

ALTAGAS AND PAINTED PONY ANNOUNCE STRATEGIC ALLIANCE AND 198 MMCF/D TOWNSEND NATURAL GAS PROCESSING FACILITY

Calgary, Alberta (August 19, 2014)

AltaGas Ltd. (“AltaGas”) (TSX:ALA) and Painted Pony Petroleum Ltd. (“Painted Pony”) (TSX:PPY) today announced they have signed definitive agreements to enter into a 15-year strategic alliance for the development of processing infrastructure and marketing services for natural gas and natural gas liquids (the “Strategic Alliance”). The Strategic Alliance will provide for the development of essential liquids-rich gas processing infrastructure in northeast British Columbia and will provide preferred access to international energy markets for Painted Pony’s Montney production. In the first phase of the Strategic Alliance, AltaGas will construct and operate a 198 Mmcf/d shallow-cut gas processing facility (the “Townsend Facility”) in the Montney resource play, of which Painted Pony will maintain the right to a minimum 150 Mmcf/d of firm capacity.

“We are pleased to announce a multi-faceted Strategic Alliance with Painted Pony to support the exciting growth in the Montney region,” said David Cornhill, Chairman and CEO of AltaGas. “We view this Strategic Alliance as both a testament to AltaGas’ strategic assets and capability, as well as Painted Pony’s confidence in our ability to connect producers to new markets, including Asia.”

“We are very pleased to enter into this Strategic Alliance with AltaGas,” said Patrick Ward, President and CEO of Painted Pony. “We have established a strong working relationship with their team and our companies are fully aligned with respect to the potential for Montney gas development and the timing required for achieving our mutual goals. The Strategic Alliance also brings viable solutions for providing long-term marketing optionality for Painted Pony’s rapidly growing natural gas and natural gas liquids production.”

The Strategic Alliance is expected to further expand AltaGas’ fully integrated midstream business, while providing essential gas processing infrastructure for Painted Pony’s world class Montney reserves and access to global natural gas and natural gas liquids end use markets. The Townsend Facility will be located approximately 100 kilometers north of Fort St. John and 20 kilometers southeast of AltaGas’ Blair Creek facility, through which Painted Pony has already been processing a significant portion of its Montney production. The Townsend Facility is estimated to cost approximately \$325 to \$350 million, to be constructed and funded by AltaGas, and is expected to be in-service by the end of 2015. Commercial operation is subject to regulatory and other customary approvals.

In addition to the construction of key gas processing infrastructure, AltaGas will become the primary marketer for Painted Pony’s natural gas and natural gas liquids production from its northeast British Columbia land base and AltaGas will seek premium marketing transactions for Painted Pony’s products through its extensive North American and global network. Painted Pony will become a significant supplier to AltaGas under the Strategic Alliance, which will provide preferred access to export opportunities for liquefied natural gas (“LNG”) and natural gas liquids from existing and planned facilities.

Upon completion of the first phase of the Strategic Alliance, further opportunities for the build-out of additional natural gas and natural gas liquids processing infrastructure in northeast British Columbia are expected, including a potential second phase expansion of the Townsend Facility which could include a deep-cut system for the enhanced recovery of additional natural gas liquids and fractionation facilities. This will provide added capability to process and transport Painted Pony's significant reserves and meet demand for increased processing infrastructure in the region. Ultimately, this will contribute to developing world class assets in northeast British Columbia with full capability of delivering natural gas and natural gas liquids from well-head to continental and international markets.

Concurrent with the Strategic Alliance, AltaGas has agreed to subscribe, on a private placement basis, for 4,166,666 common shares in the capital of Painted Pony priced at \$12 per share, for total proceeds of approximately \$50 million. Pursuant to the terms of the private placement, the common shares subscribed for by AltaGas will be subject to a one-year hold period restriction. The private placement is subject to the approval of the Toronto Stock Exchange. Closing of the private placement is expected no later than September 5, 2014. The investment further aligns AltaGas and Painted Pony across the energy value chain. Painted Pony intends to use the proceeds of the private placement to further expand its planned 2015 capital program to accelerate development of its Montney project to align with the timing of the planned facilities contemplated by the Strategic Alliance.

TD Securities Inc. and Cormark Securities Inc. acted as financial advisors to Painted Pony in respect of this transaction. FirstEnergy Capital Corp. acted as strategic advisor to Painted Pony in respect of this transaction.

About AltaGas Ltd.

AltaGas is an energy infrastructure business with a focus on natural gas, power and regulated utilities. AltaGas creates value by acquiring, growing and optimizing its energy infrastructure, including a focus on clean energy sources. For more information visit: www.altagas.ca

About Painted Pony Petroleum Ltd.

Painted Pony is a Canadian public natural gas exploration and production company based in Calgary, Alberta, Canada with operations in the Montney Formation in northeast British Columbia that trades on the Toronto Stock Exchange under the symbol "PPY".

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This news release contains forward-looking statements. When used in this news release, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "seek", "propose", "estimate", "expect", and similar expressions, as they relate to AltaGas or an affiliate of AltaGas or Painted Pony or an affiliate of Painted Pony, are intended to identify forward-looking statements. In particular, this news release contains forward-looking statements with respect to, among other things, the development of essential gas processing infrastructure in Northeast British Columbia, expectations that the joint venture will provide access to international energy markets for Painted Pony's natural gas production, expectations for the construction and operation of Townsend in Phase 1, including the estimated cost of construction and in-service date, expectations for further opportunities to build-out additional gas and natural gas liquid processing infrastructure in Northeast British Columbia, expectations for demand for processing infrastructure in Northeast British Columbia, expectations for the expansions of AltaGas' midstream business, expectations for gas processing capacity for Phase 1, expectations for the contribution of Townsend to the development of world class assets in Northeast British Columbia and expectations for the acquisition of shares of Painted Pony by AltaGas and the expected closing date thereof, business objectives, expected growth, results of operations, performance, business projects and opportunities and financial results. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Such statements reflect AltaGas' and Painted Pony's current views with respect to future events based on certain material factors and assumptions and are subject to certain risks and uncertainties, including without limitation, changes in market, competition, governmental or regulatory developments, general economic conditions and other factors set out in AltaGas' and Painted Pony's respective public disclosure documents. Many factors could cause AltaGas' or Painted Pony's actual results, performance or achievements to vary from those described in this news release, including without limitation those listed above. These factors should not be construed as exhaustive. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this news release as intended, planned, anticipated, believed, sought, proposed, estimated or expected, and such forward-looking statements included in, or incorporated by reference in this news release, should not be unduly relied upon. Such statements speak only as of the date of this news release. Neither AltaGas nor Painted Pony intends, and do not assume any obligation, to update these forward-looking statements. The forward-looking statements contained in this news release are expressly qualified by this cautionary statement.