

FOR IMMEDIATE RELEASE

Calvalley Signs First Production Sharing Contract in Ethiopia

Calgary, Alberta, October 20, 2008 – Calvalley Petroleum Inc., (TSX: CVI.A)

Calvalley Petroleum Inc. (the "Company" or "Calvalley") is pleased to announce that it has entered into its first Production Sharing Contract ("PSC") with the Ethiopian Government for the exploration, development and production of petroleum resources in the Gimbi and Metema blocks under a single contract covering a total area of over 46,470 square kilometers (11.5 million acres). Both blocks are located in the western part of the country, adjacent to the Sudan border.

The Gimbi block, covering an area of 20,457 square kilometers (5.1 million acres), is located on the northeastern flank of the Gambela Basin, which borders Sudan on the west. The Gambela Basin is contiguous with the Melut Basin which is very prolific in Sudan. The Gambela Basin is part of the Central African rift system and is still in the early stages of exploration. The Central African rift system is a series of Cretaceous to Tertiary-aged failed rifts that trend across Central Africa from the Benue Trough in Nigeria, through Chad, into Sudan. These fault-bounded basins, generally trending northwest-southeast, contain marine sediments reaching thicknesses of six to ten kilometers.

The Metema block, covering an area of 26,013 square kilometers (6.4 million acres), is situated in northwestern Ethiopia, bordering Eritrea to the north and Sudan to the northwest. The block is located in the center of the Mekele Basin, which is also part of the Central African rift system. The Mekele Basin is also in the early stages of exploration.

Calvalley has a 100% operated working interest, in both blocks for an exploration period of eight (8) years, consisting of an initial period of four (4) years followed by two (2) subsequent Option periods consisting of two (2) years each. The Option periods will be activated at the discretion of Calvalley. Furthermore, subject to hydrocarbon discovery during the total eight year period, the PSC provides for an additional twenty five (25) year development period with a ten (10) year optional extension. The PSC gives Calvalley the rights to explore, develop, and produce all kinds of hydrocarbons including oil, condensate, natural gas and associated liquids.

Total work obligations under the PSC, during the initial 4 year exploration program consist of acquisition and processing of 400 km of 2D seismic and drilling of one exploration well.

Mr. Edmund Shimoon, Chairman and CEO, was in Ethiopia last week for the signing ceremony which concluded several months of negotiations with the Government of Ethiopia and the ratification of the PSC by the Ethiopian government. The combination of these newly acquired Ethiopian exploration opportunities and those being actively pursued in Yemen's Block 9 significantly enhance Calvalley's petroleum resources development potential in the relatively unexplored Arabian Peninsula and East African regions adjacent to the southern Red Sea.

Calvalley Petroleum is an international oil and gas company based in Calgary, Alberta. The Company also operates its 50% working interest in Block 9 in the Masila Basin of the Republic of Yemen.

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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