

January 25, 2011

TSXV: CAA  
Release 11-06**Callinan Amends Terms of Private Placement**

VANCOUVER, Canada -- Callinan Mines Limited ("Callinan") (CAA-TSX.V) announces that, further to its news release dated October 25, 2010, it has amended the pricing terms of its private placement of two million units to Mr. Roland Butler. In October 2010, Mr. Butler was appointed Vice President of Callinan Mines and to its Board of Directors and, upon closing the private placement, he will become a significant shareholder of Callinan Mines.

**Spin Out Proposal**

Following a proposed reorganization of Callinan's assets (the Spin Out Proposal) whereby Callinan will form a new exploration company (NewCo), Callinan plans to continue as a royalty company with Mr. Butler as the chief executive officer. Callinan's strategy will be to engage in early stage royalty creation through prospect generation and financing complemented by selective royalty acquisitions.

Under the terms of the Spin Out Proposal, existing Callinan shareholders will receive the same percentage interest in Newco as they presently hold in Callinan such that, following the implementation of the Spin Out Proposal, the shareholders will hold shares in two companies, existing Callinan and newly incorporated Newco. Callinan's royalty assets and its War Baby mineral claim will be held by Callinan and its current exploration assets will be held by Newco. The Spin Out Proposal is subject to regulatory and shareholder approval.

**Private Placement**

Each unit of the private placement will be priced at \$2.19 to raise total proceeds of \$4,380,000 and each warrant will be exercisable to purchase a common share of Callinan for a period of five years at the price of \$2.58. All other terms of the private placement remain the same. The private placement is subject to final acceptance for filing by the TSX Venture Exchange.

On Behalf of the Board of Directors,

*Mike Muzylowski*

Mike Muzylowski  
President and CEO

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.*