



1 July 2011

William Sinclair Holdings PLC
('William Sinclair' or 'the Company')

William Sinclair announced on 20 April 2010 that Natural England required further time to prepare its response to the Company's compensation claim in respect of Bolton Fell. The Company has now received a detailed but incomplete response and is in the process of evaluating it.

After an initial review it is clear that Natural England have failed to understand material aspects of the business operated at Bolton Fell and as a consequence have produced a report that is significantly flawed. Nevertheless, the report does contain useful information on the approach adopted by Natural England which will assist the Company to prepare further submissions.

Under the terms of the agreement signed in March 2010 the Company is not able to oblige Natural England to address the deficiencies in its response. However, the directors will use the negotiating period to 30 November 2011 constructively to try to correct the errors made by Natural England and its advisors.

The directors believe there is now a significantly increased likelihood that the matter will be referred to the Lands Tribunal. This will happen on 1 December 2011 unless an earlier referral can be agreed. The range of matters of law and fact to be decided by the tribunal is likely to be more extensive than the directors had originally anticipated and the decision of the Land Tribunal is therefore likely to take longer than was hoped.

The Board of William Sinclair continues to believe that this further delay will have no practical impact on the overall settlement figure.

Bernard Burns, Chief Executive, commented: "We recognise that the Government is operating under difficult financial constraints at the moment. However, this should not be allowed to affect the willingness of Natural England to bring this matter to a fair and timely conclusion."

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