

**CALGARY, CANADA (TSX-V:CEX)
NEWS RELEASE**

**Contact Announces Year End Filings, Sale of
Saskatchewan Assets and Operations Update**

July 28th, 2011, (Calgary, Alberta) Contact Exploration Inc. (“Contact” or the “Company”) (TSX-V: CEX) is pleased to announce the audited financial results for the year ended March 31, 2011. Complete filings are now available on the SEDAR website at www.sedar.com.

Year End Summary

Contact drilled two new wells in Stoney Creek during the fiscal 2011 year resulting in a significant increase in production in the fourth quarter. In addition, management utilized the data obtained during the drilling to further increase its understanding of the Stoney Creek reservoir.

Fiscal year end March 31, 2011 (Audited)

	2011	2010	2009
	\$	\$	\$
<i>Revenues (Net of Royalties and tax credits):</i>	<i>1,873,585</i>	<i>1,281,390</i>	<i>1,384,904</i>
<i>Net Loss:</i>	<i>(1,774,713)</i>	<i>(1,390,909)</i>	<i>(5,504,753)</i>
<i>Loss Per Diluted Share:</i>	<i>(0.015)</i>	<i>(0.022)</i>	<i>(0.094)</i>
<i>Total Assets:</i>	<i>22,337,002</i>	<i>13,234,353</i>	<i>14,620,713</i>

Highlights from the year ended March 31, 2011 include:

- A new Board of Directors and management team was put in place in May 2010
- Two successful horizontal oil wells were drilled and brought onto production in December 2010
- A total of \$8.million was raised via private placements
- An independent study on the Frederick Brook Member of the Albert Formation in the Hillsborough area provided a best estimate of over 10 trillion cubic feet of free natural gas initially in place with recoverable prospective resources of over 2 trillion cubic feet. Please see Contact's press release dated January 25, 2011 for additional information regarding this study. The gas-bearing Hiram Brook Member, also highly prospective, is yet to be assessed
- The adoption of a shareholder rights protection plan which was given approval by the Company's shareholders on May 17, 2011

- Contact welcomed Ken Bowie to its Board of Directors on May 17, 2011. Mr. Bowie is a professional engineer, with extensive experience, having most recently served as President and CEO of Spry Energy Ltd.
- Estimated reserves of the Company, discounted at 10%, increased by approximately 9%; proven reserves increased by 91%
- Contact now has approximately \$34.5 million in various long-life tax pools, of which only approximately \$100,000 will expire in the next 3 years

Sale of Saskatchewan Assets

Effective July 1, 2011, Contact disposed of its assets in Saskatchewan for gross proceeds of \$10,000. The Saskatchewan properties accounted for nearly 40% of the Company's operating expenses in the quarter ended March 31, 2011 although contributing only 11% of the Company's total production. For the year ended, March 31, 2011, the Saskatchewan assets had a field netback of negative \$12.12/BOE.

The sale of the Saskatchewan properties will improve the overall profitability of the Company and create a substantial reduction in overall per unit operating costs.

Operations

Contact drilled and completed two successful horizontal wells in late 2010 in the Stoney Creek oil field. The wells were drilled at a similar 900m depth, but at different orientations to assess reservoir continuity and stress regime. The N88 well has demonstrated superior performance, influenced by greater lateral length, additional fracs and perceived better frac orientation. During the quarter ended March 31, 2011, the two new wells averaged 143bbl/d total, on a producing day basis. To date, N88 has produced approximately 11,000bbls and K78 has produced 6,500bbls. Contact expects that it will be able to replicate results from the N88 well in future Stoney Creek horizontal wells.

Both wells have exhibited initial production rates and declines similar to more expensive horizontal wells drilled into the Cardium Formation, at approximately 1300m depth, in West Central Alberta. An additional economic advantage for Contact is that its oil production sells based on Brent monthly average oil price (less \$5/bbl), with Brent currently trading at a premium of approximately \$20/bbl above WTI. Production declines on the wells have flattened out, with current total production averaging approximately 100bbl/d, the majority from N88.

Contact has recently modified its centralized surface facilities, adding a line heater, separator and improved jet pump that allows suction from lower in the well bores. The new infrastructure was designed to accommodate production from not only current wells, but those planned for later this year.

Despite various start-up challenges surrounding equipment and frac sand, productivity from the N88 well, in particular, has demonstrated excellent economics, encouraging ongoing development of the field. The infrastructure that has been recently added will allow for more reliable ongoing production and more streamlined early production from future wells.

Outlook

Contact has successfully permitted its Hopewell Prospect, a promising new oil opportunity located approximately 8 kilometers to the south of Stoney Creek. Construction has commenced to prepare the lease for drilling. Additionally, the Company is in the final stages of permitting new wells in the Stoney Creek Field. Contact has contracted a drilling rig and plans to drill the Hopewell location and additional development wells at Stoney Creek once final government approvals are received.

The sale of the Saskatchewan properties will allow Contact to focus on its higher value assets in New Brunswick. Contact will continue to evaluate new growth opportunities that could help accelerate production and reserves growth.

Contact continues discussions with potential partners regarding its shale gas assets in New Brunswick and continues to believe that these assets hold significant upside to the future value of the Company.

Details of the reserve report have been included with the year end results contained in the "Statement of Reserves Data and Other Oil and Gas Information" (Form 51-101F1) for the year ending March 31, 2011, which is available with our full financial year end filings at www.sedar.com.

About Contact Exploration Inc.

Contact Exploration Inc. is a public company with a focus on Canadian East Coast onshore oil production & exploration. Our philosophy is to operate production and exploration in our core area of Atlantic Canada and to participate through overrides and carried interests in regional unconventional plays, such as coalbed methane in the Cumberland Basin, shale gas in the Windsor area, and exploration on the west coast of Newfoundland. Contact has onshore interests in Nova Scotia, Newfoundland and New Brunswick, which includes the Stoney Creek Field.

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