



PACIFIC NORTHERN GAS ANNOUNCES REDEMPTION OF PREFERRED SHARES

Vancouver, British Columbia (January 23, 2012)

Pacific Northern Gas Ltd. (“PNG”) (TSX: PNG.PR.A) today announced that it will redeem all of its outstanding 6¾% Cumulative Redeemable Preferred Shares (the “**Preferred Shares**”) on February 27, 2012 (the “**Redemption Date**”) in accordance with the share conditions attaching to the Preferred Shares. The notice of redemption is expected to be sent to registered holders of the Preferred Shares on January 23, 2012.

The redemption price provided in the share conditions for each Preferred Share is Cdn\$25.00 plus a premium of Cdn\$1.00 plus accrued and unpaid dividends up to but not including February 27, 2012, being an amount of Cdn\$26.26425 per Preferred Share, less any applicable withholding taxes. As there are currently 200,000 Preferred Shares outstanding, the aggregate redemption price will equal Cdn\$5,252,850.

It is expected that the Toronto Stock Exchange will halt trading on the Preferred Shares at the opening of business on the Redemption Date and delist such shares at the close of business on the Redemption Date. On and after the Redemption Date, the Preferred Shares will no longer be deemed outstanding and all rights of the holders of such shares will cease, except for the right to receive the redemption price, without interest and less any applicable withholding taxes. In order for a holder of Preferred Shares to receive the redemption price, less any applicable withholding taxes, registered holders must deliver to Computershare Investor Services Inc., at the address set out in the letter of transmittal accompanying the notice of redemption, share certificates representing the Preferred Shares held by them for redemption.

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About Pacific Northern Gas Ltd.

Headquartered in Vancouver, British Columbia, PNG (TSX: PNG.PR.A) owns and operates natural gas transmission and distribution systems. PNG’s western transmission line extends from the Spectra Energy gas transmission system north of Prince George to tidewater at Kitimat and Prince Rupert, and provides service to 12 communities and a number of industrial facilities. In the



northeast, PNG's subsidiary Pacific Northern Gas (N.E.) Ltd. provides gas distribution service in the Dawson Creek, Fort St. John and Tumbler Ridge areas. Following the completion of a statutory plan of arrangement on December 20, 2011, PNG is now a wholly-owned subsidiary of AltaGas Ltd. Further information is available on PNG's website at: www.png.ca and on AltaGas' website at www.altagas.ca.

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 PNG or their affiliates, are intended to identify forward-looking statements. In particular, this news release contains forward-looking statements with respect to, among other things, the anticipated redemption of the Preferred Shares, the Redemption Date and the redemption price, as well as the delisting of the Preferred Shares from the TSX, 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 PNG'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 PNG's public disclosure documents. Many factors could cause PNG'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. Furthermore, there is no assurance that regulatory approvals will be received or that the transaction will close. Such statements speak only as of the date of this news release. PNG does not intend, and does 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.

Investor Inquiries:

Kevin Teitge
Vice President, Corporate Development
& Treasurer
(604) 691-5689

Media Inquiries:

Greg Weeres, P.Eng.
Vice President, Operations & Engineering
(604) 691-5677