



North American Gem Inc.

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TSX-Venture: NAG

North American Gem Inc. has Commenced Mining Blue Gem Coal at the North American Gem #2 Mine

August 4, 2010: North American Gem Inc. (NAG) (TSX-V symbol: NAG) through its subsidiary, North American Gem US, Inc. has commenced mining Blue Gem and Thermal (Jellico seam) coal at the North American Gem #2 Mine (Mine permit number #861-0513) in Knox County, Kentucky. This is NAG's first opportunity to mine the highly marketable Blue Gem coal which commands a price as much as 200% higher than high-quality Thermal coal and is typically the highest priced grade of coal produced in the United States.

Kentucky Mine Partners LLC (KMP) is performing the mining operations at the North American Gem #2 Mine. Initial production of the Blue Gem and Thermal coal is planned for a combined production rate of approximately 8,000 - 10,000 tons per month. The North American Gem #2 Mine will be a surface mining and augering operation. NAG has a buyer in place to purchase all of the coal produced from the North American Gem #2 Mine. Short term pricing of Thermal coal is tied to the NYMEX index (http://www.eia.doe.gov/cneaf/coal/page/nymex/nymex_chart.pdf) which closed August 3rd 2010 at \$68.85 per net ton loaded into a barge on the Big Sandy River in Kentucky at a quality of >12,000 BTU, <1% sulfur, and < 13% ash which is the highest pricing for this quality of Thermal coal since October 2008. To compare further, the price of similar grade Central Appalachian coal was listed at \$51.22 per net ton at the close on January 4th 2010 (http://www.eia.doe.gov/cneaf/coal/page/nymex/nymex_report.html).

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.

The North American Gem Processing Facility (Mine Permit #861-8012) will serve as the central operation and distribution point for coal produced by NAG's mining operations. The facility has equipment in place that is capable of crushing, screening, and washing coal. This gives North American Gem Inc. the added dimension to service a variety of customers by preparing coal to meet their specific requirements. North American Gem Inc. will also have the ability to purchase outside coal to produce custom blended products which will increase market potential. Specifically, plans are to service the industrial stoker markets, silicon metal producers, and electricity generators.

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

Ms. Deborah Moses, PEng, PLS, REM, of Engineering Consulting Services Inc. (ECSI) is the qualified person for the Company's coal operations in Kentucky.

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

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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.