



## **FOR IMMEDIATE RELEASE**

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## **QSound Receives Nasdaq Delisting Letter and Confirms Intention to Appeal**

**Calgary, Alberta, July 21, 2008** - QSound Labs, Inc. (NASDAQ: QSND) today announced that it received a Nasdaq Staff Determination on July 15, 2008 indicating that the Company has failed to comply with the stockholders' equity, net income and market value of publicly held shares requirements for continued listing, as set forth in Nasdaq Marketplace Rules 4310 (c)(3)(A), 4310 (c)(3)(B) and 4310 (c)(3)(C), and that its securities are therefore subject to delisting from The Nasdaq Capital Market. The subject rules require compliance with at least one of the above requirements in order to maintain listing with the Nasdaq. The Company had announced previously that it had on April 11, 2008 received from Nasdaq a letter indicating that the Company was not in compliance with these requirements.

QSound plans to request a hearing before a Nasdaq Listings Qualifications Panel to review the Staff Determination. The hearing request will stay the delisting of the Company's securities pending the Panel's decision, which means that in the interim period the Company's shares will continue to be traded on the Nasdaq Capital Market. There can be no assurance the Panel will grant QSound's request for continued listing.

### **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 proprietary audio solutions that include virtual surround sound, positional audio and stereo enhancement for the mobile devices, consumer electronics, PC/multimedia, and Internet markets. QSound Labs' cutting-edge audio technologies create rich 3D audio environments allowing consumers to enjoy stereo surround sound from two, four and up to 7.1 speaker systems. The Company's customer and partner roster includes ARM, BenQ, Broadcom, MiTAC, Panasonic, Qualcomm, Sony Vaio and Toshiba among others. To hear 3D audio demos and learn more about QSound, visit our web site at <http://www.qsound.com>.

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

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*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 relating to QSound's intent to appeal the Nasdaq Staff Determination and to request a hearing before a Nasdaq Listed Qualifications Panel to review the Staff Determination, the impact of the hearing request on the delisting of the Company's securities and the Company's intended plan for compliance, 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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