



# QGX LTD.

Press Release  
TSX - QGX

## ***QGX RECEIVES FINAL NI 43-101 REPORT FOR BARUUN NARAN COAL PROJECT***

**Measured and Indicated: 107.5 million tonnes**

**Inferred: 48 million tonnes**

**Drilling ongoing to expand resource**

**July 25, 2006 (Waterdown, Ontario).** QGX Ltd. (TSX: *QGX*) is pleased to announce that on July 24<sup>th</sup> 2006 the final NI 43-101 report containing the first resource estimate for the 100%-owned Baruun Naran coal project was received and posted on SEDAR at [www.sedar.com](http://www.sedar.com). The estimate, independently prepared by McElroy Bryan Geological Services Pty. Ltd. of Sydney, Australia (“MBGS”), outlines 107.5 million tonnes of Measured and Indicated coal resources and an additional 48 million tonnes of Inferred resource (see Table 1 below and the press release of June 7<sup>th</sup>).

**David Anderson, Chief Executive Officer of QGX Ltd., commented as follows:**

“We are pleased with the NI 43-101 conclusions set forth by McElroy Bryan Geological Services indicating that our Baruun Naran project has the potential to be a large metallurgical- and thermal coal mine (see below). We are continuing with in-fill and step-out drilling to increase the size of the resource, the results of which we plan to file in a revised report later this year.”

### **Introduction**

The Baruun Naran property is located in southern Mongolia in the Aimag (province) of Umnogovi approximately 500 km south of Ulaanbaatar, the capital of Mongolia and 270 km north of the Chinese border. QGX obtained the Baruun Naran license in late 2002 and began work in April of 2005. As of June 2006, QGX has drilled over 215 holes to delineate and characterize the coal. QGX engaged MBGS in December 2005 to integrate drill-hole, trench and geophysical data to produce a NI 43-101 resource study for Baruun Naran. This release presents a brief summary of the independent, third-party resource study.

### **Highlights of the Executive Summary of the NI 43-101 Report**

Selected points quoted directly from the Executive Summary of the NI 43-101 report include:

- “A 3-D resource model of the deposit has been developed to estimate NI 43-101 compliant Resources for the eastern end of the Baruun Naran syncline. A total Measured and Indicated Resource of 107.5 Mt (47.5 Mt Measured and 60.0 Mt Indicated) has been identified, along with 48 Mt of Inferred Resources.

- Resources have been estimated for only 11 of the 24 seams. The remaining 13 are awaiting coal-quality data and should add in excess of 50 Mt of additional resources once such data are available.
- Detailed understanding of the metallurgical characteristics of the coals will be gained from the 2006 coal-quality program. Early indications are that most of the seams exhibit some coking properties. The important issue for the higher ash seams is the yields at the ash level desired by the market.
- MBGS believes that Baruun Naran has the potential to be a large metallurgical and thermal coal mine and that, at the completion of the 2006 exploration program, pre-feasibility mining studies should be commenced.”

Table 1. Summary of Coal Resources, Baruun Naran, Mongolia

Coal Seam	Resource Category			
	Measured (Mt)	Indicated (Mt)	Measured + Indicated (Mt)	Inferred (Mt)
U500	4.48	4.3	8.8	2
T510	1.53	4.1	5.6	2
T500	10.90	14.3	25.2	7
R500	0.94	3.9	4.8	3
K500	0.59	2.3	2.9	7
J500	1.95	3.7	5.6	4
I500	2.97	3.2	6.2	7
H500	12.95	13.5	26.4	12
G500	4.96	3.9	8.8	2
G400	2.45	3.2	5.7	--
F500	3.79	3.7	7.5	--
<b>Total</b>	<b>47.51</b>	<b>60.0</b>	<b>107.5</b>	<b>47</b>

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

Differing decimal places are intended to reflect the respective accuracy of each resource category

### Current Work Programs

Two drill rigs operated by Major Drilling (Ulaanbaatar, Mongolia) are currently operating at Baruun Naran. QGX anticipates drilling additional holes located within the 6.5 km long portion of the Baruun Naran valley in coal that remains outside of the resource model by the end of September. MBGS will use these data to produce an updated NI 43-101 resource estimate later in the year.

Minarco Asia Pacific Pty Ltd. (Sydney and Beijing) has completed a conceptual study using a larger, non-NI 43-101 compliant, resource to evaluate the economic potential for Baruun Naran. The final report was submitted to QGX late last week. QGX is reviewing this report and will summarize it in a press release when the review is completed.

A&B Mylec Pty Ltd (“Mylec”) is supervising the 2006 coal-quality program. Mylec (Brisbane) was formed in 1995 to provide metallurgical and process engineering expertise to the Queensland and Hunter Valley (Australia) coal mining industry as well as projects overseas.

