

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2010

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**

Former name, former address and former fiscal year, if changed since last report.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 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 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 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 Exchange Act). Yes No

The number of shares of common stock outstanding as of March 31, 2010 was 106,774,258

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DEEP WELL OIL & GAS, INC. (AND SUBSIDIARIES)
(Exploration Stage Company)
(Unaudited)
Consolidated Balance Sheets
March 31, 2010 and September 30, 2009

	March 31, 2010 (Unaudited)	September 30, 2009 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 531,642	\$ 945,835
Accounts receivable	543,332	990,239
Prepaid expenses	<u>134,637</u>	<u>95,951</u>
Total Current Assets	1,209,611	2,032,025
Long Term Investments (Note 5)	85,847	77,036
Oil and gas properties (Note 3)	12,506,736	12,221,352
Property & equipment net of depreciation (Note 4)	<u>655,448</u>	<u>752,760</u>
TOTAL ASSETS	\$ <u>14,457,642</u>	\$ <u>15,083,173</u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ <u>31,734</u>	\$ <u>34,049</u>
Total Current Liabilities	31,734	34,049
Asset retirement obligations (Note 7)	<u>385,241</u>	<u>358,235</u>
TOTAL LIABILITIES	<u>416,975</u>	<u>392,284</u>
SHAREHOLDERS' EQUITY		
Common Stock: (Note 8)		
Authorized: 300,000,000 shares at \$0.001 par value		
Issued and outstanding: 106,774,258 shares		
(September 2009 – 106,774,258 shares) (Note 8)	106,773	106,773
Additional paid in capital	24,743,763	24,743,763
Deficit (dated September 10, 2003)	<u>(10,809,869)</u>	<u>(10,159,647)</u>
Total Shareholders' Equity	<u>14,040,667</u>	<u>14,690,889</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ <u>14,457,642</u>	\$ <u>15,083,173</u>

See accompanying notes to the consolidated financial statements

DEEP WELL OIL & GAS, INC. (AND SUBSIDIARIES)
(Exploration Stage Company)
(Unaudited)

Consolidated Statements of Operations and Comprehensive Loss
For the Three and Six Months Ended March 31, 2010, and 2009 and the Period From September 10, 2003
(Inception of Exploration Stage) to March 31, 2010

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009	Six Months Ended March 31, 2010	Six Months Ended March 31, 2009	September 10, 2003 to March 31, 2010
Revenue	\$ —	\$ —	\$ —	\$ —	\$ —
Expenses					
Administrative	326,273	595,782	550,774	1,496,310	9,947,282
Amortization and accretion	54,418	26,782	108,581	41,367	270,882
Share based compensation	—	2,735	—	5,620	923,142
Net loss from operations	(380,691)	(625,299)	(659,355)	(1,543,297)	(11,141,306)
Other income and expenses					
Rental and other income	4,782	13,712	4,793	16,934	22,866
Interest income	290	10,185	4,340	26,881	205,389
Interest expense	—	(3)	—	(3)	(208,580)
Forgiveness of loan payable	—	—	—	—	287,406
Settlement of debt	—	—	—	—	24,866
Loss on disposal of asset	—	—	—	—	(510)
Net loss and comprehensive loss	\$ (375,619)	\$ (601,405)	\$ (650,222)	\$ (1,499,485)	\$ (10,809,869)
Net Loss Per Common Share					
Basic and Diluted	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.02)	
Weighted Average Outstanding Shares (in thousands)					
Basic and Diluted	106,774	106,774	106,774	99,445	

See accompanying notes to the consolidated financial statements

DEEP WELL OIL & GAS, INC. (AND SUBSIDIARIES)
(Exploration Stage Company)
(Unaudited)

Consolidated Statements of Shareholders' Equity
For the Period From September 10, 2003 (Inception of Exploration Stage) to March 31, 2010

	Common Shares		Additional Paid in Capital	Capital Stock Subscriptions Received	Accumulated Deficit	Total
	Shares	Amount				
Balance at September 10, 2003	991,918	\$ 992	\$ (992)	\$ -	\$ -	-
Issuance of common stock pursuant to bankruptcy agreement September 10, 2003	36,019,556	36,019	13,981	-	-	50,000
Net operating loss for the period September 10 to September 30, 2003	-	-	-	-	(50,000)	(50,000)
Balance at September 30, 2003	37,011,474	37,011	12,989	-	(50,000)	-
Return and cancellation of common shares	(5,775,000)	(5,775)	5,775	-	-	-
Net operating loss for the year ended September 30, 2004	-	-	-	-	(525,754)	(525,754)
Balance at September 30, 2004	31,236,474	31,236	18,764	-	(575,754)	(525,754)
Issuance of common stock Private placement March 10, 2005						
- Shares	1,875,000	1,875	527,940	-	-	529,815
- Warrants (787,500)	-	-	205,185	-	-	205,185
Share exchange June 7, 2005						
- 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
Private placement August 12, 2005						
- Shares	710,946	711	151,638	-	-	152,349
- Warrants (710,946)	-	-	132,030	-	-	132,030
Common stock subscription received	-	-	-	250,000	-	250,000
Net operating loss for the year ended September 30, 2005	-	-	-	-	(1,262,549)	(1,262,549)
Balance at September 30, 2005	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)

(Unaudited)

Consolidated Statements of Shareholders' Equity (Continued)

For the Period From September 10, 2003 (Inception of Exploration Stage) to March 31, 2010

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

(Unaudited)

Consolidated Statements of Shareholders' Equity (Continued)

For the Period From September 10, 2003 (Inception of Exploration Stage) to March 31, 2010

	Common Shares		Additional Paid in Capital	Capital Stock Subscriptions Received	Accumulated Deficit	Total
	Shares	Amount				
Subtotal carried forward from previous page	83,635,961	83,635	14,402,641	-	(3,760,585)	10,725,691
Warrant Exchange September 4, 2007						
- 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
Warrant Exchange September 10, 2007						
- 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
Net operating loss for the year ended September 30, 2007	-	-	-	-	(1,435,664)	(1,435,664)
Balance at September 30, 2007	83,635,961	83,635	14,649,284	-	(5,196,249)	9,536,670
August 12, 2008						
- Warrants expired (560,946)	-	-	-	-	-	-
Private placement August 14, 2008						
- Shares	10,638,297	10,638	3,099,429	-	-	3,110,067
- Warrants (10,638,297)	-	-	1,619,827	-	-	1,619,827
- Special Warrants (2,000,000)	-	-	270,106	-	-	270,106
Options granted for services	-	-	111,815	-	-	111,815
Net operating loss for the year ended September 30, 2008	-	-	-	-	(2,796,055)	(2,796,055)
Balance at September 30, 2008	94,274,258	94,273	19,750,461	-	(7,992,304)	11,852,430
October 11, 2008						
- Warrants expired (3,150,000) (Note 8)	-	-	-	-	-	-
Private Placement October 31, 2008						
- 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
Subtotal carried forward	106,774,258	106,773	24,737,961	-	(7,992,304)	16,852,430

See accompanying notes to the consolidated financial statements

DEEP WELL OIL & GAS, INC. (AND SUBSIDIARIES)

(Exploration Stage Company)

(Unaudited)

Consolidated Statements of Shareholders' Equity (Continued)

For the Period From September 10, 2003 (Inception of Exploration Stage) to March 31, 2010

	Common Shares		Additional Paid in Capital	Capital Stock Subscriptions Received	Accumulated Deficit	Total
	Shares	Amount				
Subtotal carried forward from previous page	106,774,258	106,773	24,737,961	-	(7,992,304)	16,852,430
January 13, 2009						
- Warrants expired (73,000) (Note 8)	-	-	-	-	-	-
Options granted for services	-	-	5,802	-	-	5,802
Net operating loss for the year ended September 30, 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,167,343)</u>	<u>(2,167,343)</u>
Balance at September 30, 2009	106,774,258	106,773	24,743,763	-	(10,159,647)	14,690,889
March 9, 2010						
- Warrants expired (984,375) (Note 8)	-	-	-	-	-	-
Net operating loss for the period ended March 31, 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(650,222)</u>	<u>(650,222)</u>
Balance at March 31, 2010	<u><u>106,774,258</u></u>	<u><u>\$ 106,773</u></u>	<u><u>\$ 24,743,763</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (10,809,869)</u></u>	<u><u>\$ 14,040,667</u></u>

See accompanying notes to the consolidated financial statements

DEEP WELL OIL & GAS, INC. (AND SUBSIDIARIES)
(Exploration Stage Company)
(Unaudited)

Consolidated Statements of Cash Flows

For the Six Months Ended March 31, 2010 and 2009 and the Period From September 10, 2003 (Inception of Exploration Stage) to March 31, 2010

	Six Months Ended March 31, 2010	Six Months Ended March 31, 2009	September 10, 2003 to March 31, 2010
Cash Provided by (Used in):			
Operating Activities			
Net loss	\$ (650,222)	\$ (1,499,485)	\$ (10,809,869)
Items not affecting cash:			
Stock based compensation	-	5,620	923,142
Bad debts	-	-	170,084
Amortization and accretion	108,581	41,367	270,882
Forgiveness of loan payable	-	-	(287,406)
Settlement of lawsuit	-	-	435,550
Commissions withheld from loans proceeds	-	-	121,000
Loss on disposal of asset	-	-	510
Net changes in non-cash working capital (Note 10)	405,906	(657,316)	(819,748)
	<u>(135,735)</u>	<u>(2,109,814)</u>	<u>(9,995,855)</u>
Investing Activities			
Purchase of property and equipment	-	(468,646)	(893,993)
Purchase of oil and gas properties	(269,647)	(5,704,124)	(7,911,639)
Long Term Investments	(8,811)	(65,395)	(85,847)
Cash from acquisition of subsidiary	-	-	11,141
Return of costs from farmout agreement	-	-	961,426
	<u>(278,458)</u>	<u>(6,238,165)</u>	<u>(7,918,912)</u>
Financing Activities			
Loan payable	-	-	275,852
Loan advance – related parties	-	-	(811,746)
Note payable repayment	-	-	(111,306)
Debenture repayment	-	-	(1,004,890)
Proceeds from issuance of common stock	-	5,000,000	19,219,499
Proceeds from debenture net of commissions	-	-	879,000
	<u>-</u>	<u>5,000,000</u>	<u>18,446,409</u>
Increase (decrease) in cash and cash equivalents	(414,193)	(3,347,979)	531,642
Cash and cash equivalents, beginning of period	945,835	6,212,892	-
Cash and cash equivalents, end of period	\$ 531,642	\$ 2,864,913	\$ 531,642
Supplemental Cash Flow Information:			
Interest expense	\$ -	\$ 3	

See accompanying notes to the consolidated financial statements

DEEP WELL OIL & GAS, INC. (AND SUBSIDIARIES)
(Exploration Stage Company)
(Unaudited)
Notes to the Consolidated Financial Statements
March 31, 2010

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

The interim consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate so as to make the information presented not misleading.

These interim consolidated financial statements follow the same significant accounting policies and methods of application as the Company’s annual consolidated financial statements for the year ended September 30, 2009.

These statements reflect all adjustments, consisting of normal recurring adjustments which, in the opinion of management, are necessary for a fair presentation of the information contained therein. However, the results of operations for the interim periods may not be indicative of results to be expected for the full fiscal year. It is suggested that these consolidated financial statements be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended September 30, 2009.

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 & 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 amortization rates used in computing amortization expense:

Computer equipment	- 55%
Office furniture and equipment	- 20%
Software	- 100%
Portable work camp	- 30%
Vehicles	- 30%
Oilfield equipment	- 20%
Roads 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 March 31, 2010, asset retirement obligations amount to \$385,241. 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 collectable.

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 Loss Per Share

Basic net loss per share amounts are computed based on the weighted average number of shares actually outstanding. Diluted net 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 and accounts payable 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 September 2006, the Financial Accounting Standards Board (“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 this FSP. Effective October 1, 2009, the Company adopted 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 adoption of SFAS No. 157 has not had a material effect on the Company’s results of operations, financial position or cash flows.

FSP EITF 03-6-1, “Determining Whether Instruments Granted in Share-Based Payment 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 dividend 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 has not had a material effect on the earnings per shares disclosures.

Recently Issued Accounting Standards

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 individual fields or countries have remained undeveloped for five years or more after disclosure as PUDs; and
- 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, valuation of accounts receivable, useful lives of long-lived assets, asset retirement obligations, valuation 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 March 31, 2010, Northern's net payments due in Canadian dollars under this commitment are as follows:

2010	\$ 22,579
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 March 31, 2010, 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 periods ended March 31, 2010 or March 31, 2009.

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 & Equipment

	March 31, 2010		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Computer equipment	\$ 31,460	\$ 22,080	\$ 9,380
Office furniture and equipment	33,476	12,218	21,258
Software	5,826	5,826	–
Leasehold improvements	4,935	1,196	3,739
Portable work camp	170,580	47,336	123,244
Vehicles	38,077	10,566	27,511
Oilfield equipment	148,352	28,187	120,165
Road mats	364,614	101,180	263,434
Tanks	96,085	9,368	86,717
	<u>\$ 893,405</u>	<u>\$ 237,957</u>	<u>\$ 655,448</u>

	September 30, 2009		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
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>

5. Long Term Investments

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

6. Significant Transactions With Related Parties

As of March 31, 2010, officers, directors, their families, and their controlled entities have acquired 39.35% 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 March 31, 2010, the Company estimates the undiscounted cash flows related to asset retirement obligation to total approximately \$531,055 (September 30, 2009 - \$531,055). The fair value of the liability at March 31, 2010 is estimated to be \$385,241 (September 30, 2009 - \$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:

	<u>March 31, 2010</u>	<u>September 30, 2009</u>
Balance, beginning of year	\$ 358,235	\$ -
Liabilities incurred	-	345,320
Effect of foreign exchange	19,934	-
Accretion expense	7,072	12,915
Balance, end of year	\$ 385,241	\$ 358,235

8. Share Capital

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.

On March 9, 2010, 984,375 warrants previously granted on March 10, 2005 expired.

The warrants outstanding as of March 31, 2010, were 41,833,763 (September 30, 2009 - 42,818,138) and are valued at \$6,426,000 (September 30, 2009 - \$6,612,481).

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 was approved by a majority of shareholders at the February 24, 2010 general meeting of shareholders. The Plan, is 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 March 31, 2010, the Company recorded no share based compensation expense (September 30, 2009 - \$5,802) as no new stock options have been issued and the fair value of the outstanding stock option costs has been completely expensed. No options were exercised during the period ended March 31, 2010, therefore, the intrinsic value of the options exercised during the period ended March 31, 2010 is \$nil. As of March 31, 2010, there was no remaining

unrecognized compensation cost related to the non-vested portion of 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.

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 March 31, 2010	276,000	2.47	\$ 0.47	276,000	\$ 0.47
\$0.71 at March 31, 2010	3,102,500	0.78	0.71	3,102,500	0.71
	<u>3,378,500</u>	<u>0.94</u>	<u>0.69</u>	<u>3,378,500</u>	<u>0.69</u>

The aggregate intrinsic value of exercisable options as of March 31, 2010, was \$nil (September 30, 2009 - \$nil).

The following is a summary of stock option activity as of March 31, 2010:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Fair Market Value
Balance, September 30, 2009 and March 31, 2010	<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 September 30, 2008:

	Non-Vested Options	
	Number of Shares	Weighted Average Exercise Price
Non-vested at September 30, 2008	102,000	\$ 0.70
Vested	<u>(102,000)</u>	<u>0.70</u>
Non-vested at September 30, 2009 and March 31, 2010	<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

	Six Months Ended March 31, 2010	Six Months Ended March 31, 2009
Accounts receivable	\$ 446,907	\$ (476,247)
Prepaid expenses	(38,686)	(41,534)
Accounts payable	<u>(2,315)</u>	<u>(139,535)</u>
	<u>\$ 405,906</u>	<u>\$ (657,316)</u>

11. 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.

Rental Agreement

On December 1, 2008, the Company signed an office lease agreement commencing January 1, 2009 and expiring on December 31, 2013. The annual payments are as follows:

2010	\$	38,250
2011	\$	41,438
2012	\$	42,500
2013	\$	42,500
2014	\$	10,625

12. Legal Actions

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 14th 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 in which 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 outcome 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 at March 31, 2010, no contingent liability has been recorded, as the Company believes that 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 at 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 March 31, 2010, no contingent liability has been recorded, as the Company believes that a successful outcome for the Plaintiff is unlikely.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read 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 or 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 our Annual Report on Form 10-K for the fiscal year ended September 30, 2009, filed with the Securities and Exchange Commission on January 13, 2010.

Our consolidated financial statements and information are reported in U.S. dollars and are prepared based upon United States generally accepted accounting principles ("US GAAP").

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 OTCQB marketplace under the symbol DWOG. We maintain a website at www.deepwelloil.com.

On April 21, 2010, our Company announced its new listing on the OTCQB marketplace. This graduation from the "Pink Sheets – Current Information" tier recognizes the progress that our Company has made in meeting our reporting requirements under the Securities Exchange Act of 1934. The OTCQB is a new market that only lists companies that are up to date in their filing requirements under the Securities Exchange Act of 1934.

Results of Operations for the Six Months Ended March 31, 2010

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 the six months ended March 31, 2010, and for the comparable period in 2009, we generated no revenues from operations.

	Six Months Ended March 31, 2010	Six Months Ended March 31, 2009	September 10, 2003 to March 31, 2010
Revenue	\$ <u> –</u>	\$ <u> –</u>	\$ <u> –</u>
Expenses			
Administrative	\$ 550,774	\$ 1,496,310	\$ 9,947,282
Amortization and Accretion	108,581	41,367	270,882
Share Based Compensation	<u> –</u>	<u> 5,620</u>	<u> 923,142</u>
Net Loss from Operations	(659,355)	(1,543,297)	(11,141,306)
Other Income and Expenses			
Rental and Other Income	4,793	16,934	22,866
Interest Income	4,340	26,881	205,389
Interest Expense	–	(3)	(208,580)
Forgiveness of Loan Payable	–	–	287,406
Settlement of Debt	–	–	24,866
Loss on Disposal of Asset	<u> –</u>	<u> –</u>	<u> (510)</u>
Net Loss and Comprehensive Loss	\$ (650,222)	\$ (1,499,485)	\$ (10,809,869)

Our net loss and comprehensive loss for the six months ended March 31, 2010 was \$650,222 compared to a net loss and comprehensive loss of \$1,499,485 for the six months ended March 31, 2009. This difference was due primarily to a decrease of \$945,536 in general and administrative expenses.

For the six months ended March 31, 2010, interest income from term deposits decreased by \$22,541, compared to the six months ended March 31, 2009. This difference was due primarily to reduced interest rates and a decrease in the size of the term deposits.

Operations

Deep Well, through its subsidiaries Northern Alberta Oil Ltd. (“Northern”) and Deep Well Oil & Gas (Alberta) Ltd., currently has a 100% working interest in 15 sections of Petroleum and Natural Gas rights (“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 rights and Oil Sands development leases cover 52,505 gross acres (21,248 gross hectares).

Previously our Company successfully completed a drilling program and drilled 6 wells. In addition, we have an interest in 3 horizontal wells, which were previously drilled by our former farmout partner. Since then we have been evaluating the options for production available to us to determine the best course of action. Drilling on 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 continues to explore 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.

On December 4, 2008, as operator, we successfully spudded the first well of six wells that were 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 (“ERCB”) 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 and we continue to answer the ERCB’s questions and supply them with requested information related to the application process. This production test is subject to regulatory approval, financing and other risks associated with the Oil Sands industry.

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 evaluated by ourselves and independent engineers.

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.

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.

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 while this well is also pending further evaluation we intend to apply to the ERCB for permission to conduct a Cyclical Steam Stimulation Test similar to the program we developed for the 12-14 well.

Previously we acquired 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 lease. The well located on our lease at 7-36-092-13W5 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. This well is currently being evaluated by ourselves and independent engineers.

Liquidity and Capital Resources

As of March 31, 2010, our Company's total assets were \$14,457,642, compared to \$16,479,721 as of March 31, 2009. The decrease in our total assets was due to a decrease in cash that was used to fund our operations. Our total liabilities as of March 31, 2010 were \$416,975, compared with \$1,121,156 as of March 31, 2009. The decrease in our total liabilities was due primarily to a decrease in operation expenses incurred in the six months period ending March 31, 2010.

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

	Six Months Ended March 31, 2010	Six Months Ended March 31, 2009	Year Ending September 30, 2009
Current Assets	\$ 1,209,611	\$ 3,995,350	\$ 2,032,025
Current Liabilities	31,734	823,711	34,049
Working Capital	\$ 1,177,877	\$ 3,171,639	\$ 1,997,976

As of March 31, 2010, our Company had working capital of \$1,177,887, compared to our working capital of \$3,171,639 as of March 31, 2009. Our working capital decrease was due primarily to the decrease in cash and cash equivalents used to fund our 2008/2009 winter drilling program. Currently we have no long-term debt.

Our cash and cash equivalents for the six months ending March 31, 2010, was \$531,642, compared to \$2,864,913 for the comparable six months ending March 31, 2009. Since March 10, 2005, 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 41,833,763 warrants outstanding with exercise prices ranging from \$0.60 to \$1.20. If all of these warrants are exercised we may realize aggregate proceeds of approximately \$30 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 24 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.

Cautionary Statements for Purposes of the Safe Harbor Provisions of the Private Securities Litigation Reform Act

This Quarterly Report on Form 10-Q, 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. For these statements, Deep Well claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. The forward-looking statements in this Quarterly Report on Form 10-Q 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 capital in order to execute our business plan;
- resource estimates; and
- 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;
- Our ability to apply for additional tests to further evaluate the wells on our lands;
- 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; and
- the additional risks and uncertainties, many of which are beyond our control, referred to elsewhere in this Quarterly Report on Form 10-Q, in our Annual Report on Form 10-K for the fiscal year ended September 30, 2009, 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 entitled “Risk Factors” and “Environmental Laws and Regulations” of our Annual Report on Form 10-K for the fiscal year ended September 30, 2009, filed with the Securities and Exchange Commission on January 13, 2010. 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. Any forward looking statement speaks only as of the date on which it was made and, except as required by law, we disclaim any 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-Q, 8-K and any other SEC filing should be consulted.

ITEM 3. 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 we are not required to provide the information required under this item.

ITEM 4T. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of the end of our fiscal quarter ended March 31, 2010, 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 quarter, our disclosure controls and procedures were 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 quarter ended March 31, 2010, there were no changes and improvements in our internal control over financial reporting that would have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There have been no new material developments in our litigation proceedings from those disclosed in our Annual Report on Form 10-K for the fiscal year ended September 30, 2009, filed with the Securities and Exchange Commission on January 13, 2010.

ITEM 1A. RISK FACTORS

There have been no material changes in our risk factors from those disclosed in our Annual Report on Form 10-K for the fiscal year ended September 30, 2009, filed with the Securities and Exchange Commission on January 13, 2010.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. (REMOVED AND RESERVED)

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No.		Description
31.1		Certification of President and Chief Executive Officer pursuant to Rule 13a-14(a).
31.2		Certification of Chief Financial Officer pursuant to Rule 13a-14(a).
32.1		Certification of President and Chief Executive Officer pursuant to 18 U.S.C. Section 1350.
32.2		Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.

SIGNATURES

Pursuant to the requirements 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
Chief Executive Officer and President
(Principal Executive Officer)

Date May 10, 2010

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

Date May 10, 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., certifies that:

1. I have reviewed this Quarterly Report on Form 10-Q of Deep Well Oil & Gas, Inc. for the quarterly period ended March 31, 2010;

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 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 15d-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 principles;

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 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: May 10, 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., certifies that:

1. I have reviewed this quarterly report on Form 10-Q of Deep Well Oil & Gas, Inc. for the quarterly period ended March 31, 2010;
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 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 15d-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 principles;
 - 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 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: May 10, 2010

By: /s/ Curtis James Sparrow
 Mr. 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 Quarterly Report on Form 10-Q of Deep Well Oil & Gas, Inc. (the “Company”) for the period ended March 31, 2010 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: May 10, 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 Quarterly Report on Form 10-Q of Deep Well Oil & Gas, Inc. (the “Company“) for the period ended March 31, 2010 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: May 10, 2010

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