

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

Contact Exploration Announces Additional Land Acquisition and Prospect Details for its Deep Basin Montney Project and Provides Hopewell Update

October 18, 2011, (Calgary, Alberta) Contact Exploration Inc. (“Contact” or the “Company”) (TSX-V: CEX) Contact is pleased to announce that 2 additional sections have been secured by the Company and its partner in their Deep Basin Montney project in Alberta. The Company now holds 13 gross (6.5 net) sections in T62-63, R5-6 W6M. These lands are contiguous with the Company's original 11 (5.5 net) sections and were acquired in the most recent Alberta land sale.

All lands associated with this project are located in the Resthaven-Kakwa trend. The acquired acreage was selected following a detailed technical assessment of the region that included a petrophysical evaluation of pre-existing wells and the mapping of gas in place across what the Company believes to be a localized area characterized by superior liquids-rich gas potential. The results from two Montney wells recently announced by competitors, both of which are located less than 9 miles from the Contact lands, demonstrate exceptional deliverability from the Upper Montney, with rates of 4.7MMscf/d with 1,200bbl/d condensate and 15.8MMscf/d with 1,000bbls/d of condensate, respectively. Contact believes that the play has been significantly de-risked through the operations of such competitors and notes that these companies have continued to acquire mineral rights on lands surrounding Contact's acreage. Based on its petrophysical evaluation, mapping and technical review of producing wells in the area, Contact has observed what it believes to be a thick hydrocarbon-charged zone throughout the 100m Upper Montney interval, which zone Contact believes will be conducive for development using stacked horizontal wells. Contact intends to target the lowermost portion of the upper Montney with its first well. Based on current industry practices, development of the entire acreage could require up to 52 gross wells, with the possibility that additional laterals per well could be required to access the entire hydrocarbon-bearing section.

Contact expects to commence drilling its first well into this prospect this winter. A detailed summary of the project is contained in the corporate presentation on the Company's website.

Hopewell Prospect Update

Contact is extremely pleased to announce that excellent porosities and permeabilities determined from the analyses completed on sidewall cores cut from the Hopewell B-55 well support earlier petrophysical (well log) conclusions of thick net pay with significant presence of hydrocarbons (oil). These core results suggest that the Hopewell reservoir demonstrates superior characteristics when compared to many of the highly profitable reservoirs currently being developed in Western Canada, such as the Bakken or Cardium formations.

Incorporating the log and core information into the Company's proprietary seismic and well databases, Contact internal estimates indicate that the Hopewell structure is more aerially extensive and is at least as prospective for hydrocarbons (oil) as the Company's nearby prolific Stoney Creek Field.

About Contact Exploration Inc.

Contact Exploration Inc. is a public company which has been focused on Canadian East Coast onshore oil and gas exploration and development. Our philosophy is to operate exploration and development in our core areas of Stoney Creek, Hillsborough and Edgett's Landing, New Brunswick and to participate through overrides and carried interests in certain regional unconventional plays in Nova Scotia and Newfoundland. In addition to the Atlantic Canadian properties, Contact is pursuing a new core area in Alberta's "Deep Basin" targeting the Montney Formation.

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ANALOGOUS INFORMATION: In this new release, Contact has provided information with respect to certain production information for lands located near its Resthaven-Kakwa acreage which is "analogous information" as defined applicable securities laws. This analogous information is derived from publicly available information sources which the Company believes are predominantly independent in nature. Some of this data may not have been prepared by qualified reserves evaluators or auditors and the preparation of any estimates may not be in strict accordance with Canadian Oil & Gas Evaluation Handbook. Regardless, estimates by engineering and geo-technical practitioners may vary and the differences may be significant. Contact believes that the provision of this analogous information is relevant to Contact's activities, given its acreage position and operations (either ongoing or planned) in the area in question, however, readers are cautioned that there is no certainty that any of the development on Contact's properties will be successful to the extent in which operations on the lands in which the analogous historical production information is derived from were successful, or at all.

ADVISORY ON FORWARD LOOKING STATEMENTS: *This press release contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this press release contains statements concerning the timing and scope of exploration and development activities on the Company's properties in the Resthaven-Kakwa area of Alberta, the prospectivity of the Resthaven-Kakwa area and the Hopewell prospect, the petroleum and natural gas reserves and production that may be encountered through the exploration of such properties and future results from operations and the timing of the future development of the Resthaven-Kakwa prospect through horizontal drilling, among others.*

Forward-looking statements or information are based on a number of material factors, expectations or assumptions of Contact which have been used to develop such statements and

information but which may prove to be incorrect. Although Contact believes that the expectations reflected in these forward-looking statements are reasonable, undue reliance should not be placed on them because Contact can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. In particular, in addition to other factors and assumptions which may be identified herein, no assurances can be given respecting: whether the Company's exploration and development activities respecting the Resthaven-Kakwa or Hopewell prospects will be successful or that material volumes of petroleum and natural gas reserves will be encountered, or if encountered can be produced on a commercial basis; the ultimate size and scope of any hydrocarbon bearing formations at Resthaven-Kakwa or Hopewell; that drilling operations in Resthaven-Kakwa or Hopewell will be successful such that further development activities in these areas are warranted; that Contact will continue to conduct its operations in a manner consistent with past operations; results from drilling and development activities will be consistent with past operations; the accuracy of the estimates of Contact's reserve volumes; the general stability of the economic and political environment in which Contact operates; drilling results; field production rates and decline rates; the general continuance of current industry conditions; the timing and cost of pipeline, storage and facility construction and expansion and the ability of Contact to secure adequate product transportation; future commodity prices; currency, exchange and interest rates; regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which Contact operates; and the ability of Contact to successfully market its oil and natural gas products.

Further, events or circumstances may cause actual results to differ materially from those predicted as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company, including, without limitation: changes in commodity prices; changes in the demand for or supply of the Company's products; unanticipated operating results or production declines; changes in tax or environmental laws, royalty rates or other regulatory matters; changes in development plans of Contact or by third party operators of Contact's properties, increased debt levels or debt service requirements; inaccurate estimation of Contact's oil and gas reserve and resource volumes; limited, unfavourable or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; and certain other risks detailed from time-to-time in Contact's public disclosure documents. Additional information regarding some of these risk factors may be found under "Risk Factors" in the Company's Management Discussion and Analysis prepared for the year ended March 31, 2011. The reader is cautioned not to place undue reliance on this forward-looking information. The forward looking statements contained in this press release are made as of the date hereof and Contact undertakes no obligations to update publicly or revise any forward looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

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