



QGX LTD.

Press Release
TSX - QGX

QGX LAUNCHES COAL-CONVERSION INITIATIVE WITH NEXANT

Preliminary Work Indicates that Baruun Naran Coal Appears Amenable to Gasification Mongolian Ministry of Fuel and Energy Signals Initial Support for Coal Conversion Project at Baruun Naran

June 27, 2006 (Waterdown, Ontario). **QGX Ltd. (TSX: *QGX.T*)** is pleased to announce that it has engaged Nexant, Inc. (“Nexant”), a world-wide energy consulting company with core competencies in coal gasification, Integrated Gasification Combined Cycle (“IGCC”), coal-to-liquids (Fischer-Tropsch) and gas-to-liquids technologies, to assess the technological and economic potential for applying coal-conversion technologies to the coal at Baruun Naran. Nexant’s initial review of the coal-quality data for Baruun Naran coal indicates that the coal appears amenable to coal-conversion applications. QGX received a positive initial indication of support from the Mongolian Ministry of Fuel and Energy regarding a possible coal-to-liquids (transportation fuels) project earlier this year. Currently Mongolia imports 100% of its transportation fuels.

The goals of the Nexant study are to (1) assess the Mongolian and Chinese market demand and pricing for Fischer-Tropsch liquids (synthetic gasoline and diesel), olefins, methanol and dimethyl ether (“DME”), (2) select the most appropriate gasifier based on the properties of the coal and the commercial maturity of the gasifier, and (3) conduct a preliminary plant design, cost estimate, and financial analysis for each candidate product to assess its economic potential. The project duration is expected to last three months.

Paul Zweng, Chief Operating Officer of QGX Ltd., commented as follows:

“We are pleased to work with such a highly regarded and experienced group as Nexant to evaluate the potential for applying coal-conversion technologies to our Baruun Naran project. Although much more work needs to be done to assess this opportunity, the possibility of our project developing synthetic diesel and gasoline to make Mongolia self-sufficient in transportation fuels is intriguing. We welcome the initial encouragement by the Mongolian Ministry of Fuel and Energy in this regard.”

About Nexant, Inc.

Nexant was formed in 2000 to provide technology solutions and consulting services to the global energy industry. The company has completed several hundred consulting and technology projects in over 60 countries. Nexant is headquartered in San Francisco, California, with nine additional offices worldwide. Nexant is an affiliated company with Bechtel Corporation.

About QGX

QGX is a Canadian-based company that has been exploring for mineral deposits in Mongolia since 1994. QGX's two most advanced properties are the Baruun Naran and the Golden Hills projects. QGX announced on June 7th an independent NI 43-101 resource for Baruun Naran of 107.5 million tonnes of metallurgical and thermal coal contained in Indicated and Measured and an addition 48 million tonnes contained in Inferred. QGX filed in November, 2005 an independent NI 43-101 report outlining a polymetallic resource containing 655 million lb copper, 1.1 million oz gold, and 6.9 million oz silver at the Central Valley Zone of Golden Hills (contained in Measured, Indicated and Inferred resources). Barrick Gold Corp. holds a 9.4% equity interest in QGX as part of a strategic relationship between the companies.

The TSX has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

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