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South Voisey Bay Project Update

Harvey Keats, President of Donner Minerals Ltd., provides the following progress report on Phase 1 of the 1998 South Voisey Bay Project. Phase 1, which began in mid-May is an integrated geophysical and drill program budgeted at \$9.2 million. To date approximately 35% of the 22,500 m Phase 1 drilling program (16 holes) has been completed.

The work carried out has resulted in numerous very encouraging developments that have greatly enhanced the geological model and exploration methods. In the North Gabbro numerous narrow zones of semi-massive and massive sulphide have been intersected within a pervasive contaminated zone at the base of a large olivine gabbro. Test geophysical surveys have been carried out over these zones in order to select an EM survey for the entire project. A Crone low frequency multi-channel pulse EM survey ('PEM') has been selected to see through the graphite in the upper gabbro and discriminate between any significant thickness of massive sulphides and the enveloping widely spread disseminated and blebby sulphides within the basal contaminated gabbro (blanket mineralization). Holes 67, 75 and 96 which all intersected massive sulphides in 1997, tested similar, although less well defined, EM targets.

The PEM survey which recently began has identified a large and strong 42 channel low frequency anomaly located southeast of the 1997 Northern Abitibi discovery area and on the west side of the Major General/Donner Property where a feeder has been recently interpreted. The area of the anomaly has not yet been drill tested.

Drilling in the South Gabbro has confirmed the presence of multiple sills as well as the possible location of a second and third feeder zone on the South Voisey Bay Property. These feeders are affiliated with coincident gravity highs defined by 1997 surveys.

Two drills are presently operating on the North Gabbro and one drill on the South Gabbro under the field supervision of Teck Exploration, which is acting as general contractor during the 1998 field season. Detailed gravity geophysical surveys are underway and regional gravity surveys are scheduled to begin shortly. PEM surveys will be completed over the North and South Gabbros and may cover areas where the gabbro extends beneath the gneiss. It is expected that the majority of the remaining Phase 1 drilling will test PEM targets.

Assay results for massive sulphide intersections are provided in Table 1. The location of the 1998 and deepened 1997 drill holes is provided in Figures 1 and 2 with some 1997 holes shown for reference. A detailed breakdown of results by joint venture is provided below.

Northern Abitibi/Donner

A total of nine drill holes totaling approximately 3,300 meters have been completed on the Northern Abitibi/Donner joint venture. Six holes (98-98, 98-99, 98-101 to 104) were completed in the vicinity of hole 97-96 to evaluate the extent of the massive sulphide mineralization and the geophysical anomaly mapped by surface and down-hole EM surveys. Thin intersections of semi-massive and massive sulphide mineralization at the base of the olivine gabbro unit were encountered. Both 1997 and 1998 drilling has shown that a blanket of disseminated, semi-massive and massive sulphide mineralization within a contaminated gabbro unit is ubiquitous in this area of the property. Results of the ongoing PEM surveys in this area are expected to discriminate between any significant thickness of massive sulphide and basal blanket mineralization. The test PEM survey shows the area containing the 1997 massive sulphide intercepts and the above six holes to be moderately anomalous, however PEM has identified a large anomaly located 600 m to the southeast which is highly conductive and has not been drill tested.

Drill holes 98-105, 98-106, 98-108 and 98-111 (in progress) have been drilled to test the gravity anomalies located on the western sector of the property, to establish the nature and attitude of the gabbro-gneiss contact and to identify possible feeder zones. The gravity anomalies appear to represent a thicker sequence of gabbro than that identified in the drilling to the east.

Major General/Donner

A total of 1,831 m has been drilled in three holes (97-92, 98-107 and 98-109) on the Major General/Donner joint

venture. A fourth hole (98-112) is in progress to test a discrete gravity anomaly. Hole 97-92 was deepened from 372 m to 1097 m and remained in gabbro to its termination depth. It has been interpreted that hole 97-92 encountered a 200 - 300 m wide, north-south striking, sub-vertical feeder dyke. Hole 97-107 was drilled to 547 meters and hole 98-109 was completed at 559 meters. All three holes were drilled from the same collar location.

Hole 98-107 drilled at -60° to the southwest and hole 98-109 drilled at -60°, at azimuth 080°, both encountered a thickened unit of gabbro before intersecting the underlying gneiss. Hole 98-107 encountered contaminated and mineralized olivine gabbro, including 0.2 m of massive sulphide containing particularly anomalous concentrations of nickel and copper. Significantly, both holes encountered several narrow gabbroic dykes, including one 12 meters wide, within the gneiss. These dykes are interpreted as offshoots from the main feeder identified in 97-92 and possible conduits for nickel-copper sulphides to the base of the olivine gabbro.

The identification of a feeder and related dykes is an important step towards understanding the South Voisey Bay Project and will help focus the exploration for a significant thickness of massive sulphides at the base of the olivine gabbro and within the feeder dykes.

PEM has identified a strong anomaly in the southwest corner of the Major General/Donner area and the adjacent Northern Abitibi/Donner ground, southwest of the 0.2 m thick massive sulphide intersection in 98-107.

NDT/Latitude/Donner

To date one hole (97-73), which was originally terminated in gneiss at 391.7 m, has been deepened to 712.6 m. The hole, which was designed to test for the possible presence of a second olivine gabbro was terminated while still in gneiss. Additional drilling will be carried out on the joint venture upon the completion of the PEM survey, which will cover the entire NDT/Latitude/Donner claim block.

Cypress/Donner

A total of 1,438.4 m have been drilled during the 1998 program on the Donner /Cypress joint venture in the South Gabbro. Hole 97-79 was deepened from 701.0 m to 999.7 m and hole 97-91 was deepened from 311.8 m to 1098.8 m. Drilling in hole 97-79 has defined a particularly thick olivine gabbro with 11.5 m of heavily disseminated to semi-massive magmatic sulphides near the base. This hole is located immediately west of a prominent gravity anomaly which is interpreted to be a second feeder to the overlying sills. Exploration of this prospective intrusive complex and related feeder will consist of EM surveys and follow-up drilling.

The second hole, 97-91, was extended to test a similar, prominent gravity anomaly interpreted to be potentially associated with a third feeder zone. This hole terminated in gabbro at 999.7 m after coring a complex series of gabbros similar to that encountered in 97-92 on the Major General/Donner joint venture. The identification of feeders provides a focal point for exploration in the Cypress/Donner joint venture area. A strong off-hole anomaly has been identified at a depth of 370 m, 100 m northeast of 97-91. A PEM survey will be carried out to further define the anomaly prior to drilling.

A third hole, 98-110 (in progress), intersected contaminated olivine gabbro to 96.3 m with 7-10% sulphides locally, graphitic paragneiss to 202.1 m and a second olivine gabbro to 316.4 m, containing 50-55% sulphides over 0.4 m within contaminated olivine gabbro. The hole is currently at 397.8 m in graphitic paragneiss and will be continued to explore for a possible third gabbro unit. Follow-up drilling will depend on assay results and planned PEM surveys in the area.

The Cypress Property has now been identified as a geologically complex area, with multiple sills of varying thickness, as well as interpreted feeders.

Donner 100%

One hole has been drilled and one deepened on ground wholly owned by Donner in the South Gabbro. Hole 98-100 was drilled to 214.6 m to test a geophysical anomaly and encountered pyrrhotite and graphite in gneiss at the basal contact of an olivine gabbro.

Hole 97-89 which was halted in a gabbro at a depth of 700.0 m during 1997 was deepened and terminated at a depth of 1151.5 m in gabbro. The significance of this deep gabbro is yet to be determined however the anomalous thickness of complex gabbro intersected in this hole may confirm the southern extension of the interpreted feeder adjacent to hole 97-79. Exploration of the property will continue through the development of geophysical anomalies and additional diamond drilling.

Follow this link for Location Map for South Voisey Bay Area Joint Ventures and Drill Areas.

Follow this link for Location Map for South Voisey Bay Joint Ventures and Drill Holes.

Significant Assays -- Table 1

Joint Venture	Drill Hole #	Angle	End of Hole (m)	Gabbro/Gneiss Contact (m)	From (m)	To (m)	Interval (m)	Nickel %	Copper %	Cobalt %	Sulphides %
Cypress/Donner	97-079	900	999.70	758.10	729.00	740.50	11.50	0.38	0.28	0.06	15-20
N. Abitibi/Donner	98-098	900	262.10	166.10	164.90	166.10	1.20	0.77	0.40	0.12	30
N. Abitibi/Donner	98-101	900	273.10	171.00	170.14	171.00	0.90	0.75	0.78	0.14	80-90
N. Abitibi/Donner	98-102	900	274.60	183.20	179.80	181.10	1.30	0.75	0.49	0.17	85
					182.30	183.20	0.90	0.66	0.45	0.15	80
N. Abitibi/Donner	98-103b	900	270.40	176.80	167.00	168.20	1.20	0.62	0.42	0.13	40-50
N. Abitibi/Donner	98-104	900	447.8	162.00	160.80	162.00	1.20	0.53	0.75	0.07	2-10
Major G./Donner	98-107	600SW	547.7	262.80	258.30	258.50	0.20	0.89	0.89	0.16	70

ON BEHALF OF THE BOARD OF DONNER MINERALS LTD.

Harvey Keats
President

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