

Contact Announces Closing of Private Placement

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December 30, 2011, (Calgary, Alberta) Contact Exploration Inc. ("**Contact**" or the "**Company**") (TSX-V: CEX) is pleased to announce that it has closed its previously announced non-brokered private placement (the "**Private Placement**") of common shares ("**Flow-Through Shares**") of the Company, issued on a "flow-through" basis pursuant to the *Income Tax Act* (Canada). Contact issued an aggregate of 8,905,400 Flow-Through Shares in the Private Placement, at a price of \$0.13 per Flow-Through Share for aggregate gross proceeds of \$1,157,702, inclusive of 1,131,000 Flow-Through Shares that were issued today (for gross proceeds of \$147,030) in the final tranche of the Private Placement. In respect of this final tranche, the Company paid a cash finder's fee of \$5,250 related to subscriptions for 577,000 of the Flow-Through Shares.

The Flow-Through Shares issued today are subject to a four month hold period under applicable securities laws, which hold period expires on May 1, 2012.

Contact expects to use the proceeds of the Private Placement to incur eligible Canadian Exploration Expenses as part of its ongoing capital programs, including the drilling of a previously announced initial Montney well in the Kakwa area of Alberta, prior to December 31, 2012. These qualifying Canadian Exploration Expense expenditures will be renounced to subscribers effective December 31, 2011.

Additionally, Contact has reached agreement with a third party lender for the provision of a secured, subordinated \$1,000,000 loan, which loan will have a one year term and an 8% per annum interest rate. Contact plans to close this debt financing within the next 30 days, to best coincide with the Company's operational activity requirements. The debt financing is subject to approval from the TSX Venture Exchange.

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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Forward Looking Information

This press release contains forward looking statements. More particularly, this press release contains statements concerning the anticipated use of the proceeds of the Private Placement and the anticipated closing of the debt financing. 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. The intended use of the proceeds of the Private Placement by Contact might change if the board of directors of the Company determines that it would be in the best interests of Contact to deploy the proceeds for some other Canadian Exploration Expense expenditures. The closing of the debt financing could be delayed if Contact is not able to obtain the necessary regulatory and stock exchange approvals on the timelines it has planned. The debt financing will not be completed at all if these approvals are not obtained or some other condition to the closing is not satisfied. Accordingly, there is a risk that the debt financing will not be completed within the anticipated time or at all.

The forward looking statements contained in this press release are made as of the date hereof and Contact undertakes no obligation 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.

The Flow-Through Shares offered have not been and will not be registered under the United States Securities Act of 1933, as amended and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirement. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Neither the TSX Venture Exchange nor its Regulation Service Provider (as that term is defined in the policies of the Exchange) accepts responsibility for the adequacy or accuracy of this release.