



## PRESS RELEASE

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## CANADIAN HYDRO CLOSES ISSUANCE OF \$120 MILLION UNSECURED CORPORATE DEBENTURES AND \$100.6 MILLION BANK CREDIT FACILITIES

**Calgary, Canada – September 1, 2005 (TSX:KHD):** Canadian Hydro Developers, Inc. (“Canadian Hydro” or the “Company”) announced today that it has closed the issuance of C\$120 million principal amount of senior unsecured debentures by way of private placement (the “Debentures”) and an aggregate of C\$100.6 million in unsecured credit facilities consisting of a C\$75.6 million construction facility (the “Construction Facility”) and a C\$25 million operating facility (the “Operating Facility”, together, the “Credit Facilities”).

The Company will use the proceeds from the Debentures to repay bank facilities of approximately C\$105 million with its existing bank lenders, as well as for general corporate and other purposes including the long-term financing of current and future assets. The structure of the Debentures and the Credit Facilities is expected to provide the Company with a long-term financing platform with the required financial flexibility and appropriate leverage to execute its strategic plan, including financing future growth in developing long-term contracted renewable power generation assets and will lower Canadian Hydro’s weighted average cost of capital. Canadian Hydro expects that the debt capital markets platform established with the issuance of the Debentures could eventually be transitioned from private offerings to public offerings as the Company continues to grow.

Dominion Bond Rating Service Ltd. (“DBRS”) has confirmed its rating of BBB with a Stable trend for the Debentures. The debentures have a 10-year term maturing on September 1, 2015 and bear an interest rate of 5.334% per annum, with interest paid semi-annually. Scotia Capital Inc. acted as lead agent and sole bookrunner for a syndicate of agents, including BMO Nesbitt Burns Inc., National Bank Financial Inc. and TD Securities Inc.

The Construction Facility is an unsecured, non-revolving credit facility, with a 364-day drawdown period, followed by a two-year non-amortizing term out, which is being used to assist in the financing of a portion of the capital expenditures associated with the 67.5 MW Melancthon Grey Wind Project currently under construction. The Operating Facility is a 364-day, with a 6-month non-amortizing term out, revolving credit facility, extendable for one-year periods annually by mutual agreement of the Company and its bank lenders and will be used for general corporate purposes. The Credit Facilities bear interest at Bankers’ Acceptances plus a stamping fee of 0.80% per annum. The Credit Facilities rank equally and ratably with all other unsecured and unsubordinated indebtedness of the Company for borrowed money. The Toronto-Dominion Bank and Scotia Capital acted as co-lead arrangers and joint bookmanagers for the Credit Facilities, which were completed with a syndicate that also included Alberta Treasury Branches.

Canadian Hydro is a developer, owner and operator of 17 power generation facilities totaling net 162 MW in operation and has an additional 67.5 MW currently under construction. The generation portfolio is diversified across three technologies (water, wind and biomass) in the provinces of British Columbia, Alberta and Ontario. This portfolio is unique in Canada as all facilities are certified, or slated for certification, under Environment Canada’s EcoLogo<sup>M</sup> Program.

The Toronto Stock Exchange has neither reviewed nor approved this press release.

The Debentures have not been and will not be registered under the U.S. Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of such Act.

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**Common shares outstanding: 79,519,623**

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