



Chartwell Technology Inc.

PRESS RELEASE

CHARTWELL ANNOUNCES FINANCIAL RESULTS FOR THE THREE MONTHS AND NINE MONTHS ENDED JULY 31, 2005

- Revenue growth of 25.3%, EBITDA of \$1,180K, Net Income of \$0.04 per share -

Chartwell Technology Inc.

TSX: CWH

Calgary, Canada, September 14, 2005, Chartwell Technology Inc. (TSX:CWH) a leading provider of gaming software systems and entertainment content to the online and remote gaming industry, announces unaudited financial results for the three and nine months ended July 31, 2005.

Highlights of the quarter included:

- Total revenue of \$4,508K compared with \$3,598K during the same period in 2004;
- Software license fees of \$4,028K compared to \$3,393K during the same period in 2004;
- Operating margins (revenues less operating expenses) of 26.2% compared to 39.3% during the same period in 2004;
- EBITDA (earnings before interest, taxes, depreciation and amortization) of \$1,180K compared to \$1,536K during the same period in 2004;
- Net income of \$728K or \$0.04 per diluted share compared with net income of \$1,210K or \$0.07 per diluted share during the same period in 2004;
- Total assets of \$32.3M compared to \$12.9M in the same period of 2004;
- Eleventh consecutive quarter of profitability.

"I am pleased to announce another solid quarter of results", states Don Gleason, Chief Financial Officer. "Despite increased operating expenses associated with the acquisition of Micropower Corporation and a weakening in foreign currency markets resulting in a foreign exchange loss, we were able to deliver another quarter of profitable growth. For the remainder of the year we will maintain our focus on profitability, diversifying our revenue and investing in key areas of our business."

Three Months Ended July 31, 2005

Compared to the same period of 2004, total revenue increased by 25.3%, software license fees increased by 18.7% and software set-up fees increased by 88.9%.

Total revenue increased to \$4,508K from \$3,598K in the comparative quarter of 2004. Software license fees, which represent approximately 89.3% of total revenue, increased to \$4,028K from \$3,393K in the comparative quarter of 2004.

Total operating expenses, which include foreign currency gains and losses, increased to \$3,328K from \$2,183K in the comparative quarter of 2004. Due to a significant decline in the EURO compared to the Canadian dollar and the corresponding translation of the Company's EURO based accounts receivable and monetary assets the Company incurred a foreign currency loss of \$338K. Excluding the impact of the foreign currency loss the increase in operating expenses is within plan and continues to reflect the Company's investment program which began in fiscal 2004 and is continuing in fiscal 2005. Software development and support and sales and marketing continue to be the principal beneficiaries of this investment program. Reflecting the increased headcount to support the Company's product development initiatives, software development and support expenses increased by 49.6% to \$1,754K compared to \$1,172K in the comparative quarter of 2004. Sales and marketing expenses

increased by 9.4% to \$488K compared to \$447K in the comparative quarter of 2004. General and administrative ("G&A") expenses increased by 31.8% to \$418K compared to \$317K in the comparative quarter of 2004.

The increased expenditure level in operating expenses is expected to continue throughout the remainder of the year in order to sustain and fuel continued growth.

EBITDA decreased by 23.2% to \$1,180K from \$1,536K in the comparative quarter of 2004. This decrease was due to a foreign exchange loss and stock based compensation expense. There was no stock based compensation expense in the comparative period of 2004.

Net income decreased by 39.8% to \$728K compared to \$1,210K in the comparative period of 2004. The decrease in net income is the result of lower EBITDA and an increase in tax expense to \$452K compared to \$204K in the comparative quarter of 2004. The decrease in diluted earnings per share to \$0.04 from \$0.07 is the result of lower net income and an increase in the Company's issued shares resulting from the December private placement and the dilutive effect of stock options.

Nine Months Ended July 31, 2005

Compared to the same nine month period of 2004, total revenue increased by 51.5%, software license fees increased by 52.9%, EBITDA increased by 72.0%, operating margins increased to 37.9%, net income increased by 23.0% and earnings per share diluted remained constant at \$0.16.

Total revenue increased to \$13,200K from \$8,711K in the comparative nine-month period in 2004. License fees increased by 52.9% to \$12,279K from \$8,031K in the comparative nine-month period of 2004.

Total operating expenses increased by 38.2% to \$8,203K from \$5,935K in the same period of 2004. SWD expense increased by 38.3% to \$4,399K compared to \$3,180K in the same period of 2004. Sales and marketing expenses increased by 47.6% to \$1,639K compared to \$1,111K in the same period of 2004. G & A expenses increased by 21.4% to \$1,103K compared to \$1,403K in the same period of 2004.

EBITDA increased by 72.0% to \$5,016K compared to \$2,916K in the same period of 2004.

Net income increased by 23.0% to \$3,149K compared to \$2,560K in the same period of 2004. Diluted EPS was \$0.16 per share for the nine months ended July 31, 2005 and the comparative period of 2004.

Balance Sheet Strength

The Company continued to strengthen its balance sheet through positive cash generation and strong earnings performance. At July 31, 2005, the Company's total assets increased to \$32,254K and working capital increased to \$21,806K. The Company had no debt and an aggregate cash balance, including short-term investments, of \$19,871K.

Cash provided by operations was \$2,867K for the nine months ended July 31, 2005 compared \$2,445K in the comparative period of 2004. For the three months ended July 31, 2005 cash used in operations was (\$82K) compared to cash provided by operations in the comparative period of 2004 of \$1,306K. The decrease in the current quarter was primarily attributable to an increase in accounts receivable. Cash provided by financing was \$11,161K and \$341K for the nine and three months ended July 31, 2005 compared to \$758K and \$134K in the comparative periods of 2004. Cash used for investing activities was (\$16,063K) for the nine months ended July 31, 2005 compared to (\$2,328K) in the comparative period of 2004. For the three months ended July 31, 2005, cash provided by investing activities was \$738K compared to cash used in investing activities of (\$290K) in the comparative period of 2004. Investing activities consisted of the purchase and redemption of short-term investments, the purchase of property and equipment and the purchase of intellectual property resulting from the Micropower Corporation acquisition.

CHARTWELL ANNOUNCES NORMAL COURSE ISSUER BID

Chartwell's Board of Directors has authorized the Company to make a normal course issuer bid. Purchases under the bid may commence following receipt of regulatory approvals and will terminate within one year after commencement.

Chartwell's share purchase program authorizes the Company to purchase up to 950,000 common shares, representing less than 5 per cent of the issued common shares. There are currently 19,039,137 common shares issued and outstanding. Purchases will be made on the open market through the facilities of the Toronto Stock Exchange and at the market price at the time of purchase. The common shares purchased by Chartwell during the course of the normal course issuer bid will be cancelled.

Chartwell and its Directors believe that the Company's common shares have been trading at prices that do not reflect the underlying value of the Company. As a result, the Company believes that its common shares are a good investment at recent prices.

A conference call for analysts and shareholders is scheduled for 5:00 p.m. EST on Wednesday, September 14, 2005. To participate in the call please dial the appropriate number less than five minutes prior to the call's commencement. You will be requested to provide your name, telephone and corporate affiliation (if applicable).

Date: September 14, 2005

Time: 5:00 p.m. EST

International or local (Toronto) access: 416-695-9707 Toll-free North America: 1-800-565-0813

Audio playback will be available after the call and will remain accessible until September 29, 2005.

Instant replay access information

International or local (Toronto) access: 416-695-5275 Toll-free North America: 1-888-509-0082

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. 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.

For further information, please contact: **Chartwell Technology Inc.**

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The Toronto Stock Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

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