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Callinan Mines Receives Adjustment Payment From Hudbay Minerals

VANCOUVER, Canada -- Callinan Mines Limited (TSX.V –CAA, OTCBB: CCNMF) has received a letter from HudBay Minerals Inc. informing the Company of an outstanding balance of \$6,264,000 payable to Callinan under its Net Profits Interest in the 777 Mine.

In the letter, HudBay Minerals stated that a recalculation resulted from an error they identified in the interpretation and application of a certain clause. As a result, Hudbay Minerals explained that certain charges were incorrectly added to the per-ton zinc treatment charge for a portion of the year 1997, and then from 2005 onwards.

Callinan Mines has been reimbursed by Hudbay Minerals in the amount above to account for the difference created by the recalculation, with interest. Hudbay Minerals noted this recalculation includes an estimated impact for the year ended December 31, 2010 of \$973,000, 75% of which has been included in the above payment.

HudBay Minerals forwarded the reimbursement, along with a letter of explanation, absent of any request or inquiry by Callinan, who was unaware of the recalculation until brought to the Company's attention by HudBay Minerals. Callinan has since requested some additional information and clarification from HudBay and will review this reimbursement with Callinan's independent auditors.

This payment is unrelated to Callinan's outstanding litigation against HudBay Minerals whereby Callinan seeks to gain a full and transparent understanding of the means by which HudBay Minerals has calculated the Net Profits Interest since 1989, and to assure its accurate calculation and timely payment for the future of the project.

On Behalf of the Board of Directors,

Mike Muzylowski

Mike Muzylowski
President and CEO

For more information, please visit www.callinan.com.

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