



North American Gem Inc.

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TSX-Venture: NAG

North American Gem Inc. Agrees to Enter into Joint Venture Agreement on its Louise Lake Property with the Hunter Dickinson Group

October 19, 2011: North American Gem Inc. (NAG) (TSX-V symbol: NAG) reports that it has, subject to satisfactory due diligence completed by Hunter Dickinson Group (“HDG”), executed a legally binding and enforceable agreement between HDG and NAG to implement a Joint Venture on its Louise Lake property (the “Joint Venture Agreement”).

In order for HDG to retain its initial ownership interest of 50% in the property, HDG must, within the first two years from execution of the Joint Venture Agreement, make payments to NAG in the aggregate of \$400,000 and incur exploration expenditures totaling \$3,000,000. Of the \$400,000 in payments to be made, \$200,000 of it, at the sole election of HDG, can be made through the issuance of common shares of HDG after completion of its initial public offering or an equivalent transaction (“Listed Shares”).

Provided that HDG has retained its initial ownership interest of 50%, HDG will have an option, exercisable at its sole discretion, to earn an additional 30% ownership interest for a total ownership interest of 80%. In order for HDG to acquire the additional ownership interest of 30%, HDG must, within the third and fourth years from execution of the Joint Venture Agreement, make payments to NAG in the aggregate of \$400,000 and incur exploration expenditures totaling \$7,000,000. Of the \$400,000 in payments to be made, \$200,000 of it, at the sole election of HDG, can be made through the issuance of Listed Shares.

Currently, there is a 2.0% Net Smelter Return royalty (“NSR”) in favour of the original vendors of the property, of which 1% of the NSR can be acquired for a \$1,000,000 payment to the original vendors.

“Of the parties that expressed interest the Louise Lake property, we are pleased to be able to work with a group that is a known and respected mine developer,” stated Charles Desjardins, President of North American Gem Inc.

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.