

# **Donner Metals Ltd.**

## **Quarterly Consolidated Financial Statements For the Three Months Ended May 31, 2009 (Unaudited)**

### Notice to Reader

The accompanying unaudited consolidated financial statements of Donner Metals Ltd. ("the Company") have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of the Company's unaudited interim consolidated financial statements as at and for the three months ended May 31, 2009.

**DONNER METALS LTD.**  
(An exploration stage company)  
**Consolidated Balance Sheets**  
(Canadian Dollars)  
(Unaudited)

	May 31, 2009	February 28, 2009
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 1,413,429	\$ 277,540
Amounts receivable	16,135	15,135
Tax credits recoverable	3,162,974	3,235,087
Advances for exploration	491,044	377,031
Prepaid expenses	21,372	22,632
	5,104,954	3,927,425
<b>Property and equipment</b>	14,915	11,825
<b>Long-term tax credits recoverable</b>	813,476	566,264
<b>Investment (note 4)</b>	261,138	280,440
	\$ 6,194,483	\$ 4,785,954
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 95,806	\$ 63,053
Accrued interest on debenture (note 6)	175,055	84,066
	270,861	147,119
<b>Debenture (note 6)</b>	2,530,496	2,429,017
	2,801,357	2,576,136
<b>Shareholders' equity</b>		
Share capital	13,751,785	12,052,997
Warrants	1,028,415	587,957
Contributed surplus	4,457,115	4,390,686
Deficit	(15,844,189)	(14,821,822)
	3,393,126	2,209,818
	\$ 6,194,483	\$ 4,785,954

**Nature of operations and basis of presentation (note 1)**

**Contractual obligations (note 5)**

**Subsequent events (note 13)**

**Approved by the Directors:**

*"Harvey Keats"*

*"David Patterson"*

See accompanying notes to the consolidated financial statements.

**DONNER METALS LTD.**

(An exploration stage company)

**Consolidated Statements of Loss and Comprehensive Loss**

(Canadian Dollars)

(Unaudited)

	Three months ended May 31,	
	2009	2008
<b>Expenses</b>		
Administration and management fees	\$ 115,727	\$ 87,065
Amortization	1,189	1,308
Directors fees	6,000	6,000
Exploration expenditures <b>(schedule)</b>	420,314	1,541,082
Filing and transfer agent fees	3,774	1,513
Office and miscellaneous	5,425	9,318
Professional fees	2,048	3,311
Promotion	111,753	97,136
Rent	21,000	9,500
Stock-based compensation <b>(note 8)</b>	66,429	4,907
Telephone and communications	11,906	20,243
Travel	45,537	48,650
<b>Loss before other items</b>	<b>(811,102)</b>	<b>(1,830,033)</b>
<b>Other items</b>		
Interest income	505	11,545
Interest expense on debenture <b>(note 6)</b>	(192,468)	-
Equity in loss on investment <b>(note 4)</b>	(19,302)	(35,877)
	(211,265)	(24,332)
<b>Loss and comprehensive loss for the period</b>	<b>\$ (1,022,367)</b>	<b>\$ (1,854,365)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.02)</b>	<b>\$ (0.04)</b>
<b>Weighted average number of common shares outstanding</b>	<b>58,281,816</b>	<b>44,820,780</b>

See accompanying notes to the consolidated financial statements.

**DONNER METALS LTD.**

(An exploration stage company)

**Consolidated Statements of Shareholders' Equity**

(Canadian Dollars)

(Unaudited)

	Common Shares		Warrants	Contributed Surplus	Deficit	Total
	Number	Amount				
<b>Balance at February 28, 2009</b>	53,019,401	\$ 12,052,997	\$ 587,957	\$ 4,390,686	\$ (14,821,822)	\$ 2,209,818
Private placements (note 7)	14,293,479	1,946,266	447,082	-	-	2,393,348
Share issue costs on private placements	-	(247,478)	(52,124)	-	-	(299,602)
Warrants issued on private placements	-	-	45,500	-	-	45,500
Stock-based compensation (note 8)	-	-	-	66,429	-	66,429
Loss for the period	-	-	-	-	(1,022,367)	(1,022,367)
<b>Balance at May 31, 2009</b>	67,312,880	\$ 13,751,785	\$ 1,028,415	\$ 4,457,115	\$ (15,844,189)	\$ 3,393,126

	Common Shares		Warrants	Contributed Surplus	Deficit	Total
	Number	Amount				
<b>Balance at February 29, 2008</b>	44,820,780	\$ 10,712,357	\$ 3,579,643	\$ 1,110,241	\$ (7,910,366)	\$ 7,491,875
Stock-based compensation	-	-	-	4,907	-	4,907
Loss for the period	-	-	-	-	(1,854,365)	(1,854,365)
<b>Balance at May 31, 2008</b>	44,820,780	\$ 10,712,357	\$ 3,579,643	\$ 1,115,148	\$ (9,764,731)	\$ 5,642,417

See accompanying notes to the consolidated financial statements.

**DONNER METALS LTD.**

(An exploration stage company)

**Consolidated Statements of Cash Flows**

(Canadian Dollars)

(Unaudited)

<b>Cash provided by (used for):</b>	Three months ended May 31,	
	<u>2009</u>	<u>2008</u>
<b>Operating activities</b>		
Loss for the period	\$ (1,022,367)	\$ (1,854,365)
Items not involving cash:		
Amortization	1,189	1,308
Stock-based compensation	66,429	4,907
Accretion expense on debenture	101,479	-
Equity in loss of investment	19,302	35,877
Changes in non-cash working capital items:		
Amounts receivable	(1,000)	39,157
Tax credits recoverable	72,113	(919,140)
Advances for exploration	(114,013)	119,237
Prepaid expenses	1,260	4,246
Accounts payable and accrued liabilities	32,753	(19,979)
Accrued interest on debenture	90,989	-
Long-term tax credits recoverable	(247,212)	(204,837)
	<u>(999,078)</u>	<u>(2,793,589)</u>
<b>Financing activities</b>		
Debenture subscriptions received	-	1,080,000
Common shares issued for cash - net of costs	2,139,246	-
	<u>2,139,246</u>	<u>1,080,000</u>
<b>Investing activities</b>		
Purchase of property and equipment	(4,279)	(1,942)
<b>Change in cash</b>	1,135,889	(1,715,531)
<b>Cash, beginning of period</b>	277,540	2,151,647
<b>Cash, end of period</b>	<u>\$ 1,413,429</u>	<u>\$ 436,116</u>

**Supplemental cash flow information (note 12)**

See accompanying notes to the consolidated financial statements.

# DONNER METALS LTD.

(An exploration stage company)

## Notes to the Consolidated Financial Statements

May 31, 2009

(Canadian Dollars)

(Unaudited)

### 1. Nature of Operations and Basis of Presentation

Donner Metals Ltd. (the "Company") was incorporated on June 28, 2005, pursuant to the Business Corporations Act of British Columbia. The Company's shares are listed on the TSX Venture Exchange and the Frankfurt Stock Exchange.

The Company is engaged in the identification, acquisition, exploration and development of mineral resources and is considered to be in the exploration stage as it has not placed any of its mineral properties into production. As of the date of this report, the Company has not determined whether its mineral properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for property and equipment is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the exploration of the property and future profitable production from the property or proceeds from disposition.

These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and notes to the financial statements required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included. Operating results for the three month period ended May 31, 2009 are not necessarily indicative of the results that may be expected for the year ended February 28, 2010. The balance sheet at February 28, 2009 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

### 2. Significant Accounting Policies

These interim financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual financial statements for the year ended February 28, 2009 (except as described in note 3). For further information, refer to the financial statements and notes thereto included in the Company's Annual Report to Shareholders for the year ended February 29, 2008.

### 3. Changes in Accounting Policies

In January 2009, the Emerging Issues Committee ("EIC") of the CICA issued EIC-173 "*Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*", which clarifies that an entities own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and liabilities, including derivative instruments. EIC-173 is to be applied retrospectively without restatement of prior periods in interim and annual financial statements for periods ending on or after the date of issuance of EIC-173. Effective March 1, 2009, the Company adopted this recommendation in its fair value determinations without any impact to the Company's financial results at adoption.

### 4. Investment

	May 31, 2009		
	Percentage of Ownership	Carrying Value	Market Value
Knight Resources Ltd.	13.6%	\$ 324,930	\$ 679,841

	February 28, 2009		
	Percentage of Ownership	Carrying Value	Market Value
Knight Resources Ltd.	13.7%	\$ 280,440	\$ 618,038

As at May 31, 2009, the Company owns 12,360,750 common shares of Knight Resources Ltd. ("Knight"). This investment is accounted for using the equity method. Knight has directors and officers in common with the Company. The Company's share of Knight's net loss from March 1, 2009 to May 31, 2009 was \$19,302.

## DONNER METALS LTD.

(An exploration stage company)

### Notes to the Consolidated Financial Statements

May 31, 2009

(Canadian Dollars)

(Unaudited)

#### 4. Investment (cont'd)

The market value was determined using the closing quoted price of Knight's stock on the TSX Venture Exchange on May 31, 2009 and February 29, 2008 as applicable.

#### 5. Mineral Properties

The Company's mineral properties are comprised of an option earn-in agreement in the Matagami Mining Camp of Quebec, Canada and wholly owned mineral claims and interests in joint venture agreements in South Voisey Bay, Labrador, Canada. Although the Company holds some interests in mineral properties through joint venture agreements, none of the Company's operations are carried on through joint venture entities.

##### Matagami Property

<b>Cumulative expenditures</b>	May 31, 2009	February 28, 2009
Exploration expenditures	\$ 19,281,127	\$ 18,614,315
Option payments	400,000	400,000
Refundable tax credits and mining duties	(7,249,483)	(7,002,270)
	<u>\$ 12,431,644</u>	<u>\$ 12,012,045</u>

In June 2006, the Company entered into an Option and Joint Venture Agreement (OJVA) with Xstrata plc. ("Xstrata") for the joint exploration of the Matagami Mining Camp of Quebec for volcanogenic massive sulphide deposits. In November 2007, the Company and Xstrata entered into an agreement whereby Xstrata agreed to contribute additional mineral claims in the Matagami Mining Camp to the OJVA in consideration for an amendment to the option earn-in terms in the OJVA. The Matagami Project has an area of mutual interest of 4,750 square kilometres and over 3,340 mineral claims covering approximately 801 square kilometers ("km<sup>2</sup>").

Under the revised OJVA, the Company has the option to earn a 50% participating joint venture interest in the Matagami Project by:

- 1) incurring a total of \$20 million of expenditures on exploration and related work as follows:
  - i) \$4 million on or before May 31, 2007 (incurred);
  - ii) an aggregate of \$8 million on or before May 31, 2008 (incurred);
  - iii) an aggregate of \$10 million on or before November 30, 2008 (incurred);
  - iv) an aggregate of \$12 million on or before May 31, 2009 (incurred);
  - v) an aggregate of \$16 million on or before May 31, 2010; and
  - vi) an aggregate of \$20 million on or before May 31, 2011.
- 2) In the event that a discovery is made during the option period, the Company will contribute an additional expenditure of up to \$5 million (incurred) towards establishing an inferred resource on new discoveries. Exploration work in fiscal 2007 resulted in discoveries at Bracemac and Macleod. Expenditures at Bracemac and Macleod subsequent to the discoveries were applied towards the \$5 million additional expenditure requirement.

The Company has agreed to incur at least \$12 million (incurred) of expenditures on exploration. The Company was also required to issue Xstrata 1 million common shares of its own stock, which were issued in September 2006.

Upon the expenditure of \$20 million and up to \$5 million on a discovery by the Company, five separate joint ventures will be formed, covering the property and the area of interest. In each of the five joint venture areas, Xstrata has the option to earn back a 15% interest in such area by incurring up to \$20 million on a feasibility study.

## **DONNER METALS LTD.**

(An exploration stage company)

### **Notes to the Consolidated Financial Statements**

**May 31, 2009**

(Canadian Dollars)

(Unaudited)

---

#### **5. Mineral Properties (cont'd)**

##### South Voisey Bay Properties

The Company's South Voisey Bay properties (the "Combined Property") are comprised of the following:

- i) Six licences covering approximately 257.5 km<sup>2</sup> held 100% by SVBN with the exception of a 37.25 km<sup>2</sup> licence held 75% by SVBN (the "SVBN Property");
- ii) One licence covering approximately 39.5 km<sup>2</sup> owned 52.38% by the Company and 47.62% by Northern Abitibi Mining Corp. (the "Donner/Northern Abitibi Property"); and
- iii) One licence covering approximately 35.5 km<sup>2</sup> and owned 51.68% by the Company and 48.32% by Commander Resources Ltd. (the "Donner/Commander Property").

Teck Resources Limited ("Teck") has a right to earn 50% of the Company's interest in any deposits discovered and developed on the Combined Property. Teck can earn this interest by funding the Company's share of feasibility costs and arranging the Company's share of production financing.

As at May 31, 2009, the Company has outstanding share issuance commitments relating to the South Voisey Bay properties as follows:

- a) A commitment to issue 10,000 shares upon incurring \$1 million in exploration on the Turpin claims which are now included in the property held by SVBN. The Company has not yet triggered this commitment; and
- b) A commitment to issue 25,000 shares upon incurring \$1 million in exploration on the Thistle II claims which are now included in the property held by SVBN. The Company has not yet triggered this commitment.

There are Net Smelter Royalty ('NSR') agreements on certain South Voisey Bay mineral licenses ranging up to 3%.

During the three months ended May 31, 2009, the Company expended \$715 (2008 - \$3,525) on the Donner/Commander Property and \$Nil (2008 - \$5,857) on the SVBN Property.

#### **6. Debenture**

As of May 31, 2009, the Company has \$3,000,000 of debentures outstanding that are due June 5, 2010. The debentures bear interest at the rate of 12% per annum and the Company may redeem all or part of the outstanding principal (and accrued interest) at any time. The debentures are secured against all of the Company's present and future-acquired assets, on a first ranking priority basis.

## DONNER METALS LTD.

(An exploration stage company)

### Notes to the Consolidated Financial Statements

May 31, 2009

(Canadian Dollars)

(Unaudited)

<b>Debenture</b>	
Opening balance	\$ 2,513,083
Accretion expense	101,479
Interest accrued	90,989
	<hr/>
	2,705,551
Less current portion	(175,055)
	<hr/>
	\$ 2,530,496
	<hr/>
<b>Interest expense on debenture</b>	
Accretion expense	\$ 101,479
Interest accrued	90,989
	<hr/>
	\$ 192,468
	<hr/>

## 7. Share Capital

a) Authorized:

An unlimited number of common shares without par value.

b) During the three months ended May 31, 2009, the Company closed numerous brokered and non-brokered private placements through the issuance of flow-through common shares, flow-through units, and non-flow through units.

- i) The Company issued 2,482,646 flow-through common shares for gross proceeds of \$471,703. The Company incurred total issuance costs of \$88,661 of which \$78,928 was incurred in cash and \$9,733 was incurred through the issuance of 192,101 warrants to finders. These warrants entitle the holder to acquire one additional non flow-through common share of the Company for a period of one year at a price of \$0.25.

The fair value of the finder warrants of \$0.05 per warrant was determined based on the Black-Scholes option pricing model assuming no expected dividends, a risk-free interest rate of 0.63%, an expected stock price volatility of 115%, and an expected life of one year.

- ii) The Company issued 3,750,500 flow-through units for gross proceeds of \$712,595. Each flow-through unit is comprised of one flow-through common share and one-half of one common share purchase warrant. The total proceeds were allocated to common shares in the amount of \$597,071 and to warrants in the amount of \$115,524, based on their relative fair values on the date of issue.

Each whole share purchase warrant entitles the holder to acquire one additional non flow-through common share of the Company for a period of two years at a price of \$0.25.

The fair value of the warrants of \$0.06 per warrant was determined based on the Black-Scholes option pricing model assuming no expected dividends, a risk-free interest rate of 1.1%, an expected stock price volatility of 92%, and an expected life of two years.

The Company incurred total issuance costs of \$43,233 of which \$35,152 was incurred in cash and \$8,081 was incurred through the issuance of 144,430 warrants to finders. These warrants entitle the holder to acquire one additional non flow-through common share of the Company for a period of one year at a price of \$0.25.

The fair value of the finder warrants of \$0.06 per warrant was determined based on the Black-Scholes option pricing model assuming no expected dividends, a risk-free interest rate of 0.68%, an expected stock price volatility of 115%, and an expected life of one year.

## DONNER METALS LTD.

(An exploration stage company)

### Notes to the Consolidated Financial Statements

May 31, 2009

(Canadian Dollars)

(Unaudited)

- iii) The Company issued 8,060,333 non flow-through units for gross proceeds of \$1,209,050. Each non flow-through unit is comprised of one common share and one common share purchase warrant. The total proceeds were allocated to common shares in the amount of \$929,616 and to warrants in the amount of \$279,434, based on their relative fair values on the date of issue.

Each share purchase warrant entitles the holder to acquire one additional non flow-through common share of the Company for a period of two years at a price of \$0.25.

The fair value of the warrants of \$0.03 per warrant was determined based on the Black-Scholes option pricing model assuming no expected dividends, a risk-free interest rate of 1.1%, an expected stock price volatility of 91%, and an expected life of two years.

The Company incurred total issuance costs of \$167,708 of which \$140,022 was incurred in cash and \$27,686 was incurred through the issuance of 556,100 warrants to finders. These warrants entitle the holder to acquire one additional non flow-through common share of the Company for a period of one year at a price of \$0.25.

The fair value of the finder warrants of \$0.05 per warrant was determined based on the Black-Scholes option pricing model assuming no expected dividends, a risk-free interest rate of 0.67%, an expected stock price volatility of 115%, and an expected life of one year.

#### 7. Share Capital (cont'd)

- c) Warrants:

	Warrants	Weighted-average exercise price	Weighted-average remaining life (years)
Balance at February 28, 2009	5,710,032	\$0.57	1.2
Issued	10,828,214	\$0.25	
Balance at May 31, 2009	16,538,246	\$0.36	1.5

#### 8. Stock Options

During the three months ended May 31, 2009, the Company granted 1,130,000 stock options (2008 – Nil) with a weighted average grant date fair value of \$0.07. The Company recognized \$66,429 of stock-based compensation (2008 - \$4,907). The Company calculated the fair value of options granted using the Black-Scholes option pricing model assuming a weighted average risk-free interest rate of 0.76%, a dividend yield of Nil, an expected volatility of the Company's share price of 120% and an expected life of the stock options of 1 year.

#### 9. Related Party Transactions

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The following is a summary of the related party transactions that occurred throughout the periods ended May 31:

- a) incurred \$77,727 (2008 - \$54,065) for management fees to a company controlled by the CEO of the Company, to a company controlled by the CFO of the Company, and to a company controlled by the Vice-President of Exploration of the Company;
- b) incurred \$31,540 (2008 - \$32,282) for technical services to a company controlled by the CEO and to a company controlled by the Vice-President of Exploration of the Company;
- c) incurred \$6,000 (2008 - \$6,000) for directors fees to a director of the Company and to separate companies controlled by two separate directors of the Company; and

## DONNER METALS LTD.

(An exploration stage company)

### Notes to the Consolidated Financial Statements

May 31, 2009

(Canadian Dollars)

(Unaudited)

- d) incurred \$21,000 (2008 - \$9,500) for rent to a company with a common director.

Amounts receivables include \$285 (February 28, 2009 - \$286) owing from related parties and accounts payable and accrued liabilities include \$2,974 (February 28, 2009 - \$3,534) owing to related parties.

#### 10. Financial Instruments

As at May 31, 2009, the Company's financial instruments are cash, amounts receivable, tax credits recoverable, advances for exploration, accounts payable and accrued liabilities, and debenture. The amounts reflected in the balance sheet are carrying amounts and approximate their fair values due to their short-term nature and negligible credit losses. These financial instruments are classified as follows:

Cash – held-for-trading  
Amounts receivable – loans and receivables  
Tax credits recoverable – loans and receivables  
Advances for exploration – held-for-trading  
Accounts payable and accrued liabilities – other financial liabilities  
Debenture – other financial liabilities

#### 10. Financial Instruments (cont'd)

- a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash, amounts receivable and tax credits recoverable are exposed to credit risk. The credit risk on cash is small because the counterparties are highly rated financial institutions. The credit risk on amounts receivable and on tax credits recoverable are small because the counterparties are federal and provincial governments.

The aging of amounts receivable and tax credits recoverable are as follows:

	May 31, 2009	February 28, 2009
Amounts receivable		
0 to 60 days	\$ 16,135	\$ 15,135
61 to 120 days	-	-
> 120 days	-	-
	<u>\$ 16,135</u>	<u>\$ 15,135</u>
Tax credits recoverable		
0 to 365 days	\$ 2,230,720	\$ 3,107,191
> 365 days	1,745,730	694,160
	<u>\$ 3,976,450</u>	<u>\$ 3,801,351</u>

- b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash is exposed to interest rate risk as the Company invests cash at floating rates of interest in highly liquid instruments. Fluctuations in interest rates offset the fair value of variable rate deposits and other highly liquid investments.

- c) Currency risk

## DONNER METALS LTD.

(An exploration stage company)

### Notes to the Consolidated Financial Statements

May 31, 2009

(Canadian Dollars)

(Unaudited)

---

Currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to currency risk is negligible because the Company's operations are in one country, being Canada. The dollar amount and number of transactions conducted in currencies other than the Canadian dollar are not significant.

d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's accounts payable and accrued liabilities are all current and due within 90 days of the balance sheet date. The Company ensures that it has sufficient capital to meet short term financial obligations after taking into account its exploration obligations and cash and cash equivalents on hand.

#### 11. Capital Management

The Company's objectives when managing capital are:

- To safeguard the Company's ability to continue as a going concern.
- To maintain appropriate cash reserves on hand to continue exploration of the Company's Matagami Project and to meet ongoing operating costs.

#### 11. Capital Management (cont'd)

- To ensure that flow-through funds are spent on Canadian Exploration Expenditures in order to meet the required renunciation obligations.
- To invest cash on hand in highly liquid and highly rated financial instruments.

In the management of capital, the Company includes shareholders' equity and debt in the definition of capital.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets, especially in regards to exploration results on its Matagami Project. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements and/or issuance of debt. The Company is not exposed to externally imposed capital requirements.

As at May 31, 2009, significant anticipated future expenditures include: 1) approximately \$8,000,000 of Matagami exploration expenditures by May 31, 2011 (note 5) in order to earn a 50% participating joint venture interest in the Matagami Project; and 2) the repayment of the \$3,000,000 debenture by June 5, 2010 (note 6).

#### 12. Supplemental Cash Flow Information

	May 31, 2009	May 31, 2008
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -
Non-cash financing activities:		
Finders fees paid in warrants	\$ 45,500	\$ -

#### 13. Subsequent Events

- a) Subsequent to May 31, 2009, the Company closed additional non-brokered private placements for gross proceeds of \$1,982,395. These funds were raised through the issuance of 3,640,333 non flow-through ("NFT") Units, at a price of \$0.15 per NFT Unit, where each NFT Unit is comprised of one common share and one share purchase warrant, exercisable into one common share at a price of \$0.25 for two years; 2,230,000 flow-through ("FT") Units, at a price of \$0.19 per FT Unit, where each FT Unit is comprised of one flow-through common share and one half of

## **DONNER METALS LTD.**

(An exploration stage company)

### **Notes to the Consolidated Financial Statements**

**May 31, 2009**

(Canadian Dollars)

(Unaudited)

---

one share purchase warrant, where each whole warrant is exercisable into one non flow-through common share at a price of \$0.25 for two years; and 5,329,709 FT common shares, at a price of \$0.19 per FT common share.

The Company has also paid or undertaken to pay finder fees of \$152,512 and issued 753,526 finder warrants. These warrants entitle the holder to acquire one additional non flow-through common share of the Company for a period of one year at a price of \$0.25.

- b) Subsequent to May 31, 2009, the Company exchanged \$709,500 of outstanding debentures (\$675,000 of principal and \$34,500 of accrued interest) for 4,729,999 shares and 4,729,999 share purchase warrants, where each warrant is exercisable into one common share at a price of \$0.25 for a period two years.
- c) Subsequent to May 31, 2009, the Company paid \$145,500 of debenture interest.
- d) Subsequent to May 31, 2009, Xstrata notified the Company that it is advancing the Bracemac-McLeod discovery to the feasibility stage effective immediately. Under the OJVA, Xstrata has the right to conduct an "Accelerated Feasibility Study" prior to the Company completing its earn-in requirements. Upon completion of this Accelerated Feasibility Study, and upon Donner completing its earn-in requirements, Xstrata will vest its back-in right in the South Flank area of the Matagami Project which will become a 65% Xstrata, 35% the Company joint venture.

**DONNER METALS LTD.**

(An exploration stage company)

**Schedule of Exploration Expenditures (note 5)**

(Canadian Dollars)

(Unaudited)

	Three months ended May 31,	
	2009	2008
<b>Matagami Property</b>		
Drilling	\$ 287,301	\$ 2,216,640
Environment, health & safety	2,619	884
Geochemistry	-	595
Geology	188,453	154,810
Geophysics	99,228	14,213
Operator fees	57,817	239,172
Other	569	4,548
Property maintenance	-	25
Technical services	30,825	24,790
	666,812	2,655,677
Refundable tax credits	(202,160)	(919,140)
Mining duties refund	(45,053)	(204,837)
	419,599	1,531,700
<b>South Voisey Bay Properties</b>		
<b>SVBN Property</b>		
Geology	-	1,582
Technical services	-	4,275
	-	5,857
<b>Commander Property</b>		
Geology	-	308
Technical services	715	3,217
	715	3,525
	715	9,382
	\$ 420,314	\$ 1,541,082