



Chartwell Technology Inc.

Consolidated Interim Financial Statements

For the three months ended January 31, 2000

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First Quarter Report (for the three months ended January 31, 2000)

Corporate

Chartwell's first quarter ended January 31, 2000 marks the beginning of a restructured business model in which two distinct market segments for our software are being pursued. During this quarter Chartwell transferred all rights to the *play for real* application of its *CasinoCasino* suite of Internet games to a wholly owned subsidiary, GamingTech Corp. GamingTech licenses the *CasinoCasino* software to third parties wishing to deploy the software in real money wagering scenarios. During this quarter Chartwell began the development of several new software products and implemented a marketing plan for the *play for fun* deployment of its software as pure entertainment content for a variety of Internet portal, virtual community and business to consumer web sites.

GamingTech's *play for real* online Casino market share continues to increase while new games development is opening up new markets and geographic marketing areas. Chartwell's *play for fun* markets are now being pursued with the Company's existing software. New software development in the areas of multi-player and tournament games applications will form the product base for several other new markets, which Chartwell has identified and begun to develop.

Financial

Revenues for the first quarter were \$548,027, an increase of 436% over the corresponding quarter of the previous year. Virtually all revenue was generated by GamingTech through software licensing fees. Expenses for the period were \$538,528, an increase of 63% over the prior year. The increase in expenses is attributed to corporate restructuring costs, software development expenses and marketing expenses. Chartwell posted a profit of \$9,499 for the quarter compared with a loss of \$228,702 in the corresponding quarter of the prior year. With a significant expansion of the Company's software development, graphics and marketing teams, we do not anticipate profitability in the second quarter. Long-term debt was reduced to \$44,082 from \$797,226 in the prior year. A large portion of the reduction in long-term debt related to the retirement of \$500,000 of convertible debentures. The January 31, 1999 balance sheet reflects a revision from the previously published financials, which included \$1,000,000 of goodwill and share capital with respect to the acquisition of Gateway Technology Inc. As the shares issued on the Gateway acquisition are subject to a performance escrow, we are unable to show the related values in our balance sheets unless and until the performance criteria is satisfied.

Outlook

Subsequent to the end of the first quarter we completed a \$10,075,000 equity financing which leaves Chartwell well capitalized to pursue the very exciting new market opportunities represented by the *play for fun* or pure entertainment applications of our software. During the second quarter our focus will be on new product development and aggressive marketing campaigns in both the *play for real* and *play for fun* sectors.

We are extremely pleased with our first quarter results and are confident that our growth will continue throughout the year as we strive to achieve our goal of becoming a premier supplier of Internet entertainment content and systems.

Darold H. Parken, President
March 31, 2000

CHARTWELL TECHNOLOGY INC.
CONSOLIDATED BALANCE SHEETS
AS AT JANUARY 31
(UNAUDITED)

	<u>2000</u>	(Revised) <u>1999</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 757,426	\$ 1,095,380
Accounts receivable	554,972	37,755
Inventory		36,998
Prepaid expenses	120,789	13,874
	<u>1,433,187</u>	<u>1,184,007</u>
Capital assets	171,910	711,640
Deferred software development costs	418,279	235,511
	<u>\$ 2,023,376</u>	<u>\$ 2,131,158</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 342,360	\$ 427,016
Current portion of obligations under capital leases	88,142	
	<u>430,502</u>	<u>427,016</u>
Long-term debt	44,082	797,226
Obligations under capital lease	171,649	
Shareholders' equity		
Share capital	4,128,605	2,211,001
Deficit	(2,751,462)	(1,304,085)
	<u>1,377,143</u>	<u>906,916</u>
	<u>\$ 2,023,376</u>	<u>\$ 2,131,158</u>

CHARTWELL TECHNOLOGY INC.
CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT
FOR THE THREE MONTHS ENDED JANUARY 31
(UNAUDITED)

	<u>2000</u>	(Revised) <u>1999</u>
Revenue:		
Revenue	\$ 528,309	\$ 102,192
Interest and other income	19,718	
	<u>548,027</u>	<u>102,192</u>
Expenses:		
Software development and support	139,199	124,611
Business development	198,611	26,197
General and administrative	169,055	175,444
Depreciation, depletion and amortization	9,648	4,642
Amortization of deferred software costs	22,015	
	<u>538,528</u>	<u>330,894</u>
 Net income (loss) for the period	 9,499	 (228,702)
 Deficit, beginning of period	 <u>(2,760,961)</u>	 <u>(1,075,383)</u>
 Deficit, end of period	 <u>\$ (2,751,462)</u>	 <u>\$ (1,304,085)</u>

CHARTWELL TECHNOLOGY INC.
CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE THREE MONTHS ENDED JANUARY 31
(UNAUDITED)

	<u>2000</u>	(Revised) <u>1999</u>
Cash provided by (used in):		
Operations:		
Net income (loss)	\$ <u>9,499</u>	\$ <u>(228,702)</u>
	9,499	(228,702)
Changes in non-cash working capital		
Accounts receivable	(203,484)	23,309
Inventory	0	(36,998)
Prepays	(54,316)	(13,874)
Accounts payable	<u>(5,445)</u>	<u>415,530</u>
	<u>(253,746)</u>	<u>159,265</u>
FINANCING ACTIVITIES		
Long-term debt	1,457	797,226
Capital lease obligations	(433)	0
Issuance of share capital	<u>416,054</u>	<u>0</u>
	<u>417,078</u>	<u>797,226</u>
INVESTING ACTIVITIES		
Additions to capital assets	(37,830)	(464,006)
Additions to deferred software costs	<u>22,015</u>	<u>(235,511)</u>
	<u>(15,815)</u>	<u>(699,517)</u>
NET INCREASE (DECREASE) IN CASH	147,517	256,974
CASH, beginning of the period	<u>609,909</u>	<u>838,406</u>
CASH, end of the period	\$ <u><u>757,426</u></u>	\$ <u><u>1,095,380</u></u>