



North American Gem Inc.

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TSX-Venture: NAG

North American Gem Inc. Has Submitted the Granny Rose Mining Permit Application to the Kentucky Department of Natural Resources

May 25, 2010: North American Gem Inc. (NAG) (TSX-V symbol: NAG) has officially submitted the Granny Rose Mining Permit Application to the Kentucky Department of Natural Resources. The Granny Rose lease is located in Knox County, Kentucky and contains the highly marketable Blue Gem coal throughout the entire lease with an average seam thickness of 2 feet. Potential mining costs are expected to be relatively low on this particular lease due to favorable strip ratios and mining conditions.

The decision of North American Gem to acquire and develop this 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 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.

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) has approved the technical content of this release. Ms. Deborah Moses is the qualified person for the Company's coal operations in Kentucky.

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

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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 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.