

QGX LTD.

QGX EXPLORATION UPDATE FOR BARUUN NARAN COAL PROJECT

Fourth Drill Rig Commenced Drilling on September 17th

Fifth Drill Rig Scheduled to Arrive at Baruun Naran Next Week

**Gradient Array Resistivity Survey Proves Effective in Delineating and Extending
Known Metallurgical Grade Coal Seams “M” and “T”
Multiple New Targets Generated within Surveyed Area**

September 21, 2005 (Waterdown, Ontario). QGX Ltd. (TSX: *QGX.T*) is pleased to announce that it is accelerating the exploration program at the Baruun Naran coal project. A fourth drill rig commenced drilling on September 17th, and a fifth drill rig is expected to arrive on site by the week of September 27th. The drill program is being accelerated on the basis of positive results from a gradient array resistivity survey which has proven to be effective in mapping the coal seams within the Permian host sediments. Based on the survey, Seams “M” and “T”, the two known coal seams previously returning metallurgical-grade results (See press releases dated August 3rd & September 14th 2005), are interpreted to be continuous for at least 3.5 and 2.75 km respectively (Seam “T” remains open to the west where the survey is ongoing). These two seams are the current focus of drilling; over 60 drill holes have been collared to date. In addition, many other resistivity targets are continuous on strike for several km and are interpreted to reflect coal seams. These targets will be drilled in the near future. The gradient survey has covered approximately 5.7 km of the 10+ km coalfield currently being explored at Baruun Naran. The remaining area of interest is currently being surveyed.

David Anderson, CEO of QGX, commented as follows:

“We are pleased with the results of the gradient array survey. It has proven to be an effective technique to delineate the known coal seams, to highlight potential new targets within the Baruun Naran stratigraphic package, and to provide our geologists with a better understanding of the geologic and structural setting. This significantly increases our efficiency of exploration, allowing us to accelerate the drill program. It also provides a valuable tool to conduct regional exploration in other target areas. We have made significant progress at Baruun Naran considering that the exploration program was only launched in April of 2005.”

Interpretation of Gradient Array Resistivity Survey

QGX has completed a gradient array resistivity geophysical survey over the eastern portion (5.7 km strike length) of the 10+ km long Baruun Naran coalfield. The survey will be extended this fall to cover the entire area of interest. Prior to initiating the survey, QGX conducted a series of tests on Section 37200E where good geologic control was available through previous drilling. On the basis of these tests the survey parameters were optimized to

highlight the thicker, near-surface coal seams that are concealed below shallow cover. The test results showed clearly that coal, a resistor, could be detected within the conductive Permian host rocks.

The gradient array survey identified multiple resistivity anomalies (highlighted in red on the Gradient Array Resistivity Map under “Key Properties—Baruun Naran” on the www.qgxgold.com website). Several of the resistivity anomalies reflect known coal seams (e.g., Seams “M”, “T”). These seams are continuous and can be mapped for several km along strike. Other resistivity anomalies, yet to be drill tested, are interpreted to reflect additional coal seams although some of these resistors could reflect conglomerate lenses, tuff horizons and/or sandstone beds.

In addition to mapping the coal seams, the gradient array survey provided insight into the structural elements influencing the distribution and geometry of seams. The survey demonstrated that the package of Permian rocks containing the coal seams (the Tavan Tolgoi Formation) constitutes a cohesive and persistent structural block of largely uninterrupted stratigraphy along strike. The recognition of an intact structural block is likely to be favorable for mining and will facilitate the construction of an ore reserve model for Baruun Naran. The survey also suggests that the Tavan Tolgoi Formation is folded into a large and persistent syncline. If so, then many of the folded coal seams may have two limbs located near surface that may be amenable to open-pit mining.

Geomaster Inc. of Ulaanbaatar, Mongolia, is conducting the gradient array resistivity survey under the supervision of QGX.

David Anderson, President and CEO of QGX Ltd., is the Qualified Person as defined by NI 43-101, and has reviewed and verified the results presented in this press release.

About QGX

QGX is a Canadian-based company that has been exploring for mineral deposits in Mongolia since 1994. The Company holds a large area of exploration licenses throughout Mongolia. The Company’s most advanced property is the Golden Hills prospect in western Mongolia. QGX has filed an independent NI 43-101 report outlining a resource containing approximately 3.3 million gold-equivalent ounces at the Central Valley Zone of Golden Hills (measured, indicated and inferred). Barrick Gold Corp. holds a 9.5% 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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