

## **What Mine is Trying to Get NEW Production Ready?**

At a time when many mining companies all over the globe are reducing or shutting in production, *Xstrata Zinc Canada* and partner *Donner Metals* are trying to get a newly discovered orebody into production as quick as they can, in Quebec, Canada.

In 2007, the exploration teams of the two companies discovered a new orebody – the Bracemac-MacLeod - at Xstrata's Perseverance Mine in the prolific Matagami zinc camp of Quebec. Even at today's low zinc price of 55 cents, Perseverance is still producing and Xstrata is planning for when the current orebody is depleted in 2012.

Located only 5 kilometers from Xstrata's 2,600 tonne per day Matagami Lake Mill, Bracemac-McLeod is poised to be the region's next producing mine. Presently Xstrata's mill is supplied by Xstrata Zinc Canada's Perseverance Mine, which only has a 4.5 to 5.5 year mine life remaining. Pending the results of an Xstrata scoping study, due out early 2009, the Bracemac-McLeod's deposit has the potential to be fast-tracked for production. Donner/Xstrata will also publish the first CDN NI 43-101 compliant resource calculation for Bracemac-MacLeod in Q1 2009.

Vancouver-based Donner and Xstrata Zinc Canada have won TWO exploration awards for Bracemac-MacLeod. One was the Mining Journal's *Outstanding Exploration Achievement Award* at the 6<sup>th</sup> Annual Mines and Money London conference in December 2008. In 2007, Donner-Xstrata won the Québec Mineral Exploration Association's Prospector of the Year Award.

"Few junior mining companies can discover and develop an orebody this quickly," says Donner Chairman David Patterson. "We knew the area had great potential for more discoveries. The guys at Xstrata Zinc Canada and our team worked really well together."

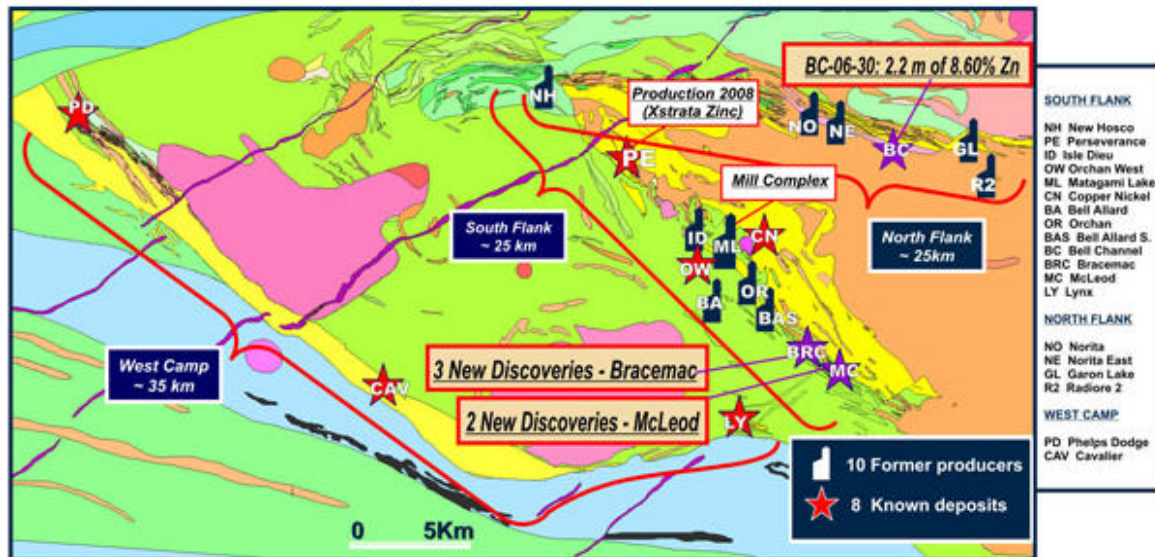
"And developing a low capital-cost orebody in this tight credit environment is very advantageous."

### **BACKGROUND**

The Matagami Mining Camp is a world-class mining district, with 18 known VMS deposits, including 10 past producers of varying sizes, including the giant Matagami Lake deposit (25.64 million tonnes of 8.2% Zn, 0.56% Cu, 20.91 g/t Ag and 0.41 g/t Au) discovered in 1957 and mined from 1963 to 1988. In 1957, as a result of the newly developed airborne EM system, the Matagami Lake deposit was discovered and within

the next two and a half years, six more major deposits were identified. Between 1985 and 1992, four new deposits were discovered, and in 1999 a new EM system was flown over the Matagami camp, which led to the discovery of the Perseverance deposits in 2000.

**Past Producers, Known Deposits, and Donner/Xstrata Discoveries:**



The development of new exploration techniques and concepts has led directly to numerous discoveries in the Matagami Mining Camp, including Perseverance, which is scheduled to go into production in July 2008. Xstrata has published a measured and indicated resource at Perseverance of 5.12 million tonnes of 15.82% Zn, 1.24% Cu, 29.00 g/t Ag and 0.38 g/t Au. The Matagami area is host to historical production of 8.6 billion pounds of Zn and 853 million pounds of Cu and has established infrastructure including the town of Matagami, a railway, a paved road, and a 2,600 t/day mill owned by Xstrata.

Traditionally, a single marker horizon called the Key Tuffite has been targeted for exploration as all of the historical mines produced high margin zinc, copper, silver and gold-bearing sulphides from this horizon. Drilling on the Matagami Project is actively investigating other horizons as well as the Key Tuffite. With this approach, three new, vertically stacked sulphide zones have been discovered at Bracemac (two above and one at the Key Tuffite horizon). Two new sulphide zones have also been discovered at the Key Tuffite horizon at McLeod in addition to the recent extension of the previously known Old McLeod zone, also at the Key Tuffite.

As James mentioned to subscribers last month, Donner is well positioned to emerge as one of the rare resource stock market winners in this otherwise downtrodden market.

Happy Investing,

Bill Ridley  
 Publisher