

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-K**

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended **September 30, 2009**

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

**Commission File Number 0-24012**

**DEEP WELL OIL & GAS, INC.**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction of incorporation or organization)

**13-3087510**

(I.R.S. Employer Identification No.)

**Suite 700, 10150 – 100 Street, Edmonton, Alberta, Canada**

(Address of principal executive offices)

**T5J 0P6**

(Zip Code)

Registrant's telephone number, including area code: **(780) 409-8144**

Securities registered under Section 12(b) of the Act:

Title of each class

**None**

Name of each exchange on which registered

**None**

Securities registered under Section 12(g) of the Act:

**Common Stock, \$0.001 par value per share**

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer   
Non-accelerated filer  (Do not check if a smaller reporting company)

Accelerated filer   
**Smaller reporting company**

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

The aggregate market value of the registrant's common stock held by non-affiliates computed by reference to the price at which the common equity was sold on March 31, 2009 was approximately \$10.4 million.

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes  No

As of December 31, 2009, the Issuer had approximately 106,774,258 shares of common stock, \$0.001 par value per share outstanding.

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## GLOSSARY AND ABBREVIATIONS

The following are defined terms and abbreviations used herein:

**API** – a scale developed by the American Petroleum Institute for measuring the density or gravity (heaviness) of oil; the higher the number, the lighter the oil.

**Barrel** – the common unit for measuring petroleum, including heavy oil. One barrel contains approximately 159 L.

**Battery** – equipment to process or store crude oil from one or more wells.

**Bbl or Bbls** – means barrel or barrels.

**Bitumen** – is a heavy, viscous form of crude oil that generally has an API gravity of less than 10 degrees.

**Cdn** – means Canadian dollars.

**Celsius** – a temperature scale that registers the freezing point of water as 0 degrees and the boiling point as 100 degrees under normal atmospheric pressure. Room temperature is between 20 degrees and 25 degrees Celsius.

**Cold Flow** – is a production technique where the oil is simply pumped out of the sands not using a Thermal Recovery Technique.

**Conventional Crude Oil** – Crude oil that flows naturally or that can be pumped without being heated or diluted.

**Core** – a cylindrical rock sample taken from a formation for geological analysis.

**Crude Oil** – oil that has not undergone any refining. Crude oil is a mixture of hydrocarbons with small quantities of other chemicals such as sulphur, nitrogen and oxygen. Crude oil varies radically in its properties, namely specific gravity and viscosity.

**Cyclic Steam Stimulation** (“CSS”) – is a thermal in situ recovery method, which consists of a three-stage process involving high-pressure steam injected into the formation for several weeks. The heat softens the oil while the water vapor helps to dilute and separate the oil from the sand grains. The pressure also creates channels and cracks through which the oil can flow more easily to the well. When a portion of the reservoir is thoroughly saturated, the steam is turned off and the reservoir “soaks” for several weeks. This is followed by the production phase, when the oil flows, or is pumped, up the same wells to the surface. When production rates decline, another cycle of steam injection begins. This process is sometimes called “huff-and-puff” recovery.

**Darcy (Darcies)** – a measure of rock permeability (the degree to which natural gas and crude oil can move through the rocks).

**Density** – the heaviness of crude oil, indicating the proportion of large, carbon-rich molecules, generally measured in kilograms per cubic metre (kg/m<sup>3</sup>) or degrees on the American Petroleum Institute (API) gravity scale.

**Development Well** – is a well drilled within a proven area of a natural gas or oil reservoir to the depth of a stratigraphic horizon known to be productive.

**Diluents** – light petroleum liquids used to dilute bitumen and heavy oil so they can flow through pipelines.

**Drill Stem Test (“DST”)** – a method of formation testing. The basic drill stem test tool consists of a packer or packers, valves or ports that may be opened and closed from the surface, and two or more pressure-recording devices. The tool is lowered on the drill string to the zone to be tested. The packer or packers are set to isolate the zone from the drilling fluid column.

**Drill String** – the column, or string, of drill pipe with attached tool joints that transmits fluid and rotational power from the kelly to the drill collars and the bit. Often, the term is loosely applied to include both drill pipe and drill collars.

**Enhanced Oil Recovery** – any method that increases oil production by using techniques or materials that are not part of normal pressure maintenance or water flooding operations. For example, natural gas can be injected into a reservoir to “enhance” or increase oil production.

**Exploratory Well** – is a well drilled to find and produce natural gas or oil in an unproven area, to find a new reservoir in a field previously found to be productive of natural gas or oil in another reservoir, or to extend a known reservoir.

**Farmout** – an arrangement whereby the owner (the “Farmor”) of a lease assigns some portion (or all) of the lease(s) to another company (the “Farmee”) for drilling in return for the Farmee paying for the drilling on at least some portion of the lease(s) under the Farmout.

**Gross Acre/Hectare** – a gross acre is an acre in which a working interest is owned. 1 acre = 0.404685 hectares.

**Heavy Oil** – oil having an API gravity less than 22.3 degrees.

**Horizontal Well** – the drilling of a well that deviates from the vertical and travels horizontally through a producing layer.

**In situ** – In the oil sands context, *In situ* methods, *In situ* means “in place” in Latin, such as SAGD or CSS through horizontal or vertical wells are required, if the oil sands deposits are too deep to mine from the surface.

**Lease** – a legal document giving an operator the right to drill for or produce oil or gas; also, the land on which a lease has been obtained.

**License of Occupation (“LOC”)** – is a surface crown agreement issued by the Alberta Department of Sustainable Resources Development granting the mineral producer the right to occupy public lands for an approved purpose, they are usually issued primarily for access roads or to construct access roads, but may also be issued for other purposes.

**Light Crude Oil** – liquid petroleum which has a low density and flows freely at room temperature. Also called conventional oil, has an API gravity of at least 22 degrees and a viscosity less than 100 centipoise (cP).

**Mineral Surface Lease (MSL)** – is a surface crown agreement issued by the Alberta Department of Sustainable Resources Development granting the mineral producer the right to construct a well site on publicly owned land.

**Net Acre/Hectare** – a net acre is the result that is obtained when fractional ownership working interest is multiplied by gross acres.

**Oil Sands** – are naturally occurring mixtures of bitumen, water, sand and clay that are found mainly in three areas of Alberta - Athabasca, Peace River and Cold Lake. A typical sample of oil sand might contain about 12 percent bitumen by weight.

**Pay Zone (Net Oil Pay)** – the producing part of a formation.

**Permeability** – the capacity of a reservoir rock to transmit fluids; how easily fluids can pass through a rock. The unit of measurement is the darcy or millidarcy.

**Porosity** – the capacity of a reservoir to store fluids, the volume of the pore space within a reservoir, measured as a percentage.

**Primary Recovery** – the production of oil and gas from reservoirs using the natural energy available in the reservoirs and pumping techniques.

**Saturation** – the relative amount of water, oil and gas in the pores of a rock, usually as a percentage of volume.

**SEC** – means United States Securities and Exchange Commission.

**Section** – in reference to a parcel of land, meaning an area of land comprising approximately 640 acres.

**Solution Gas** – natural gas that is found with crude oil in underground reservoirs. When the oil comes to the surface, the gas expands and comes out of the solution.

**Steam-Assisted Gravity Drainage (“SAGD”)** – pairs of horizontal wells (an upper well and a lower well) are drilled into an oil sands formation and steam is injected continuously into the upper well. As the steam heats the oil sands formation, the bitumen softens and drains into the lower well, from which it is produced to the surface.

**Thermal Recovery** – a type of improved recovery in which heat is introduced into a reservoir to lower the viscosity of heavy oils and to facilitate their flow into producing wells. The pay zone may be heated by injecting steam (steam drive) or by injecting air and burning a portion of the oil in place (in situ combustion).

**Upgrading** – the process that converts bitumen and heavy oil into a product with a density and viscosity similar to conventional light crude oil.

**Viscosity** – is a measure of a fluids resistance to flow. To simplify, the oil’s viscosity represents the measure for which the oil wants to stay put when pushed (sheared) by moving mechanical components. It varies greatly with temperature. The more viscous the oil the greater the resistance and the less easy it is for it to flow. Centipoise (cp) is the common unit for expressing absolute viscosity. Viscosity matters to producers because the oil’s viscosity at reservoir temperature determines how easily oil flows to the well for extraction.

## CURRENCY EXCHANGE RATES

Our functional currency is the US dollar, therefore our accounts are reported in United States dollars; however, our Canadian subsidiaries maintain their accounts and records in Canadian currency (“Cdn”). Therefore, all dollar amounts herein are stated in United States dollars except where otherwise indicated.

The following table sets forth the rates of exchange for Canadian dollars per US\$1.00 in effect at the end of the following periods and the average rates of exchange during such periods, based on the noon rates of exchange for such periods as reported by the Bank of Canada.

<u>Year ending September 30,</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Rate at end of year	1.0722	\$ 1.0599	\$ 0.9963	\$ 1.1153
Average rate for the year	\$ 1.1804	\$ 1.0092	\$ 1.1132	\$ 1.1425

On January 5, 2010, the noon rate of exchange for Canadian dollars per U.S. dollar was \$1.0372.

Unless the context indicates another meaning, the terms the “Company”, “we”, “us” and “our” refer to Deep Well Oil & Gas, Inc. and its subsidiaries. For definitions of some terms used throughout this report, see “Glossary and Abbreviations”.

## PART I

### ITEM 1. BUSINESS

We are an emerging independent junior oil and gas exploration and development company headquartered in Edmonton, Alberta, Canada. Our immediate corporate focus is to develop the existing oil sands land base that we presently own in the Peace River oil sands area in North Central Alberta. Our principal office is located at Suite 700, 10150 – 100 Street, Edmonton, Alberta T5J 0P6, our telephone number is (780) 409-8144 and our fax number is (780) 409-8146. Deep Well Oil & Gas, Inc. is a Nevada corporation and trades on the pink sheets under the symbol DWOG. We maintain a web site at [www.deepwelloil.com](http://www.deepwelloil.com).

#### Business Development

Deep Well Oil & Gas, Inc. (hereinafter referred to as “Deep Well”) was originally incorporated on July 18, 1988 under the laws of the state of Nevada as Worldwide Stock Transfer, Inc. On October 25, 1990, Worldwide Stock Transfer, Inc. changed its name to Illustrious Mergers, Inc. On June 18, 1991, a company known as Allied Devices Corporation was merged with and into Illustrious Mergers, Inc. and its name was at that time changed to Allied Devices Corporation. On August 19, 1996, a company called Absolute Precision, Inc. was merged with and into Allied Devices Corporation and it retained its name as Allied Devices Corporation.

On February 19, 2003, Allied Devices Corporation, filed a Petition for Relief under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court in and for the Eastern District of New York titled *In re: Allied Devices Corporation, et al.*, Chapter 11, Case No. 03-80962-511 (hereinafter referred to as the “Bankruptcy Action”).

On September 10, 2003, after notice to all creditors and a formal hearing, U.S. Bankruptcy Judge Melanie L. Cyganowski issued an “Order Confirming Liquidating Plan of Reorganization” in the Bankruptcy Action (hereinafter referred to as “Bankruptcy Order”). In conjunction with that Bankruptcy Order, Allied Devices Corporation’s (hereinafter referred to as the “Predecessor Company”) liabilities, among other things, were paid off and extinguished. The Bankruptcy Order, among other things, implemented a change of control and a group of new investors took control of the Predecessor Company and changed its name to Deep Well Oil and Gas, Inc.

Upon emergence from Chapter 11 proceedings, Deep Well adopted fresh-start reporting in accordance with the American Institute of Certified Public Accountants Statement of Position 90-7, Financial Reporting By Entities in Reorganization Under the Bankruptcy Code (SOP 90-7). For financial reporting purposes, Deep Well adopted the provisions of fresh-start reporting effective September 10, 2003. All periods presented prior to September 10, 2003, have been designated Predecessor Company.

On April 26, 2004, Northern Alberta Oil Ltd. (formerly known as Mikwec Energy Canada, Ltd., hereinafter referred to as “Northern” and later acquired by Deep Well) signed a Joint Operating Agreement with Pan Orient Energy Corp. (formerly known as Maxen Petroleum Inc. hereinafter referred to as “Pan Orient”) to provide for the manner of conducting operations on 3 Peace River oil sands development leases for a total of 32 sections covering 20,243 gross acres (8,192 gross hectares). The 32 sections were acquired

jointly on April 23, 2004, with Northern having an 80% working interest and Pan Orient having a 20% working interest in the joint lands.

On August 18, 2004, Deep Well and Pan Orient jointly participated in a public offering of Crown Oil Sands Rights held by the Alberta Department of Energy, in which the joint parties successfully bid on 3 Peace River oil sands development leases for a total of 31 sections covering 19,610 gross acres (7,936 gross hectares). Deep Well acquired an undivided 80% working interest and Pan Orient acquired an undivided 20% working interest in the joint property.

On December 9, 2004, Deep Well signed a Joint Operating Agreement with 1132559 Alberta Ltd. (hereinafter referred to as "1132559") under which 1132559 acknowledged the terms under which their 10% working interest acquired from Pan Orient, in the joint lands covering 3 Peace River oil sands development leases for a total of 31 sections, which Pan Orient acquired on April 23, 2004, would be governed.

On February 25, 2005, Deep Well and Northern signed a farmout agreement (hereinafter referred to as the "Farmout Agreement") with Surge Global Energy, Inc. (hereinafter referred to as "Surge US") and Signet Energy Inc. (formerly known as Surge Global Energy Canada Ltd., and hereinafter referred to as "Signet") (collectively, "Surge"). Signet subsequently merged with 1350826 Alberta Ltd. a wholly owned subsidiary of Andora Energy Corporation (hereinafter referred to as "Andora", a company approximately 53% owned by Pan Orient). This agreement allowed Surge to earn up to a 40% working interest in the farmout lands (50% of our share). Among other things the agreement called for Surge to drill 10 wells, pay \$2,000,000 (less expenses related to a financing) as a prospect fee, payable as ninety percent (90%) to Northern and ten percent (10%) to Deep Well, and grant us, in the same proportions, 33.33% of the shares of Surge US outstanding on the day the agreement was signed.

On March 3, 2005, Deep Well, Northern and Surge mutually agreed by letter amending agreement to extend the payment of the prospect fee under Article 13 of the Farmout Agreement dated February 25, 2005, whereby Surge was granted an extension for payment of the prospect fee to the closing date of March 18, 2005.

On March 10, 2005, Deep Well, Northern and Surge mutually agreed by letter amending agreement that Surge US is only a party to the Farmout Agreement for the purposes of Article 14 of the Farmout Agreement dated February 25, 2005.

On March 10, 2005, Deep Well, Northern and Surge mutually agreed by letter amending agreement to establish a procedure whereby Signet is to be appointed as the operator under the existing Joint Operating Agreements in respect of all Farmout Lands in which Signet earns an interest pursuant to Article 7 of the Farmout Agreement dated February 25, 2005.

On June 7, 2005, Deep Well acquired 100% of the common shares of Northern in exchange for 18,208,875 shares of Deep Well's common stock. Under the terms of the agreement, Deep Well acquired one hundred percent (100%) of Northern's issued and outstanding common stock and obtained exclusive options to acquire one hundred percent (100%) of Northern's preferred stock. The agreement provided that one hundred percent (100%) of Northern's common and preferred shareholders would exchange their Northern shares for newly issued shares of Deep Well's restricted common stock. Deep Well, through its acquisition of Northern, acquired a net 80% working interest in 3 Peace River oil sands development leases, 1 oil sands permit and 1 petroleum and natural gas license for a total of 38.5 sections covering 24,355 gross acres (9,856 gross hectares). Through this acquisition we have more than doubled our acreage position in the Peace River oil sands to 43,965 gross acres (17,792 gross hectares). Of the total acreage, 6.5 sections are classified as the oil sands permit and petroleum and natural gas license and were encumbered by an injunction related to a court proceeding involving Classic Energy Inc., (hereinafter referred to as "Classic") the company Northern acquired this acreage from. This permit and license have now been released and as of November 15, 2005, were transferred to Northern.

On July 14, 2005, our Company and Surge mutually agreed to amend the Farmout Agreement dated February 25, 2005 in order to extend the date to spud the first well until September 25, 2005.

On September 15, 2005, Deep Well Oil & Gas (Alberta) Ltd. (hereinafter referred to as "Deep Well Alberta"), a 100% wholly owned subsidiary company of Deep Well, was incorporated in the province of Alberta, Canada. Deep Well Alberta was incorporated in order to hold Deep Well's Canadian oil sands leases it acquired on August 18, 2004, other than the oil sands leases already held by Northern. At the time Deep Well owned 100% of the common shares of Northern but not the preferred shares of Northern.

On September 21, 2005, Signet was granted a permit by the Energy Resources Conservation Board (hereinafter referred to as the "ERCB") for a test well, and on September 28, 2005, Signet began drilling our first well 1-36-091-13W5 (hereinafter referred to as "1-36") at Sawn Lake, Alberta Canada. Signet did not spud the first well by the 25<sup>th</sup> of September 2005 and we noted them in default of the Farmout Agreement.

In October 2005, the ERCB granted our farmout partner and operator, Signet, an amendment to the original test well permit at Sawn Lake, Alberta Canada, to proceed with the drilling of our first well of our Sawn Lake Project.



On November 15, 2005, as part of the settlement of the litigation as described in this report, we agreed to amend the Farmout Agreement signed on February 25, 2005, between our Company and Surge that had previously been terminated by Deep Well (as previously disclosed on Form 8-K on September 29, 2005). The amendments to the agreement provided that: 1.) all conditions of the Farmout Agreement will be deemed to have been satisfied on September 25, 2005; 2.) the earning period (the period during which Signet has to drill 10 wells) under the agreement will be extended until February 25, 2008; 3.) Signet will have until September 25, 2006 to drill an option well (the second well); 4.) an additional 6.5 sections of land will be added to the land subject to the agreement; 5.) Signet will pay Deep Well \$1,000,000 on November 15, 2005 in satisfaction of the prospect fee outstanding instead of after drilling the second well as stated in the Farmout Agreement; and 6.) no shares of Surge US will be issued to Deep Well or Northern, instead we will receive 7,550,000 common shares of Signet, a private subsidiary company of Surge US.

On July 17, 2006, Signet had received the required licenses by the Government of Alberta to drill the next 3 horizontal wells in the Bluesky Formation of the Sawn Lake Heavy oil sands project. The next 3 wells drilled were within less than one mile (1.6 km) of the first test well that was already drilled. These surface locations were 4-32-091-12W5 (hereinafter referred to as "4-32"), 7-30-091-12W5 (hereinafter referred to as "7-30") and 13-29-091-12W5 (hereinafter referred to as "13-29"). Seismic and reservoir mapping were undertaken to be used to support and progress work on near and long-term plans of development for the Sawn Lake heavy oil project. For further information on drilling and results see "Present Activities" under Item 2 "Oil and Gas Properties" herein described in this report.

In October 2006, the 4-32 and 7-30 wells along with the 1-36 well were suspended. Signet had undertaken a mapping of the reservoir to assist in its delineation for any future development of the Sawn Lake property. The first three wells were drilled in the most heavily documented portion of the Sawn Lake lands. Although, as indicated by Signet, the preliminary results from the last 2 wells indicated a lack of cold flow production from well 4-32 and 7-30, the compartmentalized nature of the reservoir and varying characteristics of these compartments may show different results with further evaluation. Our Company felt that the level of testing on these wells to determine their complete potential was deficient.

On September 11, 2007, we exercised our dissenting rights at Signet's special meeting of shareholder's held in Calgary, Alberta with respect to the amalgamation between Signet and Andora. Our Company reserves its right to file a Notice of Motion with the Court of Queen's Bench of Alberta, Canada as a step towards enforcing our rights to dissent. On November 19, 2008, we entered into an arrangement whereby Deep Well's subsidiaries, Deep Well Alberta and Northern, exchanged their 755,000 and 6,795,000 common shares of Signet respectively into 224,156 and 2,017,402 common shares of Andora respectively.

On November 26, 2007, we entered into mediation with Signet and resolved our differences and certain collateral matters. The settlement included but is not limited to:

- the Farmout Agreement dated February 25, 2005, being effectively terminated concurrently with the execution of the settlement agreement; and
- Signet being regarded as having earned the two sections on which the option wells were drilled and 4 additional sections as set out in the Settlement; and
- Signet being required to reconvey registered title to 57.5 unearned sections of the Farmout Lands, as defined in the Farmout Agreement, back to us; and
- our Company having the right to retest, at no cost to Signet, the option wells previously drilled.

On March 18, 2008, the 6.5 section oil sands permit, which was originally scheduled to expire on April 9, 2008, was extended for one year pursuant to an application submitted to the Alberta Department of Energy by Northern.

On April 2, 2008, our Company participated in a public offering of Crown Petroleum and Natural Gas Rights held by the Alberta Department of Energy, in which the Company successfully bid on 1 petroleum and natural gas license covering 3,796 gross acres (1,536 gross hectares) for a total of 6 sections in the Ochre area. Our Company acquired an undivided 100% working interest in these 6 sections located in the Peace River oil sands area approximately 14 miles west of our Sawn Lake properties.

On September 10, 2008, the ERCB granted us well licenses to drill 6 wells on our Sawn Lake oil sands properties.

On December 1, 2008, in conjunction with our 2008/2009 winter drilling program, we acquired existing road infrastructure from Paramount Resources Ltd. ("Paramount") through a transfer of title of 6 Paramount P&NG properties to us. These 6 P&NG properties, of which 2 were expected to immediately expire and 4 are expected to expire within 7 months, cover 11,387 gross acres (4,608 gross hectares) of which 3,796 gross acres (1,536 gross hectares) overlay our Sawn Lake oil sands leases. These properties included the transfer of 7 mineral surface leases (proposed well sites or "MSLs") and 4 licenses of occupation (access roads or "LOCs") totalling 12 km of roads that were transferred to us, along with 2 vertical wells 1 of which is located on our Sawn Lake oil sands lease and the other located approximately 2.5 miles north of our Sawn Lake oil sands lease.

On December 4, 2008, we successfully spudded the first well of six wells to be drilled in our 2008/2009 Sawn Lake winter drilling program in the Peace River oil sands area of Alberta. By early February of 2009, we successfully drilled all planned 6 wells of our Sawn Lake oil sands project

On February 1, 2009, Northern acquired another existing access road on our Sawn Lake properties from Penn West Petroleum Ltd. adding 8.7 km of roads to its Sawn Lake infrastructure.

On April 30, 2009, the Alberta Department of Energy approved our application to convert 5 sections of our 5-year oil sands permit to a 15-year primary lease.

Currently, Deep Well and its subsidiaries Northern and Deep Well Alberta have a 100% working interest in 15 sections of petroleum and natural gas licenses (hereinafter referred to as "P&NG") in the Peace River area of Alberta, Canada, an 80% working interest in 56 contiguous sections of oil sands development leases, and a 40% working interest in an additional 12 contiguous sections of oil sands development leases in the Peace River oil sands area of Alberta, Canada. Our P&NG licenses and oil sands development leases cover 52,505 gross acres (21,248 gross hectares). After successfully completing our winter drilling program and meeting our objectives by drilling 6 wells we are now evaluating the many options for production now available to us to decide the best course of action. Drilling on these 80% owned lands has opened new avenues for testing and further development of the Sawn Lake project. On the 12 sections of the jointly held lands, in which we have a 40% working interest, our Company is exploring different plans of action with Andora Energy Corporation, the operator of these 12 sections. The focus of our Company's drilling program is to define the heavy oil reservoir to establish reserves and to determine the best technology under which oil can be produced from the Sawn Lake project in order to initiate production and generate a cash flow.

### **Principal Product**

At this time, our primary interest is the exploration for and production of oil in the Peace River oil sands area located in North Central Alberta, Canada. We are engaged in the identification, acquisition, exploration and development of oil & gas prospects. Our immediate focus is the oil sands leases we hold in the Peace River oil sands area. Our main objective is to develop our existing oil sands land holdings as well as identify and develop other commercially viable oil & gas properties. Exploration and development for commercially viable production of any oil and gas company includes a high degree of risk which careful evaluation, experience and factual knowledge may not eliminate. Currently we have no production from our properties.

### **Market and Distribution of Product**

We anticipate our principal target market to be refiners, remarketers and other companies, some of which have pipeline facilities near our properties. In the event pipeline facilities are not conveniently available, we intend to truck our oil to alternative storage, refining or pipeline facilities. In such a case, if our production was enough to justify our own pipeline facilities we would consider building them.

We intend to sell our oil and gas production under both short-term (less than one year) and long-term (one year or more) agreements at prices negotiated with third parties. Under both short-term and long-term contracts, typically either the entire contract (in the case of short-term contracts) or the price provisions of the contract (in the case of long-term contracts) are renegotiated from intervals ranging in frequency from daily to annual. At this time we have no production and therefore no short-term or long-term contracts. We will adopt specific sales and marketing plans once production is achieved.

Market pricing for bitumen is seasonal with lower prices in and around the calendar year-end being the norm due to lower demand for asphalt and other bitumen-derived products. By necessity, bitumen is regularly blended with diluent in order to facilitate its transportation via pipeline to North American markets. As such, the effective field price for bitumen is also directly impacted by the input cost of the diluent required, the demand and price of which is also seasonal in nature (higher in winter as colder temperatures necessitate more diluent for transportation). Consequently, bitumen pricing is notoriously weak in and around December 31 and not reflective of the annual average realized price or the economics of the "business" overall. We have been advised that, to price bitumen, marketers apply formulas that take as a reference point the prices published for crude oil of particular qualities such as "Edmonton light", "Lloydminster blend", or the more internationally known "West Texas Intermediate" (hereinafter referred to as WTI). We also understand that the price of bitumen fluctuates widely during the course of a year, with the lowest prices typically occurring at the end of the calendar year because of decreased seasonal demand for asphalt and other bitumen-derived products coupled with higher prices for diluents added to facilitate pipeline transportation of bitumen.

The price of oil and, natural gas sold is determined by negotiation between buyers and sellers. An order from the National Energy Board (hereinafter referred to as "NEB") is required for oil exports from Canada. Any oil export to be made pursuant to an export contract of longer than one year, in the case of light crude, and two years, in the case of heavy crude, requires an exporter to obtain an export license from the NEB. The issue of such a license requires the approval of the Government of Canada. Natural gas exported from Canada is also subject to similar regulation by the NEB. Natural gas exports for a term of less than two years, or for a term of two to twenty years in quantities of not more than 20,000 mcf per day, must be made pursuant to an NEB order. Any natural gas

exports to be made pursuant to a contract of larger duration (to a maximum of 25 years) or in larger quantities require an exporter to obtain a license from the NEB, which requires the approval of the Government of Canada. Exporters are free to negotiate prices and other terms with purchasers provided that the export contracts meet certain criteria prescribed by the NEB. The government of Alberta also regulates the volume of natural gas, which may be removed from the province for consumption elsewhere based on such factors as reserve availability, transportation arrangements and market considerations.

### **Competitive Business Conditions**

We operate in a highly competitive environment, competing with major integrated and independent energy companies for desirable oil and natural gas properties as well as for the equipment, labour and materials required to develop and operate those properties. Many of our competitors have longer operating histories and substantially greater financial and other resources greater than ours. Many of these companies not only explore for and produce crude oil and natural gas, but also carry on refining operations and market petroleum and other products on a worldwide basis. Our larger competitors, by reason of their size and relative financial strength, can more easily access capital markets than we can and may enjoy a competitive advantage, whereas we may incur higher costs or be unable to acquire and develop desirable properties at costs we consider reasonable because of this competition. Larger competitors may be able to absorb the burden of any changes in laws and regulation in the jurisdictions in which we do business and handle longer periods of reduced prices of gas and oil more easily than we can. Our competitors may be able to pay more for productive oil and natural gas properties and may be able to define, evaluate, bid for and purchase a greater number of properties and prospects than we can. Our ability to acquire additional properties in the future will depend upon our ability to conduct efficient operations, evaluate and select suitable properties, implement advanced technologies and consummate transactions in a highly competitive environment.

Competitive conditions may be substantially affected by various forms of energy legislation and/or regulation considered from time to time by the government of Canada and other countries as well as factors that we cannot control, including international political conditions, overall levels of supply and demand for oil and gas, and the markets for synthetic fuels and alternative energy sources.

### **Customers**

As we remain in the exploration stage, we have not yet generated any revenues from production, nor do we have any customers at this time. We anticipate our principal target customers to be refiners, remarketers and other companies.

### **Royalty Agreements**

Through the acquisition of Northern, our Company became a party to the following royalty agreement:

On December 12, 2003, Nearshore Petroleum Corporation (hereinafter referred to as "Nearshore") entered into a Royalty Agreement with Mikwec Energy Canada, Ltd. (now known as Northern) that potentially encumbers 6 oil sands development leases covering 23,406 gross acres (9,472 gross hectares) located within our Sawn Lake properties (hereinafter the "Royalty Agreement"). Nearshore claimed a 6.5% gross overriding royalty from Northern on the leased substances on the land interests in which Northern holds in the above 6 oil sands leases. Nearshore was a private corporation incorporated in Alberta, Canada, and was owned and controlled by Mr. Steven P. Gawne and his wife, Mrs. Rebekah J. Gawne, who each owned 50% of Nearshore. Mr. Steven P. Gawne was formerly the President, Chief Executive Officer and Director of Deep Well from February 6, 2004 to June 29, 2005. Part, or all, of this Royalty Agreement has been purportedly transferred by Nearshore to other parties.

On February 28, 2005, Deep Well, Northern and Surge agreed that Deep Well would be responsible for the portion of the claimed 6.5% royalty payable by Surge, if any, on lands earned under the February 25, 2005 Farmout Agreement. This liability could arise by virtue of a royalty agreement between Northern and Nearshore dated December 12, 2003. This obligation of our Company was further modified on November 26, 2007 where we would not be liable or obligated to pay any of this claimed portion of the royalty due, if any, on the portion of the royalty acquired by Andora.

### **Government Approval and Crown Royalties**

***Exploration and Production.*** Our operations are subject to Canadian federal and provincial governmental regulations. Such regulations include requiring licenses for the drilling of wells, regulating the location of wells and the method and ability to produce wells, surface usage and the restoration of land upon which wells have been drilled, the plugging and abandoning of wells and the transportation of production from wells. Our operations are also subject to various conservation regulations, including the regulation of the size of spacing units, the number of wells which may be drilled in a unit, the unitization or pooling of oil and gas properties, the rate of production allowable from oil and gas wells, and the ability to produce oil and gas.

***The North American Free Trade Agreement.*** The North American Free Trade Agreement (hereinafter referred to as "NAFTA") grants Canada the freedom to determine whether exports to the United States or Mexico will be allowed. In making this determination,

Canada must ensure that any export restrictions do not (i) reduce the proportion of energy exported relative to the supply of the energy resource; (ii) impose an export price higher than the domestic price; or (iii) disrupt normal channels of supply. All parties to NAFTA are also prohibited from imposing minimum export or import price requirements.

**Investment Canada Act.** The Investment Canada Act requires notification and/or review by the Government of Canada in certain cases, including but not limited to, the acquisition of control of a Canadian Business by a non-Canadian. In certain circumstances, the acquisition of a working interest in a property, which contains recoverable reserves will be treated as the acquisition of an interest in a “business” and may be subject to either notification or review, depending on the size of the interest being acquired and the asset size of the business.

**Crown Royalties and Incentives.** Each province and the federal government of Canada have legislation and regulations governing land tenure, royalties, production rates and taxes, environmental protection and other matters under their respective jurisdictions. The royalty regime is a significant factor in the profitability of oil and natural gas production. Royalties payable on production from lands other than Crown lands are determined by negotiations between the parties. Crown royalties are determined by government regulation and are generally calculated as a percentage of the value of the gross production with the royalty rate dependent in part upon prescribed reference prices, well productivity, geographical location, field discovery date and the type and quality of the petroleum product produced. From time to time, the governments of Canada and Alberta have established incentive programs such as royalty rate reductions, royalty holidays, tax credits, and more recently drilling royalty credits and a new well incentive program, which provides a maximum five percent royalty rate for all new wells that begin producing conventional oil and natural gas between April 1, 2009 and March 31, 2011. These incentives are for the purpose of encouraging oil and natural gas exploration or enhanced recovery projects. These incentives generally increase cash flow.

Effective January 1, 2009 oil sands royalties in Alberta are calculated using a sliding scale for royalty rates ranging from 1% to 9% pre-payout and 25% to 40% post-payout depending on the world oil price. Project “payout” refers to the point in which we earn sufficient revenues to recover all of the allowed costs for the project plus a return allowance. The base royalty starts at 1% and increases for every dollar the world oil price, as reflected by the West Texas Intermediate (hereinafter referred to as “WTI”), is priced above \$55 per barrel, to a maximum of 9% when oil is priced at \$120 per barrel or greater. The net royalty starts at 25% and increases for every dollar oil is priced above \$55 per barrel to 40% when oil is priced at \$120 or higher.

### **Research and Development**

We had no material research and development costs for the fiscal years ended September 30, 2009, 2008 and 2007.

### **Environmental Laws and Regulations**

The oil and natural gas industry is subject to environmental laws and regulations pursuant to Canadian local, provincial and federal legislation. Environmental legislation provides for restrictions and prohibitions on releases or emissions of various substances produced or utilized in association with certain oil and gas industry operations. In addition, legislation requires that well and facility sites be monitored, abandoned and reclaimed to the satisfaction of provincial authorities. A breach of such legislation may result in the imposition of fines and penalties. Under these laws and regulations, we could be liable for personal injury, clean-up costs and other environmental and property damages as well as administrative, civil and criminal penalties. Accordingly, we could be liable, or could be required to cease production on properties if environmental damage occurs. Although we maintain insurance coverage, the costs of complying with environmental laws and regulations in the future may harm our business. Furthermore, future changes in environmental laws and regulations could occur that result in stricter standards and enforcement, larger fines and liability, and increased capital expenditures and operating costs, any of which could have a material adverse effect on our financial condition or results of operations. We maintain limited commercial property and general liability insurance coverage on the properties we operate. We also maintain limited operators extra expense insurance which provides limited coverage for well control incidents specifically relating to regaining control of a well, seepage, pollution, clean-up and containment. No coverage is maintained with respect to any fine or penalty required to be paid due to a violation of the regulations set out by the federal and provincial regulatory authorities. We are committed to meeting our responsibilities to protect the environment and anticipate making increased expenditures of both a capital and expense nature as a result of the increasingly stringent laws relating to the protection of the environment.

Alberta’s new climate change regulation, effective July 1, 2007, requires Alberta facilities that emit more than 100,000 tonnes of greenhouse gases a year to reduce emissions intensity by 12 per cent. Companies have four choices to meet their reductions: 1.) they can make operating improvements to their operations that will result in greenhouse gas emission reductions; 2.) purchase Alberta based offset credits; 3.) contribute to the Climate Change and Emissions Management Fund; and 4.) purchase or use emission performance credits, also called EPCs, these credits are generated by facilities that have gone beyond the 12% mandatory intensity reduction. EPCs can be banked for future use or sold to other facilities that need to meet the reduction target.

On June 18, 2009 the Canadian government passed the new Environmental Enforcement Act (“EEA”). The EEA was created to strengthen and amend nine existing Statutes that relate to the environment and to enact provisions respecting the enforcement of certain Statutes that relate to the environment. The EEA amends various enforcement, offence, penalty and sentencing provisions to

deter offenders from committing offences under the EEA by setting minimum and maximum fines for serious offences. The EEA also gives enforcement officers new powers to investigate cases and grants courts new sentencing authorities that ensure penalties reflect the seriousness of the pollution and wildlife offences. The EEA also expands the authority to deal with environmental offenders by: 1.) specifying aggravating factors such as causing damage to wildlife or wildlife habitat, or causing damage that is extensive, persistent or irreparable; 2.) providing fine ranges higher for corporate offenders than for individuals; 3.) doubling fine ranges for repeat offenders; 4.) authorizing the suspension and cancellation of licenses, permits or other authorizations upon conviction; 5.) requiring corporate offenders to report convictions to shareholders; and 6.) mandating the reporting of corporate offences on a public registry.

## **Employees**

Our Company currently has three prime subcontractors and three full-time employees. For further information on our subcontractors see “Compensation Arrangements for Executive Officers” under Item 11 “Executive Compensation”. We expect to hire from time to time more employees, independent consultants, and contractors during the stages of implementing our plans.

## **ITEM 1A. RISK FACTORS**

*An investment in our common stock is speculative and involves a high degree of risk and uncertainty. You should carefully consider the risks described below, together with the other information contained in our reports filed with the SEC, including the consolidated financial statements and notes thereto of our Company before deciding to invest in our common stock. The risks described below are not the only ones facing our Company. Additional risks not presently known to us, or that we presently consider immaterial may also adversely affect our Company. If any of the following risks occur, our business, financial condition and results of operations and the value of our common stock could be materially and adversely affected.*

***Any Development of Our Resources Will Be Subject To Crown Royalties.*** The royalty regime of Alberta is a significant factor in the profitability of oil and natural gas production in Alberta, Canada. Crown royalties are determined by government regulation and are generally calculated as a percentage of the value of the gross production with the royalty rate dependent in part upon prescribed reference prices, well productivity, geographical location, field discovery date and the type and quality of the petroleum product produced. From time to time, the governments of Canada and Alberta have established incentive programs such as royalty rate reductions, royalty holidays, tax credits, and more recently drilling royalty credits and a new well incentive program, which provides a maximum five percent royalty rate for all new wells that begin producing conventional oil and natural gas between April 1, 2009 and March 31, 2011. These incentives are for the purpose of encouraging oil and natural gas exploration or enhanced recovery projects. These incentives generally increase cash flow. Penalties and interest may be charged to us if we fail to remit royalties on our production to the Crown as prescribed in the regulation.

***We Are An Exploration Stage Company Implementing A New Business Plan.*** We are an exploration stage Company with only a limited operating history upon which to base an evaluation of our current business and future prospects, and we have just begun to implement our business plan. Since our inception, we have suffered recurring losses from operations and have been dependent on new investment to sustain our operations. During the years ended September 30, 2009, 2008 and 2007 we reported net losses of \$2,167,343, \$2,796,055 and \$1,435,664 respectively. In addition, our consolidated financial statements for the years ended September 30, 2006 and 2005 contained a “going concern” qualification and we cannot give any assurances that we can achieve profits from any future operations.

***The Successful Implementation Of Our Business Plan Is Subject To Risks Inherent In The Heavy Oil Business.*** Our heavy oil operations are subject to the economic risks typically associated with exploration, development and production activities, including the necessity of significant expenditures to locate and acquire properties and to drill exploratory wells. In addition, the cost and timing of drilling, completing and operating wells is often uncertain. In conducting exploration and development activities, the presence of unanticipated pressure or irregularities in formations, miscalculations or accidents may cause our exploration, development and production activities to be unsuccessful. This could result in a total loss of our investment in a particular property. If exploration efforts are unsuccessful in establishing proven reserves and exploration activities cease, the amounts accumulated as unproven costs will be charged against earnings as impairments. Our exploitation and development of oil and gas reserves depends upon access to the areas where our operations are to be conducted. We conduct a portion of our operations in regions where we are only able to do so on a seasonal basis. Unless the surface is sufficiently frozen, we are unable to access our properties, drill or otherwise conduct our operations as planned. In addition, if the surface thaws earlier than expected, we must cease our operations for the season earlier than planned. Our operations are affected by road bans imposed from time to time during the break-up and thaw period in the Spring. Road bans are also imposed due to spring-break up, heavy rain, mud, rock slides and periods of high water, which can restrict access to our well sites and potential production facility sites. Our inability to access our properties or to conduct our operations as planned will result in a shutdown or slow down of our operations, which will adversely affect our business.

***We Rely On Independent Experts And Technical Or Operational Service Providers Over Whom We May Have Limited Control.*** The success of our business is dependent upon the efforts of various third parties that we do not control. We rely upon various companies to assist us in identifying desirable oil prospects to acquire and to provide us with technical assistance and services. We also rely upon the services of geologists, geophysicists, chemists, engineers and other scientists to explore and analyze oil prospects to determine a method in which the oil prospects may be developed in a cost-effective manner. In addition, we rely upon the owners and operators of oil drilling equipment to drill and develop our prospects to production. Although we have developed relationships with a number of third-party service providers, we cannot assure that we will be able to continue to rely on such persons. If any of these relationships with third-party service providers are terminated or are unavailable on commercially acceptable terms, we may not be able to execute our business plan. Our limited control over the activities and business practices of these third parties, any inability on our part to maintain satisfactory commercial relationships with them or their failure to provide quality services could materially and adversely affect our business, results of operations and financial condition.

***Our Interests Are Held In The Form Of Leases That We May Be Unable To Retain.*** Our Swan Lake property is held under leases and working interests in leases. These leases we are a party to are for a fixed term of 15 years, but contain a provision that allows us to extend the term of the lease so long as we meet the minimum level of evaluation as set out by the Government of Alberta tenure guidelines. If we or the holder of a lease fails to meet the specific requirements of the lease regarding delay or non-payment of rental payments or we or the holder of the lease fail to meet the minimum level of evaluation some or all of our leases may terminate or expire. There can be no assurance that any of the obligations required to maintain each lease will be met. The termination or expiration of our leases or the working interests relating to leases may reduce our opportunity to exploit a given prospect for oil production and thus have a material adverse effect on our business, results of operation and financial condition.

***We Expect Our Operating Expenses To Increase Substantially In The Future And We May Need To Raise Additional Funds.*** We have a history of net losses and expect that our operating expenses will increase substantially over the next 12 months as we continue to implement our business plan. In addition, we may experience a material decrease in liquidity due to unforeseen capital calls or other events and uncertainties. As a result, we may need to raise additional funds, and such funds may not be available on favourable terms, if at all. If we cannot raise funds on acceptable terms, we may not be able to execute on our business plan, take advantage of future opportunities or respond to competitive pressures or unanticipated requirements. This may seriously harm our business, financial condition and results of operations.

***Our Ability To Produce Sufficient Quantities Of Oil From Our Properties May Be Adversely Affected By A Number Of Factors Outside Of Our Control.*** The business of exploring for and producing oil and gas involves a substantial risk of investment loss. Drilling oil wells involves the risk that the wells may be unproductive or that, although productive, the wells may not produce oil in economic quantities. Other hazards such as unusual or unexpected geological formations, pressures, fires, blowouts, loss of circulation of drilling fluids or other conditions may substantially delay or prevent completion of any well. Adverse weather conditions can also hinder drilling operations. A productive well may become uneconomic due to pressure depletion, water encroachment, mechanical difficulties, etc., which impair or prevent the production of oil and/or gas from the well. There can be no assurance that oil will be produced from the properties in which we have interests. Marketability of any oil that we acquire or discover may be influenced by numerous factors beyond our control. The marketability of our production will depend on the proximity of our reserves to and the capacity of, third party facilities and services, including oil and natural gas gathering systems, pipelines, trucking or terminal facilities, and processing facilities. The unavailability or insufficient capacity of these facilities and services could force us to shut-in producing wells, delay the commencement of production, or discontinue development plans for some of our properties, which would adversely affect our financial condition and performance. There may be periods of time when pipeline capacity is inadequate to meet our oil transportation needs. During periods when pipeline capacity is inadequate, we may be forced to reduce production or incur additional expense as existing production is compressed to fit into existing pipelines. Other risk factors include availability of drilling and related equipment, market fluctuations of prices, taxes, royalties, land tenure, allowable production and environmental protection. We cannot predict how these factors may affect our business.

***We Do Not Control All Of Our Operations.*** We do not operate all of our properties and we therefore have limited influence over the testing, drilling and production operations of those properties. Andora currently operates 12 of our 68 oil sections in which we have a working interest. Currently, our Company has a 100% working interest in 15 sections of petroleum and natural gas licenses in the Peace River area of Alberta, Canada, an 80% working interest in 56 contiguous sections of oil sands development leases, and a 40% working interest in an additional 12 contiguous sections of oil sands development leases in the Peace River oil sands area of Alberta, Canada. Our P&NG licenses and oil sands development leases cover 52,505 gross acres (21,248 gross hectares). Our lack of control of the 12 sections Andora currently operates could result in the following:

- Andora might initiate exploration or development on a faster or slower pace than we prefer;
- Andora might propose to drill more wells or build more facilities on a project than we have funds for or that we deem appropriate, which could mean that we are unable to participate in the project or share in the revenues generated by the project;

- If Andora refuses to initiate a project on these 12 sections, we might be unable to pursue the project.

Any of these events could materially reduce the value of those properties affected.

***We Are Party To Some Lawsuits And Will Be Adversely Affected If We Are Found To Be Liable In Connection With Any Legal Proceedings.*** We are party to some lawsuits described in this Form 10-K under the heading “Legal Proceedings”. We intend to vigorously defend ourselves against the claims made in the lawsuits, but we cannot predict the outcome of these proceedings, the commencement or outcome of any future proceedings against us, or whether any such proceeding would lead to monetary damages that would have a material adverse effect on our financial position.

***Aboriginal Peoples May Make Claims Regarding The Lands On Which Our Operations Are Conducted.*** Aboriginal peoples have claimed aboriginal title and rights to a substantial portion of western Canada. Since aboriginal peoples have filed a claim claiming aboriginal title or rights to the lands on which some of our properties are located, and if such a claim is successful, it could have a material adverse effect on our operations.

The ERCB governs our operations in Alberta, Canada and they have implemented a new directive (Directive 056) that the Alberta Government issued its First Nations Consultation Policy on Land Management and Resource Development on May 16, 2005. The ERCB expects that all industry applicants must adhere to this policy and the consultation guidelines. These requirements and expectations apply to the licensing of all new energy developments and all modifications to existing energy developments, as covered in Directive 056. In the policy, the Alberta Government has developed consultation guidelines to address specific questions about how consultation for land management and resource development should occur in relation to specific activities. Prior to filing an application, the applicant must address all questions, objections, and concerns regarding the proposed development project and attempt to resolve them. This includes concerns and objections raised by members of the public, industry, government representatives, First Nations, Métis, and other interested parties. This process can cause significant delays in obtaining a drilling permit for exploration and/or a production well license for both oil and gas.

***Our Operations Are Subject To A Wide Range of Environmental Legislation and Regulation From All Levels Of Government Of Which We Have No Control.*** Environmental legislation imposes, among other things, restrictions, liabilities and obligations in connection with the generation, handling, storage, transportation, treatment and disposal of hazardous substances and waste and in connection with spills, releases and emissions of various substances to the environment. As well, environmental regulations are imposed on the qualities and compositions of the products sold and imported. Environmental legislation also requires that wells, facility sites and other properties associated with our operations be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. In addition, certain types of operations, including exploration and development projects and significant changes to certain existing projects, may require the submission and approval of environmental impact assessments. Compliance with environmental legislation can require significant expenditures and failure to comply with environmental legislation may result in the imposition of fines and penalties and liability for clean up costs and damages. We cannot assure that the costs of complying with environmental legislation in the future will not have a material adverse effect on our financial condition or results of operations. We anticipate that changes in environmental legislation may require, among other things, reductions in emissions to the air from its operations and result in increased capital expenditures. Future changes in environmental legislation could occur and result in stricter standards and enforcement, larger fines and liability, and increased capital expenditures and operating costs, which could have a material adverse effect on our financial condition or results of operations.

***Market Fluctuations In The Prices Of Oil Could Adversely Affect Our Business.*** Prices for oil tend to fluctuate significantly in response to factors beyond our control. These factors include, but are not limited to, the continued threat of war in the Middle East and actions of the Organization of Petroleum Exporting Countries and its maintenance of production constraints, the U.S. economic environment, weather conditions, the availability of alternate fuel sources, transportation interruption, the impact of drilling levels on crude oil and natural gas supply, and the environmental and access issues that could limit future drilling activities for the industry.

Changes in commodity prices may significantly affect our capital resources, liquidity and expected operating results. Price changes directly affect revenues and can indirectly impact expected production by changing the amount of funds available to reinvest in exploration and development activities. Reductions in oil and gas prices not only reduce revenues and profits, but could also reduce the quantities of reserves that are commercially recoverable. Significant declines in prices could result in non-cash charges to earnings due to impairment.

Changes in commodity prices may also significantly affect our ability to estimate the value of producing properties for acquisition and divestiture and often cause disruption in the market for oil producing properties, as buyers and sellers have difficulty agreeing on the value of the properties. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation of projects. We expect that commodity prices will continue to fluctuate significantly in the future.

***Our Stock Price Could Decline.*** Our common stock is traded on the pink sheets. There can be no assurance that an active public market will continue for the common stock or that the market price for the common stock will not decline below its current price. Such price may be influenced by many factors, including but not limited to, investor perception of us and our industry and general

economic and market conditions. The trading price of the common stock could be subject to wide fluctuations in response to announcements of our business developments or our competitors, quarterly variations in operating results, and other events or factors. In addition, stock markets have experienced extreme price volatility in recent years. This volatility has had a substantial effect on the market prices of companies, at times for reasons unrelated to their operating performance. Such broad market fluctuations may adversely affect the price of our common stock. Our stock price may decline as a result of future sales of our shares or the perception that such sales may occur.

***We Could Be Subject to SEC Penalties If We Do Not File All Of Our SEC Reports.*** Although we are presently up to date in our filings, in the past we have not filed all of our annual and quarterly reports, required to be filed by us with the SEC, in a timely manner. It is possible that the SEC could take enforcement action, including potentially the de-registration of our securities, against us, if we fail to file our annual and quarterly reports in a timely manner as required by the SEC. If the SEC were to take any such actions, it could adversely affect the liquidity of trading in our common stock and the amount of information about our Company that is publicly available.

***Broker-Dealers Are Not Permitted To Solicit Trades In Our Common Stock.*** Our common stock is considered to be a “penny stock” because it meets one or more of the definitions in the Exchange Act Rule 3a51-1. The principal result or effect of being designated a “penny stock” is that securities broker-dealers cannot recommend the stock and may only trade in it on an unsolicited basis.

***Risks Related to Broker-Dealer Requirements Involving Penny Stocks / Risks Affecting Trading and Liquidity.*** Section 15(g) of the Securities Exchange Act of 1934, as amended, and Rule 15g-2 promulgated thereunder by the Commission require broker-dealers dealing in penny stocks to provide potential investors with a document disclosing the risks of penny stocks and to obtain a manually signed and dated written receipt of the document before effecting any transaction in a penny stock for the investor’s account. These rules may have the effect of reducing the level of trading activity in the secondary market, if and when one develops.

Potential investors in our common stock are urged to obtain and read such disclosure carefully before purchasing any shares that are deemed to be “penny stock.” Moreover, Commission Rule 15g-9 requires broker-dealers in penny stocks to approve the account of any investor for transactions in such stocks before selling any penny stock to that investor. This procedure requires the broker-dealer to (i) obtain from the investor information concerning his or her financial situation, investment experience and investment objectives; (ii) reasonably determine, based on that information, that transactions in penny stocks are suitable for the investor and that the investor has sufficient knowledge and experience as to be reasonably capable of evaluating the risks of penny stock transactions; (iii) provide the investor with a written statement setting forth the basis on which the broker-dealer made the determination in (ii) above; and (iv) receive a signed and dated copy of such statement from the investor, confirming that it accurately reflects the investor’s financial situation, investment experience and investment objectives. Pursuant to the Penny Stock Reform Act of 1990, broker-dealers are further obligated to provide customers with monthly account statements. Compliance with the foregoing requirements may make it more difficult for investors in our stock to resell their shares to third parties or to otherwise dispose of them in the market or otherwise.

## **ITEM 2. PROPERTIES**

### **Office Leases**

We lease and maintain office space in Edmonton, Alberta for corporate and administrative operations, the lease expires on December 31, 2014. We also lease and maintain office space in Calgary, Alberta for exploration operations; the lease expires on November 30, 2012.

### **Oil and Gas Properties**

#### ***Acreage***

Currently we own an 80% working interest in 56 contiguous sections of oil sands development leases, a 40% working interest in 12 sections of oil sands development leases and a 100% working interest in 15 sections of petroleum and natural gas licenses in the Peace River oil sands area in North Central Alberta. The oil sands leases and petroleum and natural gas licenses cover 52,505 gross acres (21,248 gross hectares). Of the 68 contiguous sections of oil sands development leases, Andora is the operator of 12 sections where we have a 40% working interest in and we are the operator on 56 sections where we have an 80% working interest.

On April 2, 2008, we participated in a public offering of Crown Petroleum and Natural Gas Rights held by the Alberta Department of Energy, in which we successfully bid on 1 petroleum and natural gas license covering 3,796 gross acres (1,536 gross hectares) for a total of 6 sections in the Ochre area. We acquired an undivided 100% working interest in these 6 sections located in the Peace River oil sands area of Alberta, approximately 14 miles west of our Sawn Lake properties.



In conjunction with our 2008/2009 winter drilling program, and effective December 1, 2008, we acquired existing road infrastructure from Paramount Resources Ltd. (“Paramount”) through a transfer of title of 6 Paramount P&NG properties to us. These 6 P&NG properties, of which 2 were expected to immediately expire and 4 are expected to expire within 6 months, cover 11,387 gross acres (4,608 gross hectares) of which 3,796 gross acres (1,536 gross hectares) overlay our Sawn Lake oil sands leases. These properties included the transfer of 7 mineral surface leases (proposed well sites or “MSLs”) and 4 licenses of occupation (access roads or “LOCs”) totalling 12 km of roads that were transferred to us, along with 2 vertical wells 1 of which is located on our Sawn Lake oil sands lease and the other located approximately 2.5 miles north of our Sawn Lake oil sands lease.

Effective February 1, 2009, we also acquired from Penn West Petroleum Ltd. an LOC that totalled 8.7 km of an existing road on our Sawn Lake property.

On April 30, 2009, the Alberta Department of Energy approved our application to convert 5 sections of our oil sands permit to a 15-year primary lease. By drilling on these lands, where the permits were set to expire, we have preserved title to 5 sections and now have a primary lease, which is valid for an additional 15 years.

The following table summarizes our gross and net developed and undeveloped oil and natural gas rights under lease as of September 30, 2009.

**OIL AND NATURAL GAS RIGHTS as of September 30, 2009**

	<b>Gross Hectares</b>	<b>Net Hectares</b>	<b>Gross Acres</b>	<b>Net Acres</b>
<b>Oil Sands Developed Acreage</b>				
Sawn Lake – Peace River oil sands area, Alberta, Canada	None	None	None	None
Total	None	None	None	None
<b>Oil Sands Undeveloped Acreage</b>				
Sawn Lake – Peace River oil sands area, Alberta, Canada				
56 sections <sup>(1)</sup>	14,336	11,469	35,425	28,340
12 sections <sup>(2)</sup>	3,072	1,229	7,591	3,036
Total	17,408	12,698	43,016	31,376
<b>Petroleum and Natural Gas License Developed Acreage</b>				
Alberta, Canada	None	None	None	None
Total	None	None	None	None
<b>Petroleum and Natural Gas License Undeveloped Acreage</b>				
Sawn Lake – within the Peace River oil sands, Alberta, Canada				
9 sections <sup>(3)</sup>	2,304	2,304	5,693	5,693
Ochre – within the Peace River oil sands Area, Alberta, Canada				
6 sections <sup>(3)</sup>	1,536	1,536	3,796	3,796
Total	3,840	3,840	9,489	9,489
<b>TOTAL HECTARES/ACREAGE</b>	<b>21,248</b>	<b>16,538</b>	<b>52,505</b>	<b>40,865</b>
<sup>(1)</sup> 80% working interest.				
<sup>(2)</sup> 40% working interest.				
<sup>(3)</sup> 100% working interest.				

A developed acre is considered to mean those acres spaced or assignable to productive wells; a gross acre is an acre in which a working interest is owned, and a net acre is the result that is obtained when fractional ownership working interest is multiplied by gross acres. The number of net acres is the sum of the fractional working interests owned in gross acres expressed as whole numbers and fractions thereof.

Undeveloped acreage is considered to be those lease acres on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of oil or natural gas, regardless of whether or not that acreage contains proven reserves, but does not include undrilled acreage held by production under the terms of a lease. As is customary in the oil and gas industry, we can generally retain our interest in undeveloped acreage by drilling activity that establishes commercial production sufficient to maintain the leases or by paying delay rentals during the remaining primary term of such a lease. The oil and natural gas leases in which we have an interest are for varying primary terms, and if production continues from our developed lease acreage beyond the primary term, we are entitled to hold the lease for as long as oil or natural gas is produced.

***Reserves, Production and Delivery Commitments***

In August 2004, Northern commenced oil and gas exploration activities with the first well being drilled on the project in September 2005. We did not engage in any sustained production activities during the years ending September 30, 2009, 2008, 2007, 2006 and 2005, nor did we have any proven or probable reserves at the end of such periods and thus were not required to provide any of the production data required by Statement of Financial Accounting Standards No. 69. We do not have any obligations under existing delivery commitment contracts or agreements calling for the provision of fixed and determinable quantities of oil and gas over the next three years, and have therefore not filed any information or reports with any federal authority or agency containing estimates of total, proven developed or undeveloped net oil or gas reserves.

### *Drilling Activity*

The following tables summarize the results of our drilling activities during the years ended September 30, 2009, 2008, 2007, 2006 and 2005.

<b>Exploratory Wells year ended September 30</b>	<b>2009</b>		<b>2008</b>		<b>2007</b>		<b>2006</b>		<b>2005</b>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
Gas	-	-	-	-	-	-	-	-	-	-
Oil	-	-	-	-	-	-	-	-	-	-
Oil/Gas	-	-	-	-	-	-	-	-	-	-
Evaluating	-	-	-	-	-	-	-	-	-	-
Drilling at end of year	-	-	-	-	-	-	-	-	-	-
Suspended	-	-	-	-	-	-	-	-	-	-
Abandoned	-	-	-	-	-	-	-	-	-	-
<b>Total Exploratory Wells</b>	-	-	-	-	-	-	-	-	-	-

<b>Development Wells year ended September 30</b>	<b>2009</b>		<b>2008</b>		<b>2007</b>		<b>2006</b>		<b>2005</b>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
Gas	-	-	-	-	-	-	-	-	-	-
Oil	-	-	-	-	-	-	-	-	-	-
Oil/Gas	-	-	-	-	-	-	-	-	-	-
Evaluating	-	-	-	-	-	-	-	-	-	-
Drilling at end of year	-	-	-	-	-	-	-	-	-	-
Suspended	<b>7</b>	<b>4.8**</b>	-	-	-	-	<b>2</b>	<b>0.8*</b>	<b>1</b>	<b>0.4*</b>
Abandoned	<b>1</b>	<b>0.8**</b>	-	-	-	-	-	-	-	-
<b>Total Development Wells</b>	<b>8</b>	<b>5.6</b>	-	-	-	-	<b>2</b>	<b>0.8</b>	<b>1</b>	<b>0.4</b>

\*40% working interest

\*\*80% working interest

### *Present Activities*

We successfully completed our 2008/2009 winter drilling program and met our objectives by drilling 6 wells, 3 of which were drilled on our oil sands permit in order to provide technical data to support the required Department of Energy regulation to convert our 5-year oil sands permit into a 15-year primary lease. In addition, three wells were drilled further to the North of the above-mentioned 3 wells and the 3 horizontal wells previously drilled by our former Farmout partner, Signet. Signet subsequently merged with 1350826 Alberta Ltd. a wholly owned subsidiary of Andora Energy Corporation (hereinafter referred to as "Andora"). Andora is a private company approximately 53% owned by Pan Orient Energy Corp. We own approximately 4% of Andora's issued and outstanding shares. These three northern wells, drilled by us, continued the delineation of the main reservoir trend and confirmed that the main reservoir continues north. We are evaluating the many options for production now available to us to decide the best course of action. Drilling on these 80% owned lands has opened new avenues for testing and further development of the Sawn Lake project. On the 12 sections of the jointly held lands, in which we have a 40% working interest, our Company is exploring different plans of action with Andora, the operator of these 12 sections. The focus of our Company's drilling program is to define the heavy oil reservoir to establish reserves and to determine the best technology under which oil can be produced from the Sawn Lake project in order to initiate production and generate a cash flow.

We are currently in the process of evaluating various enhanced recovery technologies for a test well project located on our Sawn Lake oil sands property, which is subject to regulatory approval, Board of Directors approval, financing, successful reservoir evaluation and modeling, and other risks associated with the oil sands industry.

On December 1, 2008, we acquired from Paramount 2 wells they previously drilled. Of the 2 wells, one was drilled to a vertical depth of 737 meters on our existing oil sands lease and was cased for bluesky heavy oil production. The casing of this well was perforated at intervals from 681.5m to 684.5m and 684.5m to 685.0m. This well's status is drilled and cased for future bitumen production.

On December 4, 2008, as operator, we successfully spudded the first well of six wells to be drilled in our 2008/2009 winter drilling program. This well is located at 12-14-092-13W5 in North Central Alberta and was drilled to a vertical depth of 680 meters. The well was logged, cased, and completed for bluesky heavy oil production, with perforated intervals from 644.5m to 649.5m. We have recently submitted an application with the Energy Resources Conservation Board for a commercial bitumen recovery scheme to evaluate the 12-14-092-13W5 well for potential development using Cyclic Steam Stimulation. Currently this application is pending.

On December 15, 2008, as operator, we successfully spudded the second well of our six well 2008/2009 winter drilling program. This well is located at 9-16-092-13W5 in North Central Alberta and was drilled to a vertical depth of 680 meters. The well was logged, cased, and completed for bluesky heavy oil production, with perforated intervals from 638.5m to 643.5m. This well is currently being tested.

On January 8, 2009, as operator, we successfully spudded the third well of our six well 2008/2009 winter drilling program. This well is located at 10-33-091-13W5 in North Central Alberta and was drilled to a vertical depth of 708 meters. This well determined the south western edge of the Bluesky reservoir of our Sawn Lake Project. As a consequence, we have let 1.5 sections of our lands revert back to the Alberta Government.

On January 16, 2009, as operator, we successfully spudded the fourth well of our six well 2008/2009 winter drilling program. This well is located at 7-5-092-13W5 in North Central Alberta and was drilled to a vertical depth of 718 meters. The well was logged and cased for bluesky heavy oil production, and is pending further evaluation and the development of an exploitation plan with our joint interest partners.

On January 25, 2009, as operator, we successfully spudded the fifth well of our six well 2008/2009 winter drilling program. This well is located at 8-4-092-13W5 in North Central Alberta and was drilled to a vertical depth of 725 meters. The well was logged and cased for bluesky heavy oil production, and is pending further evaluation and the development of an exploitation plan with our joint interest partners.

On February 2, 2009, as operator, we successfully spudded the sixth well of our six well 2008/2009 winter drilling program. This well is located at 6-22-092-13W5 in North Central Alberta and was drilled to a vertical depth of 660 meters. The well was logged and cased for bluesky heavy oil production, and is pending further evaluation and the development of an exploitation plan with our joint interest partners.

### ***Past Activities***

A total of three horizontal wells were drilled by Signet, our former farmout partner, on the Sawn Lake Property during 2005 and 2006 and a fourth location was prepared for drilling.

The 1<sup>st</sup> test well drilled under the Farmout Agreement (at surface location 1-36-091-13W5) was successfully drilled and cased in late October of 2005. This horizontal well was drilled to a total length of 1,583 meters with a vertical depth of 752 meters within the Bluesky oil sands zone. Currently this well is pending further evaluation and the development of an exploitation plan with our joint interest partners.

The 2<sup>nd</sup> well drilled under the Farmout Agreement (at surface location 4-32-091-12W5) began drilling on August 13, 2006. This was the first of three additional wells that Signet was to drill in accordance with the Farmout Agreement in the Bluesky Formation of the Sawn Lake area. This horizontal well was successfully drilled and cased in August 2006 to a total length of 1,461 meters with a vertical depth of 668 meters within the Bluesky oil sands zone. Subsequent to the drilling and logging operations, tubing was run in preparation for potential Bluesky oil production. Currently this well is pending further evaluation and the development of an exploitation plan with our joint interest partners.

The 3<sup>rd</sup> well drilled under the Farmout Agreement (at surface location 7-30-091-12W5) began drilling on August 31, 2006. This was the second of three additional wells that Signet was to drill in accordance with the Farmout Agreement in the Bluesky Formation of the Sawn Lake area. This horizontal well was successfully drilled and cased in September 2006 to a total length of 1,437 meters with a vertical depth of 654 meters within the Bluesky oil sands zone. Currently this well is pending further evaluation and the development of an exploitation plan with our joint interest partners.

The proposed 4<sup>th</sup> well to be drilled under the Farmout Agreement (at surface location 13-29-091-12W5) was not drilled since it was determined by Signet, our former farmout partner, that it would not provide any additional geological information in its delineation of the Sawn Lake Reservoir beyond that of the two recently drilled wells in the same vicinity.

In December 2006, we notified Signet that we were disputing Signet earning an additional 12 sections, as a result of drilling the 4-32 and 7-30 wells, because Signet failed to properly complete the wells by not conducting the production testing as reasonably required under the Farmout Agreement. The Farmout Agreement states that the sustained production test must be of sufficient

duration to establish to the Farmor's (therefore Deep Well's) reasonable satisfaction the initial productivity of the earning well. Signet's view was that it had earned the 12 sections pursuant to the terms of the Farmout Agreement. These 12 sections are subject to selection in accordance with the provisions of the Farmout Agreement. On November 26, 2007, we entered into mediation with Signet and Andora Energy Corporation and resolved our differences on this and certain collateral matters. The settlement included, but was not limited to:

- the Farmout Agreement dated February 25, 2005, being effectively terminated concurrently with the execution of the settlement agreement; and
- Signet being regarded as having earned the two sections on which the option wells were drilled and 4 additional sections as set out in the Settlement; and
- Signet being required to reconvey registered title to 57.5 unearned sections of the Farmout Lands, as defined in the Farmout Agreement, back to us; and
- our Company having the right to retest, at no cost to Signet, the option wells previously drilled.

### **ITEM 3. LEGAL PROCEEDINGS**

#### **I.G.M. Resources Corp. vs. Deep Well Oil & Gas, Inc., et al**

On March 10, 2005, I.G.M. Resources Corp. (hereinafter referred to as "IGM") filed against Classic Energy Inc., 979708 Alberta Ltd. (hereinafter referred to as "979708"), Deep Well Oil & Gas, Inc., Nearshore Petroleum Corporation, Steven P. Gawne, Rebekah Gawne, Gawne Family Trust, 1089144 Alberta Ltd., John F. Brown, Diane Lynn McClafin, Cassandra Doreen Brown, Elissa Alexandra Brown, Brown Family Trust, Priority Exploration Ltd., Northern Alberta Oil Ltd. and Gordon Skulmoski (the "Defendants") a Statement of Claim in the Court of Queen's Bench of Alberta Judicial District of Calgary. This suit is part of a series of lawsuits or actions undertaken by IGM against some of the other above-named Defendants.

IGM was and still is a minority shareholder of 979708. 979708 was purportedly in the business of discovering, assembling and acquiring oil & gas prospects. In 2002 and 2003, 979708 acquired oil and gas prospects in the Sawn Lake area of Alberta. On or about the 14<sup>th</sup> of July 2003, all or substantially all the assets of 979708 were sold to Classic Energy Inc. IGM claims the value of the assets sold was far in excess of the value paid for those assets. On April 23, 2004, Northern purchased some of Classic Energy Inc.'s assets, some of which are under dispute by IGM. On June 7, 2005, Deep Well acquired all of the common shares of Northern thereby giving Deep Well an indirect beneficial interest in the assets IGM is claiming an interest in.

IGM seeks an order setting aside the transaction and returning the assets to 979708, compensation in the amount of \$15,000,000 Cdn, and a declaration of trust declaring that Northern and Deep Well hold all of the assets acquired from 979708 and any property acquired by use of such assets or confidential information of 979708, in trust for IGM.

This lawsuit has been stayed pending the outcome of the other litigation by IGM against some of the above defendants other than Deep Well and Northern. The Company believes the claims are without merit and will vigorously defend against them. As of September 30, 2009, no contingent liability has been recorded as a successful outcome for the Plaintiff is unlikely.

#### **Hardie & Kelly vs. Brown, et al**

On June 2, 2006, Hardie and Kelly (the "Plaintiff"), Trustee of the Estate of John Forbes Brown, filed against John Forbes Brown, a bankrupt, Diane Lynn McClafin, 1089144 Alberta Ltd., and Deep Well (the "Defendants") an Amended Statement of Claim filed in the Court of Queen's Bench of Alberta Judicial District of Calgary. John Forbes Brown was a former officer and then sub-contractor of Deep Well before and at the time he was assigned into bankruptcy on July 12, 2004. The Plaintiff claims, in addition to other issues unrelated to Deep Well, that John Forbes Brown received 4,812,500 Deep Well shares as a result of his employment in Deep Well and that John Forbes Brown improperly assigned these shares to the numbered company as a ruse entered into on the eve of insolvency by John Forbes Brown in order to facilitate the hiding of assets from his creditors and the trustee of his bankruptcy. The Plaintiff further claims that on August 23, 2004, John Forbes Brown advised the Plaintiff that he in fact owned the above shares and did not disclose this ownership in his filed bankruptcy statement of affairs.

The Plaintiff further claims that John Forbes Brown would lodge the said shares with his lawyer until such time as these shares could be transferred to the Plaintiff. The Plaintiff further claims that unbeknownst to them John Forbes Brown surreptitiously removed the shares from his lawyer's office and delivered them to Deep Well so that Deep Well could cancel them. The Plaintiff claims that Deep Well conspired with John Forbes Brown to defraud the creditors of John Forbes Brown by taking receipt and canceling the said shares. The Plaintiff claims that consideration paid by Deep Well for the said shares was invested in the home owned by John Forbes Brown and his wife. The Plaintiff seeks: 1.) An accounting of the proceeds and benefits derived by the dealings of the shares; 2.) The home owned by John Forbes Brown and his wife, to be held in trust on behalf of the Plaintiff and an accounting of proceeds related to this trust; 3.) Damages from the Defendants because of their actions; 4.) A judgment for \$15,612,645 Cdn; 5.) An order to sell John Forbes Brown's home; and 6.) Interest and costs.

We plan to vigorously defend ourselves against the Plaintiff's claims. As at September 30, 2009, no contingent liability has been recorded as a successful outcome for the Plaintiff is unlikely.

**Menno Wiebe and Jacobean Resource International vs. Deep Well Oil & Gas, Inc., et al - DISMISSED**

On October 23, 2006, Menno Wiebe and Jacobean Resources International served Deep Well, Doe individuals and Roe Corporations with a Complaint and Summons filed in the United States of America, District Court of Clark County, Nevada. The Complaint alleged a breach of contract in which the Plaintiffs were seeking monetary damages in excess of \$10,000 plus an order directing Defendants to issue 56,500 shares of Deep Well stock to Plaintiffs. Mr. Menno Wiebe served as Director and Chief Operating Officer of Deep Well from July 6, 2004 until June 29, 2005. Mr. Wiebe claimed he was the Chief Operating Officer until October 2005.

On October 21, 2008, the District Court of Clark County, Nevada, filed an Order of Dismissal without Prejudice, upon its own motion dismissing the complaint.

**Deep Well Oil & Gas, Inc. vs. Tamm Oil and Gas Corp., et. al. - SETTLED**

On April 4, 2008, our Company commenced a lawsuit in the United States District Court for the District of Nevada against Tamm Oil and Gas Corp. (hereinafter referred to as "Tamm") after attempting to clarify Tamm's position and rectify Tamm's violations. Our Company alleges that: Tamm engaged in an unlawful tender offer for our Company's shares, violated United States federal and Nevada state law in connection with the tender offer, made public statements about our Company and activities related to our Company and our operations that are false and misleading, and made statements of purported ownership of our shares of common stock that are false and misleading. On August 22, 2008, our Company filed a First Amended Complaint in the lawsuit adding the following additional parties as defendants: Garry Tighe, William Tighe, Craig Auringer, Sean Dickenson, John Muzzin, Guido Hilekes, Peter Schriber, Olaf Herr, Arthur Sulzer, LB (Swiss) Private Bank Ltd., and Rahn & Bodmer Banquiers. The First Amended Complaint also added a civil conspiracy claim. The First Amended Complaint seeks:

- 1.) injunctive relief to include and not be limited to a permanent injunction:
  - a.) that requires defendants issue appropriate disclosures and retract false and misleading statements concerning Deep Well in their prior representations through SEC filings, press releases, and all other appropriate means;
  - b.) that prohibits defendants from exercising the voting rights or any other rights granted through ownership of Deep Well shares on any shares acquired pursuant to their unlawful tender offer(s) for Deep Well shares, attempting otherwise to influence or control Deep Well or its management;
  - c.) that prohibits defendants from transferring their Deep Well shares and/or accepting transfer of any Deep Well shares acquired through their tender offer(s) for Deep Well shares;
  - d.) that prohibits defendants from acquiring any additional Deep Well shares and/or taking any other actions in furtherance of their tender offer(s) for Deep Well shares;
  - e.) that prohibits defendants from further conducting the tender offer alleged in the First Amended Complaint;
  - f.) that prohibits defendants from issuing any false, misleading or derogatory statements about Deep Well, relating to their investments in Deep Well, relating to their acquisition of Deep Well shares or relating to their control of any Deep Well assets;
  - g.) that requires that the transactions through which defendants acquired Deep Well shares pursuant to the tender offer(s) for Deep Well shares be completely rescinded and unwound and that any transfers made pursuant to those acquisitions be reversed;
  - h.) that requires defendants to comply with legal requirements in the making of any future tender offer or otherwise acquiring Deep Well shares;
- 2.) damages and/or treble damages in an amount to be established at trial;
- 3.) attorneys' fees and costs; and
- 4.) all such other further relief as the Court deems just and equitable.

On September 14, 2009 and effective September 1, 2009, Deep Well and Tamm, Garry Tighe, William Tighe, Sean Dickenson, John Muzzin, Guido Hilekes, Peter Schriber, Olaf Herr, Arthur Sulzer, LB (Swiss) Private Bank, Ltd. and Rahn & Bodmer Co. (collectively, the "TAMM Parties") entered into a full settlement and release with all of the defendants in *Deep Well Oil & Gas, Inc. v. Tamm Oil & Gas Corp., et. al.* (D. Nev., Case No. 3:08-cv-00173-ECR-RAM) in the United States District Court, District of Nevada. The settlement provides that we be granted an option (the "Option") to purchase Tamm's interest in the Royalty Agreement between Mikwec Energy Canada, Ltd. and Nearshore Petroleum Corporation. The Option price shall be determined by an independent appraisal of the fair market value of Tamm's interest in the Royalty Agreement, and shall reflect a \$400,000 reduction from the determined fair market value.

Further, if we decide to exercise this Option we can pay for part of the Option by way of a promissory note, the terms of which will be determined. The settlement also provides that for the term of the promissory note Tamm may designate a director to our Company's board of directors, and that Tamm's designee shall thereafter be included in our Company's slate of director nominees for any stockholder election of directors, until such time as our Company repays the debt it owes on the promissory note related to the Option. A Stipulated Judgment of Dismissal of the case was filed on September 15, 2009 and entered by the court on the same day. We have subsequently added Mr. Donald Hryhor to our Board of Directors.

**Northern Alberta Oil Ltd. vs. 1132559 Alberta Ltd.**

On June 27, 2008, our subsidiary, Northern Alberta Oil Ltd., filed a Statement of Claim in the Court of Queen's Bench of Alberta Judicial District of Edmonton against 1132559 Alberta Ltd. (hereinafter referred to as "113"). The plaintiff claims that the defendants have not paid their share of the incurred operating costs for the Sawn Lake project. The plaintiff further claims that they paid the operating expenses required on behalf of the defendants and invoiced the defendants for the amounts and that the defendants refused or neglected to reimburse their proportionate share of the operating costs. The plaintiff seeks: 1.) Payment in full of \$74,470.71 in Canadian funds for the amounts invoiced to the defendants; 2.) Interest pursuant to section 106 of the PASC ("Petroleum Accountants Society of Canada") 1996 Accounting Procedure; and 3.) Costs of the action.

**ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

There was no matter submitted during the fiscal year ending September 30, 2009 covered by this report to a vote of security holders, through the solicitation of proxies or otherwise.

## PART II

### ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The common stock of the Predecessor Company of Deep Well was originally listed on NASDAQ as of November 17, 1994, however the Predecessor Company no longer met listing criteria for NASDAQ and its common stock was delisted to the OTC Bulletin Board on September 16, 2002. Subsequent to this delisting, the Predecessor Company did not, on a timely basis, file a Form 10-Q for the quarter ended December 31, 2002 and accordingly, its stock was delisted to the Pink Sheets on March 25, 2003.

#### Market Price Information for Common Stock

Deep Well's stock is currently quoted on the pink sheets under the trading symbol DWOG. The following table sets forth the high and low sales prices for Deep Well common stock as reported on the pink sheets for the periods indicated below. These quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions:

	High	Low
Fiscal 2006		
First Quarter	\$ 1.31	\$ 0.37
Second Quarter	\$ 2.98	\$ 1.15
Third Quarter	\$ 2.85	\$ 1.45
Fourth Quarter	\$ 1.76	\$ 0.57
Fiscal 2007		
First Quarter	\$ 0.66	\$ 0.33
Second Quarter	\$ 0.56	\$ 0.23
Third Quarter	\$ 1.05	\$ 0.35
Fourth Quarter	\$ 0.84	\$ 0.45
Fiscal 2008		
First Quarter	\$ 0.58	\$ 0.45
Second Quarter	\$ 0.63	\$ 0.31
Third Quarter	\$ 0.73	\$ 0.42
Fourth Quarter	\$ 0.58	\$ 0.20
Fiscal 2009		
First Quarter	\$ 0.39	\$ 0.13
Second Quarter	\$ 0.29	\$ 0.14
Third Quarter	\$ 0.19	\$ 0.14
Fourth Quarter	\$ 0.20	\$ 0.13
Fiscal 2010		
First Quarter	\$ 0.18	\$ 0.11

#### Holders of Record

As of January 7, 2010, we had approximately 169 holders of record of our shares of common stock. Our Company estimates that investment dealers and other nominees are the record holders for approximately 2,713 beneficial holders.

#### Dividends

We have not paid cash dividends since inception. We intend to retain all of our earnings, if any, for use in our business and do not anticipate paying any cash dividends in the foreseeable future. The payment of any future dividends will be at the discretion of the Board of Directors and will depend upon a number of factors, including future earnings, the success of our business activities, capital requirements, the general financial condition and our future prospects, general business conditions and such other factors as the Board of Directors may deem relevant.

## Equity Compensation Plan Information

The following table provides information as of September 30, 2009 with respect to shares of Deep Well's common stock that may be issued under our existing equity compensation plans.

<b>Equity Compensation Plan Category</b>	<b>(a) Number of Securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>(b) Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>(c) Number of Securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
Equity compensation plans approved by security holders	None	None	None
Equity compensation plans not approved by security holders	3,378,500	\$0.69	7,298,926*
<b>Total</b>	<b>3,378,500</b>	<b>\$0.69</b>	<b>7,298,926*</b>

\* Based on 106,774,258 issued and outstanding shares as at September 30, 2009. The maximum number of common shares that may be reserved for issuance under the Stock Option Plan may not exceed 10% of our Company's issued and outstanding common shares.

### ***Stock Option Plan***

On November 28, 2005, our Board of Directors adopted the Deep Well Oil & Gas, Inc. Stock Option Plan. The Stock Option Plan, which is administered by the Board, permits options to acquire shares of Deep Well's common stock to be granted to our directors, senior officers and employees, as well as certain consultants and other persons providing services to our Company. This Stock Option Plan was adopted to provide an incentive to the retention of our directors, officers and employees as well as consultants that we may wish to retain in the future. The maximum number of common shares that may be reserved for issuance under the Stock Option Plan may not exceed 10% of our issued and outstanding common shares, subject to adjustment as contemplated by the Stock Option Plan. On November 28, 2005, the Board granted 375,000 options to acquire common shares vested over three years to each director of Deep Well and granted 187,500 options to acquire common shares to a director of a subsidiary of Deep Well. The exercise price of such options is \$0.71 per share. In each case, the vesting of such director options will occur only if the holder of the options continues to provide services to us during the immediate annual period preceding the relevant vesting date. The options will terminate at the close of business five years from the date of grant. In addition, on November 28, 2005, the Board granted 390,000 options to acquire common shares vested over three years to certain corporations providing consulting services to us. Each of such consultants is wholly owned by directors of our Company. The exercise price of such options is \$0.71 per share. In each case, the vesting of such consultant options will occur only if the holder of the options continues to provide services to us on the relevant vesting date. The options will terminate at the close of business five years from the date of grant. No option granted under the Stock Option Plan may be exercised until the Stock Option Plan has been approved and ratified by the holders of a majority of the voting stock of our Company at a shareholders' meeting or by a properly executed consent resolution of said majority shareholders.

On September 28, 2007, our Board of Directors granted options under the stock option plan to a certain employee to acquire 36,000 common shares of our Company at the exercise price of \$0.47 per common share, of which 8,000 shall be vested immediately and 28,000 shall be vested at a rate of 2,000 common shares per month commencing September 30, 2007, so long as the employee continues to provide employment services on such vesting dates.

On October 1, 2007, we entered into a Consulting Agreement, effective September 20, 2007, with R.N. Dell Energy Ltd. (hereinafter referred to as "Contractor"). On September 28, 2007, under the terms of the Consulting Agreement, our Board of Directors granted options to the Contractor to acquire 240,000 common shares of our Company at the exercise price of \$0.47 per common share (being the closing price as of the day before the effective date) which shall be vested at a rate of 20,000 common shares per month commencing October 31, 2007, so long as the Contractor continues to provide consulting services on such vesting dates.

### **Performance Graph**

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and therefore are not required to provide the information required under this item.



## Sales of Unregistered Securities

On April 4, 2007, pursuant to an option agreement our Company entered into on June 7, 2005, our Company issued 180,000 Deep Well common shares in exchange for 5,400,000 of the outstanding preferred shares of Northern. The common shares were issued pursuant to Section 4(2) of the Securities Act of 1933, as amended. As a result of this and other exercised option agreements, Northern became a 100% wholly owned subsidiary of our Company. As of April 4, 2007 all of the holders of such preferred shares of Northern have exercised their options in exchange for restricted shares of common stock of Deep Well. In accordance with the terms and conditions of the Agreements, Deep Well has now completed the acquisition of 100% of the preferred shares of Northern in exchange for 12,975,000 shares of common stock of Deep Well. The shares of common stock of Deep Well issued in exchange for the Northern preferred shares were issued pursuant to Section 4(2) of the Securities Act of 1933, as amended.

On May 25, 2007, pursuant to subscription agreements, our Company completed a private placement of 5,000,000 units at a price of \$0.40 per unit for gross proceeds of \$2,000,000. Each unit consisted of one common share and one common share purchase warrant, with each warrant entitling its holder to acquire one share of our common stock at a price of \$0.60 per share. The exercise price of the warrants will be adjusted from time to time upon the occurrence of certain events, as provided in the warrants. The warrants expire on May 25, 2010. In connection with the private placement a finder's fee of \$150,000 was paid, resulting in total net proceeds to our Company from the private placement of \$1,850,000. The units were issued pursuant to Regulation S under the 1933 Act.

On June 22, 2007, pursuant to subscription agreements, our Company completed a private placement of 8,333,333 units at a price of \$0.60 per unit for \$5,000,000. Each unit consisted of one common share and one common share purchase warrant and another twelve one-hundredths common share purchase warrant ("Special Warrant"). Each warrant entitles the holder to purchase one additional common share at a price of \$0.90 per common share for a period of three years from the date of closing. Each Special Warrant entitles the holder to purchase a common share at a price of \$1.20 for a period of five years from the date of closing. The exercise price of the warrants and the Special Warrants will be adjusted from time to time upon the occurrence of certain events, as provided in the warrants and Special Warrants. The warrants expire on June 22, 2010, and the Special Warrants expire on June 22, 2012. In connection with the private placement a finder's fee of \$300,000 was paid, resulting in total net proceeds to our Company from the private placement of \$4,700,000. The units were issued pursuant to Regulation S under the 1933 Act.

On July 11, 2007, pursuant to subscription agreements, our Company completed a private placement of 323,333 units at a price of \$0.60 per unit for \$194,000. Each unit consisted of one common share and one common share purchase warrant and another twelve one-hundredths common share purchase warrant ("Special Warrant"). Each warrant entitles the holder to purchase one additional common share at a price of \$0.90 per common share for a period of three years from the date of closing. Each Special Warrant entitles the holder to purchase a common share at a price of \$1.20 for a period of five years from the date of closing. The exercise price of the warrants and the Special Warrants will be adjusted from time to time upon the occurrence of certain events, as provided in the warrants and Special Warrants. The warrants expire on July 11, 2010, and the Special Warrants expire on 11, 2012. In connection with the private placement a finder's fee of \$9,700 was paid, resulting in total net proceeds to our Company from the private placement of \$184,300. The units were issued pursuant to Regulation S under the 1933 Act.

In September 2007, our Company issued an adjustment to three existing warrant holders. The original warrants, dated March 10, 2005, contained a price adjustment in the event that our Company sold, issued or granted additional shares of its common stock at a price per share less than the exercise price of the warrants. In the event of a price adjustment, the number of shares exercisable under the warrant would also increase. Therefore, the exercise price of the original warrant has been adjusted from \$0.50 to \$0.40 per common share. Our Company has granted the warrant holders new warrants to purchase an additional 196,875 common shares for a total of 984,375 shares of our Company's common stock at an adjusted exercise price of \$0.40 per share under the same terms as the original warrant. The warrants were issued pursuant to Section 4(2) of the 1933 Act.

On August 14, 2008, pursuant to a subscription agreement, our Company completed a private placement to one investor, the first tranche being 10,638,297 units at a price of \$0.47 per unit, for total gross proceeds of \$5,000,000. Each unit is comprised of one common share, one common share purchase warrant ("Whole Warrant") and 0.188000015 of one common share purchase warrant ("Additional Fractional Warrant"). Each Whole Warrant entitles the holder to purchase one common share at a price of \$0.71 per common share for a period of three years from the date of closing. Each Additional Fractional Warrant entitles the holder to purchase 0.188000015 of one common share at a price of \$0.95 for a period of three years from the date of closing. The Whole Warrants and the Additional Fractional Warrants expire on August 14, 2011. The units were issued pursuant to Regulation S under the 1933 Act.

On October 31, 2008, we completed the second tranche of the private placement partially completed on August 14, 2008. In connection the second tranche, we sold to one subscriber 12,500,000 units at a price of \$0.40 per unit, for total gross proceeds of \$5,000,000. Each unit is comprised of one (1) common share, one (1) common share purchase warrant and 0.16 of one common share purchase warrant ("Additional Fractional Warrant"). Each warrant entitles the holder to purchase one (1) common share at a price of \$0.60 per common share for a period of three years from the date of closing. Each Additional Fractional Warrant entitles the holder to purchase 0.16 of one common share at a price of \$0.80 for a period of three years from the date of closing. The warrants and the

Additional Fractional Warrants expire on October 31, 2011. The units were issued pursuant to Regulation S under the Securities Act of 1933.

**ITEM 6.           SELECTED FINANCIAL DATA**

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and therefore are not required to provide the information required under this item.

**ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

You should read the following discussion and analysis in conjunction with our Company’s consolidated financial statements and related notes. For the purpose of this discussion, unless the context indicates another meaning, the terms: “Company”, “we”, “us” and “our” refer to Deep Well Oil & Gas, Inc. and its subsidiaries. This discussion includes forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. Our actual results, performance or achievements could differ materially from those anticipated in the forward-looking statements as a result of certain factors including risks discussed in Management’s Discussion and Analysis of Financial Condition and Results of Operations – “Forward-Looking Statements” below and elsewhere in this report, and under the heading “Risk Factors” and “Environmental Laws and Regulations” disclosed in this report on Form 10-K for the fiscal year ended September 30, 2009.

*Our consolidated financial statements and information are reported in U.S. dollars and are prepared based upon United States generally accepted accounting principles.*

**General Overview**

Deep Well Oil and Gas, Inc. (“Deep Well”), along with its subsidiaries, is an emerging independent junior oil and gas exploration and development company headquartered in Edmonton, Alberta, Canada. Our Company’s immediate corporate focus is to develop the existing land base that it presently controls in the Peace River oil sands area in Alberta, Canada. Our principal office is located at Suite 700, 10150 - 100 Street, Edmonton, Alberta, Canada T5J 0P6, our telephone number is (780) 409-8144, and our fax number is (780) 409-8146. Deep Well Oil & Gas, Inc. is a Nevada corporation and trades on the pink sheets under the symbol DWOG. We maintain a web site at www.deepwelloil.com.

**Results of Operations for the Year Ended September 30, 2009**

Our Company is an exploration stage company and as such does not have commercial production at any of its properties and, accordingly, it currently does not generate cash from operations. Since the inception of our current business plan, our operations have consisted primarily of various exploration and start-up activities relating to our properties, which included acquiring lease holdings by acquisitions and public offerings, seeking institutional investors, locating joint venture partners, acquiring and analyzing seismic data, engaging various firms to comply with leasehold conditions and environmental regulations as well as project management, and developing our long term business strategies. For year ended September 30, 2009, and for the comparable period, we generated no revenues from operations.

	Year Ended September 30, 2009	Year Ended September 30, 2008	September 10, 2003 to September 30, 2009
<b>Revenue</b>	\$ —	\$ —	\$ —
<b>Expenses</b>			
Administrative	\$ 2,068,176	\$ 2,769,379	\$ 9,396,508
Amortization and Accretion	146,261	13,706	162,301
Share Based Compensation	5,802	111,815	923,142
<b>Net Loss from Operations</b>	<b>(2,220,239)</b>	<b>(2,894,900)</b>	<b>(10,481,951)</b>
<b>Other Income and Expenses</b>			
Rental and Other Income	18,073	—	18,073
Interest Income	34,826	100,070	201,049
Interest Expense	(3)	(715)	(208,580)
Forgiveness of Loan Payable	—	—	287,406
Settlement of Debt	—	—	24,866
Loss on Disposal of Asset	—	(510)	(510)
<b>Net Loss and Comprehensive Loss</b>	<b>\$ (2,167,343)</b>	<b>\$ (2,796,055)</b>	<b>\$ (10,159,647)</b>

Our net loss and comprehensive loss for the year ended September 30, 2009, was \$2,167,343 compared to a net loss and comprehensive loss of \$2,796,055 for the year ended September 30, 2008. This difference was due primarily to a decrease of \$701,203 in general and administrative costs, and a decrease of \$106,013 in stock based compensation expense compared to the year ended September 30, 2008. See Note 9 to our consolidated financial statements included in this report.

For the year ended September 30, 2009, interest income decreased by \$65,244, compared to the year ended September 30, 2008, due primarily to interest from term deposits.

## **Operations**

Our Company successfully completed its 2008/2009 winter drilling program and met its objectives by drilling 6 wells, 3 of which were drilled on our oil sands permit in order to provide technical data to support the required Department of Energy regulation to convert our oil sands permit into a 15-year primary lease. In addition, three wells were drilled further to the north of the above-mentioned 3 wells and the 3 horizontal wells which were previously drilled by our former farmout partner. These three northern wells continued the delineation of the main reservoir trend and we believe confirmed that the main reservoir continues north. We are evaluating the options for production available to us to decide on a course of action. Drilling on these 80% owned lands has opened new avenues for testing and further development of the Sawn Lake project. On the 12 sections of the jointly held lands, in which we have a 40% working interest, our Company is exploring different plans of action with Andora Energy Corporation, the operator of these 12 sections. The focus of our Company's drilling program is to define the heavy oil reservoir to establish reserves and to determine the best technology under which oil can be produced from the Sawn Lake project in order to initiate production and generate cash flow.

We are currently in the process of evaluating various enhanced recovery technologies for a test well project, which is subject to regulatory approval, Board of Directors approval, financing, successful reservoir evaluation and modeling, and other risks associated with the oil sands industry.

Deep Well, through its subsidiaries Northern Alberta Oil Ltd. which we refer to as "Northern", and Deep Well Oil & Gas (Alberta) Ltd., currently have a 100% working interest in 15 sections of petroleum and natural gas licenses ("P&NG") in the Peace River area of Alberta, Canada, an 80% working interest in 56 contiguous sections of oil sands development leases, and a 40% working interest in an additional 12 contiguous sections of oil sands development leases in the Peace River oil sands area of Alberta, Canada. Our P&NG licenses and oil sands development leases cover 52,505 gross acres (21,248 gross hectares).

On April 2, 2008, our Company participated in a public offering of Crown Petroleum and Natural Gas Rights held by the Alberta Department of Energy, in which we successfully bid on 1 P&NG license covering 3,796 gross acres (1,536 gross hectares) for a total of 6 sections in the Ochre area. Our Company acquired an undivided 100% working interest in these 6 sections located in the Peace River oil sands area approximately fourteen miles west of our Sawn Lake properties.

On December 4, 2008, as operator, we successfully spudded the first well of six wells to be drilled in our 2008/2009 winter drilling program. This well is located at 12-14-092-13W5 in North Central Alberta and was drilled to a vertical depth of 680 meters. The well was logged, cased, and completed for bluesky heavy oil production, with perforated intervals from 644.5m to 649.5m. We have recently submitted an application with the Energy Resources Conservation Board for a commercial bitumen recovery scheme to evaluate the 12-14-092-13W5 well for potential development using Cyclic Steam Stimulation. Currently this application is pending.

On December 15, 2008, as operator, we successfully spudded the second well of our six well 2008/2009 winter drilling program. This well is located at 9-16-092-13W5 in North Central Alberta and was drilled to a vertical depth of 680 meters. The well was logged, cased, and completed for bluesky heavy oil production, with perforated intervals from 638.5m to 643.5m. This well is currently being tested.

On January 8, 2009, as operator, we successfully spudded the third well of our six well 2008/2009 winter drilling program. This well is located at 10-33-091-13W5 in North Central Alberta and was drilled to a vertical depth of 708 meters. This well determined the southern edge of the Bluesky reservoir of our Sawn Lake Project.

On January 16, 2009, as operator, we successfully spudded the fourth well of our six well 2008/2009 winter drilling program. This well is located at 7-5-092-13W5 in North Central Alberta and was drilled to a vertical depth of 718 meters. The well was logged and cased for bluesky heavy oil production, and is pending further evaluation and the development of an exploitation plan with our joint interest partners.

On January 25, 2009, as operator, we successfully spudded the fifth well of our six well 2008/2009 winter drilling program. This well is located at 8-4-092-13W5 in North Central Alberta and was drilled to a vertical depth of 725 meters. The well was logged and cased for bluesky heavy oil production, and is pending further evaluation and the development of an exploitation plan with our joint interest partners.

On February 2, 2009, as operator, we successfully spudded the sixth well of our six well 2008/2009 winter drilling program. This well is located at 6-22-092-13W5 in North Central Alberta and was drilled to a vertical depth of 660 meters. The well was logged and cased for bluesky heavy oil production, and is pending further evaluation and the development of an exploitation plan with our joint interest partners.

On December 1, 2008, in conjunction with our 2008/2009 winter drilling program, we acquired existing road infrastructure from Paramount Resources Ltd. (“Paramount”) through a transfer of title of 6 Paramount P&NG properties to us. These 6 P&NG properties, of which 2 were expected to immediately expire and 4 are expected to expire within 7 months, cover 11,387 gross acres (4,608 gross hectares) of which 3,796 gross acres (1,536 gross hectares) overlay our Sawn Lake oil sands leases. These properties included the transfer of 7 mineral surface leases (proposed well sites or “MSLs”) and 4 licenses of occupation (access roads or “LOCs”) totalling 12 km of roads that were transferred to us, along with 2 vertical wells, 1 of which is located on our Sawn Lake oil sands lease and the other located approximately 2.5 miles north of our Sawn Lake oil sands lease. The well located on our Sawn Lake oil sands lease was drilled to a vertical depth of 737 meters and was cased for bluesky heavy oil production. Perforated intervals were from 681.5m to 684.5m and 684.5m to 685.0m. This well’s status is drilled and cased for future bitumen production.

Effective February 1, 2009, we also acquired from Penn West Petroleum Ltd. an LOC that totalled 8.7 km of an existing road.

On May 5, 2009, our Company was informed by the Alberta Department of Energy that it had approved our application to convert 5 sections of our oil sands permit to a 15-year primary lease. By drilling on these lands, where the permits were set to expire, we have preserved title to 5 sections and now have a primary lease, which is valid for an additional 15 years. As a consequence, we have let 1.5 sections of our lands revert back to the Alberta Government.

### **Liquidity and Capital Resources**

As of September 30, 2009, our Company’s total assets were \$15,083,173 compared to \$12,815,676 as of September 30, 2008, and our total liabilities as of September 30, 2009, were \$392,284 compared with \$963,246 as of September 30, 2008. The increase in our total assets was due primarily to an increase in long-term investments and oil and gas properties. The decrease in our total liabilities was due to a decrease in our accounts payable.

Our working capital (current liabilities subtracted from current assets) is as follows.

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Current Assets	\$ 2,032,025	\$ 6,825,548
Current Liabilities	34,049	963,246
Working Capital	<u>\$ 1,997,976</u>	<u>\$ 5,862,302</u>

As of September 30, 2009, our Company had working capital of \$1,997,976 compared to our working capital of \$5,862,302 as of September 30, 2008. Our working capital decrease was due primarily to start up operation expenses incurred to drill our six wells for the 2008/2009 winter drilling program. Currently we have no long-term debt.

Our cash and cash equivalents for the year ending September 30, 2009, was \$945,835 compared to \$6,212,892 for the comparable year ending September 30, 2008. The decrease in our cash and cash equivalents was due primarily to operation expenses incurred for our 2008/2009 drilling program. Our Company has raised sufficient funds to conduct our operations during the fiscal years 2005, 2006, 2007, 2008 and 2009. From March 10, 2005 till now, we have financed our business operations through a loan, fees derived from the farmout of some of our lands, private offerings of our common stock, and the exercise of certain warrants, realizing gross proceeds of approximately \$19.6 million. In these offerings, we sold units comprised of common stock and warrants to purchase additional common stock, and as a result of these offerings, we currently have an aggregate of 42,818,138 warrants outstanding with exercise prices ranging from \$0.40 to \$1.20. These warrants expiration dates range from March 9, 2010 to October 31, 2012. If all of these warrants are exercised we may realize aggregate proceeds of approximately \$30.9 million. However, the warrant holders have complete discretion as to when or if the warrants are exercised before they expire and we cannot guarantee that the warrant holders will exercise any of the warrants.

For our long-term operations we anticipate that, among other alternatives, we may raise funds during the next twenty-four months through sales of our common stock. We also note that if we issue more shares of our common stock, our stockholders may experience dilution in the percentage of their ownership of common stock. We may not be able to raise sufficient funding from stock sales for long-term operations and if so, we may be forced to delay our business plans until adequate funding is obtained. We believe debt financing will not be an alternative for funding our Company, as we are an exploration stage Company and due to the risky nature of our business.

## **Off-Balance Sheet Arrangements**

We do not have any off-balance sheet arrangements.

## **Forward-Looking Statements**

This report on Form 10-K, including all referenced exhibits, contains “forward-looking statements” within the meaning of the United States federal securities laws. All statements other than statements of historical facts included or incorporated by reference in this report, including, without limitation, statements regarding our future financial position, business strategy, projected costs and plans and objectives of management for future operations, are forward-looking statements. The words “may”, “believe”, “intend”, “will”, “anticipate”, “expect”, “estimate”, “project”, “future”, “plan”, “strategy”, or “continue”, and other expressions that are predictions of or indicate future events and trends and that do not relate to historical matters, identify forward-looking statements. The forward-looking statements in this report on Form 10-K include, among others, statements with respect to:

- our current business strategy;
- our future financial position and projected costs;
- our projected sources and uses of cash;
- our plan for future development and operations;
- our drilling and testing plans;
- our proposed enhanced oil recovery test well project;
- the sufficiency of our working capital in order to execute our business plan;
- resource estimates;
- the timing and sources of our future funding.

Reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties, and other factors, which may cause the actual results to differ materially from the anticipated future results expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from those set forward in the forward-looking statements include, but are not limited to:

- changes in general business or economic conditions;
- changes in legislation or regulation that affect our business;
- our ability to obtain necessary regulatory approvals and permits;
- opposition to our regulatory requests by various third parties;
- actions of aboriginals, environmental activists and other industrial disturbances;
- the costs of environmental reclamation of our lands;
- availability of labor or materials or increases in their costs;
- the availability of sufficient capital to finance our business plans on terms satisfactory to us;
- adverse weather conditions and natural disasters;
- risks associated with increased insurance costs or unavailability of adequate coverage;
- volatility of oil and natural gas prices;
- competition;
- changes in labor, equipment and capital costs;
- future acquisitions or strategic partnerships;
- the risks and costs inherent in litigation;
- imprecision in estimates of reserves, resources and recoverable quantities of oil and natural gas;
- product supply and demand;
- fluctuations in currency and interest rates;
- the additional risks and uncertainties, many of which are beyond our control, referred to elsewhere in this Form 10-K and in our other SEC filings.

The preceding bullets outline some of the risks and uncertainties that may affect our forward-looking statements. For a full description of risks and uncertainties, see the sections elsewhere in this Form 10-K entitled “Risk Factors” and “Environmental Laws and Regulations”. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, believed, estimated or expected. Except as required by law, we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. However, any further disclosures made on related subjects in subsequent reports on Forms 10-K, 10-KSB, 10-Q, 10-QSB, 8-K and any other SEC filing should be consulted.

**ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We are a smaller reporting company as defined by Rule 12b-2 under the Exchange Act and therefore are not required to provide the information required under this item.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

**MADSEN & ASSOCIATES, CPA'S INC.**

Certified Public Accountants and Business Consultants

684 East Vine St. Suite 3  
Murray, Utah 84107  
Telephone 801-268-2632  
Fax 801-262-3978

Board of Directors  
Deep Well Oil & Gas, Inc. and Subsidiaries

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We have audited the accompanying consolidated balance sheets of Deep Well Oil & Gas, Inc. and Subsidiaries (exploration stage company) at September 30, 2009 and 2008, and the related statements of operations, stockholders' equity, and cash flows for the years ended September 30, 2009, 2008 and 2007 and the period September 10, 2003 (date of inception) to September 30, 2009. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to nor were we engaged to perform an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness for the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the over all financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Deep Well Oil & Gas, Inc. and Subsidiaries at September 30, 2009 and 2008 and the related statements of operations, and cash flows for the years ended September 30, 2009, 2008 and 2007 and the period September 10, 2003 to September 30, 2009, in conformity with accounting principles generally accepted in the United States of America.

Murray, Utah  
January 12, 2010

/s/ Madsen & Associates, CPA's Inc.



**DEEP WELL OIL & GAS, INC. (AND SUBSIDIARIES)**  
**(Exploration Stage Company)**  
**Consolidated Balance Sheets**  
**September 30, 2009 and September 30, 2008**

	September 30, 2009	September 30, 2008
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 945,835	\$ 6,212,892
Accounts receivable	990,239	405,826
Prepaid expenses	<u>95,951</u>	<u>206,830</u>
<b>Total Current Assets</b>	<b>2,032,025</b>	<b>6,825,548</b>
<b>Long Term Investments</b> (Note 5)	<b>77,036</b>	<b>–</b>
<b>Oil and gas properties</b> (Note 3)	<b>12,221,352</b>	<b>5,947,544</b>
<b>Property &amp; equipment net of depreciation</b> (Note 4)	<u><b>752,760</b></u>	<u><b>42,584</b></u>
<b>TOTAL ASSETS</b>	<u><b>\$ 15,083,173</b></u>	<u><b>\$ 12,815,676</b></u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 34,049	\$ 937,967
Accounts payable – related parties (Note 6)	<u>–</u>	<u>25,279</u>
<b>Total Current Liabilities</b>	<b>34,049</b>	<b>963,246</b>
<b>Asset retirement obligations</b> (Note 7)	<u><b>358,235</b></u>	<u><b>–</b></u>
<b>TOTAL LIABILITIES</b>	<u><b>392,284</b></u>	<u><b>963,246</b></u>
<b>SHAREHOLDERS' EQUITY</b>		
<b>Common stock:</b> (Note 8)		
<b>Authorized: 300,000,000 shares at \$0.001 par value</b>		
<b>Issued and outstanding: 106,774,258 shares</b>		
(September 2008 – 94,274,258 shares) (Note 8)	<b>106,773</b>	<b>94,273</b>
<b>Additional paid in capital</b>	<b>24,743,763</b>	<b>19,750,461</b>
<b>Deficit (dated September 10, 2003)</b>	<u><b>(10,159,647)</b></u>	<u><b>(7,992,304)</b></u>
<b>Total Shareholders' Equity</b>	<u><b>14,690,889</b></u>	<u><b>11,852,430</b></u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u><b>\$ 15,083,173</b></u>	<u><b>\$ 12,815,676</b></u>

*See accompanying notes to the consolidated financial statements*

**DEEP WELL OIL & GAS, INC. (AND SUBSIDIARIES)**  
**(Exploration Stage Company)**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
**For the Years Ended September 30, 2009, 2008 and 2007 and the Period September 10, 2003**  
**(Inception of Exploration Stage) to September 30, 2009**

	2009	2008	2007	September 10, 2003 to September 30, 2009
<b>Revenue</b>	\$ <u>          –</u>	\$ <u>          –</u>	\$ <u>          –</u>	\$ <u>          –</u>
<b>Expenses</b>				
Administrative	2,068,176	2,769,379	1,451,538	9,396,508
Amortization and accretion	146,261	13,706	1,420	162,301
Share based compensation	<u>5,802</u>	<u>111,815</u>	<u>246,643</u>	<u>923,142</u>
<b>Net loss from operations</b>	<b>(2,220,239)</b>	<b>(2,894,900)</b>	<b>(1,699,601)</b>	<b>(10,481,951)</b>
<b>Other income and expenses</b>				
Rental and other income	18,073	–	–	18,073
Interest income	34,826	100,070	50,183	201,049
Interest expense	(3)	(715)	(73,652)	(208,580)
Forgiveness of loan payable	–	–	287,406	287,406
Settlement of debt	–	–	–	24,866
Loss on disposal of asset	<u>–</u>	<u>(510)</u>	<u>–</u>	<u>(510)</u>
<b>Net loss and comprehensive loss</b>	<b>\$ <u>(2,167,343)</u></b>	<b>\$ <u>(2,796,055)</u></b>	<b>\$ <u>(1,435,664)</u></b>	<b>\$ <u>(10,159,647)</u></b>
<b>Net loss per common share</b>				
Basic and Diluted	<u>\$ (0.02)</u>	<u>\$ (0.03)</u>	<u>\$ (0.02)</u>	
<b>Weighted Average Outstanding Shares</b> – stated in 1,000's				
Basic and Diluted	<u>105,713</u>	<u>85,002</u>	<u>70,836</u>	

*See accompanying notes to the consolidated financial statements*

**DEEP WELL OIL & GAS, INC. (AND SUBSIDIARIES)**  
**(Exploration Stage Company)**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
**For the Period September 10, 2003 (Inception of Exploration Stage) to September 30, 2009**

	<u>Common Shares</u>		Additional Paid in Capital	Capital Stock Subscriptions Received	Accumulated Deficit	Total
	<u>Shares</u>	<u>Amount</u>				
<b>Balance at</b>						
<b>September 10, 2003</b>	991,918	\$ 992	\$ (992)	\$ -	\$ -	\$ -
<b>Issuance of common stock</b>						
<b>pursuant to bankruptcy</b>						
<b>agreement September 10, 2003</b>	36,019,556	36,019	13,981	-	-	50,000
<b>Net operating loss for</b>						
<b>the period September 10</b>						
<b>to September 30, 2003</b>	-	-	-	-	(50,000)	(50,000)
<b>Balance at September 30, 2003</b>	37,011,474	37,011	12,989	-	(50,000)	-
<b>Return and cancellation</b>						
<b>of common shares</b>	(5,775,000)	(5,775)	5,775	-	-	-
<b>Net operating loss for the</b>						
<b>year ended September 30, 2004</b>	-	-	-	-	(525,754)	(525,754)
<b>Balance at</b>						
<b>September 30, 2004</b>	31,236,474	31,236	18,764	-	(575,754)	(525,754)
<b>Issuance of common stock</b>						
<b>Private placement March 10, 2005</b>						
- Shares	1,875,000	1,875	527,940	-	-	529,815
- Warrants (787,500)	-	-	205,185	-	-	205,185
<b>Share exchange June 7, 2005</b>						
- Shares	18,208,875	18,209	2,476,497	-	-	2,494,706
- Conversion rights of preferred shares of subsidiary	-	-	-	1,777,639	-	1,777,639
<b>Private placement August 12, 2005</b>						
- Shares	710,946	711	151,638	-	-	152,349
- Warrants (710,946)	-	-	132,030	-	-	132,030
<b>Common stock subscription received</b>	-	-	-	250,000	-	250,000
<b>Net operating loss for the</b>						
<b>year ended September 30, 2005</b>	-	-	-	-	(1,262,549)	(1,262,549)
<b>Balance at September 30, 2005</b>	52,031,295	52,031	3,512,054	2,027,639	(1,838,303)	3,753,421

*See accompanying notes to the consolidated financial statements*

**DEEP WELL OIL & GAS, INC. (AND SUBSIDIARIES)**  
**(Exploration Stage Company)**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (Continued)**  
**For the Period September 10, 2003 (Inception of Exploration Stage) to September 30, 2009**

	Common Shares		Additional Paid in Capital	Capital Stock Subscriptions Received	Accumulated Deficit	Total
	Shares	Amount				
<b>Balance carried forward at September 30, 2005</b>	52,031,295	52,031	3,512,054	2,027,639	(1,838,303)	3,753,421
<b>Issuance of common stock</b>						
<b>Private placement October 11, 2005</b>						
- Shares	3,150,000	3,150	667,266	(250,000)	-	420,416
- Warrants (3,150,000)	-	-	553,584	-	-	553,584
<b>Private placement January 13, 2006</b>						
- Shares	73,000	73	55,345	-	-	55,418
- Warrants (73,000)	-	-	46,402	-	-	46,402
<b>Exercise option agreement February 23, 2006</b>						
- Shares	4,707,750	4,708	640,277	(644,985)	-	-
<b>Exercise option agreement June 13, 2006</b>						
- Shares	2,867,250	2,867	389,960	(392,827)	-	-
<b>Warrants exercised July 28, 2006</b>	100,000	100	59,900	-	-	60,000
<b>Warrants exercised September 11, 2006</b>	50,000	50	29,950	-	-	30,000
<b>Options granted for services</b>	-	-	558,882	-	-	558,882
<b>Net operating loss for the year ended September 30, 2006</b>	-	-	-	-	(1,922,282)	(1,922,282)
<b>Balance at September 30, 2006</b>	62,979,295	62,979	6,513,620	739,827	(3,760,585)	3,555,841
<b>Settlement Agreement January 22, 2007</b>						
- Shares	1,600,000	1,600	433,950	-	-	435,550
<b>Exercise option agreement April 4, 2007</b>						
- Shares	5,400,000	5,400	734,427	(739,827)	-	-
<b>Private placement May 25, 2007</b>						
- Shares	5,000,000	5,000	1,086,348	-	-	1,091,348
- Warrants (5,000,000)	-	-	758,652	-	-	758,652
<b>Private placement June 22, 2007</b>						
- Shares	8,333,333	8,333	2,731,300	-	-	2,739,633
- Warrants (8,333,333)	-	-	1,676,492	-	-	1,676,492
- Special warrants (1,000,000)	-	-	283,875	-	-	283,875
<b>Private placement July 11, 2007</b>						
- Shares	323,333	323	106,559	-	-	106,882
- Warrants (323,333)	-	-	66,397	-	-	66,397
- Special warrants (38,800)	-	-	11,021	-	-	11,021
<b>Subtotal carried forward</b>	83,635,961	83,635	14,402,641	-	(3,760,585)	10,725,691

*See accompanying notes to the consolidated financial statements*

**DEEP WELL OIL & GAS, INC. (AND SUBSIDIARIES)**  
**(Exploration Stage Company)**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (Continued)**  
**For the Period September 10, 2003 (Inception of Exploration Stage) to September 30, 2009**

	<u>Common Shares</u>		Additional Paid in Capital	Capital Stock Subscriptions Received	Accumulated Deficit	Total
	<u>Shares</u>	<u>Amount</u>				
<b>Subtotal carried forward from previous page</b>	83,635,961	83,635	14,402,641	-	(3,760,585)	10,725,691
<b>Warrant exchange September 4, 2007</b>						
- Share value transferred from warrants	-	-	11,467	-	-	11,467
- Warrants cancelled (500,000)	-	-	(130,276)	-	-	(130,276)
- Warrants issued (625,000)	-	-	118,809	-	-	118,809
<b>Warrant exchange September 10, 2007</b>						
- Share value transferred from warrants	-	-	7,237	-	-	7,237
- Warrants cancelled (287,500)	-	-	(74,909)	-	-	(74,909)
- Warrants issued (359,375)	-	-	67,672	-	-	67,672
Options granted for services	-	-	246,643	-	-	246,643
<b>Net operating loss for the year ended September 30, 2007</b>	-	-	-	-	(1,435,664)	(1,435,664)
<b>Balance at September 30, 2007</b>	83,635,961	83,635	14,649,284	-	(5,196,249)	9,536,670
<b>August 12, 2008</b>						
- Warrants expired (560,946) (Note 8)	-	-	-	-	-	-
<b>Private Placement August 14, 2008</b>						
- Shares	10,638,297	10,638	3,099,429	-	-	3,110,067
- Warrants (10,638,297) (Note 8)	-	-	1,619,827	-	-	1,619,827
- Special warrants (2,000,000) (Note 8)	-	-	270,106	-	-	270,106
Options granted for services	-	-	111,815	-	-	111,815
<b>Net operating loss for the year ended September 30, 2008</b>	-	-	-	-	(2,796,055)	(2,796,055)
<b>Balance at September 30, 2008</b>	94,274,258	94,273	19,750,461	-	(7,992,304)	11,852,430
<b>October 11, 2008</b>						
- Warrants expired (3,150,000) (Note 8)	-	-	-	-	-	-
<b>Private Placement October 31, 2008</b>						
- Shares	12,500,000	12,500	3,247,870	-	-	3,260,370
- Warrants (12,500,000) (Note 8)	-	-	1,559,307	-	-	1,559,307
- Special warrants (2,000,000) (Note 8)	-	-	180,323	-	-	180,323
<b>January 13, 2009</b>						
- Warrants expired (73,000) (Note 8)	-	-	-	-	-	-
Options granted for services	-	-	5,802	-	-	5,802
<b>Net operating loss for the year ended September 30, 2009</b>	-	-	-	-	(2,167,343)	(2,167,343)
<b>Balance at September 30, 2009</b>	<u>106,774,258</u>	<u>\$ 106,773</u>	<u>\$ 24,743,763</u>	<u>\$ -</u>	<u>\$ (10,159,647)</u>	<u>\$ 14,690,889</u>

See accompanying notes to the consolidated financial statements

**DEEP WELL OIL & GAS, INC. (AND SUBSIDIARIES)**  
**(Exploration Stage Company)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the Years Ended September 30, 2009, 2008 and 2007 and the Period September 10, 2003**  
**(Inception of Exploration Stage) to September 30, 2009**

	2009	2008	2007	September 10, 2003 to September 30, 2009
<b>CASH PROVIDED BY (USED IN):</b>				
<b>Operating Activities</b>				
Net loss	\$ (2,167,343)	\$ (2,796,055)	\$ (1,435,664)	\$ (10,159,647)
Items not affecting cash:				
Stock based compensation	5,802	111,815	246,643	923,142
Bad debts	-	-	-	170,084
Amortization and accretion	146,261	13,706	1,420	162,301
Forgiveness of loan payable	-	-	(287,406)	(287,406)
Settlement of lawsuit	-	-	435,550	435,550
Commissions withheld from loans proceeds	-	-	-	121,000
Loss on disposal of asset	-	510	-	510
Net changes in non-cash working capital (Note 10)	<u>(1,402,731)</u>	<u>296,959</u>	<u>(499,347)</u>	<u>(1,225,654)</u>
	<u>(3,418,011)</u>	<u>(2,373,065)</u>	<u>(1,538,804)</u>	<u>(9,860,120)</u>
<b>Investing Activities</b>				
Purchase of property and equipment	(835,128)	(53,237)	(1,658)	(893,993)
Purchase of oil and gas properties	(5,936,882)	(1,593,718)	-	(7,641,992)
Long Term Investments	(77,036)	-	-	(77,036)
Cash from acquisition of subsidiary	-	-	-	11,141
Return of costs from farmout agreement	-	-	-	961,426
	<u>(6,849,046)</u>	<u>(1,646,955)</u>	<u>(1,658)</u>	<u>(7,640,454)</u>
<b>Financing Activities</b>				
Loan payable	-	-	-	275,852
Loan advance – related parties	-	-	-	(811,746)
Note payable repayment	-	(11,250)	-	(111,306)
Debenture repayment	-	-	-	(1,004,890)
Proceeds from issuance of common stock	5,000,000	5,000,000	6,734,300	19,219,499
Proceeds from debenture net of commissions	-	-	-	879,000
	<u>5,000,000</u>	<u>4,988,750</u>	<u>6,734,300</u>	<u>18,446,409</u>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(5,267,057)</b>	<b>968,730</b>	<b>5,193,838</b>	<b>945,835</b>
<b>Cash and cash equivalents, beginning of year</b>	<b><u>6,212,892</u></b>	<b><u>5,244,162</u></b>	<b><u>50,324</u></b>	<b><u>-</u></b>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 945,835</u></b>	<b><u>\$ 6,212,892</u></b>	<b><u>\$ 5,244,162</u></b>	<b><u>\$ 945,835</u></b>
<b>Supplemental Cash Flow Information:</b>				
Interest expense	\$ 3	\$ 715	\$ 73,652	

*See accompanying notes to the consolidated financial statements*

**DEEP WELL OIL & GAS, INC. (AND SUBSIDIARIES)**  
**(Exploration Stage Company)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2009 and 2008**

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**1. NATURE OF BUSINESS**

Allied Devices Corporation (“Allied”) and its former subsidiaries were engaged in the manufacture and distribution of standard and custom precision mechanical assemblies and components throughout the United States.

On February 19, 2003, Allied filed a petition for bankruptcy in the United States Bankruptcy Court under Chapter 11 in the Eastern District of New York titled “Allied Devices Corporation, Case No. 03-80962-511”. The company emerged from bankruptcy pursuant to a Bankruptcy Court Order entered on September 10, 2003, with no remaining assets or liabilities and the company name was changed from “Allied Devices Corporation” to “Deep Well Oil & Gas, Inc.” (“Deep Well”).

Upon emergence from Chapter 11 proceedings, Deep Well adopted fresh-start reporting in accordance with the American Institute of Certified Public Accountants Statement of Position 90-7, Financial Reporting by Entities in Reorganization Under the Bankruptcy Code (SOP 90-7). In connection with the adoption of fresh-start reporting, a new entity was deemed created for financial reporting purposes. For financial reporting purposes, Deep Well adopted the provisions of fresh-start reporting effective September 10, 2003. In adopting the requirements of fresh-start reporting as of September 10, 2003, the company was required to value its assets and liabilities at fair value and eliminate any accumulated deficit as of September 10, 2003. Deep Well emerged from Chapter 11 proceedings with no assets and liabilities pursuant to the Bankruptcy Order. Because the current business, heavy oil and gas exploration has no relevance to the predecessor company, there is no basis for financial comparisons between Deep Well’s current operations and the predecessor company.

This report has been prepared showing the name “Deep Well Oil & Gas, Inc. (and Subsidiaries)” (“the Company”) and the post split common stock, with \$0.001 par value, from inception. The accumulated deficit has been restated to zero and dated September 10, 2003, with the statement of operations to begin on that date.

**Basis of Presentation**

These consolidated financial statements are expressed in U.S. dollars and are prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Consolidation**

These consolidated financial statements include the accounts of two wholly owned subsidiaries: (1) Northern Alberta Oil Ltd. (“Northern”) from the date of acquisition, being June 7, 2005, incorporated under the Business Corporations Act (Alberta), Canada; and (2) Deep Well Oil & Gas (Alberta) Ltd., incorporated under the Business Corporations Act (Alberta), Canada on September 15, 2005. All inter-company balances and transactions have been eliminated.

**Cash and Cash Equivalents**

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents.

**Property and Equipment**

Property and equipment are stated at cost less accumulated amortization. Amortization expense is computed using the declining balance method over the estimated useful life of the asset. Only half of the amortization rate is taken in the year of acquisition. The following is a summary of the estimated useful life used in computing amortization expense:

Software	-	100%
Office furniture and equipment	-	20%
Computer equipment	-	55%
Portable work camp	-	30%
Vehicles	-	30%
Oilfield Equipment	-	20%

Road Mats	-	30%
Tanks	-	10%

Expenditures for major repairs and renewals that extend the useful life of the asset are capitalized. Minor repair expenditures are charged to expense as incurred. Leasehold improvements are amortized over the greater of five years or the remaining life of the lease agreement.

### **Long-Lived Assets**

The Company reviews for the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized when estimated undiscounted future cash flows expected to result from the use of the asset and its eventual disposition is less than its carrying amount. Impairment is measured as the amount by which the assets' carrying value exceeds its fair value.

### **Asset Retirement Obligations**

The Company accounts for asset retirement obligations by recording the estimated future cost of the Company's plugging and abandonment obligations. The asset retirement obligation is recorded when there is a legal obligation associated with the retirement of a tangible long-lived asset and the fair value of the liability can reasonably be estimated. Upon initial recognition of an asset retirement obligation, the Company increases the carrying amount of the long-lived asset by the same amount as the liability. Over time, the liabilities are accreted for the change in their present value through charges to oil and gas production and well operations costs. The initial capitalized costs are depleted over the useful lives of the related assets through charges to depreciation, depletion, and amortization. If the fair value of the estimated asset retirement obligation changes, an adjustment is recorded to both the asset retirement obligation and the asset retirement cost. Revisions in estimated liabilities can result from revisions of estimated inflation rates, escalating retirement costs, and changes in the estimated timing of settling asset retirement obligations. As at September 30, 2009, asset retirement obligations amount to \$358,235. The Company has posted bonds, where required, with the Government of Alberta based on the amount the government estimates the costs of abandonment and reclamation to be.

### **Foreign Currency Translation**

The functional currency of the Canadian subsidiaries is the United States dollar; however, the Canadian subsidiaries transact in Canadian dollars. Consequently, monetary assets and liabilities are remeasured into United States dollars at the exchange rate on the balance sheet date and non-monetary items are remeasured at the rate of exchange in effect when the assets are acquired or obligations incurred. Revenues and expenses are remeasured at the average exchange rate prevailing during the period. Foreign currency transaction gains and losses are included in results of operations.

### **Accounting Methods**

The Company recognizes income and expenses based on the accrual method of accounting.

### **Dividend Policy**

The Company has not yet adopted a policy regarding payment of dividends.

### **Financial, Concentration and Credit Risk**

The Company does not have any concentration or related financial credit risk as most of the Company's funds are maintained in a financial institution which has its deposits fully guaranteed by the Government of Alberta and the accounts receivable are considered to be fully collectible.

### **Income Taxes**

The Company utilizes the liability method of accounting for income taxes. Under the liability method, deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities, and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. An allowance against deferred tax assets is recorded when it is more likely than not that such tax benefits will not be realized.

Due to the uncertainty regarding the Company's profitability, the future tax benefits of its losses have been fully reserved for and no net benefit has been recorded in the consolidated financial statements.

### **Revenue Recognition**



The Company is in the business of exploring for, developing, producing, and selling crude oil and natural gas. Crude oil revenue is recognized when the product is taken from the storage tanks on the lease and delivered to the purchaser. Natural gas revenues are recognized when the product is delivered into a third party pipeline downstream of the lease. Occasionally the Company may sell specific leases, and the gain or loss associated with these transactions will be shown separately from the profit or loss from the operations or sales of oil and gas products.

### **Advertising and Market Development**

The Company expenses advertising and market development costs as incurred.

### **Basic and Diluted Net Income (Loss) Per Share**

Basic net income (loss) per share amounts are computed based on the weighted average number of shares actually outstanding. Diluted net income (loss) per share amounts are computed using the weighted average number of common shares and common equivalent shares outstanding as if shares had been issued on the exercise of the common share rights, unless the exercise becomes antidilutive and then only the basic per share amounts are shown in the report.

### **Financial Instruments**

#### Fair Values

The fair values of the Company's cash and cash equivalents, accounts receivable, accounts payable and accounts payable – related parties approximate their carrying values due to the short-term nature of these financial instruments.

### **Environmental Requirements**

At the report date, environmental requirements related to the mineral claims acquired are unknown and therefore an estimate of any future cost cannot be made.

### **Share-Based Compensation**

The Company accounts for stock options granted to directors, officers, employees and non-employees using the fair value method of accounting. The fair value of stock options for directors, officers and employees are calculated at the date of grant and is expensed over the vesting period of the options on a straight-line basis. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date at which the performance commitment is reached. The Company uses the Black-Scholes model to calculate the fair value of stock options issued, which requires certain assumptions to be made at the time the options are awarded, including the expected life of the option, the expected number of granted options that will vest and the expected future volatility of the stock. The Company reflects estimates of award forfeitures at the time of grant and revises in subsequent periods, if necessary, when forfeiture rates are expected to change.

### **Recently Adopted Accounting Standards**

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles" ("SFAS 162"). SFAS 162 is intended to improve financial reporting by identifying a consistent framework, or hierarchy, for selecting accounting principles to be used in preparing financial statements that are presented in conformity with GAAP for nongovernmental entities. The FASB believes that the GAAP hierarchy should be directed to entities because it is the entity (not its auditor) that is responsible for selecting accounting principles for financial statements that are presented in conformity with GAAP. This statement became effective on November 15, 2008 following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, "The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles." The adoption of SFAS 162 has not had a material effect on the Company's results of operations, financial position or cash flows.

In October 2008, the FASB issued Staff Position ("FSP") No. 157-3, "Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active" ("FSP 157-3"). FSP 157-3 applies to financial assets within the scope of accounting pronouncements that require or permit fair value measurements in accordance with SFAS No. 157, "Fair Value Measurements" (SFAS 157") and clarifies the application of SFAS 157 in a market that is not active. This FSP also provides an example to illustrate key considerations in determining the fair value of a financial asset when the market for that financial asset is not active. This FSP was effective upon issuance, including prior periods for which financial statements have not been issued. Revisions resulting from a change in the valuation technique or its application are accounted for as a change in

accounting estimate according to SFAS No. 154 “Accounting Changes and Error Corrections”. The adoption of FSP 157-3 has not had a material effect on the Company’s results of operations, financial position or cash flows.

### **Recently Issued Accounting Standards**

In September 2006, the FASB issued SFAS No. 157, *Accounting for Fair Value Measurements*. SFAS No. 157 defines fair value, establishes a framework for measuring fair value within generally accepted accounting principles, and expands required disclosure about fair value measurements. SFAS No. 157 does not expand the use of fair value in any new circumstances. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. However, on February 12, 2008, the FASB issued FASB Staff Position (“FSP”) SFAS No 157-2, *Effective Date of FASB Statement No. 157*, which delayed the effective date of SFAS No. 157 for all non-financial assets and non-financial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). This FSP partially defers the effective date of SFAS No. 157 to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years for items within the scope of the FSP. Effective October 1, 2009, the Company will adopt SFAS No. 157 except as it applies to those non-financial assets and non-financial liabilities as noted in FSP FAS No. 157-b. The Company is evaluating the effect that these new standards will have, if any, on the consolidated financial statements when adopted.

FSP EITF 03-6-1, *Determining Whether Instruments Granted in Share-Based Payments Transactions Are Participating Securities* (“FSP EITF 03-6-1”). In June 2008, the FASB issued FSP EITF 03-6-1. Under this FSP, unvested share-based payment awards that contain non-forfeitable rights to dividends or dividends equivalents, whether they are paid or unpaid, are considered participating securities and should be included in the computation of earnings per share pursuant to the two-class method. FSP EITF 03-6-1 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those years. In addition, all prior period earnings per share data presented should be adjusted retrospectively and early application is not permitted. The adoption of FSP EITF 03-6-1 is not expected to have a material effect on the earnings per share disclosures.

On December 31, 2008, the SEC issued the final rule, “*Modernization of Oil and Gas Reporting*” (“Final Rule”). The Final Rule adopts revisions to the SEC’s oil and gas reporting disclosure requirements and is effective for annual reports on Forms 10-K for years ending on or after December 31, 2009. Early adoption of the Final Rule is prohibited. The revisions are intended to provide investors with a more meaningful and comprehensive understanding of oil and gas reserves to help investors evaluate their investments in oil and gas companies. The amendments are also designed to modernize the oil and gas disclosure requirements to align them with current practices and changes in technology. Revised requirements in the SEC’s Final Rule include, but are not limited to:

- Oil and gas reserves must be reported using the average price over the prior 12 month period, rather than year-end prices;
- Companies will be allowed to report, on an optional basis, probable and possible reserves;
- Non-traditional reserves, such as oil and gas extracted from coal and shales, will be included in the definition of “oil and gas producing activities”;
- Companies will be permitted to use new technologies to determine proved reserves, as long as those technologies have been demonstrated empirically to lead to reliable conclusions with respect to reserve volumes;
- Companies will be required to disclose, in narrative form, additional details on their proved undeveloped reserves (PUDs), including the total quantity of PUDs at year end, any material changes to PUDs that occurred during the year, investments and progress made to convert PUDs to developed oil and gas reserves and an explanation of the reasons why material concentrations of PUDs in individuals fields or countries have remained undeveloped for five years or more after disclosure as PUDs;
- Companies will be required to report the qualifications and measures taken to assure the independence and objectivity of any business entity or employee primarily responsible for preparing or auditing the reserves estimates.

The company is currently evaluating the potential impact of the Final Rule. The SEC is discussing the Final Rule with the FASB staff to align FASB accounting standards with the new SEC rules. These discussions may delay the required compliance date.

### **Estimates and Assumptions**

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of the assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used in preparing these consolidated financial statements.

Significant estimates by management include valuations of oil and gas properties including valuation of accounts receivable, useful lives of long-lived assets, asset retirement obligations, valuations of share-based compensation, and the realizability of future income taxes.

### 3. OIL AND GAS PROPERTIES

The Company has acquired interests in certain oil sands properties located in North Central Alberta, Canada. The terms include certain commitments related to oil sands properties that require the payments of rents as long as the leases are non-producing. As of September 30, 2009, Northern's net payments due in Canadian dollars under this commitment are as follows:

2010	\$	45,158
2011	\$	45,158
2012	\$	45,158
2013	\$	45,158
2014	\$	45,158
2015	\$	45,158
Subsequent	\$	182,784

The Government of Alberta owns this land and the Company has acquired the rights to perform oil and gas activities on these lands. If the Company meets the conditions of the 15-year leases the Company will then be permitted to drill on and produce oil from the land into perpetuity. These conditions give the Company until the expiration of the leases to meet the following requirements on its primary oil sands leases:

- a) drill 68 wells throughout the 68 sections; or
- b) drill 41 wells within the 68 sections and having acquired and processed 2 miles of seismic on each other undrilled section.

The Company plans to meet the second of these conditions. As at September 30, 2009, ten of these wells have been drilled.

The Company follows the successful efforts method of accounting for costs of oil and gas properties. Under this method, acquisition costs of oil and gas properties and costs of drilling and equipping development wells are capitalized. Costs of drilling exploratory wells are initially capitalized and, if subsequently determined to be unsuccessful, are charged to expenses. All other exploration costs, including geological and geophysical costs and carrying and maintenance costs, are charged to exploration expenses when incurred. Producing, non-producing and unproven properties are assessed annually, or more frequently as economic events indicate, for potential impairment.

This consists of comparing the carrying value of the asset with the asset's expected future undiscounted cash flows without interest costs. Estimates of expected future cash flows represent management's best estimate based on reasonable and supportable assumptions. Proven oil and gas properties are reviewed for impairment on a field-by-field basis. No impairment losses were recognized for the period ended September 30, 2009 (September 30, 2008 - \$nil).

Capitalized costs of proven oil and gas properties are depleted using the unit-of-production method when the property is placed in production.

Substantially all of the Company's oil and gas activities are conducted jointly with others. The accounts reflect only the Company's proportionate interest in such activities.

On November 26, 2007, the Company entered into a settlement agreement with Signet Energy Inc. ("Signet" a 100% owned subsidiary company of Andora Energy Corporation) and Andora Energy Corporation and resolved their differences and certain collateral matters. The settlement includes but is not limited to:

- a) The Farmout Agreement dated February 25, 2005, and the Amended Farmout Agreement being effectively terminated concurrently with the execution of the settlement;
- b) Signet being regarded as having earned a 40% working interest in a total of twelve sections;

- c) Signet transferring registered title to 57.5 unearned sections of the farmout lands, as defined in the Farmout Agreement, back to the Company;
- d) Signet having acknowledged that the Company is not responsible for any royalty assumed by the Company on behalf of Signet in the Farmout Agreement; and
- e) A joint discontinuance of the remaining minor litigation issues amongst all the parties.

As of November 19, 2008, the Company converted its Signet shares into 2,241,558 shares of Andora, which represents an equity interest in Andora of approximately 4.05%. Since these shares represent a beneficial ownership in additional Sawn Lake oil sands properties and were acquired as a result of a Farmout Agreement related to those properties, their value is included under oil and gas properties.

On April 30, 2009, 1.5 sections of previously owned leases reverted back to the provincial government.

#### 4. PROPERTY AND EQUIPMENT

	September 30, 2009		
	Cost	Accumulated Amortization	Net Book Value
Computer Equipment	\$ 31,460	\$ 18,552	\$ 12,908
Office furniture and equipment	33,476	9,856	23,620
Software	5,826	5,826	-
Leasehold improvements	4,935	781	4,154
Portable work camp	170,580	25,587	144,993
Vehicles	38,077	5,712	32,365
Oilfield equipment	148,352	14,835	133,517
Road Mats	364,614	54,692	309,922
Tanks	96,085	4,804	91,281
	<u>\$ 893,405</u>	<u>\$ 140,645</u>	<u>\$ 752,760</u>

	September 30, 2008		
	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 24,160	\$ 7,417	\$ 16,743
Office furniture and equipment	26,695	4,799	21,896
Software	5,826	3,318	2,508
Leasehold improvements	1,597	160	1,437
	<u>\$ 58,278</u>	<u>\$ 15,694</u>	<u>\$ 42,584</u>

#### 5. LONG TERM INVESTMENTS

Long term investments consist of cash held in trust by the Energy Resources Conservation Board which bears a interest at a rate of prime minus 0.375% and has no stated date of maturity.

#### 6. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

Accounts payable – related parties was \$nil for the year ended September 30, 2009 (September 30, 2008 - \$25,279 - resulted from fees payable to corporations owned by directors were unsecured, non-interest bearing, and had no fixed terms of repayment).

Officers, directors, their families, and their controlled entities have acquired 39.40% of the Company's outstanding common capital stock. This percentage does not include unexercised warrants or stock options.

#### 7. ASSET RETIREMENT OBLIGATIONS

The total future asset retirement obligation is estimated by management based on the Company's net working interests in all wells and facilities, estimated costs to reclaim and abandon wells and facilities and the estimated timing of the costs to be incurred in future periods. At September 30, 2009, the Company estimates the undiscounted cash flows related to asset retirement obligation to total approximately \$531,055. The fair value of the liability at September 30, 2009 is estimated to be \$358,235 using a risk free rate of 3.74% and an inflation rate of 2%. The actual costs to settle the obligation are expected to occur in approximately 35 years.

Changes to the asset retirement obligation were as follows:

	<b>September 30, 2009</b>
Balance, beginning of year	\$ —
Liabilities incurred	<b>345,320</b>
Accretion expense	<b>12,915</b>
<b>Balance, end of year</b>	<b>\$ 358,235</b>

## 8. SHARE CAPITAL

On August 12, 2008, 560,946 warrants previously granted on August 12, 2005 expired.

On August 14, 2008, the Company completed a private placement of 10,638,297 units at a price of \$0.47 per unit for \$5,000,000. Each unit consists of one common share, one common share purchase warrant and a fractional warrant for an aggregate of 2,000,000 common shares. Each warrant entitles the holder to purchase one additional common share at a price of \$0.71 per common share for a period of three years from the date of closing. Each of the 2,000,000 fractional warrants entitles the holder to purchase one additional common share at a price of \$0.95 per common share for a period of three years from the date of closing. The warrants and fractional warrants expire on August 14, 2011.

On October 11, 2008, 3,150,000 warrants previously granted on October 11, 2005 expired.

On October 31, 2008, the Company completed a private placement of 12,500,000 units at a price of \$0.40 per unit for \$5,000,000. Each unit consists of one common share, one common share purchase warrant and a fractional warrant for an aggregate of 2,000,000 common shares. Each warrant entitles the holder to purchase one additional common share at a price of \$0.60 per common share for a period of three years from the date of closing. Each of the 2,000,000 fractional warrants entitles the holder to purchase one additional common share at a price of \$0.80 per common share for a period of three years from the date of closing. The warrants and fractional warrants expire on October 31, 2011.

On January 13, 2009, 73,000 warrants previously granted on January 13, 2006 expired.

The warrants outstanding as of September 30, 2009, were 42,818,138 (September 30, 2008 – 31,541,138) and are valued at \$6,612,481 (September 30, 2008 - \$5,472,837).

## 9. STOCK OPTIONS

On November 28, 2005, the Board of Directors (the "Board") of Deep Well adopted the Deep Well Oil & Gas, Inc. Stock Option Plan (the "Plan"). The Plan has not yet been ratified by the shareholders, which it must be to become effective. The Plan, which will be administered by the Board, permits options to acquire shares of the Company's common stock (the "Common Shares") to be granted to directors, senior officers and employees of the Company and its subsidiaries, as well as certain consultants and other persons providing services to the Company or its subsidiaries.

The maximum number of shares, which may be reserved for issuance under the Plan, may not exceed 10% of the Company's issued and outstanding Common Shares, subject to adjustment as contemplated by the Plan. The aggregate number of Common Shares with respect to which options may be vested to any one person (together with their associates) in any one year, together with all other incentive plans of the Company, may not exceed 500,000 Common Shares, and in total may not exceed 2% of the total number of Common Shares outstanding.

For the period ended September 30, 2009, the Company recorded \$5,802 (September 30, 2008 - \$111,815) of compensation expense based on its use of the Black-Scholes model to estimate the grant-date fair value of these unit option awards. No options were exercised during the period ended September 30, 2009, therefore, the intrinsic value of the options exercised during the period ended September 30, 2009 is nil. As of September 30, 2009, there was no remaining unrecognized compensation cost related to the non-vested portion of these unit option awards. Compensation expense is based upon straight-line amortization of the grant-date fair value over the vesting period of the underlying unit option. Since the

Company is a relatively new public company and has minimal trading history, it has used an estimated volatility of approximately 138% for the period ended September 30, 2009 based on the trading history available.

Range of Exercise Prices	Shares Underlying Options Outstanding			Shares Underlying Options Exercisable	
	Shares Underlying Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Shares Underlying Options Exercisable	Weighted Average Exercise Price
\$0.47 at September 30, 2009	276,000	2.97	\$ 0.47	276,000	\$ 0.47
\$0.71 at September 30, 2009	3,102,500	1.27	0.71	3,102,500	0.71
	<u>3,378,500</u>	<u>1.41</u>	<u>\$ 0.69</u>	<u>3,378,500</u>	<u>\$ 0.69</u>

The aggregate intrinsic value of exercisable options as of September 30, 2009, was \$nil (September 30, 2008 – \$nil).

The following is a summary of stock option activity as at September 30, 2009:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Fair Market Value
Balance, September 30, 2005	–	\$ –	\$ –
Options granted November 28, 2005	<u>2,857,500</u>	<u>0.71</u>	<u>0.27</u>
Balance, September 30, 2006	2,857,500	0.71	0.27
Options forfeited September 21, 2007	(130,000)	0.71	0.27
Options granted October 25, 2006	375,000	0.71	0.38
Options granted September 20, 2007	<u>276,000</u>	<u>0.47</u>	<u>0.45</u>
Balance, September 30, 2007	<u>3,378,500</u>	<u>\$ 0.69</u>	<u>\$ 0.27</u>
Balance, September 30, 2008	<u>3,378,500</u>	<u>\$ 0.69</u>	<u>\$ 0.27</u>
Balance, September 30, 2009	<u>3,378,500</u>	<u>\$ 0.69</u>	<u>\$ 0.27</u>
Exercisable, September 30, 2009	<u>3,378,500</u>	<u>\$ 0.69</u>	<u>\$ 0.27</u>

The following table summarizes the activity of the Company's non-vested stock options since October 1, 2005:

	Non-Vested Options	
	Number of Shares	Weighted Average Exercise Price
Non-vested at October 1, 2005	–	\$ –
Granted	2,857,500	0.71
Vested	<u>(1,377,500)</u>	<u>0.71</u>
Non-vested at September 30, 2006	1,480,000	0.71
Forfeited	(130,000)	0.71
Granted	651,000	0.61
Vested	<u>(1,025,000)</u>	<u>0.71</u>
Non-vested at September 30, 2007	976,000	0.64
Vested	<u>(874,000)</u>	<u>0.64</u>
Non-Vested at September 30, 2008	102,000	0.70
Vested	<u>(102,000)</u>	<u>0.71</u>
Non-vested at September 30, 2009	<u>–</u>	<u>\$ –</u>

### **Measurement Uncertainty**

The Black-Scholes option pricing model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. Stock options and the warrants attached to the units issued by the Company are non-transferable. Option pricing models require the input of subjective assumptions including expected share price volatility. The fair value estimate can vary materially as a result of changes in the assumptions.

## **10. CHANGES IN NON-CASH WORKING CAPITAL**

	2009	2008	2007
Accounts receivable	\$ (584,413)	\$ (325,744)	\$ (20,809)
Prepaid expenses	110,879	(33,387)	(112,067)
Accounts payable	<u>(929,197)</u>	<u>656,090</u>	<u>(366,471)</u>
	<u>\$ (1,402,731)</u>	<u>\$ 296,959</u>	<u>\$ (499,347)</u>

## **11. INCOME TAXES**

As of September 30, 2009, the Company has approximately \$3,706,111 (2008 – \$2,884,771) of net operating losses expiring through 2029 that may be used to offset future taxable income but are subject to various limitations imposed by rules and regulations of the Internal Revenue Service. The net operating losses are limited each year to offset future taxable income, if any, due to the change of ownership in the Company's outstanding shares of common stock. In addition, at September 30, 2009, the Company had an unused Canadian net operating loss carry-forward of approximately \$7,013,826 (2008 – \$6,859,024), expiring through 2029. These operating loss carry-forwards may result in future income tax benefits of approximately \$3,331,148; however, because realization is uncertain at this time, a valuation reserve in the same amount has been established. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

The components of the net deferred tax asset, the statutory tax rate, the effective rate and the elected amount of the valuation allowance are as follows:

	<u>Year Ended September 30, 2009</u>	<u>Year Ended September 30, 2008</u>
<b>Statutory and effective tax rate</b>		
Domestic		
Statutory U.S. federal rate	35.00%	35.00%
Foreign	29.50%	29.50%
<b>Income taxes recovered at the statutory and effective tax rate</b>		
Domestic		
Statutory U.S. federal rate	\$ 289,500	\$ 442,864
Foreign	388,658	452,989
<b>Timing differences:</b>		
Non-deductible expenses	(115,775)	37,484
Financing fees	801	62,251
Other deductible charges	2,067	7,883
Benefit of tax losses not recognized in the year	<u>(565,251)</u>	<u>(1,003,471)</u>
<b>Income tax recovery (expense) recognized in the year</b>	<b>\$ <u>          -</u></b>	<b>\$ <u>          -</u></b>

The approximate tax effects of each type of temporary difference that gives rise to deferred tax assets are as follows:

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Deferred income tax assets (liabilities)		
Net operating loss carry-forwards	\$ 3,331,148	\$ 3,033,082
Oil and gas properties	79,732	16,639
Finance fee deductible in future years	498	1,496
Equipment	36,665	4,496
Valuation allowance	<u>(3,448,043)</u>	<u>(3,055,713)</u>
Net deferred income tax assets	<b>\$ <u>          -</u></b>	<b>\$ <u>          -</u></b>

## 12. COMMITMENTS

### Compensation to Directors

Since the acquisition of Northern Alberta Oil Ltd., the Company and Northern have entered into the following contracts with the following companies for the services of their officers:

- 1) Portwest Investments Ltd., a company owned 100% by Dr. Horst A. Schmid, for providing services to the Company as Chief Executive Officer and President for \$12,500 Cdn per month.
- 2) Concorde Consulting, a company owned 100% by Mr. Curtis J. Sparrow, for providing services as Chief Financial Officer to the Company for \$15,000 Cdn per month.
- 3) Brave Consulting, a company 50% owned by Mr. David Roff, for providing consulting services to the Company for \$12,000 Cdn per month. This contract was ended on April 1, 2009.



## Rental Agreement

On December 1, 2008, the Company signed an office lease agreement commencing January 1, 2009 and expiring on December 31, 2014. The annual payments are as follows:

2010	\$	38,250
2011	\$	42,502
2012	\$	42,502
2013	\$	42,502
2014	\$	10,626

## 13 LEGAL ACTIONS

### **Deep Well Oil & Gas, Inc. vs. Tamm Oil and Gas Corp., et al**

On April 7, 2008, Deep Well announced that it has filed a complaint (the “Compliant”) with the United States District Court for the District of Nevada alleging that Tamm Oil and Gas Corp. (“Tamm”) has violated United States federal and Nevada state law in connection with Tamm’s recent public statements and activities related to Deep Well, its operations and the ownership of its common shares.

Since December 2007, Tamm and its agents have issued multiple public statements with respect to Tamm’s acquisition of a significant interest in Deep Well and the Sawn Lake heavy oil region of North Central Alberta.

Deep Well is not, and has not been, a party to any of Tamm’s public statements or purported acquisition of Deep Well common shares. Deep Well alleges that Tamm’s recent public statements contain materially false or misleading statements about Tamm’s ownership interests in Deep Well and Sawn Lake, and that such statements and Tamm’s activities with respect to Deep Well and its common shares violate United States federal and Nevada state law.

In order to assist in protecting Deep Well and its shareholders, Deep Well commenced the Complaint, which alleges that:

- Tamm’s public statements about and purported acquisitions of Deep Well common shares constitute an illegal tender offer in violation of Section 14(d) of the United States Securities Exchange Act of 1934, as amended (the “Exchange Act”);
- Tamm’s public statements about Deep Well and the acquisition of Deep Well common shares contain materially false and/or misleading statements or omissions, in violation of United States federal securities laws and Nevada state law;
- Tamm failed to timely file with the Securities and Exchange Commission a required statement of beneficial ownership on Schedule 13D, and subsequently filed a materially deficient Schedule 13D; and
- Tamm has defamed Deep Well by making false statements concerning Deep Well and its interests in Sawn Lake that were published to the public and/or third parties without permission by Deep Well; and Tamm has violated the Lanham Act by making false and misleading representations of fact in connection with its and Deep Well’s business in the oil and gas industry and its tender offer for Deep Well shares or solicitation of shareholders in favor of its tender offer.

On September 14, 2009 and effective September 1, 2009, Deep Well and Tamm, Garry Tighe, William Tighe, Sean Dickenson, John Muzzin, Guido Hilekes, Peter Schriber, Olaf Herr, Arthur Sulzer, LB (Swiss) Private Bank, Ltd. and Rahn & Bodmer Co. (collectively, the “TAMM Parties”) entered into a full settlement and release with all of the defendants in *Deep Well Oil & Gas, Inc. v. Tamm Oil & Gas Corp., et. al.* (D. Nev., Case No. 3:08-cv-00173-ECR-RAM) in the United States District Court, District of Nevada.

The settlement provides that the Company will be granted an option (the “Option”) to purchase Tamm’s interest in the Royalty Agreement between Mikwec Energy Canada, Ltd. and Nearshore Petroleum Corporation, dated December 12, 2003 (hereinafter the “Royalty Agreement”). The Option price shall be determined by an independent appraisal of the fair market value of Tamm’s interest in the Royalty Agreement, and shall reflect a \$400,000 reduction from the determined fair market value. Further, if the Company decides to exercise this Option they can pay for part of the Option by way of a promissory note, the terms of which will be determined. The settlement also provides that for the term of the promissory note Tamm may designate a director to the Company’s board of directors, and that Tamm’s designee shall thereafter be included on the Company’s slate of director nominees for any stockholder election of directors, until such time as the Company repays the debt it owes on the promissory note related to the Option. A Stipulated Judgment of Dismissal of the case was filed on September 15, 2009 and entered by the court on the same day.

### **I.G.M Resources Corp. vs. Deep Well Oil & Gas, Inc., et al**

On March 10, 2005, I.G.M. Resources Corp. ("the Plaintiff") filed against Classic Energy Inc., 979708 Alberta Ltd., Deep Well Oil & Gas, Inc., Nearshore Petroleum Corporation, Mr. Steven P. Gawne, Rebekah Gawne, Gawne Family Trust, 1089144 Alberta Ltd., John F. Brown, Diane Lynn McClafin, Cassandra Doreen Brown, Elissa Alexandra Brown, Brown Family Trust, Priority Exploration Ltd., Northern Alberta Oil Ltd. and Gordon Skulmoski ("the Defendant") a Statement of Claim in the Court of Queen's Bench of Alberta Judicial District of Calgary. This suit is a part of a series of lawsuits or actions undertaken by the Plaintiff against some of the other above defendants.

The Plaintiff was and still is a minority shareholder of 979708 Alberta Ltd. ("979708"). 979708 was in the business of discovering, assembling and acquiring oil and gas prospects. In 2002 and 2003, 979708 acquired oil and gas prospects in the Sawn Lake area of Alberta. On or about the 14<sup>th</sup> of July, 2003, all or substantially all the assets of 979708 were sold to Classic Energy Inc. The Plaintiff claims the value of the assets sold was far in excess of the value paid for those assets. On April 23, 2004 Northern Alberta Oil Ltd., purchased Classic Energy Inc.'s assets some of which are under dispute by the Plaintiff. On June 7, 2005 Deep Well acquired all of the common shares of Northern thereby giving Deep Well an indirect beneficial interest in the assets the Plaintiff is claiming an interest.

The Plaintiff seeks an order setting aside the transaction and returning the assets to 979708, compensation in the amount of \$15,000,000 Cdn, a declaration of trust declaring that Northern and Deep Well hold all of the assets acquired from 979708 and any property acquired by use of such assets, or confidential information of 979708, in trust for the Plaintiff.

This lawsuit has been stayed pending the out come of the other litigation by the Plaintiff against some of the above defendants other than Deep Well and Northern. The Company believes the claims are without merit and will vigorously defend against them. As of September 30, 2009, no contingent liability has been recorded as a successful outcome for the Plaintiff is unlikely.

### **Hardie & Kelly vs. Brown et al**

On June 2, 2006, Hardie and Kelly ("the Plaintiff"), Trustee of the Estate of John Forbes Brown filed against John Forbes Brown, a bankrupt, Diane Lynn McClafin, 1089144 Alberta Ltd., and Deep Well ("the Defendants") an Amended Statement of Claim in the Court of Queen's Bench of Alberta Judicial District of Calgary. John Forbes Brown was a former officer and then sub-contractor of Deep Well before and during the time he was assigned into bankruptcy on July 12, 2004. The Plaintiff claims, in addition to other issues unrelated to Deep Well, that John Forbes Brown received 4,812,500 Deep Well shares as a result of his employment in Deep Well and that John Forbes Brown improperly assigned these shares to the numbered company as a ruse entered into on the eve of insolvency by John Forbes Brown in order to facilitate the hiding of assets from his creditors and the trustee of his bankruptcy. The Plaintiff further claims that on August 23, 2004 John Forbes Brown advised the Plaintiff that he in fact owned the above shares and did not disclose this ownership in his filed bankruptcy statement of affairs.

The Plaintiff further claims that John Forbes Brown would lodge the said shares with his lawyer until such time as these shares could be transferred to the Plaintiff. The Plaintiff further claims that unbeknownst to them John Forbes Brown surreptitiously removed the shares from his lawyer's office and delivered them to Deep Well so that Deep Well could cancel them. The Plaintiff claims that Deep Well conspired with John Forbes Brown to defraud the creditors of John Forbes Brown by taking receipt and cancelling the said shares. The Plaintiff claims that consideration paid by Deep Well for the said shares was invested in the home owned by John Forbes Brown and his wife. The Plaintiff seeks; (1) an accounting of the proceeds and benefits derived by the dealings of the shares; (2) the home owned by John Forbes Brown and his wife, to be held in trust on behalf of the Plaintiff and an accounting of proceeds related to this trust; (3) damages from the Defendants because of their actions; (4) a judgement for \$15,612,645 Cdn; (5) an order to sell John Forbes Brown's home; and (6) interest and costs.

Deep Well Plans to vigorously defend itself against the Plaintiff's claims. As at September 30, 2009, no contingent liability has been recorded as a successful outcome for the Plaintiff is unlikely.

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

During the fiscal years ended September 30, 2009 and 2008, there were no changes in, or disagreements with, our independent accountant on accounting and financial disclosure matters.

**ITEM 9A. CONTROLS AND PROCEDURES**

**Disclosure Controls and Procedures**

As of the end of our fiscal year ended September 30, 2009, an evaluation of the effectiveness of our “disclosure controls and procedures” (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934), as amended was carried out under the supervision and with the participation of our principal executive officer and principal financial officer. Based upon that evaluation, our principal executive officer and principal financial officer have concluded that as of the end of that fiscal year, our disclosure controls and procedures were not effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and (ii) accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

**Changes in Internal Control Over Financial Reporting**

During the fiscal year ended September 30, 2009, there were changes and improvements in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. During the fiscal year we continued to implement the formalization and centralization of our accounts payable functions and multi-currency accounting software.

**ITEM 9B. OTHER INFORMATION**

Deep Well reported all information that was required to be disclosed on Form 8-K during the fourth quarter of the fiscal year covered by this Form 10-K.

## PART III

### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

#### Directors and Executive Officers

The directors and executive officers of Deep Well are as follows:

<b>As at September 30, 2009</b>		
<b>Name</b>	<b>Age</b>	<b>Position/Office</b>
Dr. Horst A. Schmid	76	Director and Chairman of the Board, President and Chief Executive Officer
Mr. Christian Demoyen	69	Director
Mr. Donald W. Hryhor	53	Director
Mr. Donald E. H. Jones	56	Director
Mr. David Roff	38	Director
Mr. Cyrus Spaulding	53	Director
Mr. Curtis James Sparrow	52	Director and Chief Financial Officer, Secretary and Treasurer
Mr. Malik Youyou	56	Director

#### Biographies of Directors and Executive Officers

Brief biographies of the directors and executive officers of Deep Well are set forth below. All directors hold office until the next annual stockholders' meeting or until their death, resignation, retirement, removal, disqualification or until their successors have been elected and qualified. Vacancies in the existing Board may be filled by majority vote of the remaining directors. Officers of our Company serve at the will of the Board of Directors. As of September 30, 2009 there are no written employment contracts outstanding, but there are consulting contracts as disclosed herein.

Dr. Horst A. Schmid has served as director and Chairman of the Board since February 6, 2004 to present. Since June 29, 2005 to present he has been the Chief Executive Officer and President of Deep Well. From September 1996 to present, Dr. Schmid has been director, President and Chief Executive Officer of Portwest Investment Ltd., a private firm, located in Edmonton, Alberta, Canada. Prior to that, Dr. Schmid spent 15 years as Cabinet Minister for the Government of Alberta and 10 years as Commissioner General for Trade and Tourism. During that time he was involved in numerous successful overseas negotiations for the Alberta Oil & Gas Industry, achieving major contracts for Alberta Equipment/Production/Service Companies. He is the recipient of many Canadian and International Awards for his accomplishments. Dr. Schmid received an Honorary Law Degree from the University of Alberta.

Mr. Curtis James Sparrow served as director of Deep Well from February 6, 2004 until June 29, 2005. On July 1, 2005, Mr. Sparrow accepted a reappointment back to the Board of Directors. From February 9, 2004 to present Mr. Sparrow has been the Chief Financial Officer, Corporate Secretary and Treasurer of Deep Well. Since before May 1994, Mr. Sparrow has been a self-employed management consultant. Mr. Sparrow has been involved in the oil and gas industry in various capacities for over 30 years. He held directorships and senior officer positions with junior exploration and development companies before becoming a self-employed consultant. He has since participated in the marketing side of the oil and gas industry, and was part of an acquisition team formed to assess and develop a bid for a multi-billion dollar integrated oil company. His experience also includes corporate and project management, international businesses and mining. Mr. Sparrow received his Bachelor of Science Degree in Engineering and Masters Degree in Business Administration from the University of Alberta. Mr. Sparrow is also a registered Professional Engineer.

Mr. Cyrus Spaulding has served as director of Deep Well from June 29, 2005 to present. Early in his career he joined Husky Oil Operations Ltd. as a reservoir-engineering technologist where he provided data analysis on secondary recovery schemes for heavy oil projects. In the mid 1990's he joined Colt Engineering Corporation as the lead engineer for the Amoco Primrose Commercial SAGD project. Mr. Spaulding was also employed as the manager of Williams Energy Canada Inc. Mr. Spaulding currently holds no other directorships. He is a registered Professional Engineer with over 17 years experience in the oil and gas industry. He has worked on projects in Canada as well as overseas. His experience includes gas plants, hydrocarbon liquids fractionation plants, heavy oil pilot plants and heavy oil commercial plants. He has also worked with a major oil and gas company in Alberta providing forecasting and analysis on heavy oil projects. Mr. Spaulding is a graduate of Lakehead University. Mr. Spaulding served our Company as Chief Operating Officer from September 1, 2005 to September 21, 2007.

Mr. Donald E. H. Jones has been a director of Deep Well from June 29, 2005 to present. Mr. Jones brings over 30 years of broad oil, natural gas and petrochemical experience to our Company. His experience spans the manufacturing and service sectors, as well as engineering and project management in the EPC environment. He has also worked at a senior management level for companies with both new and established oil and gas properties. At one time, Mr. Jones was Project Manager, including field construction, commissioning, and optimization for a SAGD Pilot Facilities, which laid the groundwork for commercial scale production and processing of heavy oil. A graduate of the University of Calgary, Mr. Jones is a registered Professional Engineer. He has significant

domestic and international experience having worked in Canada, Africa, Russia, Kazakhstan, South East Asia and Columbia, where he is currently manager for a Calgary based exploration and development Company.

Mr. David Roff is currently serving as a director of Deep Well since his reappointment on April 3, 2006. He was the former President and Sole Director of Deep Well from September 10, 2003 until February 6, 2004. Mr. Roff is the co-president of, Brave Consulting, a private consulting and investment corporation and has held this position since 2001. Brave Consulting was engaged by Deep Well in July 2005 until March 2009. Mr. Roff has extensive experience working with small cap public companies for more than ten years. Prior to that, Mr. Roff was a management consultant for Coopers & Lybrand Consulting where he advised large financial institutions, investment fund complexes and other organizations on technology and internal control strategies. Mr. Roff is an officer and director of Arkson Nutraceuticals and Hudson's Grill International. Mr. Roff is a Chartered Accountant with a B.A. degree from the University of Western Ontario.

Mr. Malik Youyou has been a director of Deep Well from August 20, 2008 to present. Mr. Youyou is an experienced international entrepreneur, investor and director of several companies.

Mr. Christian Demoyen has been a director of since January 8, 2009 to present. Mr. Demoyen is the Senior Partner of the law firm Demoyen & Associés. He is also a visiting Professor at the Paris University of Law and the Conservatoire National des Arts et Métiers. He received his Doctor in Law (PhD) degree from the University of Paris. He also attended the School of Political Sciences in Paris.

Mr. Donald Wayne Hryhor has been appointed to our board of directors as of September 16, 2009. Mr. Hryhor currently acts as President and Chief Executive Officer of Thunder River Energy Inc. (and Thunder's subsidiary, CIMA Holdings Inc. in New Mexico), and operates privately as President and Chief Executive Officer of both Canadian Wildcat Corporation and Western Crown Corporation. Mr. Hryhor is a director of Thunder River Energy Inc., Canadian Wildcat Corporation and Western Crown Corporation.

#### **Family Relationships**

There are no family relationships among the directors and executive officers.

#### **Involvement in Certain Legal Proceedings**

No bankruptcy petition has been filed by or against any business of which any director was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time.

No current director has been convicted in a criminal proceeding and is not subject to a pending criminal proceeding (excluding traffic violations and other minor offences).

No current director has been subject to any order, judgments, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities.

No current director has been subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any Federal or State authority barring, suspending or otherwise limiting for more than 60 days the right of such person to engage in any activity described in paragraph (f)(3)(i) of this section, or to be associated with persons engaged in any such activity.

No current director has been found by a court of competent jurisdiction in a civil action or by the Commission to have violated a Federal or State securities law, that has not been reversed, suspended, or vacated.

No current director has been found by a court of competent jurisdiction in a civil action or by the Commodity Futures Trading Commission to have violated any Federal commodities law that has not been subsequently reversed, suspended or vacated.

#### **Section 16 (a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires our Company's officers, directors and persons who beneficially own more than 10% of a registered class of our Company's equity securities to file reports of ownership and changes in ownership with the Securities and Exchange Commission, and to furnish to our Company copies of such reports. Based solely on the review of copies of the forms received, by our Company, during the September 30, 2009 fiscal year, as required under Section 16(a)(2) of the Securities Exchange Act of 1934 by Mr. Malik Youyou a director and a 10% or more beneficial owner of our Company, filed three Form 4s late; Mr. Christian Demoyen a director of our Company, filed one Form 3 and one Form 4 late.

#### **Code of Ethics**

As of September 30, 2009, our Company had not yet adopted a formal code of ethics governing its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions and directors. We have not adopted a code of ethics because we have limited operations. Our Board of Directors will address this issue in the future to determine the adoption of a code of ethics. In the meantime, our management intends to promote honest and ethical conduct, full and fair disclosure in our reports to the SEC, and compliance with applicable governmental laws and regulations.

## **Corporate Governance**

### ***Director Independence***

We have not adopted standards for director independence, but in making a determination on director independence under the standards for independence set forth by the NASDAQ Marketplace rules, we determined that as of September 30, 2009, our Board of Directors consisted of four independent and four non-independent directors. The directors of our Company are as follows:

<b>As at September 30, 2009</b>		
<b>Name</b>	<b>Year When Appointed, Elected or Re-Elected as Director</b>	
Dr. Horst A. Schmid	2004	Non-independent director
Mr. Christian Demoyen	2009	Independent director
Mr. Donald W. Hryhor	2009	Independent director
Mr. Donald E. H. Jones	2005	Independent director
Mr. David Roff	2006	Non-independent director
Mr. Cyrus Spaulding	2005	Non-independent director
Mr. Curtis James Sparrow	2005	Non-independent director
Mr. Malik Youyou	2008	Independent director

### ***Board Meetings, Committees and Annual Meeting Attendance***

In the September 30, 2009 fiscal year our Board of Directors had three meetings or written resolutions. Each director of our Company attended 100% of all meetings held by the Board of Directors except one director who attended 67% of all meetings held by the Board of Directors. We did not have a general meeting of stockholders during the fiscal years ended September 30, 2009 or September 30, 2008.

Our Company currently does not have any Board committees. Our entire Board is currently acting as Board committees but is reviewing this situation to potentially adopt some committees.

### ***Nominating Committee***

Our Company currently does not have a standing nominating committee or a nominating committee charter or policy due to the relatively small size of our Company. Our Board believes that our entire Board of Directors can adequately perform the functions of the committee, including considering potential director nominees, therefore fulfilling the role of a nominating committee. It is anticipated that in preparation for any general meeting of stockholders our Board will review stockholder proposals for nominations to the Board of Directors. Any such stockholder proposal must comply with the proxy rules under the Exchange Act, including Rule 14a-8.

### ***Audit Committee***

We are currently reviewing our audit committee to ensure its director independence and its charter; therefore we do not have an active independent audit committee at this time. Our management along with our independent third party chartered accounting firm, Collins Barrow, performed all work relating to the preparation of the audit of our financial statements for the September 30, 2009 fiscal year.

We do not have an audit committee financial expert, on our Board of Directors. We believe that the cost related to retaining an audit committee financial expert at this time is prohibitive and that, because, of our limited operations the services of an independent audit committee financial expert are not warranted at this time.

## Compensation Committee

Our Company currently does not have a standing compensation committee, charter or a committee performing similar functions due to the relatively small size of our Company.

## Shareholder Communications

We currently do not have a process for stockholders to send communications to our Board of Directors, however all shareholder communications received by us are forwarded to the Chairman of the Board. Our Board of Directors will address this issue in the future to determine a process for stockholders to communicate directly with the Board of Directors of our Company. We did not have a general meeting of stockholders during the fiscal years ended September 30, 2009 or September 30, 2008.

## ITEM 11. EXECUTIVE COMPENSATION

### Summary Compensation Table

The following table provides information about the compensation paid to, earned or received during the last two fiscal years ended September 30, 2009, September 30, 2008 and September 30, 2007 the executive officers listed below (the "Named Executive Officers").

Executive Compensation Summary									
Name and Principal Position	Fiscal Year Sept. 30	Salary (\$Cdn)	Bonus \$	Stock Awards \$	Option Awards \$ (If approved by the shareholders) (20)	Non-Equity Incentive Plan Compen- sation \$	Non- qualified Deferred Compen- sation Earnings \$	All Other Compen- sation \$	Total (\$US)
Dr. Horst A. Schmid <sup>(1)</sup> President and Chief Executive Officer	2009	\$ 150,000 <sup>(2)</sup>	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 3,000 <sup>(4)</sup>	\$ 142,905
	2008	150,000 <sup>(2)</sup>	–	–	3,730 <sup>(3)</sup>	–	–	6,000 <sup>(4)</sup>	151,255
	2007	150,000 <sup>(2)</sup>	–	–	38,394 <sup>(3)</sup>	–	–	16,000 <sup>(4)</sup>	204,949
Mr. Curtis James Sparrow <sup>(5)</sup> Chief Financial Officer	2009	\$ 180,000 <sup>(6)</sup>	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 1,500 <sup>(8)</sup>	\$ 169,386
	2008	180,000 <sup>(6)</sup>	–	–	3,730 <sup>(7)</sup>	–	–	3,000 <sup>(8)</sup>	176,560
	2007	180,000 <sup>(6)</sup>	–	–	38,394 <sup>(7)</sup>	–	–	8,000 <sup>(8)</sup>	227,060
Mr. Cyrus Spaulding <sup>(9)</sup> Chief Operating Officer	2009	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 1,500 <sup>(12)</sup>	\$ 1,500
	2008	–	–	–	7,862 <sup>(11)</sup>	–	–	2,500 <sup>(12)</sup>	10,362
	2007	121,420 <sup>(10)</sup>	–	–	54,283 <sup>(11)</sup>	–	–	7,000 <sup>(12)</sup>	183,152
Mr. David Roff <sup>(13)</sup> Consultant	2009	\$ 144,000 <sup>(14)</sup>	\$ –	\$ –	\$ 5,713 <sup>(15)</sup>	\$ –	\$ –	\$ 1,500 <sup>(16)</sup>	\$ 141,522
	2008	172,000 <sup>(14)</sup>	–	–	20,828 <sup>(15)</sup>	–	–	3,000 <sup>(16)</sup>	186,110
	2007	96,000 <sup>(14)</sup>	–	–	75,334 <sup>(15)</sup>	–	–	8,000 <sup>(16)</sup>	179,689
Mr. Edward Howard <sup>(17)</sup> Geologist	2009	\$ 194,700 <sup>(18)</sup>	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 181,597
	2008	219,637 <sup>(18)</sup>	–	–	56,120 <sup>(19)</sup>	–	–	–	263,348
	2007	6,638 <sup>(18)</sup>	–	–	–	–	–	–	6,663

<sup>(1)</sup> Dr. Horst A. Schmid has served our Company as director and Chairman of the Board since February 6, 2004 to present. From June 29, 2005 to present he has been the President and Chief Executive Officer of our Company.

<sup>(2)</sup> Portwest Investments Ltd., a company owned 100% by Dr. Horst A. Schmid, provided services as Chief Executive Officer and President to our Company and was paid Cdn \$150,000 for the 2009 fiscal year, Cdn \$150,000 for the 2008 fiscal year and Cdn \$150,000 for the 2007 fiscal year.

<sup>(3)</sup> On November 28, 2005, our Company granted Dr. Horst A. Schmid options to purchase 375,000 shares of our common stock on becoming a director of our Company, at an exercise price of \$0.71 per share, of which 175,000 vested immediately upon grant and another 100,000 vested on February 6, 2006 and another 100,000 vested on February 6, 2007. Based on the Black-Scholes valuation method Dr. Schmid's estimated amortized value vested in 2008 and 2007 was \$0 and \$8,062, respectively. In addition to Dr. Schmid's director's options, Portwest Investments Ltd., a company owned 100% by Dr. Schmid, was granted options to purchase 390,000 shares of our common stock for providing consulting services as President and Chief Executive Officer of our Company, of which 130,000 vested on July 1, 2006, another 130,000 vested on July 1, 2007 and another 130,000 vested on July 1, 2008. Based on the Black-Scholes valuation method Portwest Investment Ltd.'s estimated amortized value vested in 2008 and 2007 was \$3,730 and \$30,332, respectively.

- (4) Dr. Horst A. Schmid was paid \$3,000 for the fiscal year 2009, \$6,000 for the fiscal year 2008 and \$16,000 for the fiscal year 2007, for director's fees for his services on the Board of Directors as Chairman of the Board of our Company.
- (5) Mr. Curtis James Sparrow served as Director of our Company from February 6, 2004 until June 29, 2005. On July 1, 2005, Mr. Sparrow accepted a reappointment back to the Board of Directors. From February 9, 2004 to present Mr. Sparrow has been the Chief Financial Officer, Corporate Secretary and Treasurer of our Company.
- (6) Concorde Consulting, a company owned 100% by Mr. Curtis James Sparrow, provided services as Chief Financial Officer to our Company and was paid Cdn \$180,000 for the 2009 fiscal year, Cdn \$180,000 for the 2008 fiscal year and Cdn \$180,000 for the 2007 fiscal year.
- (7) On November 28, 2005, our Company granted Mr. Curtis James Sparrow options to purchase 375,000 shares of our common stock on becoming a director of our Company, at an exercise price of \$0.71 per share, of which 175,000 vested immediately upon grant and another 100,000 vested on February 6, 2006 and another 100,000 vested on February 6, 2007. Based on the Black-Scholes valuation method Mr. Sparrow's estimated amortized value vested in 2008 and 2007 was \$0 and \$8,062, respectively. In addition to Mr. Sparrow's director's options, Concorde Consulting, a company owned 100% by Mr. Sparrow, was granted options to purchase 390,000 shares of our common stock for providing consulting services as Chief Financial Officer of our Company, of which 130,000 vested on July 1, 2006, another 130,000 vested on July 1, 2007 and another 130,000 vested on July 1, 2008. Based on the Black-Scholes valuation method Concorde Consulting's estimated amortized value vested in 2008 and 2007 was \$3,730 and \$30,332, respectively.
- (8) Mr. Curtis James Sparrow was paid \$1,500 for the fiscal year 2009, \$3,000 for the fiscal year 2008 and \$8,000 for the fiscal year 2007 for director's fees for his services on the Board of Directors as director of our Company.
- (9) Mr. Cyrus Spaulding has served our Company as director since June 29, 2005 to present. Mr. Spaulding also served as Chief Operating Officer of our Company from September 1, 2005 until September 21, 2007.
- (10) Trebax Projects Ltd., a company owned 100% by Mr. Cyrus Spaulding, was paid Cdn \$0, Cdn \$0 and Cdn \$121,420 for providing services as Chief Operating Officer to our Company for the 2009, 2008 and 2007 fiscal years, respectively. Trebax Projects Ltd. terminated its contract as of September 21, 2007.
- (11) On November 28, 2005, our Company granted Mr. Cyrus Spaulding options to purchase 375,000 shares of our common stock, on becoming a director of our Company, at an exercise price of \$0.71 per share, of which 75,000 vested immediately upon grant and another 100,000 vested on June 29, 2006, another 100,000 vested on June 29, 2007 and another 100,000 vested on June 29, 2008. Based on the Black-Scholes valuation method Mr. Spaulding's estimated amortized value vested in 2008 and 2007 was \$7,862 and \$23,305, respectively. In addition to Mr. Spaulding's director's options, Trebax Projects Ltd., a company owned 100% by Mr. Cyrus Spaulding, was granted options to purchase 390,000 shares of our common stock for providing consulting services as Chief Operating Officer of our Company, of which 130,000 vested on September 1, 2006, another 130,000 vested on September 1, 2007 and another 130,000 would have vested on September 1, 2008 but Trebax Projects Ltd. terminated its contract as of September 21, 2007. Based on the Black-Scholes valuation method Trebax Projects Ltd.'s estimated amortized value vested in 2008 and 2007 was \$0 and \$30,978, respectively.
- (12) Mr. Cyrus Spaulding was paid \$1,500 for the fiscal year 2009, \$2,500 for the fiscal year 2008 and \$7,000 for the fiscal year 2007 for director's fees for his services on the Board of Directors as director of our Company.
- (13) Mr. David Roff was the former President and sole director of our Company from September 10, 2003 until February 6, 2004. Mr. Roff was reappointed as a director of our Company on April 3, 2006. Brave Consulting Corporation, a company 50% owned by Mr. David Roff, has been a consultant to our Company since July 15, 2005 to April 1, 2009. Brave Consulting Corporation, a private corporation 50% owned by Mr. Roff and the other 50% is owned by a non-related third party.
- (14) Brave Consulting Corporation, a company owned 50% by Mr. David Roff, and the other 50% is owned by a non-related party, was paid Cdn \$144,000, Cdn \$172,000 and Cdn \$96,000 for providing consulting services to our Company for the 2009, 2008 and 2007 fiscal years, respectively.
- (15) On October 25, 2006, our Company granted Mr. David Roff options to purchase 375,000 shares of our common stock, on becoming a director of our Company, at an exercise price of \$0.71 per share, of which 75,000 vested immediately and another 100,000 vested on April 6, 2007, another 100,000 vested on April 6, 2009 and another 100,000 vested on April 6, 2009. Based on the Black-Scholes valuation method Mr. Roff's estimated amortized value vested in 2009, 2008 and 2007 was \$5,713, \$20,828 and \$75,334, respectively. Mr. Roff has not exercised any of his stock options.
- (16) Mr. David Roff was paid \$1,500 for the fiscal year 2009, \$3,000 for the fiscal year 2008 and \$8,000 for the fiscal year 2007 for director's fees for his services on the Board of Directors as director of our Company.
- (17) On October 1, 2007, we entered into a Consulting Agreement, effective September 20, 2007, with R.N. Dell Energy Ltd. whose primary consultant is Mr. Edward A. Howard, to assist us in the further exploitation and development of our Sawn Lake project. Under the terms of the Consulting Agreement, R.N. Dell Energy Ltd. will be paid \$17,700 Cdn per month.
- (18) R.N. Dell Energy, a company 100% owned by Mr. Edward Howard, was paid Cdn \$194,700, Cdn \$219,637 and Cdn \$6,638 for providing consulting services to our Company for the 2009, 2008 and 2007 fiscal years, respectively.
- (19) On September 20, 2007, the Company granted R.N. Dell Energy Ltd., a corporation providing consulting services to the Company or its subsidiary, options to purchase 240,000 shares of common stock at an exercise price of \$0.47 per share, vesting at a rate of 20,000 per month commencing October 31, 2007. Each option will be exercisable for five years from the date of its issuance. Based on the Black-Scholes valuation method R.N. Dell Energy Ltd.'s estimated amortized value vested in 2008 was \$56,120. R.N. Dell Energy Ltd. has not exercised any of his stock options.
- (20) No option granted under the Stock Option Plan may be exercised until the Stock Option Plan has been approved and ratified by the holders of a majority of the voting stock of our Company at a shareholders' meeting or by a properly executed consent resolution of said majority shareholders. These estimated valuations include the value of the options back until each executive officer first became a director. No named director or executive officer, or contractor has exercised any of his/its stock options because the Stock Option Plan has not yet been ratified by our Company's shareholders.

The Board regularly reviews all compensation paid to officers of our Company.



## Compensation Arrangements for Executive Officers

Our Company has entered into the following contracts with the following companies for services of certain officers and/or directors of our Company:

1. Portwest Investments Ltd., a company owned 100% by Dr. Horst A. Schmid for providing services as Chief Executive Officer and President for Cdn \$12,500 per month.
2. Concorde Consulting, a company owned 100% by Mr. Curtis James Sparrow for providing services as Chief Financial Officer for Cdn \$15,000 per month.
3. Trebax Projects Ltd., a company 100% owned by Mr. Cyrus Spaulding for providing services as Chief Operating Officer for Cdn \$130 per hour. On September 21, 2007, Trebax Projects Ltd. ended its contract.

On November 28, 2005, the Board of Directors of our Company granted 390,000 options to acquire common shares to the above corporations providing consulting services to our Company.

<b>Outstanding Equity Awards Granted to Executive Officers at September 30, 2009</b>									
	<b>Options Awards <sup>(1)</sup> (If approved by the shareholders)</b>					<b>Stock Awards</b>			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
Portwest Investments Ltd. <sup>(2)</sup>	390,000	–	–	\$0.71	11/28/2010	–	–	–	–
Concorde Consulting <sup>(3)</sup>	390,000	–	–	\$0.71	11/28/2010	–	–	–	–
Trebax Projects Ltd. <sup>(4)</sup>	260,000	–	–	\$0.71	11/28/2010	–	–	–	–

<sup>(1)</sup> No option granted under the Stock Option Plan may be exercised until the Stock Option Plan has been approved and ratified by the holders of a majority of the voting stock of our Company at a shareholders' meeting or by a properly executed consent resolution of said majority shareholders. As of the date of this report no executive officer or contractor has exercised his or its stock options.

<sup>(2)</sup> Portwest Investments Ltd., a company owned 100% by Dr. Horst A. Schmid, was granted options to purchase 390,000 shares of common stock for providing consulting services as President and Chief Executive Officer of our Company, and as of July 1, 2008 all of Portwest Investment Ltd's options to purchase common stock of our Company are fully vested.. See the Executive Compensation table for more disclosure.

<sup>(3)</sup> Concorde Consulting, a company owned 100% by Mr. Curtis James Sparrow, was granted options to purchase 390,000 shares of common stock for providing consulting services as Chief Financial Officer of our Company, and as of July 1, 2008, all of Concorde Consulting's options to purchase common stock of our Company are fully vested. See the Executive Compensation table for more disclosure.

<sup>(4)</sup> Trebax Projects Ltd., a company owned 100% by Mr. Cyrus Spaulding, was granted options to purchase 390,000 shares of common stock for providing consulting services as Chief Operating Officer of our Company , and as of September 1, 2007, 260,000 options to purchase common stock of our Company are fully vested, another 130,000 would have vested on September 1, 2008 but Trebax Projects Ltd. ended its contract as of September 21, 2007. See the Executive Compensation table for more disclosure.

## Compensation Arrangement for Contractors

1. Brave Consulting, a company 50% owned by Mr. David Roff, for providing consulting services to our Company for Cdn \$8,000 per month. As of August 2007 the amount has increased to \$12,000 per month. This contract ended on April 1, 2009.
2. R.N. Dell Energy Ltd., a company 100% owned by Mr. Edward Howard has been contracted to provide geological services to our Company for Cdn \$17,700 per month. On September 28, 2007, under the terms of the Consulting Agreement, our Board of Directors granted options to the Contractor to acquire 240,000 common shares of our Company at the exercise price of \$0.47 per common share (being the closing price as of the day before the effective date) which shall be vested at a rate of 20,000

common shares per month commencing October 31, 2007, so long as the Contractor continues to provide consulting services on such vesting dates. Each option will be exercisable for five years from the date of its issuance.

### Compensation of Directors

On November 28, 2005, our Company adopted a cash compensation plan where each director is paid the amount of \$500 for each meeting of the Board of Directors or committee meeting that they attend, or resolution participated in, plus, we reimburse each director for actual expenses incurred in connection with Board meeting attendance. The Chairman of the Board is paid \$1,000 for each Board event as described above plus reimbursement for actual expenses incurred in connection with Board meeting attendance.

On November 28, 2005, the Board of Directors of Deep Well adopted the Deep Well Oil & Gas, Inc. Stock Option Plan. The Stock Option Plan, which if administered by the Board, permits options to acquire shares of Deep Well's common stock to be granted to directors of our Company. The vesting of such director options will occur only if the holder of the options continues to provide services to us during the immediate annual period preceding the relevant vesting date. The options will terminate at the close of business five years from the date of grant. No option granted under the Stock Option Plan may be exercised until the Stock Option Plan has been approved and ratified by the holders of a majority of the voting stock of our Company at a shareholders' meeting or by consent resolution of said majority shareholders.

For the year ended September 30, 2009, the Company recorded \$5,802 of compensation expense based on its use of the Black-Scholes model to estimate the grant-date fair value of these unit option awards. No options were eligible to be exercised during the period ended September 30, 2009, therefore, the intrinsic value of all of the options vested for the period ended September 30, 2009 is nil. As of September 30, 2009, there was no remaining unrecognised compensation cost related to the non-vested portion of these unit option awards. Compensation expense is based upon straight-line amortization of the grant-date fair value over the vesting period of the underlying unit option. Since the Company is a relatively new public company and has minimal trading history, it has used an estimated volatility of approximately 138% for the period ended September 30, 2009 based on the trading history available. As of September 30, 2009, no stock options have been exercised by a director.

Director Compensation at September 30, 2009							
Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (If approved by the shareholders) (\$) <sup>(1)</sup>	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Dr. Horst A. Schmid	Disclosed in the Executive Compensation Summary under Item 11.						
Mr. Christian Demoyen <sup>(2)</sup>	\$1,000 <sup>(3)</sup>	–	–	–	–	–	\$1,000
Mr. Donald Hryhor	–	–	–	–	–	–	–
Mr. Donald E. H. Jones <sup>(4)</sup>	\$1,000 <sup>(5)</sup>	–	–	–	–	–	\$1,000
Mr. David Roff	Disclosed in the Executive Compensation Summary under Item 11.						
Mr. Curtis James Sparrow	Disclosed in the Executive Compensation Summary under Item 11.						
Mr. Cyrus Spaulding	Disclosed in the Executive Compensation Summary under Item 11.						
Mr. Malik Youyou <sup>(6)</sup>	\$1,500 <sup>(7)</sup>	–	–	–	–	–	\$1,500

<sup>(1)</sup> No option granted under the Stock Option Plan may be exercised until the Stock Option Plan has been approved and ratified by the holders of a majority of the voting stock of our Company at a shareholders' meeting or by a properly executed consent resolution of said majority shareholders. These estimated valuations include the value of the options back until when each director first became a director.

<sup>(2)</sup> Mr. Christian Demoyen has served our Company as Director since January 8, 2009 to present.

<sup>(3)</sup> Mr. Christian Demoyen was paid \$1,000 for director's fees for his services on the Board of Directors as director of our Company for the 2009 fiscal year.

<sup>(4)</sup> Mr. Donald E. H. Jones has served our Company as Director since June 29, 2005 to present.

<sup>(5)</sup> Mr. Donald E. H. Jones was paid \$500 and another \$500 was accrued for director's fees for his services on the Board of Directors as director of our Company for the 2009 fiscal year.

<sup>(6)</sup> Mr. Malik Youyou has served our Company as Director since August 20, 2008.

<sup>(7)</sup> Mr. Malik Youyou was paid \$1,500 for director's fees for his services on the Board of Directors as director of our Company for the 2009 fiscal year.

## ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

### Equity Compensation Plan Information

As of September 30, 2009 with respect to shares of Deep Well common stock that may be issued under our existing equity compensation plan, see Item 5 “Equity Compensation Plan Information” of this report on Form 10-K.

### Security Ownership of Certain Beneficial Owners and Management

The following table sets forth the number and percentage of the beneficial ownership of shares of our Company’s outstanding common stock as of September 30, 2009 by each person or group known by us to be the beneficial owner of more than 5% and all of our directors and executive officers individually and as a group.

<b>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS</b>				
<b>As of September 30, 2009</b>				
<b>Name and Address of Beneficial Owner</b>	<b>Title of Class</b>	<b>Number of Shares Beneficially Owned (1) (2)</b>	<b>Percentage of Class Beneficially Owned</b>	<b>Nature of Ownership</b>
Malik Youyou Director Sadovnicheskeya nab 69 Moscow 115035, Russia	Common	75,776,883	52.90% (3)	Direct and Indirect
LB (Swiss) Private Bank Ltd. Boersenstrasse 16 Postfach Zurich CH-8022, Switzerland	Common	10,000,000	8.95 (4)	Direct
Dr. Horst A. Schmid Director and Chairman of the Board Suite 700, 10150 - 100 Street Edmonton, Alberta T5J 0P6 Canada	Common	2,715,000	2.52% (5)	Direct and Indirect
Mr. Curtis James Sparrow Director, Chief Financial Officer, Corporate Secretary and Treasurer Suite 700, 10150 - 100 Street Edmonton, Alberta T5J 0P6 Canada	Common	765,000	* (6)	Direct and Indirect
Mr. Cyrus Spaulding Director and Chief Operating Officer 416 Scenic View Bay Calgary, Alberta T3L 1Z4 Canada	Common	930,300	* (7)	Direct and Indirect
Mr. Donald E. H. Jones Director 364 Point McKay Gardens NW Calgary, Alberta T3B 4V8 Canada	Common	505,000	* (8)	Direct and Indirect
Mr. David Roff Director 27 Chicora Avenue Toronto, Ontario M5R 1W7 Canada	Common	454,886	* (9)	Direct
Mr. Christian Demoyen Director 81 Avenue Raymond Poincaré Paris 75116, France	Common	263,201	* (10)	Direct
Mr. Donald W. Hryhor Director P.O. Box 636 Station M Calgary, Alberta T2P 2J3 Canada	Common	–	– (11)	–
All Officers and Directors as a Group	Common	81,410,270	55.70%	Indirect

\* Less than 1%

(1) Under the rules of the Securities and Exchange Commission, a person or entity, beneficially owns stock of a company if such person or entity directly or indirectly has or shares the power to vote or direct the voting, or the power to dispose or direct the disposition of such stock, whether through any contract, arrangement, understanding, relationship or otherwise. A person or entity is also deemed to be the beneficial owner, of stock if such person or entity has the right to acquire either of such powers at any time within 60 days through the exercise of any option, warrant, right or conversion privilege or pursuant to the power to revoke a trust, a discretionary account or similar arrangement or pursuant to the automatic

termination of a trust, discretionary account or similar arrangement.

<sup>(2)</sup> Based on 106,774,258 of our common shares issued and outstanding on September 30, 2009. For calculating the percentage of beneficial ownership separately for each person, his or her options, warrants or both that can be acquired within 60 days are included in both the numerator and the denominator. For the directors as a group, their collective options and warrants that can be acquired within 60 days are included in both the numerator and the denominator when calculating their group percentage ownership.

<sup>(3)</sup> Mr. Malik Youyou has served our Company as director from August 20, 2008 to present. As of September 30, 2009, Mr. Malik Youyou beneficially owns 75,776,883 shares of our common stock, 33,146,472 of which are held directly, 6,158,781 of which are held by Westline Enterprises Limited, a corporation 100% owned by Mr. Youyou, and 36,471,630 of which are issuable pursuant to presently exercisable warrants held by Mr. Youyou. Assuming the issuance of 36,471,630 shares of our common stock, pursuant to the exercise of Mr. Youyou's presently exercisable warrants, Mr. Youyou would beneficially own 52.9% of our Company's outstanding common stock. As of the date of this report, Mr. Youyou has not exercised any warrants and without the exercise of Mr. Youyou's warrants, Mr. Youyou has a 36.8% ownership of our issued and outstanding common stock.

<sup>(4)</sup> LB (Swiss) Private Bank Ltd.'s ownership is based solely on a private placement entered into with our Company on May 25, 2007. LB (Swiss) Private Bank Ltd. beneficially owns 10,000,000 shares of our common stock. In connection with the May 25, 2007 private placement, LB (Swiss) Private Bank Ltd., as principal, acquired 5,000,000 shares and warrants to purchase up to 5,000,000 shares of additional common stock of our Company. Assuming the issuance of 5,000,000 shares of our common stock pursuant to the exercise of LB (Swiss) Private Bank Ltd.'s presently exercisable warrants, LB (Swiss) Private Bank Ltd. would beneficially own 8.95% of our Company's outstanding common stock. As of the date of this report, LB (Swiss) Private Bank Ltd. has not exercised any warrants and without the exercise of LB (Swiss) Private Bank Ltd.'s warrants, they have a 4.68% ownership of our issued and outstanding common stock. In addition to the 10,000,000 beneficial shares owned by LB (Swiss) Private Bank Ltd. an additional 7,115,276 shares are held of record by LB (Swiss) Private Bank Ltd., and it is not known by us whether LB (Swiss) Private Bank Ltd. is the beneficial owner of these additional shares.

<sup>(5)</sup> Dr. Horst A. Schmid has served our Company as director and Chairman of the Board since February 6, 2004 to present. Dr. Schmid has also served our Company as President and Chief Executive Officer since June 29, 2005 to present. Dr. Schmid's beneficial ownership consists of Portwest Investment Ltd. owning 1,950,000 shares of our common stock. Portwest Investment Ltd. is a private corporation registered in Alberta, Canada, which is 100% owned and controlled by Dr. Schmid. On November 28, 2005, Dr. Schmid was granted options to purchase 375,000 options of common stock on becoming a director of our Company, and as of February 6, 2007 all 375,000 shares to purchase common stock of our Company are fully vested. Dr. Schmid also has an indirect beneficial ownership, which consists of 390,000 stock options granted to Portwest Investment Ltd., and as of July 1, 2008 all 390,000 options to purchase common stock of our Company are fully vested. No option granted under the Stock Option Plan may be exercised until the Stock Option Plan has been approved and ratified by a majority of our shareholders. As of the date of this report, Dr. Schmid has not exercised any of his beneficially owned stock options.

<sup>(6)</sup> Mr. Sparrow has served our Company as director and Chief Financial Officer since February 9, 2004 to present. On November 28, 2005, Mr. Sparrow was granted options to purchase 375,000 shares of common stock on becoming a director of our Company, and as of February 6, 2007 all 375,000 options to purchase common stock of our Company are fully vested. Mr. Sparrow also has an indirect beneficial ownership, which consists of 390,000 stock options granted to Concorde Consulting, a company owned 100% by Mr. Sparrow, and as of July 1, 2008 all 390,000 options to purchase common stock of our Company are fully vested. No option granted under the Stock Option Plan may be exercised until the Stock Option Plan has been approved and ratified by a majority of our shareholders. As of the date of this report, Mr. Sparrow has not exercised any of his beneficially owned stock options.

<sup>(7)</sup> Mr. Cyrus Spaulding has served our Company as director from June 29, 2005 to present and Chief Operating Officer from September 1, 2005 to September 21, 2007. Mr. Spaulding directly owns 45,300 shares of our Company stock. Mr. Spaulding's beneficial ownership consists of 250,000 common shares owned by his spouse. On November 28, 2005, Mr. Spaulding was granted options to purchase 375,000 shares of common stock on becoming a director of our Company, and as of June 29, 2008 all 375,000 options to purchase common stock of our Company are fully vested. Mr. Spaulding also has an indirect beneficial ownership, which consists of 390,000 stock options granted to Trebax Projects Ltd., a company owned 100% by Mr. Cyrus Spaulding, and as of September 1, 2007 260,000 of such options to purchase common stock of our Company are fully vested. Another 130,000 would have vested on September 1, 2008 but Trebax Projects Ltd. terminated its contract as of September 21, 2007. No option granted under the Stock Option Plan may be exercised until the Stock Option Plan has been approved and ratified by a majority of our shareholders. As of the date of this report, Mr. Spaulding has not exercised any of beneficially owned stock options.

<sup>(8)</sup> Mr. Donald E. H. Jones has served our Company as director from June 29, 2005 to present. Mr. Jones' beneficial ownership consists of 130,000 common shares owned by his spouse. On November 28, 2005, Mr. Jones was granted options to purchase 375,000 shares of common stock on becoming a director of our Company and as of June 29, 2008 all 375,000 options to purchase common stock of our Company are fully vested. No option granted under the Stock Option Plan may be exercised until the Stock Option Plan has been approved and ratified by the a majority of our shareholders. As of the date of this report, Mr. Jones has not exercised any of his beneficially owned stock options.

<sup>(9)</sup> Mr. David Roff has served our Company as director from April 3, 2006 to present. Mr. Roff's beneficial ownership consists of 79,886 shares of our common stock. On October 25, 2006, Mr. Roff was granted options to purchase 375,000 shares of common stock of our Company and as of April 6, 2009 all 375,000 shares to purchase common stock of our Company are fully vested. No option granted under the Stock Option Plan may be exercised until the Stock Option Plan has been approved and ratified by a majority of our shareholders. As of the date of this report, Mr. Roff has not exercised any of his beneficially owned stock options.

<sup>(10)</sup> Mr. Christian Demoyen has served our Company as director from January 8, 2009 to present. Mr. Demoyen's beneficial ownership consists of 263,201 shares of our common stock.

<sup>(11)</sup> Mr. Donald W. Hryhor has been appointed to our board of directors as of September 16, 2009.

## Changes in Control

Except as described below, Deep Well is not aware of any arrangement that may result in a change in control of Deep Well or its subsidiary companies.

Since December 2007, Tamm Oil and Gas Corp. (hereinafter referred to as “Tamm”) and its agents have issued multiple public statements claiming that Tamm has acquired, or agreed to acquire, a significant and controlling interest in our Company and our properties. On April 4, 2008, our Company commenced a lawsuit in the United States District Court for the District of Nevada against Tamm after attempting to clarify Tamm’s position and rectify Tamm’s violations. Our Company alleges that: Tamm engaged in an unlawful tender offer for our Company’s shares, violated United States federal and Nevada state law in connection with the tender offer, made public statements about our Company and activities related to our Company and our operations that are false and misleading, and made statements of purported ownership of our shares of common stock that are false and misleading. On August 22, 2008, our Company filed a First Amended Complaint in the lawsuit adding the following additional parties as defendants: Garry Tighe, William Tighe, Craig Auringer, Sean Dickenson, John Muzzin, Guido Hilekes, Peter Schriber, Olaf Herr, Arthur Sulzer, LB (Swiss) Private Bank Ltd., and Rahn & Bodmer Banquiers. The First Amended Complaint also added a civil conspiracy claim. On March 6, 2009, the court granted in part and denied in part Tamm’s motion for partial summary judgment. The defendants have filed motions to dismiss the case that challenge the court’s jurisdiction and assert that the First Amended Complaint fails to state a cause of action. Effective September 14, 2009 and effective September 1, 2009, the parties entered into a settlement agreement that fully and finally resolved their dispute and the lawsuit. A Stipulated Judgment of Dismissal of the case was filed on September 15, 2009 and entered by the court on the same day.. For more information about the foregoing, you should refer to “Item 3. Legal Proceedings” in this Form 10-K.

As of April 30, 2009, and based solely on Mr. Malik Youyou’s filed Form 4s and Amended Schedule 13Ds, Mr. Youyou, a director of our Company, beneficially owns 75,776,883 shares of common stock and warrants for common stock of our Company of which 33,146,472 shares were directly acquired by Mr. Youyou through open market transactions and pursuant to three subscription agreements dated June 22, 2007, August 14, 2008 and October 31, 2008 for a total aggregate price of \$15,000,000 for all three private placement transactions. Pursuant to these three private placements Mr. Youyou also received warrants to acquire 36,471,630 shares of our common stock. In addition, Mr. Youyou indirectly owns 6,158,781 shares of our common stock through Westline Enterprises Limited, a company of which Mr. Youyou is the sole shareholder. As of the date of this report on Form 10-K, Mr. Youyou has 36.8 percent of the issued and outstanding common stock of our Company. If Mr. Youyou were to exercise all of his warrants to acquire an additional 36,471,630 shares of our common stock, and if nobody else exercised their warrants, Mr. Youyou would have 52.9 percent of our issued and outstanding common stock. As of the date of this report Mr. Youyou has not exercised any of his warrants. Mr. Malik Youyou became a director of our Company on August 20, 2008.

### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

Pursuant to a subscription agreement dated August 12, 2005, Mrs. Barbara Spaulding the wife of Mr. Cyrus Spaulding our current director and former Chief Operating Officer, subscribed for 250,000 units of our Company, pursuant to a private placement transaction, for an aggregate price of \$100,000. Each unit consisted of one common share and one common share purchase warrant, with each warrant entitling its holder to acquire one share of our common stock at an exercise price of \$0.60. The warrants expired on August 12, 2008 and Mrs. Spaulding did not exercise any of her warrants. The units were issued pursuant to Regulation S under the 1933 Act. As of the date of this report Mrs. Spaulding directly owns 250,000 common shares of our Company.

As of April 30, 2009, and based solely on Mr. Malik Youyou’s filed Form 4s and Amended Schedule 13Ds, Mr. Youyou, a director of our Company since August 20, 2008, beneficially owns 75,776,883 shares of common stock and warrants for common stock of our Company of which 33,146,472 shares were directly acquired by Mr. Youyou through open market transactions and pursuant to three subscription agreements dated June 22, 2007, August 14, 2008 and October 31, 2008 for a total aggregate price of \$15,000,000 for all three private placement transactions. Pursuant to these three private placements Mr. Youyou also received warrants to acquire 36,471,630 shares of our common stock. In addition, Mr. Youyou indirectly owns 6,158,781 shares of our common stock through Westline Enterprises Limited, a company of which Mr. Youyou is the sole shareholder. As of the date of this report on Form 10-K, Mr. Youyou has acquired 36.8 percent of our issued and outstanding common stock. If Mr. Youyou were to exercise all of his warrants to acquire an additional 36,471,630 shares of Deep Well’s common stock, and if nobody else exercised their warrants, Mr. Youyou would have 52.9 percent of our issued and outstanding common stock. As of the date of this report Mr. Youyou has not exercised any of his warrants.

#### ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

In the fiscal years ended September 30, 2009 and September 30, 2008, we paid, Collins Barrow, an independent third party, PCAOB registered, chartered accounting firm fees of Cdn \$26,300 and Cdn \$44,000, respectively, relating to the preparation of the annual consolidated financial statements which were audited by Madsen & Associates, CPA's Inc.

The following table is a summary of the fees billed to us by Madsen & Associates, CPA's Inc. for professional services for the fiscal years ended September 30, 2009 and September 30, 2008:

<b>Fee Category</b>	<b>Fiscal 2009 Fees</b>	<b>Fiscal 2008 Fees</b>
Audit Fees	\$ 10,950	\$ 9,950
Audit Related Fees	5,550	2,850
Tax Fees	Nil	Nil
All Other Fees	Nil	Nil
Total Fees	\$ <u>16,500</u>	\$ <u>12,800</u>

#### **Audit Fees**

Our board of directors appointed Madsen & Associates, CPA's Inc. as independent auditors to audit our consolidated financial statements for the fiscal years ending September 30, 2009 and September 30, 2008. The aggregate fees billed by Madsen & Associates, CPA's Inc. for the audit of our annual consolidated financial statements for the years ended September 30, 2009 and September 30, 2008 was \$10,950 and \$9,950, respectively.

#### **Audit Related Fees**

For the fiscal years ended September 30, 2009 and September 30, 2008, audit related fees billed by Madsen & Associates, CPA's Inc. were for the review of the quarterly financial statements.

#### **Audit Committee Pre-Approval Policies and Procedures**

The audit and audit related services and permitted non-audit services were pre-approved by the Board.

The Securities and Exchange Commission has adopted rules that require that before Madsen & Associates, CPA's Inc. is engaged by our Company to render any audit or permitted non-audit service, the engagement be:

- approved by our Board of Directors acting as our audit committee, as specified under section 3(a)(58)(B) of the Exchange Act; or
- entered into pursuant to pre-approval policies and procedures established by the audit committee, provided the policies and procedures are detailed as to the particular service, the audit committee is informed of each service, and such policies and procedures do not include delegation of the audit committee's responsibilities to management.

Our Board of Directors pre-approves all services provided by Madsen & Associates, CPA's Inc. and has considered the nature and amount of the fees billed by Madsen & Associates, CPA's Inc., and believes that the provision of the services for activities unrelated to the audit is compatible with maintaining Madsen & Associates, CPA's Inc.

**ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES****Financial Statements filed with this report on Form 10-K**

The following listed financial statements and report of independent registered public accounting firm are filed as part of this Annual Report on Form 10-K (see “Item 8 - Consolidated Financial Statements” of this report on Form 10-K):

1. Consolidated Balance Sheets for September 30, 2009 and 2008
2. Consolidated Statements of Operations For the Years Ended September 30, 2009 and 2008 and 2007 and the Period September 10, 2003 (Inception of Exploration Stage) to September 30, 2009
3. Consolidated Statements of Shareholders’ Equity For the Period September 10, 2003 (Inception of Exploration Stage) to September 30, 2009.
4. Consolidated Statements of Cash Flows For the Years Ended September 30, 2009, 2008 and 2007 and the Period September 10, 2003 (Inception of Exploration Stage) to September 30, 2009.
5. Notes to the Consolidated Financial Statements.
6. Madsen & Associates, CPA’s Inc.’s Report of Independent Registered Public Accounting Firm.

**Financial Statement Schedules filed with this report on Form 10-K**

None.

**Exhibits**

The following exhibits have been or are being filed herewith and are numbered in accordance with Item 601 of Regulation S-K:

Exhibit No.	Description
2.1	Liquidating Plan of Reorganization of Allied Devices Corporation, now known as Deep Well Oil & Gas, Inc., (incorporated by reference to exhibit 2.1 to our Form 10-K/A filed on January 28, 2004).
2.2	Order and Plan of Reorganization of the U.S. Bankruptcy Court in and for the Eastern District of New York, In re: Allied Devices Corporation, Chapter 11, Case No. 03-80962-511, dated September 10, 2003, (incorporated by reference to exhibit 2.2 to our Form 10-K/A filed on January 28, 2004).
3.1	Restated and Amended Articles of Incorporation filed with and accepted by the Secretary of State of Nevada on October 22, 2003, changing the name to “Deep Well Oil and Gas, Inc.” and otherwise implementing the Plan, (incorporated by reference to exhibit 3.1 to our Form 10-K/A filed on January 28, 2004).
3.2	Amended Articles of Incorporation filed with the State of Nevada on February 27, 2004, reflecting our two (2) shares for one (1) share forward stock split, (incorporated by reference to exhibit 3.1 to our Form 8-K filed on March 5, 2004).
3.3	Amended Articles of Incorporation filed with the State of Nevada on May 5, 2004, 2004, reflecting our three (3) shares for one (1) share forward stock split, (incorporated by reference to exhibit 3.2 to our Form 8-K filed on May 7, 2004).
3.4	Registrant’s By-laws, filed with Form 10-KSB on February 23, 2007, (incorporated by reference to exhibit 3.4 to our Form 10-KSB filed on February 23, 2007).
3.5	Registrant’s Amended and Restated By-laws, filed with Form 8-K on September 3, 2009, (incorporated by reference to exhibit 3.1 to our Form 8-K filed on September 3, 2009).
4.1	Form of Warrant issued pursuant to the Securities Purchase Agreement and Registration Rights Agreement dated March 10, 2005, (incorporated by reference to exhibit 4.3 to our Form 8-K filed on March 14, 2005).
4.2	Form of Warrant issued pursuant to the Subscription Agreement dated August 12, 2005 by and among our Company with three investors related to the Private Placement offering and Debt Settlement Agreement, (incorporated by reference to exhibit 4.3 to our Form 8-K filed on August 17, 2005).
4.3	Form of Warrant issued pursuant to the Subscription Agreement dated October 11, 2005 by and among our Company with three investors related to the Private Placement offering, (incorporated by reference to exhibit 4.2 to our Form 8-K filed on October 19, 2005).
4.4	Form of Warrant issued pursuant to the Subscription Agreement dated January 13, 2006 by and among our Company with three investors related to the Private Placement offering and Debt Settlement Agreement, (incorporated by reference to exhibit 4.2 to our Form 8-K filed on March 6, 2006).
4.5	Form of Warrant issued pursuant to the Subscription Agreement dated May 25, 2007 by and among our Company with one investor related to the Private Placement offering, (incorporated by reference to exhibit 4.2 to our Form 8-K filed on June 13, 2007).
4.6	Form of Warrant issued pursuant to the Subscription Agreement dated June 22, 2007 by and among

			our Company with one investor related to the Private Placement offering, (incorporated by reference to exhibit 4.2 to our Form 8-K filed on July 5, 2007).
	4.7		Form of Special Warrant issued pursuant to the Subscription Agreement dated June 22, 2007 by and among our Company with one investor related to the Private Placement offering, (incorporated by reference to exhibit 4.3 to our Form 8-K filed on July 5, 2007).
	4.8		Form of Warrant issued pursuant to the Subscription Agreement dated July 11, 2007 by and among our Company with two investor related to the Private Placement offering, (incorporated by reference to exhibit 4.1 to our Form 10-QSB filed on October 30, 2007).
	4.9		Form of Special Warrant issued pursuant to the Subscription Agreement dated July 11, 2007 by and among our Company with two investor related to the Private Placement offering, (incorporated by reference to exhibit 4.2 to our Form 10-QSB filed on October 30, 2007).
	4.10		Form of adjusted Warrant issued in September 2007 pursuant to the original Warrant dated March 10, 2005 by and among our Company with two investors related to the Securities Purchase Agreement and Registration Rights Agreement, (incorporated by reference to exhibit 4.3 to our Form 10-QSB filed on October 30, 2007).
	4.11		Form of Warrant issued pursuant to the Subscription Agreement dated August 14, 2008 by and among our Company with one investor related to the Private Placement offering, (incorporated by reference to exhibit 4.2 to our Form 8-K filed on August 15, 2008).
	4.12		Form of Fractional Warrant issued pursuant to the Subscription Agreement dated August 14, 2008 by and among our Company with one investor related to the Private Placement offering, (incorporated by reference to exhibit 4.3 to our Form 8-K filed on August 15, 2008).
	4.13		Form of Fractional Warrant issued pursuant to the Subscription Agreement dated October 31, 2008 by and among our Company with one investor related to the Private Placement offering, (incorporated by reference to exhibit 4.2 to our Form 8-K filed on November 7, 2008).
	4.14		Form of Fractional Warrant issued pursuant to the Subscription Agreement dated October 31, 2008 by and among our Company with one investor related to the Private Placement offering, (incorporated by reference to exhibit 4.3 to our Form 8-K filed on November 7, 2008).
	10.1		Gross Overriding Royalty Agreement dated December 12, 2003 between Mikwec Energy Canada Limited (now known as Northern Alberta Oil Ltd.) and Nearshore Petroleum Corporation, (incorporated by reference to exhibit 10.2 to our Form 10-KSB filed on February 23, 2007).
	10.2		Joint Operating Agreement dated April 26, 2004 between Mikwec Energy Canada Limited (now known as Northern Alberta Oil Ltd.) and Maxen Petroleum Inc. (now known as Pan Orient Energy Corp.), (incorporated by reference to exhibit 10.3 to our Form 10-KSB filed on February 23, 2007).
	10.3		Exchange Agreement between our Company and Mikwec Energy Canada Limited (now known as Northern Alberta Oil Ltd.) dated as of July 8, 2004, (incorporated by reference to exhibit 10.1 to our Form 8-K filed on November 5, 2004).
	10.4		Joint Operating Agreement dated December 9, 2004 between our Company and 1132559 Alberta Ltd., (incorporated by reference to exhibit 10.7 to our Form 10-KSB filed on February 23, 2007).
	10.5		Farmout Agreement dated February 25, 2005 by and between the Deep Well Oil & Gas, Inc., Northern Alberta Oil Ltd., and Surge Global Energy, Inc., Surge Global Energy (Canada) Ltd. (now known as Andora Energy Corporation formerly known as Signet Energy, Inc.), (incorporated by reference to exhibit 10.8 to our Form 10-KSB filed on February 23, 2007).
	10.6		Assumption of Liabilities and Indemnity Agreement dated February 28, 2005 by and between Deep Well Oil & Gas, Inc., Northern Alberta Oil Ltd. and Surge Global Energy (Canada) Ltd. (now known as Andora Energy Corporation formerly known as Signet Energy, Inc.), (incorporated by reference to exhibit 10.9 to our Form 10-KSB filed on February 23, 2007).
	10.7		Termination Agreement dated February 28, 2005 by and between Nearshore Petroleum Corporation, Northern Alberta Oil Ltd. and Surge Global Energy (Canada) Ltd. (now known as Andora Energy Corporation formerly known as Signet Energy, Inc.), (incorporated by reference to exhibit 10.10 to our Form 10-KSB filed on February 23, 2007).
	10.8		Farmout Amending Agreement dated March 3, 2005 by and between our Company, Deep Well Oil & Gas, Inc., Northern Alberta Oil Ltd., and Surge Global Energy, Inc., Signet Energy, Inc. (formerly known as Surge Global Energy (Canada) Ltd., now known as Andora Energy Corporation), (incorporated by reference to exhibit 10.11 to our Form 10-KSB filed on February 23, 2007).
	10.9		Two Farmout Amending Agreements dated March 10, 2005 by and between our Company, Deep Well Oil & Gas, Inc., Northern Alberta Oil Ltd., and Surge Global Energy, Inc., Signet Energy, Inc. (formerly known as Surge Global Energy (Canada) Ltd., now known as Andora Energy Corporation), (incorporated by reference to exhibit 10.12 to our Form 10-KSB filed on February 23, 2007).

	10.10		Form of Amending Agreement dated as of April 25, 2005, (incorporated by reference to exhibit 10.2 to
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			our Form 8-K filed on June 10, 2005).
10.11			Form of Termination, Option and Put Agreement, (incorporated by reference to exhibit 10.3 to our Form 8-K filed on June 10, 2005).
10.12*			Consulting agreement by and between Northern and Portwest Investments Ltd., dated July 1, 2005, (incorporated by reference to exhibit 10.16 to our Form 10-KSB filed on February 23, 2007)
10.13*			Consulting agreement by and between Northern and Concorde Consulting, dated July 1, 2005, (incorporated by reference to exhibit 10.17 to our Form 10-KSB filed on February 23, 2007)
10.14			Farmout Amending Agreement dated July 14, 2005 by and between our Company, Deep Well Oil & Gas, Inc., Northern Alberta Oil Ltd., and Surge Global Energy, Inc., Signet Energy, Inc. (formerly known as Surge Global Energy (Canada) Ltd.), (incorporated by reference to exhibit 10.18 to our Form 10-KSB filed on February 23, 2007)
10.15			Form of Subscription Agreement dated August 12, 2005 by and among our Company with three investors related to the Private Placement offering, and Debt Settlement Agreement, (incorporated by reference to exhibit 4.2 and 4.3 to our Form 8-K filed on August 17, 2005)
10.16			Consulting agreement by and between the Northern and Trebax Projects Ltd., effective September 1, 2005, (incorporated by reference to exhibit 10.20 to our Form 10-KSB filed on February 23, 2007).
10.17*			Form of Subscription Agreement dated October 11, 2005, by and among our Company with three investors related to the Private Placement offering, (incorporated by reference to exhibit 4.1 to our Form 8-K filed on October 19, 2005).
10.18			Farmout Amending Agreement dated November 15, 2005 by and between our Company, Deep Well Oil & Gas, Inc., Northern Alberta Oil Ltd., and Surge Global Energy, Inc., Signet Energy, Inc. (formerly known as Surge Global Energy (Canada) Ltd.), (incorporated by reference to exhibit 10.22 to our Form 10-KSB filed on February 23, 2007).
10.19			Farmout Acknowledgement Agreement dated November 15, 2005 by and between our Company, Deep Well Oil & Gas, Inc., Northern Alberta Oil Ltd., and Surge Global Energy, Inc., Signet Energy, Inc. (formerly known as Surge Global Energy (Canada) Ltd.), (incorporated by reference to exhibit 10.23 to our Form 10-KSB filed on February 23, 2007).
10.20			Deep Well Oil & Gas, Inc. Stock Option Plan (“The Plan”), effective November 28, 2005, (Form 8-K filed on March 3, 2006).
10.21*			Sample Stock Option Agreements with all Directors, (incorporated by reference to exhibit 10.25 to our Form 10-KSB filed on February 23, 2007).
10.22*			Sample Stock Option Agreements with all Contractors, (incorporated by reference to exhibit 10.26 to our Form 10-KSB filed on February 23, 2007).
10.23			Sample Indemnity Agreement with all Directors, (incorporated by reference to exhibit 10.27 to our Form 10-KSB filed on February 23, 2007).
10.24			Form of Subscription Agreement dated January 13, 2006 by and among our Company with three investors related to the Private Placement offering and Debt Settlement Agreement, (incorporated by reference to exhibit 4.1 to our Form 8-K filed on March 6, 2006).
10.25			Settlement Agreement & Release of All Claims, dated as of January 22, 2007, by and among our Company and Grey K Fund LP, Grey K Offshore Fund Ltd., Provident Premier Master Fund Ltd., Atlas Master Fund Ltd. and Gemini Master Fund, Ltd., (incorporated by reference to exhibit 10.1 to our Form 8-K filed on January 31, 2007).
10.26*			Form of Non-Qualified Stock Option Agreement issued to director on April 3, 2006, (incorporated by reference to exhibit 10.25 to our Form 10-KSB filed on February 23, 2007).
10.27			Form of Subscription Agreement dated May 25, 2007 by and among our Company with one investor, (incorporated by reference to exhibit 4.1 to our Form 8-K filed on June 13, 2007).
10.28			Form of Subscription Agreement dated June 22, 2007 by and among our Company with one investor, (incorporated by reference to exhibit 4.1 to our Form 8-K filed on July 5, 2007).
10.29			Form of Subscription Agreement dated July 11, 2007 by and among our Company with two investors, (incorporated by reference to exhibit 10.7 to our Form 10-QSB filed on October 30, 2007).
10.30			Order granted by the court dated September 7, 2007 between our Company and Star Capital Inc., (incorporated by reference to exhibit 10.33 to our Form 10-KSB filed on April 22, 2008).
10.31			Form of Agreement dated as of September 10, 2007 between our Company and Star Capital Inc., (incorporated by reference to exhibit 10.34 to our Form 10-KSB filed on April 22, 2008).

10.32			Form of Amending Agreement dated as of September 10, 2007, between our Company and Star Capital Inc., (incorporated by reference to exhibit 10.35 to our Form 10-KSB filed on April 22, 2008).
10.33			Consulting agreement by and between our Company and R.N. Dell Energy Ltd., effective September 20, 2007, (incorporated by reference to exhibit 10.8 to our Form 10-QSB filed on October 30, 2007).
10.34			Non-Qualified Stock Option Agreement issued to R.N. Dell Energy Ltd. effective September 20,

			2007, (incorporated by reference to exhibit 10.9 to our Form 10-QSB filed on October 30, 2007).
	10.35		Non-Qualified Stock Option Agreement issued to Employee, effective September 20, 2007,(incorporated by reference to exhibit 10.10 to our Form 10-QSB filed on October 30, 2007).
	10.36		Consulting agreement by and between our Company and Picoplat Consulting Inc., effective October 15, 2007, (incorporated by reference to exhibit 10.39 to our Form 10-KSB filed on April 22, 2008).
	10.37		Minutes of Settlement dated November 26, 2007 by and between Deep Well Oil & Gas, Inc. and its subsidiaries and 1350826 Alberta Ltd. and Andora Energy Corporation, (incorporated by reference to exhibit 10.1 to our Form 8-K filed on December 14, 2007).
	10.38		Form of Subscription Agreement dated August 14, 2008 by and among our Company with one investor, (incorporated by reference to exhibit 4.1 to our Form 8-K filed on August 15, 2008).
	10.39		Form of Subscription Agreement dated October 31, 2008 by and among our Company with one investor, (incorporated by reference to exhibit 4.4 to our Form 8-K filed on August 15, 2008).
	10.40		Settlement Agreement effective September 1, 2009, by and among our Company and Tamm Oil & Gas Corp et al, (incorporated by reference to exhibit 10.1 to our Form 8-K filed on September 17, 2009).
	21.1		Subsidiaries of Registrant, filed herewith.
	31.1		Certification of President and Chief Executive Officer pursuant to Rule 13a-14(a), filed herewith.
	31.2		Certification of Chief Financial Officer pursuant to Rule 13a-14(a), filed herewith.
	32.1		Certification of President and Chief Executive Officer pursuant to 18 U.S.C. Section 1350, filed herewith.
	32.2		Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, filed herewith.

\* Management contract or compensatory plan or arrangement.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

### DEEP WELL OIL & GAS, INC.

By /s/ Horst A. Schmid  
Dr. Horst A. Schmid  
Chairman of the Board

Date January 12, 2010

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By /s/ Horst A. Schmid  
Dr. Horst A. Schmid  
Chief Executive Officer and President  
(Principal Executive Officer)

Date January 12, 2010

By /s/ Curtis James Sparrow  
Mr. Curtis James Sparrow  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

Date January 12, 2010

**Certification of Chief Executive Officer  
Pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a) or 15d-14(a) under the  
Securities Exchange Act of 1934**

I, Dr. Horst A. Schmid, President and Chief Executive Officer of Deep Well Oil & Gas, Inc. (formerly Allied Devices Corporation), certify that:

1. I have reviewed this report on Form 10-K of Deep Well Oil & Gas, Inc. (formerly Allied Devices Corporation);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer (Mr. Curtis James Sparrow) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principals;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer (Mr. Curtis James Sparrow) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 12, 2010

By: /s/ Horst A. Schmid  
Dr. Horst A. Schmid  
President and Chief Executive Officer

**Certification of Chief Financial Officer**  
**Pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a) or 15d-14(a) under the**  
**Securities Exchange Act of 1934**

I, Mr. Curtis James Sparrow, Chief Financial Officer of Deep Well Oil & Gas, Inc. (formerly Allied Devices Corporation), certify that:

1. I have reviewed this annual report on Form 10-K of Deep Well Oil & Gas, Inc. (formerly Allied Devices Corporation);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer (Dr. Horst A. Schmid) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principals;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer (Dr. Horst A. Schmid) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 12, 2010

By: /s/ Curtis James Sparrow  
Curtis James Sparrow  
Chief Financial Officer

**Certification Pursuant To  
18 U.S.C. Section 1350,  
As Adopted Pursuant To  
Section 906 Of The Sarbanes-Oxley Act Of 2002**

In connection with the Annual Report of Deep Well Oil & Gas, Inc. ("the Company") on Form 10-K for the year ended September 30, 2009 filed with the Securities and Exchange Commission on the date hereof ("the Report"), I, Dr. Horst A. Schmid, President and Chief Executive Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: January 12, 2010

By: /s/ Horst A. Schmid  
Dr. Horst A. Schmid  
President and Chief Executive Officer

**Certification Pursuant To  
18 U.S.C. Section 1350,  
As Adopted Pursuant To  
Section 906 Of The Sarbanes-Oxley Act Of 2002**

In connection with the Annual Report of Deep Well Oil & Gas, Inc. ("the Company") on Form 10-K for the year ended September 30, 2009 filed with the Securities and Exchange Commission on the date hereof ("the Report"), I, Mr. Curtis James Sparrow, Chief Financial Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: January 12, 2010

By: /s/ Curtis James Sparrow  
Curtis James Sparrow  
Chief Financial Officer

Subsidiaries of Registrant

**Deep Well Oil & Gas (Alberta) Ltd.**, was incorporated in the province of Alberta, Canada on September 15, 2005.

**Northern Alberta Oil Ltd.**, (formerly known as Mikwec Energy Canada Ltd.) was incorporated in the province of Alberta, Canada on September 18, 2003.