



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. Finalizes Acquisition of Fully Operational Blue Gem Coal Mine in Kentucky

March 31, 2010: North American Gem Inc. (NAG) (TSX-V symbol: NAG) is pleased to announce the signing of a definitive agreement to acquire a fully operational surface coal mine with both minable Blue Gem and Jellico coal seams, which will now be referred to as North American Gem #2 Mine located in Knox County, Kentucky. NAG has recently completed drilling at the recently acquired mine site and was pleased with the quality and the estimated tonnage of Blue Gem coal at the mine site.

North American Gem #2 Mine will produce from both the Blue Gem coal seam and the Jellico coal seam simultaneously once the permit is officially transferred from the current operator. The coal produced at the Gem #2 Mine location will be treated at the North American Tipple Facility. NAG is also expecting to have another fully permitted mine site on the Swan Pond leases (formerly referred to as North American Gem #2 Mine) in the near future as well.

“Our goal of becoming a producer of the highly sought after Blue Gem coal has been reached with the activation of the fully permitted North American Gem #2 Mine in the state of Kentucky.” stated Charles Desjardins, President of North American Gem Inc. “The North American Gem #2 Mine will allow the Company to start building relationships with Blue Gem coal buyers, before our larger Blue Gem leases come on line and production begins.”

The permit transfer is an administrative process that can typically be accomplished in less than 4 weeks. Upon completion of the transfer, the mine will immediately resume production at a rate of 8-10,000 tons per month with the capability of doubling that production rate should favorable market conditions warrant. The North American Gem #2 Mine will be a surface mining and augering operation.

Operation Updates from Kentucky

Production continues at North American Gem #1 Mine with shipments of coal being sent to market daily. At the current rate of production NAG is currently on pace to produce and sell approximately 8,000 tons of coal per month with the ability to further increase production. NAG has steadily increased its production over time as the weather has slowly improved. Currently there are two augers producing and the third auger is expected to be activated in approximately two weeks time.

Management at NAG has decided to refer to its Kentucky claims by the actual lease name until the individual leases are granted a successful mining permit at which point the lease will be named as a North American Gem Mine in sequential order. This will avoid future confusion as certain permits may be approved out of order or the possibility of a new lease acquisition by NAG in an advanced stage of permitting.

NAG has completed the drilling previously announced on December 8th 2009 on its Wynn Hollow lease (formerly referred to as North American Gem #3 Mine) and is now continuing the permitting process. The analysis of the data, combined with data from historical drilling of natural gas and oil wells at the Wynn Hollow location, will help NAG develop the most efficient mining plan. In particular one coal seam, below the Blue Gem seam, has been measured in thickness from 1.5-2 metres and is believed to be low sulfur, high btu seam.

NAG has now commenced drilling on the Swan Pond lease (formerly referred to as North American Gem #2 Mine) and once complete will immediately mobilize the drillers to the recently acquired Granny Rose lease (Refer to NAG February 2nd 2010 release). The Granny Rose lease contains the readily marketable Blue Gem coal throughout the entire lease with an average seam thickness of 2 feet. It has been estimated that approximately 250 acres of the planned permit will be mined using surface mining techniques with an additional approximate 100 acres that is to be mined by highwall and/or auger mining methods.

The permitting process being managed by Ms. Deborah Moses of Engineering Consulting Services Inc. and Mr. William Grable is proceeding well. One of the previously announced mining permits is currently in the final stage of the process and is expected to be approved in the near future. Currently all future mining permits have been designated to be highwall mining operations, which could allow production to be at least 25,000 tons per property per month.

The North American Tipple Facility 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.

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.

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

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.