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MITEC TELECOM ANNOUNCES \$7.6 MILLION RIGHTS OFFERING

Montreal, August 28, 2006 – Mitec Telecom Inc. (TSX: MTM) announced today that it has filed a final short form prospectus in each of the provinces of Canada in connection with its previously-announced rights offering. If the rights offering is fully subscribed, Mitec will raise gross proceeds of approximately \$7.6 million.

Under the rights offering, Mitec will issue rights to shareholders of record at the close of business on September 8, 2006, on the basis of one right for each share held. Each right will give the holder the right to acquire one additional common share of Mitec at a price of \$0.10 per share until 5:00 p.m. on October 3, 2006. There are currently 76,405,263 common shares of Mitec outstanding.

The rights offering will allow Mitec to raise additional capital without diluting the ownership interest of current shareholders. The offering will be made only in Canada.

The rights will be listed on the Toronto Stock Exchange and will commence trading on September 6, 2006.

In connection with the rights offering, Mitec has entered into a Stand-By Purchase Agreement under which Howson Tattersall Investment Counsel Limited, Palos Capital Pool L.P., Notre-Dame Capital Inc. and Mi3 SD Inc. have agreed to purchase, to the extent that rights are not exercised and subject to certain conditions, a maximum of 35,000,000 common shares at a price of \$0.10 per share, for proceeds to Mitec of \$3.5 million. If more than 35,000,000 shares are issued in the rights offering, the four stand-by purchasers will not be required to purchase any shares.

Mitec has also granted the four stand-by purchasers the right to subscribe for up to 35,000,000 common shares by way of private placement, at a price of \$0.10 per share. The total number of shares issued pursuant to the optional private placement and stand-by commitment will not exceed 35,000,000, such that if the stand-by commitment is drawn in full, there will be no optional private placement. If the private placement occurs, the closing will be held within five business days of the closing date of the rights offering.

As consideration for the stand-by commitment, Mitec has agreed to issue an aggregate of 8,750,000 common share purchase warrants to the four stand-by purchasers at the closing of the rights offering. Each of the warrants will entitle the holder thereof to acquire one additional common share of Mitec at a price of \$0.10 per share for a period of two years.

Howson Tattersall Investment Counsel Limited holds 8,212,682 shares of Mitec, representing 10.75% of the outstanding shares prior to the rights offering, and is therefore an insider and a related party of Mitec. Mr. Jeffrey Mandel, president and a director of Mi3 SD Inc., is also a director of Mitec. Mr. Hubert Marleau, a director of the Corporation, is also chairman and a director of Notre-Dame Capital Inc., and president and a director of Gestion Palos Inc., the general partner of Palos Capital Pool L.P. Benevest Inc., the limited partner of Palos Capital Pool L.P., is wholly owned by Mr. Marleau. After giving effect to the rights offering, the optional private placement and assuming the exercise of the common share purchase warrants, Howson Tattersall Investment Counsel Limited would hold approximately 34.7 million shares of Mitec, representing between 18.4% and 28.8% of the outstanding shares, Mi3 SD Inc. would hold approximately 11.9 million shares of Mitec, representing between 9.9% and 6.3% of the outstanding shares, Notre-Dame Capital Inc. would hold 6.25 million shares of Mitec, representing between 5.2%

and 3.3% of the outstanding shares, and Palos Capital Pool L.P. would hold approximately 3.1 million shares, representing between 2.6% and 1.66% of Mitec's outstanding shares.

A maximum of 120,155,263 common shares are potentially issuable pursuant to the rights offering, optional private placement and common share purchase warrants, representing 157% of Mitec's currently outstanding capital.

As the aggregate number of common shares issuable to insiders of Mitec pursuant to the private placement and the common share purchase warrants is above the 10% threshold, and because the issue price of the shares and exercise price of the warrants are below the maximum discounts permitted by the Toronto Stock Exchange without security holder approval, Mitec is relying on an exemption which has been granted by the Toronto Stock Exchange from the security holder approval requirements provided for under Section 604(e) of the TSX Company Manual, on the basis of serious financial difficulty. Upon the recommendation of a special committee of independent directors of Mitec, the Board of Directors of Mitec has determined that Mitec is in serious financial difficulty and that the rights offering, issuance of warrants to the stand-by purchasers and the subsequent optional private placement are designed to improve its financial situation and are reasonable in the circumstances.

products and services, the impact of price pressures exerted by competitors, and general market trends or economic changes. As a result, readers are advised that actual results may differ from expected results.

About Mitec Telecom

Mitec Telecom is a leading designer and provider of radio frequency (RF) products for the telecommunications and satellite communications industries, as well as a variety of other sectors. The Company sells its products worldwide to network providers for incorporation into high-performing wireless networks used in voice and data/Internet communications. Headquartered in Montreal, Canada, the Company also operates facilities in the United States and China.

Mitec Telecom Inc. is listed on the Toronto Stock Exchange under the symbol MTM. On-line information about Mitec is available at www.mitectelecom.com.

Except for historical information provided herein, this press release may contain information and statements of a forward-looking nature concerning the future performance of the Company. These statements are based on suppositions and uncertainties as well as on management's best possible evaluation of future events. Such factors may include, without excluding other considerations, fluctuations in quarterly results, evolution in customer demand for the Company's products and services, the impact of price pressures exerted by competitors, and general market trends or economic changes. As a result, readers are advised that actual results may differ from expected results.

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