

**SELECT PAYMENT ENTERS INTO PATENT LICENSE WITH LML**

VANCOUVER, BC, September 7, 2005 - LML Patent Corp. ("LML"), a wholly-owned subsidiary of LML Payment Systems Inc. (the "Corporation") (Nasdaq: LMLP) announced today that Select Payment Processing, Inc. of Irving, Texas ("Select Payment") has entered into a patent license agreement with LML. The License Agreement provides Select Payment with a license to LML's patents for electronic check conversion in the Direct Consumer Field (NACHA standard entry class code "POP"), including LML's U.S. Patent Nos. 5,484,988; 6,164,528 and 6,283,366. Terms of the License Agreement are confidential.

"We are extremely pleased that yet another company has recognized the value of our patented technology," said Patrick H. Gaines, chief executive officer and president of LML Patent Corp. and LML Payment Systems Inc. LML was represented in the license negotiations by Russell E. Levine of the Chicago law firm Kirkland & Ellis LLP.

**About LML Payment Systems Inc. ([www.lmlpayment.com](http://www.lmlpayment.com))**

The Corporation, through its subsidiary LML Payment Systems Corp., is a financial payment processor providing check processing solutions including electronic check authorization, electronic check conversion (ECC) and primary and secondary check collection including electronic check re-presentation (RCK) to national, regional and local retailers. The Corporation also provides selective routing of debit, credit and EBT transactions to third party processors and banks for authorization and settlement. The Corporation's intellectual property estate, owned by subsidiary LML Patent Corp., includes U.S. Patent No. 6,354,491, No. 6,283,366, No. 6,164,528, and No. 5,484,988 all of which relate to electronic check processing methods and systems.

**About Kirkland & Ellis LLP ([www.kirkland.com](http://www.kirkland.com))**

Kirkland & Ellis LLP is a 1,000-attorney law firm representing global clients in complex corporate and tax, workout, insolvency and bankruptcy, litigation, dispute resolution and arbitration, and intellectual property and technology matters. The Firm has offices in Chicago, London, Los Angeles, Munich, San Francisco and Washington.

Statements contained in this news release which are not historical facts are forward-looking statements, subject to uncertainties and risks. For a discussion of the risks associated with the Corporation's business, please see the documents filed by the Corporation with the SEC.

-30-

**CONTACTS:**

**LML Payment Systems, Inc.**  
Patrick H. Gaines  
President and CEO  
(604) 689-4440

**Kirkland & Ellis LLP**  
Brian Pitts  
(312) 861-3115

Investor Relations  
(800) 888-2260