



Donner Metals Ltd

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BRACEMAC-MCLEOD MINE DEVELOPMENT CONTINUES TO TRACK ON BUDGET AND ON SCHEDULE

Vancouver, B.C., January 16, 2012 – Mr. Harvey Keats, Chief Executive Officer of Donner Metals Ltd. (TSXV-DON), provides an update on the continued development of the Bracemac-McLeod Mine as reported to the Company by partner and project operator Xstrata Canada Corporation-Xstrata Zinc Canada Division (“Xstrata Zinc”). The main access ramp reached 2,300 metres at Bracemac in early December, in advance of the scheduled year-end target, allowing full multi-face development to begin later in January. Total development now stands at 2,500 metres, including the main ramp to McLeod, three ramps turned off to the Bracemac Zones, and a turn-off to the backfill raise. The backfill raise, when completed, will be used as temporary ventilation until the ventilation raise is completed in the fall of 2012. Multi-faced development will now continue to the Bracemac Zones and the in the main ramps accessing the McLeod Zone. Mr. Keats states that “*we are proud of the development team for keeping this project on budget and on schedule in an environment where such a good news story is rare.*” David Patterson, Chairman and Chief Financial Officer goes on to say “*Having Xstrata as a partner in this project has ensured cost control and has reduced the risk for Donner.*”

The Bracemac-McLeod Mine is scheduled to be ready for production in early 2013.

Additional information is available at www.donnermetals.com.

PROJECT OVERVIEW

The Company is a fully vested partner with Xstrata Canada Corporation in the extensive Matagami base metal camp located in the Abitibi region of central Québec. This joint venture partnership covers six joint venture areas governing 4,737 square kilometres of prime stratigraphy which has yielded high-grade base metal production since 1963. The joint venture areas currently contain 2,895 mineral claims covering 667 square kilometres. Each joint venture area is defined by an area of interest which expires on June 1, 2013. Following this term, the joint ventures will apply only to the surviving mineral claims and other mineral interests. The specific joint venture areas (singular, “JVA”) and their relative interests are:

1. South Flank JVA: Donner 35% - Xstrata 65%
2. Bracemac-McLeod JVA: Donner 35% - Xstrata 65% (includes the Bracemac-McLeod Mine - under development)
3. North Flank JVA: Donner 50% - Xstrata 50%
4. Central Camp JVA: Donner 50% - Xstrata 50%
5. West Camp JVA: Donner 50% - Xstrata 50% (includes the PD1 deposit: under feasibility study)
6. East JVA: Donner 50% - Xstrata 50%

Xstrata Canada Corporation holds a separate right to increase its interest to 65% in each of the North Flank, Central Camp, West Camp and East JVA’s by completing a bankable feasibility study. Both parties will be responsible for their share of costs on the basis of the relative joint venture interests.

The Matagami Project covers the Matagami Mining Camp, a world-class mining district, with 18 known Volcanogenic Massive Sulphides (VMS) deposits including 10 past producers of varying sizes, including the giant Matagami Lake Deposit (25.64 million tonnes of 8.2% zinc, 0.56% copper, 20.91g/t silver and 0.41g/t gold) discovered in 1957 and mined from 1963 to 1988. The area is host to historical production of 8,600 million pounds of zinc and 853 million pounds of copper. The Matagami area is well serviced by established infrastructure including the town of Matagami, power, a permitted tailings facility, railway, airport and well-developed road and highway networks. Xstrata Zinc is currently producing from its low-cost

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and wholly-owned Perseverance Deposit which feeds its refurbished 2,950 tonnes per day Matagami mill complex. Any future development under the Donner-Xstrata agreement will support the established infrastructure and facilities. Zinc concentrates produced at Matagami are refined at the Noranda Income Fund zinc refinery in Valleyfield, Québec. Copper concentrates are smelted at Xstrata's Horne smelter in Rouyn-Noranda and refined at Xstrata's Canadian Copper Refinery in Montréal, Québec.

The Company's strategy is to explore for and develop zinc-copper deposits in the Matagami Camp and to leverage the general infrastructure and existing processing facilities within a known and well-established cost structure for developing VMS deposits. Donner's exploration objective is to investigate multiple stratigraphic horizons with potential for VMS mineralization including the prolific Key Tuffite horizon throughout the Matagami Camp. To date, the joint venture partners have discovered new mineralization at Bracemac-McLeod, Daniell, Garon Lake, Bell Channel, McLeod Deep and down-dip from Radiore. Within the extensive project area there are numerous exploration targets with excellent potential for additional discoveries.

SUPPLEMENTARY INFORMATION

Xstrata Zinc is the project operator for the Matagami Project all of the respective joint ventures. As operator, Xstrata Zinc is responsible for the execution of all development, production and exploration programs on the property. This includes resource evaluation, sampling, submittal of samples for assay, assay verification, metallurgical evaluation and QA/QC. Sample preparation and assaying are conducted by ALS Chemex-Chimitec, of Val D'Or, Québec (zinc, copper and silver by atomic absorption, and gold by standard fire assay procedures).

ON BEHALF OF THE BOARD OF
DONNER METALS LTD.

"Harvey Keats"
Chief Executive Officer

Cautionary Statement:

Certain phrases in this news release are "forward-looking statements". Forward-looking statements are identified by wording such as "will". Such statements are applicable specifically to the possible future completion of the development of and production from the Bracemac-McLeod Deposit as well as future planned exploration activities. With respect to future production, and the commencement thereof, from the Bracemac-McLeod deposit, the forward looking statements are in the context of the feasibility study completed by Xstrata Canada Corporation - Xstrata Zinc Canada Division and Genivar Limited Partnership in 2010 as posted under the Company's profile at www.sedar.com. "Forward-looking statements" involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. This press release also refers to information about historical production from land covered by, or adjacent to, the Matagami Project. Investors are cautioned that mineral deposits on other properties and/or historical production on lands under option are not necessarily indicative of characteristics of new mineral deposits discovered on the Matagami Project or future discovery potential. Further discussion of "forward looking statements" and "future oriented financial information" and the risks inherent to mineral exploration and development, in relation to Donner's activities, can be found on the Company's website at www.donnermetals.com. The reader is cautioned not to place any undue reliance on any forward-looking statement, reference to other properties or historical production from the Matagami Project area.

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