



Chartwell Technology



CHARTWELL AND PARLAY AGREE TO TERMINATE PROPOSED MERGER

Calgary, Canada, Oct 26, 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, announce today their intention to terminate the proposed business combination, originally set out in a Letter of Intent (the “LOI”) entered into and announced on August 30, 2006.

The continuing market uncertainty for the online and remote gaming industry generated by recent legislative actions in the United States has forced Chartwell to conclude that it will be unable to obtain a fairness opinion which supports the business arrangement or the share exchange ratio. Chartwell and Parlay have therefore concluded that their proposed business combination cannot be completed on the terms originally negotiated by the parties. As a result, Chartwell and Parlay have agreed to terminate all merger discussions. As part of this agreement, Chartwell has agreed to reimburse Parlay for a portion of its expenses in connection with the proposed business combination.

Notwithstanding these unanticipated developments, Chartwell and Parlay intend to continue to explore joint venture business opportunities that were identified or considered during the merger discussions.

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