

**FIRST AMERICAN PAYMENT SYSTEMS AND CERTIFIED PAYMENT PROCESSING  
ENTER INTO PATENT LICENSE WITH LML**

VANCOUVER, BC, August 21, 2007 - LML Patent Corp. ("LML"), a wholly-owned subsidiary of LML Payment Systems Inc. (the "Corporation") (Nasdaq: LMLP) announced today that First American Payment Systems, L.L.P. ([www.first-american.net](http://www.first-american.net)) and affiliate, Certified Payment Processing L.L.P., of Fort Worth, Texas have entered into a patent license agreement with LML. The License Agreement provides First American Payment Systems and Certified Payment Processing 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 group 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 Jamie McDole of the Chicago law firm Kirkland & Ellis LLP.

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

LML Payment Systems Inc., through its subsidiaries LML Payment Systems Corp. in the U.S. and Beanstream Internet Commerce Inc. in Canada, is a leading provider of financial payment processing solutions for e-commerce and traditional businesses. We provide credit card processing, electronic funds transfer, automated clearinghouse payment processing and authentication services, along with routing of selected transactions to third party processors and banks for authorization and settlement. Our 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.

**Cautionary Statement Regarding Forward-Looking Statements**

*Certain statements in this press release are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including, without limitation, statements regarding our belief that this transaction is expected to be highly accretive on an EPS basis at the closing. Forward-looking statements include all passages containing verbs such as "aims," "anticipates," "estimates," "expects," "intends," "plans," "predicts," "projects" or "targets" or nouns corresponding to such verbs. Forward-looking statements also include any other passages that are primarily relevant to expected future events or that can only be evaluated by events that will occur in the future.*

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*Forward-looking statements are based on the opinions and estimates of the management at the time the statements are made and are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated in the forward-looking statements. Factors that could affect LML's actual results include, among others, the impact, if any, of stock-based compensation charges, the potential failure to establish and maintain strategic relationships, inability to integrate recent and future acquisitions, inability to develop new products or product enhancements on a timely basis, inability to protect our proprietary rights or to operate without infringing the patents and proprietary rights of others, and quarterly and seasonal fluctuations in operating results. More information about factors that potentially could affect LML's financial results is included in LML's quarterly reports on Form 10-Q and our most recent annual report on Form 10-K filed with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance upon these forward-looking statements that speak only as to the date of this release. Except as required by law, LML undertakes no obligation to update any forward-looking or other statements in this press release, whether as a result of new information, future events or otherwise.*

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