



QGX LTD.

Press Release
TSX - QGX

QGX Receives Positive Preliminary Economic Assessment for the Baruun Naran Coking and Thermal Coal Project, Southern Mongolia
NPV@10% (after tax): US\$481 million

July 19, 2007 (Waterdown, Ontario). QGX Ltd. (TSX: QGX) is pleased to announce a positive, NI 43-101 compliant, preliminary economic assessment (“PEA”) for the Company’s 100% owned Baruun Naran coal project (“the Project”) located in southern Mongolia. Minarco-MineConsult of Sydney, Australia (“MMC”), independently prepared the PEA on QGX’s behalf.

The PEA defines a conventional, truck-and-shovel, open-cut mining operation with coal processed on site using a wash plant to produce both coking and thermal coal products. The coal products are delivered to markets by rail starting in 2011. The PEA concludes that the Project is financially robust with an estimated after-tax NPV @10% of US\$481 million and a discounted cash flow-internal rate of return (DCF-IRR) of 39%. Project highlights are summarized in Table 1 below.

Table 1. Project Production and Financial Highlights

Production	
Total Mined Coal (ROM Mt)	201
Mine Life (production years)	23
ROM Production Rate (Mtpa)	9.0
Average Stripping Ratio (bcm/ROM mt)	4.1
Typical Annual Saleable Coal Production	
Coking Coal (10% ash) (Mtpa)	3.2
Premium Thermal Coal (14% ash) (Mtpa)	0.4
Standard Thermal Coal (25% ash) (Mtpa)	1.7
Typical Total Annual Saleable Coal Production (Mtpa)	5.2
Typical Costs, Revenues, and Profits	
Cash Mining Cost, including royalty (US\$/mt product)	\$23.45
Average Annual Revenue (US\$ millions)*	\$320
Average Annual After-Tax Net Profit (US\$ millions)*	\$90
Financial Summary	
NPV @ 10% discount rate (US\$ millions)	\$481
DCF-IRR (%)	39%
Payback (years)**	4.3

* for periods with sales revenue; ** from start of mine construction; Mtpa = million metric tonnes per year; mt = metric tonne

Paul Zweng, President and CEO of QGX Ltd., commented as follows:

“The Baruun Naran PEA confirms that the project has a significant after-tax net present value and a high internal rate of return which should generate significant value for our shareholders for years to come. Equally important, the development of Baruun Naran will provide substantial benefits to the people of Mongolia through taxes, jobs, and infrastructure.

This PEA is based on the current defined resource at Baruun Naran which represents a very small portion of the license. There is an excellent opportunity to expand the resource through additional exploration on the Baruun Naran license and another coal license held by QGX. However, in the short term we will remain focused on the development of the existing resource. Our next step is to conduct a pre-feasibility study in the third and fourth quarters of this year.

This study is the culmination of two years of intensive and rigorous work at Baruun Naran that is now beginning to deliver value for our shareholders. Reaching this milestone has been possible only through the support of our project team and contractors. Their efforts are greatly appreciated.”

Introduction

QGX commissioned Minarco-MineConsult (“MMC”) to prepare a preliminary economic assessment (“PEA”) of their 100%-owned Baruun Naran coal project (“the Project”) located in southernmost Mongolia. The report is based on the recently completed geological model by McElroy Bryan Geological Services (“MBGS”) which identified 252.9 Mt of NI 43-101 compliant measured and indicated geological resources (see press release of June 13th, 2007). In addition, A&B Mylec of Brisbane, Australia, updated the coal-quality and indicative market specifications for the various Baruun Naran coal products as well as processing information. Barlow Jonker Pty Ltd (Beijing, PR China) supplied information regarding current coal prices whereas long-term forecasts were derived using reference to AME Mineral Economics’ outlook. Discussions with Chinese coal and transport suppliers and Minarco-Mineconsult estimates support various transportation costs.

Mine Development Strategy

The PEA defines an open-cut mining operation using conventional truck and shovel equipment, using haulback mining to maximize in-pit dumping and minimize environmental disturbance. Coal processing will be done on site using a wash plant to produce both coking and thermal coal products. The coal products are delivered to markets by rail starting in 2011. The total project life is 26 years comprising a 2-year construction phase (2009 to 2010) followed by a 23-year mining period with site reclamation in the final year. The initial construction phase involves site preparation, infrastructure construction, and waste pre-stripping and stockpiling of coal. Major infrastructure to be constructed on site includes a wash plant (capacity of 9 Mtpa ROM), coal stockpiles and handling equipment, mine offices, equipment workshops, staff camp facility, and a rail siding. The main mining phase from 2011 will be a large-scale mine washing all ROM coal to yield coking and thermal coal products. All coking and premium thermal coal has been assumed to be transported by rail from mine to market/port in China. Virtually all of the standard thermal coal has been assumed sold FOR mine gate.

Coal Resource

QGX first announced a NI 43-101 compliant resource estimate completed by MBGS on June 7th, 2006. MBGS later updated the resource estimate on June 13th, 2007. The current 2007 resource estimate is shown in Table 2.

Table 2. Summary of Coal Resources, Baruun Naran, Mongolia

Measured Resources (Mt)	Indicated Resources (Mt)	Total (M +I) Resources (Mt)
93.3	159.6	252.9

Resources are estimated to a maximum depth of 300 m below the surface

Potential Mineable Coal

The quantity of open-pit mineable coal was estimated at 201 Mt of run-of-mine (ROM) coal at a stripping ratio of 4.1 to 1 (waste bcm: coal ROM mt). The saleable product was estimated at 116 Mt, comprising 70 Mt coking coal and 46 Mt thermal coal. No inferred resources were included to calculate the potential mineable coal resource. A summary of the mineable coal quantity is provided in Table 3.

Table 3. Potential Mineable Coal

	Waste (Mbcm)	Coal (Mt ROM)	Total Product (Mt Product)	Coking Coal (Mt Product)	Thermal Coal (Mt Product)
Total	826	201	116	70	46

Abbreviations: ROM = run of mine; Mbcm = million bank cubic metres; Mt = million metric tonnes

QGX proposes to commence a pre-feasibility study in the third quarter of this year to upgrade the mineable coal estimate to mineral reserves as defined by NI 43-101.

Production Summary

Mining commences with the stockpiling of small amounts of ROM coal in 2010 and saleable coal production beginning in 2011. ROM coal production reaches a constant 9 Mtpa in 2012, yielding an average life-of-mine annual production of saleable (washed) coal consisting of 3.1 Mtpa premium coking coal, 0.3 Mtpa premium thermal coal, and 1.8 Mtpa standard thermal coal.

The mine plan indicates an overall strip ratio (bcm/ROM mt) of 4.1:1. However, the strip ratio gradually increases from an initial 3:1 to a maximum of 5:1 in 2024 before returning to 4.5:1 for the final 6 years of operation.

The reclamation program begins in the last year of operation, extending one year beyond final production. Waste haulage from overburden removal will be conducted throughout the mine life to minimize end-of-mine effort to reclaim, achieve original contour and support re-vegetation with native plant species. The mine site will be reclaimed and facilities will be salvaged or contributed to local communities, as permitted.

Workforce

Workforce requirements were estimated based on MMC's experience with similar sized projects and previous studies. A key assumption was that the mine would be owner-operated and hence would directly employ sufficient staff for all levels of management, supervision, planning, and equipment operation and maintenance. Table 4 shows a breakdown of the workforce including staff and support services for typical years.

Table 4. Estimated Mine Workforce at Full Production

Personnel	2012	2020
General Managers	2	2
Managers	20	20
Shift Superintendents	11	11
Senior Professionals	27	27
Professionals	40	40
General Staff	50	50
Operators	293	363
Maintenance	133	158
Total	576	671

Mine Operating Costs

The mine operating costs reflect a typical truck-and-shovel open-pit operation with a favourable stripping ratio. Costs are increased by washing because of the direct cost of the washing-and-blending process, and because of the loss of tonnage to reject material. This process is required to separate both the coking coal fraction from the thermal fraction, and also to reduce the ash content of all processed products. Estimated production cash costs are summarized in Table 5.

Table 5. Estimated Production Cash Costs

Unit Cash Costs per Product Tonne	US\$/mt
Overburden Removal	\$10.51
Coal Mining & Product Haul	\$1.90
Field Support Cost	\$3.36
Coal Washing and Handling (CHPP)	\$3.56
Admin, Royalty & Overheads	\$4.12
Total Project Operating Costs/tonne	\$23.45
Coal Transport and Port Costs	\$0 - \$36.50

Note: Costs for rail transport vary by distance to associated customer locations. Costs assume 3rd party provided services, including rail cars, in both Mongolia and China. Top of cost range includes estimated port charges and loading fees.

Indicative Market Specifications for Baruun Naran Coal Products

Preliminary market studies indicate that a 10%-ash coking coal product should be well received and considered a "premium product" in the most important Chinese markets. An even lower

8.5%-ash coking coal product can also be derived from the Baruun Naran coals at the wash plant. However, the PEA indicates that the financial results are optimized by the production of a 10%-ash coking product because the washing plant yields an overall higher coking-to-thermal product ratio relative to the production of the 8.5%-ash coking product.

The Baruun Naran premium thermal coal product is a high-value, low-ash, and highly calorific product which constitutes a premium thermal coal in China. It also has caking properties and a CSN number just below a coking-coal specification. It is possible that this coal would be used as a blending or filler coal in steel-making applications in addition to thermal applications.

The Baruun Naran standard thermal product is characterized by higher ash and lower energy value relative to the premium thermal coal. The PEA assumes it will be consumed in Mongolia. However it could likely be competitive at current market prices in Inner Mongolia (northern China) markets close to the mine.

Product specifications for three Baruun Naran coal products are as shown in Table 6. For more information regarding the indicative market specifications for Baruun Naran coals, please see the press release of May 8th.

Table 6. Indicative Market Specifications for Baruun Naran Coal Products

Product Coal Qualities (washed product)	Ash (%) (ad)	VM (%) (ad)	CSN	Calorific Value	Sulphur (%) (ad)
Premium Coking Coal	10	31	6	34.6 MJ/kg (daf)	0.6%
Premium Thermal Coal	14	28	5	6,400 kcal/kg (gar)	0.7%
Standard Thermal Coal	25	21	n/a	5,500 kcal/kg (gar)	0.7%

VM = volatile matter; CSN = crucible swelling number; ad = air dried; daf = dry, ash free; gar = gross, as received; The use of the term 'Premium' is by reference to the Chinese domestic market; 34.6 MJ/kg = 8,262.5 kcal/kg

Coal Markets and Pricing Assumptions

QGX, in conjunction with Barlow Jonker and MMC, investigated various marketing strategies for the sale of the Baruun Naran coal products into numerous potential markets. The principal markets selected for the three Baruun Naran coal products are as follows:

- Premium coking coal: Chinese steel-making centres along the railway corridor between Baotou (Inner Mongolia) and the major coal port of Qinhuangdao;
- Premium thermal coal: mostly to Chinese ports and northeastern power-plant centers, and
- Standard thermal coal: all but a small portion sold FOR mine gate, for consumption in Mongolia.

The PEA adopted near-term coal prices based upon Q1 2007 delivered prices (i.e., CFR—coal cost plus freight) for Baruun Naran-equivalent coals sold into the various Chinese and Asian export markets as determined by Barlow Jonker. In certain instances, the PEA used slightly higher prices for certain markets which have recently undergone substantial price hikes as published in third-party Chinese market publications.

In the case of coking coal, these prices were used for only one year, 2011. Beginning in 2012, assumed CFR coking coal prices were reduced to reflect market sentiment regarding long-term pricing trends. Long-term Chinese CFR market prices were established based on AME Mineral Economics (Sydney, Australia) long-term coking coal forecasts adjusted for differences in coal quality, transportation, and market factors.

Thermal coal prices were kept flat over the long term, reflecting strong Chinese demand trends. The AME Mineral Economics long-term forecast for thermal coal indicates only small price reductions.

All prices used reflect the indicative market specifications for the Baruu Naran coal products relative to Chinese and import alternatives in specific markets as determined by Barlow Jonker.

For the financial analysis, the PEA averaged the various coal prices and transport costs to yield a single coal price and transport cost for each product type as shown in Table 7.

Table 7. Assumed Average CFR Coal Prices

Average Coal Price	US\$/mt
Premium Coking Coal	\$85.49
Premium Thermal Coal	\$63.72
Standard Thermal Coal	\$23.12

Capital Expenditures

The mine development plan assumes that capital spending begins in 2008, with the majority of capital spending (equipment and facilities) occurring from 2009 to 2011. The plan envisions initial production starting in 2011, with the mine reaching full production in 2012. In 2015, the plan anticipates a second tranche of overburden removal equipment of US\$25.5 million. Initial mining equipment continues to be purchased until the end of 2015. Ongoing capital expenditures beyond 2015 are classified as either replacement or sustaining capital. The components of capital spending are listed in Table 8.

Table 8. Initial and Sustaining Capital Costs

Capital Item	US\$ (millions)
Overburden Removal Equipment	\$87
Coal Mining Equipment	\$14
Support Equipment	\$13
Coal Handling/Blending/Wash Plant (CHPP)	\$144
Mine-Site Buildings, Roads & Camp	\$27
Total Initial Capital	\$285
Sustaining / Replacement Capital	\$175
Total Project Capital Spending	\$460

Taxes and Revenues to Mongolia

The Project will return substantial financial benefits approaching US\$1 billion to the host country of Mongolia in the form of various taxes and royalties payable on the production and sale of coal products. The annual figure for royalty and taxation in the first year of full production (2012) exceeds US\$ 50 million, or approximately 2.5% of current Mongolian GDP. Life-of-mine payments to Mongolia are detailed in Table 9 below.

Table 9. Tax and Royalty Cash Flows to Mongolia

Taxes and Royalties Payable on Production	US\$ (millions)
Project Income Taxes Payable	\$ 682
Coal Royalties Payable (export and domestic)	\$ 274
Social and Income Tax from Salaries (labor)	\$ 41
Total Distributions to Government Entities	\$ 996

Project Financial Summary

The project generates substantial revenues and profits and delivers attractive financial returns based on the details and assumptions as set out above. Table 10 summarizes the key performance indicators.

Table 10. Production and Financial Project Highlights

Financial Metric	
Average Annual Revenue*	US\$320 million
Average Annual After-Tax Net Profit*	US\$90 million
NPV @ 10% discount rate	US\$481 million
DCF-IRR	39%
Payback**	4.3 years

* for periods with sales revenue; ** from start of mine construction

The primary product from this project is washed coking coal representing 81% of CFR revenue generated from the project. As such, long-term coking coal prices are the critical variable regarding the projected financial returns for this Project. Project sensitivities to various long-term coking coal prices are shown in Table 11 below.

Table 11. Sensitivity of NPV (10%) to Changes in Long-Term Delivered Coal Prices

NPV (10% discount rate) figures shown in US\$ (millions) ¹							
LT Premium Thermal Coal Price (US\$/mt) ²	LT Premium Coking Coal Price (US\$/mt) ²						
	\$70	\$75	\$80	\$85	\$90	\$95	\$100
\$45	\$262	\$327	\$392	\$457	\$522	\$587	\$652
\$50	\$270	\$335	\$400	\$465	\$530	\$595	\$661
\$55	\$278	\$343	\$408	\$473	\$538	\$603	\$669
\$60	\$285	\$351	\$416	\$481	\$546	\$611	\$677
\$65	\$293	\$359	\$424	\$489	\$554	\$619	\$685
\$70	\$301	\$367	\$432	\$497	\$562	\$627	\$692
\$75	\$309	\$374	\$440	\$505	\$570	\$635	\$700

1: Assumes price for Baruun Naran standard thermal coal held constant at US\$23.12/mt (see Table 7 above)

2: CFR coal prices delivered to China (not FOB prices) and thus includes freight charges

LT = long-term

Table 12 below provides information regarding the impact on the Project's NPV (10%) related to a US\$5/mt change in the long-term coal prices for each of the three Baruun Naran coal products. For example, if the long-term CFR pricing assumption for the premium coking coal product increases by US\$5/mt, then the NPV (10%) would increase by US\$65 million from US\$481 million (see Table 10 above) to US\$546 million. If the long-term CFR price assumption were instead reduced by US\$5/mt, then the NPV (10%) would decrease by US\$65 million from US\$481 million to US\$416 million. Table 12 demonstrates that for any given change in coal price, the price of the premium coking coal exerts the greatest influence on the Project's NPV.

Table 12. NPV Impact per US\$5/mt Change in Long-Term Coal Prices

Baruun Naran Coal Product	NPV (at 10%)
Premium Coking Coal	US\$65 million
Premium Thermal Coal	US\$8 million
Standard Thermal Coal	US\$42 million

Additional Project Opportunities

The investigation by MMC uncovered several opportunities at Baruun Naran for generating additional revenues and profits, as well as lowering costs, which were considered outside the scope of the work. These opportunities include:

- Increasing the quantity of saleable coking coal through further blending with premium quality thermal coal;
- Forgo washing of high-quality coking coal from Seams H and T to reduce processing costs;
- Improve washing yields through selective mining;
- Develop greater access to the domestic Mongolian markets, and
- Develop possible export markets in Russia.

Furthermore, additional value can be gained by initiating production with a small-scale "start-up pit" producing unwashed ROM coking coal prior to the completion of the wash plant in 2011.

An initial assessment of this option indicated that the Project's NPV could increase by approximately US\$10 to \$15 million.

Each of these ideas will be the subject of further analysis in the pre-feasibility study which will follow in third and fourth quarters of this year.

Qualified Person

Mr Igor Bojanic of Minarco-MineConsult (Sydney, Australia), Qualified Person as defined by NI 43-101, has reviewed and approved the relevant information contained in this release. Mr. John Thompson, Vice President Operations 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 PEA, 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 PEA 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. The ultimate costs may vary widely from the amounts set out in the PEA. 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 PEA 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 McElroy Bryan Geological Services ("MBGS"), a professional coal geological consultancy firm in Sydney, Australia in June 2007. 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 PEA. In addition, key tasks that require further work include coal-quality parameters and wash plant yield, final geotechnical design, mine planning, coal marketing, and transport. The Project economics are sensitive to these parameters and hence until finalized deliver an inherent risk to the results. 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 PEA 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 PEA. There can be no assurance that mining can be conducted at the rates and grades assumed in the PEA. PEA assumes specified, long-term prices levels for coking and thermal coal. 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 PEA. Prices for coking and thermal coal have been below the price ranges assumed in PEA at times during the past ten years, and for extended periods of time. A key transportation assumption underlying the financial results is that a rail line will be constructed and available for use by 2011. Should this not occur, transport of coal products would likely be by truck haulage at a higher operating cost relative to rail haulage. The project will require substantial quantities of water to service coal processing and the consumption requirements of a wash plant to produce premium coking coal. 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 in June 2007 an independent NI 43-101 resource for coking and thermal coal at Baruun Naran comprised of 93.3 Mt of measured and 159.6 Mt of indicated (252.9 Mt contained in measured and indicated) resources. QGX filed in April 2007 an independent NI 43-101 report outlining a positive preliminary economic assessment for its copper-gold-silver project at 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.

For more information, please contact:

David Anderson, Executive Chairman
(905) 689-9442

or

Paul Zweng, President/CEO
(925) 855-0505

or visit our website at www.qgxgold.com

Renmark Financial Communications Inc.

John Boidman, jboidman@renmarkfinancial.com

Maurice Dagenais : mdagenais@renmarkfinancial.com

Media: Adam Ross, aross@renmarkfinancial.com

Tel.: (514) 939-3989

Fax: (514) 939-3717

www.renmarkfinancial.com

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.