



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. Receives Mine Permit Approval for North American Gem #3 Mine Subject to Posting of Bond

August 4, 2010: North American Gem Inc. (NAG) (TSX-V symbol: NAG) through its subsidiary, North American Gem US, Inc. (NAG US) is preparing to post the bond for the North American Gem #3 Mine. Once the bond has been posted the application (Application permit number #861-0502) to mine will be fully approved by the Kentucky Department of Natural Resources (KDNR).

Currently the permit application is under American Blue Gem & Steam Coal, LLC (ABGSC) (agreement signed August 2009). It is notable that ABGSC will allow NAG US to mine during the permit transfer process; the only known delay to the commencement of mining will be the official assignment of the operator, Kentucky Mine Partners LLC (KMP), which takes approximately 7-10 days. After the bond has been posted and the assignment of the operator is complete NAG US will begin mining at the North American Gem #3 Mine.

NAG has also arranged a non-brokered private placement, subject to the approval of the TSX Venture Exchange, of up to 15,000,000 units at a price of \$0.12 per unit for total proceeds of up to \$1,800,000.

Up to 15,000,000 units will be issued as non flow-through units consisting of one common share and one full warrant. One full warrant will entitle the holder to purchase one additional common share of the Company at a price of \$0.15 per share during the first year and at a price of \$0.18 per share until expiration in the second and final year.

The proceeds of the private placement will be used for several planned cost. Most importantly partial capital will go towards the posting of the bond on the upcoming North American Gem #3 Mine (Swan Pond Lease; Application permit number #861-0502). This will activate the mining permit and allow NAG to begin production using KMP as the mining operator.

Additional capital will go towards building infrastructure at the North American Gem #3 Mine site, potential acquisitions and bonding, additional upgrading for the North American Gem Processing Facility (Mine Permit #861-8012), building of access roads onto permitted leases and general working capital.

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 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.