

September 9, 2011

TSXV: CAA
Release 11-26**Callinan Royalties to Conduct an Independent Audit of HudBay's Net Profits Calculations**

VANCOUVER, Canada -- Callinan Royalties Corporation ("Callinan") has executed a standstill agreement with Hudson Bay Mining & Smelting Co., Limited ("HudBay"), a wholly-owned subsidiary of Hudbay Minerals Inc., which places in abeyance Callinan's law suit in respect of its Net Profits Interest and Royalty agreement with Hudbay dated January 1, 1988 while Callinan conducts an independent audit.

In the law suit, which was commenced in 2007 in the Manitoba Court of Queen's Bench, Callinan alleges that HudBay has not properly accounted to Callinan for the net profits interest ("NPI").

The law suit was prolonged while Callinan pursued an application against Deloitte & Touche, LLP ("Deloitte"), HudBay's auditor for production of Deloitte's working papers prepared in connection with Deloitte's annual audit of the NPI and opinion to the effect that the NPI had been properly calculated.

Although the application did not initially succeed, Callinan prevailed on appeal and production of the working papers was ordered by the Manitoba court. Please refer to Callinan's news release dated July 04, 2011 for details. Deloitte advises that the working papers will be made available by September 15, 2011.

Under the standstill agreement, Callinan will initially audit the NPI calculations for four selected years, namely 1993, 2003, 2004 and 2007. Callinan has retained Grant Thornton LLP to conduct the independent audit. HudBay has agreed to cooperate with the auditors and to supply all available documents reasonably requested for the audit.

In return, Callinan has agreed to hold the law suit in abeyance during the conduct of the audit while retaining the right at its sole discretion to terminate the audit and proceed with the law suit on reasonable notice in writing to HudBay of not less than 30 days.

On Behalf of the Board of Directors,

Roland Butler

Roland Butler, CEO

About Callinan

Callinan Royalties Corporation is a mineral royalty company based in Canada. Its principal business activities centre on acquiring and creating a portfolio of mineral royalties while diligently managing its royalty interests and investments.

The Corporation currently has two producing royalties. Callinan holds a 6 2/3 % net profits interest royalty and a \$0.25 per ton royalty on lands that include the 777 Mine owned by Hudbay Minerals Inc. located at Flin Flon, Manitoba as well as the adjacent 777 North Mine scheduled for production in 2012. Callinan also holds the War Baby property (777 Deeps) and an associated royalty option located in proximity to the 777 Mine.

Callinan is a Tier 1 company listed on the TSXV under the symbol CAA. The Corporation has a strong financial position with no debt, approximately \$26 million in cash and 49,009,421 shares outstanding.

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

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