

July 4, 2011

TSXV: CAA
Release 11-19**Manitoba Court Rules in Callinan's Favour: Access Auditor's Working Papers is Deemed Relevant**

VANCOUVER, Canada -- The Manitoba Court of Queen's Bench (the Court) has issued an interlocutory judgment in Callinan's ongoing action against HudBay Minerals, the operator of the 777 Mine in which Callinan holds a 6 2/3% Net Profits Interest.

Callinan's statement of claim, filed in March of 2007, sought an order compelling Hudbay to make available to Callinan all books, records, and accounts concerning the 777 Mine. According to the agreement between Callinan and HudBay, the calculation of payments due to Callinan under the Net Profits Interest Agreement is to be audited annually by an independent auditor, and the results of the audit are to be furnished to Callinan. It is Callinan's position, as confirmed by this recent ruling, that all material used to produce the annual audits of Callinan's Net Profits Interest including the working papers of HudBay's auditors are relevant and should be furnished to Callinan for use as evidence.

The judgment, rendered by Chief Justice Joyal, is the first ruling since the case has been referred to "Case Management," a process designed to expedite the pre-trial process. The appeal ruling overturns a previous ruling by a Master of the Court denying Callinan's access to working papers prepared by Deloitte to conduct annual audits of Callinan's Net Profits Interest. The ruling also denies a HudBay motion to strike affidavit evidence given by Callinan's expert witness, accountant Mark Lotz.

In his reasons for judgment, Justice Joyal explained, "I have determined that it would indeed be unfair to deprive Callinan of the benefit of Deloitte's work effort in preparation for the eventual discoveries. It is reasonable to suppose that the nature of the documents in question will include what Callinan anticipates to be detailed calculations and analyses in relation to the Net Profits Interest calculation."

It remains the company's intention and priority to conduct a full and transparent independent audit of all books, records, and accounts of the 777 and Callinan Mines to ensure the proper and timely payment of its NPI and royalty interests both in the past and for the life 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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