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South Voisey's Bay Project Update

Donner Resources Ltd. ("Donner") provides the following summary of progress on the South Voisey's Bay Project in Labrador. The 1997 drilling program is approximately 50% complete. Previously issued results are discussed at greater length within this release.

Background and General Results

In early 1995, Donner acquired extensive claim holdings in an area of Labrador now referred to as the South Voisey's Bay Project located about 90 kilometres south of the Voisey's Bay nickel deposit. The company subsequently entered into option agreements with 13 other junior exploration companies to acquire additional land holdings in the project area that now totals about 1,500 square kilometres. At present, Donner's joint venture partners include Aranlee Resources Ltd., Birchwood Ventures Ltd., BMA Mining Corp., Curion Ventures Corp., Cypress Minerals Corp., Essex Resources Corp., Latitude Minerals Corp., Layfield Resources Inc., Major General Resources Ltd., Mandarin Goldfields Inc., NDT Ventures Ltd., Northern Abitibi Mining Corp., and Thistle Creek Resources Inc. Figure 1 shows the property outline of each of these joint ventures. Areas held by unrelated third parties are shown in white and are not included in the list of participants.

During 1995 and 1996, Donner carried out extensive preliminary exploration in the South Voisey's Bay area and defined several large gabbroic intrusions containing low but significant copper, nickel and cobalt values. Based on the geological similarities with the Voisey's Bay area, Teck Corporation ('Teck') entered into a Participation Agreement with Donner and agreed to act as contractor for the 1997 program.

The main objective of the 1997 program has been the evaluation of those areas known to be underlain by the prospective gabbro intrusions. More detailed reconnaissance mapping was completed over the entire project area and detailed grid mapping was conducted over all areas of known gabbro. Ground magnetic and electromagnetic surveys were conducted over geophysical anomalies detected by previous airborne surveys. Detailed ground gravity surveys were completed over all areas of known gabbro using a differential global positioning system for control. To date, thirty-two holes totaling 7,447 metres have been drilled on selected targets throughout the project area. By mid-December, drilling should total close to 14,000 metres.

Results to date have significantly enhanced the potential of the project. Mapping and drilling clearly indicate that the gabbro bodies are layered intrusions very similar in character to the rock hosting the world-class Voisey's Bay nickel deposits. An upper member of coarse-grained gabbro is underlain by a finer grained member of layered, olivine gabbro ("troctolite") varying in thickness from 10 to 100's of metres. At least two intrusive centers are recognized and possible feeder systems have been identified in both these areas. Disseminated magmatic sulfides are often present near the base of the lower member as are, less frequently, narrow bands of massive sulfides, sometimes with significant nickel and copper content as in previously released hole 97-67. The rocks intruded by the layered gabbro are sulfide-rich, graphitic gneiss. As indicated by previously released hole 97-75, high-grade intervals of massive sulfides can occur locally within this gneiss in proximity to the lower contact of the layered intrusions. Well-developed breccias are present locally, adjacent to both the upper and lower contacts of the layered intrusions. The basal portion of the intrusions often contains abundant fragments of wall rock gneiss. Based on information from Voisey's Bay and other nickel deposits elsewhere in the world, these features indicate considerable potential for significant accumulations of nickel, copper and associated metals.

The main areas of layered intrusion are referred to as the Northern Gabbro Area and the Southern Gabbro Area. The Northern Gabbro Area includes the Donner / NDT / Latitude joint venture, the Donner / Northern Abitibi joint venture, the Donner / Major General joint venture, the Donner / Thistle joint venture and claims owned 100% by Donner. The Southern Gabbro Area includes parts of the Donner / Cypress joint venture, the Donner / Curion joint venture and claims owned 100% by Donner.

Northern Gabbro Area

Within the Northern Gabbro Area, Teck has completed detailed geological mapping, 141 line kilometres of ground magnetics and Maxmin surveys, 285 line kilometres of gravity surveys and 31 drill holes for a total of 6,746 metres. Geological and geophysical data were used to identify targets for drill testing. The gravity data outlined a strong anomaly which extends along the western part of the Donner / NDT / Latitude joint venture, continues northeast onto the Donner / Northern Abitibi joint venture and extends from the west to the east onto the Donner / Major General joint venture. At least in part, this anomaly indicates a pronounced increase in the thickness of the layered intrusion and may indicate potential for a feeder system, a favorable site for

accumulation of massive sulfides.

Diamond drilling within the Northern Gabbro Area has been carried out in three main areas:

Seven holes are completed or drilling in the western part of the Donner / NDT / Latitude joint venture and on adjoining ground owned 100% by Donner. The initial holes in this area were drilled as stratigraphic holes to test the thickness of the layered intrusion. Subsequent holes were drilled to test parts of a large gravity anomaly associated with the junction of a possible feeder system with the main body of layered gabbro. Anomalous but subeconomic metal values are present associated with intervals of disseminated sulphides and local narrow sections of massive sulphides. More significantly, the layered intrusion reaches a thickness of more than 400 metres confirming proximity to a possible feeder system, a favourable site for significant nickel-copper sulphide mineralization. Drilling in this area continues.

A series of 14 holes has been drilled in the northeastern part of the Donner / NDT / Latitude joint venture, the southern part of the Donner / Major General joint venture and on adjoining ground which is part of the Donner / Thistle Creek joint venture. This series of holes was drilled to test a gossan zone at the base of the layered intrusion on the Donner / NDT joint venture and to investigate geophysical anomalies in the south central part of the Donner / Major General joint venture. The drill holes in this area were generally shallow and intersected the basal contact of the intrusion at depths of between 50 and 200 metres. Narrow intervals of disseminated sulfides and massive sulfides were intersected and returned anomalous but subeconomic copper-nickel values. Additional targets in this area will require drilling in the future.

A series of ten holes have been drilled in the southern part of the Donner / Northern Abitibi joint venture. Initially, a fence of four angle holes was drilled at 100-metre intervals to test a group of electromagnetic anomalies within the gabbro. The first two and most southerly holes intersected a narrow zone (approximately five metres) of disseminated sulfide mineralization immediately above the contact with the basement gneiss. The third hole (97-67) intersected a significantly thicker zone (approximately 25 metres) of disseminated sulfides including three narrow intervals of massive sulfide mineralization near the contact with the gneiss. As previously reported, the massive sulfide intervals assayed 1.93% nickel, 1.07% copper and 0.26% cobalt over 0.65 metres. The final drill hole on this fence intersected more than 50 metres of disseminated sulfide mineralization immediately above the contact with the gneiss. Figure 2 is a vertical cross section indicating the geology of this fence of holes. The attached assay table lists the intervals and grades for the sulfide zones intersected in hole 97-67. After completion of the initial drill fence, a second fence was drilled 250 metres to the northwest consisting of three vertical holes, each 200 metres apart. This series of holes intersected a similar geological sequence. As previously reported, the middle hole of this fence (97-75) intersected a 1.1 metre interval of massive sulfides approximately 13 metres below the base of the layered intrusion. This zone assayed 11.75% nickel, 9.70% copper, and 0.43% cobalt. Other holes on this fence intersected disseminated sulfides and narrow bands of semi-massive sulfides assaying anomalous but subeconomic values. Drilling in this area continues and significant results will be reported, as they become available.

South Gabbro Area

In the Southern Gabbro Area, Teck has completed detailed grid mapping, 101 line kilometres of ground magnetic and Maxmin surveys, 140 line kilometres of gravity survey and a single deep hole to a depth of 701 metres. A second drill hole is in progress. The rock types identified within this area are essentially identical to those hosting the significant copper-nickel-cobalt mineralization within the Northern Gabbro. However, geological mapping and the gravity data strongly suggest a funnel shaped body. A strong curvilinear gravity anomaly extends for over 4.5 kilometres north-south along the boundary between part of the Donner / Cypress joint venture and ground owned 100% by Donner. This anomaly is interpreted as the possible feeder or throat of the funnel shaped layered intrusion. To evaluate this important target, a series of several holes will be drilled across the strongest part of the gravity response. To date, one hole has been drilled, stopping at 701 metres, the limit of drill capacity.

After a short interval of hanging wall gneiss at the top, the hole intersected a thick sequence of layered olivine gabbro to the base of the hole. The last 18 metres contained 1 to 5% disseminated sulfides, possibly indicating proximity to the basal contact with gneiss. Assay data and additional information will be released as soon as received. A second hole has been collared and is now drilling about 900 metres to the south on the same gravity high. Several additional holes are planned for this area.

Summary

Results of the 1997 program completed to date are considered very encouraging. Thick layered olivine gabbro intrusions are present over an extensive area, at least two intrusive centers have been identified and the intrusive rocks are very similar in character to those hosting the world-class Voisey's Bay nickel deposits found in a similar geological environment approximately 90 kilometres to the north. Broad intervals of disseminated

magmatic sulfides containing anomalous nickel values are present extensively near the base of the intrusions. Local, narrow intervals of high-grade nickel-copper mineralization indicate excellent potential for significant accumulations of rich massive sulfide deposits both in the area of the known intersections and at untested targets elsewhere within the large project area.

Drilling continues using three machines which are presently located on 1) 100% Donner ground located west of the Donner / NDT / Latitude joint venture, 2) the Donner / Northern Abitibi joint venture and 3) the Donner / Cypress joint venture. Further results of significance will be made available in a timely manner.

ON BEHALF OF THE BOARD OF DONNER RESOURCES LTD.

"David Patterson"
Chief Executive Officer

The Vancouver Stock Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release