

January 11, 2011

TSXV: CAA  
Release 11-05**Coles Creek Drill program Uncovers Large Mineralized System**

VANCOUVER, Canada -- Callinan Mines has received final assays from the drilling conducted this past summer season at their wholly owned Coles Creek property in Northern BC near Smithers. The program consisted of 7,069 metres of diamond drilling, focused on a mineralized volcanic zone approximately 1.5 square kilometers in area. Analysis of drill logs in context of assay results suggest a system of strata-bound epithermal silver-zinc-lead-gold mineralization hosted in a volcanic sediment package, created by a collapsed caldera exceeding 3 kilometers in circumference. Mineralization within this sedimentary basin has proven to be pervasive over large widths (greater than 200 meters). These results indicate the potential for a large, complex, multi-element mineralized structure. President Mike Muzylowski stated that "Further drilling is warranted to test for higher grade in this extensive caldera."

Highlights of assays are below:

Hole	From (m)	To (m)	Length (m)	Au gm/t	Ag gm/t	Zn %	Pb %
Cole28*	268.75	288.60	21.25	3.368	15.33	2.04	0.15
Cole28*	181.40	194.00	12.6	0.146	68.87	2.00	1.22
Cole31	371.00	374.00	3.00	1.12	9.39	0.03	0.02
Cole31	414.60	422.50	7.90	0.43	4.00	0.07	0.03
incl.	422.00	422.50	0.50	3.34	12.43	0.52	0.26
Cole31	443.60	459.10	15.50	0.44	2.90	0.04	0.01
Cole32	52.00	128.70	76.70	0.04	12.56	0.27	0.10
incl.	52.00	62.00	10.00	0.13	9.80	1.13	0.45
incl.	123.70	124.30	0.60	1.06	104.00	6.79	2.67
Cole32	185.00	188.30	3.30	0.02	3.12	2.11	0.14
Cole35	37.75	77.20	39.45	0.13	8.17	0.90	0.33
incl.	37.75	39.20	1.45	0.44	26.00	3.07	0.85
Cole37	28.50	72.80	44.30	0.12	10.21	1.21	0.35
incl.	55.00	72.80	17.80	0.15	12.44	1.68	0.47
Cole38	119.50	135.10	15.60	0.23	15.03	2.28	0.19
incl	128.90	131.80	2.90	0.55	30.14	3.29	0.35
Cole38	163.90	165.90	2.00	0.12	13.00	2.38	0.47
Cole38	200.30	201.20	0.90	0.00	23.00	2.07	0.25
Cole39	260.00	272.00	12.00	0.04	5.50	0.83	0.09
Cole39	335.00	341.00	6.00	2.05	19.50	1.60	0.60
Cole40	25.00	329.00	304.00	0.05	2.42	0.52	0.02
Cole41	32.00	107.00	75.00	0.02	7.64	0.30	0.16
Cole41	440.00	465.30	25.30	0.03	5.22	0.73	0.13
incl	441.00	444.00	3.00	0.10	19.60	2.63	0.45
Cole42	69.20	70.50	1.30	0.13	58.00	0.83	0.25
Cole42	143.00	152.00	9.00	0.02	3.33	1.03	0.01
Cole42	273.60	281.00	7.40	1.35	88.54	0.04	0.10
Cole47	146.00	206.00	60.00	0.02	3.02	0.57	0.11
Cole47	287.00	347.00	60.00	0.07	2.50	1.21	0.09

\*Previously reported, Aug 25, 2010.

Callinan Mines maintained a QA/QC program at all stages of exploration. Sample recovery was calculated, measured and observed at a company facility on site at Coles Creek before being cut at the same facility. Samples were sawn in half, one half being kept for storage and the other half placed in pre-labeled plastic bags, tagged with the sample number and recorded in the log. Samples were then shipped to Acme Analytical Laboratories in Vancouver, BC, where they were crushed, split, pulverized and sieved into approximately 30 g samples at 200 mesh. Samples were then assayed by Aqua Regia digestion ICP-MS analysis, and by fire assay fusion method for silver and gold. The lab employs internal quality control by assaying pulp duplicates and inserting quality control standards of predetermined values and a blank sample.

On Behalf of the Board of Directors,

*Mike Muzylowski*

Mike Muzylowski

# CALLINAN

ROYALTIES

President and CEO

The Coles Creek Program is conducted under the direction of Pat Deveaux, P.Geo, a qualified person as defined by national instrument 43-101, who has reviewed and approved the contents of this release.

For more information, please visit [www.callinan.com](http://www.callinan.com).

## Cautionary Statement on Forward-Looking Information

*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release. Certain of the information presented in this News Release may constitute "forward-looking statements" or "forward-looking information" within the meaning of Canadian securities legislation (together referred to as "forward-looking statements"). The forward-looking statements are subject to risks, uncertainties and other factors that may cause actual results to be materially different from those expressed or implied by such forward-looking statements, including any delays in the receipt of consents or approvals. Although Callinan Royalties has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements contained in this News Release and in any document referred to in this News Release. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and Callinan Royalties undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable law.*