

Contact Announces Initial Closing of Private Placement

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December 12, 2011, (Calgary, Alberta) Contact Exploration Inc. ("**Contact**" or the "**Company**") (TSX-V: CEX) is pleased to announce that it has closed the initial tranche of 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). In this initial tranche, Contact has issued an aggregate of 7,774,400 Flow-Through Shares to exempt buyers on a private placement basis at a price of \$0.13 per Flow-Through Share, for aggregate gross proceeds of \$1,010,672. The Company paid a cash finder's fee of \$25,730 with respect to subscriptions for 2,827,500 of the Flow-Through Shares issued in the Private Placement.

The Flow-Through Shares issued in the private placement are subject to a four month hold period under applicable securities laws, which hold period expires on April 10, 2012.

Contact anticipates closing the second tranche of the Private Placement on or about December 22, 2011.

All management, staff and directors of Contact are participating in the Private Placement.

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.

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.

For more information please contact:

Steve Harding

President and CEO

Contact Exploration Inc.

Phone: (403) 771-1091

Fax: (403) 695-3915

Email: sharding@contactexp.com

www.contactexp.com

Forward Looking Information

This press release contains forward looking statements. More particularly, this press release contains statements concerning the anticipated closing of the second tranche of the Private Placement and the anticipated use of the proceeds of the Private Placement. 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 closing of the Private Placement could be delayed if Contact is not able to obtain the necessary regulatory and stock exchange approvals on the timelines it has planned. The Private Placement 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 Private Placement will not be completed within the anticipated time or at all. 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 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.