



Donner Metals Ltd

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XSTRATA ZINC TO CONDUCT DEFINITION DRILLING AT PD1 DEPOSIT

Vancouver, B.C., October 4, 2010 – Mr. Harvey Keats, Chief Executive Officer of Donner Metals Ltd. (TSXV-DON), reports that Xstrata Canada Corporation - Xstrata Zinc Canada Division ('Xstrata Zinc') has provided notice that they will conduct a definition drill program on the near-surface portion of the PD1 deposit located in the "West Camp" area of the Matagami Project. The objective of the program is to define a measured resource at PD1 upon which a decision will be made to conduct a feasibility study. The scope of such a study will assess the viability of exploiting the upper portion of the PD1 deposit by open pit which would supply incremental feed to the Xstrata's Matagami mill and take advantage of mill capacity in excess of that required for production from the Bracemac-McLeod mine discovered by Xstrata and Donner. The PD1 definition drill program will consist of 11 shallow diamond drill holes that will in-fill previous drilling between surface and 150 metres vertical depth. The program will be funded by Xstrata Zinc.

The historical resource (not NI 43-101 compliant) reported for PD-1 is 1.45 million tonnes grading 5.30% zinc and 0.95% copper. Silver and gold are not reported in the historical resource estimate. Approximately 20% of this resource is located between surface and 150 metres vertical depth. This historical resource was calculated in 1991 by Normand Lécuyer Enterprise Inc. and D.R. Melling Geological Consulting and Research Services based on average drill spacing of 15 metres. Confirmation drilling conducted earlier this year by Xstrata and Donner verified that the grade and geometry indicated by historical drilling were within expectations (*see news release dated September 1, 2010*).

PROJECT OVERVIEW

The Matagami Project is covered under the Matagami Option and Joint Venture Agreement and has an area of mutual interest of 4,750 square kilometres. The project presently includes 2,986 mineral claims covering 644 square kilometres. Donner has the option to earn a 50% participating joint venture interest in the Matagami Project by incurring a total of \$25 million of expenditures on exploration and related work on or before May 31, 2011. To date, Donner has provided \$24.1 million towards exploration and has the balance of the funds at hand required to exercise the option. Following earn-in, five separate joint venture ("JV") areas will be formed with initial interests of 50% Xstrata Zinc and 50% Donner. The JV areas are: South Flank JV area (includes Bracemac-McLeod, McLeod Deep, Orchan West), North Flank JV area, Central Camp JV area; West Camp JV area (includes PD1) and the Regional JV area (see web site for map locations). Following earn-in, Xstrata Zinc has a right in each of the five JV areas to earn-back a 15% interest by completing a bankable feasibility study or incurring a maximum of CDN \$20 million towards a bankable feasibility study. The area of mutual interest remains in effect for two years following earn-in.

Upon Donner receiving the feasibility study for Bracemac-McLeod, Xstrata Zinc will have met its earn-back right for the South Flank joint venture area that, upon Donner completing its earn-in, will become an Xstrata (65%)-Donner (35%) JV while the other four JV areas will remain at a 50/50 JV interest until such time as Xstrata elects to earn back to a 65% interest.. Under the JV, Donner is subject to costs adjustment related to the purchase of its share of any equipment Xstrata Zinc provides to the project and related to a per tonne capital cost recovery charge with respect to the use of the mill and tailings facility. Donner may decide to vest in the project anytime up to May 31, 2011. Following receipt of the feasibility study on Bracemac-McLeod Donner has until May 31, 2011 to arrange its share of project financing.

The 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

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Donner Metals Ltd.

Suite 2150, 885 West Georgia Street, Vancouver, British Columbia, Canada V6C 3E8
Telephone: (604) 683-0564 Fax: (604) 602-9311 or Toll Free: 1-800-909-8311
E-mail: donner@bed-rock.com or Web: <http://www.donnermetals.com>

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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 2,600 tonnes per day Matagami mill complex. Any future development under the Donner-Xstrata agreement will benefit from 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 discover 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, Donner has discovered new mineralization at Bracemac-McLeod, Daniel1, Bell Channel and in the McLeod Deep Zone. 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 as well as for the development and operation of the Bracemac-McLeod mine. Xstrata Zinc is responsible for both fieldwork and resource evaluation including, but not limited to, sampling, submittal of samples for assay, assay verification, metallurgical evaluation and QA/QC. Sample preparation and assaying of samples that form the basis of the resource calculation were carried out and certified 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 for the Company is the Qualified Person responsible for the technical information 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 include wording such that a future context of performance is implied within the statement. Within the scope of this press release, this applies directly to future events and performances related to the future deliverable and performances related to the PD1 deposit.. Forward-looking statements are also identified by specific wording such as "will", and apply specifically to the possible future completion of the Matagami Option, or potential future decisions related to the Bracemac-McLeod mine. With respect to Donner earning an interest in the Matagami Project, Donner's ability to meet the requirements of the Option and Joint Venture Agreement can be negatively affected by financial markets and Donner's ability to raise financing, among others. With respect to the feasibility study underway on Bracemac-McLeod, there is no certainty that the study will be positive and there are numerous factors that may impact the outcome of the study either positively or negatively. These factors are being evaluated as part of the feasibility study. "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 refers to information about Xstrata's Perseverance mine and mine property on which the Company has no right to explore or mine. This press release also refers to information about historical production from land covered by 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. Further discussion of "forward looking statements" 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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