



PRESS RELEASE

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UNDERWRITERS EXERCISE OVER-ALLOTMENT OPTION ON PREVIOUSLY ANNOUNCED PUBLIC OFFERING

Calgary, Canada – December 23, 2005 (TSX:KHD): Canadian Hydro Developers, Inc. (“Canadian Hydro” or the “Company”) announced today that the underwriters have exercised in full the over-allotment option on the public offering of common shares which closed on December 19, 2005. The syndicate of Canadian underwriters co-led by Scotia Capital Inc. and FirstEnergy Capital Corp., and including BMO Nesbitt Burns Inc., Canaccord Capital Corporation, Dundee Securities Inc. and TD Securities Inc. purchased an additional 4,425,000 common shares at a price of \$5.10 per share resulting in gross proceeds of \$22,567,500 which completes the public offering of 36,925,000 common shares for total gross proceeds of \$188,317,500.

Net proceeds of \$21,664,800 from the over-allotment will be used to fund a portion of the construction costs related to the \$265 million, 132.0 MW Melancthon II Wind Project, the \$410 million, 197.8 MW Wolfe Island Wind Project, and the \$64 million, 20.0 MW (\$32 million, 10.0 MW net to the Company’s interest) Island Falls Hydroelectric Project, and for general corporate purposes. On November 21, 2005, Canadian Hydro was awarded three, 20 year Renewable Energy Supply II contracts from the Ontario Power Authority, a statutory body of the Ontario Government, for the sale of electricity from these projects.

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 and 339.8 MW nearing 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^M Program.

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

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Current common shares outstanding: 118,223,873
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