

ARC ENERGY TRUST

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE CHAIR

The term "**Trust**" refers to ARC Energy Trust, the term "**Corporation**" refers to ARC Resources Ltd., the term "**Board**" refers to the Board of Directors of the Corporation, the term "**Committee**" refers to the Audit Committee of the Board, and the term "**Chair**" refers to the chairperson of the Committee.

I. INTRODUCTION

- A. The Chair is appointed annually by the Board and reports to the Board.
- B. The Chair maintains on-going communications with the Chair or Vice-Chair of the Board with regard to material issues as such issues arise from time to time.
- C. The Chair's primary role is managing the affairs of the Committee, including ensuring the Committee is organized properly, functions effectively and meets its obligations and responsibilities, including those matters set forth in the mandate of the Committee.
- D. The Chair works with the Senior Vice President, Finance and Chief Financial Officer ("**CFO**") of the Corporation to ensure an effective working relationship with Committee members.
- E. The Chair maintains on-going communications with the CFO and with such other officers and employees of the Corporation as the Chair determines appropriate.
- F. The Chair, in conjunction with the Committee, maintains ongoing communications with the Trust's external auditors.

II. DUTIES AND RESPONSIBILITIES

A. Working With the Corporation and the Trust's External Auditors

The Chair has the responsibility to:

- (a) lead the Committee in overseeing the work of the Trust's and the Corporation's financial management team and the Trust's external auditors;
- (b) lead the Committee in overseeing the integrity of the Trust's financial statements and financial reporting process, including the audit process and the Trust's internal accounting controls and procedures and compliance with related legal and regulatory requirements; and
- (c) report to the Board after each Committee meeting at the Board's next meeting.

B. Managing the Committee

The Chair has the responsibility to:

- (a) ensure the Committee is alert to its obligations to the Board and pursuant to law;
- (b) chair Committee meetings;

- (c) establish the frequency of Committee meetings and review such frequency from time to time, as considered appropriate (provided, however, that Committee meetings shall be called by the Chair at the request of two members of the Committee or at the request of the Trust's external auditors);
- (d) assist the Board in its recommendation of Committee members and its review of the performance and suitability of the Committee members;
- (e) ensure the co-ordination of the agenda, information packages and related events for Committee meetings in conjunction with the CFO;
- (f) maintain a liaison and communication with Committee members, other directors and the Board Chairperson to co-ordinate input from Committee members and directors, and optimize the effectiveness of the Committee;
- (g) in collaboration with the CFO, ensure information requested by Committee members is provided and meets their needs; and
- (h) in conjunction with the Policy and Board Governance Committee, review and assess Committee attendance, performance and compensation and the size and composition of the Committee.