



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. is Considering Offers to Sell or Joint Venture the Louise Lake Copper Deposit and Focus Exclusively on Coal Production

NAG releases results of Increased Copper Recoverability through UBC Galvanox Study

August 18, 2010: North American Gem Inc. (NAG) (TSX-V symbol: NAG) reports that it is considering offers on its Louise Lake Copper Deposit, located 35 kilometers west of Smithers, British Columbia, Canada. The road-accessible property is near a full-service community with excellent access to highway, rail and electrical infrastructure. In total, 96 holes have been drilled at the Louise Lake property and approximately 3.5 million dollars in exploration expenditures has been completed by NAG.

Louise Lake Concentrate Shows Copper Recoverability of 98%

NAG evaluated an environmentally friendly leaching process known as Galvanox (research carried out at the University of British Columbia), which has the potential to improve the economic viability and recoverability of the metals contained in the Louise Lake Copper Deposit. The Galvanox process enables copper producers to significantly reduce sulfur dioxide gas emissions, eliminate the cost of transportation to the smelter and treat certain copper ores high in arsenic (penalty element) content that other smelters charge significant fees to process. Galvanox, in general, is able to produce a virtually complete copper recovery (98% or higher) and eliminate all of the arsenic into an inert compound under atmospheric conditions (without using excessive heat (80°C), a very fine grind or chemical additives).

Inventor and UBC researcher Dr. David Dixon, along with co-inventor Dr. Alain Tshilombo (UBC PhD recipient) at the Material Engineering Department successfully carried out Galvanox leach tests on concentrate produced by G&T Metallurgical of Kamloops, from a representative composite sample of diamond drill core from the Company's Louise Lake copper-gold-molybdenum-silver deposit. The deposit hosts copper in roughly equal quantities of chalcopyrite (CuFeS_2) and enargite (Cu_3AsS_4). The Galvanox process had previously only been used to extract copper from chalcopyrite successfully. This was the first time the Galvanox process attempted to extract copper from concentrate containing enargite.

The tests on the Louise Lake concentrate were very encouraging, indicating that more than 99% of the copper in the flotation concentrate can be recovered. Electro winning can then produce copper with high purity. Gold can be recovered from the leach solution and any impurities such as arsenic can be precipitated out and safely disposed of.

The economics of the process together with electro winning on site were assessed by Bateman Engineering of Australia and it appears to have substantial savings and other advantages compared to conventional smelting and other known leaching processes.

Louise Lake Resource Estimate as determined by SRK Consulting

The resource estimate released by the Company May 30, 2006 meets the requirements of National Instrument 43-101 and is the Company's current disclosed Louise Lake resource estimate. The estimates are included in the Company's July 14, 2006 technical report prepared by SRK Consulting entitled "Independent Technical Report and Resource Estimate for the Louise Lake Property, Omenica Mining Division". This report is filed on SEDAR.

Table 1 lists indicated and inferred resources calculated in 2006 by SRK Consulting for the Main Zone, calculated at a copper equivalent (CuEq) cut-off of 0.25% Cu:

Table 1 – SRK Classified Mineral Resources for the Louise Lake Deposit, B.C., Canada

Mineral Resources*	Tonnes	CuEq**(%)	Cu (%)	Mo (%)	Au (g/t)	Ag (g/t)
Indicated	6,000,000	0.369	0.214	0.006	0.20	0.98
Inferred	141,000,000	0.426	0.234	0.009	0.23	0.94

*All resources quoted at a 0.25% CuEq cut-off.

**CuEq values calculated using the following metal prices: Cu \$1.20/lb. Mo \$8/lb, Au \$450/oz, Ag \$7/oz.

***The CuEq calculation does not take into account recoveries of individual metals.

Using resource estimates provided by SRK in Table 1, North American Gem has calculated the following contained metal figures:

Table 2: Contained Metal Amounts Calculated from Resource Estimates at 0.25% Copper Equivalent Cut-Off

Resource Category	Tonnes	Grade	Contained Metal*
Indicated	6,000,000	0.214% Cu	28,300,000 lbs Cu
	6,000,000	0.006% Mo	780,000 lbs Mo
	6,000,000	0.20 g/tonne Au	39,000 oz Au
	6,000,000	0.98 g/tonne Ag	189,000 oz Ag
Inferred	141,000,000	0.234% Cu	727,600,000 lbs Cu
	141,000,000	0.009% Mo	27,900,000 lbs Mo
	141,000,000	0.23 g/tonne Au	1,040,000 oz Au
	141,000,000	0.94 g/tonne Ag	4,260,000 oz Ag

*Actual yields may be lower than the numbers reported based on recoverability percentages.

The resource base reported in Table 1 was estimated by ordinary kriging methods from 37 drill holes located within a mineralized envelope designed by SRK Consulting. The resource is based on a global bulk density of 2.75 tonnes/m³. Block classification was applied using a combination of the average distance and number of drill holes contributing composites to the local estimate.

The Indicated Resource classification was applied to blocks with a minimum of two drill holes and an average distance to composites of less than 50 meters. Additionally, blocks assigned to the indicated resource classification were limited to areas where bulk density samples were taken. The indicated blocks form a contiguous cluster with overall dimensions of 100 by 300 by 170m, extending from surface to a depth of 175m. The formula used for Cu equivalent calculations is provided at the base of Table 1 (*please note that the metal prices used and set by*

SRK Consulting to determine the 0.25 CuEq cut-off are significantly lower than current market prices); no provisions were made for metallurgical recoveries.

General Information

The Louise Lake property hosts the “Main Zone” deposit, containing an unusual mineral assemblage, with copper occurring as an equal mixture of enargite and chalcopyrite. The 2004 through 2007 programs extended the known dimensions of the east-west striking, moderately north-dipping tabular Main Zone to a length of 970 meters, with widths of up to 170 meters. The zone extends to a depth of about 270 meters, where it is abruptly truncated by the flat-lying “Terminator” fault.

A total of 5,042.8 meters of drilling in 16 holes was completed in 2008 (not included in the Table 1 Resource Estimate), focusing on two main target settings. The first consists of higher grade gold values, as well as higher gold: copper ratios, identified in northeastern portions of the Main Zone, particularly from Hole LL-07-18B. Here, a value of 0.769 g/t gold with 0.48% copper was returned from a 26.1-metre intercept at a depth of 288.8 to 314.9 meters, within a 40.0-metre interval grading 0.625 g/t gold and 0.41% copper (NAG News Release, May 9, 2007).

The other main setting consisted of mineralization beneath the flat-lying “Terminator” fault. Year-2007 results from Hole LL-07-15, collared northwest of the Main Zone, revealed “low-grade sub-Terminator” mineralization having a similar fabric and geochemical signature to the Main Zone. This was the first intercept of sub-Terminator mineralization, suggesting that faulted off extensions of the Main Zone deposit occurs further northwest.

The 2008 program successfully identified the direction of movement of the rafted block hosting the Main Zone, and that additional sub-Terminator mineralization likely may occur west of the western limit of 2008 drilling.

Mike Magrum, P.Eng., 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 resource company in Western Canada. The company's major focus is expanding its coal mining operations at its flagship properties in Kentucky. In addition, the company has interests in coal, copper, molybdenum, and other base metal properties in Canada.

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. 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

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