



## BRACEMAC-MCLEOD MINE DEVELOPEMENT TRACKING ON BUDGET AND ON SCHEDULE

**Vancouver, B.C., October 25, 2011** – Mr. Harvey Keats, Chief Executive Officer of Donner Metals Ltd. (TSXV-DON), reports on the progress of development activities at the Bracemac-McLeod mine and results from the ongoing regional exploration program as reported to the Company by partner and project operator Xstrata Canada Corporation-Xstrata Zinc Canada Division (“Xstrata Zinc”). The Bracemac-McLeod ramp is currently advancing through 2,070 metres and most of the surface infrastructure (roads, power, and support facilities) is now complete. Regional exploration drilling within the 4,737 square kilometre Matagami property which surrounds the Bracemac-McLeod mine has resulted in the discovery of massive sulphides in the Garon Lake area and an extensive VMS alteration system in the Bell Channel area. In addition, drilling has discovered the occurrence of shallow stratigraphy that potentially extends the prolific South Flank mine stratigraphy 14 kilometres to the west of the Bracemac-McLeod deposit which is currently being developed for production in early 2013.

### Bracemac-McLeod Development Update

The Bracemac-McLeod ramp is currently passing 2,070 metres and is progressing extremely well with an average advancement rate of 5.7 metres per day (6.45 metres per day since May, 2011) compared to 4.5 metres per day estimated in the feasibility study. Multiple face development of the Bracemac zones and the construction of ventilation raises will commence when the ramp reaches 2,300 metres. Ramping will also continue to the McLeod zone. Construction of access and haulage roads, mine support infrastructure and electrical supply has been mostly completed. Xstrata Zinc has realized a number of efficiencies to date to ensure the project remains within budget and they continue to target other areas of the project to realize further timing and cost efficiencies. Initial production from the mine is scheduled to start in early 2013.

*“I am extremely confident that Xstrata Zinc’s world-class development team will bring Bracemac-McLeod into production on time and on budget. I anticipate a smooth transition from production at Xstrata’s Perseverance mine to production at the new Bracemac-McLeod mine, virtually eliminating issues such as hiring, training, and the ramp up of milling processes that are normally required for a new mine”* states Ron Tessier, Vice President of Engineering for Donner Metals.

### Exploration

Regional exploration is on-going with three drills currently active on the Matagami project while exploration in and around Bracemac-McLeod awaits the completion of underground access for drilling. The objective of all exploration programs is to identify a long-term supply of ore for the 2,950 tonne per day Matagami Mill. Exploration programs target massive sulphide mineralization that occurs within the Matagami camp at or near the contact between felsic and mafic volcanic rocks commonly marked by “tuffite” horizons and in particular the Key Tuffite marker horizon that hosts the majority of the deposits in the Matagami Camp. A total of fifteen diamond drill holes have been completed on the project since June, 2011. Current exploration results are described below and listed in the attached Table 1:

Garon Lake Area (11.8 kilometres northeast of Bracemac-McLeod): Two drill holes have been completed in follow-up of geophysical targets. GL-11-15 intersected two zones of sulphide mineralization. Semi-massive sulphides were intersected from 958.4 to 959.35 metres and massive sulphides were intersected between 1022.20 - 1023.25 metres that graded 4.94% zinc, 0.20% copper, 2.5g/t silver and 0.02g/t gold. Mineralization was hosted in a sequence of rhyolite flows. GL-11-15W1 was wedged 133 metres up-dip from GL-11-15 and intersected 10 metres of massive sulphides from 833.20 to 843.20 metres. This zone graded 2.59% zinc, 0.22% copper, 11.84g/t silver and 0.09g/t gold over 9.60 metres, including 6.74% zinc, 0.34% copper, 21.06g/t silver and 0.20g/t gold over 3.30 metres.

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Rivière Allard: Regional blue-sky drilling 14.1 kilometres west of Bracemac-McLeod has intersected a shallow tuffite marker horizon at an andesite-rhyolite contact in the Central Joint Venture Area where previous interpretation had this contact at significant depths below economic range for Matagami type deposits. Two of three holes (RA-11-05 and 06) intersected a tuffite horizon marking this critical contact at shallow depths between 230 and 235 metres vertical depth from surface, while a third drill hole (RA-11-07) intersected the favourable felsic-mafic contact at 185 metres vertical depth. The intersection of this tuffite horizon potentially opens a 400 square kilometre extension to the South Flank stratigraphy that hosts the highest grade deposits in the Matagami Camp. Historically, this area has been very poorly explored.

Radiore Area: Three holes were completed in the Radiore area to investigate the continuation of previously encountered mineralization. Diamond drill holes DR-11-07 and 09 intersected weakly mineralized tuffites within a rhyolite sequence, while DR-11-08 intersected gabbro on a targeted geophysical anomaly. This drilling was conducted 11.3 kilometres northeast of Bracemac-McLeod.

Bell Channel: Three drill holes were completed in the Bell Channel area located 10 kilometres north of the Bracemac-McLeod mine. BC-11-32 intersected significant widths of Pipe alteration that is typically associated with sulphide mineralization in the Matagami Camp. This alteration was intersected from 483.00 to 834.60 metres, 934.00 to 1020.00 metres, 1088.70 to 1101.40 metres and 1265.00 to 1289.10 metres, however no significant mineralization was encountered other than weak mineralization in altered basalts between 1252.90 and 1253.40 metres. Diamond drill hole BC-11-33 was drilled in the opposite direction from BC-11-32 to target the Key Tuffite horizon. This drillhole intersected metamorphosed rhyolite followed by gabbro of the Bell River complex. BC-11-34 was drilled 1.8 kilometres east of BC-11-32 and intersected Pipe alteration from 694.20 to 713.30 metres.

DJV Area – Two diamond drill holes were completed 3 kilometres west of the former Isle Dieu mine (past production, 1989-1997, of 3.05Mt @ 17.85% zinc, 1.01% copper, 76.63g/t silver, 0.46g/t Au). Diamond drill hole DJV-11-87 targeted a large area of surface alteration but did not intersect appreciable mineralization. A second drill hole DJV-11-88 intersected a weakly mineralized andesite between 143.70 and 166.50 metres followed by an upper tuffite at 171.80 metres. A 7.35 metre thick interval of the Key Tuffite was intersected at 845.35 metres.

PD1 Area: One drill hole was completed 1.1 kilometres southwest of the PD1 Deposit. DDH PD1-11-43 intersected a rhyolite-basalt contact with no appreciable mineralization. A second regional drill hole was drilled 8 kilometres east of the PD1 deposit. Drillhole RA-11-08 intersected diorite intrusive rock with no appreciable mineralization.

Robin Adair, Vice President of Exploration states that “*These continued exploration successes clearly demonstrate the potential for this world-class mining camp to generate new and interesting areas of mineralization. It is our objective to continue this success rate and to discover new sources of long term feed for the Matagami mill.*”

Additional information is available at [www.donnermetals.com](http://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 1961. The joint venture areas currently contain 2895 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%

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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 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).

Robin Adair (VP of Exploration) is the Qualified Person for Donner Metals Ltd. and is responsible for the technical information reported in this news release.

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" "is scheduled" "anticipate" and "developed for production in early 2013". 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](http://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

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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](http://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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Table 1: Regional Exploration Drilling

DDH (Depth)	UTM Location NAD 83 Zone 18	Angle / direction (True N)	From	To	Core Length (metres)	ETW (metres)	Zn %	Cu %	Ag g/t	Au g/t
GL-11-15 (1155 metres)	314023E, 5516295N	-75°/185°	1022.20	1023.25	1.05	0.5	4.94	0.20	2.5	0.02
GL-11-15W1 (1133 metres)	314023E, 5516295N	-75°/185°	833.60	843.20	9.60	5.72	2.59	0.22	11.84	0.09
		including	837.00	840.30	3.30	1.97	6.74	0.34	21.06	0.20
RA-11-05 (394 metres)	293360E, 5509262N	-52°/080°	285.90	289.72	Weakly mineralized tuffite - no significant assay results					
RA-11-06 (303 metres)	293369E, 5509257N	-50°/080°	281.40	284.20	Weakly mineralized tuffite - no significant assay results					
RA-11-07 (288 metres)	293369E, 5509257N	-45°/122°			Faulted contact at 246 metres - no significant assay results					
DR-11-07 (652 metres)	314235E, 5515680N	-55°/205°			Felsic Volcanic rocks - no significant assay results					
DR-11-08 (768 metres)	315745E, 5514379N	-70°/185°			Gabbro - no significant results					
DR-11-09 (649 metres)	314487E, 5515564N	-55°/205°			Felsic volcanic rocks and Gabbro - no significant assay results					
BC-11-32 (1349 metres)	311032E, 5515574N	-62°/021°	483.00	834.60	Pipe Alteration – no significant mineralization					
			934.00	1020.00	Pipe Alteration – no significant mineralization					
			1088.70	1101.40	Pipe Alteration – no significant mineralization					
			1252.90	1265.00	Altered Basalt - Pipe Alteration					
			1252.90	1253.40	0.5	0.35	2.24	0.02	0.70	0.013
			1265.00	1289.10	Pipe Alteration – no significant mineralization					
BC-11-33 (445 metres)	311032E, 5515574N	-45°/200°			Gabbro and Granophyre - no significant assay results					
BC-11-34 (1131 metres)	312797E, 5515471N	-65°/020°	694.20	713.30	Pipe – target horizon truncated by faulting- no significant assay results					
DJV-11-87 (517 metres)	299528E, 5512491N	-60°/320°			No significant results					
DJV-11-88 (1023 metres)	299343E, 5512936N	-50°/030°	166.50	171.80	Upper Tuffite - no significant assay results					
			845.35	852.70	Key Tuffite - no significant assay results					
PD1-11-43 (516 metres)	273420E, 5515600N	-57°/257°			Rhyolite - no significant results					
RA-11-08 (400 metres)	281810E, 5516750N	-60°/180°			Diorite - no significant results					

ETW = Estimated True Width.

Depth = Total depth drilled in metres.

Pipe = hydrothermal alteration that occurs below and in close proximity to sulphide-bearing massive and semi-massive sulphide deposits. “Pipe” alteration is defined as intense chlorite alteration typically underlying or surrounding zones of massive sulphide development and it is indicative of a hydrothermal vent system associated with mineralization in the Matagami Camp. Magnetite, chalcopyrite, pyrite, sphalerite, silica and talc may occur with chlorite.

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