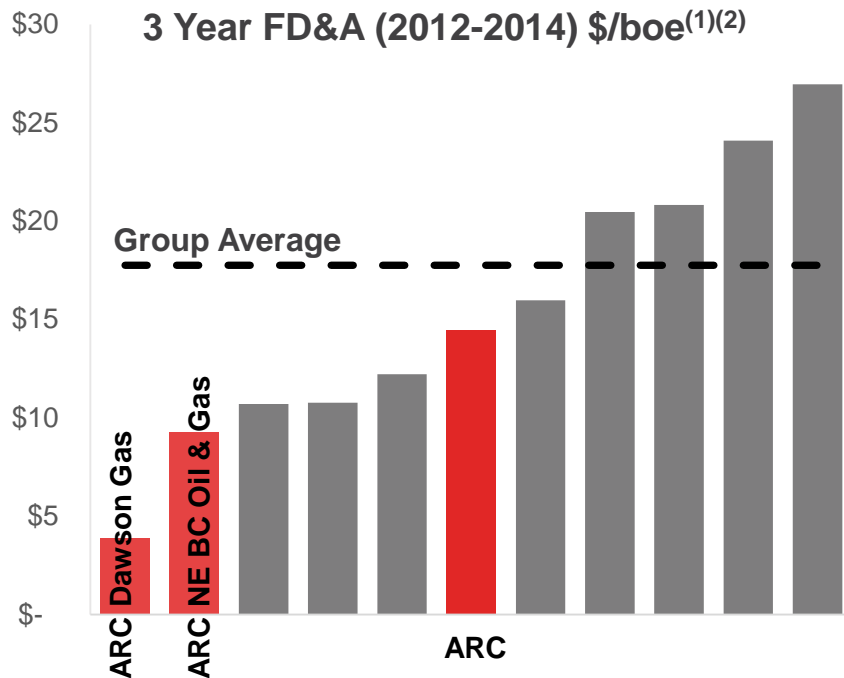
(4) All-in capital costs include the cost of land, geological and geophysical mapping, infrastructure, and drilling and completion.

Operational Excellence – Cost Management



Low Cost Producers Deliver Superior Returns Over Time

- Focused assets, characterized by high working interest, operatorship and ARC owned/operated facilities, provides control over costs and operations



Three Year FD&A peer group includes: BTE, BNP, CPG, ERF, POU, PGF, TOU, VET

Operating Costs peer group includes: BTE, BNP, CPG, ERF, PEY, PGF, POU, PWT, TOU, VET, WCP

1) Three year 2P FD&A includes future development capital ("FDC") source: Peters & Co. "2014 Reserves Comparison" March 31, 2015.

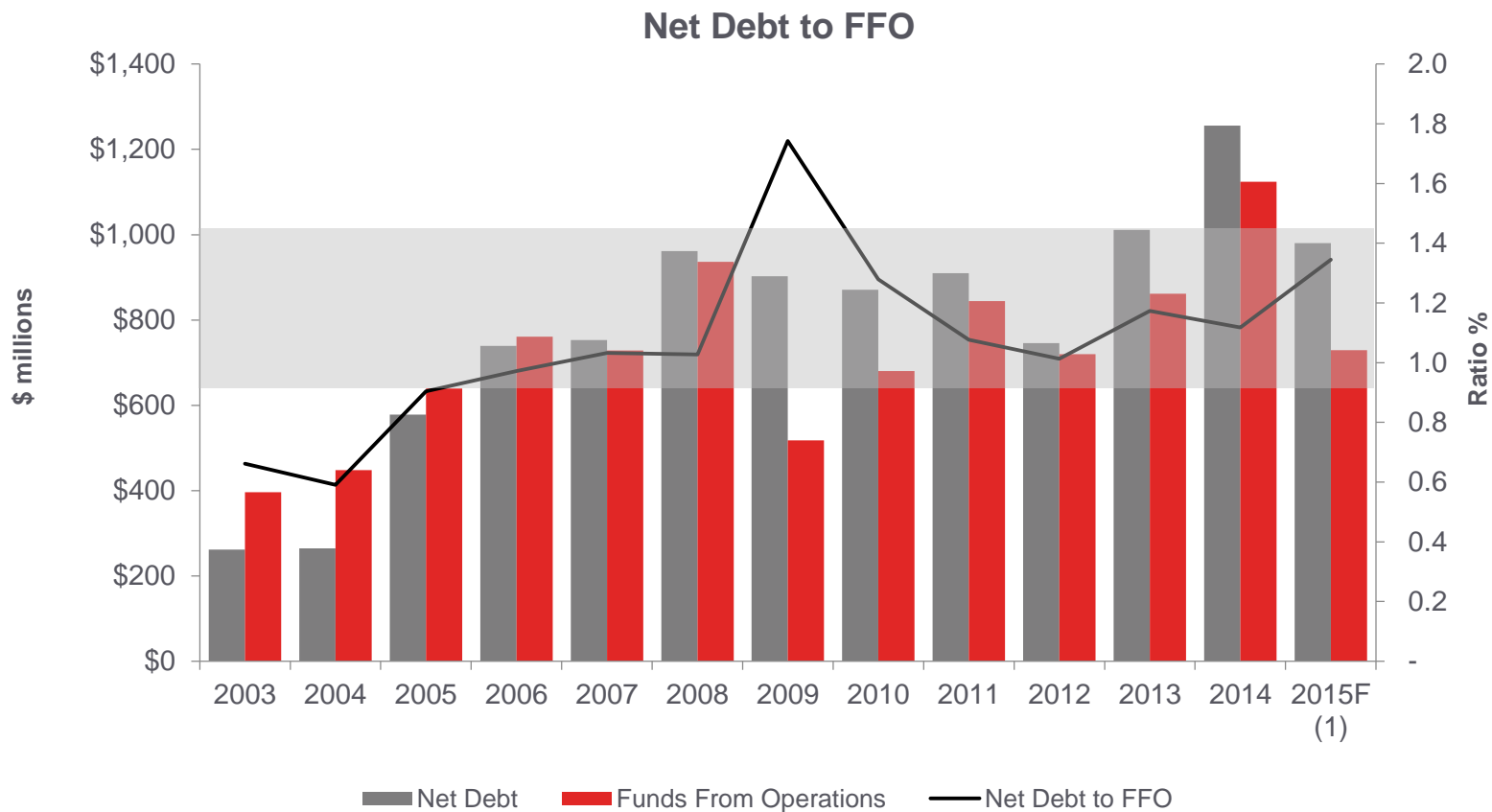
2) See ARC's press release issued on February 11, 2015 relating to its 2014 year end reserves for information relating to ARC's finding and development costs.

3) Operating costs from EssentialEnergy (Canoils) and company reports.

Financial Flexibility – Balance Sheet Strength



Targeting Net Debt to Funds from Operations Between 1.0 – 1.5x



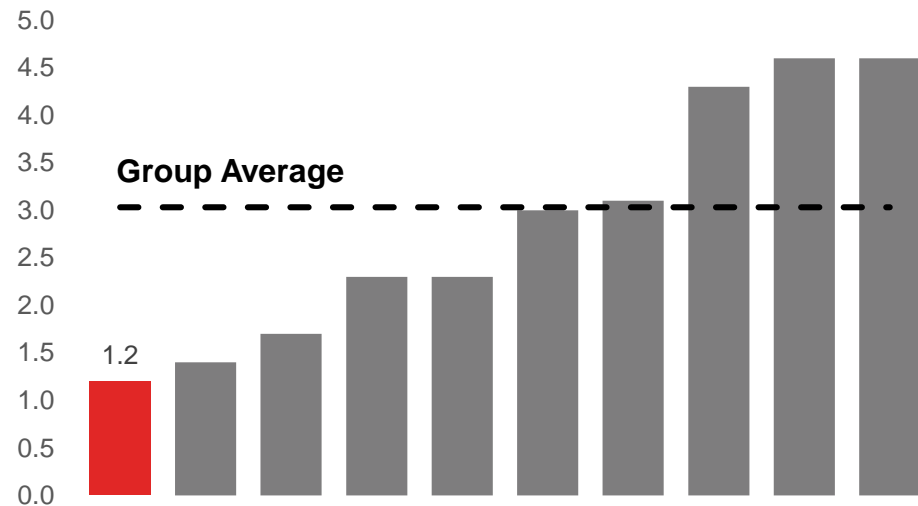
(1) 2015F Net Debt and 2015F FFO based on consensus of 16 Analysts as of April 2015.

Financial Flexibility – Balance Sheet Strength

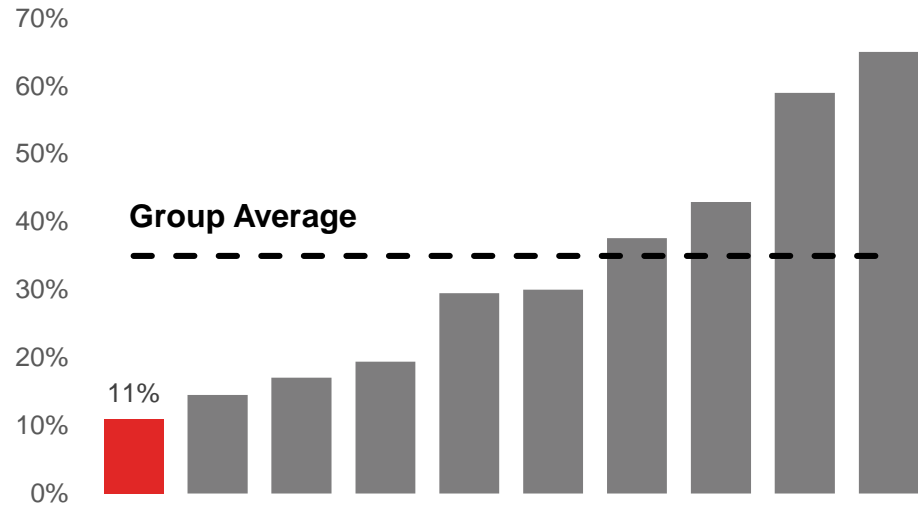


Strong Balance Sheet Provides Stability Through Cycles

Net Debt to Cash Flow 2015F⁽¹⁾



Net Debt to Enterprise Value 2015F⁽¹⁾



Industry peer group includes : ARX, BTE, BNP, ERF, PEY, PGF, POU, PWT, VET, WCP

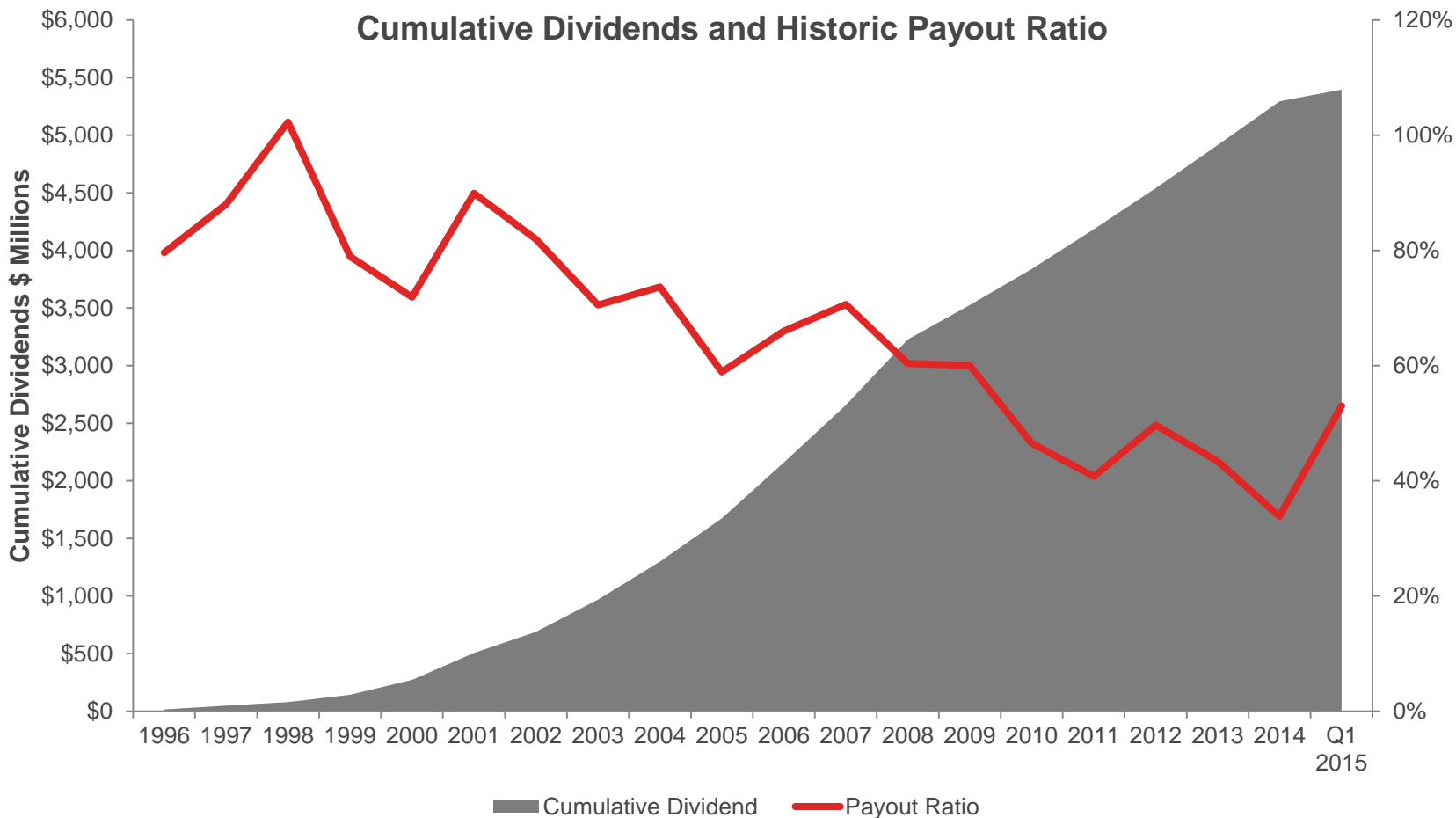
(1) Source: Peters & Co. Limited "E&P Overview Tables" June 1, 2015.

Sustainable Dividend



Committed to the Dividend While Delivering Profitable Growth

- 16% annualized total return since inception, ~\$5.3 billion of dividends (\$31.48/share)

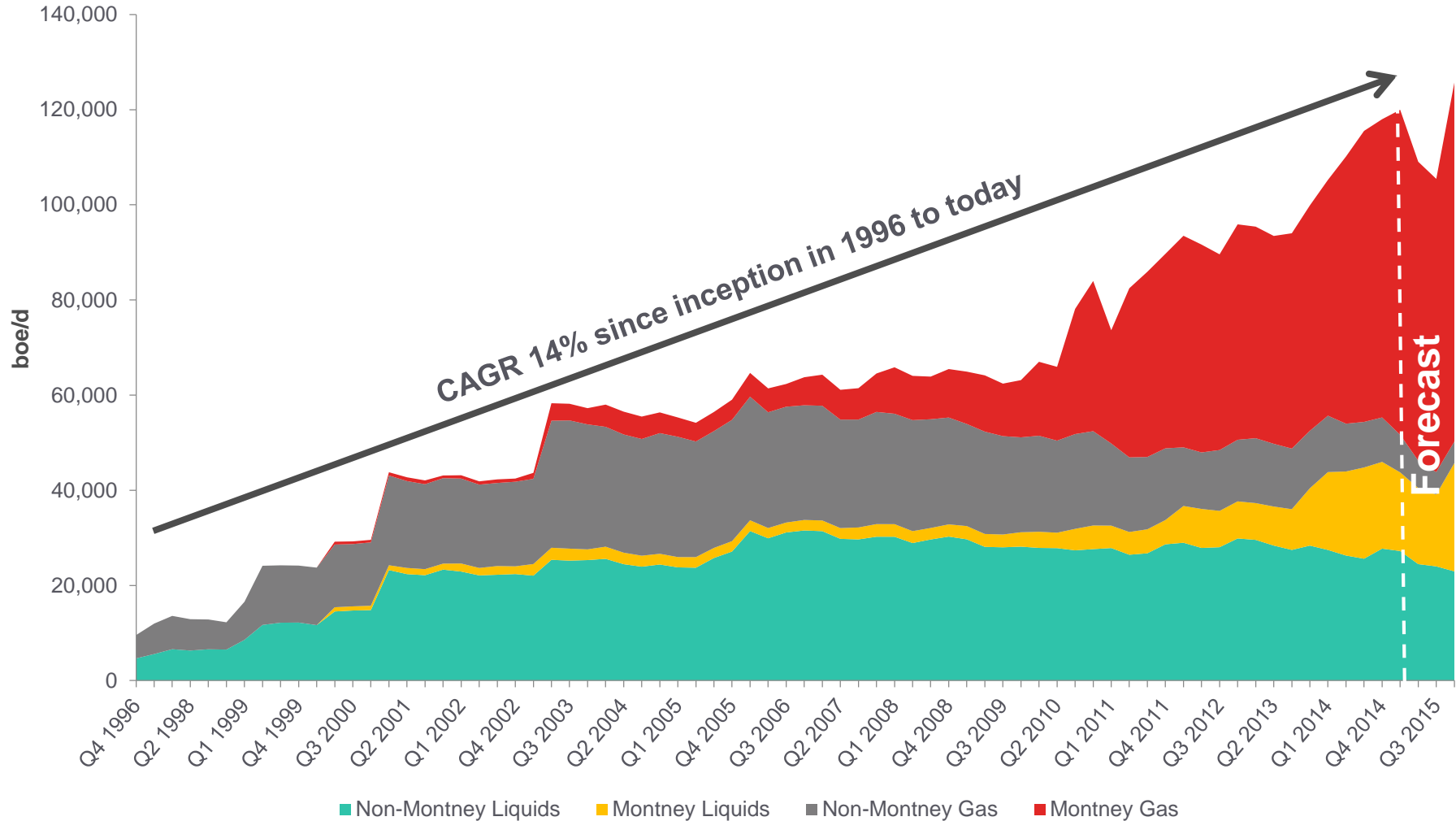


- Payout Ratio is calculated as dividends before DRIP and SDP as a percentage of Funds from Operations.
- Annualized total return to June 30, 2015, including May dividend, and assuming reinvestment of dividends in ARC shares.

Risk Managed Value Creation



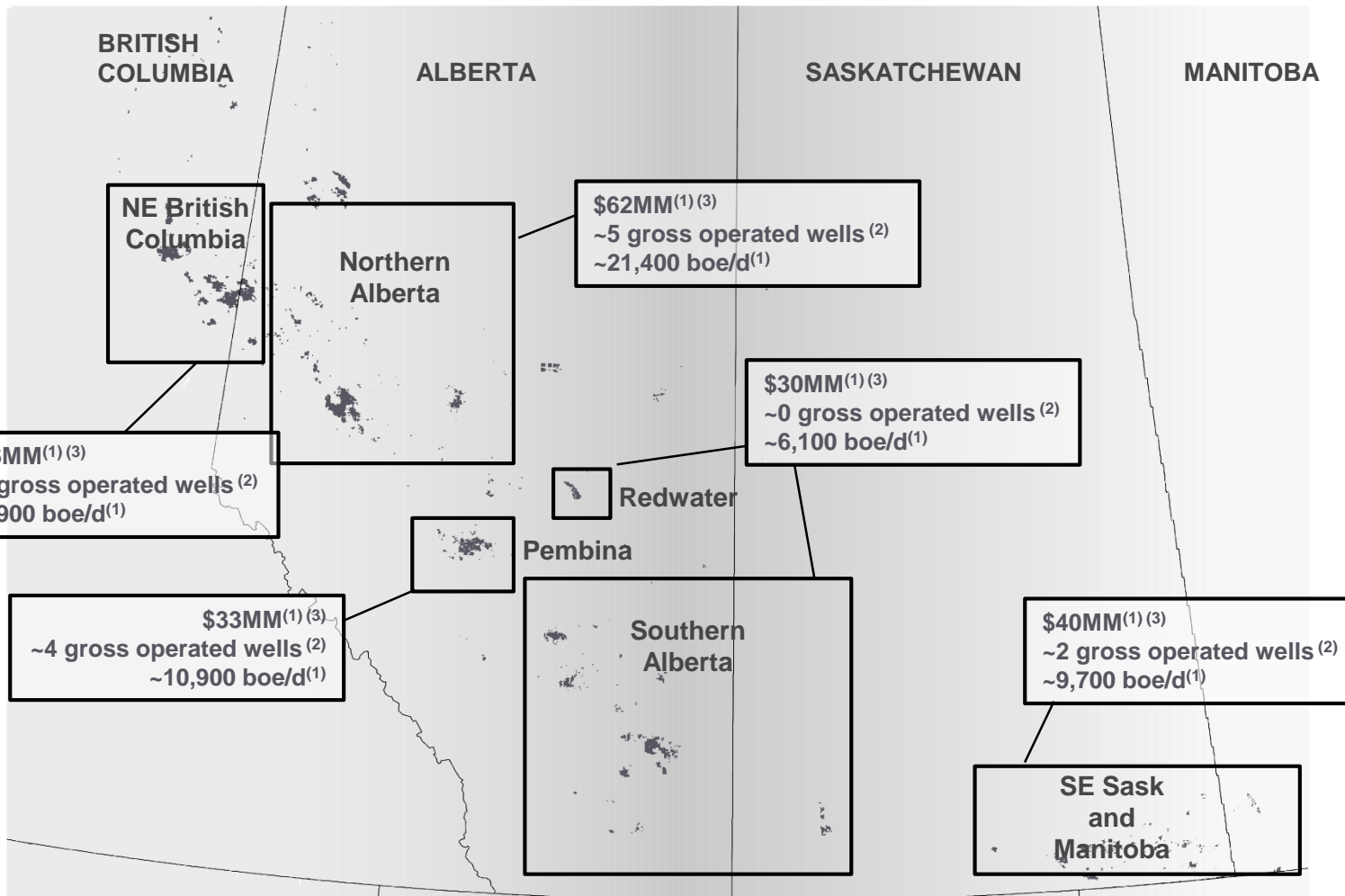
Montney Assets Delivering Profitable Growth and Value



2015 Capital Budget Revised to \$550MM

2015 Capital Program Focused on Profitability

- Focus on oil and liquids-rich gas and low cost, high rate of return Montney gas development
- Production guidance of 113,000 – 116,000 boe/d



- (1) Includes Operated and Non-operated.
- (2) 2015 wells – gross operated only.
- (3) Excludes corporate capital of ~\$19 million

2015 Priorities



Focused on Long-Term Value Creation

Value Creation

- Value creation prioritized over volume
- Dividend

Cost Management & Capital Efficiencies

Opportunities to reduce costs and improve efficiencies without compromising safety

Long-term Strategic Projects

Proceed with projects that deliver long-term growth and value

- Sunrise Infrastructure & Development
- Tower Oil Battery Expansion
- Dawson Phase III (FEED)

Balance Sheet Strength

Maintain financial flexibility and strength throughout the commodity cycle

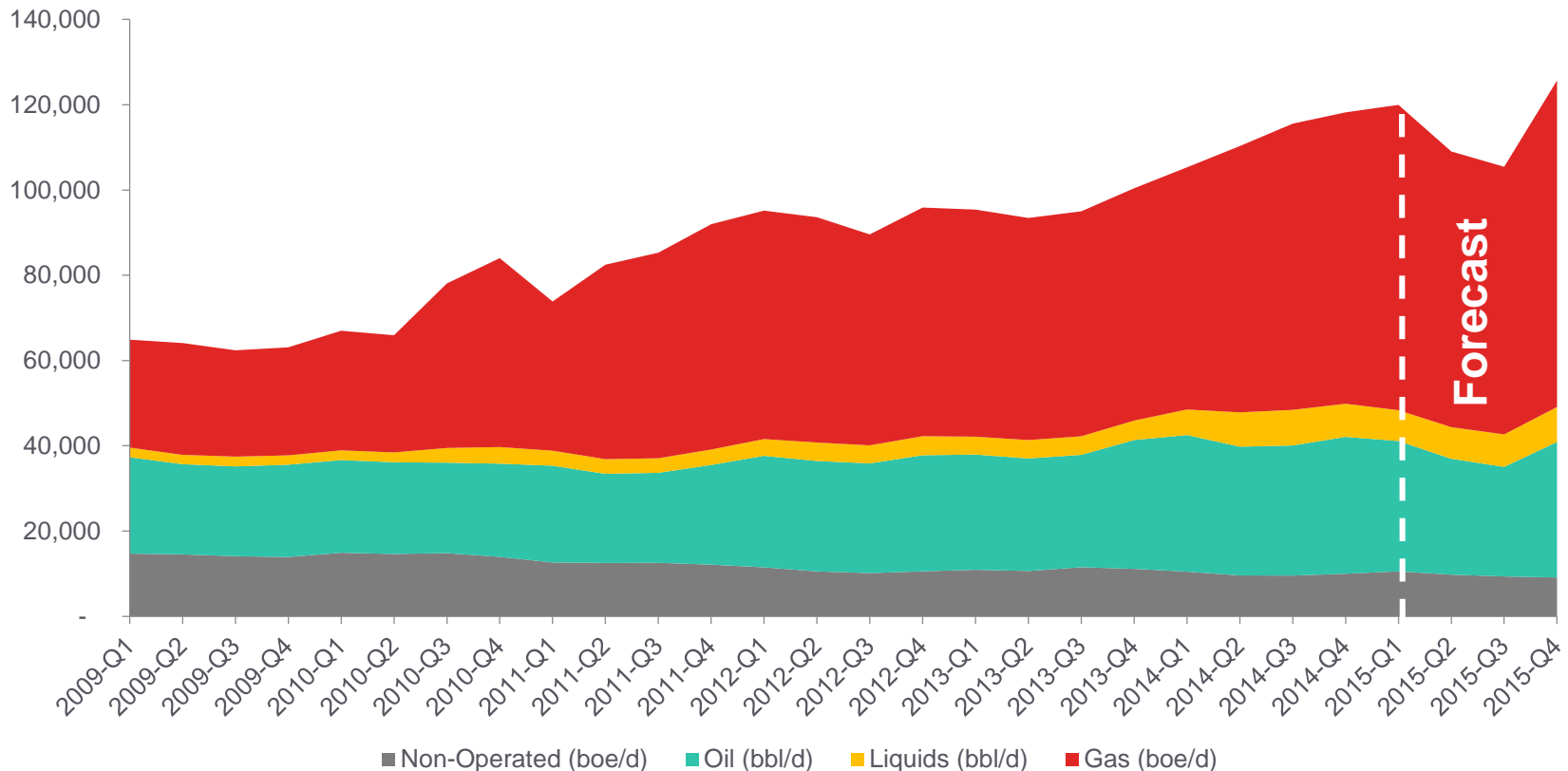
- Hedging program
- Low debt

2015 Production Outlook



Creating Value with Modest Year-over-Year Production Growth

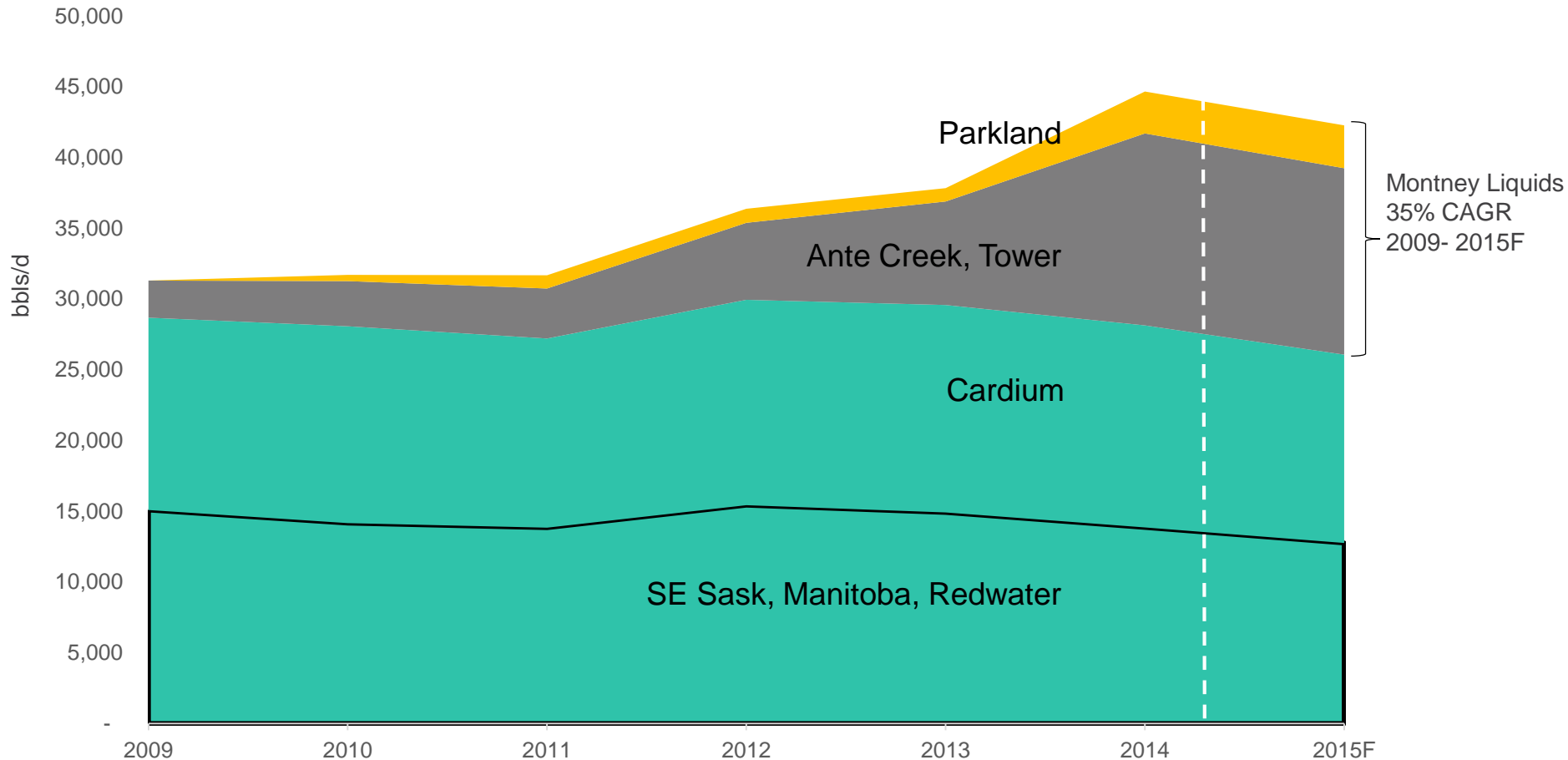
- Managing decline to ~25% annually through paced development
- Gas plant maintenance activity in Q2 and Q3 of 2015 will result in production declines in those quarters
- Production uptick in Q4 as Sunrise Gas Plant and Tower oil battery come on-line



Growing Oil and Liquids Since 2009



~5% CAGR⁽¹⁾ Total Liquids Production 2009 – 2015 Forecast



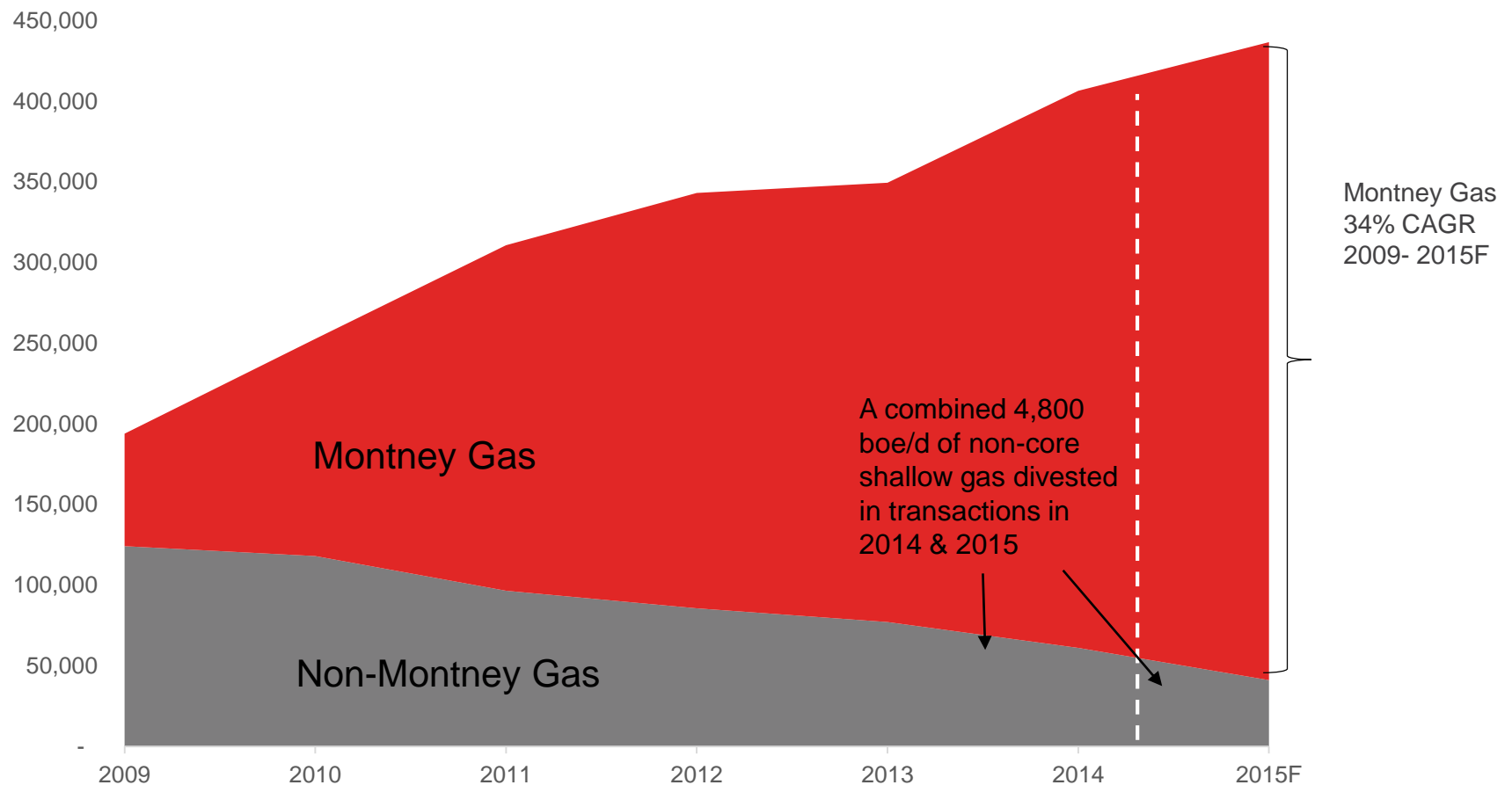
(1) Compound annual growth rate

Growing Our Low Cost Gas Business



~14% CAGR⁽¹⁾ Total Natural Gas Production 2009 – 2015 Forecast

- ARC divested of certain non-core, non-Montney shallow gas assets in 2014 and 2015 with associated production of approximately 4,800 boe/d

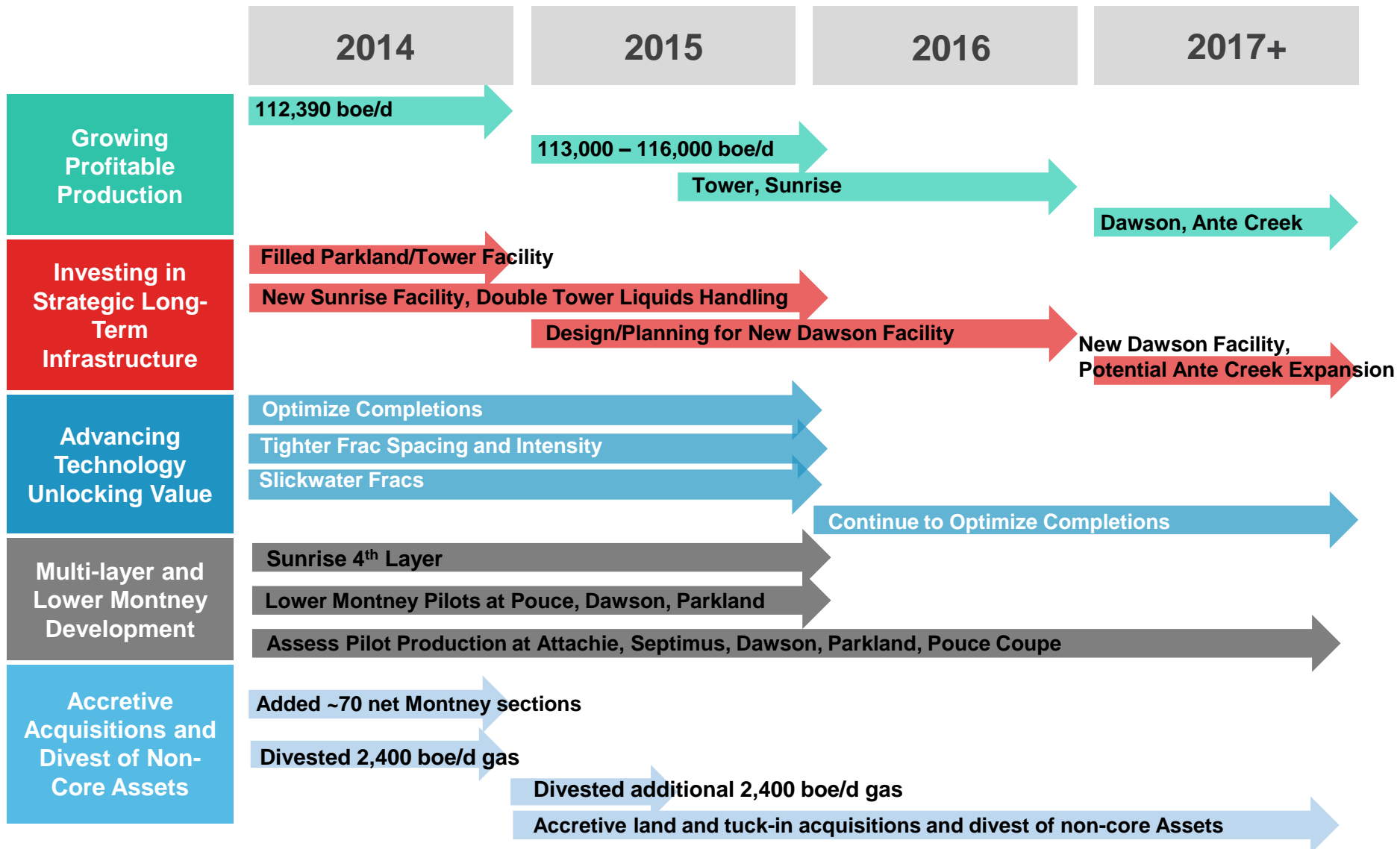


(1) Compound annual growth rate

Long-Term Value Creation



Significant Accomplishments, Considerable Future Opportunities



2015 Guidance



Focused on Value Creation

	Original 2015 Guidance	Revised 2015 Guidance ⁽¹⁾⁽²⁾	2015 YTD Actuals
Oil (bbls/d)	37,000 - 39,000	33,500 - 34,500	35,851
Condensate (bbls/d)	3,800 - 4,300	3,400 - 3,800	3,591
Gas (mmcf/d)	445 - 460	430 - 440	459.6
NGL's (bbls/d)	4,700 - 5,100	4,500 - 4,900	4,314
Total (boe/d)	120,000 - 125,000	113,000 - 116,000	120,354
Operating expenses	8.80 - 9.30	8.20 - 8.50	7.24
Transportation expenses	2.00 - 2.20	2.00 - 2.20	2.36
G&A expenses ⁽³⁾	2.00 - 2.30	2.00 - 2.30	0.99
Interest expenses	1.10 - 1.30	1.10 - 1.30	1.19
Current Income Tax expense (per cent of Funds from Operations) ⁽⁴⁾	0 - 8	0 - 5	1
Capital expenditures before land and net property acquisitions (disposition) (\$ millions)	750	550	129.5
Net property and land acquisitions (dispositions) (\$ millions)	-	-	(9.6)
Weighted average shares, diluted (millions)	339	339	334

- 1) Incorporates impact of divested non-core shallow gas assets located in southern Alberta with associated production of approximately 2,400 boe per day. This transaction closed subsequent to the end of the first quarter of 2015.
- 2) ARC expects second quarter 2015 production to decrease to a range of 107,000 to 110,000 per per day due to maintenance and turnaround activities and natural declines. ARC expects third quarter 2015 production to decrease further to a range of 104,000 to 107,000 boe per day due to downtime attributed to a significant planned turnaround at Dawson. ARC expects a significant increase in fourth quarter 2015 production to a range of 122,000 to 126,000 boe per day following commissioning of the new Sunrise gas processing facility and expanded Tower oil battery.
- 3) The 2015 guidance for ARC's G&A remains unchanged at \$2.00 - \$2.30 per boe. However, due to lower expected production volumes and lower expected recoveries due to reduced capital spending, G&A expenses per boe are now based on a range of \$1.65 - \$1.70 per boe prior to the recognition of any expense associated with ARC's long-term incentive plans and \$0.35 - \$0.60 per boe associated with ARC's long-term incentive plans. Actual per boe costs for each of these components for the three months ended March 31, 2015 were \$1.53 and a recovery of \$0.54 per boe, respectively.
- 4) The 2015 corporate tax estimate will vary depending on level of commodity prices.

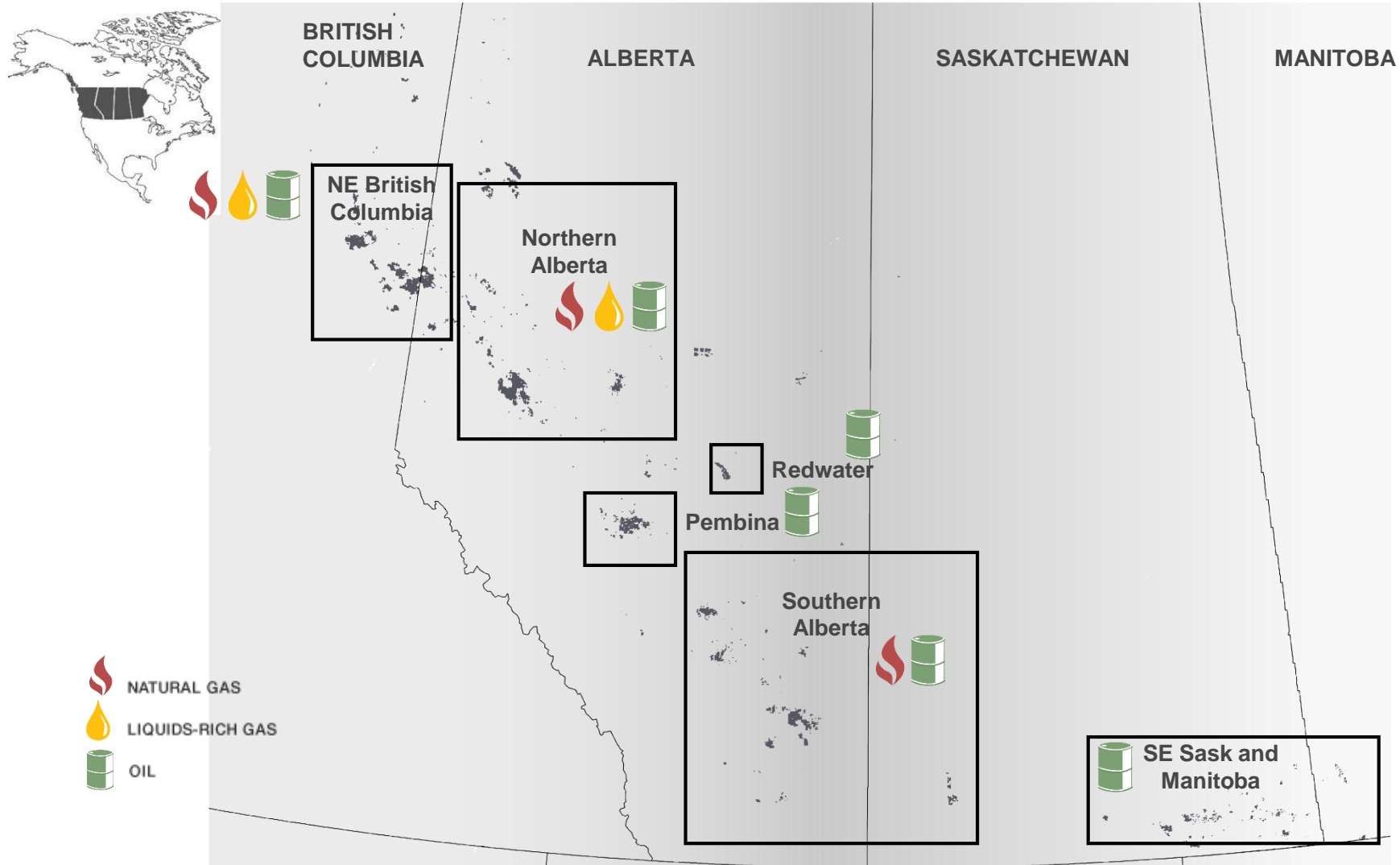


ASSET OVERVIEW

ARC

Operations Overview

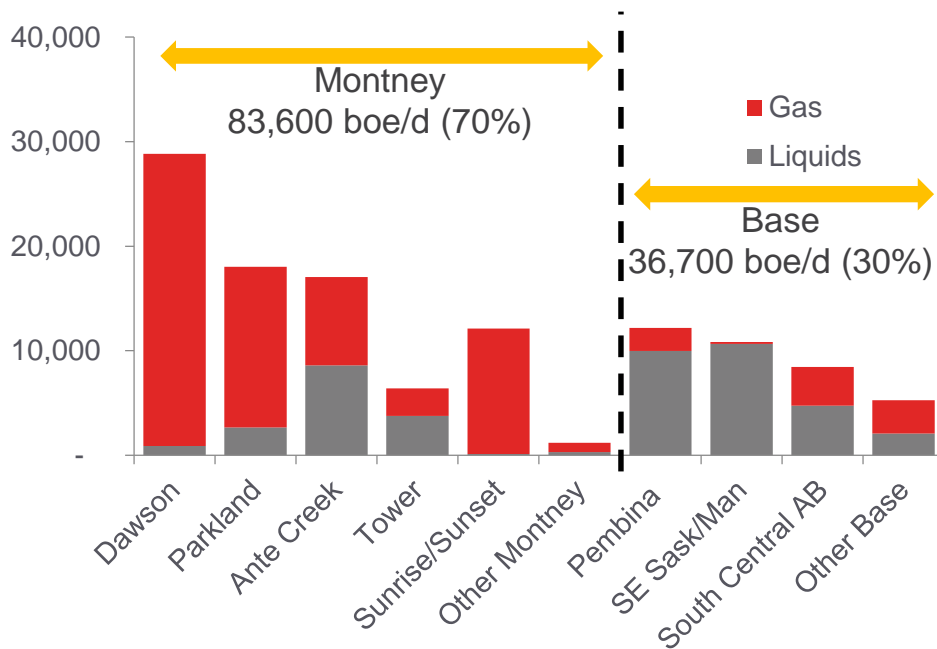
Western Canadian Producer – Strategic Optionality



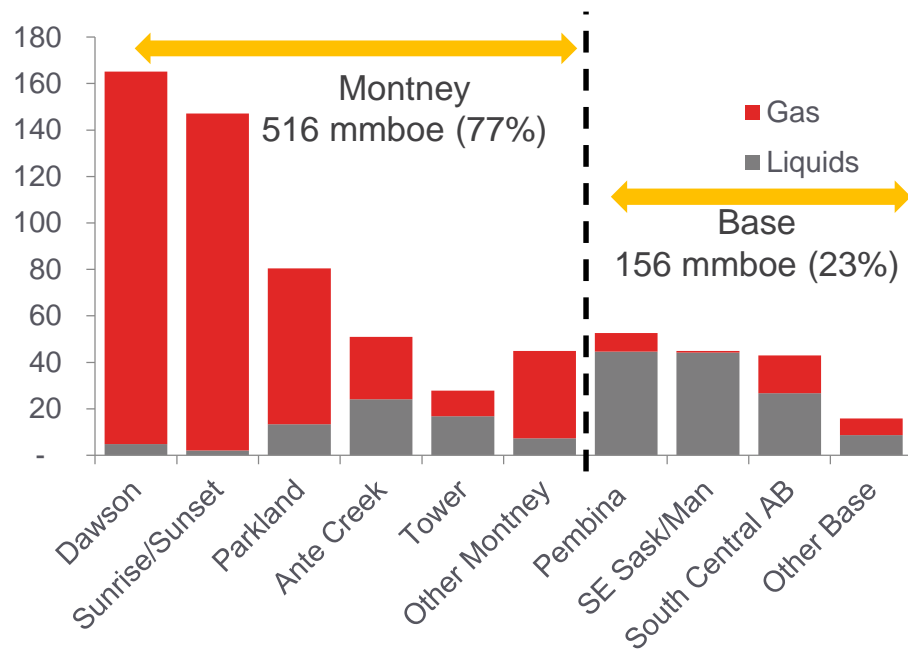
Focused Production and Reserves

Montney Comprises ~ 70% of Production and ~77% 2P Reserves

Production (boe/d) Q1 2015



2P Reserves (Mmboe) YE 2014⁽¹⁾



■ Natural Gas
■ Oil & Liquids

(1) 2P Gross Reserves as at December 31, 2014.

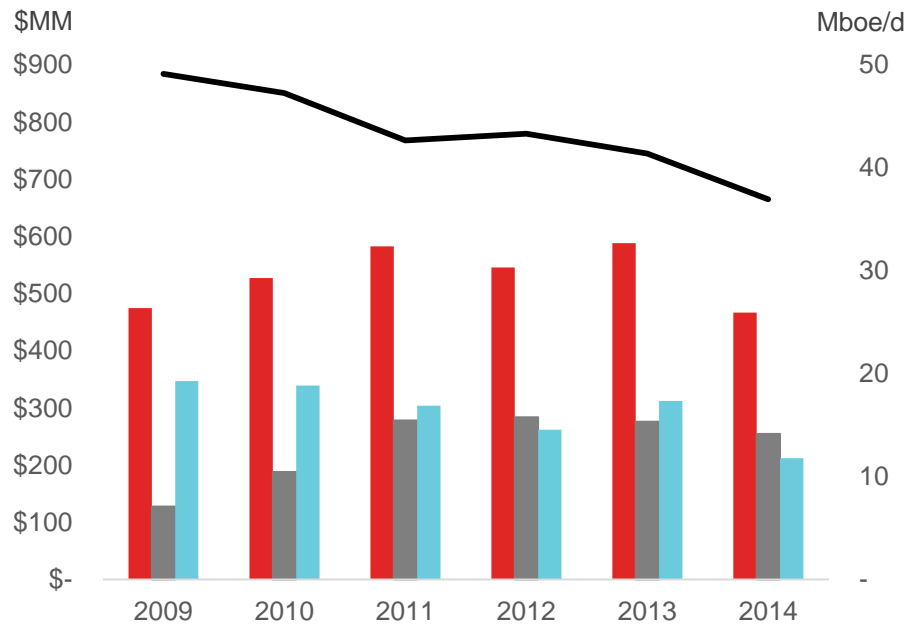
Complimentary Asset Base



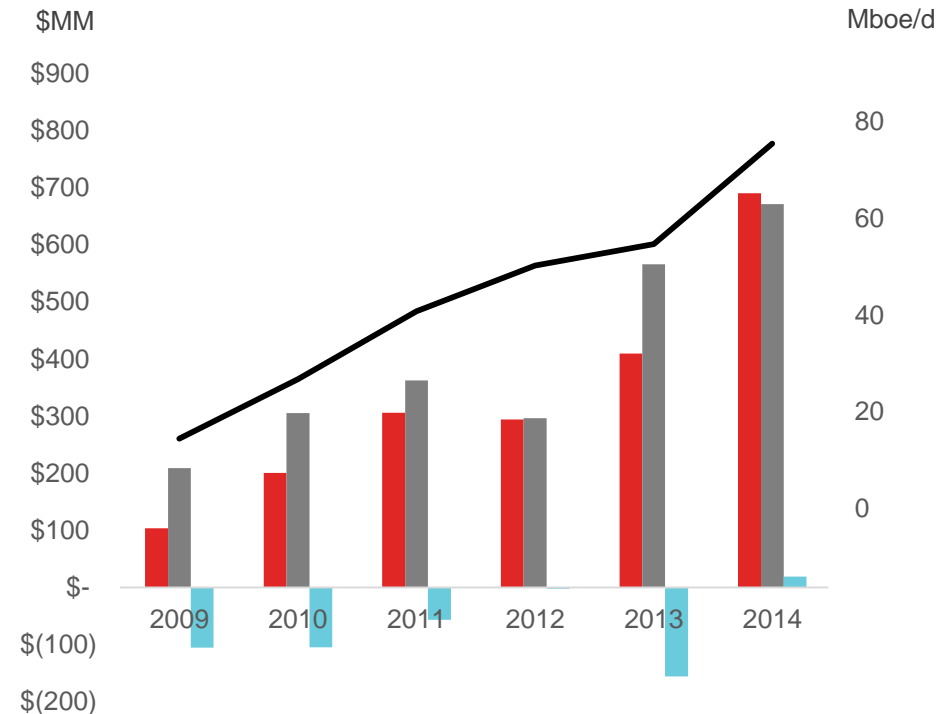
Montney Growth Assets Underpinned by Free Cash Flow Generating Base Assets

- Invested ~\$2.5 billion of capital in Montney growth assets since 2009
- Base assets generated ~\$1.8 billion of free cash flow since 2009
- Base production decline due to divest of ~11,000 boe/d of non-core production since 2009

Base Assets – Free Cash Flow



Montney Growth Assets – Free Cash Flow



■ Field Netback
■ Free Cash Flow

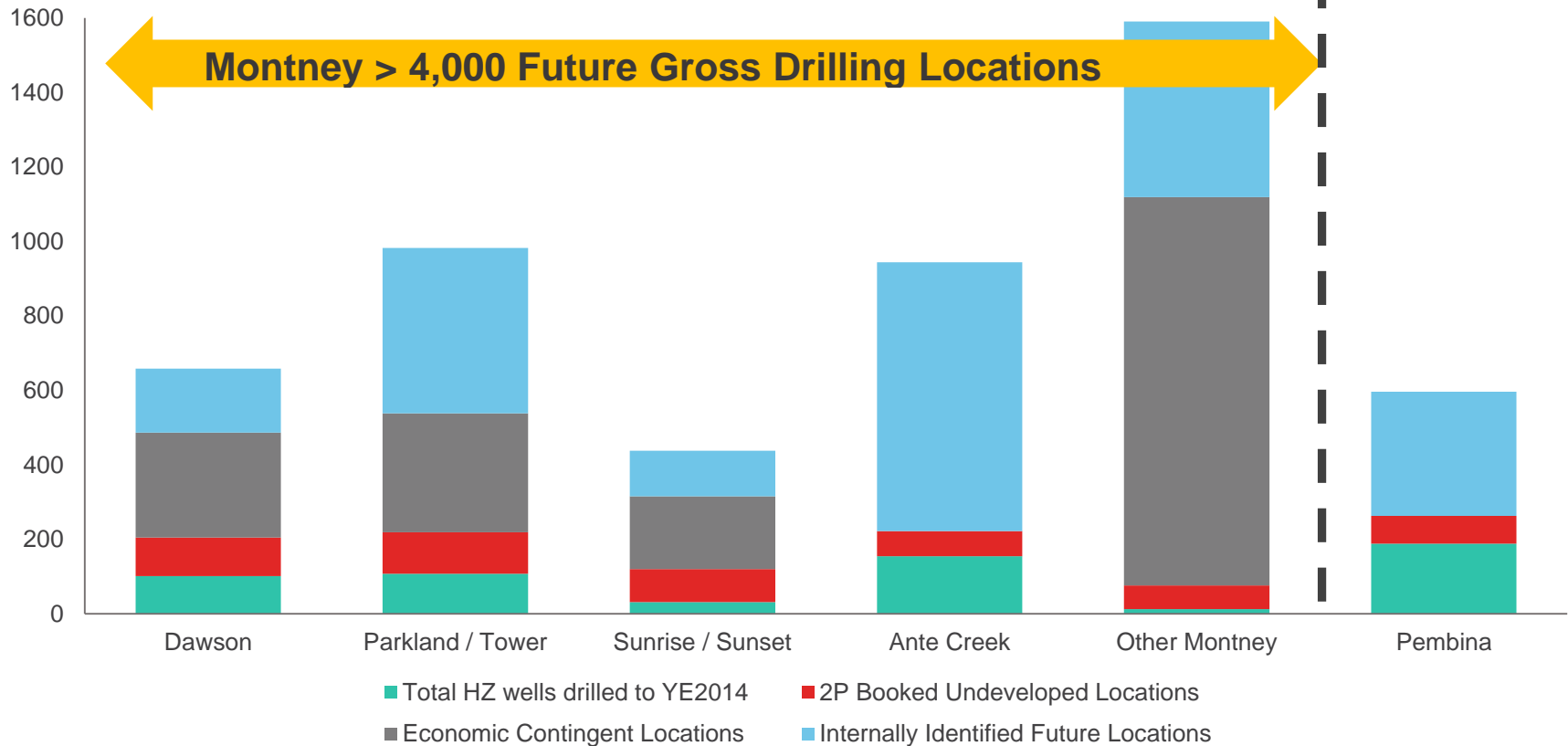
■ Capital Expenditures
— Production boe/d

Early Stages of Property Development*



Large Identified Opportunity for Future Value Creation

Gross Drilling Locations



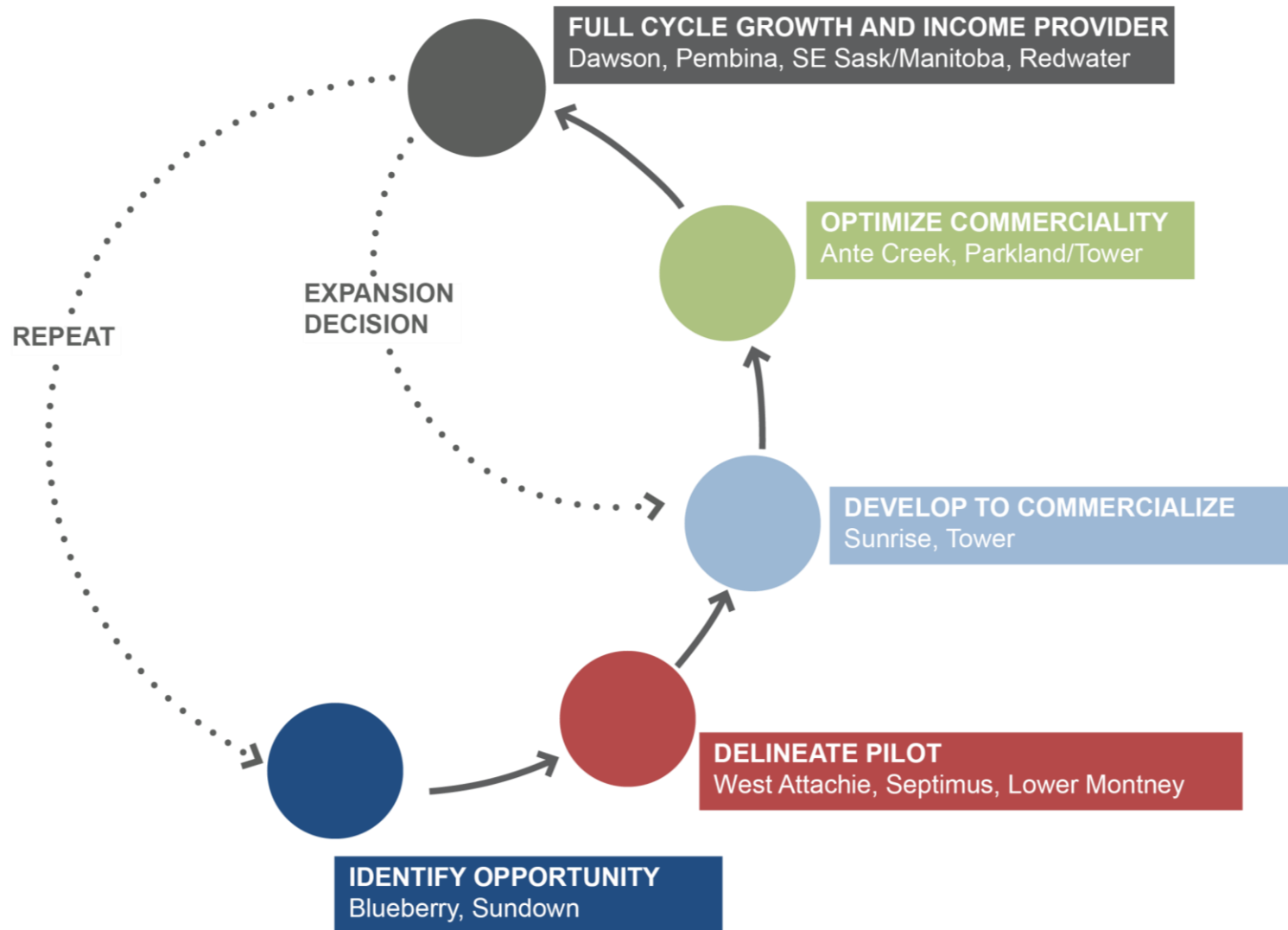
- Contingent locations exist only for NEBC Montney; Ante Creek and Pembina do not have external resource evaluations

* Subject to change based on technology and economic environment.

ARC's Proven Development Model



Inventory of Opportunities at all Stages





MONTNEY ASSETS

ARC

Why the Montney

Total Recoverable Resource Ranks High Amongst North American Resource Plays

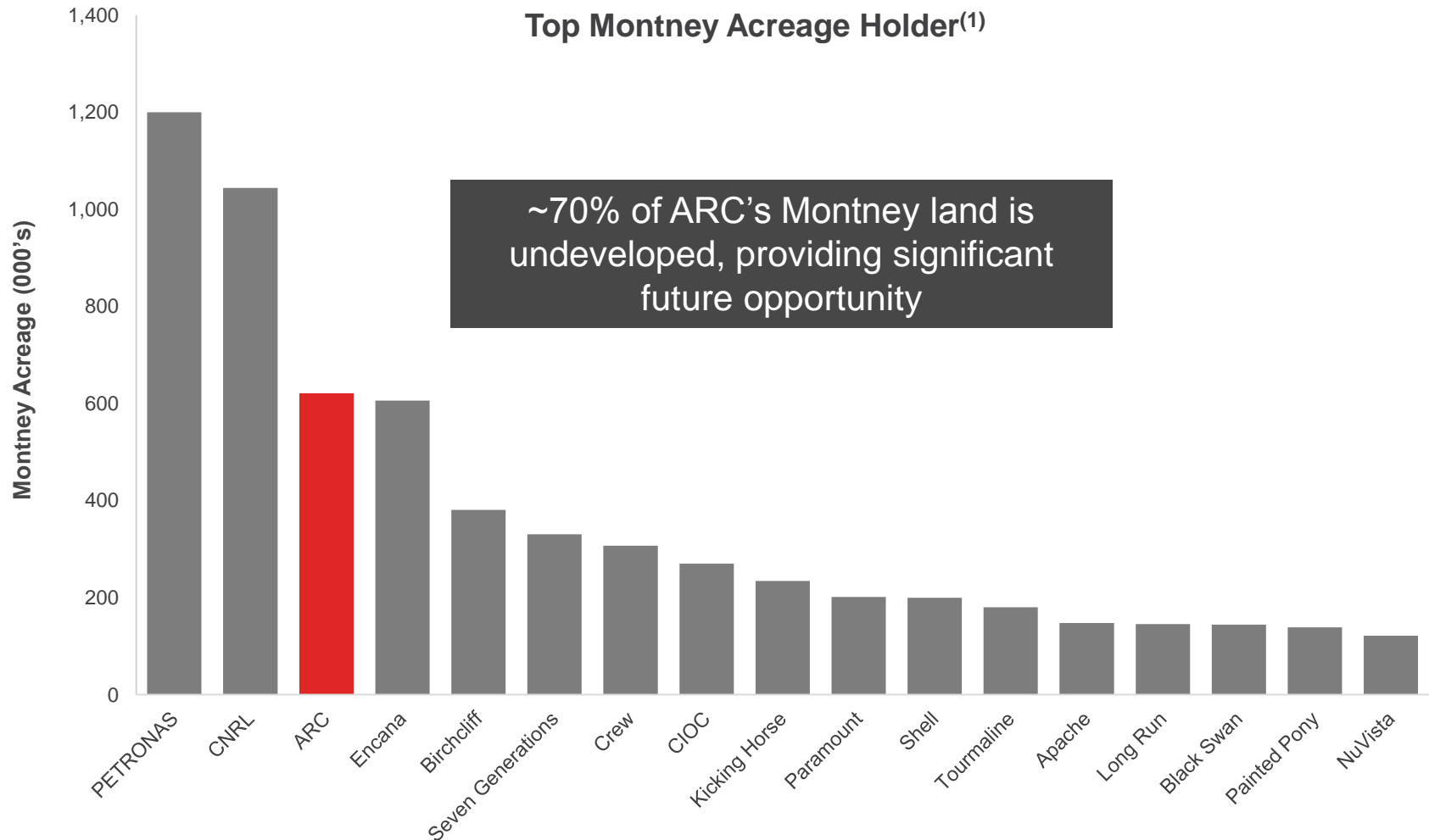
- Massive thickness
- Large areal extent (>500km)
- Superior lithology and “fracability”
- High permeability
- Over pressured
- Higher recovery factors
- Repeatable performance
- Dry gas, liquids rich gas and oil opportunities



Significant Montney Land Position

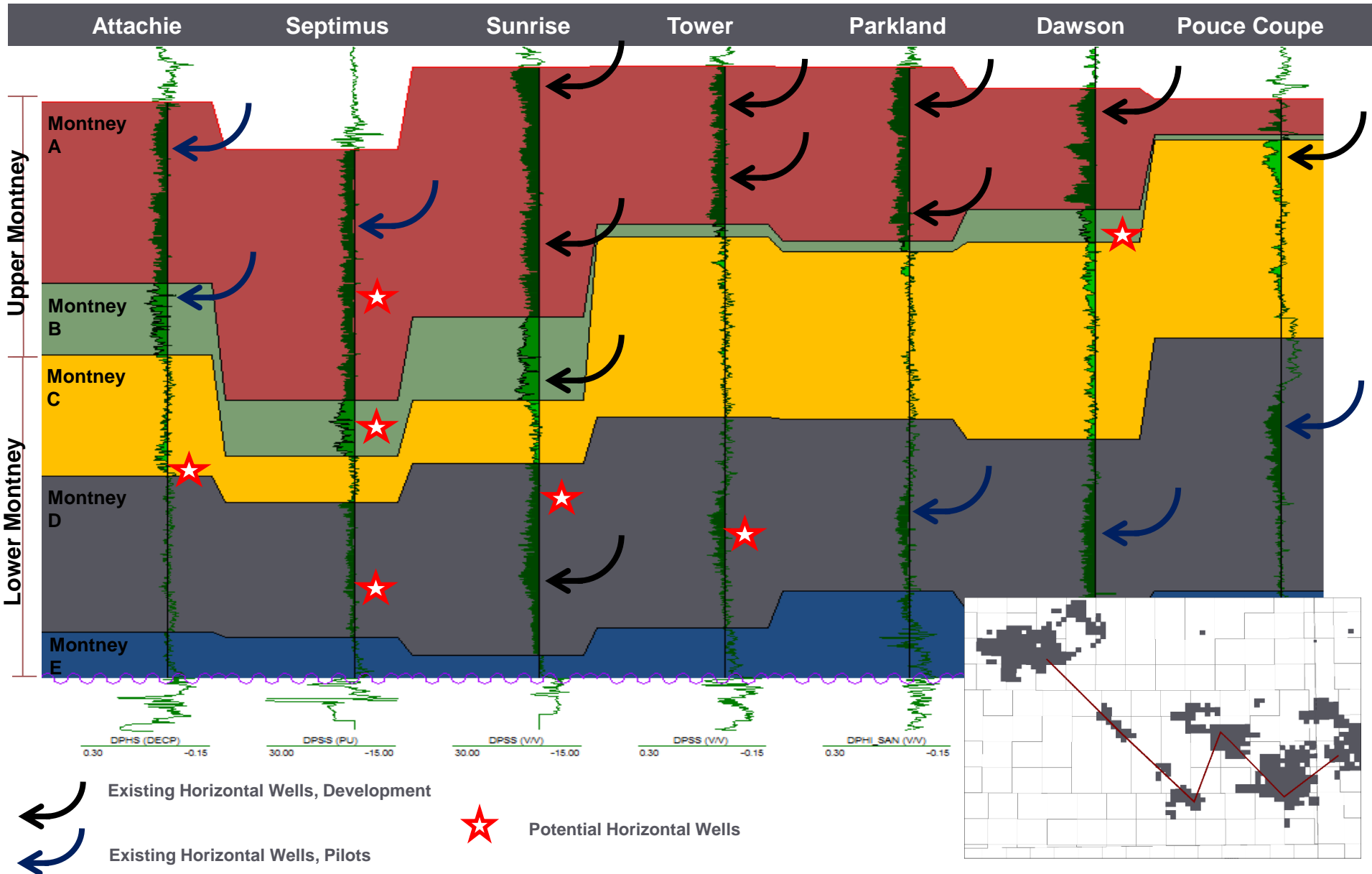


3rd Largest Montney Landholder



(1) Source: RBC Capital Markets March 2015

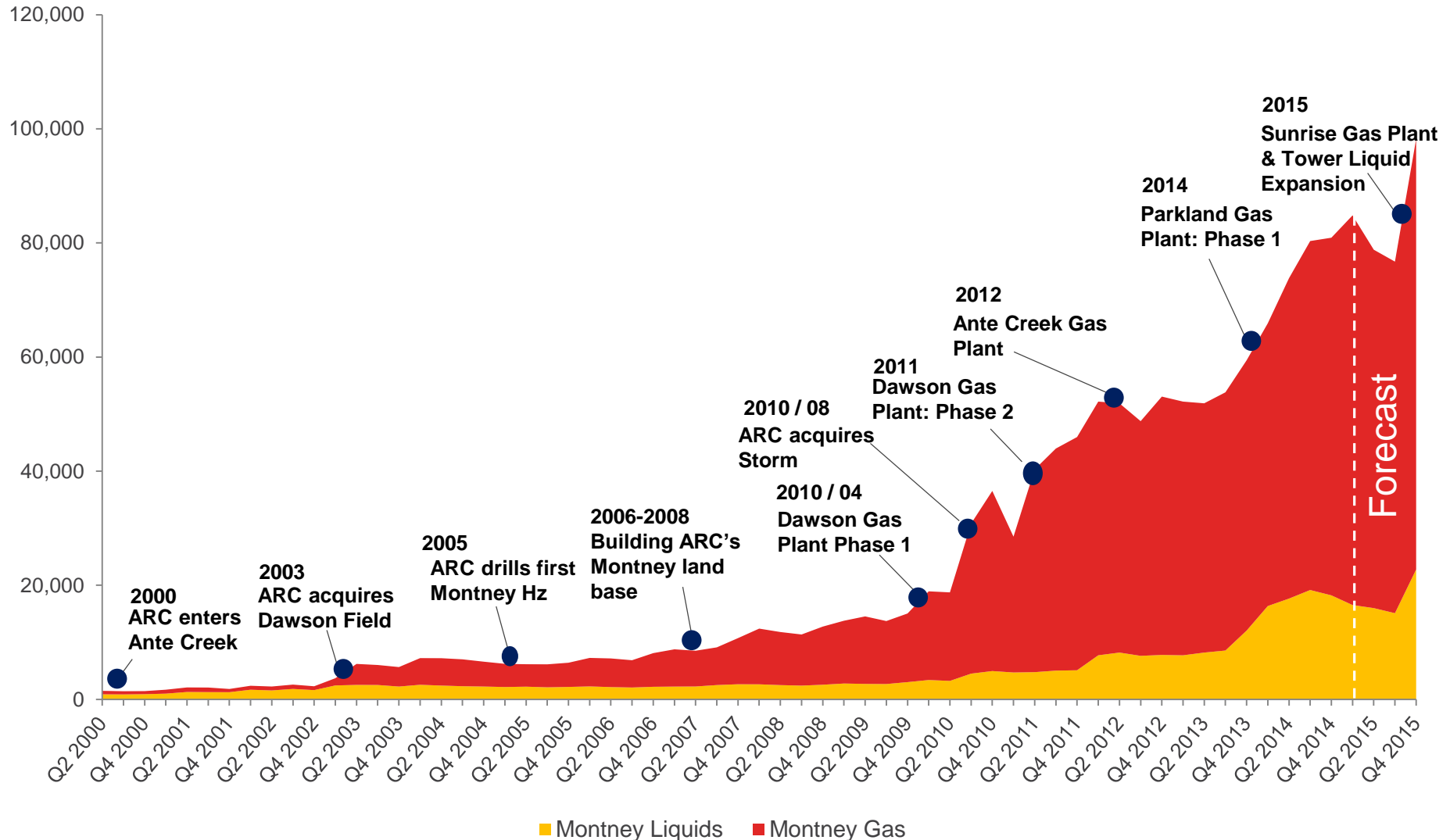
Multiple Layers to Develop



ARC in the Montney



35% Compound Annual Montney Growth - 5 Year Period

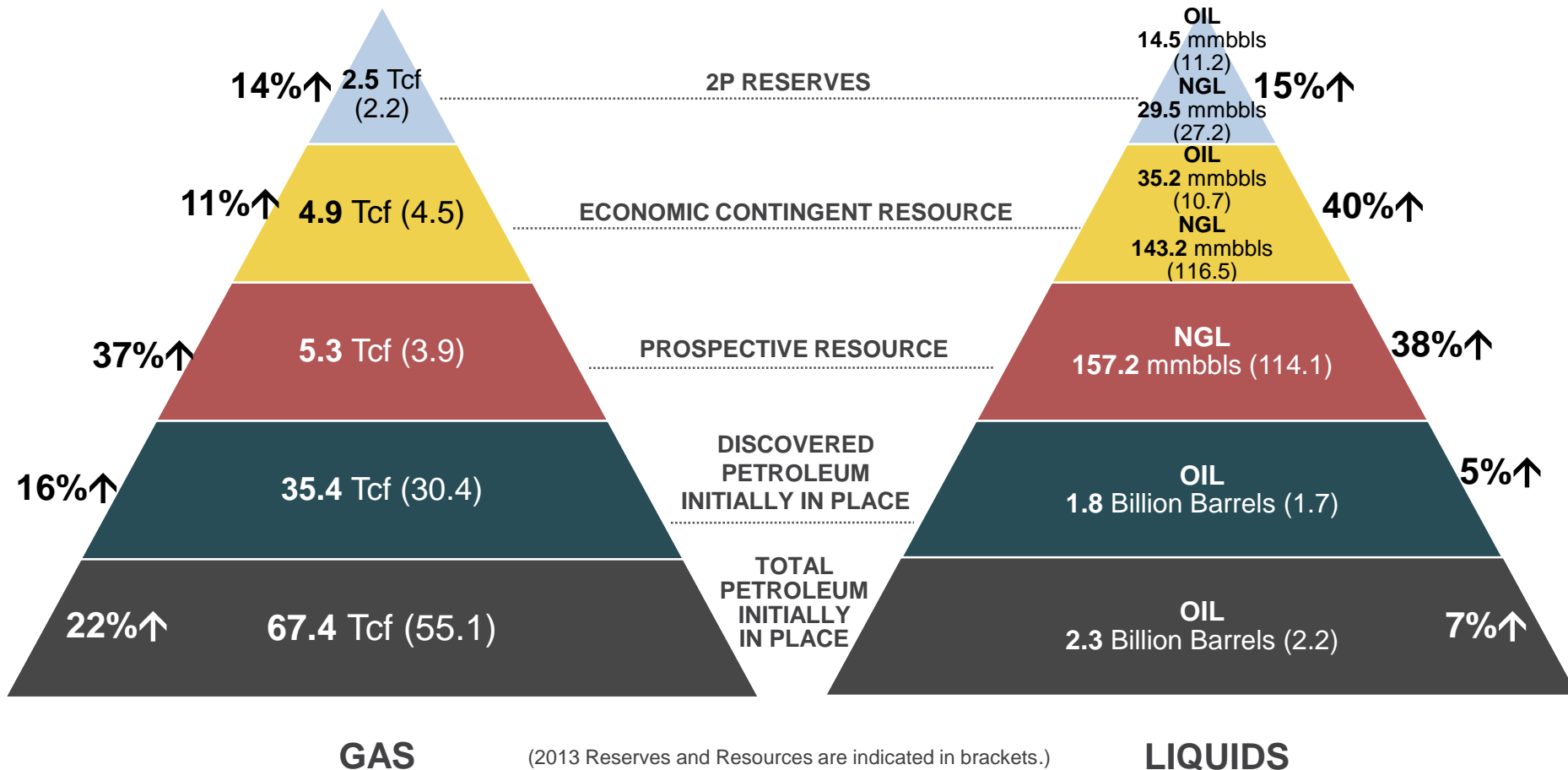


NE BC Montney Reserves & Resources



NE BC Montney TPIIP 67.4 Tcf of Gas and 2.3 Billion Barrels of Oil

2014 Resource evaluation conducted by GLJ saw significant growth in Gas TPIIP, which is mainly attributed to newly-acquired land in Pouce Coupe, Sundown and Dawson.



GAS

(2013 Reserves and Resources are indicated in brackets.)

LIQUIDS

*Total Petroleum Initially in Place (TPIIP) and Discovered Petroleum Initially in Place (DPIIP) estimates for 2014 were determined using a 1% porosity cut-off for gas; 2013 estimates were determined using a 0% porosity cut-off for gas. Estimates for both 2014 and 2013 were determined using a 3% porosity cut-off for oil.

(1) Independent Resources Evaluation conducted by GLJ effective December 31, 2014.

(2) Economic Contingent Resource, Prospective Resource, DPIIP and TPIIP quoted are all Best Estimate case.

Montney Development Economics



Strong Rates of Return Across the Montney Portfolio

Parkland



Tower



Dawson



Sunrise



Ante Creek



Half Cycle Economics

**C\$55/bbl
MSW
C\$3/GJ
AECO**

55% IRR
4.3x Recycle
\$1.10/mcf
Breakeven

35% IRR
3.5x Recycle
\$30/bbl
Breakeven

95% IRR
5.0x Recycle
\$1.25/mcf
Breakeven

65% IRR
6.2x Recycle
\$1.45/mcf
Breakeven

35% IRR
2.8x Recycle
\$30/bbl Breakeven

Estimated 20% Capital Savings Versus 2014 Estimates

**C\$85/bbl
MSW
C\$3/GJ
AECO (1)**

50% IRR
4.2x Recycle
<\$1.00/mcf
Breakeven

50% IRR
4.3x Recycle
\$40/bbl
Breakeven

65% IRR
4.2x Recycle
\$1.40/mcf
Breakeven

50% IRR
5.0x Recycle
\$1.65/mcf
Breakeven

50% IRR
2.6x Recycle
\$40/bbl Breakeven

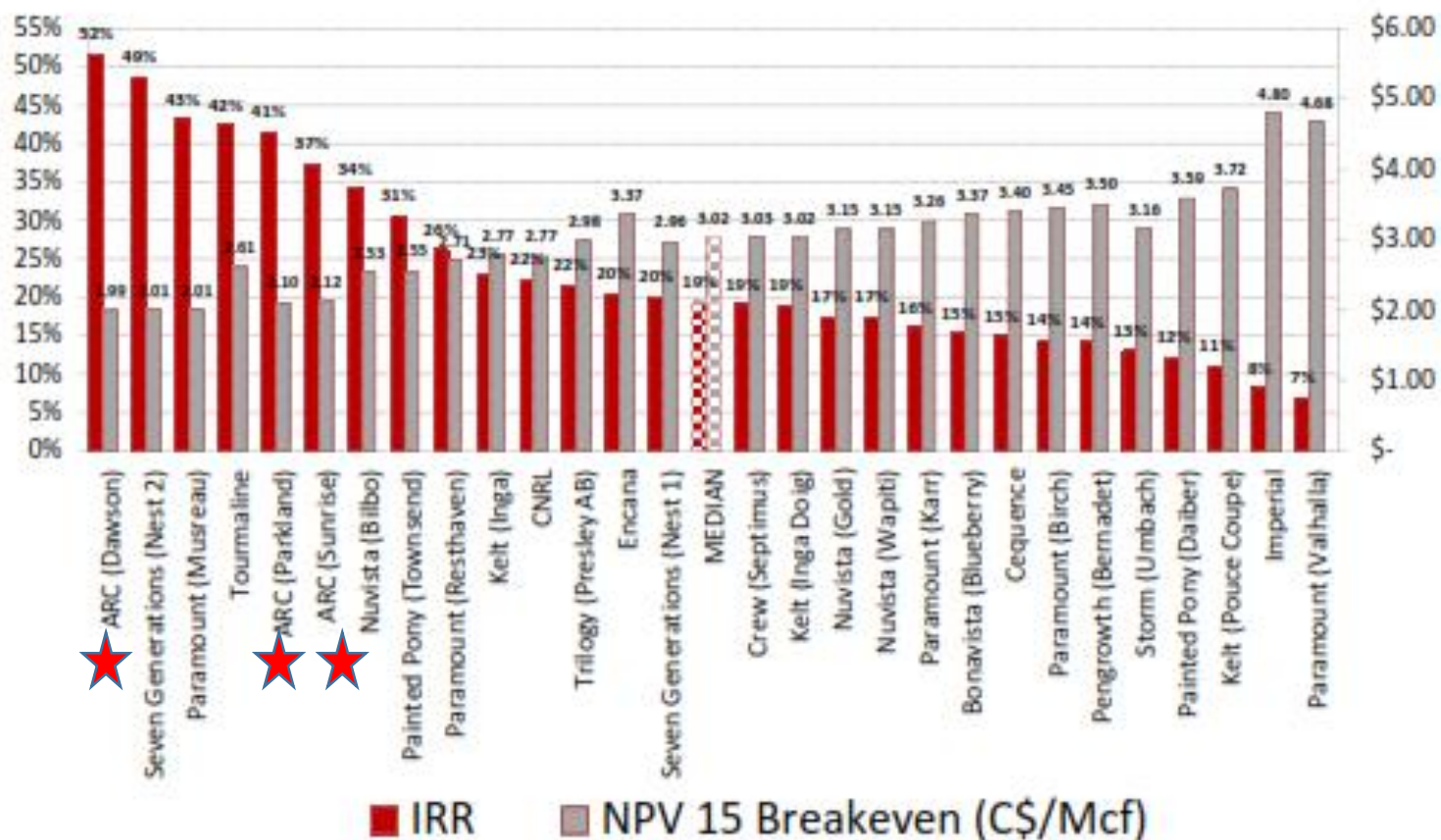
2014 Capital Estimates

(1) Economics run at FLAT price forecasts with Cdn\$85/bbl Edmonton Sweet (MSW) and Cdn \$3/GJ AECO
 • Breakeven prices are Cdn\$ per barrel or mcf as indicated. Breakeven is defined as the price at which NPV10 is equal to zero.
 • Recycle ratio is calculated using first 12 months of undiscounted netback divided by F&D.

Dawson Leads the Way

ARC's Key Montney Developments are 3 of the Top 6 in Canada

Exhibit 9. Montney Gas – IRRs & Break-evens (NPV15)



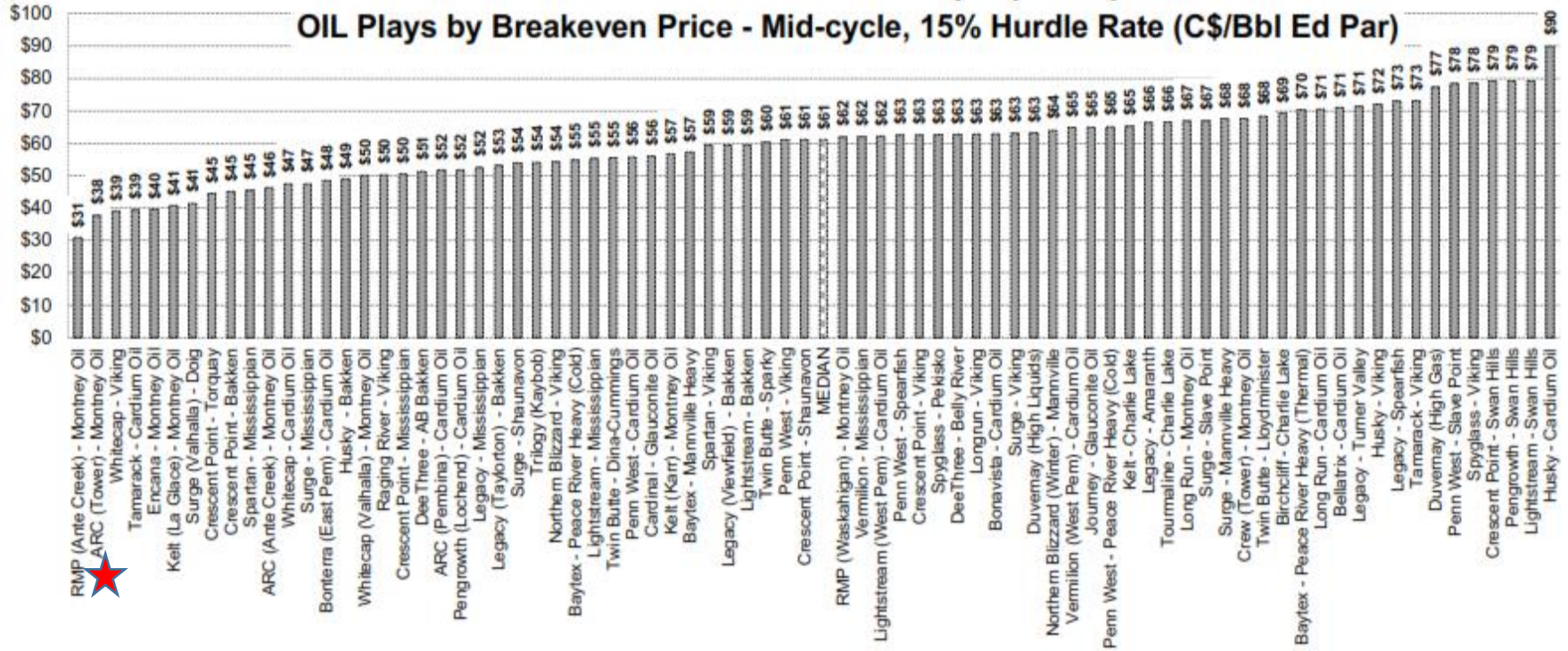
Source: Company reports CIBC World Markets Inc.

Tower is Among the Best Oil Plays



Strong Oil Economics at Tower

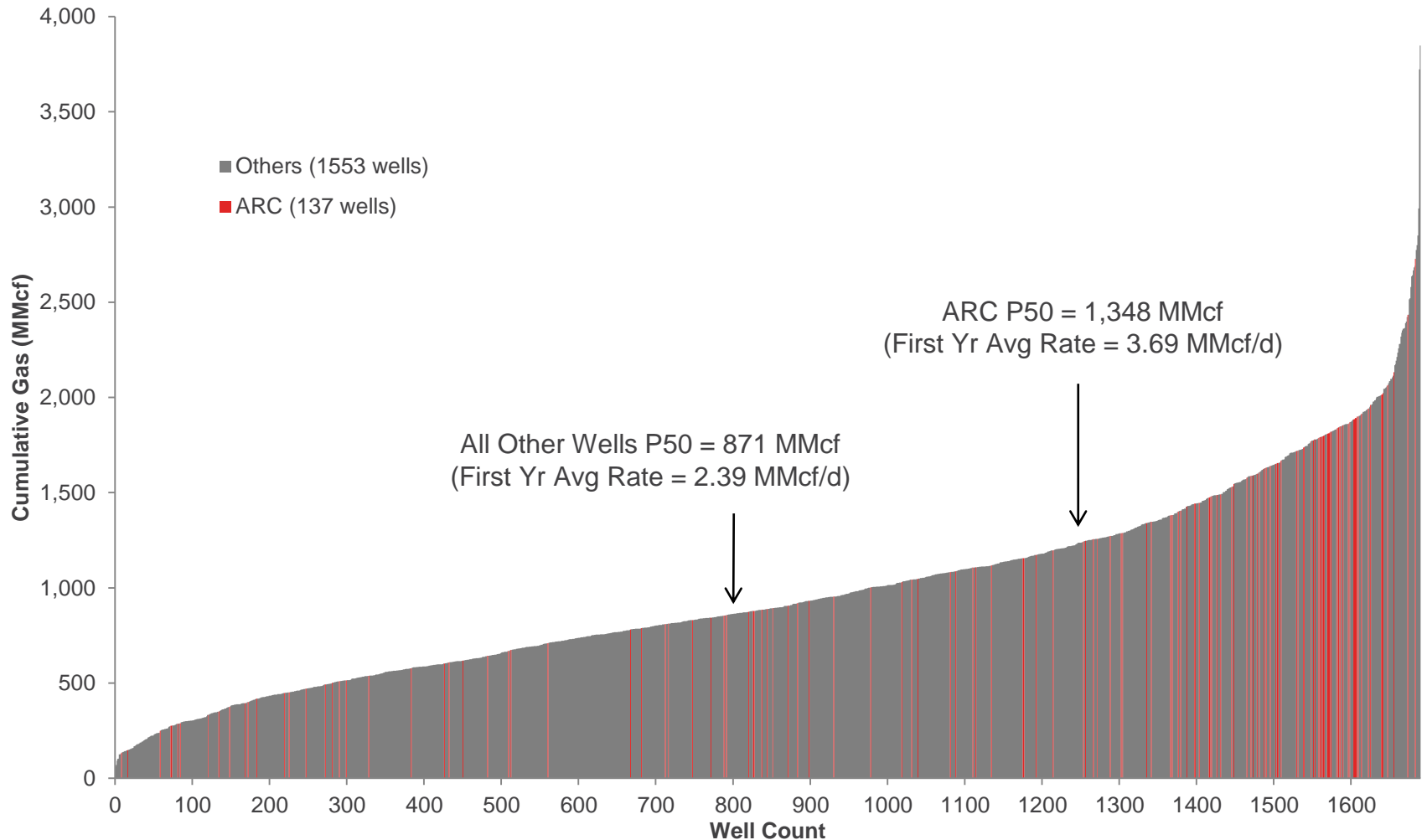
Exhibit 1. Break-even Economics – What OIL Price Do Each Company’s Plays Need To Achieve A 15% Return?



NE BC/NW AB Montney First Year Cumulative Gas

ARC's Montney Gas Wells Outperform Industry by ~55% on First Year Average

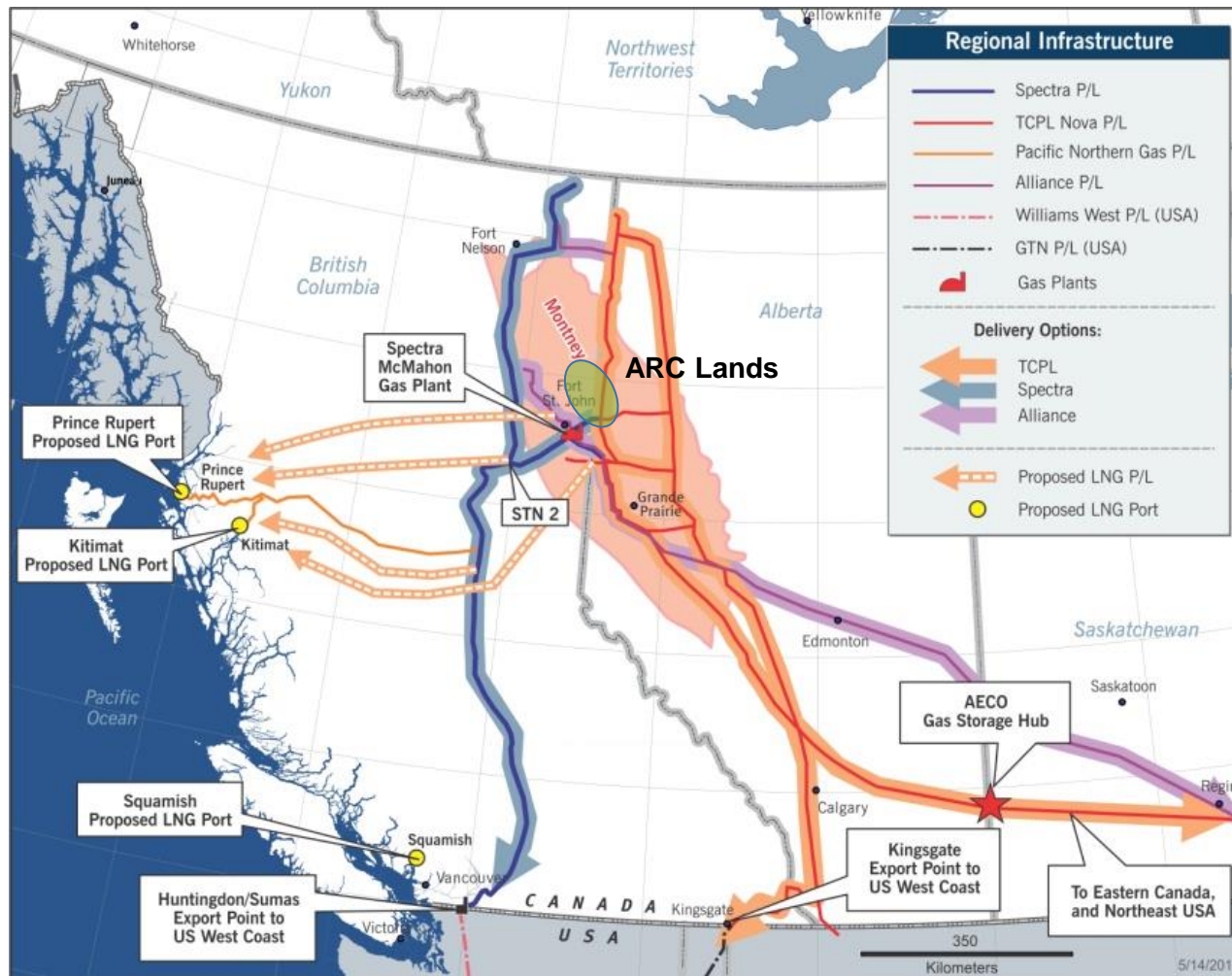
NE BC / NW AB Montney Gas Only First Year Cumulative



(1) All Montney Horizontal gas wells in NW AB from T75 R10 W6 (Glacier) to NE BC 94-G-2 (Northern Montney).
(2) Based on first 365 days of production (excludes all oil wells and gas wells without 365 days of production).

Montney Infrastructure Optionality

Well Positioned For Market Access



- Area is currently well served with three major pipelines providing access to North American Markets:
 - TransCanada – Canada & US
 - Alliance – Chicago
 - Spectra - Westcoast
- Multiple pipelines planned to support the proposed West Coast LNG Projects
- ARC's primary properties are situated in the heart of the region to be serviced by the pipelines

Dawson Gas

World Class Resource,
Unlimited Potential



Low Cost Gas

Op cost **\$0.57/mcf**

F&D **\$0.60/mcf**

Superior Economics

95% IRR
C\$55/bbl & C\$3/GJ

Significant Resource

13.7 Tcf
of gas resource

Multi-layer Development

Two layer Montney
wells to be brought
on production in 2015

Capital Efficiency

\$4,300/boe/day

Breakeven Price

C\$1.40/mcf
C\$1.25/mcf⁽¹⁾

(1) Breakeven pricing assumes 20% cost savings as compared to late 2014 estimates. Cdn\$ per bbl or mcf price as indicated defined as price at which NPV10 is equal to zero.

* IRR – Half cycle after tax rate of return based on C\$55/bbl Edmonton Sweet (MSW) and C\$3/GJ AECO

* Free Cash Flow – Defined as Revenue – royalties – op costs - transportation costs – capital expenditures (before land and net acquisitions).

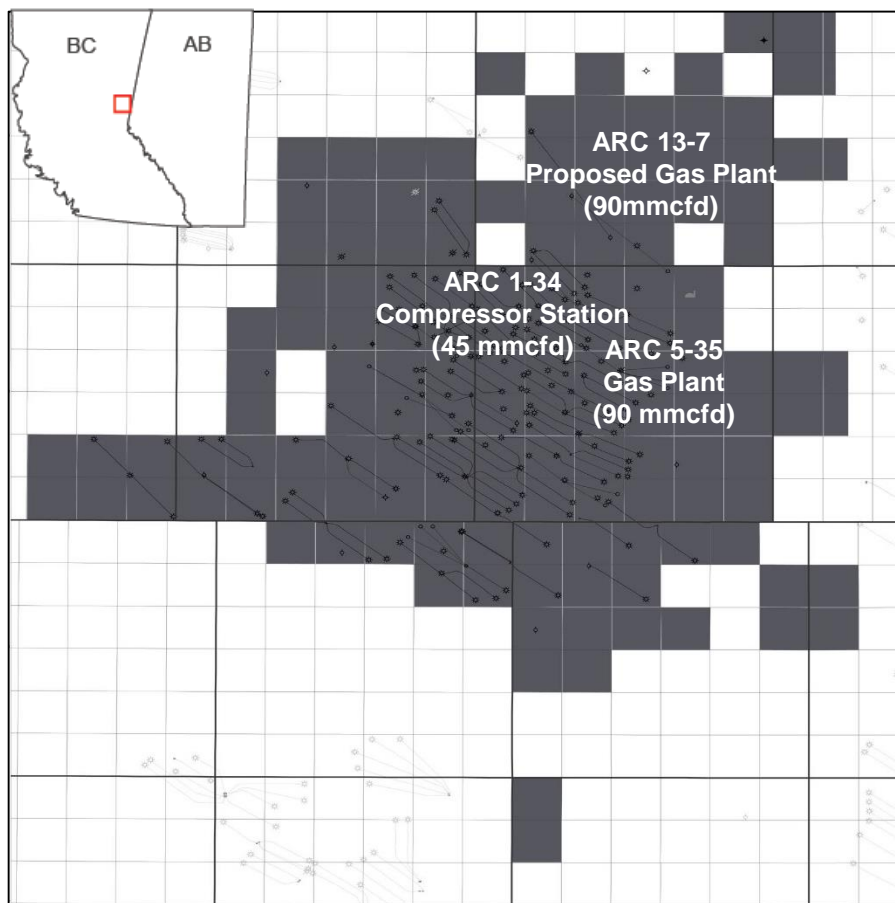
* F&D – 2014 Finding and Development Cost before changes in future development capital.

* Significant Resource - TPIIP as per 2014 year end GLJ report based on 1% porosity cut-off – see “See “Reserves and Resources Disclosure” and “Definitions of Oil and Gas Reserves and Resources” in the Appendix to this presentation.

Dawson Asset Details



Excellent Free Cash Flow

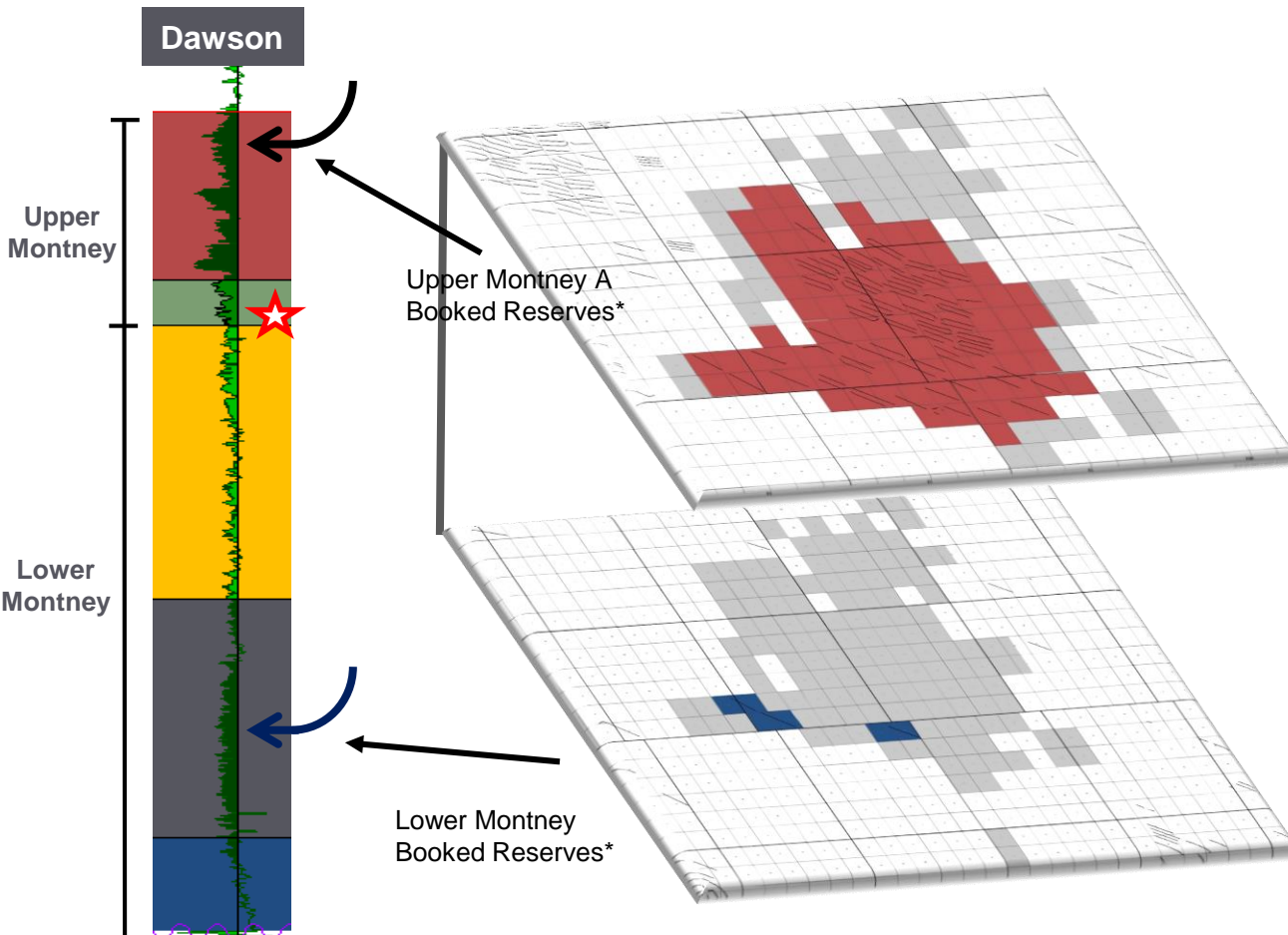


Net production (boe/d) – Q1 2015	28,800
Liquids (bbls/d)	870
Gas (mmcf/d)	168
Production split % (liquids/gas)	~97% gas
Land (Montney net sections)	133
Working Interest	~96%
Reserves (2P mmboe)	165
Liquids (mmbbls)	4.8
Gas (bcf)	963
Reserve Life Index	16

Year	2009	2010	2011	2012	2013	2014	2015
# HZ Operated Wells Drilled	23	25	10	1	9	13	9

Dawson Development Potential

Additional Development Layer Below Core Acreage



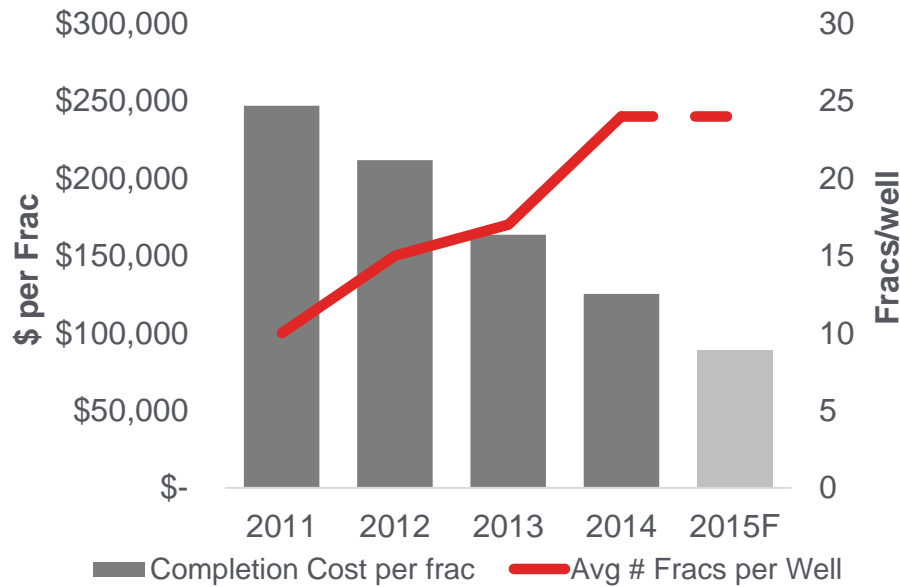
*Sections with 2P Reserves booked as of YE2014

- Dawson core development has been focused on Upper Montney A; 65% of lands have reserves booked in this layer.
- ARC drilled our first Lower Montney in 2008. Improved completion techniques show promising results for unlocking this additional layer at Dawson
- Currently 0.75 Hz wells drilled per section

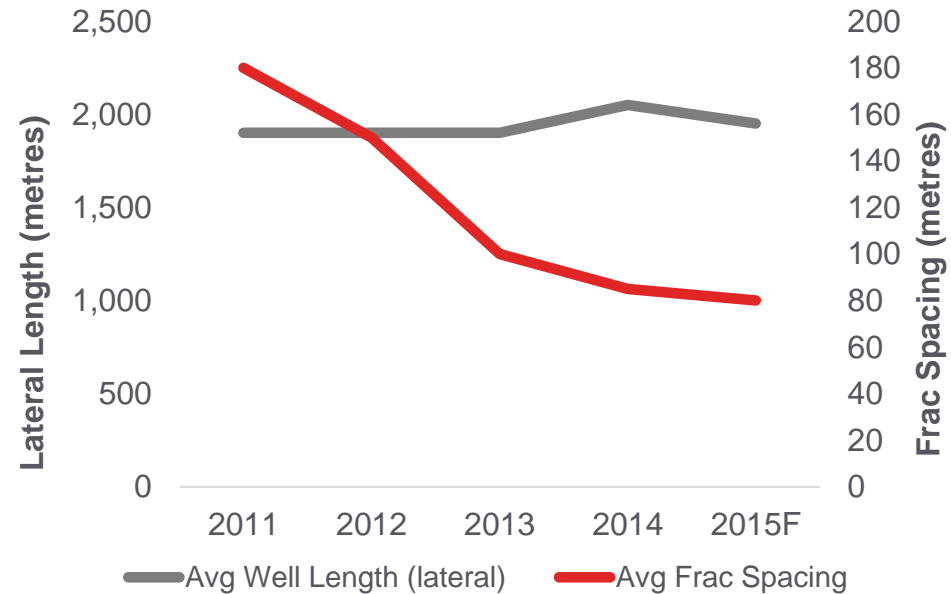
Operational Excellence – Dawson

Continual Learning in Frac Design = Lower Costs + Improved Economics

Lower Cost per Frac, Increasing Frac Intensity

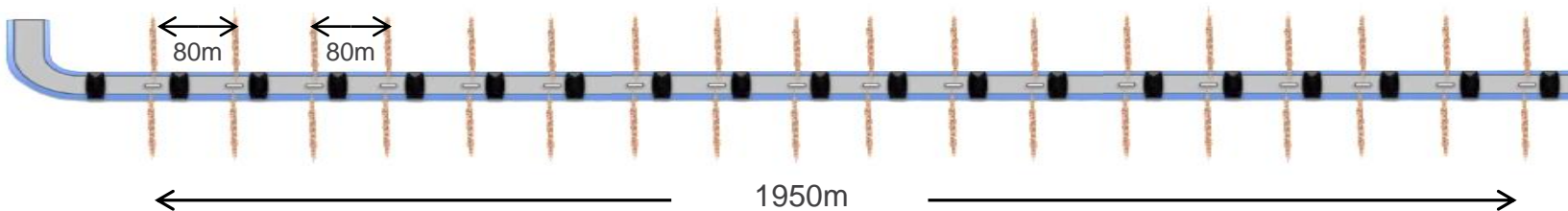


Longer Laterals, Tighter Frac Spacing



Frac Design

- 100T Slickwater Fracs with Open Hole Packers/Ball Drop system

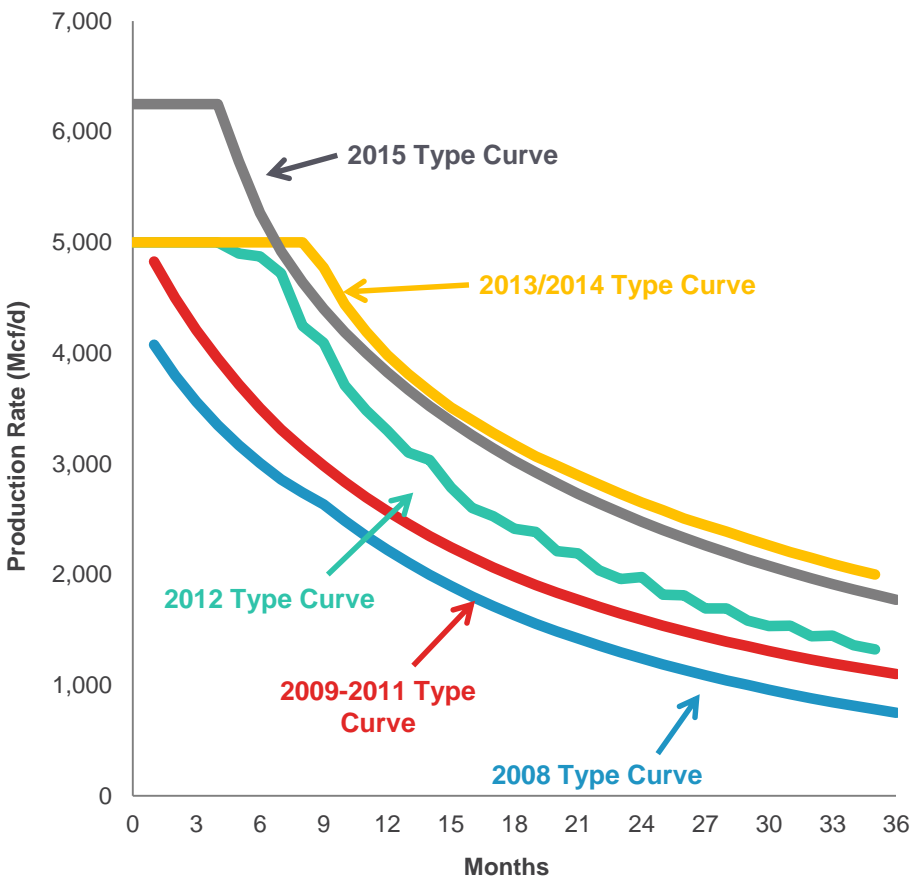


Dawson Gas Type Curve Growth



Frac Technology Advancements = Improvements in Well Performance

- Type curve growth over time due to improvements in well design, focused on completions and tighter frac spacing



Type curves are internal estimates based on analog wells and reservoir modelling
 *2015 revised includes 20% capital savings as compared to late 2014 estimates

Completions	2009-2011	2012	2013-2014	2015	2015 revised*
Frac spacing (m)	180	150	85	80	80
Frac per well	10	15	24	26	26
Avg. tonnage per frac (T)	100	100	60	100	100
Cost per frac (\$000)	247	212	125	100	80
Frac type	Plug & Perf	Plug & Perf	Openhole Packers	Openhole Packers	Openhole Packers
Fluid system	Polymer H2O/CO2	Slickwater Hybrid	Slickwater	Slickwater	Slickwater

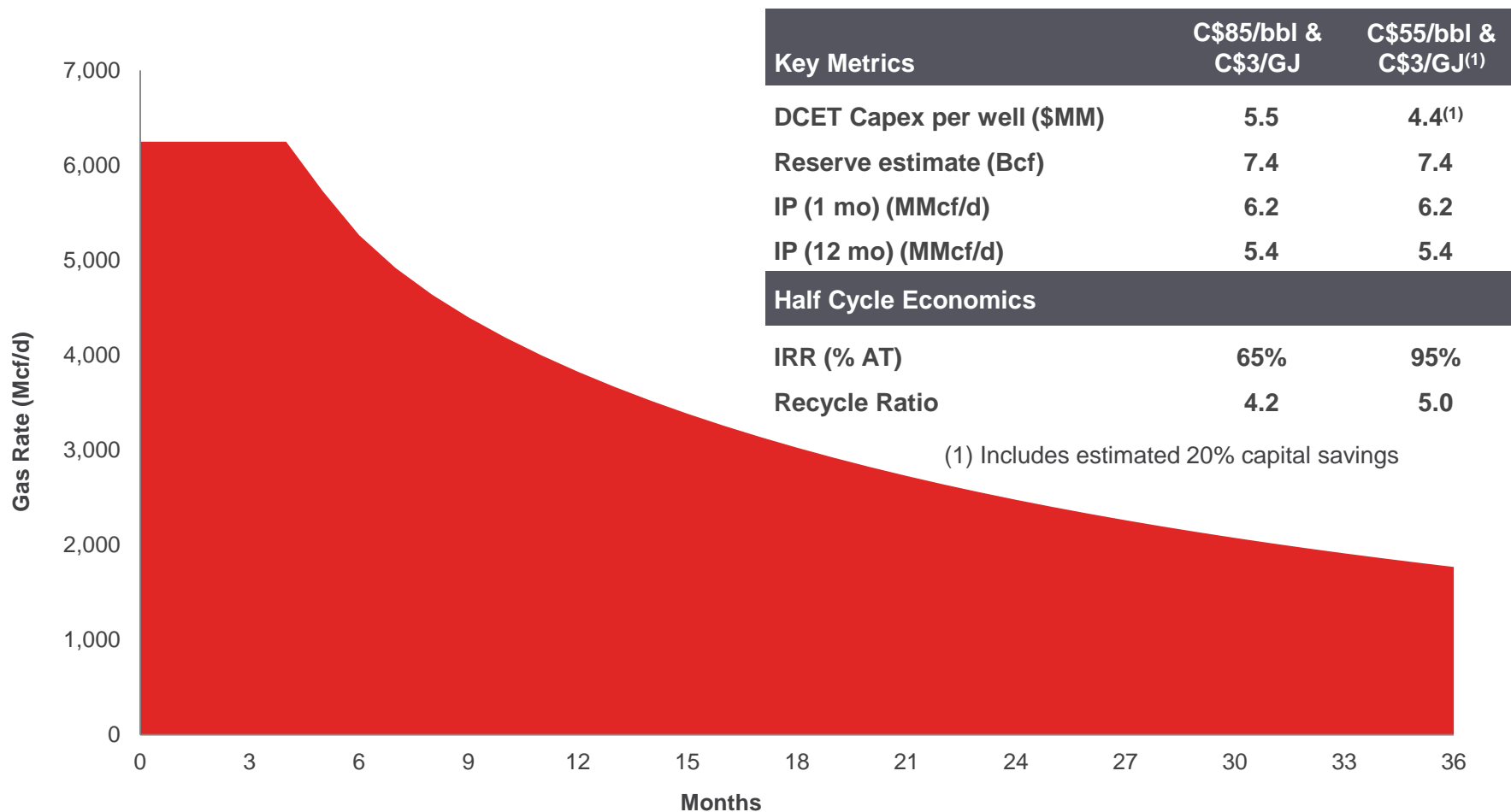
Key Metrics	2009-2011	2012	2014	2015	2015 revised*
DCET Capex/well (\$MM)	4.9	5.5	4.6	5.5	4.4
Internal 2P Reserves (Bcfe)	3.5	6.0	7.1	7.4	7.4
IP (1 mo) (MMcfd)	4.8	5.0	5.0	6.2	6.2
IP (12 mo) (MMcfd)	3.5	4.6	4.8	5.4	5.4

Half Cycle Economics C\$85/bbl and C\$3/GJ					C\$55/bbl & C\$3/GJ
	2009-2011	2012	2014	2015	2015 revised*
IRR (%AT)	31%	42%	55%	65%	95%

Dawson Development Economics



95% Rate of Return Flat at \$3/GJ AECO and C\$55/bbl

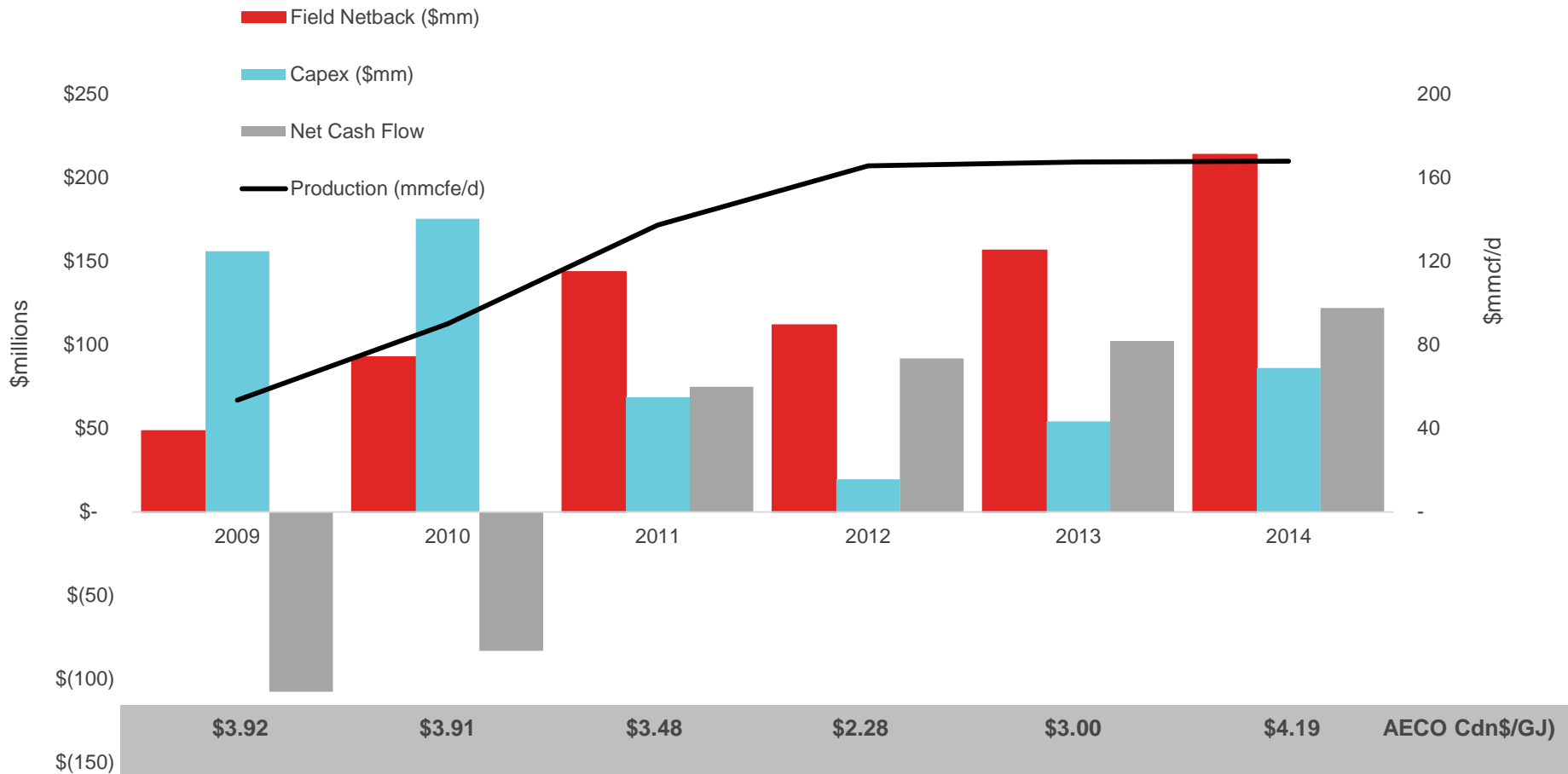


- Liquid yield assumptions: Condensate 3 bbl/mmcf, NGL 2 bbl/mmcf
- Assumed Cycle Time (from spud to on production): 4 months
- Type curve is an internal estimate based on analog wells and reservoir modeling
- Recycle ratio is calculated using first 12 months of undiscounted netback divided by F&D

Dawson – “A Cash Flow Machine”



Low Reinvestment Ratio to Maintain Significant Free Cash Flow



New Facility Planned For 2017 On-Stream

- Submitted application for two 90 MMcf/d gas plants – Dawson Phase III will be the first to be built with commissioning planned for 2017
- New Dawson Phase III Gas Plant Details:
 - Gas Plant application was submitted to OGC in Q2 2015
 - 90 MMscfd with 7,500 bbls/day of liquids handling
 - New site ideally situated in the Lower Montney/Liquids Rich play
 - Designed to handle inlets of 45 bbl/MMscf of NGL's and over 40 bbl/MMscf of Condensate
 - Low emission design complete with acid gas injection
- Total gas processing capacity in Dawson will be 255 MMscfd and over 8,500 bbls/day of liquids handling in 2017

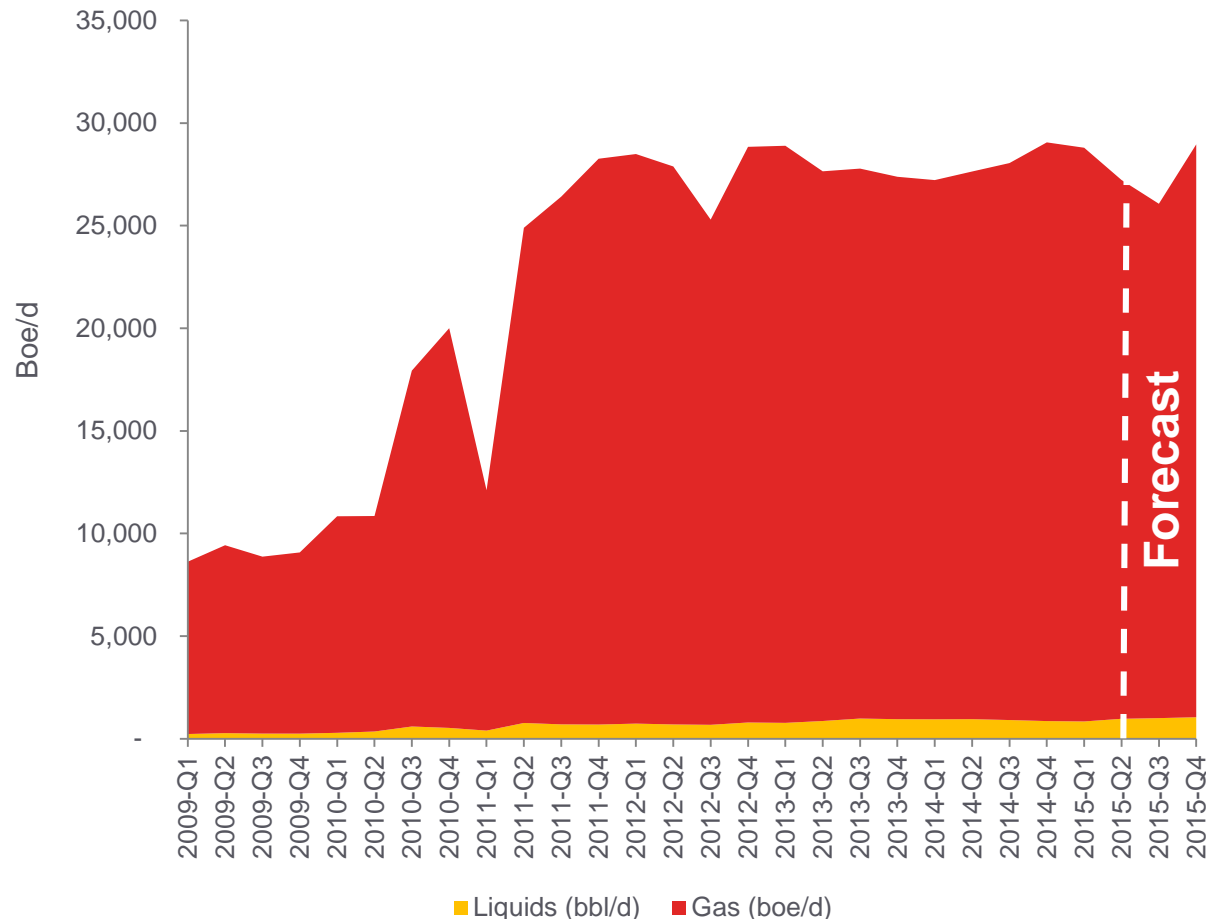


Dawson – 2015 and Beyond



Better with Age, Facility Expansion Planned

Dawson



- Continues to perform, delivering significant cash flow
- Facilities producing at capacity
- Drilled and tested 2 lower Montney wells in Q4 2014 to assess potential for higher liquids. First well on stream in February 2015 and second well forecast for summer 2015 tie-in
- New slickwater fracs with open hole packer system improving well performance

Parkland/Tower

Reaping Acquisition Benefits



Strong Economics

35% IRR (Tower)
55% IRR (Parkland)
C\$55/bbl & C\$3/GJ

Growth Driver

260% YoY 2014
liquids growth
(115% total growth)

Exceptional Results

700 to 1400 boe/d
IP30 for recent
2014 wells

Three Layer Development

Lower Montney Pilot
well on-stream

Liquids Growth

Doubling oil handling
capacity in 2015

Breakeven Price

C\$40/bbl
C\$30/bbl⁽¹⁾ (Tower)
<C\$1.00/mcf (Parkland)

(1) Breakeven pricing assumes 20% cost savings as compared to late 2014 estimates.

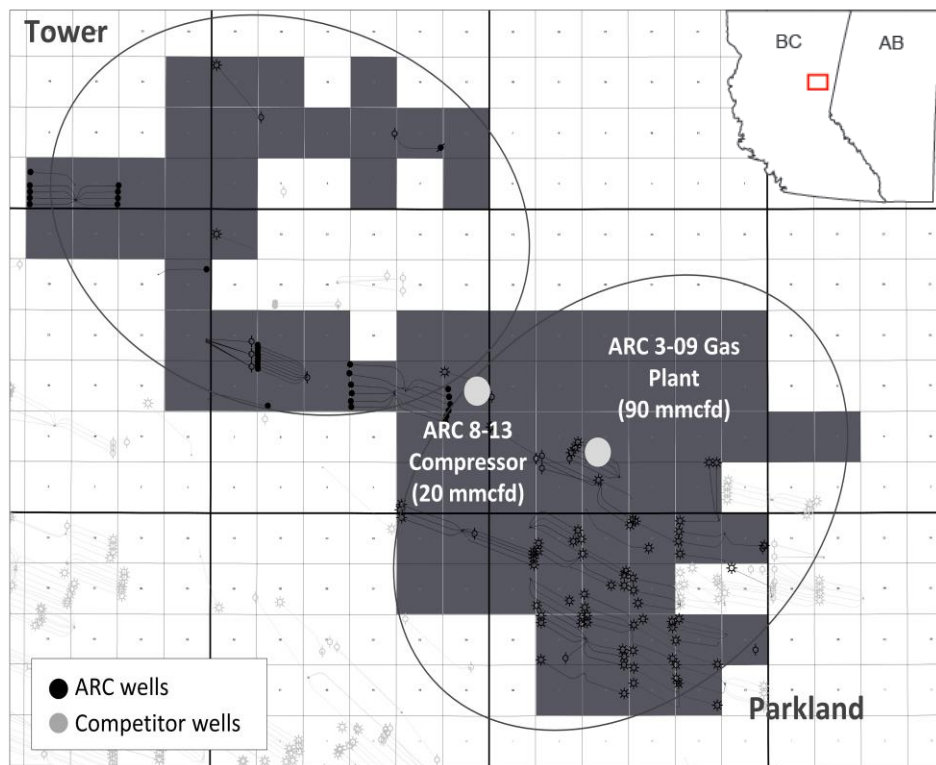
* IRR – Half cycle after tax rate of return based on C\$55/bbl Edmonton Sweet (MSW) and C\$3/GJ AECO

* Free Cash Flow – Defined as Revenue – royalties – op costs - transportation costs – capital expenditures (before land and net acquisitions).

* F&D – 2014 Finding and Development Cost before changes in future development capital.

Parkland/Tower – Asset Details

Significant Value Creation

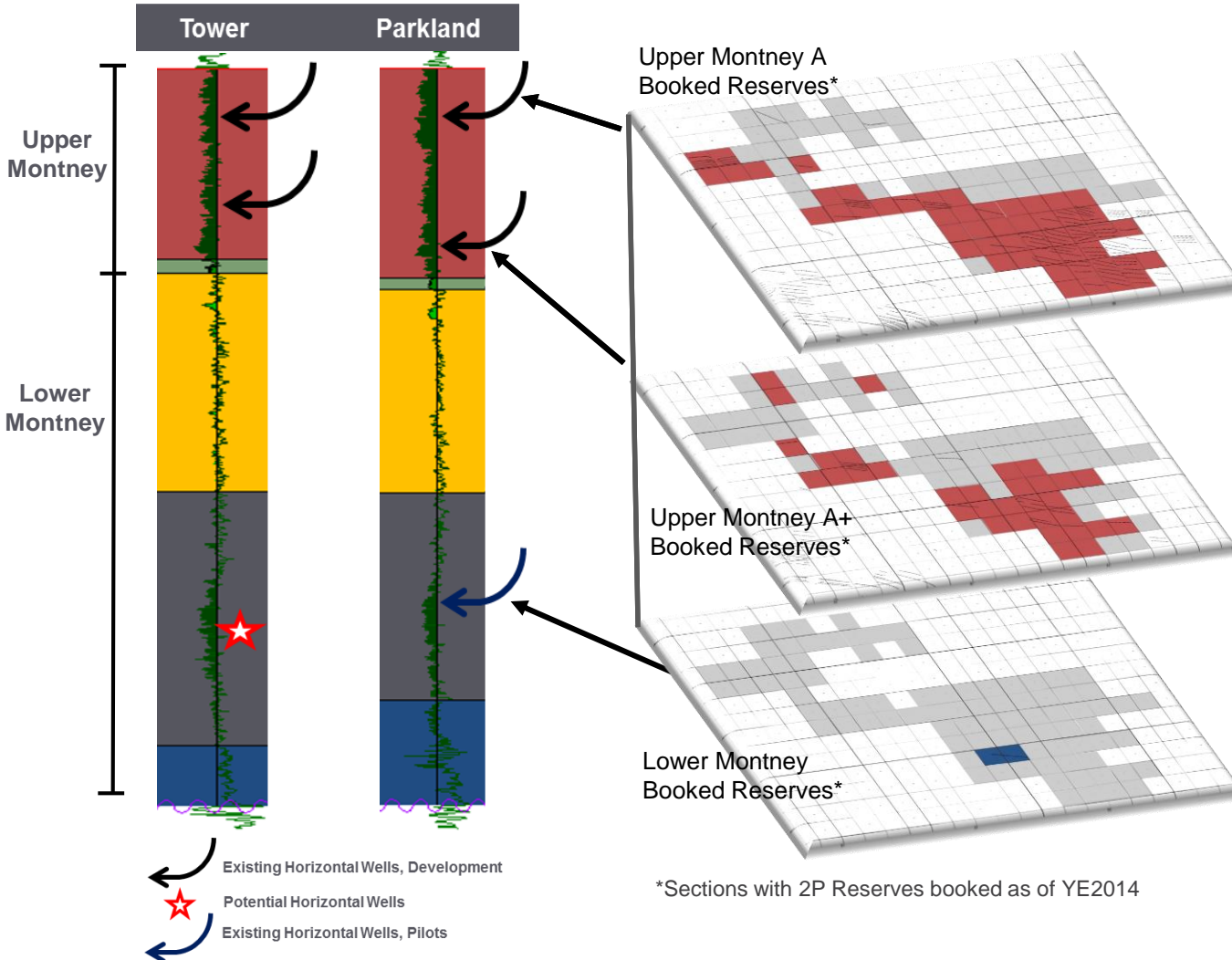


	Parkland	Tower
Net production (boe/d) – Q1 2015	18,000	6,410
Liquids (bbls/d)	2,650	3,750
Gas (mmcf/d)	92	15.9
Land (net sections)	23	57
Working Interest	~84%	~92%
Reserves (2P mmboe)	80.4	27.8
Liquids (mmbbls)	13.3	16.8
Gas (bcf)	402	66.2
Reserve Life Index	13	11

	Year	2010	2011	2012	2013	2014	2015
Tower	# Hz Operated Wells Drilled	0	3	11	13	11	22
Parkland	# Hz Operated Wells Drilled	12	9	0	15	18	2

Parkland/Tower Development Potential

Incremental Reserves Potential with Multilayer Development

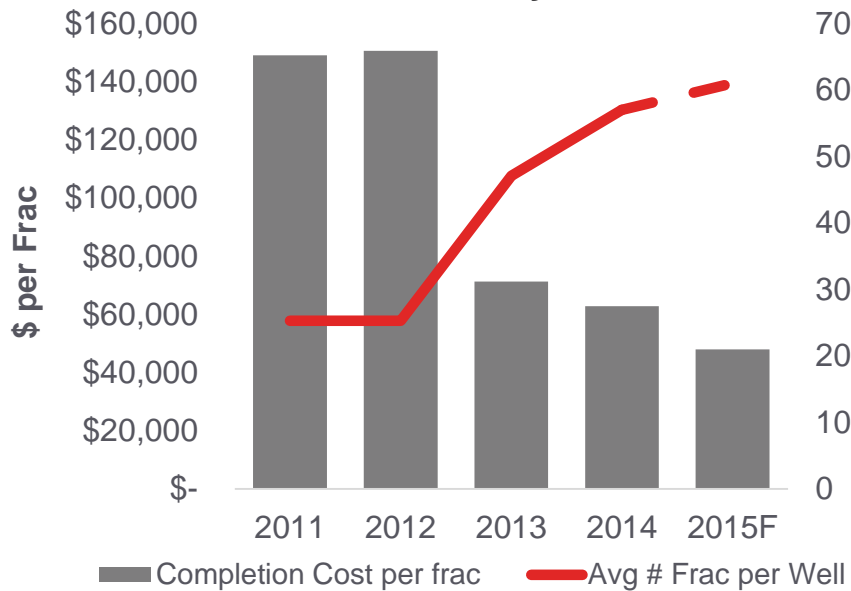


- Upper Montney supports two layers of development at Parkland and Tower
- At year end 2014, ~60% of WI lands had reserves booked to Upper Montney A
- Currently piloting Lower Montney potential
- Current well density is 3 Hz wells per section in Parkland and 0.6 Hz wells per section in Tower

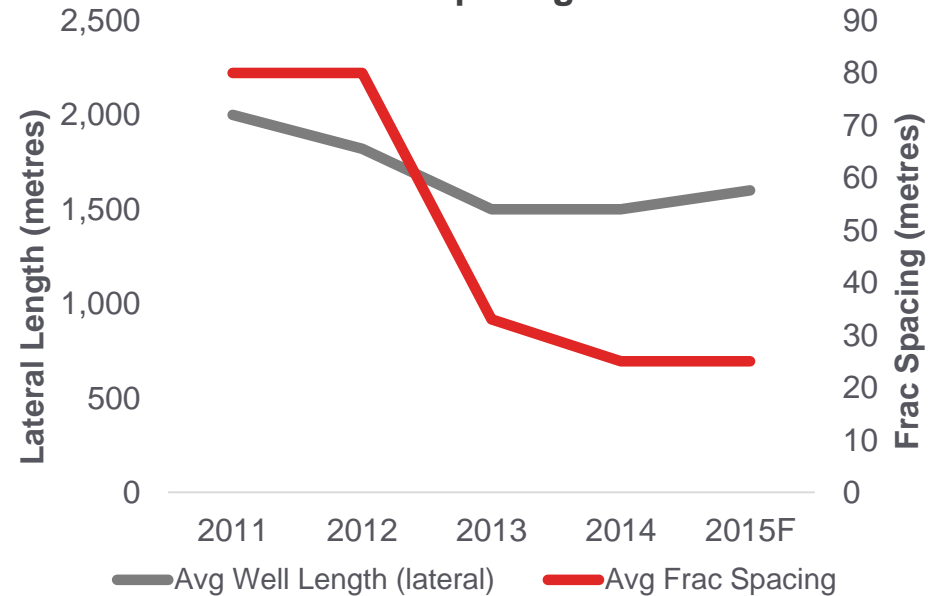
Operational Excellence – Tower

Optimal Frac Design and Significant Efficiency Gains in Tight Oil Play

60% Decrease in Cost/Frac, 2X Increase in Frac Intensity

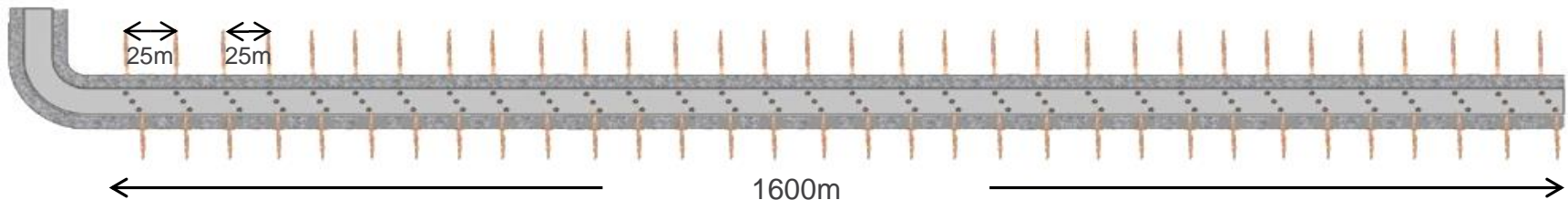


Applying Learnings in Well Length and Frac Spacing



Frac Design

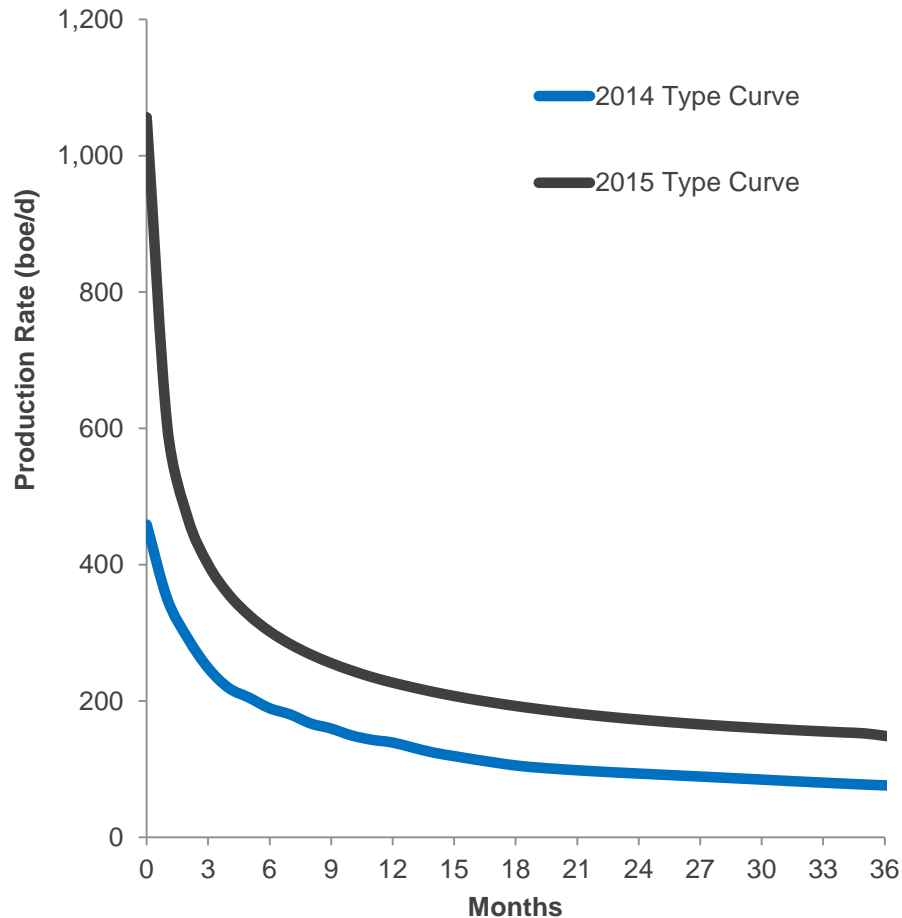
- 45T Slickwater Fracs with Plug and Perf



Tower Completions Advancement



Advanced Completion Design = Improved Performance



Completions	2014	2015	2015 Revised*
Frac spacing (m)	40	25	25
Frac per well	44	60	60
Avg. tonnage per frac	50	45	45
Cost per frac (\$000)	80	60	48
Frac type	Plug & Perf	Plug & Perf	Plug & Perf
Fluid system	Hybrid	Slickwater	Slickwater

Key Metrics	2014	2015	2015 revised*
DCET Capex/well (\$MM)	5.9	6.5	5.2
Internal 2P Reserves (MBOE)	400	600	600
IP (1 mo) (boed)	440	1000	1000
IP (12 mo) (boed)	220	400	400

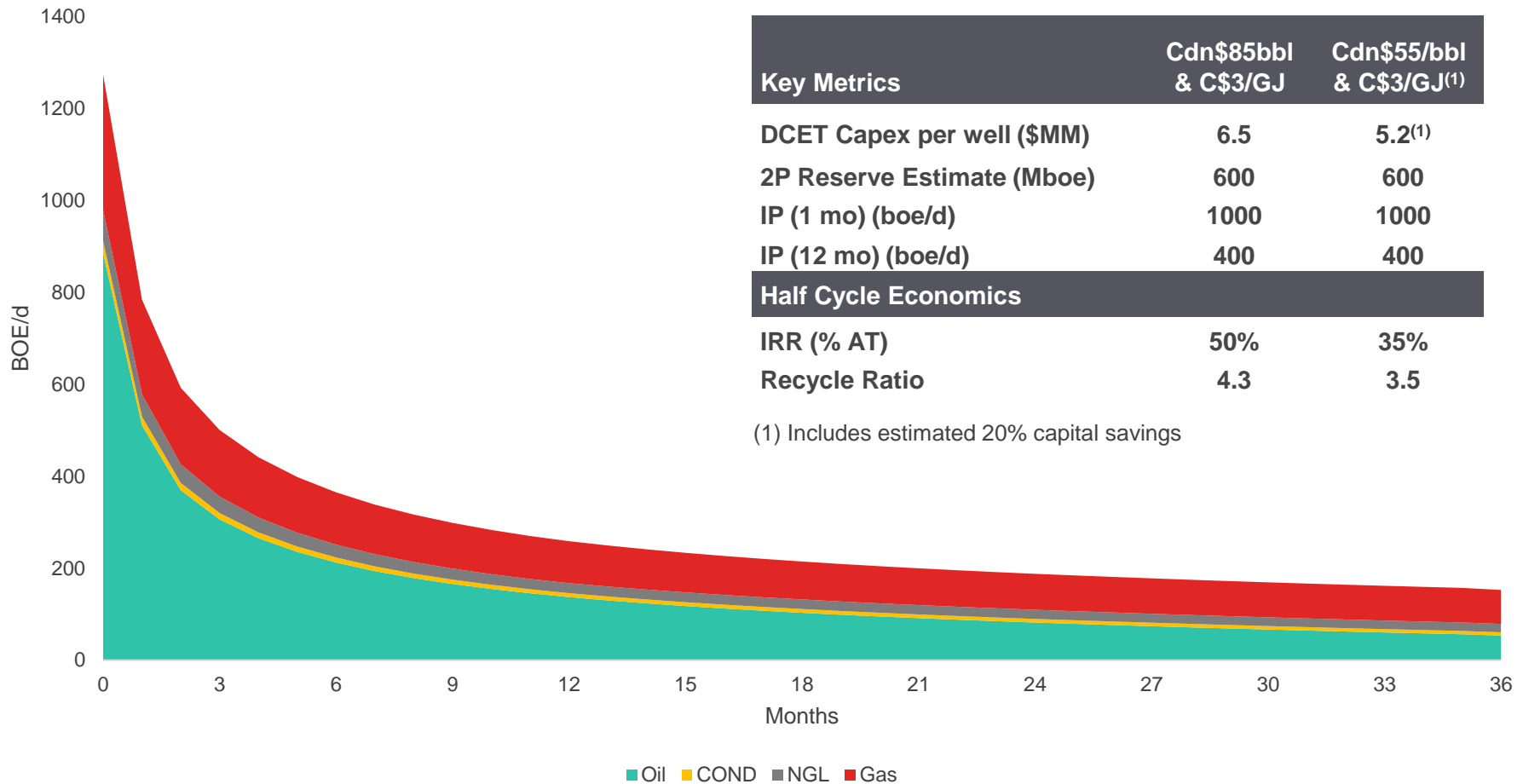
Half Cycle Economics C\$85/bbl and C\$3/GJ	C\$55/bbl & C\$3/GJ		
	2014	2015	2015 revised*
IRR (%AT)	28%	50%	35%

Type curves are internal estimates based on analog wells and reservoir modelling
 *2015 revised includes 20% capital savings as compared to late 2014 estimates

Tower Development Economics



35% Rate of Return Flat at \$3/GJ AECO and C\$55/bbl

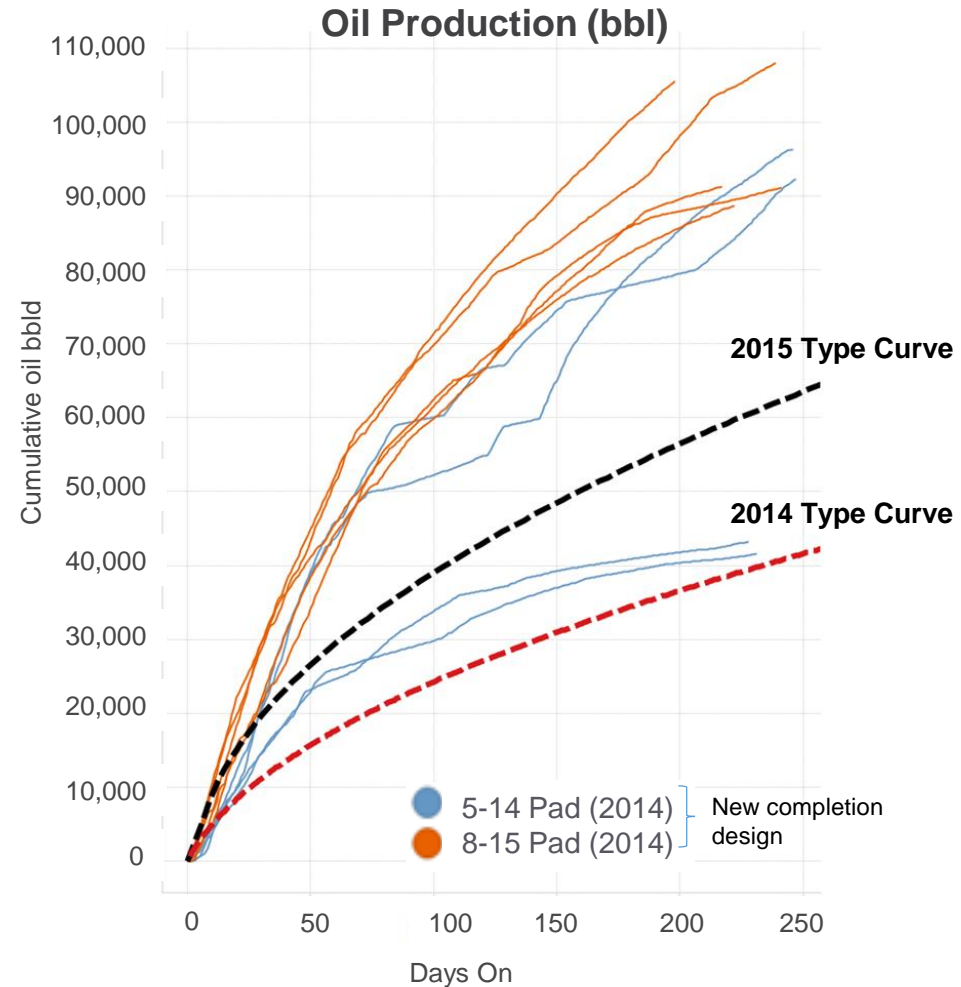
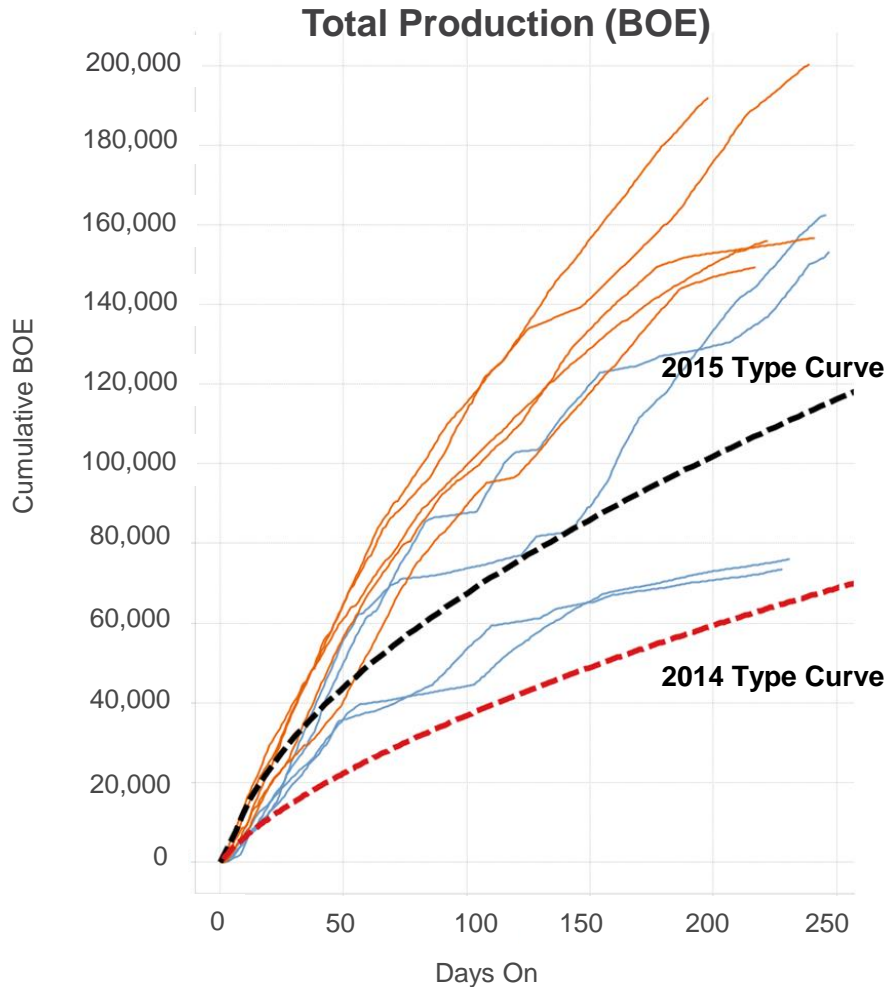


- Liquid yield assumptions: Condensate 15 bbl/mmcf, NGL 37 bbl/mmcf
- Reserves estimate breakdown: 200 mbbbls oil, 100 mbbbls NGL/Condensate and 1.8 bcf natural gas
- Assumed Cycle Time (from spud to on production): 5 months
- Type curve is an internal estimate based on analog wells and reservoir modeling
- Recycle ratio is calculated using first 12 months of undiscounted netback divided by F&D

Tower Cumulative Production

New Wells are Exceeding Type Curve

- Two wells have produced in excess of 100,000 bbl oil in under 7 months



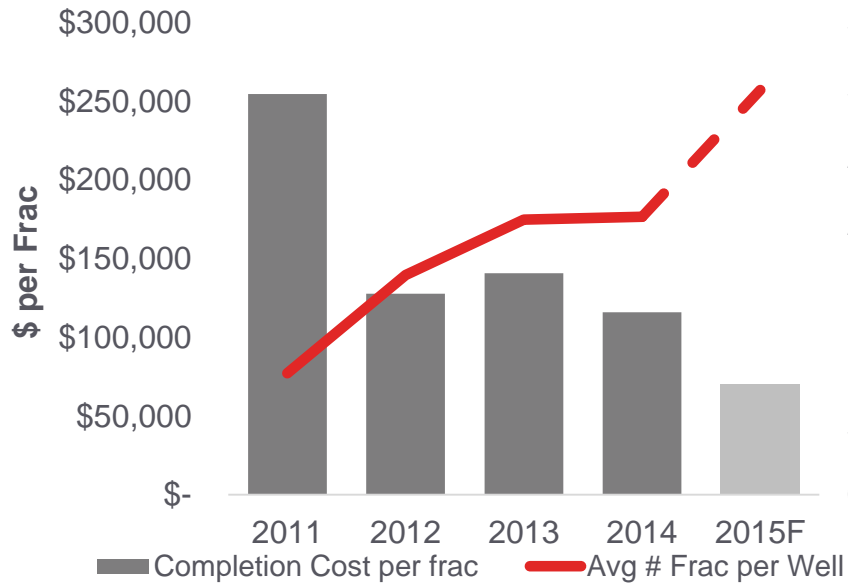
*Smoothed data using 6 day moving average

Type curves are based on internal estimates based on analog wells and reservoir modelling

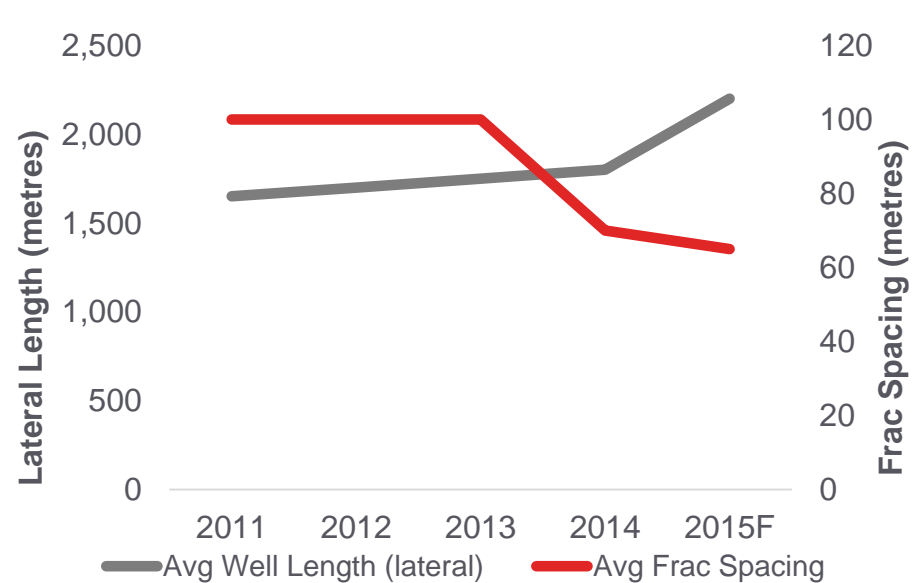
Operational Excellence – Parkland

Learnings from Dawson = Advanced Frac Design and Improved Results at Parkland

Optimizing # Fracs, Lowering Costs

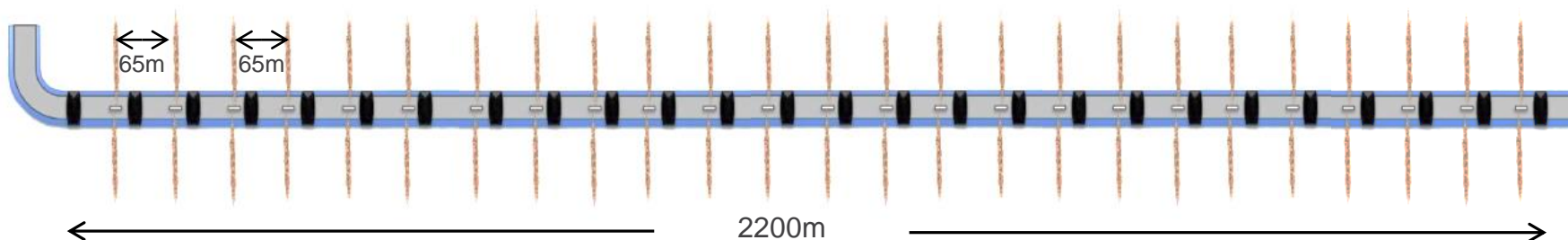


Optimizing Well Length and Frac Spacing



Frac Design

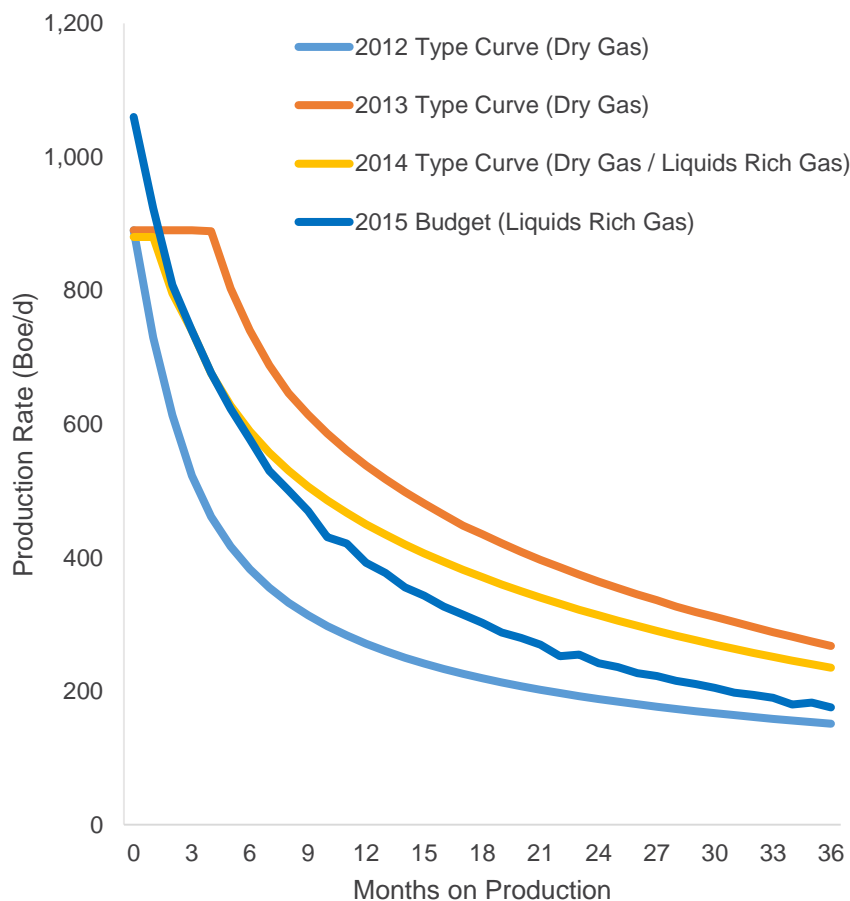
- 60T Slickwater Fracs with Open Hole Packers/Ball Drop system



Parkland Development Economics



Targeting Liquids With Step Out From Core



Completions	2012	2013	2014	2015	2015 Revised*
Frac spacing (m)	180	100	80	70	70
Fracs per well	10	15	22	30	30
Avg. tonnage per frac (T)	100	60	60	60	60
Cost per frac (\$000)	247	212	125	110	88
Frac type	Plug & Perf	Plug & Perf	Plug & Perf / Openhole Packers	Openhole Packers	Openhole Packers
Fluid system	Polymer H2O/CO2	Slickwater Hybrid	Slickwater	Slickwater	Slickwater

Key Metrics	2012	2013	2014	2015	2015 Revised*
DCET Capex/well (\$MM)	4.7	5.2	5.0	5.7	4.6
Internal 2P Reserves (Bcfe)	5.4	6.6	5.8	5.8	5.8
IP (1 mo) (Boed)	850	890	850	1080	1080
IP (12 mo) (Boed)	430	760	630	645	645

Half Cycle Economics C\$85/bbl and C\$3/GJ					C\$55/bbl & C\$3/GJ
	2012	2013	2014	2015	2015 revised*
IRR (%AT)	31%	54%	48%	50%	55%

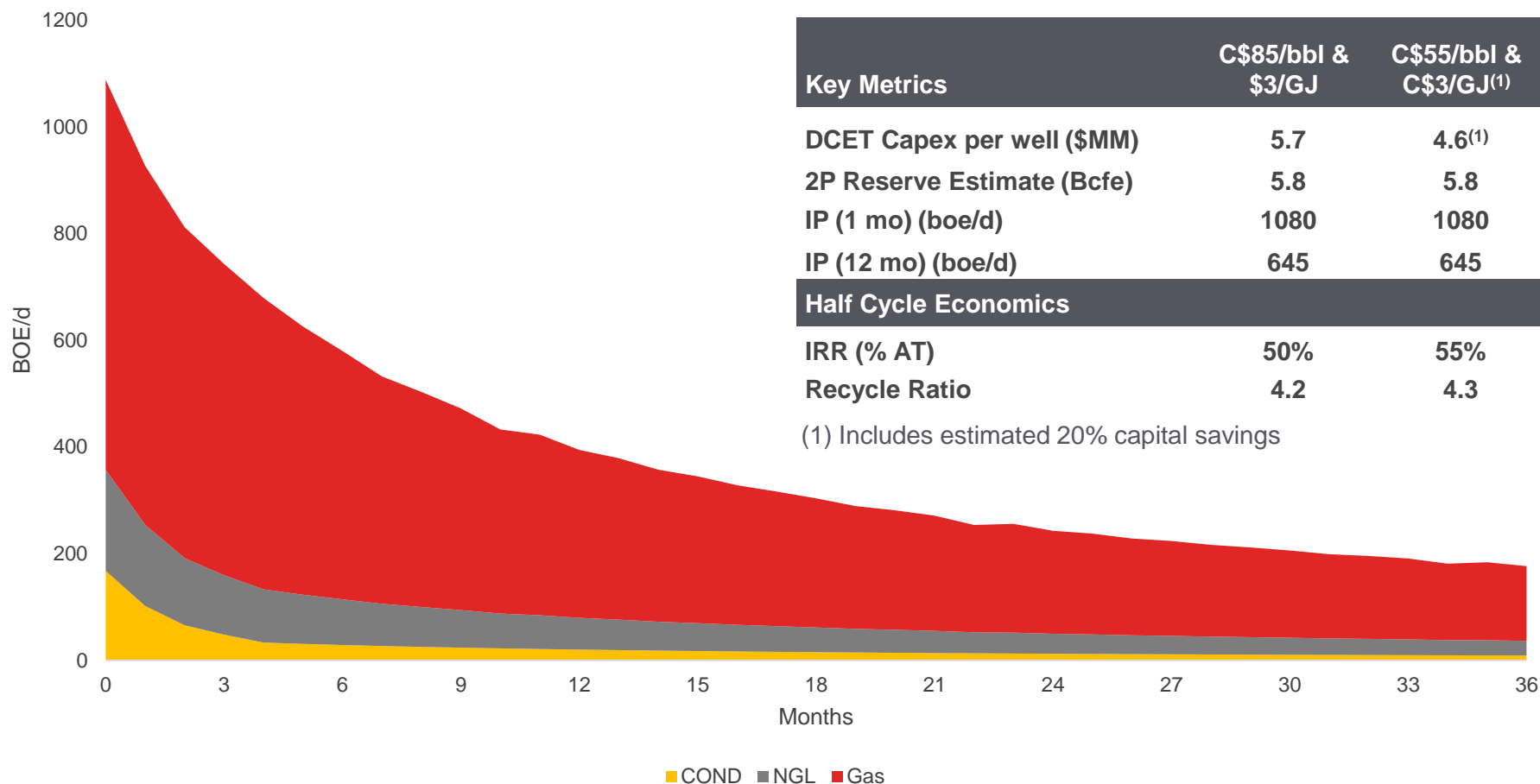
Type curves are internal estimates based on analog wells and reservoir modelling

*2015 revised includes 20% capital savings as compared to late 2014 estimates

Parkland Development Economics



55% Rate of Return at Flat \$3/GJ AECO and C\$55/bbl

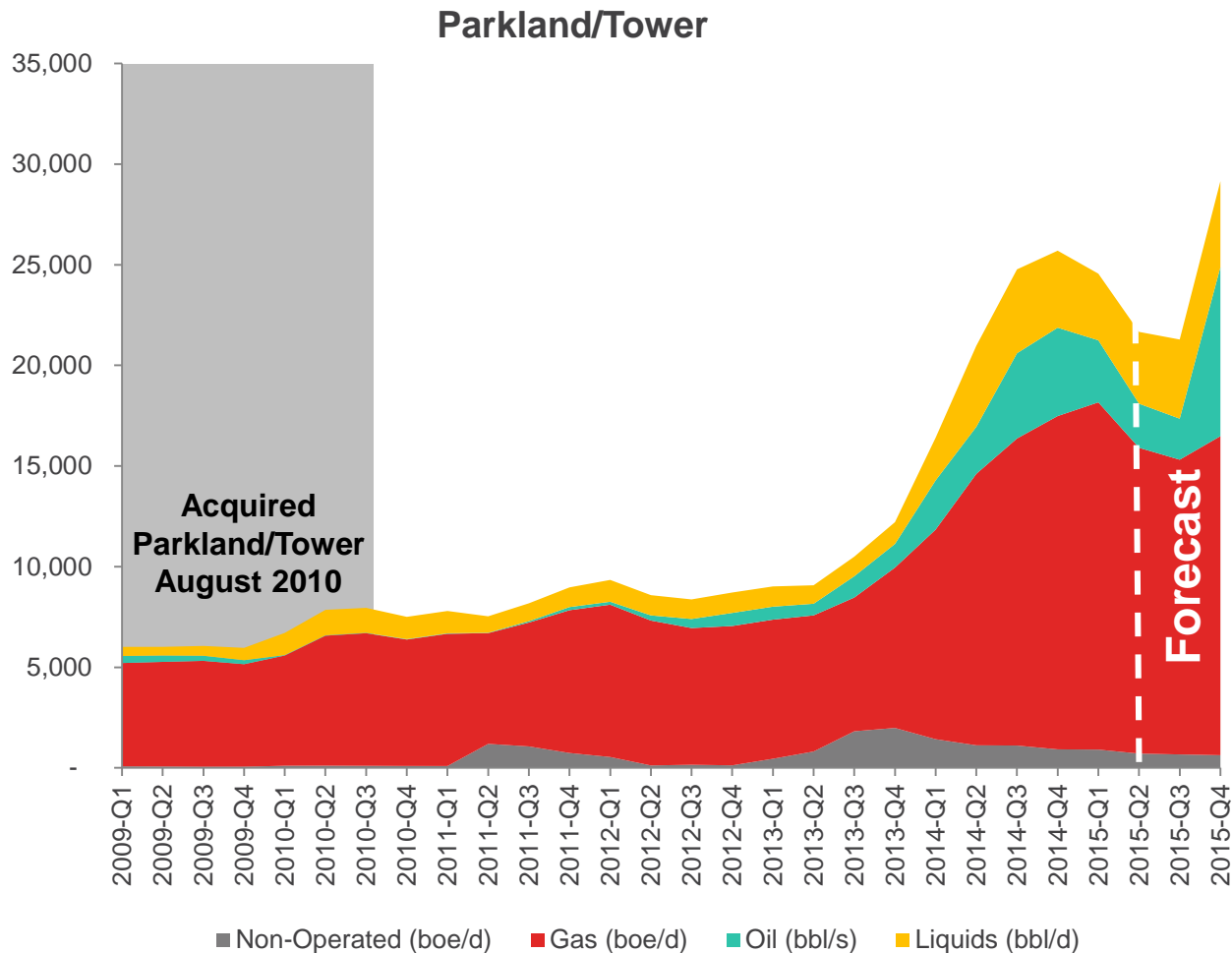


- Liquid yield assumptions: Condensate 16 bbl/mmcf, NGL 22 bbl/mmcf
- Reserves estimate breakdown: 180 mbbbls NGL/Condensate and 4.7 bcf (sales) natural gas
- Assumed Cycle Time (from spud to on production): 5 months
- Type curve is an internal estimate based on analog wells and reservoir modeling
- Recycle ratio is calculated using first 12 months of undiscounted netback divided by F&D

Parkland/Tower 2015



~10% Year-over-Year Increase in 2015F Production



- Dry gas areas in Parkland have delivered strong results in 2014
- 24 Gross Operated Wells Planned for 2015 (22 Tower, 2 Parkland)
- 2015 drilling will be focused on Tower oil and Parkland liquids-rich areas to optimize facility capacity
- New oil treating capacity to double to 10,000 bbls/d in 2015

* Operated and non-operated capital and volumes, gross operated wells only.

Sunrise

Long-term Growth Opportunity



Significant Resource

6.6 Tcf
of gas resource

Strong Economics

65% IRR
C\$55/bbl & C\$3/GJ

Four Layer Development

Currently producing
from all four layers

2015 Growth Driver

New 60 mmcf/d
facility on-stream
late 2015

Breakeven Price

C\$1.65/mcf
C\$1.45/mcf⁽¹⁾

Low Cost Gas

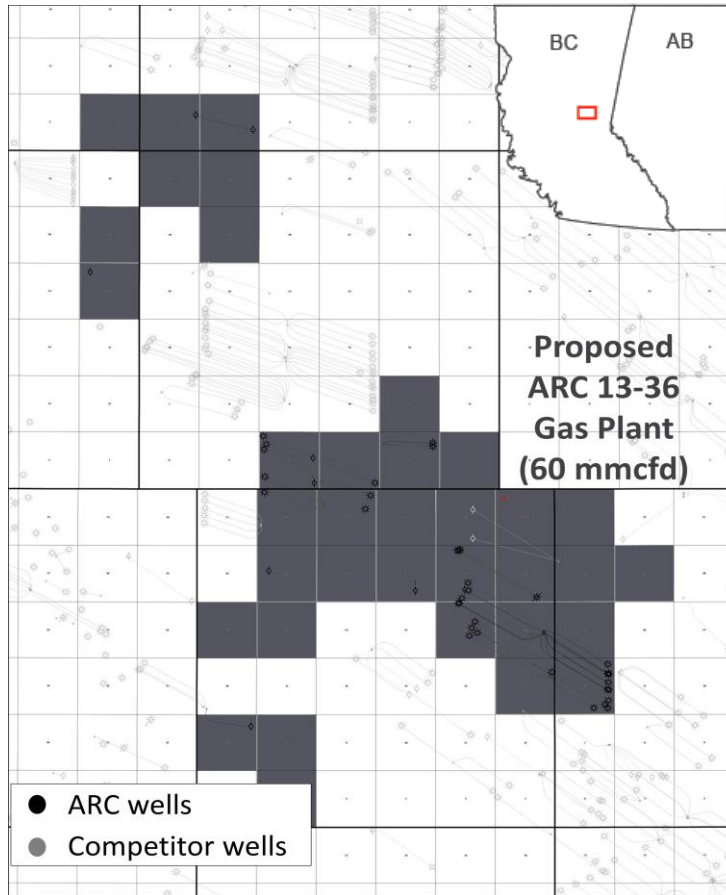
Op cost \$0.60/mcf
F&D \$0.53/mcf

(1) Breakeven price assumes 20% cost savings as compared to late 2014 estimates. *Breakeven – Cdn\$ per bbl or mcf price as indicated defined as price at which NPV10 is equal to zero.
* IRR – Half cycle after tax rate of return based on C\$55/bbl Edmonton Sweet (MSW) and C\$3/GJ AECO
* Free Cash Flow – Defined as Revenue – royalties – op costs - transportation costs – capital expenditures (before land and net acquisitions).
* F&D – 2014 Finding and Development Cost before changes in future development capital.
* Significant Resource - TPIIP as per 2014 year end GLJ report based on 1% porosity cut-off – see “See “Reserves and Resources Disclosure” and “Definitions of Oil and Gas Reserves and Resources” in the Appendix to this presentation.

Sunrise/Sunset Asset Details



Sunrise/Sunset Moving Forward with Full Scale Development



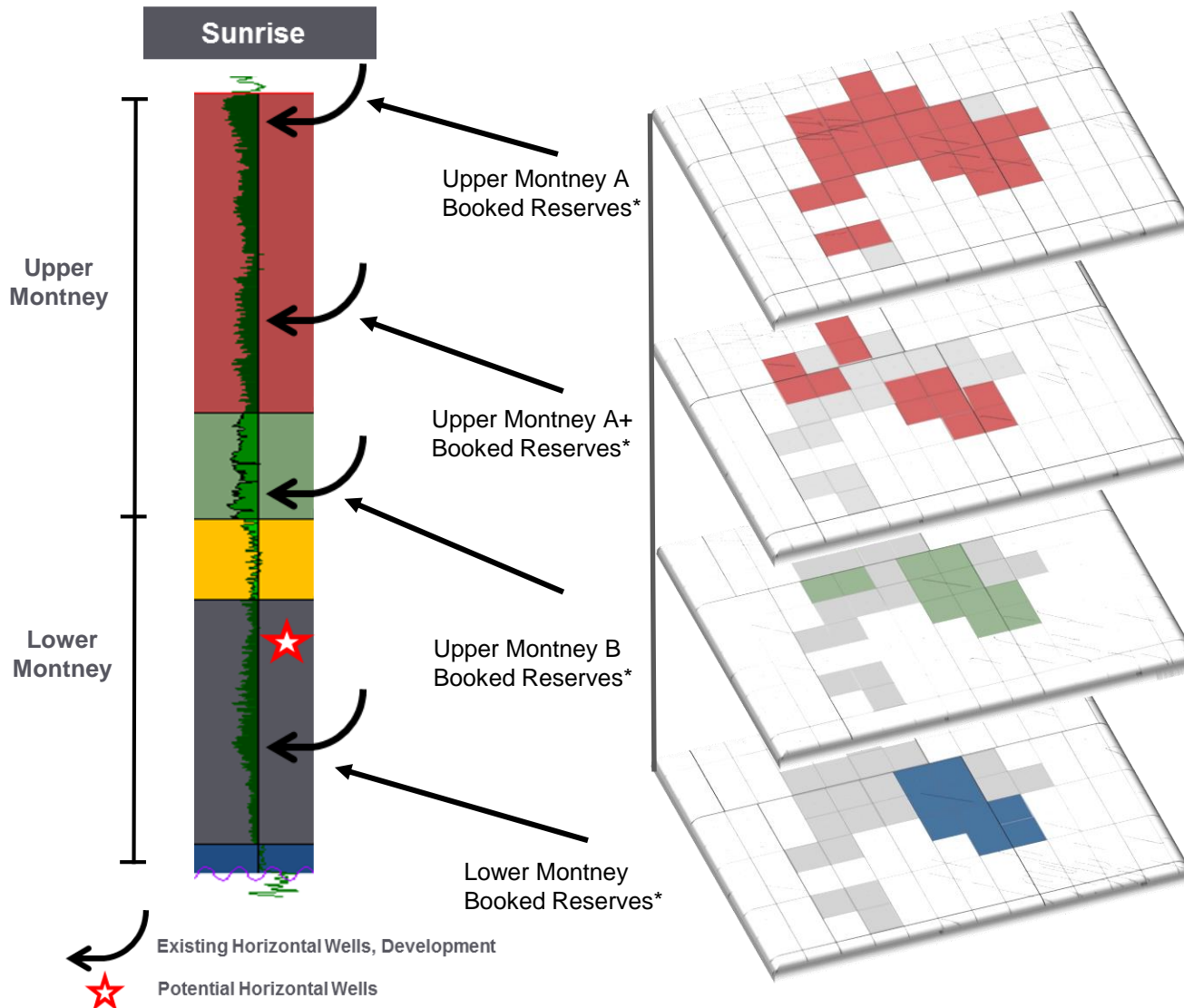
Sunrise has progressed from pilot to full scale development

Net production (boe/d) – Q1 2015	12,100
Liquids (bbls/d)	130
Gas (mmcf/d)	72.0
Land (net Montney sections)	32
Working Interest	~89%
Reserves (2P mmboe)	147
Liquids (mmbbls)	2.1
Gas (bcf)	871
Reserve Life Index	29

	Year	2010	2011	2012	2013	2014	2015
Sunrise/ Sunset	# Hz Operated Wells Drilled	4	2	0	2	15	13

Sunrise Development Potential

Proven Productivity from Four Layered Development



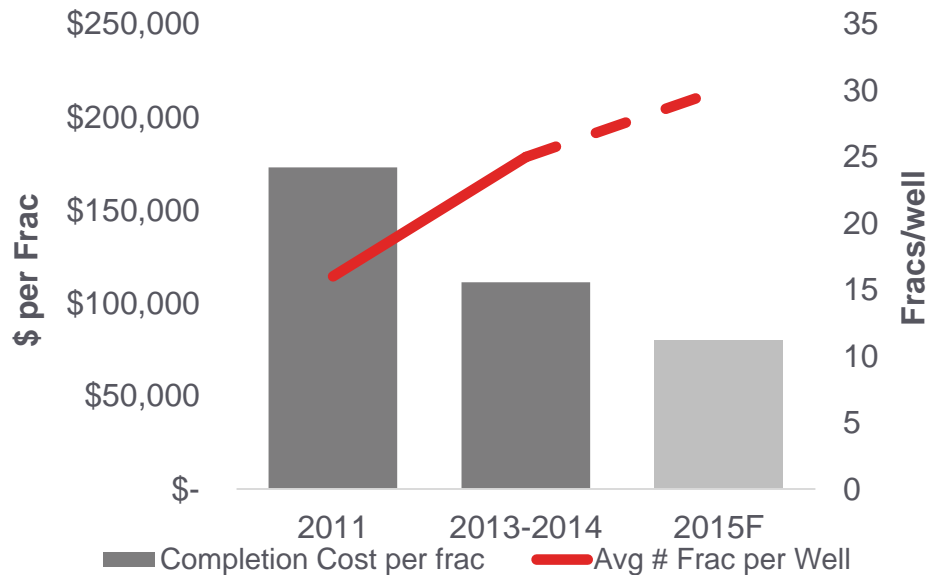
- Known reserves exist in Upper Montney A. 2014 drilling program has proved Upper Montney A+ productivity
- With four layered development at Sunrise, ARC's 24 net sections are equivalent to 96 net sections of single layer development
- Current well density of 1 Hz well per section

*Sections with 2P Reserves booked as of YE2014

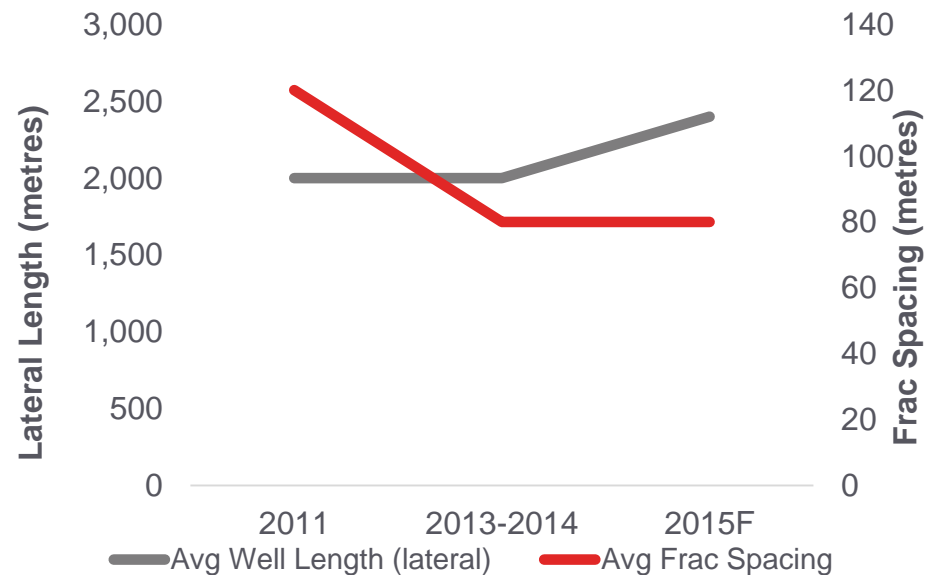
Operational Excellence – Sunrise

Incorporating Learnings into Early Development = Excellent Initial Results

Doubling Fracs/well over 3 years

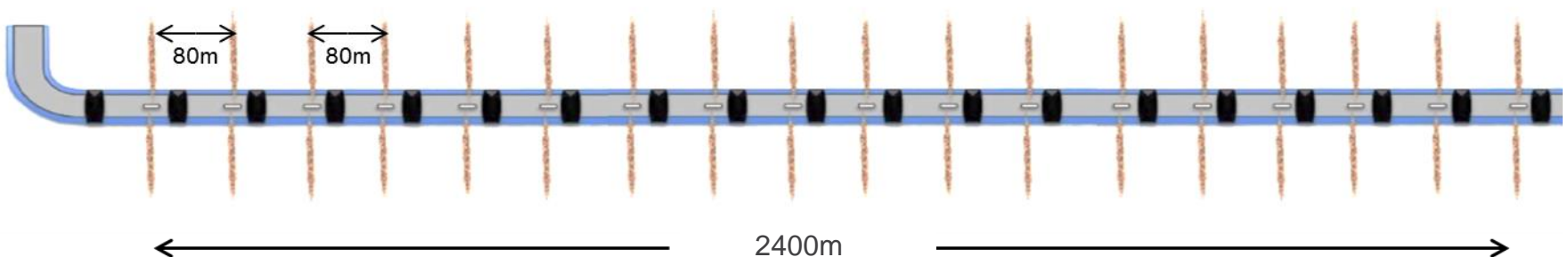


Efficient Lateral Length



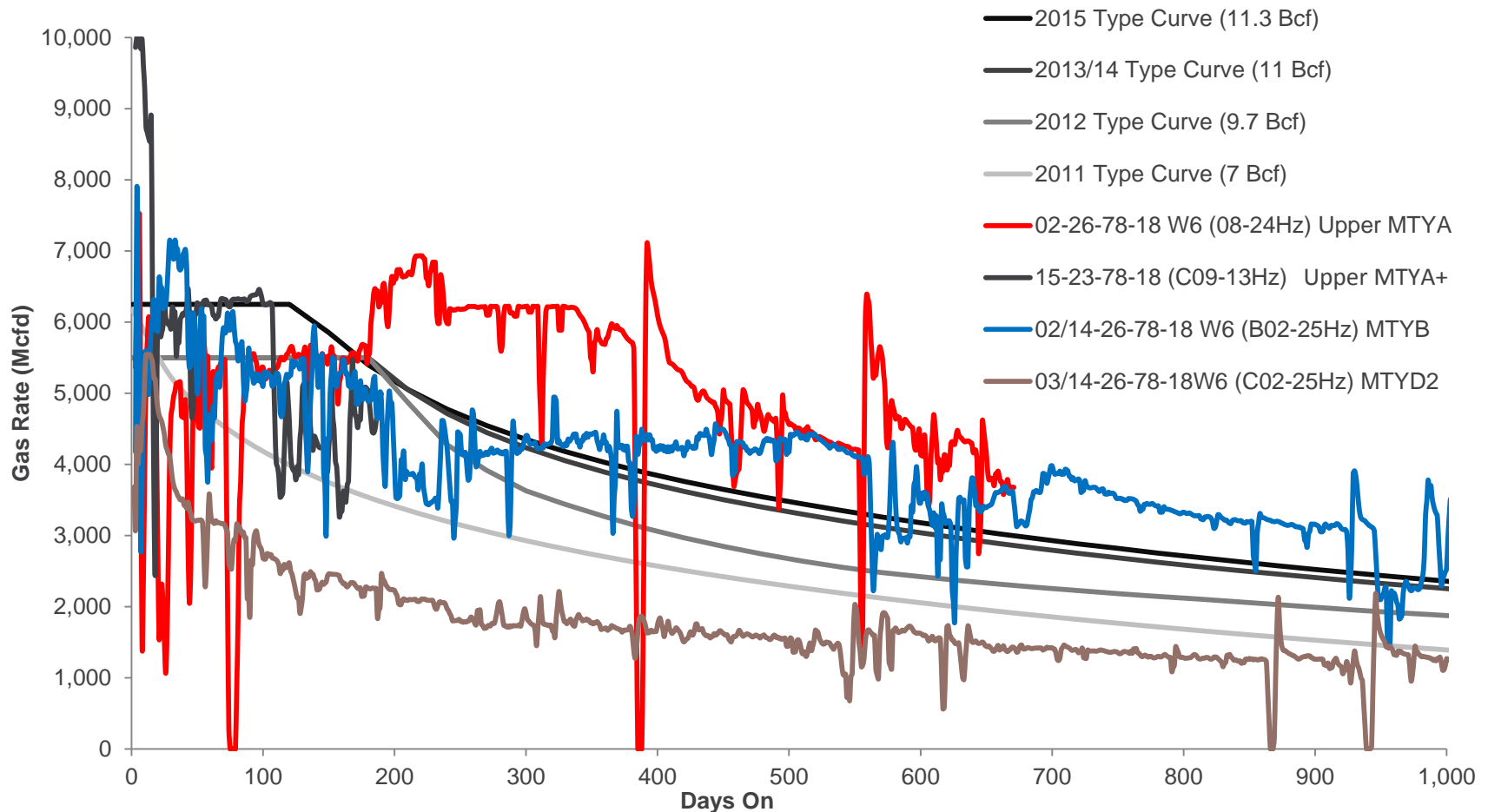
Frac Design

- 100T Slickwater Fracs with Open Hole Packers/Ball Drop system



Sunrise Outperforming Expectations

Drilling Results Prove Four Layer Development Model



C09-13 Hz (Lower MTYA) - restricted due to capacity / water restriction as of ~100 days of production (some shut in periods have been removed)

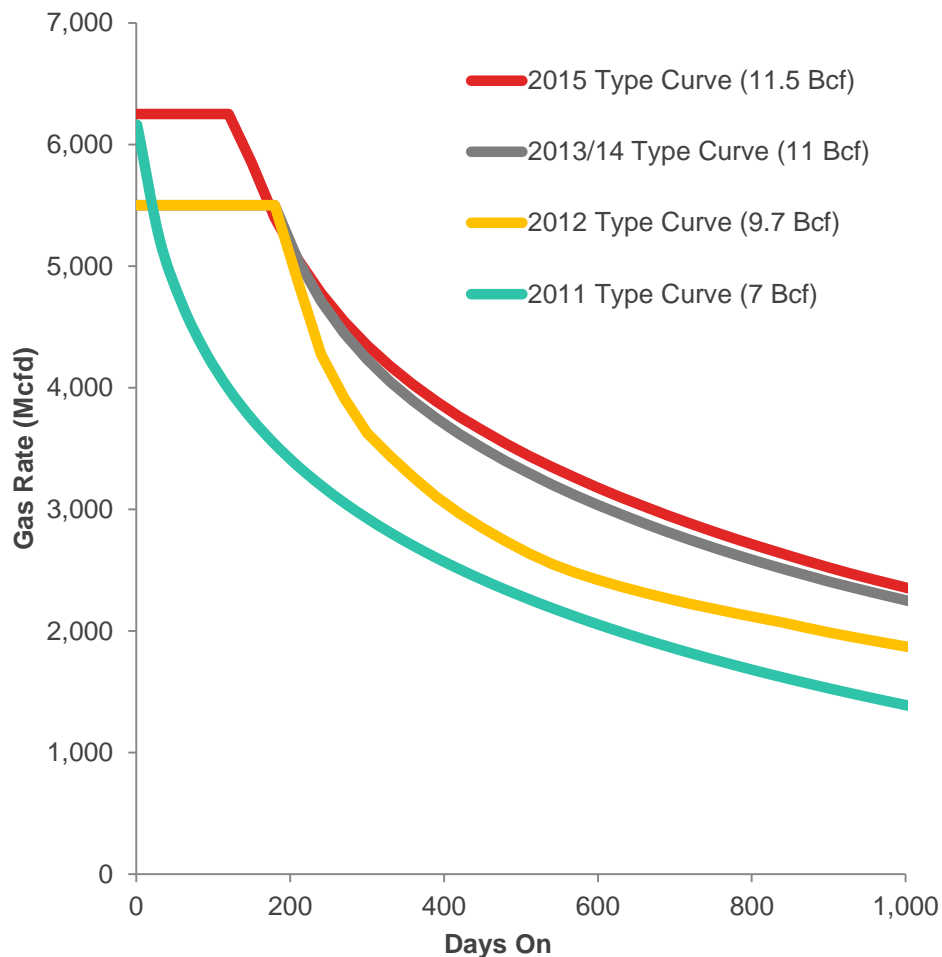
C02-25Hz (MTYD2): 130m interfrac spacing --> proposing 65m interfrac for this zone going forward.

B02-25Hz (MTYB) was drilled and completed same year as C02-25Hz but had 115m interfrac spacing.

Sunrise Continuous Improvements



Enhanced Well Design = Type Curve Improvement



Completions	2009-2011	2013-2014	2015	2015 Revised*
Frac spacing (m)	120	80	80	80
# Fracs per well	16	25	25	29
Avg. tonnage per frac (T)	60	100	100	100
Cost per frac (\$000)	173	111	100	80
Fluid system	Hybrid / Slickwater	Slickwater	Slickwater	Slickwater

Key Metrics	2009-2011	2013-2014	2015	2015 Revised*
DCET Capex/well (\$MM)	7	5.2	6.0	4.8
Internal 2P Reserves (Bcfe)	6.6	11	11.5	11.5
IP (1 mo) (MMcfd)	5.8	5.3	6.2	6.2
IP (12 mo) (MMcfd)	3.7	4.8	5.4	5.4

Half Cycle Economics C\$85/bbl and C\$3/GJ				C\$55/bbl & C\$3/GJ
	2009-2011	2013-2014	2015	2015 revised*
IRR (%AT)	33%	50%	50%	65%

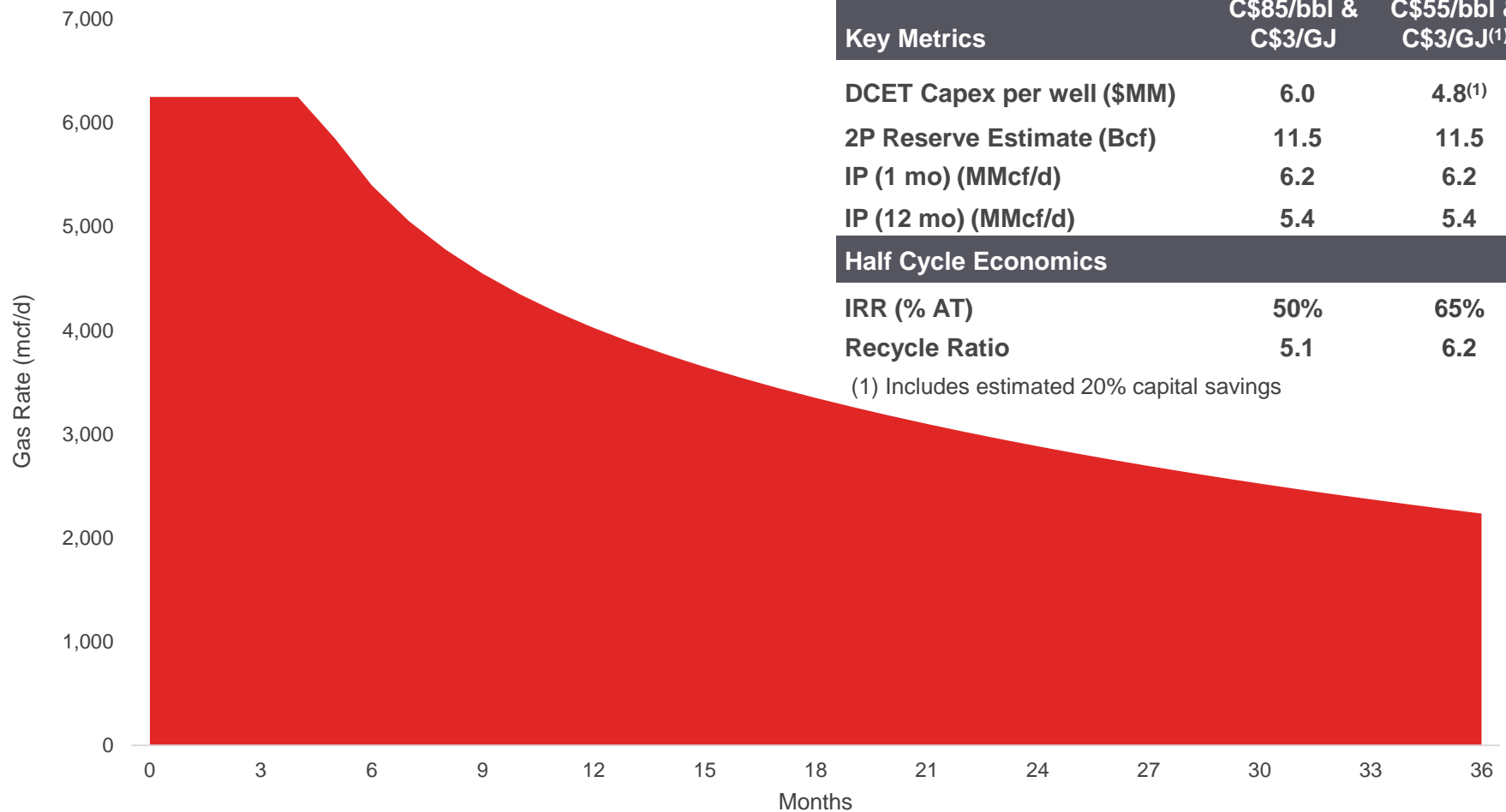
Type curves are internal estimates based on analog wells and reservoir modelling

*2015 revised includes 20% capital savings as compared to late 2014 estimates

Sunrise Development Economics



65% Rate of Return Flat at \$3/GJ AECO and C\$55/bbl



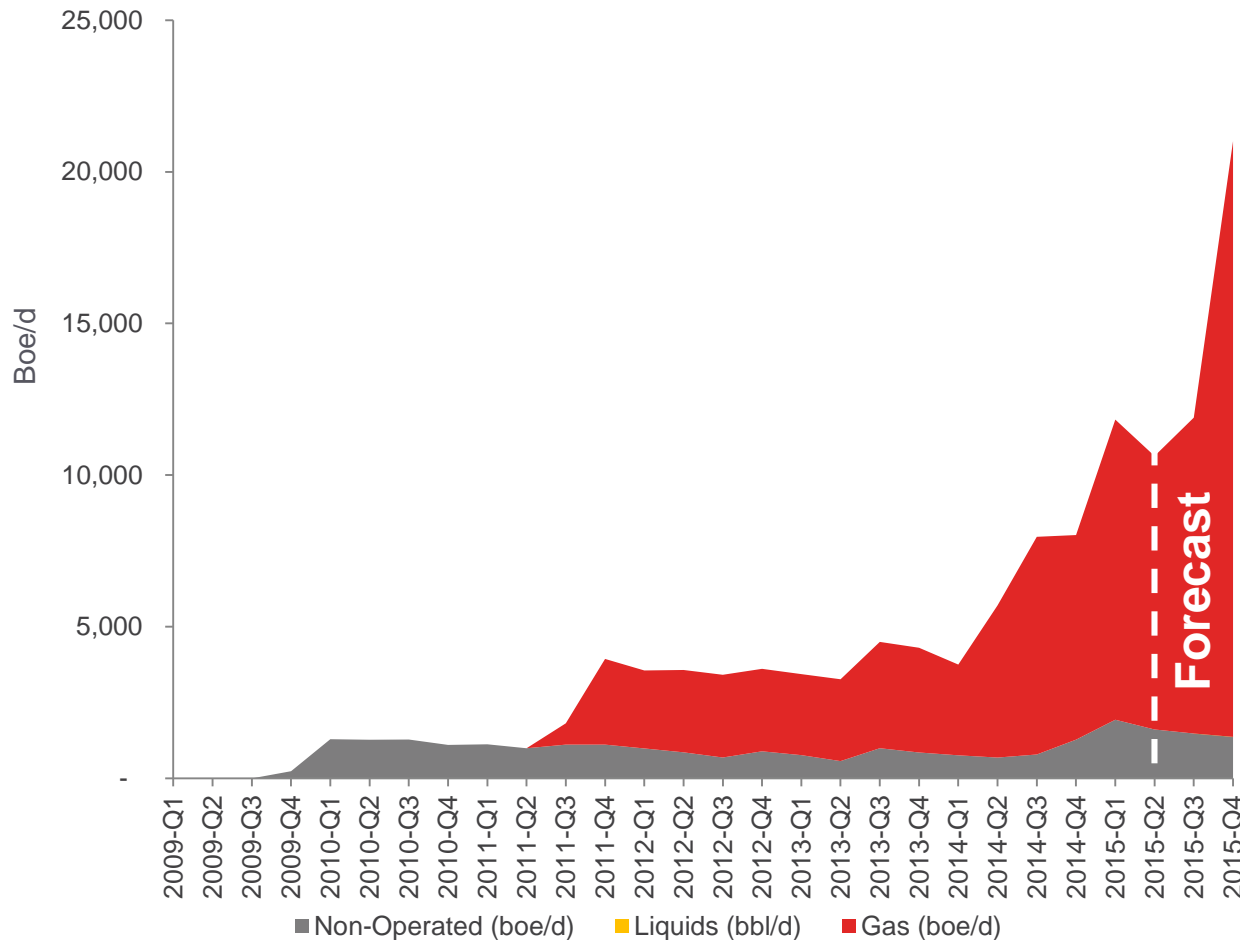
- Liquid yield assumptions: Condensate 1 bbl/mmcf, NGL 0.6 bbl/mmcf
- Assumed Cycle Time (from spud to on production): 4 months
- Type curve is an internal estimate based on analog wells and reservoir modeling
- Recycle ratio is calculated using first 12 months of undiscounted netback divided by F&D

Sunrise – 2015 and Beyond



Commercial Development of Sunrise with >100% YOY Increase in 2015F Production

Sunrise



- New wells brought on-stream through third party processing facility through second half of 2014
- Montney B suggests similar performance to the Montney A based on IP and projected EUR
- 60 mmcf/d operated gas processing facility planned for late 2015 (120 mmcf/d approved)

* Operated and non-operated capital and volumes, gross operated wells only.



Montney Pilots Projects

Significant Future Potential



Montney Pilots

Proving Future Value Before Full Scale Development

West Attachie:
Pilot Production
on-stream since
Q2 2014

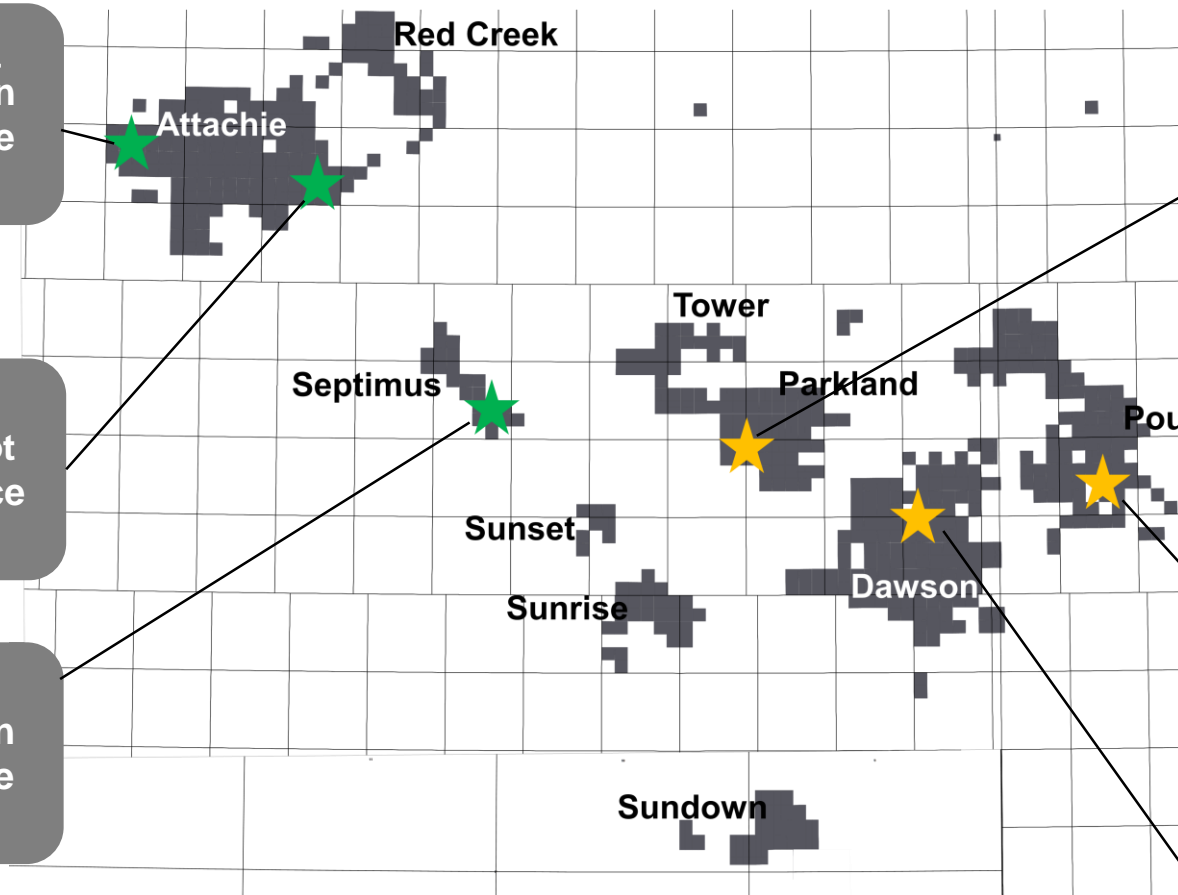
East Attachie:
Monitoring Pilot
Production since
2012

Septimus:
Pilot Production
on-stream since
Q2 2014

Parkland:
Lower Montney
well on-stream Q3
2014

Pouce Coupe:
Lower Montney
pilot production
on-stream late
2013

Dawson:
Two Lower
Montney wells
drilled in Q4 2014



Upper Montney Pilot Wells
 Lower Montney Pilot Wells

Ante Creek

A Montney Success Story



Strong Economics

35% IRR
C\$55/bbl & C\$3/GJ

Considerable Land Base

336 net Montney sections
(75% undeveloped)

Significant Drilling Inventory

850 future Montney drilling locations

Optimizing Efficiencies

Cost savings from pad drilling

Breakeven Price

C\$40/bbl
C\$30/bbl⁽¹⁾

(1) Breakeven pricing assumes 20% cost savings as compared to late 2014 estimates. *Breakeven – Cdn\$ per bbl or mcf price as indicated defined as price at which NPV10 is equal to zero.

* IRR – Half cycle after tax rate of return based on C\$55/bbl Edm MSW and C\$3/GJ AECO

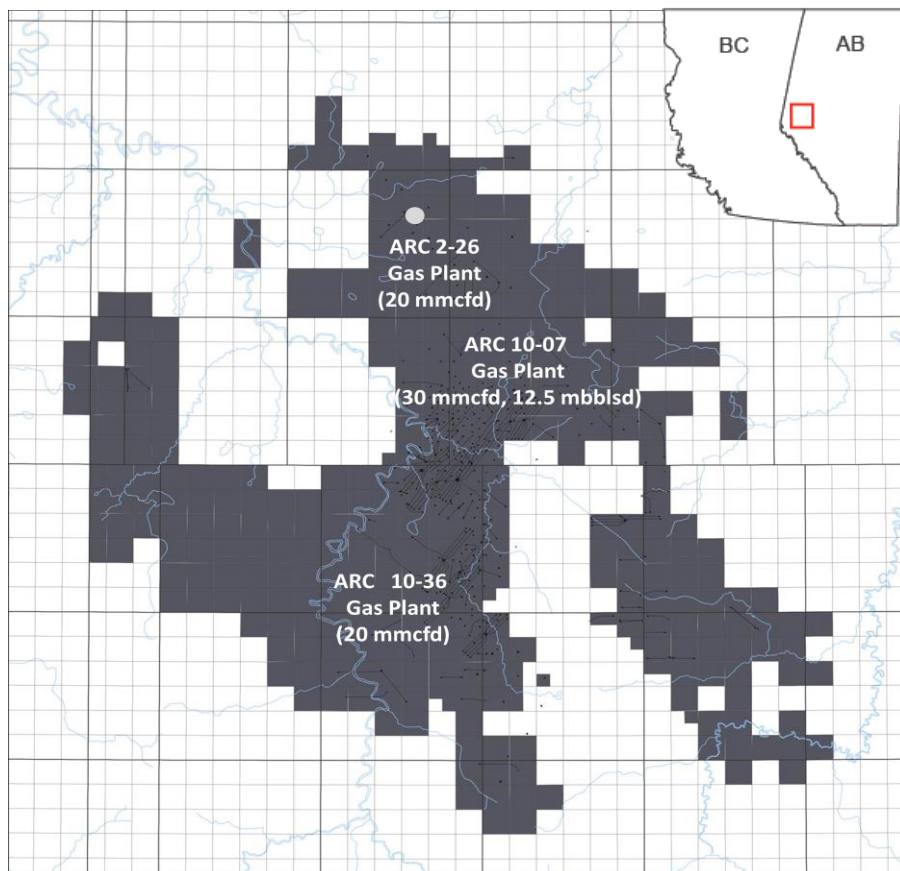
* Free Cash Flow – Defined as Revenue – royalties – op costs - transportation costs – capital expenditures (before land and net acquisitions).

* F&D – 2013 Finding and Development Cost before changes in future development capital.

Ante Creek Asset Details



Significant Cash Flow with Substantial Growth Opportunity



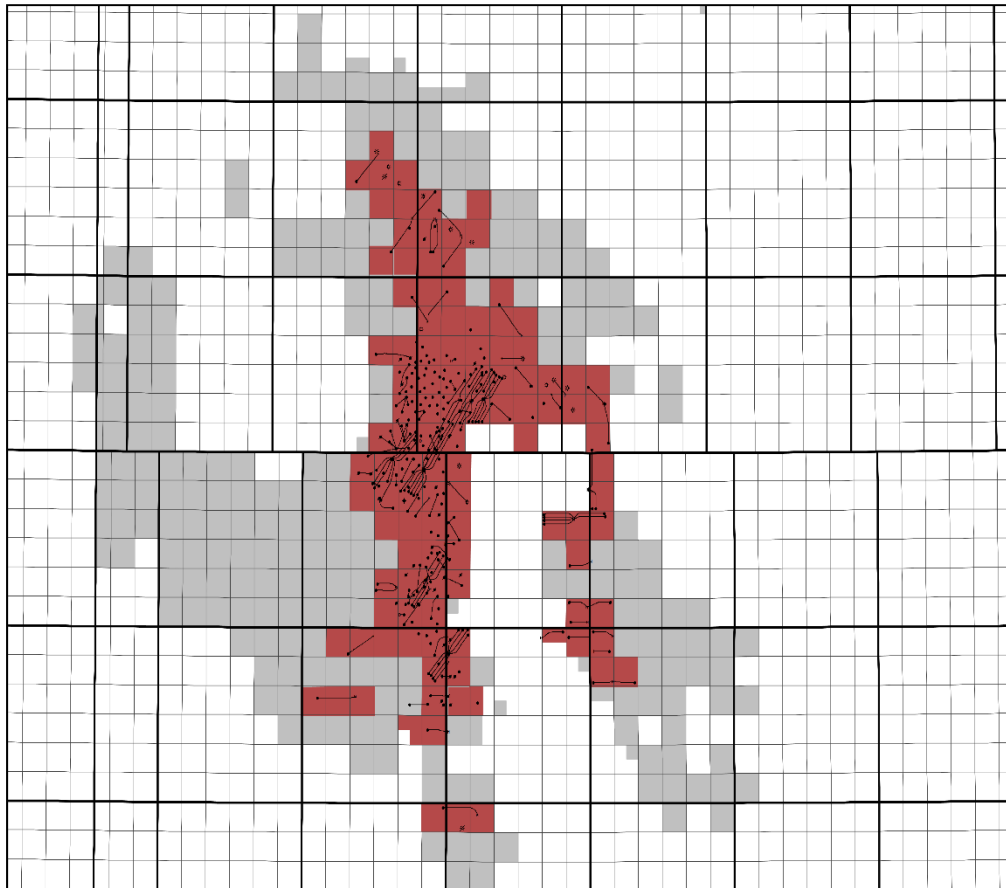
Net production (boe/d) – Q1 2015	17,100
Liquids (bbls/d)	8,600
Gas (mmcf/d)	51
Production split % (liquids/gas)	~50/50
Land (Montney net sections)	339
Working Interest	~99%
Reserves (2P mmboe)	51.0
Liquids (mmbbls)	24.1
Gas (bcf)	161
Reserve Life Index (years)	8

Year	2009	2010	2011	2012	2013	2014	2015
# Hz Operated Wells Drilled	7	12	19	21	41	40	5



Ante Creek Significant Drilling Inventory



Large Land Base and Down-spacing = Significant Drilling Inventory



- Booked reserves exist on ~30% of ARC held mineral rights
- Significant opportunity to prove up this large land base with delineation drilling
- Continue to step out from existing drilled lands to prove up new core areas for pad drilling
- Current well density of ~ 0.5 wells per section

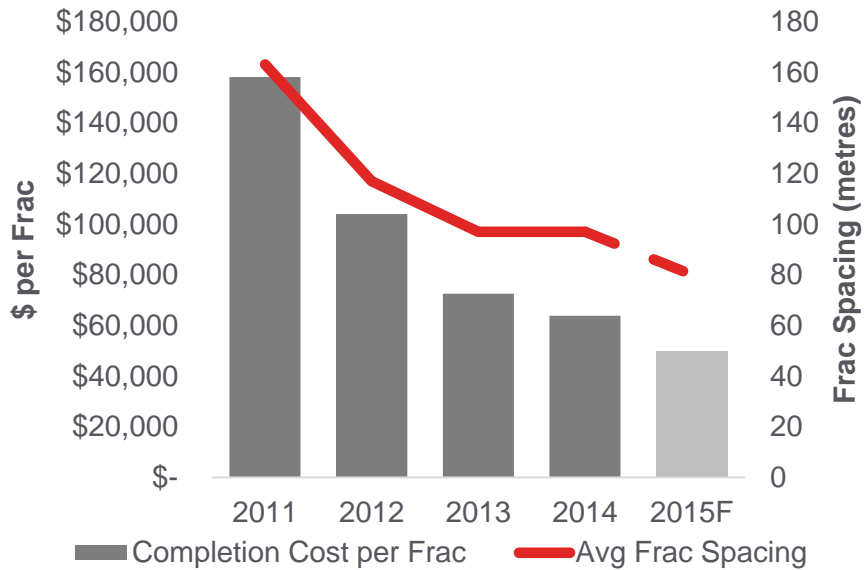
 ARC Montney Lands
 ARC Montney Lands with 2P Reserves booked as of YE2014

Operational Excellence – Ante Creek

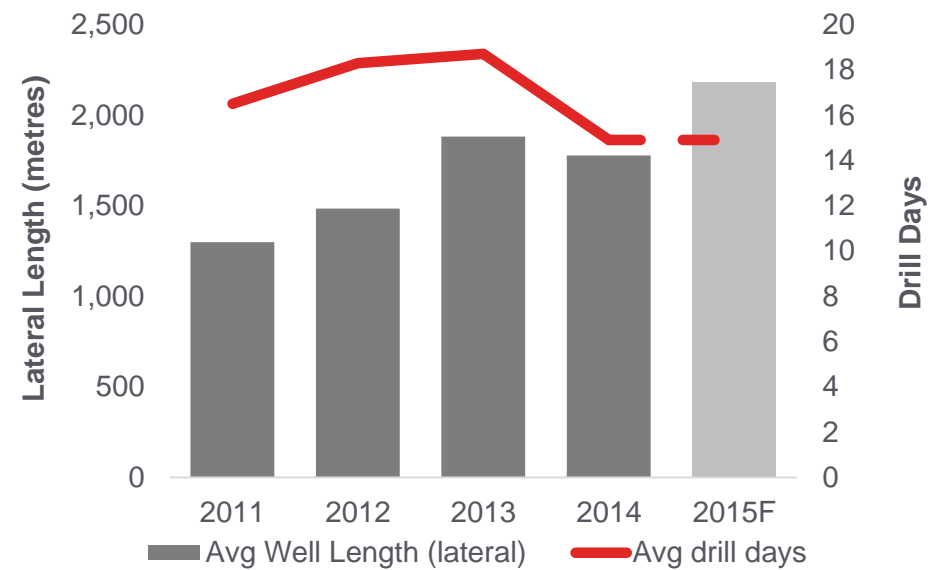


Reducing Business Cycle Times with Optimized Frac Design

Lower Cost/Frac, Optimizing Frac Space

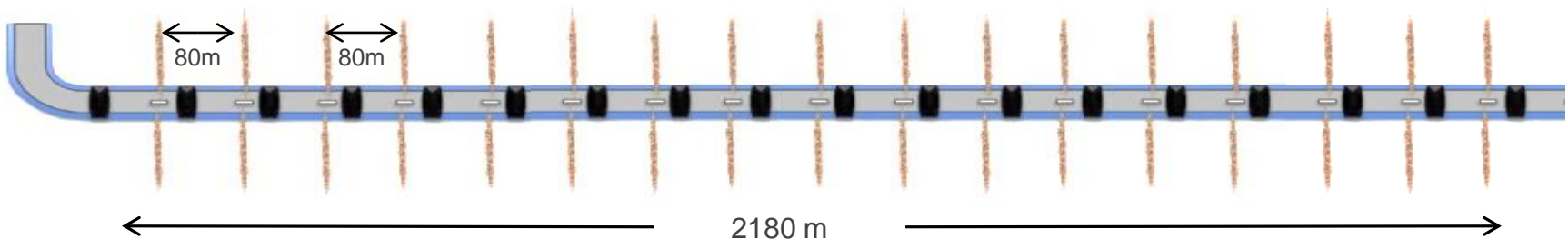


Drilling Longer Laterals in Montney Development



Frac Design

- 24T, Nitrified Foam Fracs with Open Hole Packers and Ball Drops

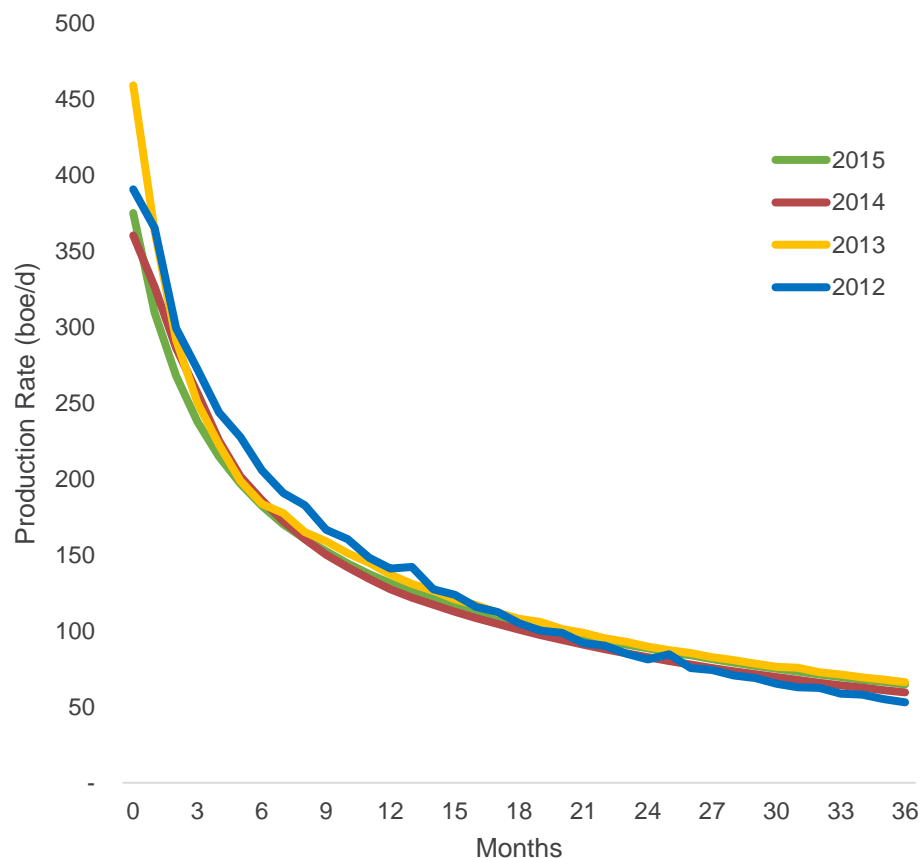


Ante Creek Delivering Results



Type Curve Consistency Moving Out of the Core

Ante Creek Normalized Type Curves for Montney Horizontal Wells



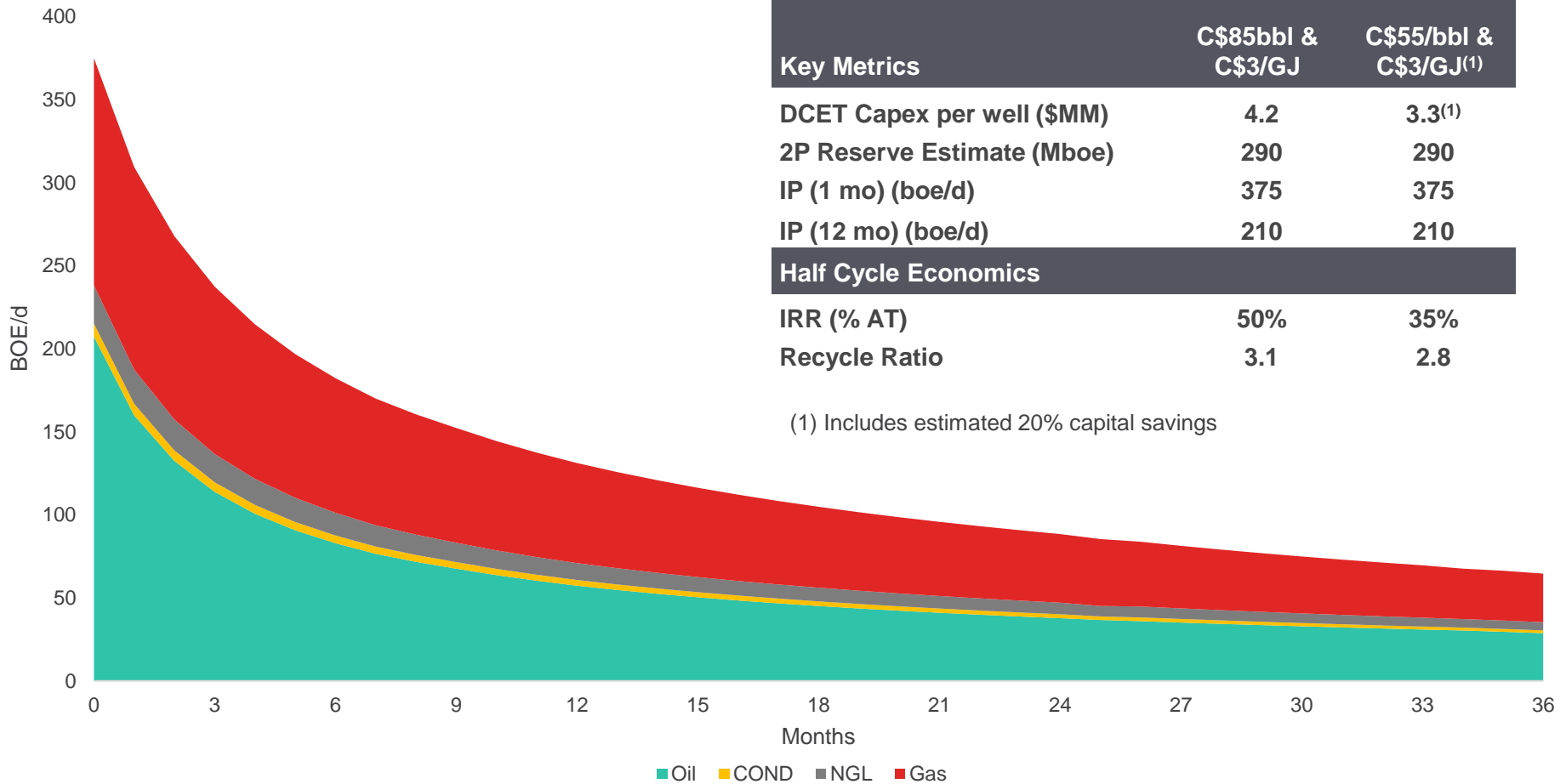
Completions	2012	2013	2014	2015	2015 Revised*
Frac spacing (m)	120	100	100	80	80
# Fracs per well	14	17	16	27	27
Avg. tonnage per frac (T)	12	14	20	22	22
Cost per frac (\$000)	104	73	64	57	46
Frac Type	Openhole Packers	Plug & Perf	Plug & Perf	Plug & Perf	Plug & Perf
Fluid System	Oiljel/ Water	Oil / N2 Foam / Crosslink	Oil / N2 Foam	N2 Foam	N2 Foam
Key Metrics	2012	2013	2014	2015	2015 Revised*
DCET Capex/well (\$MM)	4.0	4.0	3.9	4.2	3.3
Internal 2P Reserves (Mboe)	265	283	276	290	290
IP (1 mo) (Boepd)	385	400	357	375	375
IP (12 mo) (Boepd)	235	245	214	210	210
Half Cycle Economics C\$85/bbl and C\$3/GJ					C\$55/bbl and C\$3/GJ
	2012	2013	2014	2015	2015 Revised*
IRR (%AT)	45%	50%	50%	50%	35%

Type curves are internal estimates based on analog wells and reservoir modeling
 *2015 revised includes 20% capital savings as compared to late 2014 estimates

Ante Creek Development Economics



35% Rate of Return at Flat \$3/GJ AECO and C\$55/bbl

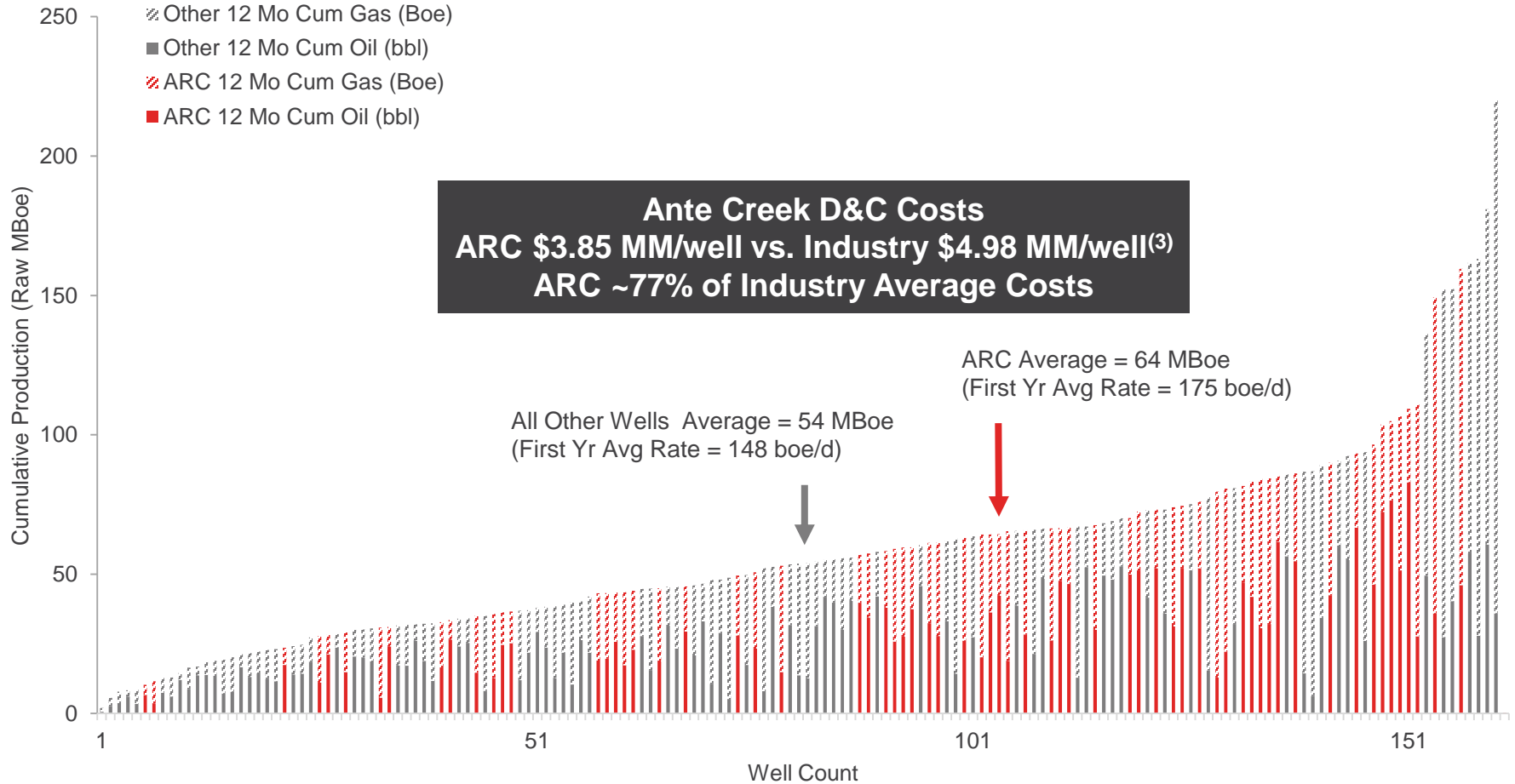


- Liquid yield assumptions: Condensate 9 bbl/mmcf, NGL 24 bbl/mmcf
- Reserves estimate breakdown: 124 mbbls oil, 28 mbbls NGL/Condensate and 0.85 bcf natural gas
- Assumed Cycle Time (from spud to on production): 4 months
- Type curve is an internal estimate based on analog wells and reservoir modeling
- Recycle ratio is calculated using first 12 months of undiscounted netback divided by F&D

Ante Creek Oil Leading Capital Efficiency



ARC's Ante Creek Montney Capital Efficiency Outperforms Industry



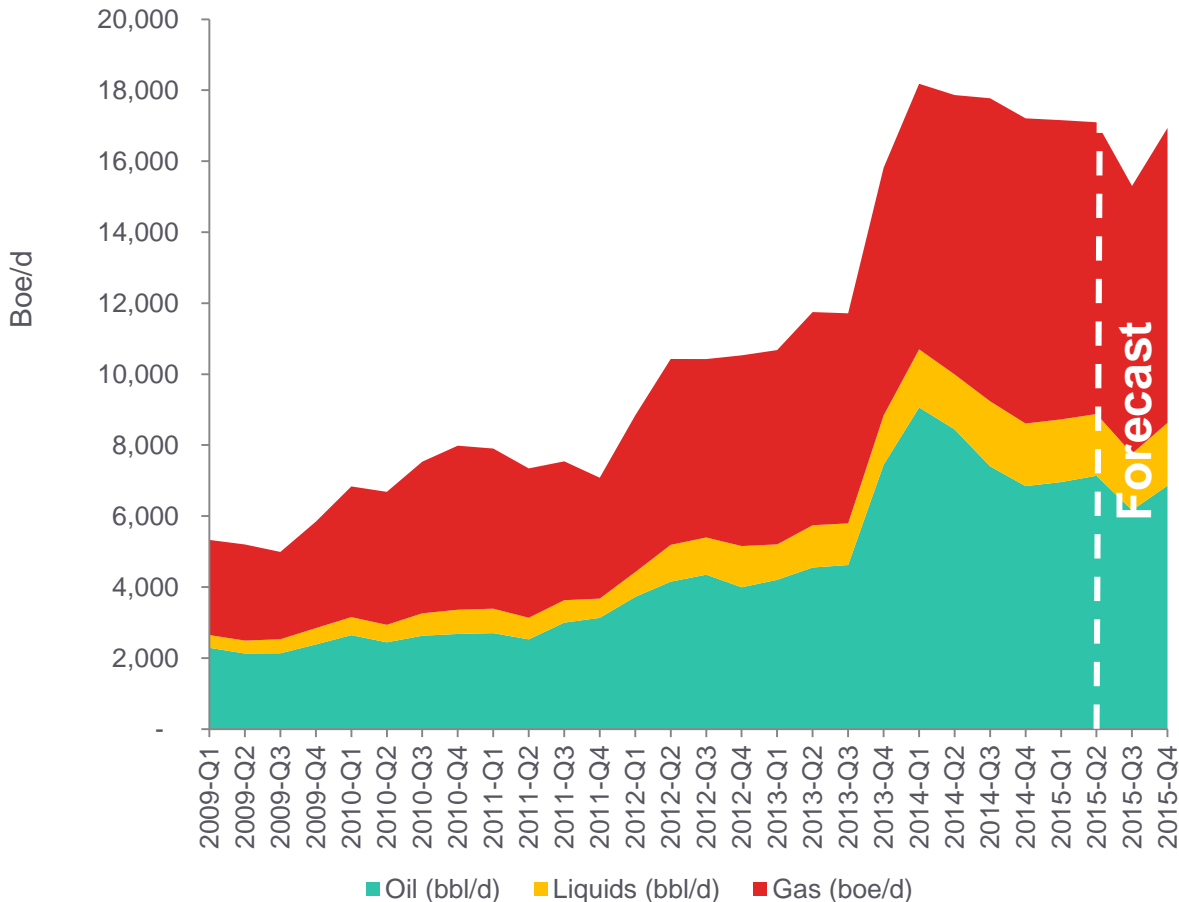
- (1) Source of production information from IHS. Production data excludes wells with expected Coquina zone.
- (2) All reported wells from 60-20W5 to 69-26W5. For the first month to be considered it must have greater than 480 hours on production. All wells have Oil IP3 > 0.
- (3) Source of cost information from Well Completions & Frac Database – Canadian Discovery Ltd. and Introspec Energy Group Inc., wells rig released Jan 2011 to current.

Ante Creek – 2015 and Beyond



Ante Creek is ~ 20% of ARC's High Value Liquids Production

Ante Creek



- ARC's three plants filled to capacity in late 2013 with development drilling
- Successful delineation step out locations have added low risk pad drilling opportunities
- Full scale development for Ante Creek is based on 200m well spacing
- Optimize throughput and cash flows by prioritizing lower GOR areas of the field
- Assessing infrastructure requirements to facilitate future development plans

* Operated and non-operated capital and volumes, gross operated wells only.



FINANCIAL STRATEGY



FINANCIAL FLEXIBILITY

Strong Balance Sheet & Simple Capital Structure



Stable and Meaningful Dividend



Prudent Funding of Capital Programs



Opportunistic Acquisitions and Non-Strategic Divestitures



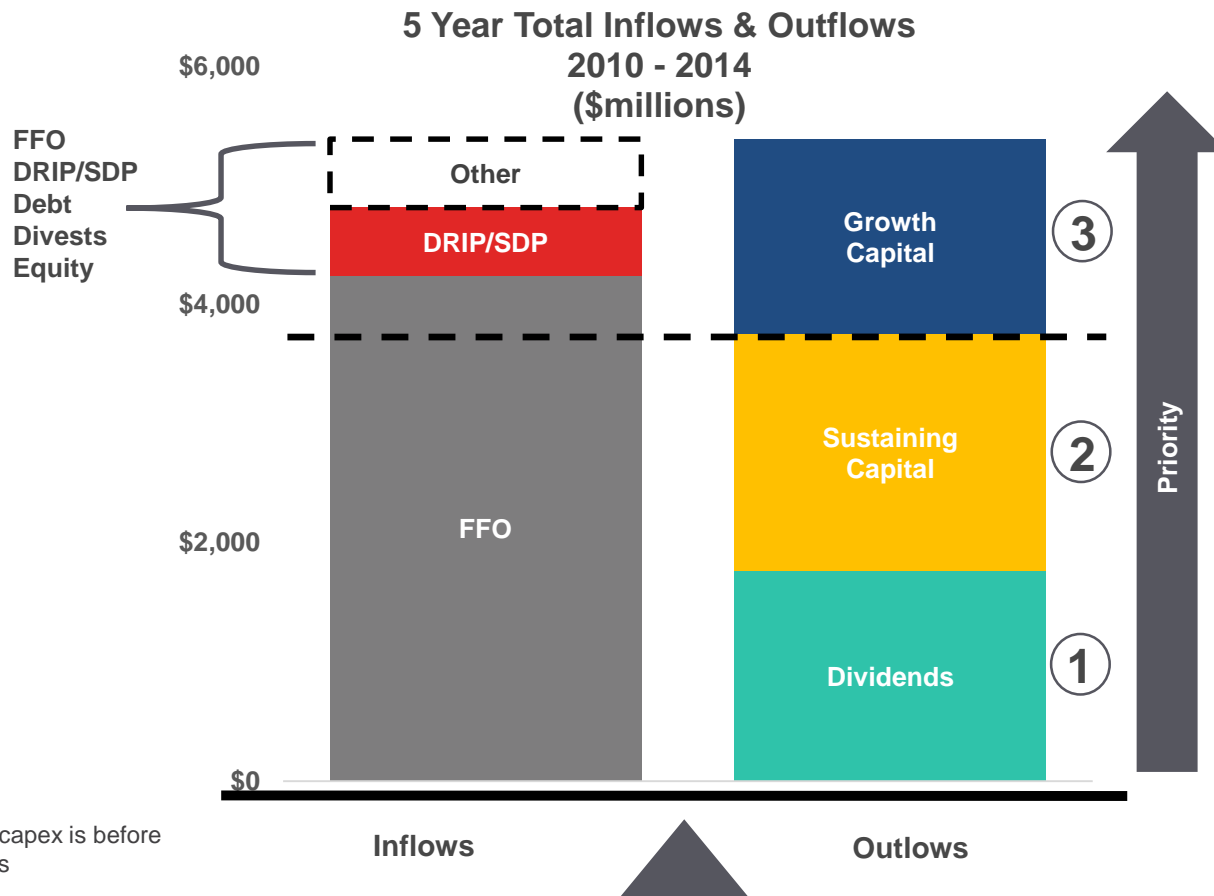
Manage Risk and Preserve Optionality



Dividend + Profitable Growth = Value Creation

Balancing Inflows and Outflows for Long-Term Sustainability

- Objective to fully fund ARC's Dividend and Sustaining Capital from Funds from Operations (“FFO”) over the long-term
- Profitable Growth Capital will be funded from remaining FFO and other sources



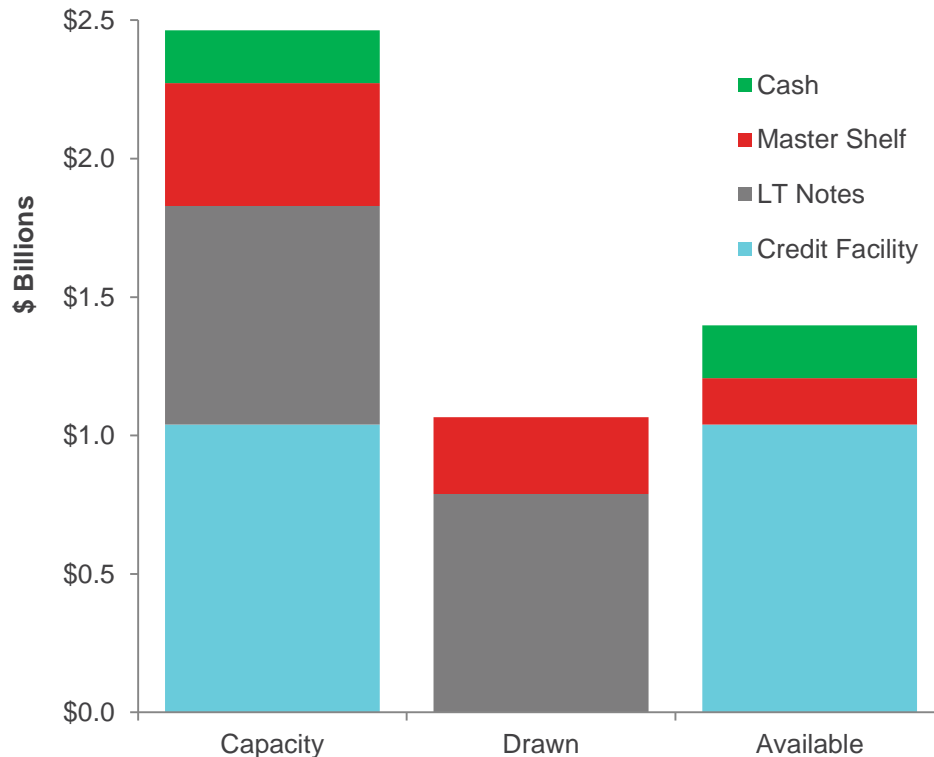
*Sustaining and growth capex is before land and net acquisitions

Significant Available Cash and Credit Capacity



Q1 2015 Net Debt and Cash Balance

\$2.5 Billion Total Cash & Credit Capacity (\$1.4 Billion Available)



Bank Credit Facility

- \$1 Billion credit facility plus \$40 million working capital facility
- 12 banks including the five largest Canadian banks

Long-term notes

- Private Placement market
- Notes are rated NAIC 2

Prudential Master Shelf

- Currently have US\$218 million drawn out of capacity of US\$350 million

- As of March 31, 2015
- Assumes USDCAD of \$1.2683
- Credit facility in graph includes \$40 million working capital facility
- Non-Cash Working Capital not included



SUMMARY

Clear Line of Sight to Long-term Value Creation

WHY INVEST IN ARC?

Growth and
Income

Cost Management &
Capital Discipline

Exposure to Early
Stage Development
of World Class
Assets

Strategic
Optionality

Strong
Balance Sheet

Technical
Expertise

Responsible
Development

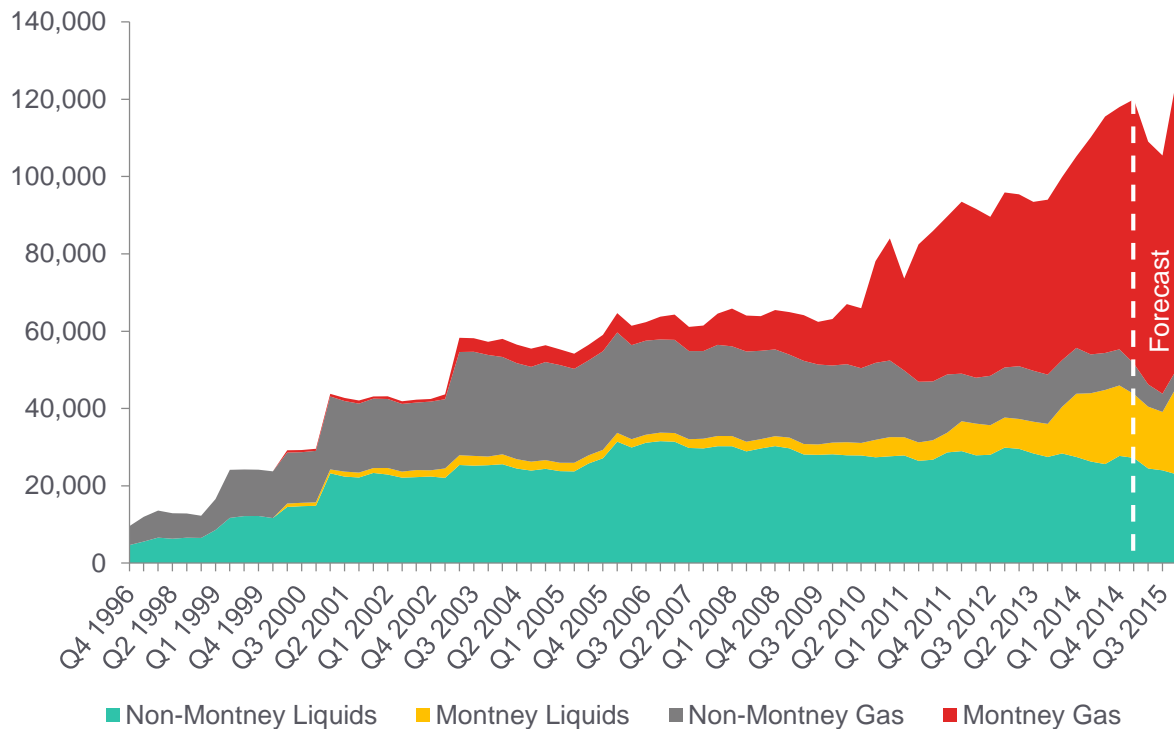
Dividend + Profitable Growth = Value Creation

Looking Beyond 2016



Diverse Portfolio Provides Strategic Optionality

- ARC has a well balanced inventory of value creating opportunities which may be pursued beyond 2016



Project Options 2016 - 2020+

- Dawson Phase 3
- Pouce Commercialization
- Ante Creek Expansion
- Sunrise Phase 2
- Attachie Commercialization
- Septimus Commercialization
- Parkland/Tower Phase 2
- Pembina Waterflood and EOR
- Redwater and/or SE Saskatchewan EOR



APPENDIX

Q1 2015 Operational and Financial Performance



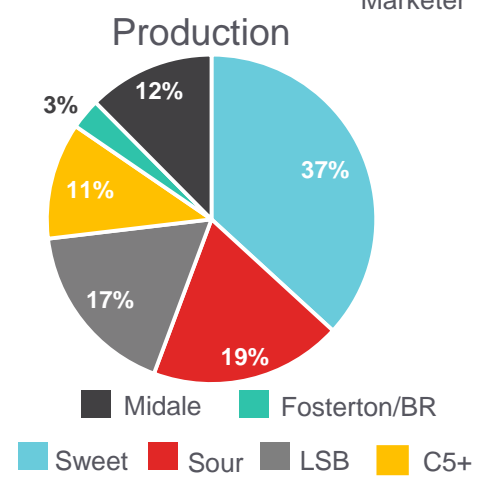
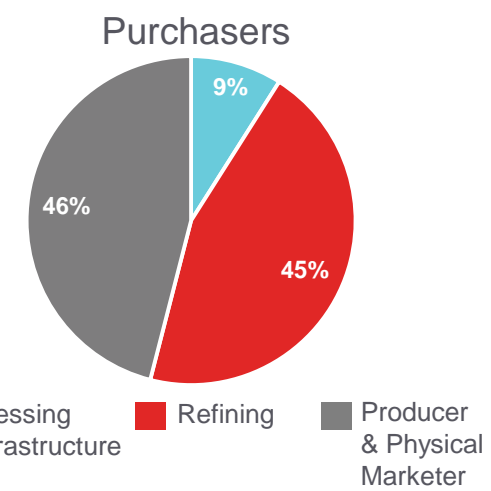
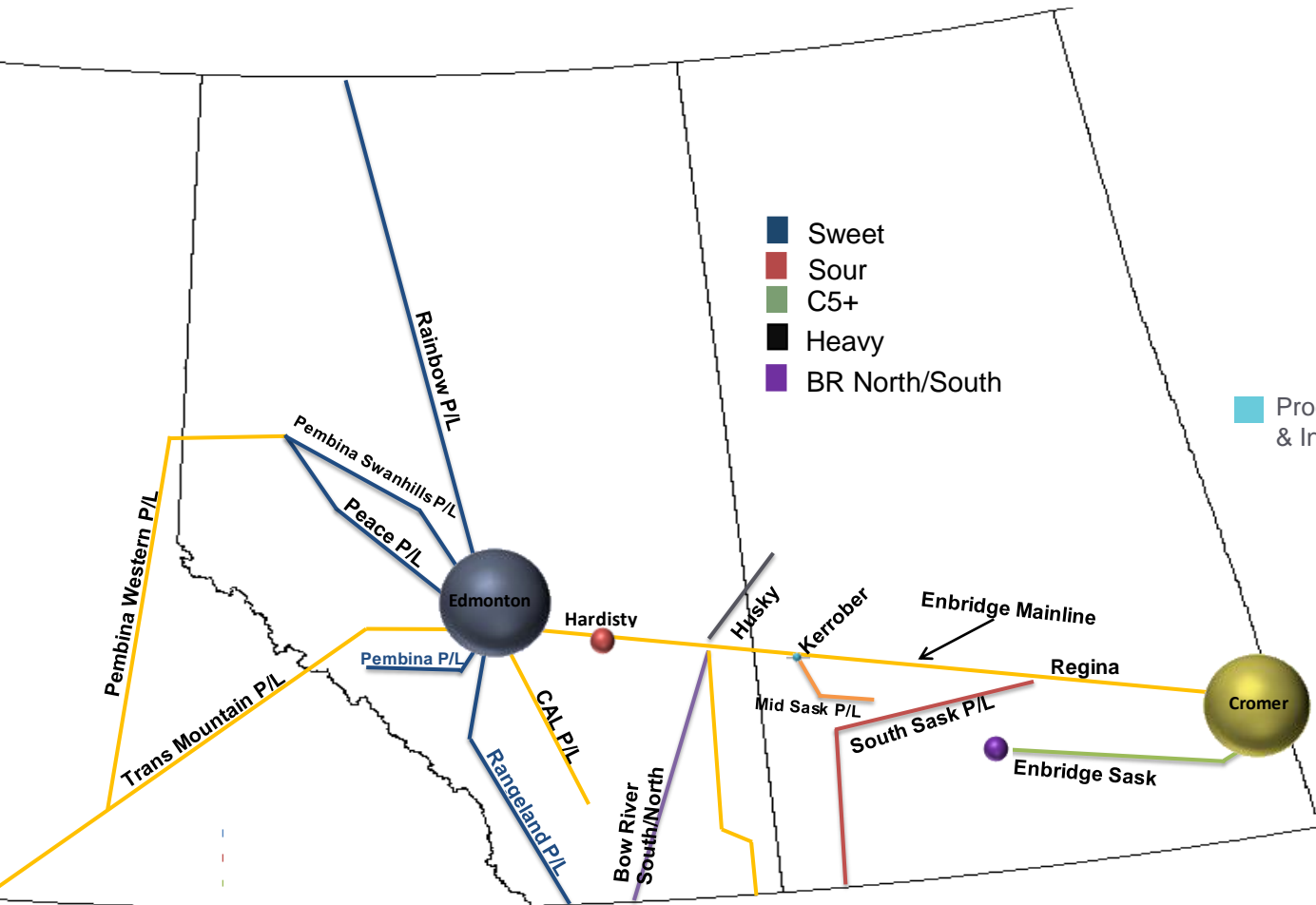
Record Production, Strong Financial Results

	Three Months Ended March 31	
(CDN\$ millions, except per share and per boe amounts)	2015	2014
Production (boe/d)	120,354	105,699
Gas	64%	58%
Liquids	36%	42%
Commodity Revenue	305.4	550.9
Gas	41%	34%
Liquids	59%	66%
Funds from operations	191.5	292.3
Per share	0.57	0.93
Dividends	101.6	94.5
Per share	0.30	0.30
Capital expenditures, before land and net property acquisitions/dispositions	129.5	242.0
Net debt outstanding	950.5	1,096.0
Weighted average number of shares outstanding (millions)	333.5	315.2
Netback (pre-hedging)	15.91	38.67

Crude Oil – Commodity Marketing

97% Condensate, Light and Medium Crude Oil

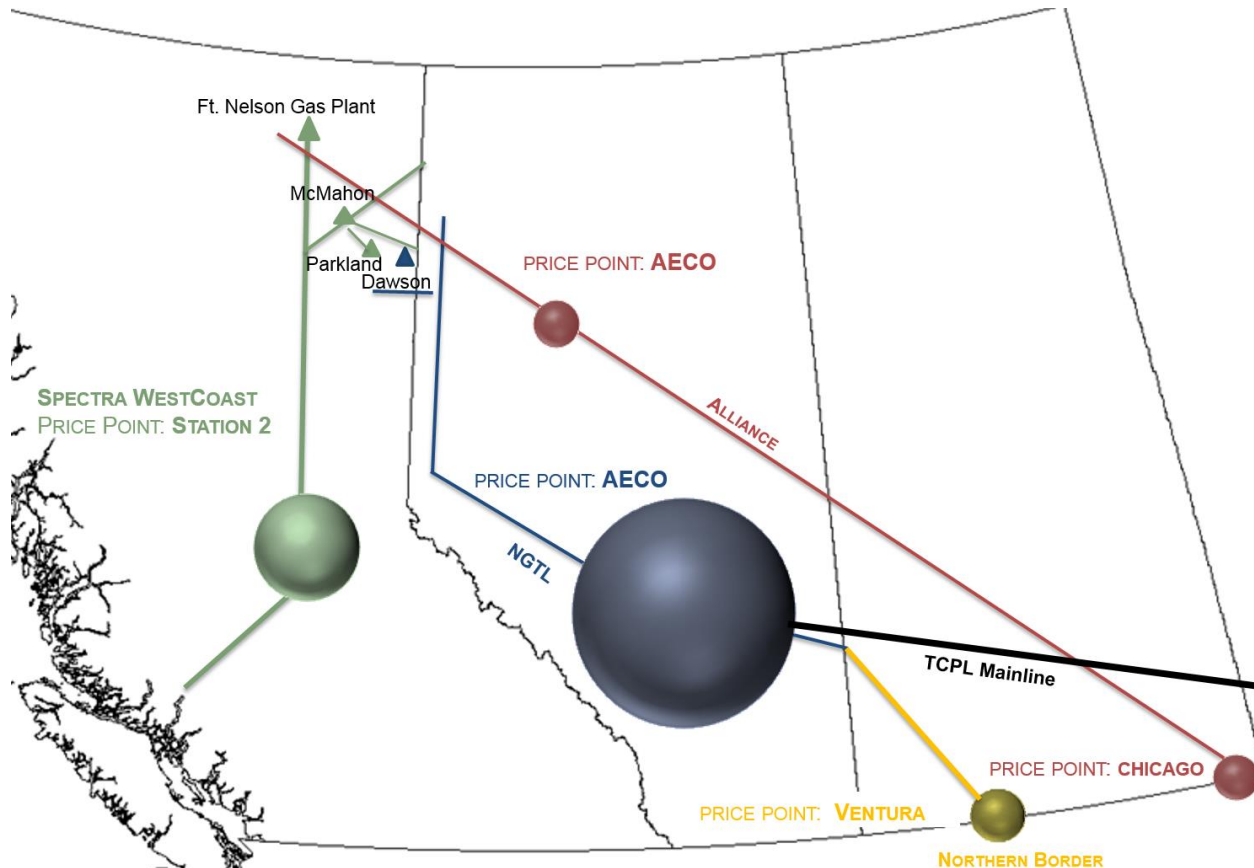
- Maintain control into liquid market hubs to ensure flexibility and optimize price
- Secured **firm transportation pipeline agreements** to support future development



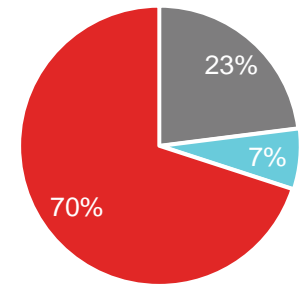
Natural Gas – Commodity Marketing

Diversified Sales Point and Purchasers of ARC's Natural Gas

- Sales are typically sold at 50%/50% monthly/daily index dependent upon operational and market conditions
- Secured sufficient take-away to support development until 2019

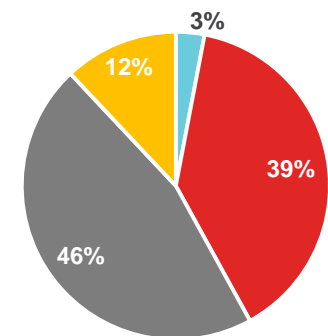


Destination



■ Station 2 ■ Chicago ■ AECO

Purchasers



■ Processing & Infrastructure ■ Financial Institution ■ Producer & Physical Marketer
 ■ Processing & Infrastructure

NGL – Commodity Marketing



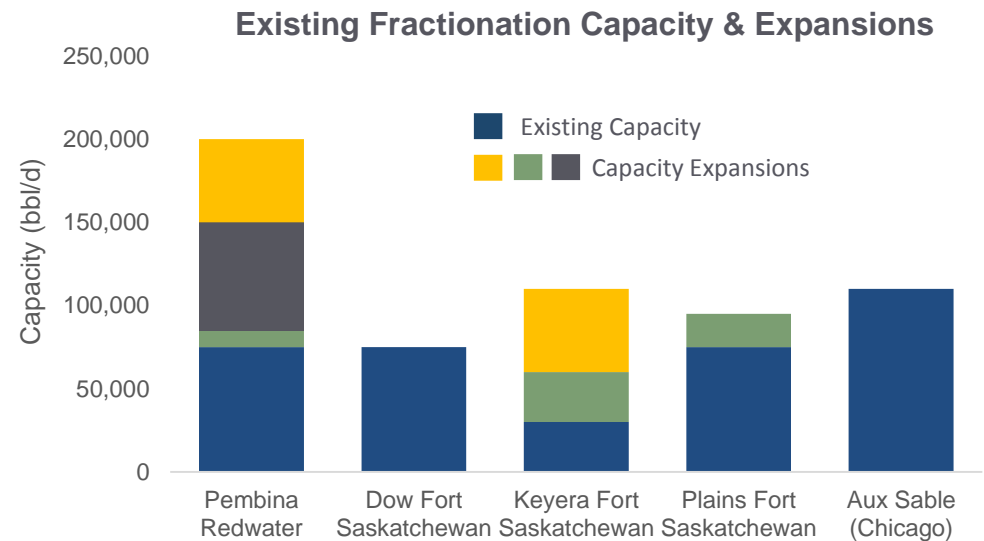
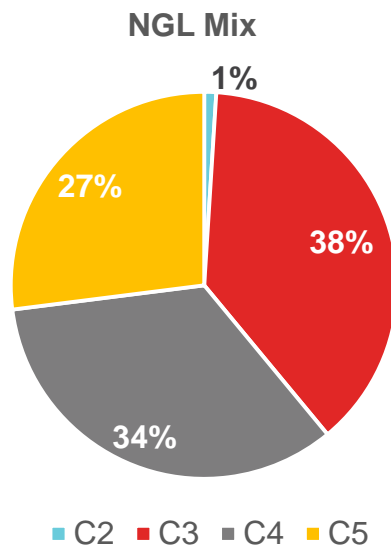
NGL Pipeline & Fractionation Capacity Secured

ARC's NGL Exposure

- NGL revenue (4,000 bbl/d) makes up approximately 2% of ARC's revenue
- Ensuring NGL production moves to market protects ARC's oil & gas production

Planned Capacity Expansions

- Infrastructure players have announced pipeline take-away and fractionation expansions to alleviate congestion
- ARC has committed to **long-term transportation and fractionation contracts** to support future development



Hedge Positions – April 29, 2015



	Summary of Hedge Positions as at April 29, 2015 ⁽¹⁾											
	Q2 2015		H2 2015		2016		2017		2018		2019	
Crude Oil - WTI ⁽²⁾	<u>US\$/bbl</u>	<u>bbl/day</u>	<u>US\$/bbl</u>	<u>bbl/day</u>	<u>US\$/bbl</u>	<u>bbl/day</u>	<u>US\$/bbl</u>	<u>bbl/day</u>	<u>US\$/bbl</u>	<u>bbl/day</u>	<u>US\$/bbl</u>	<u>bbl/day</u>
Ceiling	100.83	6,000	-	-	-	-	-	-	-	-	-	-
Floor	90.00	6,000	-	-	-	-	-	-	-	-	-	-
Sold Floor	65.00	6,000	-	-	-	-	-	-	-	-	-	-
Crude Oil - \$CWTI ⁽³⁾	<u>Cdn\$/bbl</u>	<u>bbl/day</u>	<u>Cdn\$/bbl</u>	<u>bbl/day</u>	<u>Cdn\$/bbl</u>	<u>bbl/day</u>	<u>Cdn\$/bbl</u>	<u>bbl/day</u>	<u>Cdn\$/bbl</u>	<u>bbl/day</u>	<u>Cdn\$/bbl</u>	<u>bbl/day</u>
Ceiling	80.64	10,000	80.95	10,000	83.38	3,000	83.38	1,488	-	-	-	-
Floor	61.10	10,000	61.45	10,000	70.00	3,000	70.00	1,488	-	-	-	-
Crude Oil - \$CWTI ⁽³⁾	<u>Cdn\$/bbl</u>	<u>bbl/day</u>	<u>Cdn\$/bbl</u>	<u>bbl/day</u>	<u>Cdn\$/bbl</u>	<u>bbl/day</u>	<u>Cdn\$/bbl</u>	<u>bbl/day</u>	<u>Cdn\$/bbl</u>	<u>bbl/day</u>	<u>Cdn\$/bbl</u>	<u>bbl/day</u>
Swap	-	-	74.63	2,000	76.85	4,000	-	-	-	-	-	-
Crude Oil - MSW (Differential to WTI) ⁽⁴⁾	<u>US\$/bbl</u>	<u>bbl/day</u>	<u>US\$/bbl</u>	<u>bbl/day</u>	<u>US\$/bbl</u>	<u>bbl/day</u>	<u>US\$/bbl</u>	<u>bbl/day</u>	<u>US\$/bbl</u>	<u>bbl/day</u>	<u>US\$/bbl</u>	<u>bbl/day</u>
Swap	-	-	(5.95)	500	-	-	-	-	-	-	-	-
Natural Gas - NYMEX ⁽⁵⁾	<u>US\$/mmbtu</u>	<u>mmbtu/day</u>	<u>US\$/mmbtu</u>	<u>mmbtu/day</u>	<u>US\$/mmbtu</u>	<u>mmbtu/day</u>	<u>US\$/mmbtu</u>	<u>mmbtu/day</u>	<u>US\$/mmbtu</u>	<u>mmbtu/day</u>	<u>US\$/mmbtu</u>	<u>mmbtu/day</u>
Ceiling	4.52	215,000	4.51	215,000	4.81	145,000	4.81	145,000	4.92	90,000	5.00	40,000
Floor	3.94	215,000	3.94	215,000	4.00	145,000	4.00	145,000	4.00	90,000	4.00	40,000
Natural Gas - AECO ⁽⁶⁾	<u>Cdn\$/GJ</u>	<u>GJ/day</u>	<u>Cdn\$/GJ</u>	<u>GJ/day</u>	<u>Cdn\$/GJ</u>	<u>GJ/day</u>	<u>Cdn\$/GJ</u>	<u>GJ/day</u>	<u>Cdn\$/GJ</u>	<u>GJ/day</u>	<u>Cdn\$/GJ</u>	<u>GJ/day</u>
Swap	-	-	-	-	3.00	20,000	-	-	-	-	-	-
Natural Gas - AECO Basis ⁽⁷⁾	<u>AECO/NYMEX</u>	<u>mmbtu/day</u>	<u>AECO/NYMEX</u>	<u>mmbtu/day</u>	<u>AECO/NYMEX</u>	<u>mmbtu/day</u>	<u>AECO/NYMEX</u>	<u>mmbtu/day</u>	<u>AECO/NYMEX</u>	<u>mmbtu/day</u>	<u>AECO/NYMEX</u>	<u>mmbtu/day</u>
Swap (percentage of NYMEX)	90.5%	130,000	89.5%	160,000	90.3%	140,000	90.2%	140,000	86.0%	75,000	86.4%	19,918
Foreign Exchange	<u>Cdn\$/US\$</u>	<u>US\$ Total</u>	<u>Cdn\$/US\$</u>	<u>US\$ Total</u>	<u>Cdn\$/US\$</u>	<u>US\$ Total</u>	<u>Cdn\$/US\$</u>	<u>US\$ Total</u>	<u>Cdn\$/US\$</u>	<u>US\$ Total</u>	<u>Cdn\$/US\$</u>	<u>US\$ Total</u>
Ceiling	1.0725	12,000	1.0725	24,000	-	-	-	-	-	-	-	-
Floor	1.0463	12,000	1.0463	24,000	-	-	-	-	-	-	-	-

1) The prices and volumes in this table represent averages for several contracts representing different periods. The average price for the portfolio of options listed above does not have the same payoff profile as the individual option contracts. Viewing the average price of a group of options is purely for indicative purposes. All positions are financially settled against the benchmark prices disclosed in Note 8 "Financial Instruments and Market Risk Management" in the financial statements for the three months ended March 31, 2015.

2) Crude oil prices referenced to WTI.

3) Crude oil prices referenced to WTI, multiplied by the Bank of Canada monthly average noon day rate.

4) MSW differential refers to the discount between WTI and the mixed sweet crude grade at Edmonton, calculated on a monthly weighted average basis.

5) Natural gas prices referenced to NYMEX at Henry Hub.

6) Natural gas prices referenced to AECO 7(a) index.

7) ARC sells the majority of its natural gas production based on AECO pricing. To reduce the risk of weak basis pricing (AECO relative to NYMEX) ARC has hedged a portion of production by tying ARC's price to a percentage of the NYMEX natural gas price.

Reserves and Resources Disclosure



- All reserves and resources volumes for the BC Montney and elsewhere in this presentation are, unless indicated otherwise, as at December 31, 2013 as evaluated by GLJ Petroleum Consultants Ltd. in accordance with the definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook and National Instrument 51-101 – Standards for Disclosure for Oil and Gas Activities.
- TPIIP, DPIIP and UPIIP have been estimated using a zero percent porosity cut-off for gas and a 3% cutoff for oil. This means that all gas bearing rock has been incorporated into the calculations.
- Reserves volumes for the BC Montney and elsewhere in this presentation are, unless indicated otherwise, Proved plus Probable, while the resource categories for the BC Montney in this presentation are “best estimates”.
- All reserves and resources volumes for the BC Montney and elsewhere in this presentation are company gross.
- Gas volumes are “sales” for reserves and resource and raw gas for DPIIP and TPIIP.
- TPIIP and DPIIP include 0.7 Tcf of solution gas associated with Tower oil.
- The liquid yields are based on average yield over the producing life of the property.
- The oil DPIIP is a stock tank barrel.
- All DPIIP and TPIIP other than cumulative production, reserves, Economic Contingent Resources and Prospective Resources have been categorized as unrecoverable.
- The amount of natural gas and liquids ultimately recovered from ARC’s BC Montney resource will be primarily a function of the future price of both commodities.

Definitions of Oil and Gas Reserves and Resources



Reserves are estimated remaining quantities of 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.

Possible Reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves.

Resources encompasses all petroleum quantities that originally existed on or within the earth's crust in naturally occurring accumulations, including Discovered and Undiscovered (recoverable and unrecoverable) plus quantities already produced. "Total resources" is equivalent to "Total Petroleum Initially-In-Place". Resources are classified in the following categories:

Total Petroleum Initially-In-Place ("TPIIP") is that quantity of petroleum that is estimated to exist originally in naturally occurring accumulations. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations, prior to production, plus those estimated quantities in accumulations yet to be discovered.

Discovered Petroleum Initially-In-Place ("DPIIP") is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. The recoverable portion of discovered petroleum initially in place includes production, reserves, and contingent resources; the remainder is unrecoverable.

Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development but which are not currently considered to be commercially recoverable due to one or more contingencies.

Definitions of Oil and Gas Reserves and Resources



Economic Contingent Resources (“ECR” are those contingent resources which are currently economically recoverable.

Undiscovered Petroleum Initially-In-Place (“UPIIP”) is that quantity of petroleum that is estimated, on a given date, to be contained in accumulations yet to be discovered. The recoverable portion of undiscovered petroleum initially in place is referred to as “prospective resources” and the remainder as “unrecoverable.”

Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects.

Unrecoverable is that portion of DPIIP and UPIIP quantities which is estimated, as of a given date, not to be recoverable by future development projects. A portion of these quantities may become recoverable in the future as commercial circumstances change or technological developments occur; the remaining portion may never be recovered due to the physical/chemical constraints represented by subsurface interaction of fluids and reservoir rocks.

Uncertainty Ranges are described by the Canadian Oil and Gas Evaluation Handbook as low, best, and high estimates for reserves and resources as follows:

Low Estimate: This is considered to be a conservative estimate of the quantity that will actually be recovered. It is likely that the actual remaining quantities recovered will exceed the low estimate. If probabilistic methods are used, there should be at least a 90 percent probability (P90) that the quantities actually recovered will equal or exceed the low estimate.

Best Estimate: This is considered to be the best estimate of the quantity that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50 percent probability (P50) that the quantities actually recovered will equal or exceed the best estimate.

High Estimate: This is considered to be an optimistic estimate of the quantity that will actually be recovered. It is unlikely that the actual remaining quantities recovered will exceed the high estimate. If probabilistic methods are used, there should be at least a 10 percent probability (P10) that the quantities actually recovered will equal or exceed the high estimate.

This presentation contains forward-looking statements that may be identified by words like “outlook”, “estimates” and similar expressions. These forward-looking statements are based on certain assumptions that involve a number of risks and uncertainties and are not guarantees of future performance. Reference is made to the section titled “Forward Looking Statements” at the beginning of the presentation and also to the November 5, 2014 news release titled “ARC Resources Ltd. Announces an \$875 Million Capital Program For 2015 and Sets The Stage for Continued Profitable Growth Beyond 2015” which may be found on SEDAR at www.sedar.com and which are hereby incorporated by reference in this presentation and which outline a number of assumptions, risks and uncertainties associated with forward looking statements. Actual results could differ materially as a result of changes to ARC’s plans, the impact of changes in commodity prices, general economic, market and business conditions as well as production, development and operating performance and other risks associated with oil and gas operations.

For further information about ARC Resources please visit our website www.arcresources.com

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