

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 December 31, 2012

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: not applicable.

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

Accelerated filer

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

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 December 31, 2012 was 179,597,113.

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**DEEP WELL OIL & GAS, INC. (AND SUBSIDIARIES)**  
**(Exploration Stage Company)**  
**Condensed Consolidated Balance Sheets**  
**December 31, 2012 and September 30, 2012**

	December 31, 2012 (Unaudited)	September 30, 2012 (Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 353,300	\$ 244,191
Accounts receivable net of allowance of \$17,634 (September 30, 2012 - \$243,752)	21,707	156,251
Prepaid expenses	<u>48,288</u>	<u>46,232</u>
<b>Total Current Assets</b>	423,295	446,674
<b>Long term investments</b> (Note 8)	305,864	275,600
<b>Oil and gas properties, net</b> (Notes 3 and 4)	15,877,401	13,190,518
<b>Property and equipment net of depreciation</b> (Note 7)	<u>394,491</u>	<u>322,660</u>
<b>TOTAL ASSETS</b>	<u>\$ 17,001,051</u>	<u>\$ 14,235,452</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 108,527	\$ 72,697
Accounts payable – related parties (Note 9)	<u>411,431</u>	<u>408,277</u>
<b>Total Current Liabilities</b>	519,958	480,974
<b>Asset retirement obligations</b> (Note 10)	<u>424,058</u>	<u>425,700</u>
<b>TOTAL LIABILITIES</b>	<u>944,016</u>	<u>906,674</u>
<b>SHAREHOLDERS' EQUITY</b>		
<b>Common Stock:</b> (Note 11)		
Authorized: 300,000,000 shares at \$0.001 par value		
Issued and outstanding: 179,597,113 shares		
(September 30, 2012 – 136,739,971 shares)	179,597	136,739
<b>Additional paid in capital</b>	30,137,846	27,166,742
<b>Deposits on stock subscription</b> (Note 11)	–	300,000
<b>Deficit accumulated during exploration stage</b>	<u>(14,260,408)</u>	<u>(14,274,703)</u>
<b>Total Shareholders' Equity</b>	<u>16,057,035</u>	<u>13,328,778</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u>\$ 17,001,051</u>	<u>\$ 14,235,452</u>

*See accompanying notes to the condensed consolidated financial statements*

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

**Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)**  
**For the Three Months Ended December 31, 2012, and 2011 and the Period from September 10, 2003**  
**(Inception of Exploration Stage) to December 31, 2012**

	Three Months Ended December 31, 2012	Three Months Ended December 31, 2011	September 10, 2003 to December 31, 2012
<b>Revenue</b>	\$ <u>          </u> –	\$ <u>          </u> –	\$ <u>          </u> –
<b>Expenses</b>			
General and administrative	220,628	308,411	14,217,561
Depreciation and accretion	<u>          </u> 28,500	<u>          </u> 31,393	<u>          </u> 699,072
<b>Net loss from operations</b>	(249,128 )	(339,804 )	(14,916,633 )
<b>Other income and expenses</b>			
Rental and other income (Note 16)	262,832	16,771	337,902
Interest income	591	934	214,857
Interest expense	–	–	(208,580 )
Forgiveness of loan payable	–	–	287,406
Settlement of debt	–	–	24,866
Gain/Loss on disposal of assets	<u>          </u> –	<u>          </u> (64)	<u>          </u> (226)
<b>Net income (loss) and comprehensive income (loss)</b>	\$ <u>          </u> 14,295	\$ <u>          </u> (322,163)	\$ <u>          </u> (14,260,408)
<b>Net loss per common share</b>			
Basic and Diluted	\$ <u>          </u> 0.00	\$ <u>          </u> 0.00	
<b>Weighted Average Outstanding Shares (in thousands)</b>			
Basic and Diluted	<u>          </u> 154,442	<u>          </u> 136,740	

*See accompanying notes to the condensed consolidated financial statements*

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

**Condensed Consolidated Statements of Cash Flows**  
**For the Three Months Ended December 31, 2012 and 2011 and the Period from September 10, 2003**  
**(Inception of Exploration Stage) to December 31, 2012**

	Three Months Ended December 31, 2012	Three Months Ended December 31, 2011	September 10, 2003 to December 31, 2012
<b>Cash Provided by (Used in):</b>			
<b>Operating Activities</b>			
Net income (loss)	\$ 14,295	\$ (322,163)	\$ (14,260,408)
Items not affecting cash:			
Share based compensation	13,963	41,887	1,340,050
Bad debts	(267,962)	-	243,670
Depreciation and accretion	28,500	31,393	699,072
Forgiveness of loan payable	-	-	(287,406)
Settlement of lawsuit	-	-	435,549
Commissions withheld from loans proceeds	-	-	121,000
Loss on disposal of assets	-	64	226
Net changes in non-cash working capital (Note 13)	<u>171,472</u>	<u>52,382</u>	<u>(75,704)</u>
Net Cash (Used) in Operating Activities	<u>(39,732)</u>	<u>(196,437)</u>	<u>(11,783,951)</u>
<b>Investing Activities</b>			
Purchase of property and equipment	-	(860)	(904,469)
Investment in oil and gas properties	(2,543,465)	(13,520)	(11,154,570)
Long term investments	(7,694)	(5,216)	(272,686)
Cash from acquisition of subsidiary	-	-	11,141
Return of costs from Farmout Agreement	<u>-</u>	<u>-</u>	<u>961,426</u>
Net Cash (Used) in Investing Activities	<u>(2,551,159)</u>	<u>(19,596)</u>	<u>(11,359,158)</u>
<b>Financing Activities</b>			
Loan payable	-	-	275,852
Loan advance – related parties	-	-	(811,746)
Note payable repayment	-	-	(111,306)
Debenture repayment	-	-	(1,004,890)
Deposit on stock subscription	-	-	300,000
Proceeds from issuance of common stock	2,700,000	-	23,969,499
Proceeds from debenture net of commissions	<u>-</u>	<u>-</u>	<u>879,000</u>
Net Cash Provided by Financing Activities	<u>2,700,000</u>	<u>-</u>	<u>23,496,409</u>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>109,109</b>	<b>(216,033)</b>	<b>353,300</b>
<b>Cash and cash equivalents, beginning of period</b>	<u><b>244,191</b></u>	<u><b>723,766</b></u>	<u><b>-</b></u>
<b>Cash and cash equivalents, end of period</b>	<u><u><b>\$ 353,300</b></u></u>	<u><u><b>\$ 507,733</b></u></u>	<u><u><b>\$ 353,300</b></u></u>
<b>Supplemental Cash Flow Information:</b>			
Cash paid for interest	\$ -	\$ -	202,159

See accompanying notes to the condensed consolidated financial statements

**DEEP WELL OIL & GAS, INC. (AND SUBSIDIARIES)**  
**(Exploration Stage Company)**  
**(Unaudited)**  
**Notes to the Condensed Consolidated Financial Statements**  
**December 31, 2012**

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**1. Nature of Business and Basis of Presentation**

**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 Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 852-10. In connection with the adoption of fresh-start reporting, a new entity was deemed created for financial reporting purposes, and Deep Well adopted the provisions of fresh-start reporting effective September 10, 2003. As a result, 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. After the Bankruptcy Order and restructuring was completed, Deep Well entered into the oil and gas exploration business and acquired properties in the Peace River oil sands area, located in the province of Alberta, Canada. 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.

These financial statements have 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.

**Going Concern**

The Company’s condensed consolidated financial statements are prepared using generally accepted accounting principles applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. As of December 31, 2012, the Company has a working capital deficit, has an accumulated deficit, and has generated negative cash flows from operations. These factors raise substantial doubt regarding the Company’s ability to continue as a going concern.

In order to continue as a going concern and achieve a profitable level of operations, the Company will need, among other things, additional capital resources and to develop a consistent source of dependent upon the ability to raise equity or debt financing, and the attainment of profitable operations from the Company’s operations. The management of the Company has developed a strategy, which it believes will accomplish this objective through short-term related party loans and additional equity funding, which will enable the Company to operate for the coming year.

The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

**Basis of Presentation**

The interim condensed 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 condensed 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, 2012.

These statements reflect all adjustments, consisting solely of normal recurring adjustments (unless otherwise disclosed) 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 condensed 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, 2012.

## **2. Summary of Significant Accounting Policies**

### **Basis of Consolidation**

These condensed 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.

### **Allowance for Doubtful Accounts**

The Company determines allowances for doubtful accounts based on aging of specific accounts. Accounts receivable are stated at the historical carrying amounts net of allowances for doubtful accounts and include only the amounts the Company deems to be collectable.

### **Property and Equipment**

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

Software	- 100%
Computer equipment	- 55%
Portable work camp	- 30%
Vehicles	- 30%
Road Mats	- 30%
Wellhead	- 25%
Office furniture and equipment	- 20%
Oilfield Equipment	- 20%
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 annually and 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. No impairments to our long-lived assets were identified or recorded in the three months ended December 31, 2012 or in the fiscal years ended September 30, 2012 and 2011.

## **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 December 31, 2012 and September 30, 2012, asset retirement obligations amount to \$424,058 and \$425,700, respectively. The Company has posted bonds, where required, with the Government of Alberta based on the amount the government estimates the cost 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 Method**

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, a valuation allowance has been recorded against the future tax benefits of its losses 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 the basic and diluted per share amounts are the same.

## **Financial Instruments**

### *Fair Values*

Financial instruments include cash and cash equivalents, accounts receivable, accounts receivable - related party, long term investments, investment in equity securities, accounts payable and accounts payable - related parties. The fair value of these financial instruments approximates their carrying value because of the short-term maturity of these items unless otherwise noted. The fair value of the investment in equity securities cannot be determined as the market value is not readily obtainable. The equity securities are reported using the cost method.

## **Environmental Requirements**

At the report date, environmental requirements related to the oil and gas properties 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 July 2012, the FASB issued ASC 350-30 (formerly the Accounting Standards Update (“ASU”) 2012-02, “Intangibles – Goodwill and Other). The amendments permit an entity first to assess qualitative factors to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired as a basis for determining whether it is necessary to perform the quantitative impairment test in accordance with Subtopic 350-30, Intangibles – Goodwill and Other – General Intangibles Other than Goodwill. The more likely-than-not threshold is defined as having a likelihood of more than 50 percent. ASU 2012-02 is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. Early adoption is permitted. The adoption of these accounting standards has not had significant effect on the financial statement presentation.

## **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 December 31, 2012, Northern’s net payments due in Canadian dollars under this commitment are as follows:

2013	\$	33,868
2014	\$	45,158
2015	\$	45,158
2016	\$	45,158
2017	\$	45,158
Subsequent	\$	88,883

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 44 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 December 31, 2012 and 2011, the Company has an interest in ten wells, which can be counted towards these requirements.

The Company has identified two other wells drilled on these leases, which may be included in the satisfaction of this requirement. The Company has also acquired and processed 25 miles of seismic on the leases, which can be counted towards these requirements.

The Company follows the successful efforts method of accounting for costs of oil and gas properties. Under this method, only those exploration and development costs that relate directly to specific oil and gas reserves are capitalized; costs that do not relate directly to specific reserves are charged to expense. 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 December 31, 2012 (September 30, 2012 - \$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.

#### **4. Capitalization of Costs Incurred in Oil and Gas Activities**

The Company accounts for the cost of exploratory wells and continues to capitalize exploratory well costs after the completion of drilling as long as sufficient progress is being made in assessing the oil sands reserves to justify its completion as a producing well.

For the period ended December 31, 2012, the Company's management determined that sufficient progress has been made in assessing its oil sands reserves for continued capitalization of exploratory well costs. In relation to this sufficient progress assessment of its oil sands project the Company considered among other criteria; long lead times in getting regulatory approval for oil sands thermal recovery projects, road bans, winter access only properties and governmental and environmental regulations which can and often delay development of oil sands projects. Because of these and other factors, the Company's oil sands project can take significantly longer to complete than regular conventional drilling programs for lighter oil. To date the Company's geological, engineering and economic studies continue to lead them to believe that there is continuing progress toward bringing the project to commercial production. Therefore, the Company has continued to capitalize its costs associated with its oil sands project.

For the Company's exploratory wells, drilling costs are capitalized on the balance sheet under "Oil and Gas Properties" line item, pending a determination of whether potentially economic oil sands reserves have been discovered by the drilling effort to justify completion of the find as a producing well. The Company periodically assesses the exploration and drilling capitalized costs for impairment and once a determination is made that a well is of no potential economic value, the costs related to that well are expensed as dry hole and reported in exploration expense. No impairments to our long-lived assets

were identified or recorded in the three months ended December 31, 2012 or in the fiscal years ended September 30, 2012 and 2011.

The following table illustrates capitalized costs relating to oil and gas – producing activities for two periods ended December 31, 2012 and September 30, 2012:

	December 31, 2012	September 30, 2012
Unproved Oil and Gas Properties	\$ 15,912,244	\$ 13,222,551
Proved Oil and Gas Properties	–	–
Accumulated Depreciation	(34,843)	(32,033)
Net Capitalized Cost	<u>\$ 15,877,401</u>	<u>\$ 13,190,518</u>

## **5. Exploration Activities**

The following table presents information regarding the Company’s costs incurred in the oil and gas property acquisition, exploration and development activities for the three months ended December 31, 2012 and the fiscal year ended September 30, 2012:

	December 31, 2012	September 30, 2012
Acquisition of Properties:		
Proved	\$ –	\$ –
Unproved	2,689,694	57,005
Exploration costs	4,325	119,353
Development costs	–	–

## **6. Investment in Equity Securities**

On February 25, 2005, the Company acquired an interest in Signet Energy Inc. (“Signet” formerly Surge Global Energy, Inc.) as a result of a Farmout Agreement. Signet amalgamated with Andora Energy Corporation (“Andora”) in 2007.

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 2.24% as of September 30, 2012, which is Andora’s fiscal year end. These shares are carried at a nominal value using the cost method and their value is included under oil and gas properties on the Company’s balance sheet.

## **7. Property and Equipment**

	December 31, 2012		
	Cost	Accumulated Depreciation	Net Book Value
Computer equipment	\$ 31,084	\$ 29,469	\$ 1,615
Office furniture and equipment	33,199	23,038	10,161
Software	5,826	5,826	--
Leasehold improvements	4,936	4,101	835
Portable work camp	170,580	124,578	46,002
Vehicles	38,077	27,808	10,269
Oilfield equipment	249,045	88,648	160,397
Road mats	364,614	266,284	98,330
Wellhead	3,254	1,252	2,002
Tanks	96,085	31,205	64,880
	<u>\$ 996,700</u>	<u>\$ 602,209</u>	<u>\$ 394,491</u>

	September 30, 2012		
	Cost	Accumulated Depreciation	Net Book Value
Computer equipment	\$ 31,084	\$ 29,312	\$ 1,772
Office furniture and equipment	33,199	21,152	12,046
Software	5,826	5,826	–
Leasehold improvements	4,936	3,934	1,002
Portable work camp	170,580	120,847	49,733
Vehicles	38,077	26,976	11,101
Oilfield equipment	154,713	82,689	72,024
Road mats	364,614	258,311	106,303
Wellhead	3,254	1,119	2,135
Tanks	96,085	29,541	66,544
	<u>\$ 902,368</u>	<u>\$ 579,707</u>	<u>\$ 322,660</u>

There was \$22,500 of depreciation expense for the period ended December 31, 2012 (September 30, 2012 - \$104,033).

## **8. Long Term Investments**

Long term investments consist of cash held in trust by the Energy Resources Conservation Board (“ERCB”) which bears interest at a rate of prime minus 0.375% and has no stated date of maturity. These investments are required by the ERCB to ensure there are sufficient future cash flows to meet the expected future asset retirement obligations, and are restricted for this purpose.

## **9. Significant Transactions With Related Parties**

Accounts payable – related parties was \$411,431 as of December 31, 2012 (September 30, 2012 - \$408,277) for fees payable to corporations owned by directors. This amount is unsecured, non-interest bearing, and has no fixed terms of repayment.

As of December 31, 2012, officers, directors, their families, and their controlled entities have acquired 63.6% of the Company’s outstanding common capital stock. This percentage does not include unexercised warrants or stock options.

The Company incurred expenses totalling \$83,218 to two related parties for professional fees and consulting services during the period ended December 31, 2012 (September 30, 2012 - \$327,459). These amounts are included in the balance of accounts payable – related parties as of December 31, 2012.

## **10. 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 December 31, 2012, the Company estimates the undiscounted cash flows related to asset retirement obligation to total approximately \$655,709 (September 30, 2012 - \$664,403). The fair value of the liability at December 31, 2012 is estimated to be \$424,058 (September 30, 2012 - \$425,700) 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:

	December 31, 2012	September 30, 2012
Balance, beginning of period	\$ 425,700	\$ 387,368
Liabilities incurred	–	–
Effect of foreign exchange	(5,593)	22,038
Disposal	–	–
Accretion expense	3,951	16,294
Balance, end of period	<u>\$ 424,058</u>	<u>\$ 425,700</u>

## 11. Common Stock

On November 9, 2010, the Company completed two private placements for an aggregate of 29,285,713 units at a price of \$0.07 per unit for an aggregate of \$2,050,000 (including the deposit received prior to September 30, 2010 of \$48,555). Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.105 per common share for a period of three years from the date of closing, provided that if the closing price of the common shares of the Company on the principal market on which the shares trade is equal to or exceeds \$1.00 for 30 consecutive trading days, the warrant term shall automatically accelerate to the date which is 30 calendar days following the date that written notice has been given to the warrant holders. The warrants expire on November 9, 2013.

On March 23, 2011, the Board of Directors (the "Board") approved the issuance of 500,000 restricted common shares valued at \$70,000 to be issued to a new director as an incentive to join the Board. Also, on March 23, 2011, the Board approved issuance of 180,000 restricted common shares valued at \$25,200 to be issued on April 1, 2011 to a contractor as compensation for services provided to the Company during the period from April 1, 2010 to March 31, 2011. These transactions have been recorded in the Balance Sheets under Shareholders' Equity at the fair value of the common shares issued.

On August 14, 2011, 12,638,297 warrants previously granted on August 14, 2008 expired unexercised.

On October 31, 2011, 14,500,000 warrants previously granted on October 31, 2008 expired unexercised.

On June 22, 2012, 1,000,000 warrants previously granted on June 22, 2007 expired unexercised.

On July 11, 2012, 38,800 warrants previously granted on July 11, 2007 expired unexercised.

Effective on November 23, 2012, the Company completed a private placement for an aggregate of 42,857,142 units at a price of \$0.07 per unit for an aggregate of \$3,000,000 (including a deposit received prior to September 30, 2012 of \$300,000). Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.105 per common share for a period of three years from the date of closing, provided that if the closing price of the common shares of the Company on the principal market on which the shares trade is equal to or exceeds \$1.00 for 30 consecutive trading days, the warrant term shall automatically accelerate to the date which is 30 calendar days following the date that written notice has been given to the warrant holders. The warrants expire on November 23, 2015. The value of the common shares and the warrants totaled \$1,985,249 and \$1,014,751, respectively.

The following table summarizes the Company's warrants outstanding as of December 31, 2012:

Range of Exercise Price	Shares Underlying Warrants Outstanding			Shares Underlying Warrants Exercisable	
	Shares Underlying Warrants Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Shares Underlying Warrants Exercisable	Weighted Average Exercise Price
\$0.105 at December 31, 2012	<u>72,142,855</u>	<u>2.07</u>	<u>0.105</u>	<u>72,142,855</u>	<u>0.105</u>
	<u>72,142,855</u>	<u>2.07</u>	<u>0.105</u>	<u>72,142,855</u>	<u>0.105</u>

The following is a summary of warrant activity for the period ended December 31, 2012:

	Number of Warrants	Weighted Average Exercise Price	Intrinsic Value
Balance, September 30, 2012	29,285,713	\$ 0.105	\$ —
Warrants granted November 23, 2012	<u>42,857,142</u>	<u>0.105</u>	<u>—</u>
Balance, December 31, 2012	<u>72,142,855</u>	<u>\$ 0.105</u>	<u>\$ —</u>
Outstanding Warrants, December 31, 2012	<u>72,142,855</u>	<u>\$ 0.105</u>	<u>\$ —</u>

There were 72,142,855 warrants outstanding as of December 31, 2012, (September 30, 2012 – 29,285,713), which have a historical fair market value of \$1,778,284 (September 30, 2012 - \$763,533).

## 12. Stock Options

On November 28, 2005, the Board of Deep Well adopted the Deep Well Oil & Gas, Inc. Stock Option Plan (the "Plan"). The Plan was approved by the 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 per year, and in total may not exceed 2% of the total number of Common Shares outstanding.

On November 28, 2010, all of the stock options previously granted to Dr. Horst A. Schmid, Portwest Investments Ltd., Mr. Curtis James Sparrow, Concorde Consulting, Trebax Projects Ltd., Mr. Cyrus Spaulding, Mr. Donald E.H. Jones and Mr. Moses Ling, expired unexercised. In total 2,727,500 options granted to directors and former directors and their controlled companies expired.

On March 23, 2011, the Board approved to decrease the exercise price of the stock options to purchase 36,000 shares of common stock of Deep Well previously granted to an employee of the Company on September 20, 2007. The exercise price of the stock option is reduced from \$0.47 per Common Share to \$0.14 per Common Share, effective immediately. All other terms and conditions of the option agreement will remain unchanged. The options expired on September 20, 2012.

On March 23, 2011, the Company granted its directors, Dr. Horst A. Schmid, Mr. Said Arrata, Mr. Satya Das, Mr. David Roff, Mr. Curtis Sparrow and Mr. Malik Youyou, options to purchase 450,000 shares each of common stock at an exercise price of \$0.14 per Common Share, 150,000 vesting immediately and the remaining vesting one-third on March 23, 2012, and one-third on March 23, 2013, with a five-year life.

On October 25, 2011, 375,000 stock options previously granted on October 25, 2006 to Mr. David Roff expired unexercised.

On September 20, 2012, 240,000 and 36,000 stock options previously granted on September 20, 2007 to R.N. Dell Energy Ltd. and a certain employee of the Company, respectively, expired unexercised.

For the period ended December 31, 2012, the Company recorded share based compensation expense related to stock options in the amount of \$13,963 (September 30, 2012 – \$108,664) on the 2,700,000 stock options issued March 23, 2011. No options were exercised during the period ended December 31, 2012, therefore, the intrinsic value of the options exercised during the period ended December 31, 2012 is \$nil. As of December 31, 2012, there was remaining unrecognized compensation cost of \$11,989 related to the non-vested portion of these unit option awards. Compensation expense is based upon straight-line depreciation of the grant-date fair value over the vesting period of the underlying unit option.

	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
Range of Exercise Prices					
\$0.14 at December 31, 2012	<u>2,700,000</u>	<u>3.23</u>	<u>\$ 0.14</u>	<u>1,800,000</u>	<u>\$ 0.14</u>
	<u>2,700,000</u>	<u>3.23</u>	<u>\$ 0.14</u>	<u>1,800,000</u>	<u>\$ 0.14</u>

The aggregate intrinsic value of exercisable options as of December 31, 2012, was \$nil (September 30, 2012 - \$nil).

The following is a summary of stock option activity as at December 31, 2012:

	Number of Underlying Shares	Weighted Average Exercise Price	Weighted Average Fair Market Value
Balance, September 30, 2012	<u>2,700,000</u>	\$ <u>0.14</u>	\$ <u>0.12</u>
Balance, December 31, 2012	<u>2,700,000</u>	\$ <u>0.14</u>	\$ <u>0.12</u>
Exercisable, December 31, 2012	<u>1,800,000</u>	\$ <u>0.14</u>	\$ <u>0.12</u>

The following table summarizes the activity of the Company's non-vested stock options as of September 30, 2012 and December 31, 2012:

	Non-Vested Options	
	Number of Underlying Shares	Weighted Average Exercise Price
Non-vested at September 30, 2012	<u>900,000</u>	\$ <u>0.14</u>
Non-vested at December 31, 2012	<u>900,000</u>	\$ <u>0.14</u>

### Measurement Uncertainty

The Black-Scholes option pricing model ("Black-Scholes") was developed for use in estimating the fair value of traded "European" options which are liquid and 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 and vest over time, and are "American" options. 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. The following assumptions are used in the Black-Scholes option-pricing model:

Expected Term – Expected term of 5 years represents the period that the Company's stock-based awards are expected to be outstanding.

Expected Volatility – Expected volatilities are based on historical volatility of the Company's stock, adjusted where determined by management for unusual and non-representative stock price activity not expected to recur. The expected volatility used was 116%.

Expected Dividend – The Black-Scholes valuation model calls for a single expected dividend yield as an input. The Company currently pays no dividends and does not expect to pay dividends in the foreseeable future.

Risk-Free Interest rate – The Company bases the risk-free interest rate on the implied yield currently available on U.S. Treasury zero-coupon issues with an equivalent remaining term. The risk-free rate used was 2.07%.

### 13. Changes in Non-Cash Working Capital

	Three Months Ended December 31, 2012	Three Months Ended December 31, 2011
Accounts receivable	\$ 134,544	\$ 9,856
Prepaid expenses	(2,056)	6,209
Accounts payable	<u>38,984</u>	<u>36,317</u>
	<u>\$ 171,472</u>	<u>\$ 52,382</u>

## **14. 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 Cdn \$12,500 per month. As of December 31, 2012, the Company has accrued Cdn \$294,395 owing to Portwest Investments Ltd., and has not paid out this accrued portion to Portwest Investments Ltd. since April 2012 for the services of Dr. Schmid as Chief Executive Officer and President of the Company.
- 2) Concorde Consulting, a company owned 100% by Mr. Curtis J. Sparrow, for providing services as Chief Financial Officer to the Company for Cdn \$15,000 per month. As of September 30, 2012 and December 31, 2012 the Company has accrued as owing to Concorde Consulting Cdn 138,725 and Cdn \$112,276, respectively.

### **Rental Agreement**

On November 20, 2007 and December 1, 2008, the Company entered into two office lease agreements commencing December 1, 2007 and January 1, 2009 and expiring on November 30, 2012 and December 31, 2013, respectively. One of the Company's office lease agreements has since expired and will not be renewed. The annual payments due are as follows:

2013	\$	31,974
2014	\$	10,658

## **15. Legal Actions**

### **IGM 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 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 December 31, 2012, no contingent liability has been recorded, as the Company believes that a successful outcome for the Plaintiff is remote.

### **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 December 31, 2012, no contingent liability has been recorded, as the Company believes that a successful outcome for the Plaintiff is remote.

#### **16. Rental and Other Income**

The Company reversed part of the receivables and bad debts for our joint venture co-owners in the period at an amount of \$267,962 (Cdn \$265,650.86) of which \$239,459 was related to a purchase agreement wherein the Company acquired an additional 10% working interest in most of the Sawn Lake oil sands properties where the Company already owns working interests, in exchange for \$2,412,960 (Cdn \$2,400,000), the discontinuance of two lawsuits, and forgiving the amounts owed and any defaults and penalties that the Company had imposed. This amount is included in Rental and Other Income.

## 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 consolidated financial statements and related notes. For the purpose of this discussion, unless the context indicates another meaning, the terms: "Deep Well," "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 our annual report on Form 10-K for the fiscal year ended September 30, 2012, filed with the Securities and Exchange Commission on January 15, 2013.

*Our consolidated financial statements are reported in United States dollars and are prepared based upon United States generally accepted accounting principles ("US GAAP"). References in this Form 10-Q to "\$" are to United States dollars and references to "Cdn \$" are to Canadian dollars. On February 5, 2013, the noon rate of exchange for Canadian dollars expressed in US \$ was Cdn \$1.00 = US \$1.0028, as reported by the Bank of Canada.*

### General Overview

Deep Well Oil & Gas, Inc., along with its subsidiaries through which it conducts business, is 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 land base that we presently control 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](http://www.deepwelloil.com).

On April 21, 2010, we announced our quotation on the OTCQB marketplace. This graduation from the "Pink Sheets – Current Information" tier recognizes the progress that we have made in meeting our reporting requirements under the Securities Exchange Act of 1934. The OTCQB is a market that requires companies to be fully compliant in their filing requirements under the Securities Exchange Act of 1934.

### Results of Operations

We are an exploration stage company and as such do not have commercial production on any of our properties and, accordingly, we currently do 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 investors, locating joint venture partners, acquiring and analyzing seismic data, engaging various firms to comply with leasehold conditions, environmental regulations, as well as providing project management, drilling, testing and analysis of wells to define our oil sands reservoir, development planning to use thermal recovery technology and to develop our long term business strategies. For the three months ended December 31, 2012, and for the comparable period in the prior year, we generated no revenues from operations.

	Three Months Ended December 31, 2012	Three Months Ended December 31, 2011	September 10, 2003 to December 31, 2012
<b>Revenue</b>	\$ —	\$ —	\$ —
<b>Expenses</b>			
General and administrative	\$ 220,628	\$ 308,411	\$ 14,217,561
Depreciation and accretion	<u>28,500</u>	<u>31,393</u>	<u>699,072</u>
<b>Net loss from operations</b>	(249,128)	(339,804)	(14,916,633)
<b>Other income and expenses</b>			
Rental and other income (Note 16)	262,832	16,771	337,902
Interest income	591	934	214,857
Interest expense	—	—	(208,580)
Forgiveness of loan payable	—	—	287,406
Settlement of debt	—	—	24,866
Gain/Loss on disposal of assets	<u>—</u>	<u>(64)</u>	<u>(226)</u>
<b>Net income (loss) and comprehensive income (loss)</b>	<u>\$ 14,295</u>	<u>\$ (322,163)</u>	<u>\$ (14,260,408)</u>

For the three months ended December 31, 2012, our general and administrative expenses decreased by \$87,783 compared to the three months ended December 31, 2011, which was primarily due to (i) a decrease in general office expenses; (ii) a decrease in engineering fees; and (iii) a decrease in share-based compensation charged to expense, which was primarily related to vested stock options that were previously granted to our directors on March 23, 2011.

For the three months ended December 31, 2012, depreciation and accretion expense decreased by \$2,893 compared to the three months ended December 31, 2011, which was primarily due to the depreciating value of our assets. Depreciation expense is computed using the declining balance method over the estimated useful life of the asset. In compliance with our accounting policy, only half of the depreciation is taken in the year of acquisition.

For the three months ended December 31, 2012, rental and other income increased by \$246,061 compared to the three months ended December 31, 2011, which was due to the recovery of expenses arising from the reverse of receivables and bad debt previously written-off in the amount of \$267,962 (Cdn \$265,651) subsequently collected from our joint venture co-owners for past amounts owing to us for field operations on our joint lands. These write-offs were in respect of money owed to us by two of our joint venture co-owners that had not paid us for drilling and other operational expenses we incurred on our joint properties. Over the last 12 months we pursued remedies to collect these bad debts and on October 18, 2012 we entered into a settlement agreement with one of our joint venture co-owners and received \$123,909 (Cdn \$123,526) that was previously written off. In addition and effective on December 3, 2012, we entered into a purchase and sale agreement with another joint venture co-owner, whereby we acquired an additional 10% working interest in exchange for cash, the discontinuance of claims and forgiveness of monies owed to us.

For the three months ended December 31, 2012, interest income decreased by \$343 compared to the three months ended December 31, 2011, which was due to less interest income received from cash investments held in the bank.

As a result of the above transactions, we recorded an increase of \$336,458 in our net income and comprehensive income from operations for the three months ended December 31, 2012 in comparison to the prior three months ended December 31, 2011. As stated above, this increase was primarily due to the recovery of expenses arising from the reverse of receivables and bad debt previously written-off and subsequently collected from our joint venture co-owners for past amounts owing to us for drilling and operational expenses we incurred on our joint lands.

## **Operations**

On February 3, 2012, we submitted an application to the Alberta Energy Resources Conservation Board (“ERCB”) to modify our previously approved in-situ pilot project for a well to test thermal production on our Sawn Lake leases in the Peace River Oil Sands area of Alberta. This modification seeks to change the vertical cyclical steam simulation (“CSS”) well earlier approved by the ERCB, into a thermal recovery project to test 2 wells that use a horizontal application of CSS (“HCSS”).

On April 16, 2012, we received a reserves report as of December 31, 2011 from an independent third party reservoir engineering firm. This report estimated the heavy oil reserves from the working interests held by our subsidiaries in the Peace River Oil Sands area of Alberta. This report estimated and assigned probable and possible reserves on the north half square mile of land located on section 10-92-13W5 designated for our HCSS recovery project. This half square mile of land covers 316 gross acres (128 gross hectares) of land. This report has estimated that in that portion alone there are probable reserves of 7,806,000 barrels of heavy oil and probable plus possible reserves of 9,370,000 barrels attributable to our working interests before adjusting for any Provincial or potential royalties. These estimated probable plus possible reserves are classified as undeveloped at this time. These reserves and resources were calculated before we entered into and closed the December 3, 2012 acquisition, whereby we acquired an additional 10% working interest in these evaluated properties. Proved reserves cannot be assigned until production begins.

Proved Reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, under existing economic conditions, operating methods, and governmental regulations.

Probable Reserves are those additional reserves that are less certain to be recovered than proved reserves but which, together with proved reserves, are as likely as not to be recovered.

Possible Reserves are those additional reserves that are less certain to be recovered than probable reserves.

Statements of reserves are only estimates and may not correspond to the ultimate quantities of oil discovered.

On October 18, 2012, we entered into a settlement agreement with our joint venture co-owner, Andora Energy Corporation (“Andora”), whereby we resolved our outstanding issues relating to money owed to us by Andora for drilling and operational expenses we incurred for the joint account. As part of this settlement Andora paid us \$123,909 (Cdn \$123,526) of the money owing to us for the drilling of two wells that Andora acknowledged they participated in.

Effective November 23, 2012, we completed a private placement financing with one investor for aggregate gross cash proceeds of \$3,000,000 (including a deposit received prior to September 30, 2012 of \$300,000). We issued 42,857,142 units at a price of \$0.07 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.105 per common share for a period of three years from the date of closing, provided that if the closing price of the common shares of the Company on the principal market on which the shares trade is equal to or exceeds \$1.00 for 30 consecutive trading days, the warrant term shall automatically accelerate to the date that is 30 calendar days following the date that written notice has been given to the warrant holder. The warrants expire on November 23, 2015.

Effective December 3, 2012, we entered into and subsequently closed upon a purchase and sale agreement with 1132559 Alberta Ltd. ("113"), one of our former joint venture partners, pursuant to which we acquired 113's 10% working interest in their Sawn Lake heavy oil reservoir in the Peace River area of Alberta. This transaction increased our net acres in the Sawn Lake oil sands properties from 31,376 to 35,360 net acres (12,698 to 14,310 net hectares). We now have, through our subsidiaries, Northern and Deep Well Alberta, a 90% working interest in 51 contiguous sections on seven oil sands leases and a 80% working interest in 5 contiguous sections on one oil sands lease in the Peace River oil sands area of Alberta, where we are the operator. In addition, we have a 50% working interest in another 12 contiguous sections on two oil sands leases in the Peace River oil sands area of Alberta, Canada.

Currently we have in place joint operating agreements with one joint interest partner to manage our joint oil sands leases, which are all based on the 1990 Canadian Association of Petroleum Landmen ("CAPL") Operating Procedure. Under these agreements our joint oil sands leases were evaluated seismically, geologically and by drilling to establish the continuity and the distribution of the crude bituminous-bearing Bluesky reservoir zone across our joint lands.

During the last 12 months we evaluated the historically documented options for production methods available to us to determine the preferable course of action for our Sawn Lake project. After the 113 acquisition being able to drill and develop on lands now owned 90% by us, without having to carry a joint interest co-owner who had never paid its share of the costs incurred for the joint account, has economically opened new avenues for testing and further development of our Sawn Lake project. We have worked with three independent reservoir engineering and modeling companies to prepare analyses of the Sawn Lake Bluesky reservoir resulting in the reservoir modeling simulation studies to determine the optimum strategy for us to develop our reservoir. Following these reservoir models and the recommendation of our independent reservoir engineers, we intend to develop a thermal recovery project on our properties, followed by a commercial expansion project. To further this goal our environmental consultants have completed an environmental assessment as mandated by Alberta environmental regulations, in and around our proposed thermal recovery project located on our now 90% owned lands. We have also engaged drilling, completion and facilities engineers who have begun the planning and pre-drilling work for our HCSS pad site facility and designing our proposed horizontal well paths on the North half of section 10-92-13W5M. The development progress of our properties is governed by several factors such as federal and provincial governmental regulations. Long lead times in getting regulatory approval for thermal recovery projects are commonplace in our industry. Road bans, winter access only roads and environmental regulations can and often do delay development of similar projects. Because of these and other factors, our oil sands project can take significantly longer to complete than regular conventional drilling programs for lighter oil. To date, our geological, engineering and economic studies affirm that our working interest can support full profitable commercial production.

Our proposed thermal recovery project will be located on the north half of section 10-92-13W5 which has good road access on hard packed gravel roads recently built by Penn West Petroleum Ltd. ("Penn West"). The proposed thermal recovery project location is approximately 1.4 kilometers away from the nearest Penn West all-weather road. We intend to upgrade our existing winter road to section 10-92-13W5 to an all-weather road. We also intend to acquire the remaining road and build it as an all-weather road up to our proposed thermal recovery project site. We are currently waiting on ERCB approval of our modified thermal recovery project application.

### **Liquidity and Capital Resources**

As of December 31, 2012, our total assets were \$17,001,051 compared to \$14,235,452 as of September 30, 2012. The primary increase in our total assets was the result of (i) an increase in oil gas properties and equipment arising from the December 3, 2012 acquisition of 113's 10% working interest in our joint Sawn Lake properties as disclosed above; and (ii) an increase in cash received from the November 23, 2012 private placement as disclosed above. Our total liabilities as of December 31, 2012 were \$944,016 compared to \$906,674 as of September 30, 2012. The primary increase in our total liabilities was the result of (i) fees payable to corporations owned by directors for services as President and CEO and Chief Financial Officer provided to our Company that we have not paid; (ii) legal fees relating to the December 3, 2012 purchase and sale agreement disclosed herein, whereby we acquired an additional 10% working interest in our joint properties; and (ii) rental fees owed for our Calgary office lease which we have accrued and not yet paid. Of our total liabilities \$424,058 is our estimated cost for future asset retirement obligations for future abandonment of our wells.

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

	Three Months Ended June 30, 2012	Year Ended September 30, 2012
Current Assets	\$ 423,295	\$ 446,674
Current Liabilities	519,958	480,974
Working Capital	<u>\$ (96,663)</u>	<u>\$ (34,300)</u>

As of December 31, 2012, our Company had negative working capital of \$96,663 compared to a negative working capital of \$34,300 as of September 30, 2012. Currently we have no long-term debt other than our estimated asset retirement obligations on oil and gas properties. Effective November 23, 2012, we completed a private placement financing with one investor for aggregate gross cash proceeds of \$3,000,000 (including a deposit received prior to September 30, 2012 of \$300,000). For our short-term operations, and as requested by Dr. Horst A. Schmid, we are not paying out the consulting fee of Cdn \$294,395 that we owe to Portwest Investments Ltd., a company owned 100% by Dr. Horst A. Schmid, for providing services to Deep Well as Chief Executive Officer and President. By removing that amount from our current liabilities, we have a positive working capital of \$198,645.

As reported on our Consolidated Statement of Cash Flows under “Operating Activities”, for the three months ended December 31, 2012, our net cash used in operating activities was \$39,732 compared to \$196,437 for the three months ended December 31, 2011. This decrease was primarily due to a reversal of money owed to us by one of our joint venture co-owners that was previously written-off as bad debt. As previously disclosed above, and effective on December 3, 2012, we entered into and subsequently closed a purchase and sale agreement with our former joint venture partner 113 and acquired their 10% working interest in most of the Sawn Lake oil sands properties where we already own working interests, for consideration of (i) \$2,412,960 (Cdn \$2,400,000); (ii) the discontinuance of statement of claims we made against 113; and (iii) forgiving the amounts owed to us from 113, in the amount of \$240,560 (Cdn \$239,268) and any defaults and penalties that the Company had imposed upon 113.

As reported on our Consolidated Statement of Cash Flows under “Investing Activities”, we had an increase of \$2,529,945 on investment in our oil and gas properties for the three months ended December 31, 2012 compared to the three months ended December 31, 2011. This increase was a result of the December 3, 2012 purchase and sale agreement disclosed herein, whereby we acquired an additional 10% working interest in our joint properties along with a 10% working interest increase in the equipment purchased for the wells drilled within those joint properties, in exchange for the cash among other items as previously disclosed above.

As reported on our Consolidated Statement of Cash Flows under “Financing Activities”, for the three months ended December 31, 2012, we recorded to equity an increase of \$2,700,000 from the comparable period ending December 31, 2011. Effective November 23, 2012, our Company completed a private placement to one investor of an aggregate of 42,857,142 units (“Units”) at a price of \$0.07 per Unit, for total gross proceeds of \$3,000,000 (including a deposit received prior to September 30, 2012 of \$300,000). Each Unit is comprised of one (1) common share and one (1) common share purchase warrant. Each warrant entitles the holder to purchase one (1) common share at a price of \$0.105 for a period of three years from the date of closing, provided that if the closing price of the common shares of the Company on the principal market on which our common shares trade is equal to or exceeds \$1.00 for thirty consecutive trading days, the warrant term will automatically accelerate to the date that is thirty calendar days following the date that written notice has been given to the warrant holder. No commission or finder’s fees were payable in connection with this private placement. The Units were issued pursuant to Regulation S under the Securities Act of 1933, as amended. The warrants issued pursuant to this latest private placement expire on November 23, 2015.

Our cash and cash equivalents as of December 31, 2012 was \$353,300 compared to \$507,733 for the prior quarter ended December 31, 2011, which was primarily due to a decrease in cash resulting from costs associated with (i) legal fees relating to the December 3, 2012 purchase and sale agreement disclosed herein, whereby we acquired an additional 10% working interest in our joint properties; (ii) drilling, completions and facility engineering fees associated with our amended ERCB application for our thermal recovery project, and (iii) general office expenses. Since March 10, 2005 to December 31, 2012, 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 other securities, and the sale of our common stock upon the exercise of certain warrants, realizing gross proceeds of approximately \$24.6 million in cash. In some of these offerings, we sold units comprised of common stock and warrants to purchase additional common stock, and as a result of these offerings, we have an aggregate of 72,142,855 warrants outstanding as of December 31, 2012, with exercise prices of \$0.105. These warrants’ expiration dates range from November 9, 2013 to November 23, 2015. If all of these warrants are exercised we may realize aggregate proceeds of approximately \$7.6 million. However, the warrant holders have complete discretion as to when and 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 equity securities. We also note that if we issue more shares of our common stock, our stockholders will 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 may not be a likely alternative for funding our operations in the short term, since we are an exploration stage company, due to the risky nature of our business. However, we are progressing toward the point where it is potentially feasible so we may explore debt financing in the next year.

### **Off-Balance Sheet Arrangements**

We do not have any off-balance sheet arrangements.

### **Cautionary Note Regarding Forward-Looking Statements**

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, often 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, including the building of all-weather roads;
- 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;
- 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 receive approvals from the ERCB 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 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, 2012, filed with the SEC on January 15, 2013. 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 or amendments thereto 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 4. CONTROLS AND PROCEDURES

#### Disclosure Controls and Procedures

As of the end of our fiscal quarter ended December 31, 2012, 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) 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 Securities and Exchange Commission 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 December 31, 2012 there were no changes in our internal control over financial reporting that 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, 2012, filed with the Securities and Exchange Commission on January 15, 2013.

### ITEM 1A. RISK FACTORS

Although we are a smaller reporting company, as defined by Rule 12b-2 under the Exchange Act, and therefore not required to provide the information required under this item, 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, 2012, filed with SEC on January 15, 2013, other than the following:

*Our reserves data and any future net revenue are only estimates and are uncertain.* There are numerous uncertainties inherent in estimating quantities of crude oil, oil sands and natural gas reserves and their estimated values, including many factors beyond the Company’s control. The reserves data disclosed in this report represent estimates only and may prove to be inaccurate because of these uncertainties. In general, estimates of economically recoverable crude oil, oil sands and natural gas reserves and the future net cash flows there from are based upon a number of variable factors and assumptions, such as product prices, future operating and capital costs, availability of future capital, historical production from the properties and the assumed effects of regulation by governmental agencies, including with respect to royalty payments, all of which may vary considerably from actual results. All such estimates are to some degree uncertain, and classifications of reserves are only attempts to define the degree of uncertainty involved.

For those reasons, estimates of the economically recoverable crude oil, oil sands and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues expected there from, prepared by different engineers or by the same engineers at different times, may vary substantially. Accordingly, reserve estimates may be subject to downward or upward adjustment. Reservoir engineering is a subjective and inexact process of estimating underground accumulations of crude oil, oil sands and natural gas that cannot be measured in an exact manner.

Estimates with respect to reserves that may be developed and produced in the future are often based upon volumetric calculations and upon analogy to similar types of reserves, rather than upon actual production history. Estimates based on these methods generally are less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history will result in variations, which may be material, in the estimated reserves.



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

Effective November 23, 2012, we completed a private placement to one investor of an aggregate of 42,857,142 Units at a price of \$0.07 per Unit, for total gross proceeds of \$3,000,000 (including a deposit received prior to September 30, 2012 of \$300,000). Each Unit is comprised of one (1) common share and one (1) common share purchase warrant. Each warrant entitles the holder to purchase one (1) common share at a price of \$0.105 for a period of three years from the date of closing, provided that if the closing price of the common shares of the Company on the principal market on which our common shares trade is equal to or exceeds \$1.00 for thirty consecutive trading days, the warrant term will automatically accelerate to the date that is thirty calendar days following the date that written notice has been given to the warrant holder. No commission or finder's fees were payable in connection with this private placement. The Units were issued pursuant to Regulation S under the Securities Act of 1933, as amended. The warrants expire on November 23, 2015.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**ITEM 5. OTHER INFORMATION**

*Information to be Reported on Form 8-K*

Deep Well reported all information that was required to be disclosed on Form 8-K during the period covered by this quarterly report on Form 10-Q.

**ITEM 6. EXHIBITS**

<b>Exhibit No.</b>		<b>Description</b>
	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.
	101	Interactive Data Files

**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 February 14, 2013

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

Date February 14, 2013

**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., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Deep Well Oil & Gas, Inc. for the quarterly period ended December 31, 2012;
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: February 14, 2013

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., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Deep Well Oil & Gas, Inc. for the quarterly period ended December 31, 2012;
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: February 14, 2013

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 of Deep Well Oil & Gas, Inc. (the "Company") on Form 10-Q for the period ended December 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dr. Horst A. Schmid, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (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: February 14, 2013

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 of Deep Well Oil & Gas, Inc. (the "Company") on Form 10-Q for the period ended December 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mr. Curtis James Sparrow, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (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: February 14, 2013

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