

PRESS RELEASE

SkyPower Wind Energy Fund LP Accepts SkyPower Corp.'s Proposal to Purchase the Terrawinds Project Near Rivière-du-Loup, Québec

TORONTO, October 26, 2007/CNW/–SkyPower Wind Energy Fund LP (the “Partnership”) announced today that it has entered into a non-binding letter of intent to sell its Terrawinds wind energy facility near Rivière-du-Loup, Québec (the “Facility”) and related assets to SkyPower Corp. for \$77.2 million. If the proposed sale is completed it is currently expected that Unitholders in the Partnership will receive approximately \$10.00 per unit in value to be comprised of cash (inclusive of indemnification for lost tax benefits) plus certain tax benefits.

Background

The Partnership Unit Financing

In December 2005, the Partnership raised gross proceeds of approximately \$77.2 million through the public offering and sale of approximately 7.7 million limited partnership units (“Units”) of the Partnership at a price of \$10 per Unit. The net proceeds of that offering were invested in shares of Terrawinds Resources Corp. (“Terrawinds”), which used those funds, together with borrowed funds, to acquire wind turbines and other assets for the purpose of developing and constructing the Facility. The purchasers of Units were expected to be able to claim certain deductions from income for Canadian federal and provincial income tax purposes (“Deductions”), as well as owning an ongoing interest in the Facility through the Partnership’s holding of Terrawinds shares.

SkyPower Corp. is a Toronto-based wind power company engaged in the development, acquisition, construction and ownership of wind energy projects in Canada, the United States and India. SkyPower Corp. was the original owner of the Facility and sold it to the Partnership in 2005 at the time of the Partnership’s offering of Units. SkyPower Corp. also entered into an agreement with Terrawinds and the Partnership’s general partner to provide a range of administrative services to those entities, and owns a contingent equity interest in the Partnership.

Three senior officers of SkyPower Corp. also accepted senior management positions with the Partnership's general partner and Terrawinds.

Adverse Effects of Unforeseen Delays and Revisions to the Facility

As previously announced, factors beyond the Partnership's control resulted in unforeseen delays and the need to make extensive revisions to the layout, engineering and construction plan for the Facility. Those delays and changes significantly reduced the Facility's projected energy output and significantly increased the costs of the Facility. Despite the strenuous efforts of the Partnership's management and advisers to address the effects of the unforeseen delays and revisions, the Partnership has not yet been able to secure the accommodations, amendments and revisions to key agreements required in order for the Facility to be economically viable.

As a consequence of those developments, Unitholders will not be entitled to claim the expected Deductions and will be subject to reassessment by Canadian federal and provincial income tax authorities. Completion of the sale to SkyPower described below will result in Unitholders being indemnified for the loss of their Deductions.

Furthermore, under the terms of the Partnership's credit agreement relating to its senior secured credit facilities, the Partnership was to have obtained certain of the accommodations, amendments and revisions by October 31, 2007. The Partnership is in discussions with its lenders regarding a potential extension of the October 31, 2007 date. Should such extension not be obtained, the Partnership's failure to obtain the key contractual accommodations, amendments and revisions before October 31, 2007 will constitute a default under the credit agreement that will entitle the lenders to exercise their remedies, which may include enforcement of their existing first priority security interests, termination of continuing funding, and acceleration of repayment of the existing debt of approximately Cdn.\$211 million.

SkyPower Corp.'s Proposal

SkyPower Corp. has submitted a non-binding letter of intent (the "Proposal") to the Partnership and Terrawinds under which SkyPower Corp. would purchase all of the assets of Terrawinds for

cash consideration and an assumption of certain liabilities, including the existing debt of approximately Cdn.\$211 million (the “Proposed Sale”).

The Special Liquidity Committee of the Board of Directors of the Partnership’s general partner (the “Committee”) carefully considered the Proposal and the Partnership’s current circumstances and alternatives with the advice and assistance of its financial adviser, Credit Suisse Securities (Canada) Inc., who has been assisting the Committee since August 2007. The Committee concluded that it would be in the best interests of the Partnership and Unitholders to accept the Proposal. The Partnership formally accepted the Proposal on October 25, 2007.

In connection with the Proposal, Messrs. Kerry Adler, David Bacon and Cory Basil, all of whom are senior officers of SkyPower Corp., resigned their positions as senior officers of the Partnership’s general partner and Terrawinds and, in the case of Mr. Adler, as a director of the general partner and Terrawinds.

The Proposal stipulates that completion of the Proposed Sale is subject to certain conditions, including the following:

- SkyPower Corp. and the Partnership must enter into a definitive purchase agreement setting out the terms and conditions of the Proposed Sale acceptable to the boards of the Partnership’s general partner and SkyPower Corp. The Partnership has agreed not to pursue, encourage or entertain any competing proposals from any other party prior to November 5, 2007 and will endeavour to negotiate the terms of a definitive purchase agreement with SkyPower Corp. during that period.
- SkyPower Corp. must obtain the agreement of the Partnership’s existing lenders with respect to the Proposed Sale.
- SkyPower Corp. must obtain approval from Hydro-Québec for an assignment of, the existing power purchase agreement for the Terrawinds Facility to SkyPower Corp.
- SkyPower Corp. must be satisfied with its “due diligence” investigations concerning Terrawinds.

- The Proposed Sale must be approved by at least two-thirds of the votes cast by Unitholders at a meeting to be called to consider the Proposed Sale and related matters. Subject to the foregoing conditions, the Partnership currently expects that the Unitholders' meeting will be held in December 2007.

There can be no assurance that the foregoing conditions will be satisfied or that the Proposed Sale will ultimately be completed.

If a definitive purchase agreement is entered into by the parties, detailed information concerning the Proposed Sale, the uses of the sale proceeds, the income tax and other consequences of the Proposed Sale for Unitholders, and other relevant information will be set out in an information circular that the Partnership expects to send to Unitholders in November 2007.

About SkyPower Wind Energy Fund LP

The Partnership has invested in the common shares, including flow-through shares, of Terrawinds Resources Corp., a Canadian corporation formed for the purposes of constructing and operating a 166MW wind energy project near Rivière-du-Loup, Québec which would generate electricity for sale to Hydro-Québec pursuant to a 21-year power purchase agreement.

Certain statements included in this news release constitute "Forward-Looking Statements" within the meaning of the Securities Act (Ontario). Such forward-looking statements involve unknown risks, uncertainties and other factors, including the risk that the Proposed Sale may not be completed and the risk that Unitholders may suffer financial loss as a result. Certain other risks and uncertainties as well as additional information are outlined in the Partnership's 2006 Annual Report and other continuous disclosure documents available on www.sedar.com <<http://www.sedar.com/>>. Those risks may cause the actual results, performance or achievements of the Partnership to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

The forward-looking information contained in this news release represents the expectations of the SkyPower Wind Energy Fund LP as at October 25, 2007 and, accordingly, is subject to change after that date. However, SkyPower Wind Energy LP expressly disclaims any intention

or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law.

For further information contact:

W. Judson Martin, Chairman of SkyPower I GP Inc., General Partner of SkyPower Wind Energy Fund LP at judson_martin@hotmail.com.