

FOR IMMEDIATE RELEASE

Calvalley Petroleum Inc. – Yemen Operations Update

Calgary, Alberta, January 14, 2008 – Calvalley Petroleum Inc. (TSX: CVI.A)

Calvalley Petroleum Inc. (“**Calvalley**” or the “**Company**”), an international junior oil and gas company based in Calgary, Alberta, is pleased to announce the following:

Pipeline Project – Calvalley receives approval to award EPCM contract

Calvalley solicited tenders from qualified Engineering firms to carry out the Engineering, Procurement and Construction Management (“EPCM”) of the pipeline project from Block 9 to connect to a third party pipeline system for the export of the crude oil production. Tenders were received and a comprehensive evaluation was carried out by Calvalley’s technical team based on the technical and commercial terms of the tenders. Based on this evaluation, Calvalley selected the preferred candidate and prepared a recommendation to the Ministry of Oil and Mineral Resources of the Republic of Yemen (“Ministry”) for approval to award the contract.

The Ministry’s technical team, together with the Operating Committee appointed by the Minister to oversee the project, reviewed Calvalley’s recommendation and granted an approval to proceed with the contract award to the company selected by Calvalley’s technical team.

Calvalley and the members of the Operating Committee will meet shortly with the successful bidder to execute the necessary contract documents.

Malik 1 Exploration Well – Up dip appraisal well to be drilled

The Malik 1 well encountered the Qishn sandstone at a depth of 1,233 metres and the sand demonstrated excellent reservoir characteristics. Oil shows were present over a forty-two meter gross interval (thirty meter net interval) from 1,238 metres to 1,280 metres. The sands showed a light brown oil stain with yellow to light brown fluorescence. Oil staining and a yellow fluorescence were also present from the underlying Saar sands over a seventeen meter interval.

A petrophysical analysis of the Qishn and Saar intervals indicated the presence of four metres of net hydrocarbon potential in the upper Qishn clastics and two metres of net hydrocarbon potential in the underlying Saar formation. Swab tests recovered oil from the Saar and Qishn intervals demonstrate the presence of movable hydrocarbons in both formations. Calvalley is encouraged by the results, and intends to drill an appraisal well up dip from this location on a seismically defined structural closure. A recommendation has been made to our JV partners as well as regulatory authorities to drill Malik 2 appraisal well approximately 6.5 kilometres directly west of Malik 1 to evaluate the extent and commerciality of the discoveries in both formations.

Hiswah 22 Vertical Well – Service rig on site to commence well test

The Hiswah 22 vertical well was spudded on November 17, 2007 in the north-western portion of the Hiswah pool, primarily to gather information critical to reservoir studies. The well was drilled to a total depth of 1,310 metres with cores cut approximately 143 metres through the Saar oil reservoir and into the water leg of the reservoir. The well encountered a strong oil show in the Qishn sandstone at 853 metres and oil shows continued throughout the sand to 974 metres. These sands displayed good porosity, fair dark brown oil staining and orange fluorescence with good gas shows. Oil was observed in the mud tanks from 884 metres to 906 metres. A

petrophysical analysis of the electric logs indicates 7.5 metres of gross oil column in the Qishn. Specialized tools were then run which successfully recovered multiple reservoir fluid samples and pressure information from both the Saar and Qishn formations. The rig was released on December 27, 2007. A service rig has been moved to the well, perforated the top of the Qishn sandstone and commenced a swab test.

Hiswah 23 Vertical Well

The Hiswah 23 vertical well, located approximately 3 kilometres south East of Hiswah 22 was spudded on December 31, 2007 in the south-eastern portion of the Hiswah pool. The objectives of this well are similar to the objectives of the Hiswah 22 vertical well. Information gathered from the cores along with the other reservoir information gathered will be utilized to significantly improve the accuracy of the reservoir simulation studies currently underway.

Qarn Qaymah 2 – Oil & gas shows encountered in the Saar & Naifa formations

Qarn Qaymah 2, an exploration well located in the northern part of Wadi Hadramut, was spudded on December 6, 2007. The well is 2.1 km east of the Qarn Qaymah 1, which was successfully tested as a gas-condensate discovery in the basal Kohlan sand. The primary objective of Qarn Qaymah 2 is the Kohlan sandstone, however, oil and gas shows were encountered in the lower portion of the Saar and Naifa formations which will represent secondary zones of interest during testing and future wells in Qarn Qaymah area. Intermediate casing has been set at 2,400 metres and drilling will recommence from that point to the projected total depth of 3,700 metres.

Calvalley is listed on the Toronto Stock Exchange, trading under the symbol "CVI.A".

THE TORONTO STOCK EXCHANGE HAS NOT REVIEWED AND DOES NOT ACCEPT RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.

This press release may contain forward-looking statements including, without limitation, financial and business prospects and financial outlooks, and such statements may be forward-looking statements which reflect management's expectations regarding future plans and intentions, growth, results of operations, performance and business prospects and opportunities. Words such as "may", "will", "should", "could", "anticipate", "believe", "expect", "intend", "plan", "potential", "continue", and similar expressions have been used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve significant risk and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, changes in general economic and market conditions and other risk factors. Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, management cannot assure that actual results will be consistent with these forward-looking statements. Investors should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof.

Forward-looking statements and other information contained herein concerning the oil and gas industry and Calvalley's general expectations concerning this industry are based on estimates prepared by management using data from publicly available industry sources as well as from reserve reports, market research and industry analysis and on assumptions based on data and knowledge of this industry which Calvalley believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While Calvalley is not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors.

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