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TSX-Venture: NAG

North American Gem Inc. Clarifies Information Regarding Coal Properties Acquired Through Appalachia Acquisition

December 18, 2008: North American Gem Inc. (TSX-V symbol: NAG) (the “Company”) announces, as a result of a review by the British Columbia Securities Commission, we are issuing the following news release to clarify our disclosure.

Pursuant to the Company’s September 10, 2008 press release, the Company wishes to clarify details regarding its acquisition of Appalachia Coal Corporation (“Appalachia”). At the time of the acquisition of Appalachia there were significant portions of the properties (the “West Virginia Properties”) on which insufficient drilling had been conducted to derive resource or reserve calculations. Therefore, the Company advises that information in the September 10, 2008 news release related to the estimated size of a potential coal deposit (included as an estimated number of tons of coal), on the West Virginia Properties is fully retracted and should not be relied upon. The Company did not have information prepared by a Qualified Person to support any resource estimate disclosed by the Company. The Company clarifies that it has not established any National Instrument 43-101-compliant resource or reserve estimates on the West Virginia Properties.

The Company’s disclosure of a coal resource estimate on September 10, 2008 triggered the requirement to file a supporting independent technical report. The Company did not file a supporting independent report and has not yet obtained an independent technical report on the West Virginia Properties.

The Company needs to complete more verification and validation work on Appalachia’s historical information on the West Virginia Properties. The Company is planning a drill program aimed at providing a National Instrument 43-101-compliant report on the West Virginia coal holdings. Because of upcoming winter conditions in West Virginia, the Company will need to determine if access can be obtained to conduct sufficient drill work. The Company estimates that it may be able to obtain a prospecting permit and conduct a drill program on a predetermined area of its property by March 2009. The drill program is expected to be comprised of several drill holes on three tracts of land within the Bakerstown, Pittsburgh and Elk Lick seams.

Following the prospecting permits and after exploratory drilling to provide further information, the Company will evaluate its options. Assuming favorable results from the exploratory drilling, the Company expects that it could move into production with an initial strip mining operation sometime in 2009, though this timeline will be impacted by the permitting process, weather conditions and delays, obtaining an independent technical report showing a mine plan, the price of coal and financial constraints. The Company strongly cautions that there are inherent risks

associated with going into production without doing a feasibility study, including uncertain capital investment costs, nature of mining operations, coal quality and other associated costs.

The Company recently took some grab samples on their property from the near surface Bakerstown seam, analyzed at the Whitetail Mine in West Virginia with the following results: (Dry) Ash 10.91% (per weight), BTUs 13,422/Btu/lb, Sulfur 2.38% (per weight), Volatiles 31.29%, Fixed Carbon 68.71%. The ASTM International testing procedure was used to test the samples. These samples were taken from one outcropping of one section of the Company's property and may or may not reflect similar values on the rest of the property for this or other coal seams.

The West Virginia Properties have multiple coal seams running through them which include such seams as the Bakerstown, Freeport, Kittanning, Elk Lick and the Pittsburgh seams. Cleveland-Cliffs Inc.'s Whitetail Mine, which is situated a few miles from the Company's property, is currently deep mining the Kittanning coal seam. The Company cautions that coal mining on a neighboring property does not assure that its West Virginia Properties will develop into an operating mine.

North American Gem Inc. will be updating its shareholders regularly on the progress of the West Virginia Properties and the Company's proposed drill program.

All current work on the West Virginia Properties is being supervised by Mike Green of Green Engineering, Inc., who is a Registered Professional Engineer in Philippi, West Virginia, and will be operating as the Company's Qualified Person under National Instrument 43-101. Mike Green has reviewed the technical content of this news release and confirms its accuracy. Mr. Green is independent of the Company.

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 Coal in North America, currently the focus is in Saskatchewan and West Virginia. In addition to Coal exploration, the Company also has interest in Uranium, Copper, Gold, Molybdenum and other base metals in Canada. The Company has advanced the Louise Lake copper-gold-molybdenum-silver project, located in British Columbia and has produced a NI 43-101 compliant Resource estimate (included in its NI 43-101 Technical Report dated July 14, 2006 and filed on SEDAR). In Alberta, the Whiskey Gap and Western Basin Uranium potential projects. The Mosquito Gulch Uranium property located in the Northwest 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 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.