

FORM 51-102F3
MATERIAL CHANGE REPORT

1. Name and Address of Company:

Pacific Northern Gas Ltd. (the “Corporation”)
Suite 950 – 1185 West Georgia Street
Vancouver, BC
V6E 4E6

2. Date of Material Change:

January 23, 2012.

3. News Release:

A news release disclosing the nature and substance of the material change was issued by the Corporation on January 23, 2012 through the news wire services of Marketwire.

4. Summary of Material Change:

On January 23, 2012 the Corporation announced that it will redeem all of its outstanding 6¾% Cumulative Redeemable Preferred Shares (the “Preferred Shares”) on February 27, 2012 (“Redemption Date”) in accordance with the share conditions attaching to the Preferred Shares. The shares will be redeemed at a price of \$26.26524, less any applicable withholding taxes.

5. Full Description of Material Change:

On January 23, 2012 the Corporation announced that it will redeem all of its outstanding Preferred Shares on February 27, 2012. Notice of the redemption was sent to the 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 will 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 the rights of the holders will cease, except the right to receive the redemption price without interest and less any applicable withholding taxes.

6. Reliance on Subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

7. Omitted Information:

Not applicable.

8. Executive Officer:

Inquiries in respect of the material change referred to herein may be made to:

Kevin Teitge
Vice President, Corporate Development & Treasurer
Pacific Northern Gas Ltd.
Tel: (604) 691-5689

9. Date of Report:

January 23, 2012.