



PRESS RELEASE

CANADIAN HYDRO ANNOUNCES EXERCISE OF WARRANTS AND CLOSING OF PRIVATE PLACEMENT

Calgary, Canada – September 10, 2004 (TSX: KHD): Canadian Hydro Developers, Inc. (“Canadian Hydro” or the “Company”) today announced that all of the 4,422,222 warrants, expiring on September 10, 2004, were exercised into an equal number of common shares at \$2.35 per share for proceeds of \$10,392,222. The warrants were originally issued in September 2001 in conjunction with private placements. In addition to the warrant exercise, the Company closed its private placement with Shaw Ventures Ltd. (“Shaw”), resulting in the issuance of 1,000,000 common shares at \$2.58 per share for proceeds of \$2,580,000. The aggregate proceeds of \$12,972,222 from these common share issuances will be used to finance costs associated with the development of renewable energy prospects including, but not limited to, the Melancthon Grey Wind Project in Ontario.

As a result of the private placement and warrant exercise, Shaw acquired an aggregate of 2,100,000 common shares of the Company and now exercises control or direction over an aggregate of 12,430,364 common shares, representing approximately 16.7% of the currently outstanding common shares. Shaw is the investment division of Shaw Communications Inc. Shaw holds the common shares of the Company for investment purposes only.

As a result of the warrant exercise, ARC Energy Venture Fund 2 (“ARC”) now exercises control or direction over an aggregate of 7,597,400 common shares of the Company, representing approximately 10.2% of the currently outstanding common shares. ARC holds the common shares of the Company for investment purposes only.

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Canadian Hydro is a developer, owner and operator of 13 low-impact renewable power plants, representing 105.4 MW of net installed capacity, which are all certified under the EcoLogo^M program. The Company’s construction projects, including the Grande Prairie EcoPower[®] Centre, Taylor Wind and Upper Mamquam Hydroelectric Projects are slated for certification upon completion as low-impact renewable energy facilities.

Canadian Hydro Developers, Inc. is passionate about meeting the goals of investors and the needs of the environment. As industry leaders, Canadian Hydro is focused on building a sustainable future for Canada and with over 15 years experience, Canadian Hydro is the working model for the unlimited development potential of low-impact renewable energy.

For further information, please contact:

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Common shares outstanding: 74,523,261
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