



QGX LTD.

Press Release
TSX - QGX

QGX RECEIVES POSITIVE SCREENING STUDY FOR COAL-TO-LIQUIDS (CTL) METHANOL PLANT AT BARUUN NARAN, MONGOLIA

February 23, 2007 (Waterdown, Ontario). QGX Ltd. (TSX: QGX) is pleased to announce that the Company has received a positive screening study (the “Study”) regarding the potential development of a Coal-To-Liquids (“CTL”) methanol plant associated with its Baruun Naran coal resource in southern Mongolia. The Study was prepared independently by Nexant, Inc. of San Francisco, California (“Nexant”), an engineering firm with majority ownership by the Bechtel Corporation. The CTL plant is being evaluated as part of a review to maximize the value of the thermal coal that will be mined with the coking coal at Baruun Naran.

Highlights from the Study include:

- Coal at Baruun Naran is amenable to gasification and the production of methanol and methanol-derived products such as di-methyl ether (DME) and olefins, the feedstock for polyethylene and other petrochemicals.
- Run-of-mine (ROM) coal from Baruun Naran, if blended to provide an even-ash feed is suitable for the operation, thereby mitigating the need for a wash plant.
- The Study envisions a CTL plant with a capacity of 1.78 million tonnes per annum (Mtpa) of methanol, ranking as one of Asia’s largest coal-to-methanol plants. Development would consist of a phased approach with an initial start-up plant at one-third the size.
- The 1.78 Mtpa CTL plant requires feedstock of 3.3 Mtpa ROM coal over a 30-year CTL plant life from the adjacent coal resource at Baruun Naran, owned 100% by QGX. The current NI 43-101 resource more than adequately provides sufficient coal to meet the plant’s annual coal requirements for a period in excess of 30 years.

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

“We are excited that the Nexant study demonstrates that a large CTL plant is feasible in conjunction with our coalfield at Baruun Naran. Although much work remains to be done, this opens the possibility of the CTL plant being an important component of our coal operation.”

Introduction

QGX is currently developing its 100%-owned Baruun Naran coal property located in southern Mongolia in the Aimag (province) of Umnogovi, approximately 500 km south of Ulaanbaatar, the capital of Mongolia. Baruun Naran contains over 20 seams of both metallurgical- and thermal-grade coal. For more information regarding QGX’s coal project at Baruun Naran, please visit the Company’s website at www.qgxgold.com.

QGX engaged Nexant in August 2006 to conduct the conceptual design and economic analysis for converting the coal resources at Baruun Naran into four highly valued liquid fuels and chemicals: methanol, DME (di-methyl ether), olefins, and Fischer-Tropsch liquids (e.g., gasoline and diesel). The objective of the study was to understand whether the conversion of coal into these higher value products could lead to a substantially more profitable use of the coal at Baruun Naran. Among the four cases, this Study determined that methanol production is potentially the most profitable, the least technically complex, and the easiest to finance. Therefore, the information presented below is specifically related to coal-to-methanol production.

The Study was produced by Nexant, Inc., an affiliated company of the Bechtel Corporation (“Bechtel”), one of the world’s premier engineering, construction, and project management companies. Bechtel has designed and built CTL plants similar to those analyzed in this study throughout the world. Nexant was originally Bechtel Technology, a center of excellence for coal conversion technologies, before it was spun out of Bechtel in 2000. After the spin off, Nexant continues to pursue the development of coal conversion technologies and projects both in the US and overseas.

Plant Selection, Design, and Process

Based on a comparison of twelve gasifier technologies, Nexant selected the General Electric entrained-bed gasifier as the most suitable for the production of chemicals from the coals at Baruun Naran. The plant design utilizes air cooling and extensive water recycling to cut down water consumption. The power consumed in the plant is produced internally (captive power plant) without the need for the purchase or delivery of external power.

The production of methanol from coal follows well understood and proven commercial processes. In summary, coal is received by belt conveyors from the mine to form stockpiles. Coal from the stockpiles is then blended to smooth out the properties variation before it is crushed to make the slurry feed to the GE gasifiers. Six gasifiers with no spare are used. The coal is first gasified into syngas (consisting mainly of CO and H₂), which is then adjusted to increase the H₂/CO ratio, cleaned, and converted catalytically into methanol.

Plant Inputs/Outputs Summary

The capacity of the methanol plant contemplated by this study is 1.78 Mtpa. If built, this plant would represent one of the largest coal-to-methanol plants in Asia. In addition to producing methanol, the plant will yield byproduct sulphur.

The plant will require approximately 3.3 Mtpa of run-of-mine (unwashed) coal and 1.3 Mtpa of water to produce the 1.78 Mtpa of methanol. QGX announced on June 7th an independent NI 43-101 resource for 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. The total coal resource delineated to date supports in excess of a 30-year plant life. QGX expects to announce an updated NI 43-101 resource estimate later this quarter.

In early October of 2006, QGX received official permission from Mongolian government authorities to explore for water in the vicinity of Baruun Naran. QGX has identified water aquifers that potentially may satisfy the plant's water demand and plans to conduct water exploration in 2007.

Table 2. 1.78 Mtpa Methanol Plant Inputs and Outputs

Plant Inputs	Materials (mtpa)
Coal Feed	3,325,000
Water Feed	1,280,000
Plant Outputs	
Methanol	1,782,000
Sulphur	33,300

Qualified Person

Dr. T.P. Chen of Nexant, Inc. (San Francisco, California) and Qualified Person as defined by NI 43-101, has reviewed and approved the 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.

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.