



QSOUND LABS, INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual and Special Meeting of Shareholders of **QSound Labs, Inc.** (the "Company") will be held at 10:00 a.m. on Thursday, June 27, 2002, at the Company's corporate head office at #400, 3115 – 12th Street NE, Calgary, Alberta T2E 7J2, for the following purposes:

1. To receive and consider the consolidated financial statements for the year ended December 31, 2001 and the auditors' report thereon;
2. To appoint auditors for the ensuing year and to authorize the directors to fix their remuneration;
3. To elect directors for the ensuing year;
4. To consider, and if thought fit, to pass, with or without variation, the special resolution to reduce the stated capital of the common shares of the Company by \$1,330,157.94 U.S. to reflect the cancellation of 208,765 common shares which were repurchased by the Company in 2001;
5. To consider, and if thought fit, to confirm, with or without variation, the amendment of the Company's By-law No. 1;
6. To consider, and if thought fit, to approve, with or without variation, the grant of options to insiders;
7. To transact such other business as may properly be transacted at such Meeting, or any adjournment thereof, without notice.

The 2001 Annual Report, an Information Circular and instrument of Proxy accompany this Notice of Meeting. Shareholders who are unable to be present in person at the Meeting are requested to complete and return the enclosed instrument of Proxy in accordance with the instructions set out in the Proxy and in the Information Circular accompanying this Notice.

DATED at Calgary, Alberta this 10th day of May, 2002.

By Order of the Board of Directors

"Joanna Varvos"

Joanna Varvos
Secretary