



## **North American Gem Signs MOU to Acquire Appalachia Coal Corp.**

**September 10, 2008:** North American Gem Inc. (TSX-V symbol: NAG) (The Company) is pleased to announce that it has signed a Memorandum Of Understanding (“MOU”) with Appalachia Coal Corporation (“ACC”), a private company with advanced stage coal interests in West Virginia.

ACC currently controls approximately 20,000 acres of coal leases in West Virginia that are in various stages of permitting. Several different coal seams run on ACC’s properties including the well known Kittanning seam currently being mined at Cleveland-Cliff’s White Tail mine 6 miles from ACC’s project. Initial strip mining is anticipated to commence late Q4 2008 - Early Q1 2009. The project is anticipated to host in excess of 100 million tons of coal (this resource is not 43-101 compliant). NAG intends to commence an aggressive drill program shortly after closing.

Under the terms of the MOU, NAG intends to purchase 100% of the outstanding shares in ACC pursuant to a share exchange and other consideration. The closing will occur on or before September 30<sup>th</sup> 2008 at 5:00 pm PST and is subject to obtaining all necessary consents, approvals and other authorizations of any regulatory authorities, shareholders or third parties.

The management of NAG feels that ACC is an attractive acquisition target on many fronts but in particular for its extensive coal reserves and the ability to potentially generate positive cash flow in the near future.

Speaking from the 47<sup>th</sup> Canadian Conference on Coal in Calgary Mr. Charles Desjardins, President of North American Gem Inc. said, “The potential acquisition of Appalachia Coal Corp. is one of many excellent coal industry opportunities that have been brought to the Company since its recent involvement in coal exploration. The company is committed to looking at opportunities that will enhance shareholder value.”

Terms of the agreement are as follows:

- The Company has paid \$100,000 upon the execution of this MOU to ACC.
- Upon closing of this agreement the Company will issue 8,000,000 units, consisting of one (1) common share and one (1) common share purchase warrant exercisable at an exercise price of \$0.20 per share for a period of two (2) years from closing, to ACC.
- In addition the Company will pay \$200,000 to the founder upon closing of this agreement.
- A finder’s fee will be payable on this transaction in accordance with TSX Venture Exchange policy.

Terms of the agreement are subject to TSX Venture Exchange approval.

**About North American Gem Inc.** North American Gem Inc. (TSX-V symbol: NAG) is a junior exploration Company based in Western Canada. The Company's primary goal is to explore for Uranium, Molybdenum, Gold, Copper, and other base metals in Canada. The Company is actively pursuing several opportunities, including the Louise Lake copper-gold-molybdenum-silver project located in British

Columbia. The Company is also pursuing its uranium projects, consisting of the Whiskey Gap, Del Bonita, Western Basin, and Bonny Fault projects, all located in Alberta. In addition the Company is also pursuing its Mosquito Gulch uranium property located in the North West Territories and the Ranger Lake Uranium property located in Ontario.

On Behalf of the Board of Directors  
**NORTH AMERICAN GEM INC.**  
*"Charles Desjardins"*

Charles Desjardins  
President and Director

THE TSX VENTURE EXCHANGE HAS NOT YET REVIEWED AND DOES NOT TAKE RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THE CONTENT OF THIS NEWS RELEASE.

Cautionary note:

This report contains forward looking statements, particularly those regarding cash flow, capital expenditures, and investment plans. Resource estimates, unless specifically noted, are considered speculative. The company has filed a National Instrument 43-101 resource estimate on the Louise Lake property. Any and all other resource or reserve estimates are historical in nature, and should not be relied upon. By their nature, forward looking statements involve risk and uncertainties because they relate to events and depend on factors that will or may occur in the future. Actual results may vary depending upon exploration activities, industry production, commodity demand and pricing, currency exchange rates, and, but not limited to, general economic factors.

Cautionary Note to US investors: The U.S. Securities and Exchange Commission specifically prohibits the use of certain terms, such as "reserves" unless such figures are based upon actual production or formation tests and can be shown to be economically and legally producible under existing economic and operating conditions.