



QGX LTD.

Press Release
TSX - QGX

QGX Receives Positive Preliminary Economic Assessment for the Copper-Gold-Silver Project at the Central Valley Zone (CVZ), Golden Hills, Mongolia

- US\$148.53/oz total cash cost for gold in oxide (net of silver credit)
- US\$0.77/lb total cash cost for copper in sulphide (net of gold and silver credits)
- IRR (pre-tax/after-tax): 34% and 27%, respectively
- NPV @10% (pre-tax/after-tax): US\$122 and US\$83 million, respectively

March 8, 2007 (Waterdown, Ontario). QGX Ltd. (TSX: QGX) is pleased to announce that it has received a positive NI 43-101 compliant Preliminary Economic Assessment (the “Study”) regarding the development of the Company’s 80%-owned copper-gold-silver resource at the Central Valley Zone (CVZ) at Golden Hills, Mongolia. Chlumsky, Ambrust, & Meyer, LLC (“CAM”), a professional mining engineering firm in Denver Colorado, prepared the Study. The Study defines a two-stage development plan with a mine life of 15 years. The operation commences with open-pit mining of the gold-silver oxide resource followed by underground mining of the copper-gold-silver sulphide and high-grade quartz-telluride vein resource at CVZ. The project is financially robust, with an after-tax NPV @10% of US\$83 million and an IRR of 27% (100% equity basis). Project highlights are summarized in Table 1 below.

Table 1. Project Highlights for CVZ, Golden Hills, Mongolia

Average Annual Production	
Years 1-4 (Oxide Phase)	
Gold / Silver	79,900 oz / 521,000 oz
Years 5-15 (Sulphide & Telluride Phase)	
Copper	56.5 million lbs
Gold / Silver	53,900 oz / 235,200 oz
Initial Capital Cost	US\$164 million
Total Cash Cost¹	
Oxide Phase (open pit)	US\$148.53/oz Au
Sulphide & Telluride Phase (underground) ²	US\$0.77/lb Cu
Avg. Annual Revenues³	
Oxide Phase	US\$47.2 million
Sulphide/Telluride Phase	US\$105.6 million
Avg. Annual After-Tax Earnings	
Oxide Phase	US\$13.8 million
Sulphide & Telluride Phase	US\$19.5 million
IRR (pre-tax / after-tax)	34% / 27%
NPV @ 10% (pre-tax / after-tax)	US\$122 million / US\$83 million

1: Total cash costs/unit, are life-of-mine costs, net of by-product credits, and include transportation costs, and smelter charges (TCRC’s), divided by metal units produced.

2: Underground phase by-product credits include gold and silver from both sulphide and telluride ores

3: Revenues reflect a reduction for Mongolian NSR royalties of 5%

For purposes of this study, the capital plan assumes contract surface and underground mining, therefore the cost of both operation and ownership of mobile mining equipment is included in operating costs. Capital estimates for the mill and fixed underground facilities include substantial contingencies. The cash-flow valuation model developed by CAM uses long-term forecast metal prices of US\$1.50/lb copper, US\$529/oz gold, and US\$9.08/oz silver. These prices are considerably lower than current spot prices for these metals.

A sensitivity study (see Table 8) was completed to examine the impact on NPV of long term metal prices. The financial returns for the project show the greatest sensitivity to copper prices. Life-of-mine CVZ revenues are driven 63% by assumed copper prices.

Paul Zweng, President/Chief Executive Officer of QGX Ltd., commented as follows:

“This Study represents an important milestone in the development of the Central Valley Zone. We are encouraged that both the open-pit gold and the underground copper operations are forecasted to be low-cost producers. This signals the potential for the Central Valley Zone to become an important and vibrant mining centre in western Mongolia.

We are now evaluating the next steps to develop the project. We look forward to working with all stakeholders to bring this project to market in a safe and environmentally responsible manner.”

NI 43-101 Compliant Resources and Potentially Mineable Resources

QGX first announced a NI 43-101 compliant resource estimate completed by CAM on February 28th, 2005. CAM later updated the resource estimate in October, 2005. The October resource estimate is shown in Table 2.

Table 2. NI 43-101 Resource Estimate for CVZ (October 2005)

Resource Classification	Cut-off Grade	Cut-off Grade	Resource Tonnes	Grade		
	Au (g/t)	Cu (%)		Au (g/t)	Ag (g/t)	Cu (%)
<u>Oxide (gossan)</u>						
Measured	1.0		474	3.10	19.0	
Indicated	1.0		2,624	2.78	18.9	
Total Measured + Indicated	1.0		3,098	2.83	18.9	
Inferred	1.0		1,752	2.72	19.5	
<u>Massive Sulphide (“Sulphide”)</u>						
Measured		0.8	1,024	0.39	5.5	1.86
Indicated		0.8	9,140	0.39	5.3	1.70
Total Measured + Indicated		0.8	10,164	0.39	5.4	1.72
Inferred		0.8	9,499	0.33	4.5	1.29
<u>HGQT Veins (“Telluride”)</u>						
Inferred	3.0		696	19.63	35.0	

Table 3 shows the potentially mineable resources used in the Study. In order to determine the possible resources that might be mined from the Golden Hills oxide deposit, CAM floated several cones using gold prices from US\$350 to US\$700 per ounce of gold and estimated operating costs for a vat leach operation. This exercise resulted in a possible open pit containing an estimated 4.45 million tonnes of resources, (reduction of approximately 8% from NI 43-101 Resource), with reduced grades as shown below. This possible mineable resource is used in the oxide portion of the study.

Underground sulphide and telluride ores were essentially left undiluted for this Study. The deposit covers a wide area and appropriate mining methods are expected to recover resource with minimal dilution, although detailed mine plans are yet to be designed.

Table 3. Potentially Mineable Resources at CVZ, Golden Hills, Mongolia

Resource Classification	Cut-off	Cut-off	Mineable Tonnes	Mineable Grade		
	Grade	Grade		Au	Ag	Cu
	Au (g/t)	Cu (%)	(000's)	(g/t)	(g/t)	(%)
<u>Oxide (gossan)</u>						
Measured	1.0		435	2.70	19.0	
Indicated	1.0		2,409	2.42	18.9	
Total Measured + Indicated	1.0		2,844	2.46	18.9	
Inferred	1.0		1,609	2.37	19.5	
<u>Massive Sulphide (“Sulphide”)</u>						
Measured		0.8	1,024	0.39	5.5	1.86
Indicated		0.8	9,140	0.39	5.3	1.70
Total Measured + Indicated		0.8	10,164	0.39	5.4	1.72
Inferred		0.8	9,499	0.33	4.5	1.29
<u>HGQT Veins (“Telluride”)</u>						
Inferred	3.0		696	19.63	35.0	

Investors are cautioned not to assume that any part or all of the mineral deposits in this category will ever be converted into reserves. In addition, 'inferred resources' have a great amount of uncertainty as to their existence, and economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category.

Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or pre-feasibility studies, or economic studies except for Preliminary Economic Assessment as defined under NI 43-101. Investors are cautioned not to assume that part or all of an inferred resource exists, or is economically or legally mineable.

Mine Development Overview

As described above, the CVZ deposit consists of three distinct ore types: gold and silver contained in near-surface oxide/gossan (“oxide”), copper-gold-silver contained in volcanic-hosted massive sulphide (“sulphide”), and gold-silver contained in high-grade quartz-telluride

veins (“telluride”). Metals contained in each ore type are extracted using different mining and beneficiation methods: open-pit mining and agitated vat leach of oxide, (4 year life), followed by underground mining and concentration of sulphide and telluride (11 year life). The processing plant reflects two distinct phases, with the oxide mining and beneficiation phase constructing the life-of-mine crushing and grinding circuits and adding agitated vat leach circuits for gold-silver recovery. In year 5, the leaching circuits are removed and replaced with flotation circuits to produce copper and byproduct gold-silver contained in concentrate for the remainder of the mine life.

Capital Costs

This mine plan stipulates two phases of capital investment to produce the ultimate mine configuration. This capital plan assumes contract surface and underground mining. As a result, all capital cost associated with mobile mining equipment is included in operating costs. As indicated below, substantial contingencies have been included in these cost estimates. The capital costs estimated by CAM to develop the mine are shown in Table 4.

Table 4. Estimated Capital Costs for the CVZ, Golden Hills

(US\$ x Million)	Oxide Development	Sulphide/ Telluride Development	Total Capital
Pre-Mine Development	\$ 12.1		\$ 12.1
Mill Facilities			
Structures	\$ 9.8		\$ 9.8
Mill Crush/Grind	\$ 20.9		\$ 20.9
Leaching/Refining (Gold oxide)	\$ 8.0		\$ 8.0
Flotation Circuits (Copper)		\$ 11.6	\$ 11.6
Other/Indirects/Contingency [15%]	\$ 33.5	\$ 10.5	\$ 44.0
Total Mill Cost	\$ 84.3	\$ 22.1	\$ 106.4
Mine Cost			
Structures/Perriferals		\$ 4.0	\$ 4.0
Decline/Ramp/Shaft		\$ 18.5	\$ 18.5
Other/Contingency [20%]		\$ 17.4	\$ 17.4
Total U/G Mine Cost	\$ -	\$ 39.9	\$ 39.9
Total Construction Cost	\$ 84.3	\$ 62.0	\$ 146.3
Sustaining Capital Cost Assumed	\$ 1.5	\$ 16.0	\$ 17.5
Total Life-of-Mine Cost	\$ 85.8	\$ 78.0	\$ 163.8

Operating Costs

The estimated cash operating cost/tonne ore (including administration costs) for the open-pit oxide and the underground sulphide-telluride operations are outlined in Table 5.

The open-pit oxide mine cash operating cost/tonne ore is estimated to be US\$14.85/ tonne ore, with mining and milling costs representing approximately US\$10/tonne of the total. Cost estimates assumed local labor rates, for both QGX labor and contract mining labor. The total cash cost for gold extracted from oxide (net of silver credit) is US\$148.53/oz. This total cash cost/oz for gold is very low, and would place the CVZ oxide operation in the lowest quartile of the production cash-cost curve for 2005, and in the lowest 10% of producers cash-cost curve based on Q3 2006 data. Silver credits of US\$ 60/oz, representing roughly 10% of revenue, are gained during the oxide phase of mining.

The cash operating cost/tonne ore for both the underground sulphide and telluride ores is estimated to be US\$26.30/tonne ore, with mining and milling representing just over \$23.50/tonne of the total, and administration costs the remainder. CAM applied labor cost assumptions to the underground operation that are similar to those outlined above for the oxide operation. The total cash cost for copper contained in sulphide (net of gold and silver credits on both the sulphide and telluride ores) is US\$0.77/lb over the 11 year life of underground operations.

Project returns (NPV's) and total cash cost calculations reflect TCRC's of US\$80/concentrate tonne (treatment costs) and US\$ 0.08/lb copper (refining costs). Transport costs have been assumed at US\$100/concentrate tonne. The Mongolian government NSR royalty of 5% has not been shown as a production cost, but rather has been applied to by-product credit calculations and average revenue figures. Table 5 below outlines select unit cash costs.

Table 5. Unit Costs for Open-Pit Oxide and Underground Sulphide & Telluride Ores at CVZ

US Dollars	Phase I Open Pit Oxide Operation	Phase II Underground Sulphide & Telluride Operation
<u>Mine Production Costs/Tonne Ore</u>		
Mining Cost	\$ 4.19	\$ 16.33
Milling Cost	\$ 5.85	\$ 7.26
Site Management, Security	\$ 4.21	\$ 2.11
Office Support-Local	\$ 0.60	\$ 0.60
Head Office Expenses	\$ -	\$ -
Total Production Costs/Tonne Ore	\$ 14.85	\$ 26.30
<u>Total Cash Cost/Unit –Metal¹</u>		
Unit Cost/Oz Gold (w/Ag Credits)	\$ 148.53	
Unit Cost/lb Cu (w/Au & Ag Credits)		\$ 0.77

¹Total cash costs reflect by-product credits. Total cash costs include all cash production costs, transportation costs, and smelter charges (TCRC's). Total cash costs, as defined, are divided by copper metal contained in concentrate.

Project Financial Summary

CAM developed a cash-flow valuation model using long-term forecast metal prices of US\$1.50/lb copper, US\$529/oz gold, and US\$9.08/oz silver. These prices are considerably

lower than current spot prices for these metals, which on February 23rd were US\$2.65/lb copper, US\$680/oz gold, and US\$14.50/oz silver. Metal prices used in this Study are shown in Table 6.

Table 6. Metal Price Assumptions

Metal	2007	2008	2009	2010	Long-Term Average
Copper (US\$/lb)	\$2.79	\$2.23	\$1.83	\$1.51	\$1.50
Gold (US\$/oz)	\$667	\$ 660	\$ 613	\$ 561	\$ 529
Silver (US\$/oz)	\$12.74	\$11.75	\$10.66	\$10.11	\$9.08

Note: Prices shown in 2007 and 2008 are for reference only as the Study assumes production does not commence until 2009.

Annual revenues in the oxide phase average US\$47.2 million per year. Oxide-phase revenues end in 2012. Annual sulphide and telluride-phase revenues occur from 2013 to 2023 and average US\$105.6 million per year. These revenues are net of government NSR royalty of 5%.

Annual after-tax income in the oxide phase averages US\$13.8 million per year, reflecting revenues and prices as assumed and discussed above. Project annual after-tax income increases beginning in 2013, reflecting the start of the sulphide and telluride phase of operations. Average after-tax income in this phase is US\$19.5 million, ending in 2023.

All financial projections in this Study are calculated in constant US dollars with no inflation assumed to affect the capital amounts, the costs, metal prices, or NPV discount rates. No leverage has been assumed—numbers reflect a 100% equity basis. The Base-Case project uses metals prices as documented in Table 6, assumes only Mongolian tax rates (25% corporate income tax), and assumes the Mongolian windfall profits tax currently in effect today will not be in effect by the time the mine begins operations in 2009.

The Golden Hills project is 80% owned by QGX Ltd. The other 20% is owned by a privately controlled Mongolian partner. The Mongolian partner interest is a carried interest funded by a non-recourse debt from QGX at market interest rates. QGX retains rights to almost all (98%) of the project cash flow until the Mongolian partner's carried-interest obligation is repaid.

Table 7 presents a series of project NPV's for various discounts rates based on the metal price assumptions shown in Table 6.

Table 7. NPV and IRR Financial Summary for CVZ, Golden Hills, Mongolia

(US\$ x Million)	NPV @ 8%	NPV @ 10%	NPV @ 12%	IRR
Base Case Project (100%)				
Pre-tax	\$ 152	\$ 122	\$ 98	34%
After Tax	\$ 106	\$ 83	\$ 64	27%
Base Case QGX 80% Share				
Pre-tax	\$ 142	\$ 114	\$ 91	33%
After-Tax	\$ 96	\$ 74	\$ 57	26%

The Base-Case project returns an after-tax US\$83 million NPV at a 10% discount rate over the assumed 15 year mine life (assuming no windfall profits tax). Mongolia currently has a windfall profit tax ("WPT") in effect for copper and gold only. This tax applies to copper revenues over US\$1.18/lb and gold revenues over US\$500/oz. The tax actually applies to net smelter returns, allowing TCRC's to be deducted prior to the WPT. If the WPT is still in effect when the project begins operations, the Base-Case NPV would be reduced to US\$75 million from US\$83 million. Based on assumed long-term copper prices, there is no WPT payable on copper revenues after TCRC deductions.

The financial returns for the project show the greatest sensitivity to copper prices. Life-of-mine CVZ revenues are driven 63% by assumed copper prices. Table 8 shows the impact on NPV as a function of long-term metals prices (2011 onward).

Table 8. NPV Sensitivity to Long-Term Metal Prices

(US\$ x Million)						
Assumes No Windfall Profits Tax	Cu Price/lb	Gold Price Sensitivity (US\$ per oz)				
		\$450	\$500	\$550	\$600	\$ 650
Copper Price Sensitivity (US\$ per lb)	\$ 0.95	negative	negative	\$ 6	\$ 17	\$ 27
	\$ 1.00	negative	\$ 2	\$ 13	\$ 24	\$ 35
	\$ 1.20	\$ 21	\$ 32	\$ 43	\$ 54	\$ 64
	\$ 1.50	\$ 66	\$ 76	\$ 87	\$ 98	\$ 109
	\$ 1.70	\$ 95	\$ 106	\$ 117	\$ 128	\$ 139
	\$ 2.00	\$ 140	\$ 150	\$ 161	\$ 172	\$ 183
	\$ 2.20	\$ 169	\$ 180	\$ 191	\$ 202	\$ 213

Qualified Person

Mr. Robert Sandefur, Principal for CAM, and a Qualified Person as defined by NI 43-101, has reviewed and approved the resource information contained in this release. Mr. John Thompson, VP Project Development of QGX Ltd. and a Qualified Person as defined by NI 43-101, has reviewed and approved the information contained in this release.

Cautionary and Forward Looking Statement Information

All information contained in this press release relating to the contents of the Study, including but not limited to statements of the project's potential and information under the heading "Key Assumptions and Highlights of the Study" are "forward looking statements" within the definition of the United States Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "can", "could", "would", "might" or "will be taken", "occur" or "be achieved".

The Study was prepared to broadly quantify the project's capital and operating cost parameters and to provide guidance on the type and scale of future project engineering and development work that will be needed to ultimately define the project's likelihood of feasibility and optimal production rate. It was not prepared to be used as a valuation of the project nor should it be considered to be a pre-feasibility study. The capital and operating cost estimates which were used have been developed only to an approximate order of magnitude based on generally understood capital cost to production level relationships and they are not based on any systematic engineering studies, so the ultimate costs may vary widely from the amounts set out in the Study. This could materially and adversely impact the projected economics of the project. As is normal at this stage of a project, data are incomplete and estimates were developed based solely on the expertise of the individuals involved as well as the assessments of other persons who were involved with previous operators of the project. At this level of engineering, the criteria, methods and estimates are very preliminary and result in a high level of subjective judgment being employed.

The following are the principal risk factors and uncertainties which, in management's opinion, are likely to most directly affect the conclusions of the Study and the ultimate feasibility of the project. The mineralized material at the project is currently classified as resources and it is not reserves. The mineralized material in the Study is based only on the resource model developed by Chlumsky, Ambrust, & Meyer, LLC ("CAM"), a professional mining engineering firm in Denver Colorado in October 2005. Considerable additional work, including in-fill drilling, additional process tests, and other engineering and geologic work will be required to determine if the mineralized material is an economically exploitable reserve. There can be no assurance that this mineralized material can become a reserve or that the amount may be converted to a reserve or the grade thereof. Final feasibility work has not been done to confirm the mine design, mining methods, and processing methods assumed in the Preliminary Economic Assessment. Final feasibility could determine that the assumed mine design, mining methods, and processing methods are not correct. Construction and operation of the mine and processing facilities depends on securing environmental and other permits on a timely basis. No permits have been applied for and there can be no assurance that required permits can be secured or secured on a timely basis. Data are incomplete and cost estimates have been developed in part based on the expertise of the individuals participating in the preparation of the Preliminary Economic Assessment and on costs at projects believed to be comparable, and not based on firm price quotes. Costs, including design, procurement, construction, and on-going operating costs and metal recoveries could be materially different from those contained in the Preliminary Economic Assessment. There can be no assurance that mining can be conducted at the rates and grades assumed in the Preliminary Economic Assessment. The Preliminary Economic Assessment assumes specified, long-term prices levels for copper, gold and silver. Prices for these commodities are historically volatile, and QGX Ltd. has no control of or influence on those prices, all of which are determined in international markets. There can be no assurance that the prices of these commodities will continue at current levels or that they will not decline below the prices assumed in the Preliminary Economic Assessment. Prices for gold and silver have been below the price ranges assumed in Preliminary Economic Assessment at times during the past ten years, and for extended periods of time. The project will require major financing, probably a combination of debt and equity financing. Interest rates are at historically low levels. There can be no assurance that debt and/or equity financing will be available on acceptable terms. A

significant increase in costs of capital could materially and adversely affect the value and feasibility of constructing the project. Other general risks include those ordinary to large construction projects including the general uncertainties inherent in engineering and construction cost, the need to comply with generally increasing environmental obligations, and accommodation of local and community concerns.

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 metallurgical and thermal coal at Baruun Naran comprised of 47.5 Mt of measured, 60.0 Mt of indicated (107.5 Mt contained in measured and indicated) and an additional 48 Mt of inferred resources. QGX filed in October, 2005 an independent NI 43-101 report outlining a polymetallic resource at the Central Valley Zone of Golden Hills. Barrick Gold Corp. holds an approximate 9% equity interest in QGX as part of a strategic relationship between the two companies.

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

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This press release includes certain "forward-looking statements". All statements, other than statements of historical fact, included herein, including without limitation, statements regarding potential mineralization, results and future plans and objectives of the Company are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statement.