



North American Gem Inc.

430 – 609 Granville Street
Vancouver, BC, Canada V7Y 1G5
Phone 604-683-5445 // Facsimile 604-687-9631
info@northamericangem.com
www.northamericangem.com
TSX-Venture: NAG

North American Gem Inc. Begins Mining with its Second Auger on the North American Gem #1 Mine in Whitley County, Kentucky *Coal transported to Buyer meets market quality approval*

January 6, 2010: North American Gem Inc. (NAG) (TSX-V symbol: NAG) is pleased to announce that the second auger is now currently mining at the North American Gem #1 Mine in Whitley County, Kentucky. The initial start of coal production for the North American Gem #1 Mine was announced on November 23, 2009. The production from the second auger was initially delayed due to the unusually cold weather in southern Kentucky, but now both augers are producing.

Blue Star Energy LTD. (Blue Star) located in Hazard, Kentucky has approved the quality of coal that it has received from NAG, As a result, the coal purchased by Blue Star will command full market price.

Blue Star Energy LTD. has agreed to purchase up to 15,000 clean tons of coal per month produced at the North American Gem Mine #1, (as announced previously on October 21st, 2009). Blue Star is a coal production and brokerage company that caters mostly to specialty industrial coal users but also supplies coal to various electricity generators in the Appalachian region since 1996.

The decision of North American Gem to acquire and develop this permitted coal lease was made with consideration of the situation regarding the "mountaintop removal" and "valley fill" issues under scrutiny by the US Environmental Protection Agency. **None of the leases currently held or being considered by NAG will be affected by this issue.**

The method of mining to be used in the North American Gem Mine #1 is known as contour mining. All of the mining permits currently being pursued by NAG have been mined prior to the enactment of the Surface Mine Control and Reclamation act of 1977. This law requires that after any surface mining, the land must be restored to the approximate original contour unless otherwise specified in the permit application and approved by the Kentucky Department of Natural Resources (KDNR). When "pre-law" mining was done, the general practice was to mine along the contour of a slope to the maximum profitable ratio and leave the resulting highwall and a wide, flat bench where the material covering the coal was removed and then graded somewhat flat as opposed to restoring the original slope. NAG will at the very least return the mining permit locations to their current state, and in some instances return the mining permit location to a better environmental state due to the Surface Mine Control and Reclamation act of 1977.

The North American Gem #1 Mine is permitted for the use of augers to enter the coal seam from the exposed wall with minimal additional excavation and maximum cost effectiveness. This type of mining dramatically reduces the amount of surface disturbance and allows for the recovery of any potential reserves that were previously believed not to be economically viable.

All of NAG's potential mining operations will incorporate sediment control methods that will keep ahead of the increased regulations and restrictions. Furthermore, in anticipation of increased regulations, NAG has, in all of its permitting applications, begun the sampling of receiving streams and groundwater wells utilizing the most stringent and extensive sampling parameters. This will allow NAG to comply with the regulatory requirements and will also result in a much shorter and smoother permitting application process.

Mr. Dean Schafer is acting as operations manager of all the Company's Kentucky coal leases and is currently implementing an overall mine plan.

Robert Taylor, 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 Kentucky, 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.

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

Charles Desjardins
President and Director

“Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.”

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. The production rate and mine-life projections have been made without support of a feasibility study, there is no certainty the proposed operations will be economically viable. 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.