



## **FOR IMMEDIATE RELEASE**

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## **QSound Labs Announces \$2 Million Private Placement**

**Calgary, Alberta, June 5, 2008** - QSound Labs, Inc. (NASDAQ: QSND), a leading technology developer of audio and voice software solutions, today announced that it has secured commitments totaling US\$2,000,000 in gross proceeds from individuals, existing shareholders and management, in a private placement. The private placement will result in the issuance of 2,000,000 units ("Units"), with each unit comprised of one common share ("Common Share") and one common share purchase warrant ("Warrant"), at a price of US\$1.00 per Unit. The Warrants have a term of five years from the date of grant. Each Warrant has an exercise price per common share of US\$1.50. Proceeds are intended to be used for general corporate purposes, including potential acquisitions.

The Company intends to file a resale registration statement (the "Registration Statement") with the United States Securities and Exchange Commission (the "SEC") under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), relating to the Common Shares and common shares underlying the Warrants. The securities offered have not been registered under the U.S. Securities Act or applicable state securities laws, and may not be offered or sold in the United States absent registration or an exemption from the registration requirements.

After completion of the financing, the Company will have 11,468,985 common shares issued and outstanding (approximately 15,218,807 common shares on a fully diluted basis). Upon closing of this transaction, the Company believes that it will be in compliance with the continued listing requirements for The Nasdaq Capital Market. The financing is the first step of the plan submitted by management to the staff at The Nasdaq Stock Market ("Staff") in response to the deficiency letter received by the Company in April, 2008. The Company is continuing to provide information to the Staff as it works towards a resolution of this issue.

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### **QSound Labs, Inc.**

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## **About QSound Labs, Inc.**

Since its inception in 1988, QSound Labs, Inc. has established itself as one of the world's leading audio technology companies. The Company has developed numerous innovative, proprietary audio solutions based on extensive research into human auditory perception. These technologies include virtual surround sound, 3D positional audio, stereo enhancement and MIDI Synthesis for the mobile devices, consumer electronics, PC/multimedia, and Internet markets. QSound Labs' cutting-edge audio technologies create rich, immersive 3D audio environments allowing consumers to enjoy stereo surround sound from headphones or from two, four and up to 7.1 speaker systems. The Company's customer and partner roster includes ARM, LG, Samsung, Pantech, STMicroelectronics, Telechips, CSR, Aricent, Broadcom, MiTAC, Panasonic, Qualcomm, Sony Vaio and Toshiba amongst others. QSound Labs supports its semiconductor, software and OEM partners globally with offices in Canada, Europe, China and Japan. To hear 3D audio demos and learn more about QSound, visit our website at <http://www.qsound.com>.

*This release may be deemed to contain forward-looking statements within the meaning of the Private Securities Litigation Act of 1995. Investors are cautioned that such forward-looking statements involve risk and uncertainties, which could cause actual results, performance or achievements of QSound, or industry results to differ materially from those reflected in the forward-looking statements. Such risks and uncertainties include, but are not limited to, risks associated with failure to complete the private placement or any potential acquisition, failure to meet the continued listing requirements for the Nasdaq Capital Market, loss of relationships with companies that do business with QSound, successful distribution of QSound-enabled products by licensees, continued growth of demand for QSound's technologies in the mobile devices market, QSound's ability to carry out its product development, business strategy and marketing plans, dependence on intellectual property, rapid technological change, competition, general economic and business conditions, and other risks detailed from time to time in QSound's periodic reports filed with the Securities and Exchange Commission. Forward-looking statements are based on the current expectations, projections and opinions of QSound's management, and QSound undertakes no obligation to publicly release the results of any revisions to such forward-looking statements which may be made, for example to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.*

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