

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

Contact Announces Proved Oil Reserves Increase by 91% in Fiscal 2011

June 29, 2011, (Calgary, Alberta) Contact Exploration Inc. ("**Contact**" or the "**Company**") (TSX-V: CEX) is pleased to report that an independent reserves evaluation (the "**MBA Report**") of the Company's oil and gas assets has been completed by Martin & Brusset Associates in accordance with the COGE Handbook. The reserves estimated are net values before tax and after royalties and were established in accordance with National Instrument 51-101 of the Canadian Securities Administrators. The reserves evaluation is effective March 31, 2011, and did not review the prospective resources assigned by GLJ in January to the Company's unconventional gas acreage. Contact's reserves are almost exclusively associated with oil and gas assets within the province of New Brunswick, which include the 100% working interest Stoney Creek Field and a recently identified oil prospect the Company wishes to exploit in the Edgett's Landing area (the "**Hopewell Structure**").

Highlights include:

- Net Proved oil reserves increased in 2011 by 91% above reserve volumes reported in 2010 from 147,000 barrels to 281,000 barrels.
- Net present value of Net Proved oil reserves (discounted at 10%) increased by 260% from \$3,026,000 to \$10,909,000.
- Net Proved and Probable oil reserves increased by 20% from 1,429,000 barrels to 1,711,000 barrels.
- Net present value of Net Proved and Probable oil reserves (discounted at 10%) increased by 31% from \$38,108,000 to \$49,927,000.
- Net Proved and Probable gas reserves remained constant at 7.17 billion cubic feet of natural gas; net present value (discounted at 10%) has decreased by \$6,060,000 (26%) related to currently depressed natural gas markets.
- Net present value of the entire reserves portfolio (discounted at 10%) increased by 9% from \$61,438,000 to \$67,197,000.

Increased reserve values have resulted from the drilling and completion of two horizontal wells in 2010, within the Company's Stoney Creek Field which confirmed excellent continuity and quality of the oil-bearing reservoir. Better definition of the field and its lateral extent has enabled superior modeling of infill drilling required for primary field development. Decreased oil reserves from the Company's small Saskatchewan property were more than offset by Stoney Creek additions and 93,000 barrels of net probable reserves assigned to the Hopewell Structure oil reservoir.

The Hopewell Structure is a newly defined oil opportunity within Contact's portfolio. The Company has obtained all necessary drilling approvals and is in the final planning stages for a new well in 2011. Oil production has already been demonstrated from a well flanking the seismically-defined structure, with significant opportunity to move up-structure with new wells.

About Contact Exploration Inc.

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

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Cautionary Statements

Information Regarding Disclosure on Oil and Gas Reserves and Operational Information

In accordance with Canadian practice, production volumes are reported on a gross basis, before deduction of Crown and other royalties, unless otherwise stated. Our oil and gas reserves statement for the year ended March 31, 2011, which will include complete disclosure of our oil and gas reserves and other oil and gas information in accordance with NI 51-101, will be available on our SEDAR profile at www.sedar.com. In relation to the disclosure of estimates for individual properties, such estimates may not reflect the same confidence level as estimates of reserves for all properties, due to the effects of aggregation.

ADVISORY: *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 forgoing, this press release contains statements concerning the exploration and development of the Company's properties in the Stoney Creek area and Hopewell Structure of New Brunswick; petroleum and natural gas (including shale gas) reserves that may be encountered through the exploration of such properties; the recognition of significant additional reserves, as derived from the MBA Report; the volumes and estimated value of the Company's oil and gas reserves; and future results from operations, among others.*

The recovery and reserve estimates of Contact's reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. In addition, 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 that the Company's exploration and development activities in the Stoney Creek area and Hopewell Structure of New Brunswick 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; 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 nine months ended December 31, 2010. 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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