



NORTH AMERICAN GEM INC.

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TSX-Venture: NAG

North American Gem Inc. Announces the Application for a Prospecting Permit on a Further Tract of Land in West Virginia

January 20, 2009: North American Gem Inc. (TSX-V symbol: NAG) (the “Company”) announces that it has applied for a prospecting permit for its 37 acre prospect 3.5 miles northwest of Newburgh in West Virginia. The prospect permitting process will enable the Company to obtain sufficient water and soil samples needed to satisfy the requirements of the Department of Environmental Protection, (DEP).

The seam the Company will be focusing on in this area is the Bakerstown seam, which covers a large portion of West Virginia.

The Company, via Appalachia Coal Corp., a wholly owned subsidiary of the Company, submitted the prospecting permit application in December 2008. The DEP has 30 days to respond. Appalachia expects to report the approval of the prospect permit in the near future at which time crews and machinery will be put into place to commence drilling and collect samples needed to progress the project forward towards full permitting and possibly extraction status, subject to the results of drilling.

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, W.Va., and will be operating as the Company's qualified person under National Instrument 43-101. Mr. 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.