

## **CHONDROGENE COMPLETES US\$500,000 PRIVATE PLACEMENT THROUGH POWERONE CAPITAL MARKETS LIMITED**

TORONTO, CANADA (September 13, 2004): ChondroGene Limited (TSX-V: CDG) reported today that it has raised US\$500,000 by way of a brokered private placement in Canada. PowerOne Capital Markets Limited placed 526,316 common shares at US\$0.95 per share for total gross proceeds of US\$500,000. PowerOne was paid a fee of 6%, or US\$30,000, on the gross proceeds raised, plus a broker warrant entitling PowerOne to purchase common shares equal to 6% of the number of shares placed, or 31,578 shares, for a period of 24 months at a price of US\$0.95 per share. The shares issued are subject to a 4-month hold period.

On August 25, 2004 the Company announced it had raised US\$5,000,000 through Rodman and Renshaw in the US and intended to raise an additional US\$500,000, on the same terms, in Canada to accommodate Canadian interests.

"This brings the total raised in this current financing to US\$5.5 million, providing us with operating capital well into 2006," stated Dr. K. Wayne Marshall, President and CEO of ChondroGene. "The money raised will allow us to concentrate our efforts on advancing our technology, based on the Sentinel Principle, in areas outside of osteoarthritis. We are currently conducting preliminary work in the early detection and diagnosis of certain cancers and neurological disorders."

### **About PowerOne Capital Markets Limited**

PowerOne Capital Markets Limited is a specialized merchant bank committed to financing and aiding emerging junior and small-cap companies and is primarily focused on providing financing in the range of CDN\$2 million to \$15 million. For further information on PowerOne, visit [www.poweronecapital.com](http://www.poweronecapital.com).

### **About ChondroGene**

ChondroGene is focussed on the application of functional genomics to enable early diagnosis and personalized therapeutic intervention based on disease-specific biomarkers. One of the initial applications of this technology is in the discovery and development of diagnostic and therapeutic products for osteoarthritis. Osteoarthritis is one of the world's leading causes of disability and a major factor in increasing healthcare costs.

In October 2002, ChondroGene entered into a research collaboration with Pfizer Inc, to jointly develop novel biomarkers and drug targets for osteoarthritis.

For more information on ChondroGene, visit [www.chondrogene.com](http://www.chondrogene.com).

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this news release.