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TSX-Venture: NAG

North American Gem Inc. Announces LOI To Acquire Coal Leases In Kentucky That Host Blue Gem High Grade Low Sulfur Coal

May 13, 2009: North American Gem Inc. (TSX-V symbol: NAG) (the “Company”) is pleased to announce a Letter of Intent (“LOI”) to acquire certain coal leases located in Knox County, Kentucky from Lonesome Pine Leasing LLC. The leases are referred to as the “Swan Pond” property (approximately 400 acres) and the “Possum Hollow” property (approximately 671 acres). The acquisition is subject to the execution of a definitive agreement and any necessary regulatory approvals.

The Swan Pond property currently has a surface mining permit application in process with the Department of Natural Resources (the “DNR”) offices in Frankfort, Kentucky and it is expected to be approved within 60-75 days. The application covers 67 acres of the total 400 acres and hosts the Jellico coal seam. In addition, there is an application in place to add an additional 52 acres of the Jellico and Blue Gem seams to the original surface mining permit covering 67 acres. The revision to add the additional acreage is expected to gain approval within 30 days from approval of the original permit covering 67 acres.

Immediately upon approval of the surface mining permit for the additional 52 acres, it is anticipated an application will be made to include 4 additional contiguous leases within the Swan Pond property. Upon approval, this will expand the mining permit to approximately 400 acres. The amendment to the permit is expected to be ready within 6 months of submittal. North American Gem has received engineering maps and plans to determine a resource estimate.

Currently there have been no surface mining permits initiated for Possum Hollow. Over the past year, Quality Laboratories of Pineville, Kentucky analysed both the Blue Gem and Jellico seams from samples taken from the properties. Analysis of the Blue Gem seam was very encouraging showing 3% ash, 0.65% sulfur and a range of 14,200 - 15,200 btu. The Jellico seam averages 6.5% ash, 1% sulfur and a range of 12,500 – 13,200 btu.

The Blue Gem Coal is a high carbon, low ash, low fusion and low grind (very hard) coal that is found only in a small area along the border of Tennessee and Kentucky in the Cumberland Mountains. The coal seam, throughout the region, runs in thickness from 48-71 cm.

The Blue Gem Coal is one of three coal seams in the world that are best suited for production of silicon metals. The other two are found in West Virginia and Columbia, South America. Of the three, the Blue Gem is the most sought after. For this reason, it is not only consumed in the U.S., but also exported extensively to Canada, Norway, Iceland, India, France, South Africa and Egypt.

With the ever increasing demand for silicon metals and silicon products, mineable Blue Gem coal resources are becoming increasingly more valuable. Historically, the Blue Gem coal can

bring an FOB (Freight On Board) mine price that is as much as 100% higher than high quality steam coal and is typically the highest priced of any grade of coal produced in the U.S.

The principal terms set forth in the Letter of Intent include:

1. Lessor grants to the Lessee the right to acquire an exclusive and undivided leasehold interest in the Kentucky Property, including coal mining and extraction rights, from the Lessor, upon:
2. The Lessee making tonnage production royalty payments to the Lessor in the amount of 8% of the selling price (FOB mine) on all coal mined and extracted from the Kentucky Properties; and
3. The Lessee making tonnage production override royalty payments to Lonesome Pine Leasing LLC in the amount of \$1.00/net ton on all coal mined and extracted from the Kentucky Properties; and
4. The Lessee making one time payments to the Lessor in the amount of:
 - a. \$15,000 to purchase the original 67 acre surface mining permit application currently in process with the DNR. The payment is due within the term of due diligence period which commences upon signing of the LOI. The amount is refundable within 30 days if “any” misrepresentations of the property, lease, acreage, tonnage, and/or permitting status have been made to North American Gem and its representatives;
 - b. \$12,000 payment to the Lonesome Pine Leasing LLC upon signature of the definitive agreement;

North American Gem shall have a due diligence period expiring in forty-five (45) days after the execution of the LOI.

Mr. Dean Schafer, contracted by the company April 16th, 2009, will be acting as operations manager of the “Swan Pond” and “Possum Hollow” properties and is currently implementing a mine plan.

Mike Magrum, PEng, a qualified person under National Instrument 43-101, has approved the technical content of this news release.

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 interests 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 updated February 6, 2009, as filed on SEDAR). The Uranium projects include the Whiskey Gap and Western Basin in Alberta, the Mosquito Gulch property in the Northwest Territories and the Ranger Lake Uranium property in Ontario.

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

Charles Desjardins
President and Director

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Cautionary note:

This report contains forward looking statements. Resource estimates, unless specifically noted, are considered speculative. 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.