

FOR IMMEDIATE RELEASE

Calvalley Petroleum Inc. Provides Operational Update and Status of the Central Processing Facility

Calgary, Alberta, August 29, 2007 – Calvalley Petroleum Inc., (TSX: CVI.A)

Calvalley Petroleum Inc. (the “Company” or “Calvalley”), an international oil and gas exploration and production company based in Calgary, Alberta, is pleased to provide the following update regarding its operations on Block 9 in the Republic of Yemen. Calvalley owns a 50% gross working interest and is the operator of Block 9 under a production sharing agreement with the Government of Yemen. Calvalley holds 2,234 km² of land area in the prolific Sayun-Masila basin, of which only a relatively small area has been explored to date.

Central Processing Facility (“CPF”)

Calvalley is pleased to announce that the Central Processing Facility (the “CPF”) has been commissioned and crude oil production is currently flowing through the facility into a storage tank farm consisting of six 10,000 bbl tanks. It is anticipated that upon diverting all production from the temporary production facility to the CPF, the storage tanks from the temporary facility will be relocated to the Al Roidhat field. Following the relocation, it is anticipated that the Al Roidhat field will be put on to production and oil originating there from will be trucked to the CPF for processing.

Additional Wells on Production

In testing and completing the CPF, the Company has concurrently put three new wells onto production. Hiswah 5, 19 and Hiswah NE have come on-stream as the crude oil currently flowing through the CPF represents production that had not previously been included in the Company’s overall production volumes.

Pipeline Project

The Company continues in its negotiations with the Ministry of Oil and Minerals, third party operators and other related governmental regulatory bodies in an effort to finalize all outstanding matters closely linked to project economics, including issues relating to tariffs, crude quality adjustments, and other commercial factors. The Company believes that these outstanding issues could be of a critical nature in the future and must be addressed and agreed upon to secure Calvalley’s long term interests in the Republic of Yemen. The pipeline is of importance to both Calvalley and Yemen, and as such the Company intends to meet with Ministry and Government officials in the upcoming days and weeks with the aim of addressing all of the Company’s concerns. The Company is dedicated to forging a prosperous and successful partnership with the Yemeni Government both in this endeavour and in all future operations and projects in Yemen.

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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