



Chartwell Technology



CHARTWELL TECHNOLOGY AND PARLAY ENTERTAINMENT AGREE TO MERGER

Calgary, Canada, August 30, 2006: **Chartwell Technology Inc. (TSX – CWH)** (“**Chartwell**”) a leading provider of gaming software systems to the online and remote gaming industry and **Parlay Entertainment Inc. (TSXV – PEI)** (“**Parlay**”) the world's leading provider of Internet bingo solutions are pleased to announce their intention to enter into a business combination as agreed to in a binding Letter of Intent (LOI) executed today.

The LOI calls for Chartwell, and/or a wholly owned subsidiary of Chartwell, to acquire all of the issued and outstanding common shares of Parlay by way of a plan of arrangement or similar business combination, subject to obtaining all necessary regulatory and court approvals and the approval of the Parlay shareholders and subject to the completion of due diligence by both parties. Under the proposed business combination, Chartwell will issue 0.75 common shares of Chartwell for each issued and outstanding common share of Parlay. Assuming completion of the transaction, Chartwell will issue up to approximately 11.2 million common shares in exchange for all of the issued and outstanding Parlay common shares and post closing, will have approximately 29.9 million issued and outstanding common shares. Outstanding options and warrants to purchase Parlay common shares will either be exercised, cashed out or converted into options or warrants to purchase Chartwell shares.

The definitive agreement to be entered into by Chartwell and Parlay will be subject to a number of conditions, including court approvals, stock exchange approvals and the approval of the shareholders of Parlay at a meeting expected to be held in October, 2006. If all necessary approvals are obtained and all other conditions to the completion of the transaction are satisfied or waived, the business combination is expected to be completed by October 31, 2006. Certain major shareholders who are also directors of Parlay, holding approximately 22% of the issued Parlay common shares, have agreed to enter into agreements with Chartwell confirming their support for the proposed business combination. Chartwell and Parlay have each agreed, under certain circumstances, to pay a termination fee of \$500,000 (Cdn) to the other party if the business combination is not completed.

The merger will combine two significant international software providers in the Internet gaming arena with a compatible customer base, complementary product offerings and identical business models, to better compete on the global stage.

On completion of the business combination, the Chartwell board of directors will consist of two founders of each of Chartwell and Parlay and three independent directors. An Office of the CEO will be established with the President and CEO of each of Chartwell and Parlay acting as Co-CEO of Chartwell. A Merger Committee with representatives of both companies will be established to plan for, and manage, the technical, financial and operational aspects of the business combination. The senior executive teams of both Chartwell and Parlay will be combined in Chartwell following the merger.

In commenting on the proposed merger, Darold H. Parken, President and CEO of Chartwell said: “Chartwell and Parlay are a perfect fit. In an ever expanding remote gaming industry, Chartwell and Parlay share a unique and highly successful business model and enjoy great reputations. Our combined entity will be a much stronger and effective competitor and our customers will benefit from the merger of our best-of-breed gaming applications and our talented group of people. We are very excited about joining forces and working with the people at Parlay to build the world’s most comprehensive and flexible gaming software system, while maintaining our independence from the operation of any gaming business.”

Also commenting on the proposed merger, Scott White, President and CEO of Parlay added: “Consolidating two growing businesses like Parlay and Chartwell is the first step in our joint creation of a global technology powerhouse. Leveraging our respective excellence and leadership in technology, our common employment cultures, our existing and prospective customer bases and our depth in human resources, we are confident in our ability to develop, license and support a world-class suite of e-gaming products. It is our intention to create a new company which will generate excellent value for our stakeholders, and as our industry moves into the mainstream over the coming years, the fact that we will not compete with our customers will be our most important value proposition.”

About Chartwell

Chartwell Technology Inc. specializes in the development of leading-edge gaming applications and entertainment content for the Internet and wireless platforms and other remote access devices. Chartwell’s Java and Flash based software products and games are designed for deployment in gaming, entertainment, advertising and promotional applications. Chartwell does not participate in the online gaming business of its clients nor does Chartwell operate its own gaming sites. Chartwell’s team of highly trained professionals is committed to delivering the highest quality software and maintaining its leading edge through continuous development and unparalleled customer support.

About Parlay

Parlay Entertainment Inc. is the world's leading developer and dominant licensor of Internet bingo solutions. As the inventor and patent holder of Internet bingo, Parlay is the first company in the world to develop and deploy a commercial Internet bingo product. Parlay Bingo is available in both 75-number and 90-number versions and is complemented by a full suite of lottery and casino games. Our multi-player, multi-platform technology is used to power more online bingo sites than any other software provider in the world. Some of the world's best-known brands use Parlay Bingo solutions, including Virgin, Yahoo! and MSN.

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Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: Certain statements contained herein may constitute forward-looking statements. These statements relate to future events or our 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 “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “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. We believe that the expectations reflected in the forward-looking statements are reasonable based upon management’s current views but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. These statements speak only as of the date hereof. Except where required by law, we do not intend, and do not assume any obligation, to update conclusions, forecasts or projections that may be contained in these forward-looking statements, whether as a result of new information, future events or otherwise. No assurance can be given that actual results, performance or achievement expressed in, or implied by these forward-looking statements will occur, or if they do, that any benefits may be derived from them. Past results, information provided by third-party sources believed to be accurate and an assumption that the transaction is successfully completed have been applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information.

Actual results could differ materially from those anticipated in these forward-looking statements as a result of factors that may include, but are not limited to: a failure to complete the transaction disclosed herein, the impact of government regulation, the impact of price competition, loss of business or credit risks associated with current and prospective major customers, general industry and market conditions and growth rates, currency rate fluctuations, the impact of consolidations in the online gaming industry and other risks detailed from time to time in the Annual Information Form and Management’s Discussion and Analysis, of both Chartwell and Parlay, both of which may be found at www.sedar.com