

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

IN RE L&L ENERGY, INC. SECURITIES  
LITIGATION

Case No.: 13-cv-6704-RA

This Document Relates To: All Actions

**NOTICE OF PENDENCY AND SETTLEMENT OF CLASS ACTION**

If you purchased common stock ("Stock") of L&L Energy, Inc. ("L&L") during the period between August 13, 2009 and September 18, 2013, inclusive, you could get a payment from a class action settlement (the "Settlement").

*Under law, a federal court has authorized this notice.*

- If approved by the Court, the settlement will provide \$3,500,000, plus interest earned thereon (the "Settlement Amount"), to pay claims of investors who purchased L&L Stock during the period between August 13, 2009 and September 18, 2013, inclusive (the "Class Period"), and were damaged thereby.
- The Settlement represents an average recovery of \$0.083 per share of L&L common stock for the 42 million shares outstanding during the Class Period. This estimate solely reflects the average recovery per damaged share of L&L Stock. This is not an estimate of the actual recovery per share you should expect. Your actual recovery will depend on the aggregate losses of all Class Members, the date(s) you purchased and sold L&L Stock and the total number of claims filed.
- Attorneys for the Lead Plaintiffs ("Lead Counsel") intend to ask the Court to award them fees of up to one-third of the Settlement Amount, and reimbursement of litigation expenses not to exceed \$95,000. Lead Counsel also intends to ask the Court to grant Lead Plaintiffs awards not to exceed \$7,500 in total. Collectively, the attorneys' fees and litigation expenses and the award to Lead Plaintiffs are estimated to average \$0.030 per share of L&L Stock. If approved by the Court, these amounts will be paid from the Settlement Fund.
- The approximate recovery, after deduction of attorneys' fees and expenses and awards to Lead Plaintiffs approved by the Court, is an average of \$0.053 per share of L&L Stock. This estimate is based on the assumptions set forth in the preceding paragraph. Your actual recovery, if any, will vary depending on your purchase price and sales price and the number of Proof of Claim forms filed.
- The Settlement resolves the lawsuit as to whether L&L, Dickson V. Lee, Ian Robinson, and Clayton Fong (collectively, "Defendants") violated the federal securities laws by misrepresenting the true financial condition of L&L. The Defendants deny the allegations in the lawsuit and deny any wrongdoing. The Defendants and Lead Plaintiffs disagree on liability and damages. Lead Plaintiffs believe that, if they prevailed on all their claims and the Court accepted their theory of damages that they would recover approximately \$0.793 per share,

before deductions for fees and expenses and assuming that the full amount of the judgment was collectable. Defendants believe that, if this matter is litigated, Plaintiffs are likely to recover nothing.

- Your legal rights will be affected whether you act or do not act. If you do not act, you may permanently forfeit your right to recover on this claim. Therefore, you should read this notice carefully.

#### **YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT**

<b>SUBMIT A CLAIM FORM NO LATER THAN MAY 20, 2015</b>	The only way to get a payment.
<b>EXCLUDE YOURSELF NO LATER THAN JUNE 5, 2015</b>	Get no payment. This is the only option that allows you to be part of any other lawsuit against Settling Defendants about the legal claims in this case.
<b>OBJECT NO LATER THAN JUNE 5, 2015</b>	Write to the Court about why you do not like the settlement.
<b>GO TO A HEARING ON JUNE 26, 2015</b>	Speak in Court about the fairness of the settlement.
<b>DO NOTHING</b>	Get no payment. Give up rights.

#### **INQUIRIES**

**Please do not contact the Court regarding this notice.** All inquiries concerning this Notice, the Proof of Claim form, or any other questions by Class members should be directed to:

L&L Energy, Inc. Securities Litigation  
Claims Administrator  
c/o Strategic Claims Services  
600 North Jackson Street, Suite 3  
Media, PA 19063  
Phone: 610-565-9202

## COMMON QUESTIONS AND ANSWERS CONCERNING THE SETTLEMENT

### 1. **Why did I get this Notice?**

You or someone in your family may have purchased L&L common stock during the Class Period.

### 2. **What is this lawsuit about?**

The case is known as *In re L&L Energy, Inc. Securities Litigation*, Case No. 13-cv-6704-RA and the Court in charge of the case is the United States District Court for the Southern District of New York.

Defendants in this case are L&L and its directors Dickson V. Lee, Ian Robinson, and Clayton Fong. Lead Plaintiffs allege that the Defendants violated the federal securities laws by issuing materially false and misleading financial statements filed with the Securities and Exchange Commission. The Defendants and Lead Plaintiffs disagree on liability and damages. The Defendants deny any wrongdoing and deny that they can be held liable under the federal securities laws. The Settlement resolves all of the claims against the Defendants in the Class Action.

### 3. **Why is this a class action?**

In a class action, one or more persons and/or entities, called Lead Plaintiffs, sue on behalf of all persons and/or entities that have similar claims. All of these persons and/or entities are referred to collectively as a Class, and these individual persons and/or entities are known as Class Members. One court resolves all of the issues for all Class Members, except for those Class Members who exclude themselves from the Class.

### 4. **Why is there a Settlement?**

Lead Plaintiffs and Defendants do not agree regarding the merits of Lead Plaintiffs' allegations with respect to liability or the average amount of damages per share that would be recoverable if Lead Plaintiffs were to prevail at trial on each claim. The issues on which the Lead Plaintiffs and Defendants disagree include: (1) whether Defendants issued materially false and misleading financial statements for L&L filed with the Securities and Exchange Commission during the Class Period; (2) whether the alleged materially false and misleading financial statements were made with fraudulent intent; (3) whether the alleged materially false and misleading financial statements were the cause of the Class Members' alleged damages; and (4) the amount of damages, if any, suffered by the Class Members.

This matter has not gone to trial and the Court has not decided in favor of either Lead Plaintiffs or Defendants. Instead, Lead Plaintiffs and Defendants have agreed to settle the Class Action. The Lead Plaintiffs and Lead Counsel believe the settlement is best for all Class Members because of the risks associated with continued litigation and the nature of the defenses raised by the Defendants. Among the reasons that Lead Plaintiffs' Counsel believe the Settlement is fair are that there were risks in proving that Defendants' financial statements were both materially false and misleading and made with fraudulent intent, there were risks in proving damages, and Defendants' insurance coverage was being depleted due to ongoing litigation. Because of the potential difficulty in enforcing and being able to collect from a judgment, even if Plaintiffs win at trial, and also prevail on any on appeal, Plaintiffs might not be able to collect some, or all, of any judgment they are awarded. Moreover, while litigation of this type is usually expensive, it appears that, even if Plaintiffs' allegations are eventually found to be true,

the total amount of damages to which Class members could be substantially reduced as the Plaintiffs and Defendants vastly differed on their view of damages.

**5. How do I know if I am part of the Class settlement?**

To be a Class Member, you must have purchased L&L common stock during the period between August 13, 2009 and September 18, 2013, inclusive, and suffered losses in your investment as a result of the decline in the value of L&L common stock.

**6. Are there exceptions to being included?**

Yes. You are not a Class Member if a Defendant, a member of any Defendant's immediate family, any entity in which any Defendant has a controlling interest, directors and officers of L&L, and the affiliates, legal representatives, heirs, predecessors, successors and assignees of any such excluded party. Also excluded from the Class are persons who suffered no compensable losses (such as persons who bought L&L common stock during the Class Period but sold prior to any partial corrective disclosure).

**7. What does the Settlement provide?**

**a. What is the Settlement Fund?**

The proposed Settlement calls for Defendants to create a Settlement Fund (the "Settlement Fund") in the amount of \$3,500,000. The Settlement will not become effective unless it is approved by the Court. Subject to the Court's approval, a portion of the Settlement Fund will be used to pay Lead Plaintiffs' attorneys' fees and reasonable litigation expenses and an award to the Lead Plaintiffs. A portion of the Settlement Fund will also be used to pay taxes due on interest earned by the Settlement Fund, if necessary, and any notice and claims administration expenses permitted by the Court. After these deductions from the Settlement Fund have been made, the amount remaining (the "Net Settlement Fund") will be distributed to Class Members who submit valid claims.

**b. What can you expect to receive under the proposed Settlement?**

Your share of the Net Settlement Fund will or may depend on: (i) the number of claims filed; (ii) the dates you purchased and sold L&L common stock; (iii) the prices of your purchases and sales; (iv) the amount of administrative costs, including the costs of notice; and (v) the amount awarded by the Court to Lead Counsel for attorneys' fees, costs and expenses and to Lead Plaintiffs.

The Plan of Allocation is a matter separate and apart from the proposed Settlement, and any decision by the Court concerning the Plan of Allocation shall not affect the validity or finality of the proposed Settlement. The Plan of Allocation may be modified in connection with, among other things, a ruling by the Court on an objection filed by a Class Member, without further notice to the Class.

The Claims Administrator shall determine each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant's Recognized Claim. The Recognized Claim formula is not intended to be an estimate of the amount a Class Member might have been able to recover after a trial; nor is it an estimate of the amount that will be paid to Authorized Claimants pursuant to the Settlement. The

Recognized Claim formula is the basis upon which the Net Settlement Fund will be proportionately allocated to the Authorized Claimants.

The date of purchases or sale is the “contract” or “trade” date as distinguished from the “settlement” date. Therefore, you need to list all your purchases and sales of L&L common stock during the period between August 13, 2009 and September 18, 2013, inclusive. Each claimant is deemed to have submitted to the jurisdiction of the Court with respect to the claimant’s claim, and the claim will be subject to investigation and discovery under the Federal Rules of Civil Procedure, provided that such investigation and discovery shall be limited to that claimant’s status as a Class Member and the validity and amount of that claimant’s claim. No discovery shall be allowed on the merits of the Litigation.

Payments will be final and conclusive against all Class Members. All Class Members whose claims are not approved by the Court will be barred from participating in distributions from the Net Settlement Fund, but otherwise shall be bound by all of the terms of the Settlement, including the terms of the Order and Final Judgment to be entered in the Litigation and will be barred from bringing any Released Claim against any Released Party, including Unknown Claims (as those terms are defined in this Notice and in the Stipulation of Settlement, which is available on the Internet at [www.strategicclaims.net](http://www.strategicclaims.net), or through the mail upon request to the Claims Administrator).

#### THE BASIS FOR CALCULATING YOUR RECOGNIZED CLAIM

The compensable loss per share (“Recognized Claim”) of each Authorized Claimant shall be calculated according to the following formula:

- (I) Recognized Claim Calculation for Common Stock Purchased between August 13, 2009 and August 2, 2011:
  - A) For each share sold before August 2, 2011, the Recognized Claim is zero.
  - B) For each share sold between August 2, 2011 and September 18, 2013, inclusive, the Recognized Claim is the lesser of (1) purchase price less sales price; or (2) \$0.84 a share.
    - a. For each retained share as of closing of trading on September 18, 2013, the Recognized Claim is \$0.84 a share.
- (II) Recognized Claim Calculation for Common Stock Purchased between August 3, 2011 and September 18, 2013:
  - A) For each share sold on or before September 18, 2013, the Recognized Claim is zero.
  - B) For each share retained or sold after closing of trading on September 18, 2013, the Recognized Claim is \$0.80 share.

To the extent a claimant had a trading gain or “broke even” from his, her or its overall transactions in L&L shares during the Class Period, the value of the Recognized Claim

will be zero and the claimant will not be entitled to a share of the Net Settlement Fund. To the extent that a claimant suffered a trading loss on his, her or its overall transactions in L&L shares during the Class Period, but that trading loss was less than the Recognized Claim calculated above, then the Recognized Claim shall be limited to the amount of the claimant's actual trading loss.

For purposes of calculating your Recognized Claim, all purchases, acquisitions and sales shall be matched on a First In First Out ("FIFO") basis in chronological order. Therefore, on the Proof of Claim enclosed with this Notice, you must provide all of your purchases and acquisitions of L&L shares during the time period from August 13, 2009 through and including September 18, 2013.

Payment pursuant to the Plan of Allocation approved by the Court shall be conclusive against all Authorized Claimants. No person shall have any claim against Defendants, Defendants' Counsel, Lead Plaintiffs, Lead Counsel or the Claims Administrator or other agent designated by Lead Counsel based on the distributions made substantially in accordance with the Stipulation and the Settlement contained therein, the Plan of Allocation, or further orders of the Court. Each claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to the claimant's Claim Form. All persons involved in the review, verification, calculation, tabulation, or any other aspect of the processing of the claims submitted in connection with the Settlement, or otherwise involved in the administration or taxation of the Settlement Fund or the Net Settlement Fund shall be released and discharged from any and all claims arising out of such involvement, and all Settlement Class Members, whether or not they are to receive payment from the Net Settlement Fund, will be barred from making any further claim against the Net Settlement Fund beyond the amount allocated to them as provided in any distribution orders entered by the Court.

**c. Are there any further limitations on the amount I may receive?**

An Authorized Claimant will receive an amount equal to the Authorized Claimant's Recognized Claim described above. If, however, as expected, the amount in the Net Settlement Fund is not sufficient to permit payment of the total Recognized Claim of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant's Recognized Claim bears to the total of the Recognized Claim of all Authorized Claimants.

- i) For Class members who conducted multiple transactions in L&L common stock during the Class Period, the earliest subsequent sale shall be matched first against those shares in the Claimant's opening position on the first day of the Class Period, and then matched chronologically thereafter against each purchase made during the Class Period.
- ii) The purchase and sales prices exclude any brokerage commissions, transfer taxes or other fees.
- iii) The covering purchase of a short sale is not an eligible purchase.

**8. How can I get a payment?**

To qualify for a payment, you must send in a form entitled “Proof of Claim and Release” form. This claim form accompanies this Notice. You may also obtain a claim form on the Internet at [www.strategicclaims.net](http://www.strategicclaims.net). Read the instructions carefully, fill out the form, sign it in the location indicated, and mail the claim form together with all documentation requested in the form, received no later than May 20, 2015, to:

L&L Energy, Inc. Securities Litigation  
Claims Administrator  
c/o Strategic Claims Services  
600 North Jackson Street, Suite 3  
Media, PA 19063  
Phone: 610-565-9202

The Claims Administrator will process your claim and determine whether you are an “Authorized Claimant.”

**9. How can I get more information?**

You can get more information by contacting the Claims Administrator at 610-565-9202. A copy of the Stipulation of Settlement that has been filed with the court and related documents can be found on the Claims Administrator’s website at [www.strategicclaims.net](http://www.strategicclaims.net). Copies of Lead Plaintiffs’ motions for final approval of the Settlement and for an award of attorneys’ fees and expenses will be posted on the Claim Administrator’s website promptly after they have been filed with the Court.

**10. What am I giving up to get a payment or stay in the Class?**

Unless you exclude yourself, you will remain in the Class. That means that if the Settlement is approved, you and all Class Members will release (agreeing never to sue, continue to sue, or be part of any other lawsuit) all Released Claims against the Released Parties.

“Released Claims” means any and all claims, debts, demands, rights, liabilities and causes of action, known or Unknown Claims, asserted in the Litigation by Lead Plaintiffs or any Class Member against any of the Released Parties or that might have been asserted by Lead Plaintiffs or any Class Member against any of the Released Parties in any forum, arising out of, based upon or related to their purchase of L&L common stock during the Class Period and the allegations, transactions, facts, matters, events, acts, representations or omissions asserted, set forth, or referred to in the Litigation.

“Released Parties” means Defendants and the Dismissed Defendants and members of their immediate families, including without limitation marital communities and spouses, and any of their current, former, or future parents, subsidiaries, affiliates, partners, joint venturers, officers, directors, principals, shareholders, members, employees, attorneys, accountants, advisors, insurers (including but not limited to Starr Indemnity & Liability Company (“Starr Indemnity”)), reinsurers, agents (acting in their capacity as agents), associates, and any other individual or entity in which any Defendant and/or Dismissed Defendant has a controlling interest or which is related to or affiliated with any of the Defendants and/or Dismissed Defendants or their current, former, and future legal representatives, heirs, successors in interest or assigns.

“Unknown Claims” means any and all Released Claims that Lead Plaintiffs or any Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Parties. With respect to any and all Released Claims, the parties stipulate and agree that upon the Effective Date, Lead Plaintiffs shall expressly, and each Class Member shall be deemed to have, and by operation of the Order and Final Judgment shall have, expressly waived any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable or equivalent to Cal. Civ. Code § 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Lead Plaintiffs and Defendants acknowledge, and Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of “Unknown Claims” in the definition of Released Claims was separately bargained for and was a key element of the Settlement.

**If you do not exclude yourself from the Settlement, you will be considered to have agreed to the Release unless you exclude yourself from the Settlement by following the instructions in the answer to the following question.**

**11. How do I get out of the Settlement?**

If you do not want to receive a payment from this Settlement, and you want to keep the right to sue or continue to sue Defendants on your own based on the legal claims raised in this Class Action, then you must take steps to get out of the Settlement. This is called excluding yourself from -- or “opting out” of -- the Settlement. To exclude yourself from the Settlement, you must mail a letter stating you want to be excluded as a Class Member *In re L&L Energy, Inc. Securities Litigation*, Case No. 13-cv-6704-RA. Be sure to include your name, address, telephone number and your signature, along with an accurate list of all of your purchases and sales of L&L Stock and supporting account documentation (*e.g.*, brokerage account statements and trade confirmations) showing proof of your purchases and sales of L&L common stock during the Class Period. You must mail your exclusion request, so that it is **received** no later than June 5, 2015, to:

L&L Energy, Inc. Securities Litigation  
Claims Administrator  
c/o Strategic Claims Services  
600 North Jackson Street, Suite 3  
Media, PA 19063

You cannot exclude yourself by telephone or by e-mail. If you properly exclude yourself, you will not receive a settlement payment, you cannot object to the Settlement and, you will not be legally bound by anything that happens in this Class Action.

**12. If I do not exclude myself, can I sue Defendants for the same thing later?**

No. Unless you exclude yourself, you give up any right to sue Defendants for the claims that this Settlement resolves. If you have a pending lawsuit, speak to your lawyer in that case immediately, since you may have to exclude yourself from this Class to continue your own lawsuit.



**13. Do I have a lawyer in this case?**

The Court appointed The Rosen Law Firm, P.A. and Faruqi & Faruqi LLP to represent you and the other Class Members. These lawyers are called Lead Counsel. If you want to be represented by your own lawyer, you may hire one at your own expense. Contact information for Lead Counsel is provided in the response to question 15, below.

**14. How will the lawyers be paid?**

Lead Counsel and counsel working under their direction have expended considerable time litigating this action on a contingent fee basis, and have paid for the expenses of the litigation themselves with the expectation that if they are successful in recovering money for the Class, they will receive attorneys’ fees and be reimbursed for their litigation expenses from the Settlement Fund, as is customary in this type of litigation. Lead Counsel will not receive attorneys’ fees or be reimbursed for their litigation expenses except from the Settlement Fund. Therefore, Lead Counsel will file a motion asking the Court at the Settlement Hearing to make an award of attorneys’ fees in an amount not to exceed one-third of the Settlement amount, for reimbursement of reasonable litigation expenses not to exceed \$95,000. The Court may award less than these amounts. Any amounts awarded by the Court will come out of the Settlement Fund.

**15. How do I tell the Court that I do not like the Settlement or Any Part of It?**

You can tell the Court you do not agree with the Settlement, any part of it, including the proposed Plan of Allocation or the proposed award of attorneys’ fees to Lead Counsel by mailing a letter stating that you object to the Settlement in: *In re L&L Energy, Inc. Securities Litigation*, Case No. 13-cv-6704-RA. Be sure to include your name, address, telephone number, your signature, a list of your purchases and sales of L&L common stock in order to show your membership in the Class, and all of the reasons you object to the Settlement. Be sure to mail the objections to the different places listed below, so that it is **received** no later than June 5, 2015, so the Court will consider your views:

COURT	PLAINTIFFS’ COUNSEL	DEFENSE COUNSEL
Clerk of the Court United States District Court Southern District New York 500 Pearl Street New York, NY 10007	Phillip Kim The Rosen Law Firm 275 Madison Ave., 34th Floor New York, New York 10016 <i>Lead Counsel for Class</i>  Rich Gonnello Faruqi & Faruqi, LLP 369 Lexington Avenue, 10th Floor New York, New York 10017 <i>Lead Counsel for Class</i>	Douglas Greene Lane Powell PC 1420 Fifth Ave, Suite 4200 Seattle WA, 98101 <i>Counsel for L&amp;L, Ian G. Robinson,                      and Clayton Fong</i>  Aric Wu Gibson, Dunn & Crutcher LLP 200 Park Avenue New York, New York 10166 <i>Counsel for Dickson V. Lee</i>

**16. What is the difference between objecting and requesting exclusion?**

Objecting is simply telling the Court you do not like something about the Settlement. You can object only if you stay in the Class. Requesting exclusion is telling the Court you do not want to be part of the Class and Settlement. If you exclude yourself, you cannot object to the Settlement because it no longer concerns you.

**17. When and where will the Court decide whether to approve the Settlement?**

The Court will hold a Settlement Hearing on June 26, 2015, at 10:00 a.m., at the United States District Court for the Southern District of New York, 40 Foley Square, Courtroom 1506, New York, New York 10007.

At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate and whether to approve the Settlement. If there are objections, the Court will consider them, and the Court will listen to people who have asked to speak at the hearing. The Court may also decide how much money to award Lead Counsel for attorneys' fees and expenses and how much money to award Lead Plaintiffs. The Court may adjourn or postpone the date of the hearing without further notice to the Class.

**18. Do I have to come to the hearing?**

No. Class Counsel will answer any questions the Court may have. However, you are welcome to attend at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mail your written objection on time, the Court will consider it. If, however, you, or an attorney you hire, intend to appear at the Settlement Hearing you must indicate that you will do so in the letter containing your objections or in a separate letter which must be sent to the same persons by the same deadline as in question 15 above.

**19. What happens if I do nothing at all?**

If you do nothing, you will not receive a payment from the Settlement. However, unless you exclude yourself, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against Defendants about the claims made in this case ever again if the Settlement is Approved.

DATED: FEBRUARY 13, 2015.

BY ORDER OF THE UNITED STATES DISTRICT COURT FOR  
THE SOUTHERN DISTRICT OF NEW YORK