



PRESS RELEASE

CANADIAN HYDRO TO ACQUIRE VECTOR WIND ENERGY INC.

Calgary and Ottawa, Canada – October 12, 2006 (TSX:KHD and TSXV:VWE): Canadian Hydro Developers, Inc. (“Canadian Hydro” or the “Company”) and Vector Wind Energy Inc. (“Vector”) announced today that they have entered into an arrangement agreement (the “Arrangement Agreement”) pursuant to which Canadian Hydro will acquire (the “Acquisition”) all of the issued and outstanding common shares of Vector, including any Vector shares issued on the exercise of outstanding options or warrants (“Warrants”) prior to the effective date of the Acquisition (the “Vector Shares”) at a price per Vector Share of \$0.30 cash. This price represents a 50% premium over the volume weighted average price of Vector Shares on the TSX Venture Exchange for the 20 trading days ending October 11, 2006.

The Acquisition will be completed pursuant to a statutory plan of arrangement (the “Arrangement”) under the *Canada Business Corporations Act* and will require the approval of 66 2/3% of the votes cast by Vector shareholders and warrant holders voting together as a class, at a special meeting of Vector shareholders and warrant holders (the “Meeting”).

The Vector board of directors (the “Directors”) has retained Fraser Mackenzie Limited (“Fraser Mackenzie”) of Toronto as financial advisor in respect of the transaction. Fraser Mackenzie has provided a preliminary opinion to the Vector Board indicating that the arrangement is fair, from a financial point of view, to Vector shareholders and warrant holders. The Directors have unanimously approved the Arrangement and, recommend that Vector shareholders and warrant holders vote their Vector Shares in favour of the Arrangement. Directors, officers and other significant shareholders of Vector, holding approximately 26% of the Vector Shares (calculated on a diluted basis), have entered into support agreements whereby they have agreed to vote their Vector Shares and Warrants in favour of the Arrangement and otherwise support the Arrangement. Fraser Mackenzie will continue its due diligence with a view to providing a formal written fairness opinion to be included in the information circular that will be provided to the Vector shareholders and warrant holders in advance of the Meeting. Vector shareholders and warrant holders are encouraged to read such opinion as it will contain the conditions and assumptions on which the opinion is based.

Closing of the Acquisition is subject to numerous conditions in favour of the parties which are typical for transactions of this type. In addition, closing will be subject to the receipt of the approval of the Ontario Superior Court of Justice and all necessary regulatory approvals including the Toronto Stock Exchange and the TSX Venture Exchange. The Arrangement Agreement provides that Vector shall not, directly or indirectly, solicit or initiate any inquiries, discussions or negotiations with any third party with respect to any take-over or other

combination proposal. The Arrangement Agreement contains a non-completion fee in the amount of \$250,000, which is payable by either party in certain circumstances if the Acquisition is not completed.

Mailing of an information circular detailing the Acquisition is anticipated to be mailed to Vector shareholders and warrant holders by early November 2006, with the Meeting and completion of the Acquisition expected in late November 2006. Canadian Hydro shareholders will not be required to vote on the Acquisition.

Additionally, Vector and Canadian Hydro have entered into a conveyancing agreement pursuant to which Canadian Hydro has acquired three of Vector's wind prospects in Ontario for total consideration of \$750,000.

The acquisition of Vector by Canadian Hydro will strategically position the Company for wind development opportunities in Manitoba, as well as provide the Company with additional wind prospects in Ontario. Manitoba Hydro is expected to issue a request for proposals to issue power purchase contracts for up to 300 MW of wind projects prior to the end of 2006, as well as future RFPs for up to an additional 700 MW of wind projects. Some of the wind prospects in Ontario are expected to be eligible for the Standard Offer Contracts (the "SOC") anticipated to be made available by the Ontario Power Authority by the end of 2006. The price under the SOCs is expected to be \$110 per MWh for 20 years for projects 10 MW in size or less.

Brian Barr, President of Vector, stated "Vector management and directors are pleased to support this all-cash proposal from Canadian Hydro. This will allow Vector shareholders to monetize the value which has been created from Vector's extensive wind exploration efforts over the past few years."

The total cost of the Acquisition is estimated to be \$6,300,000, including the purchase price for the shares and anticipated acquisition costs.

About Vector Wind Energy Inc.

Vector is a developer of wind energy projects in Canada. Currently, Vector has 20 active prospect areas, primarily in Manitoba and Ontario, at various stages of development. These prospects have the potential to support over 1,000 MW of wind energy capacity. Further information on Vector can be obtained at www.sedar.com or at www.vectorwindenergy.com

About Canadian Hydro Developers, Inc.

Canadian Hydro is a developer, owner, and operator of 18 renewable energy generation facilities totaling net 230 MW in operation, with an additional 385 MW nearing construction. The renewable 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.

This press release shall not constitute an offer to sell or a solicitation of an offer to buy securities in any jurisdiction. Neither the Toronto Stock Exchange nor the TSX Venture Exchange has reviewed nor approved this press release.

– 30 –

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**Internet: www.canhydro.com
Common shares outstanding:
119,436,273 (non-diluted)**

**www.vectorwind.com
17,714,687 (non-diluted)**

Certain statements contained in this news release constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "schedule", "anticipate", "plan", "estimate", "expect", "may", "will", "potential", "intend", "could", "might", "should", "believe" and similar expressions. 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. The Company believes that the expectations reflected in those forward looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this news release should not be unduly relied upon. These statements speak only as of the date of this news release. The Company does not intend, and does not assume any obligation, to update these forward-looking statements.