

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2014

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)

98-0501168

(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 March 31, 2014 was 229,326,287.

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DEEP WELL OIL & GAS, INC. (AND SUBSIDIARIES)
(An Exploration Stage Company)
Condensed Consolidated Balance Sheets
March 31, 2014 and September 30, 2013

	March 31, 2014 (Unaudited)	September 30, 2013 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 3,931,308	\$ 7,633,009
Accounts receivable net of allowance of \$nil (September 30, 2013 - \$17,408)	157,579	55,216
Prepaid expenses	<u>78,823</u>	<u>82,700</u>
Total Current Assets	4,167,710	7,770,925
Long term investments (Note 8)	321,810	343,565
Oil and gas properties, net (Notes 3 and 4)	18,532,175	15,921,770
Property and equipment, net of depreciation (Note 7)	<u>294,471</u>	<u>330,108</u>
TOTAL ASSETS	<u>\$ 23,316,166</u>	<u>\$ 24,366,368</u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 86,895	\$ 268,258
Accounts payable – related parties (Note 9)	–	18,144
Loan payable – related parties (Note 9)	<u>–</u>	<u>189,500</u>
Total Current Liabilities	86,895	475,902
Asset retirement obligations (Note 10)	423,614	446,155
TOTAL LIABILITIES	<u>510,509</u>	<u>922,057</u>
SHAREHOLDERS' EQUITY		
Common Stock: (Note 11)		
Authorized: 600,000,000 shares at \$0.001 par value		
Issued and outstanding: 229,326,987 shares		
(September 30, 2013 – 229,326,987 shares)	229,326	229,326
Additional paid in capital	40,151,791	39,953,091
Deficit accumulated during exploration stage	<u>(17,575,460)</u>	<u>(16,738,106)</u>
Total Shareholders' Equity	<u>22,805,657</u>	<u>23,444,311</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 23,316,166</u>	<u>\$ 24,366,368</u>

See accompanying notes to the condensed consolidated financial statements

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

Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)
For the Three and Six Months Ended March 31, 2014 and 2013 and the Period from September 10, 2003
(Inception of Exploration Stage) to March 31, 2014

	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013	Six Months Ended March 31, 2014	Six Months Ended March 31, 2013	September 10, 2003 (Inception) to March 31, 2014
Revenue	\$ <u> —</u>	\$ <u> —</u>	\$ <u> —</u>	\$ <u> —</u>	\$ <u> —</u>
Expenses					
General and administrative	360,944	203,362	807,214	423,990	15,658,505
Cost related to Farmout	—	—	—	—	1,790,684
Depreciation and accretion	<u>24,011</u>	<u>27,599</u>	<u>48,525</u>	<u>56,099</u>	<u>831,289</u>
Net loss from operations	(384,955)	(230,961)	(855,739)	(480,089)	(18,280,478)
Other income and expenses					
Rental and other income	3,363	5,095	11,466	267,927	358,875
Interest income	4,867	755	6,918	1,346	242,676
Interest expense	—	—	—	—	(208,580)
Forgiveness of loan payable	—	—	—	—	287,406
Settlement of debt	—	—	—	—	24,866
Loss on disposal of assets	<u> —</u>	<u> —</u>	<u> —</u>	<u> —</u>	<u> (226)</u>
Net loss and comprehensive loss	\$ <u><u>(376,725)</u></u>	\$ <u><u>(225,111)</u></u>	\$ <u><u>(837,355)</u></u>	\$ <u><u>(210,816)</u></u>	\$ <u><u>(17,575,461)</u></u>
Net loss per common share					
Basic and Diluted	\$ <u><u>(0.00)</u></u>	\$ <u><u>(0.00)</u></u>	\$ <u><u>(0.00)</u></u>	\$ <u><u>(0.00)</u></u>	
Weighted Average Outstanding Shares (in thousands)					
Basic and Diluted	<u>229,326</u>	<u>179,597</u>	<u>229,326</u>	<u>166,881</u>	

See accompanying notes to the condensed consolidated financial statements

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

Condensed Consolidated Statements of Cash Flows

For the Six Months Ended March 31, 2014 and 2013 and the Period from September 10, 2003 (Inception of Exploration Stage) to March 31, 2014

	Six Months Ended March 31, 2014	Six Months Ended March 31, 2013	September 10, 2003 (Inception) March 31, 2014
Cash Provided by (Used in):			
Operating Activities			
Net income (loss)	\$ (837,355)	\$ (210,816)	\$ (17,575,461)
Items not affecting cash:			
Share based compensation	198,700	25,952	1,649,886
Bad debts	430	(265,810)	250,396
Depreciation and accretion	48,525	56,099	831,289
Forgiveness of loan payable and accounts payable	-	-	(53,004)
Settlement of lawsuit	-	-	447,823
Commissions withheld from loans proceeds	-	-	121,000
Loss on disposal of assets	-	-	226
Net changes in non-cash working capital (Note 13)	<u>(297,993)</u>	<u>191,970</u>	<u>(675,174)</u>
Net Cash (Used) in Operating Activities	<u>(887,693)</u>	<u>(202,605)</u>	<u>(15,003,019)</u>
Investing Activities			
Purchase of property and equipment	(406)	-	(904,875)
Investment in oil and gas properties	(2,625,693)	(2,566,139)	(13,802,937)
Long term investments	1,591	(13,074)	(303,772)
Cash from acquisition of subsidiary	-	-	11,141
Return of costs from Farmout Agreement	-	-	961,426
Net Cash (Used) in Investing Activities	<u>(2,624,508)</u>	<u>(2,579,213)</u>	<u>(14,039,017)</u>
Financing Activities			
Proceeds from Loan payable	-	-	275,852
Payments on Loan payable – related parties	(189,500)	-	(741,246)
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	46,270,999
Proceeds from debenture net of commissions	-	-	879,000
Return of capital distribution	-	-	(12,895,065)
Net Cash Provided by (Used in) Financing Activities	<u>(189,500)</u>	<u>2,700,000</u>	<u>32,973,344</u>
Increase (decrease) in cash and cash equivalents	(3,701,701)	(81,818)	3,931,308
Cash and cash equivalents, beginning of period	<u>7,633,009</u>	<u>244,191</u>	<u>-</u>
Cash and cash equivalents, end of period	\$ <u>3,931,308</u>	\$ <u>162,373</u>	\$ <u>3,931,308</u>
Supplemental Cash Flow Information:			
Cash paid for interest	\$ -	\$ -	202,159

See accompanying notes to the condensed consolidated financial statements

DEEP WELL OIL & GAS, INC. (AND SUBSIDIARIES)
(An Exploration Stage Company)
(Unaudited)
Notes to the Condensed Consolidated Financial Statements
March 31, 2014

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 consolidated 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.

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, 2013.

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, 2013.

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. The allowance for bad debts was \$nil and \$17,048 at March 31, 2014 and September 30, 2013 respectively. See note 16 for a description of amounts relating to this balance.

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 March 31, 2014 or in the fiscal year ended September 30, 2013.

Asset Retirement Obligations

The Company accounts for asset retirement obligations by recording the estimated future cost of the Company's plugging and abandonment obligations. The asset retirement obligation is recorded when there is a legal obligation associated with the retirement of a tangible long-lived asset and the fair value of the liability can reasonably be estimated. Upon initial recognition of an asset retirement obligation, the Company increases the carrying amount of the long-lived asset by the same amount as the liability. Over time, the liabilities are accreted for the change in their present value through charges to oil and gas production and well operations costs. The initial capitalized costs are depleted over the useful lives of the related assets through charges to depreciation, depletion, and amortization. If the fair value of the estimated asset retirement obligation changes, an adjustment is recorded to both the asset retirement obligation and the asset retirement cost.

Revisions in estimated liabilities can result from revisions of estimated inflation rates, escalating retirement costs, and changes in the estimated timing of settling asset retirement obligations. As at March 31, 2014 and September 30, 2013, asset retirement obligations amount to \$423,614 and \$446,155, 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. There were 46,525,767 common stock equivalents excluded from the calculation because their effect would be antidilutive.

Financial Instruments

Financial instruments include cash and cash equivalents, accounts receivable, 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

The Company has evaluated recent accounting pronouncements and their adoption has not had or is not expected to have a material impact on the Company's financial statements.

Estimates and Assumptions

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

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

3. Oil and Gas Properties

The Company has acquired interests in certain oil sands properties located in North Central Alberta, Canada. The terms include certain commitments related to oil sands properties that require the payments of rents as long as the leases are non-producing. As of March 31, 2014, the Company's net payments due in Canadian dollars under this commitment are as follows:

2014	\$	23,699
2015	\$	47,398
2016	\$	47,398
2017	\$	47,398
2018	\$	47,398
Subsequent	\$	46,502

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:

- 1) drill 68 wells throughout the 68 sections; or
- 2) 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 March 31, 2014 and September 30, 2013, 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's undeveloped oil sands acreage as of March 31, 2014, covers 43,015 gross acres (33,463 net acres) on 68 sections of land under nine oil sands leases. Until the Company extends the leases "into perpetuity" based on the Alberta governmental regulations, the lease expiration dates of the Company's nine oil sands leases are as follows:

- 1) 32 sections of land under 5 oil sands leases are set to expire on July 10, 2018;
- 2) 31 sections of land under 3 oil sands leases are set to expire on August 19, 2019; and
- 3) 5 sections of land under 1 oil sands lease are set to expire on April 9, 2024. The Company has already met the governmental requirements for this lease and will be applying to continue this lease into perpetuity.

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 March 31, 2014 (September 30, 2013 - \$nil).

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

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

On December 3, 2012, the Company entered into and subsequently closed a Purchase and Sale agreement with the Company's former joint venture partner 1132559 Alberta Ltd. ("113" a private company) and acquired 113's 10% working interest in most of the Sawn Lake oil sands properties where the Company already owns working interests, in exchange for the following:

- 1) \$2,412,960 (Cdn \$2,400,000);
- 2) The discontinuance, without costs, of the Court of Queen's Bench, Judicial District of Edmonton, Action No. 0803-0869 and Action No. 1003-14659 filed by the Company against 113.

On July 30, 2013, the Company entered into a Steam Assisted Gravity Drainage demonstration project ("SAGD Project") Agreement with the Company's joint venture partner to participate in a recently, Alberta Energy Regulator ("AER"), approved SAGD Project on the Company's jointly owned oil sands properties located in North Central Alberta, Canada (also known as the Sawn Lake heavy oil reservoir). On August 15, 2013, and in accordance with the SAGD Project Agreement and the Amendment, the Company served notice ("Notice of Election") to its joint venture partner of the Company's election to participate in the SAGD Project. Upon signing the Notice of Election the Company was required to pay in full the cash calls for the Company's initial share of the costs of the SAGD Project and in accordance with a Farmout Agreement dated July 31, 2013 the Company has since paid the cash calls in full.

On July 31, 2013, the Company entered into Farmout agreement (the "Farmout Agreement") with an additional joint venture partner (the "Farmee") to fund the Company's share of the recently AER approved SAGD Project at the Company's Sawn Lake heavy oil reservoir in North Central Alberta, Canada. In accordance with the Farmout Agreement the Farmee has agreed to provide up to \$40,000,000 in funding for the Company's portion of the costs for the SAGD Project, in return for a net 25% working interest in 12 sections where the Company has a working interest of 50%. As required by the Farmout Agreement, the Farmee has paid Cdn \$11,014,946 to the operator of the SAGD Project for the Farmee's share and our share of the initial costs of the SAGD Project. The Farmee will also provide funding to cover monthly operating expenses of the Company, of which the first such payment shall be in respect of the month of August 2013 and not to exceed \$30,000 per month. In addition, by December 31, 2014, the Farmee has the option to elect to obtain a working interest of 40% to 45% working interest in the remaining 56 sections of land where the Company has working interests ranging from 80% to 90%, by committing \$110,000,000 of financing to the Company's Sawn Lake oil sands project. An agent fee of \$1,500,000 was paid in connection with the Farmout Agreement. The SAGD Project has started with a 2013 phase consisting of one SAGD well pair, a facility for steam generation, water handling and oil treating, and water source and disposal facilities. The total SAGD Project for the first phase has an estimated total cost of Cdn \$25.2 million.

On October 9, 2013, and in connection to the SAGD Project agreement dated July 30, 2013, the Company entered into a Water Rights Conveyance Agreement whereby the Company acquired a 25% working interest in one water source well and one water disposal well for a cost of Cdn \$384,046, which in turn was reimbursed to the Company by the Farmee. Also pursuant to the Water Rights Conveyance Agreement dated October 9, 2013 and the SAGD Project agreement dated July 30, 2013, the Company was issued a cash call in the amount of Cdn \$1,058,568 for the expenditures relating to the water source well, water disposal well and pipelines to connect them to the SAGD Project surface facility. The Farmee has since paid this cash call in the amount of Cdn \$1,058,568 pursuant to the Farmout Agreement dated July 31, 2013.

On March 18, 2014, as part of the SAGD Project agreement the Company had the right to repurchase a 3% gross overriding royalty (“GORR”), from the operator of the SAGD Project at their cost, that potentially encumbered six oil sands leases covering 23,405 gross acres (9,472 gross hectares) located on the Company’s Sawn Lake properties. The Company has since repurchased the GORR from the operator of the SAGD Project for Cdn \$2,697,600.

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 March 31, 2014, 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, economic studies, and recently AER approved thermal recovery projects 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 the Company’s long-lived assets were identified or recorded in the three months ended March 31, 2014 or in the fiscal year ended September 30, 2013.

The following table illustrates capitalized costs relating to oil and gas – producing activities for the six months ended March 31, 2014 and the fiscal year ended September 30, 2013:

	March 31, 2014	September 30, 2013
Unproved Oil and Gas Properties	\$ 18,578,399	\$ 15,963,517
Proved Oil and Gas Properties	–	–
Accumulated Depreciation	(46,223)	(41,747)
Net Capitalized Cost	<u>\$ 18,532,175</u>	<u>\$ 15,921,770</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 six months ended March 31, 2014 and the fiscal year ended September 30, 2013:

	March 31, 2014	September 30, 2013
Acquisition of Properties:		
Proved	\$ –	\$ –
Unproved	2,614,881	2,740,967
Exploration costs	6,358	55,810
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 dated February 25, 2005. 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, 2013, 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

	March 31, 2014		
	Cost	Accumulated Depreciation	Net Book Value
Computer equipment	\$ 31,492	\$ 30,772	\$ 720
Office furniture and equipment	33,199	25,764	7,435
Software	5,826	5,826	-
Leasehold improvements	4,936	4,936	-
Portable work camp	170,580	140,989	29,591
Vehicles	38,077	31,472	6,605
Oilfield equipment	249,046	120,778	128,268
Road mats	364,614	301,364	63,250
Wellhead	3,254	1,853	1,401
Tanks	96,085	38,884	57,201
	<u>\$ 997,109</u>	<u>\$ 702,638</u>	<u>\$ 294,471</u>

	September 30, 2013		
	Cost	Accumulated Depreciation	Net Book Value
Computer equipment	\$ 31,084	\$ 30,576	\$ 508
Office furniture and equipment	33,199	24,938	8,261
Software	5,826	5,826	-
Leasehold improvements	4,936	4,602	334
Portable work camp	170,580	135,767	34,813
Vehicles	38,077	30,306	7,771
Oilfield equipment	249,045	106,527	142,518
Road mats	364,614	290,202	74,412
Wellhead	3,254	1,653	1,601
Tanks	96,085	36,196	59,889
	<u>\$ 996,700</u>	<u>\$ 666,593</u>	<u>\$ 330,107</u>

There was \$36,045 of depreciation expense for the period ended March 31, 2014 (March 31, 2013 - \$44,164 and September 30, 2013 - \$86,884).

8. Long Term Investments

Long term investments consist of cash held in trust by the Alberta Energy Regulators ("AER") which bears interest at a rate of prime minus 0.375% and has no stated date of maturity. These investments are required by the AER 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 \$nil as of March 31, 2014 (September 30, 2013 - \$18,144) for fees payable to corporations owned by directors. This amount is unsecured, non-interest bearing, and has no fixed terms of repayment.

As of March 31, 2014, officers, directors, their families, and their controlled entities have acquired 52.56% of the Company's outstanding common capital stock. This percentage does not include unexercised warrants or stock options.

The Company incurred expenses \$83,745 to one related party for consulting services during the period ended March 31, 2014 (September 30, 2013 - \$275,800). These amounts were fully paid as of March 31, 2014.

In November 2013, a note payable in the amount of \$189,500 from one of the Company's directors was fully paid.

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 March 31, 2014, the Company estimates the undiscounted cash flows related to asset retirement obligation to total approximately \$628,476 (September 30, 2013 - \$674,296). The fair value of the liability at March 31, 2014 is estimated to be \$423,614 (September 30, 2013 - \$446,155) 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:

	March 31, 2014	September 30, 2013
Balance, beginning of period	\$ 446,155	\$ 425,700
Liabilities incurred		23,400
Effect of foreign exchange	(30,544)	(19,299)
Disposal		-
Accretion expense	8,003	16,354
Balance, end of period	<u>\$ 423,614</u>	<u>\$ 446,155</u>

11. Common Stock

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. 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.

On June 20, 2013, the Company completed a private placement for an aggregate of 850,000 units at a price of \$0.05 per unit for an aggregate of \$42,500. 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 \$0.075 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 June 20, 2016. The value of the common shares and the warrants totaled \$27,448 and \$15,052, respectively.

On July 31, 2013, the Company completed a private placement for an aggregate of 45,111,778 common shares for an aggregate of \$22,000,000. Pursuant to the subscription agreement between the Company and investor the Company issued the shares to the investor after September 20, 2013 but before November 30, 2013. No warrants were issued to the investor in connection with this private placement.

Between August 12 and August 15, 2013, six directors and two consultants of the Company acquired a combined total of 3,768,096 common shares, upon exercising stock options and warrants, at exercise prices ranging from \$0.05 to \$0.14 per common share for total combined gross proceeds to the Company of \$372,000.

Return of Capital Distribution

On August 9, 2013, the Company approved a distribution to its shareholders in the amount of \$0.07 per share to be payable on September 20, 2013 (the "Payment Date") to the holders of record of all the issued and outstanding shares of common stock of the Company as of the close of business on August 16, 2013, (the "Record Date"). This cash distribution to the Company's shareholders was not a dividend paid out of the earnings and profits, but was a non-dividend distribution characterized as a "return of capital".

Warrants

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.

On October 10, 2013, the Company extended the expiration date of two warrants to purchase up to an aggregate of 29,047,617 shares of the Company's common stock. The exercise price of the warrants remains unchanged at \$0.105 per share. As a result of this extension, the expiration date of the warrants has been amended from the original expiry date of November 9, 2013 to November 23, 2015.

The following table summarizes the Company's warrants outstanding as of March 31, 2014:

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 March 31, 2014	71,904,759	1.65	0.105	71,904,759	0.105
\$0.075 at March 31, 2014	520,000	2.22	0.075	520,000	0.075
	<u>72,424,759</u>	<u>1.66</u>	<u>0.105</u>	<u>72,424,759</u>	<u>0.105</u>

The following is a summary of warrant activity for the period ended March 31, 2014:

	Number of Warrants	Weighted Average Exercise Price	Intrinsic Value
Balance, September 30, 2013	72,424,759	\$ 0.105	\$ 0.195
Granted	–	–	–
Exercised	–	–	–
Balance, March 31, 2014	<u>72,424,759</u>	<u>\$ 0.105</u>	<u>\$ 0.178</u>
Outstanding Warrants, March 31, 2014	<u>72,424,759</u>	<u>\$ 0.105</u>	<u>\$ 0.178</u>

There were 72,424,759 warrants outstanding as of March 31, 2014 (September 30, 2013 – 72,424,759), which have a historical fair market value of \$1,743,336 (September 30, 2013 - \$1,743,336).

Measurement Uncertainty for Warrants

The Company used the Black-Scholes option pricing model (“Black-Scholes”) to value the options and warrants. This model 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 ranged from 96% to 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 ranged from 0.62% to 1.31%.

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 March 23, 2011, the Company granted six of its directors 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 a director 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 an employee of the Company, respectively, expired unexercised.

On June 20, 2013, the Company granted six of its directors options to purchase 450,000 shares each of common stock at an exercise price of \$0.05 per Common Share, 150,000 vesting immediately and the remaining vesting one-third on June 20, 2014, and one-third on June 20, 2015, with a five-year life.

On June 20, 2013, the Company granted two consultants an option to purchase each 1,000,000 shares each of common stock at an exercise price of \$0.05 per Common Share, 500,000 vesting immediately and remaining vesting on June 20, 2014.

On June 20, 2013, the Company granted one employee an option to purchase 150,000 shares each of common stock at an exercise price of \$0.05 per Common Share, 50,000 vesting immediately and the remaining vesting one-third on June 20, 2014, and one-third on June 20, 2015, with a five-year life.

From August 12 to 15, 2013, there were 3,200,000 stock options exercised for total gross proceeds to the Company of \$322,000 from six directors and one consultant.

On October 28, 2013, the Company granted a contractor an option to purchase 250,000 shares of common stock at an exercise price of \$0.30 per Common Share, all vesting immediately, with a five-year life, for his services in connection with the Farmout Agreement dated July 31, 2013.

On December 4, 2013, the Company appointed a new director to its Board and in connection with the appointment the Company granted the new director an option to purchase 450,000 shares each of common stock at an exercise price of \$0.34 per Common Share, 150,000 vesting immediately and the remaining vesting one-third on December 4, 2014, and one-third on December 4, 2015, with a five-year life.

For the period ended March 31, 2014, the Company recorded share based compensation expense related to stock options in the amount of \$198,700 (September 30, 2013 – \$125,099) on the 5,050,000 stock options that were issued on March 23, 2011, June 20, 2013, October 28, 2013 and December 4, 2013. No options were exercised during the period ended March 31, 2014. As of March 31, 2014, there was remaining unrecognized compensation cost of \$119,408 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.

Range of Exercise Prices	Shares Underlying Options Outstanding			Shares Underlying Options Exercisable	
	Shares Underlying Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Shares Underlying Options Exercisable	Weighted Average Exercise Price
\$0.14 at March 31, 2014	900,000	1.98	\$ 0.14	900,000	\$ 0.14
\$0.05 at March 31, 2014	3,450,000	4.22	0.05	550,000	0.05
\$0.30 at March 31, 2014	250,000	4.58	0.30	250,000	0.30
\$0.34 at March 31, 2014	450,000	4.68	0.34	150,000	0.34
	<u>5,050,000</u>	<u>3.88</u>	<u>\$ 0.10</u>	<u>1,850,000</u>	<u>\$ 0.15</u>

The aggregate intrinsic value of exercisable options as of March 31, 2014, was \$0.13 (September 30, 2013 - \$0.19).

The following is a summary of stock option activity as at March 31, 2014:

	Number of Underlying Shares	Weighted Average Exercise Price	Weighted Average Fair Market Value
Balance, September 30, 2013	<u>4,350,000</u>	<u>\$ 0.07</u>	<u>\$ 0.06</u>
Balance, March 31, 2014	<u>5,050,000</u>	<u>\$ 0.10</u>	<u>\$ 0.09</u>
Exercisable, March 31, 2014	<u>1,850,000</u>	<u>\$ 0.15</u>	<u>\$ 0.14</u>

A summary of the options granted at March 31, 2014 and September 30, 2013 and changes during the periods then ended is presented below:

	March 31, 2014		September 30, 2013	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding balance at beginning of period	900,000	\$ 0.14	1,800,000	\$ 0.14
Vested at March 23, 2013	3,450,000	0.05	900,000	0.14
Granted at June 20, 2013	–	–	4,850,000	0.05
Vested at June 20, 2013	–	–	1,950,000	0.05
Exercised August 12 – 15, 2013	–	–	1,800,000	0.14
Exercised August 12 – 15, 2013	–	–	1,400,000	0.05
Granted at October 28, 2013	250,000	0.30	–	–
Granted at December 4, 2013	450,000	0.34	–	–
Outstanding at end of period	<u>5,050,000</u>	<u>\$ 0.10</u>	<u>4,350,000</u>	<u>\$ 0.07</u>
Exercisable	<u>1,850,000</u>	<u>0.15</u>	<u>1,450,000</u>	<u>0.11</u>

There were 3,200,000 unvested stock options outstanding as of March 31, 2014 (September 30, 2013 – 2,900,000).

Measurement Uncertainty for Stock Options

The Company used the Black-Scholes option pricing model (“Black-Scholes”) to value the options and warrants. This model 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 ranged from 96% to 122%.

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 ranged from 0.62% to 1.45%.

13. Changes in Non-Cash Working Capital

	Six Months Ended March 31, 2014	Six Months Ended March 31, 2013
Accounts receivable	\$ (102,363)	145,516
Prepaid expenses	3,877	(7,645)
Accounts payable	(199,507)	54,099
	<u>\$ (297,993)</u>	<u>191,970</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. (“Portwest”), a company owned 100% by Dr. Horst A. Schmid (the “Consultant”), for providing services to the Company as Chief Executive Officer and President for Cdn \$12,500 per month. On July 1, 2005, the Company entered into a consulting agreement (the “Prior Agreement”) with Portwest, as filed with the Company’s annual report on Form 10-KSB filed on February 23, 2007, and incorporated by reference herein. On July 10, 2013, the Company and Portwest agreed to amend (the “Amending Agreement”) the Prior Agreement whereby the following was settled and amended:
 - i. Effective date of the Amending Agreement will be June 20, 2013;
 - ii. Term of Agreement will be until December 31, 2014;
 - iii. The Consultant shall continue to provide services as Chief Executive Officer and President of the Company until the termination of the Agreement;
 - iv. The fees payable to the Consultant in the Prior Agreement will be terminated and the Company will grant the Consultant 5-year options on 1,000,000 of its common shares exercisable at \$0.05 per share. One half of these shares were vested immediately and the remaining one half will be vested on June 20, 2014;
 - v. The Consultant received:
 - a. Cdn \$70,000, and
 - b. 850,000 units of the Company’s shares and warrants at a price of \$0.05 per unit. Each unit shall be comprised of one restricted Company common share and one 3 year full warrant entitling Portwest to be able to purchase another share for \$0.075. The warrants expire on June 20, 2016.

As consideration for the execution of the Amending Agreement and the Termination of parts of the Prior Agreement, and waiving Cdn \$239,528 accrued by the Company as owing to Portwest.

As of March 31, 2014, no fees were owed or paid to Portwest Investments Ltd. As of September 30, 2013, the Company had settled all outstanding amounts owed to Portwest Investments Ltd.

- 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 March 31, 2014, the Company did not owe Concorde Consulting any of this amount.

Rental Agreement

On January 21, 2014, the Company renewed its Edmonton office lease commencing effective on January 1, 2014 and expiring on June 30, 2015. The quarterly payments due in Cdn are as follows:

2014 Q3 (April - June)	9,031
2014 Q4 (July - September)	9,031
2015 Q1 (October - December)	9,031
2015 Q2 (January - March)	9,031
2015 Q3 (April - June)	9,031

15. Legal Actions

IGM Resources Corp vs. Deep Well Oil & Gas, Inc., et al – DISMISSED

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 "IGM Defendants") 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 IGM Defendants.

The Plaintiff was and still is a minority shareholder of 979708 Alberta Ltd. ("979708"). 979708 was in the business of discovering, assembling and acquiring oil and gas prospects. In 2002 and 2003, 979708 acquired oil and gas prospects in the Sawn Lake area of Alberta. On or about the 14th of July, 2003, all or substantially all the assets of 979708 were sold to Classic Energy Inc. The Plaintiff claims the value of the assets sold was far in excess of the value paid for those assets. On April 23, 2004, Northern 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 Cdn \$15,000,000, 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.

On February 11, 2014, the Court dismissed, without any costs to the Company, the Plaintiff's claims against Deep Well Oil & Gas, Inc. and its subsidiary Northern Alberta Oil Ltd.

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, 2013, filed with the Securities and Exchange Commission on January 14, 2014.

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 March 31, 2014, the noon rate of exchange for Canadian dollars expressed in US \$ was Cdn \$1.00 = US \$0.9047, 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.

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 six months ended March 31, 2014, and for the comparable period in the prior year, we generated no revenues from operations.

	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013	Six Months Ended March 31, 2014	Six Months Ended March 31, 2013	September 10, 2003 to March 31, 2014
Revenue	\$ <u>–</u>	\$ <u>–</u>	\$ <u>–</u>	\$ <u>–</u>	\$ <u>–</u>
Expenses					
General and administrative	360,944	203,362	807,214	423,990	15,658,505
Cost related to Farmout	–	–	–	–	1,790,684
Depreciation and accretion	<u>24,011</u>	<u>27,599</u>	<u>48,525</u>	<u>56,099</u>	<u>831,289</u>
Net loss from operations	(384,955)	(230,961)	(855,739)	(480,089)	(18,280,478)
Other income and expenses					
Rental and other income	3,363	5,095	11,466	267,927	358,875
Interest income	4,867	755	6,918	1,346	242,676
Interest expense	–	–	–	–	(208,580)
Forgiveness of loan payable	–	–	–	–	287,406
Settlement of debt	–	–	–	–	24,866
Loss on disposal of assets	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(226)</u>
Net loss and comprehensive loss	\$ <u>(376,725)</u>	\$ <u>(225,111)</u>	\$ <u>(837,355)</u>	\$ <u>(210,816)</u>	\$ <u>(17,575,461)</u>

For the three months ended March 31, 2014, our general and administrative expenses increased by \$157,582 compared to the three months ended March 31, 2013, which was primarily due to (i) an increase of foreign exchange loss of \$106,600 due to the currency depreciation of the Canadian dollar conversion to U.S. dollars; (ii) an increase in engineering fees for the preparation of an independent reserves evaluation of our Sawn Lake properties; (iii) an increase of \$30,336 in the non-cash share-based compensation charged to expense; and (iv) an increase in legal fees in connection with modifying the existing Joint Operating Agreement with our two joint venture partners.

For the six months ended March 31, 2014, our general and administrative expenses increased by \$383,224 compared to the six months ended March 31, 2013, which was primarily due to (i) an increase of foreign exchange loss of \$218,311 due to the currency depreciation of the Canadian dollar conversion to U.S. dollars; (ii) an increase of \$172,748 in the non-cash share-based compensation charged to expense, which was due to vested stock options we granted on October 28, 2013 and December 4, 2013 to one contractor and one of our directors; (iii) an increase in engineering fees for the preparation of an independent reserves evaluation of our Sawn Lake properties; and (iv) an increase in legal fees in connection with modifying the existing Joint Operating Agreement with our two joint venture partners and an increase in Canadian regulatory disclosure fees due to an increase in our in our continuous public disclosure requirements. We also received \$180,000 during the last six months from one of our joint venture partners in accordance with a farmout agreement ("Farmout Agreement") we entered into on July 31, 2013, to offset some of our monthly operational expenses. After adjusting for the non-cash items listed above, our general and administrative expenses were \$410,419 for the six months ended March 31, 2014 compared to \$420,697 for the six months ended March 31, 2013.

For the three months ended March 31, 2014, our depreciation and accretion expense decreased by \$3,588 compared to the three months ended March 31, 2013, which was primarily due to the depreciating value of our assets.

For the six months ended March 31, 2014, our depreciation and accretion expense decreased by \$7,574 compared to the six months ended March 31, 2013, 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. No significant depreciable asset purchases were made in the quarter ended March 31, 2014.

For the three months ended March 31, 2014, rental and other income decreased by \$1,732 compared to the three months ended March 31, 2013. As of March 31, 2014, our bad debt expense was \$430.

For the six months ended March 31, 2014, rental and other income decreased by \$256,461 compared to the six months ended March 31, 2013, which was primarily due to the recovery of bad debts incurred in December 2012 in connection with a Purchase and Sale agreement whereby our Company acquired an additional 10% working interest in most of the Sawn Lake oil sands properties where we already have working interests.

For the three months ended March 31, 2014, interest income increased by \$4,112 compared to the three months ended March 31, 2013.

For the six months ended March 31, 2014, interest income increased by \$5,572 compared to the six months ended March 31, 2013, which was interest earned from our short-term investment.

As a result of the above transactions, we recorded an increase of \$151,614 in our net loss and comprehensive loss from operations for the three months ended March 31, 2014 compared to the three months ended March 31, 2013. As discussed above, this increase was primarily due to an increase in foreign exchange loss, engineering fees, legal fees, and non-cash share based compensation charged to expense.

As a result of the above transactions, we recorded an increase of \$626,539 in our net loss and comprehensive loss from operations for the six months ended March 31, 2014 compared to the six months ended March 31, 2013. As discussed above, this increase was primarily due to an increase in non-cash share based compensation expenses, foreign exchange loss, engineering and legal fees.

Operations

As previously disclosed by us, on July 31, 2013 we entered into a Farmout Agreement with our new joint venture partner, MP West Canada SAS (the "Farmee"), to fund our share of the recently Alberta Energy Regulator ("AER") approved Steam Assisted Gravity Drainage Demonstration Project (the "SAGD Project") we entered into on July 30, 2013. The SAGD Project is located on our joint Sawn Lake properties in the Peace River oil sands region of Alberta. In accordance with the Farmout Agreement, the Farmee has agreed to provide up to \$40,000,000 in funding for our portion of the costs for the SAGD Project, in return for a net 25% working interest in 12 sections where we have a working interest of 50% (before the Farmout Agreement). As required by the Farmout Agreement, the Farmee has paid Cdn \$11,014,946 to the operator of the SAGD Project for the Farmee's share and our share of the initial costs of the SAGD Project. Also, the Farmee is required to provide funding to cover our monthly operating expenses not to exceed \$30,000 per month. In addition, the Farmee has the option to elect to obtain a working interest ranging from 40% to 45% in the remaining 56 sections of land where we have working interests ranging from 80% to 90%, by committing an additional \$110,000,000 of financing for the development

of our Sawn Lake oil sands project. In addition to and as contemplated by the Farmout Agreement, we also completed a private placement financing with the Farmee, for aggregate gross proceeds of \$22,000,000, in connection with which we sold 45,111,778 common shares at a price of \$0.488 per common share. The Farmee has already paid over Cdn \$12 million for the initial costs for the drilling of the SAGD well pair, the purchase and transportation of equipment, including the installation and construction of the steam facility for the joint SAGD Project. Our total share of the material costs and initial operating expenses of the SAGD Project will be funded in accordance with this Farmout Agreement, at a net cost to us of \$Nil.

In connection with the SAGD Project agreement dated July 30, 2013, we entered into a Water Rights Conveyance Agreement whereby we acquired a 25% working interest in one water source well and one water disposal well for a cost of Cdn \$384,046, which in turn was reimbursed to us by the Farmee. As required by the Farmout Agreement, the Farmee has also paid Cdn \$1,058,568 to the operator of the SAGD Project for the Farmee's share and our share of the expenditures relating to the water source well, water disposal well and pipelines to connect them to the SAGD Project surface facility.

Since entering into a Farmout Agreement and SAGD Project agreement with our joint venture partners we can report that the first SAGD well pair has been drilled and completed. These horizontal wells were drilled to a vertical depth of approximately 650 meters and have horizontal legs of 780 meters. Installation of a water source and disposal facilities, along with connecting pipelines to tie-in the water source and disposal wells to the SAGD steam facility have been completed. We can also report that the installation of a fuel source tie-in pipeline to the SAGD steam facility was recently completed. The SAGD steam plant and water handling facility is mechanically complete and has been turned over from the Construction Management Team to Operations Team for start-up. We have been informed by the operator that the first start-up steam circulation phase to establish communication between the injector well and the producer well is anticipated in May 2014. Steam will circulate for up to three months with production from the Bluesky oil sands reservoir to follow. After the Phase 1 production tests and depending on the results using SAGD technology, the operator of the SAGD Project will proceed with Phase 2. This second phase is anticipated to include the drilling of two additional SAGD well pairs and the associated expansion of the current SAGD steam facility.

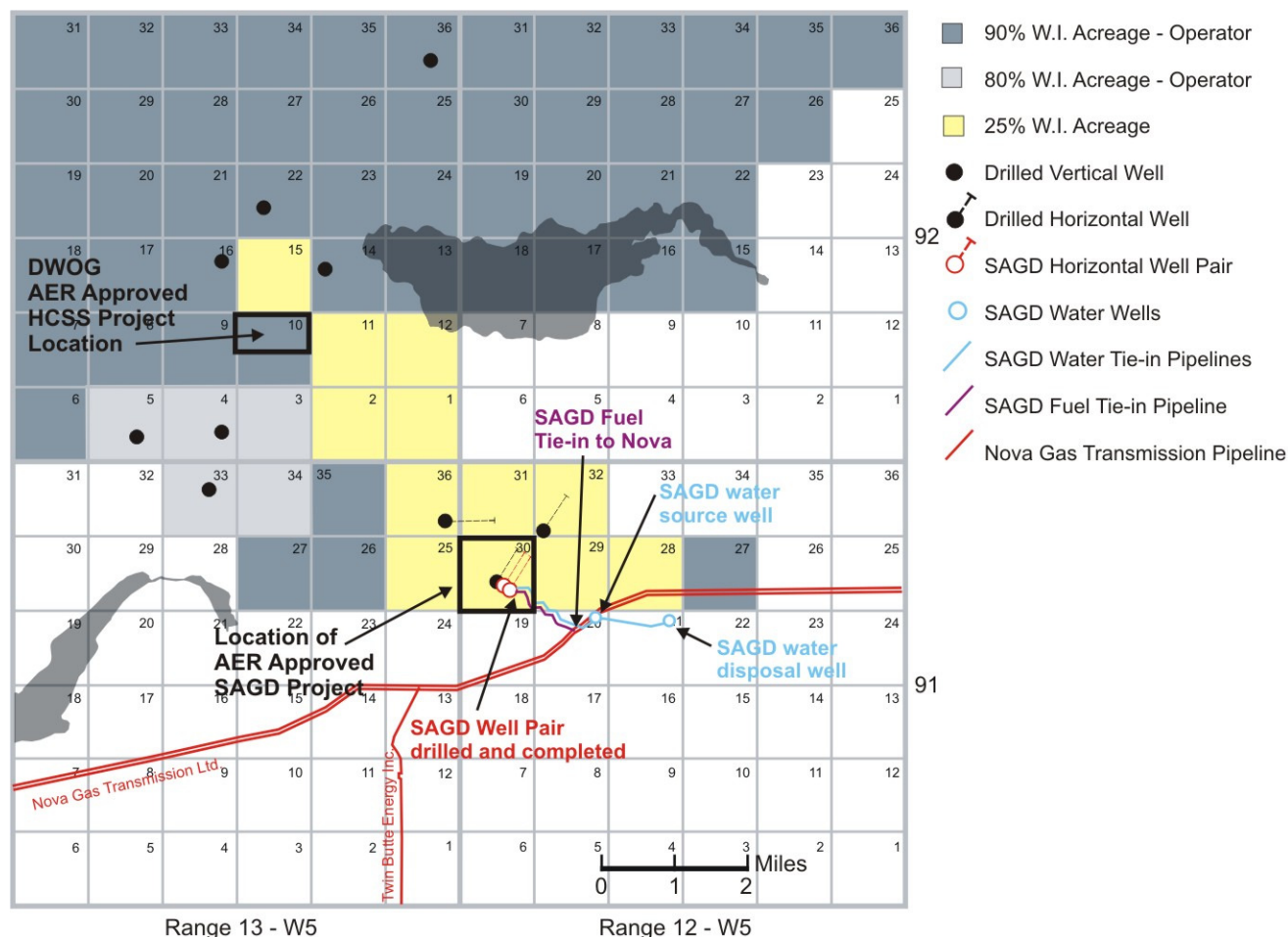
As part of the SAGD Project agreement our 100% owned subsidiary, Northern Alberta Oil Ltd., had the option to repurchase a 3% gross overriding royalty ("3% GORR"), from the operator of the SAGD Project at their cost, that potentially could have encumbered six oil sands leases covering 23,405 gross acres (9,472 gross hectares) located on our Sawn Lake properties. Northern Alberta Oil Ltd. has since exercised the option and repurchased this purported 3% GORR for Cdn \$2,697,600. Northern Alberta Oil Ltd. has also entered into an option agreement to repurchase a purported 2.5% gross overriding royalty ("2.5% GORR") for Cdn \$1,000,000, which is the 2.5% GORR holders original cost.

In the fourth quarter of 2013, we received approval from the AER for our HCSS Project application. It is anticipated that we will develop a thermal demonstration project on our properties followed by a commercial expansion project on one half section of land located on section 10-92-13W5 of our joint Sawn Lake oil sands properties. This application, submitted in early 2012, was an application to modify our previously approved in-situ demonstration project for a well to test thermal production on our Sawn Lake oil sands leases. This modification changed the vertical CSS well earlier approved, into a thermal recovery project to test 2 wells that use a horizontal application of CSS. Our proposed thermal recovery project will be located on the north half of section 10-92-13W5. The proposed thermal recovery project location is approximately 1.4 kilometers away from the nearest hard packed road. Currently waiting on the preliminary results of the SAGD Project to fine-tune our HCSS Project design before we initiate start-up operations.



Installation of the water treatment plant at our joint SAGD Project.

Currently we have a 90% working interest in 51 sections on six oil sands leases and an 80% working interest in 5 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 25% working interest, after the Farmout Agreement dated July 31, 2013, in another 12 sections on two oil sands leases in the Peace River oil sands area of Alberta, Canada. These nine oil sands leases are contiguous and cover 43,015 gross acres (17,408 gross hectares). 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.



Liquidity and Capital Resources

As of March 31, 2014, our total assets were \$23,316,166 compared to \$24,366,368 as of September 30, 2013. This decrease of \$1,050,202 in our total assets was primarily a result of (i) an increase in general and administrative expenses due to an increase in legal fees and engineering fees; (ii) \$250,000 paid for legal costs related to the Farmout Agreement, and (iii) \$189,500 paid to one of our directors for an outstanding loan payable. Our total liabilities as of March 31, 2014 were \$510,509 compared to \$922,057 as of September 30, 2013. This decrease of \$411,548 in our total liabilities was the result of payments for legal costs related to the Farmout Agreement and a loan payable owed to one of our directors, as mentioned above.

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

	Six Months Ended March 31, 2014	Year Ended September 30, 2013
Current Assets	\$ 4,167,710	\$ 7,770,925
Current Liabilities	86,895	475,902
Working Capital	<u>\$ 4,080,815</u>	<u>\$ 7,295,023</u>

As of March 31, 2014, we had working capital of \$4,080,815 compared to a working capital of \$7,295,023 as of September 30, 2013. We had a decrease of \$3,214,208 in our working capital compared to our working capital as of September 30, 2013. This decrease was primarily the result of the repurchase of a 3% GORR from the operator of SAGD Project as described below in our "Investing Activities". Currently we have no long-term debt other than our estimated asset retirement obligations on oil and gas properties.

As reported on our Consolidated Statement of Cash Flows under "Operating Activities", for the six months ended March 31, 2014, our net cash used in operating activities was \$887,693 compared to \$202,605 for the six months ended March 31, 2013. This increase of \$685,088 was primarily due to (i) an increase of \$489,963 non-cash working capital; (ii) an increase of \$172,748 in share-based compensation, as a result of issuance of stock options granted to one contractor and one of our directors. Also, as of December 31, 2012, we reversed part of the receivables and bad debts for one of our joint venture co-owners in the period at an amount of \$267,962 that was

related to a purchase agreement wherein we acquired an additional 10% working interest in most of the Sawn Lake oil sands properties where we already owns working interests.

As reported on our Consolidated Statement of Cash Flows under “Investing Activities”, we had a decrease of \$45,295 on investment in our oil and gas properties for the six months ended March 31, 2014 compared to the six months ended March 31, 2013. On March 18, 2014, as part of the SAGD Project agreement we had the right to repurchase a 3% GORR, from the operator of the SAGD Project at their cost, that potentially encumbered six oil sands leases covering 23,405 gross acres (9,472 gross hectares) located on our Sawn Lake properties. We have since repurchased the 3% GORR for Cdn \$2,697,600 and have an option to purchase a 2.5% GORR for Cdn \$1,000,000. In December 2012 we closed a purchase and sale agreement with our former joint venture partners, 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 \$2,412,960 cash and the discontinuance of legal actions against our former joint venture partner to collect amounts owed to us for past operations conducted on our joint properties.

As reported on our Consolidated Statement of Cash Flows under “Financing Activities”, for the three months ended March 31, 2014, we had a decrease of \$2,889,500 in net cash provided by Financing Activities from the comparable period ending March 31, 2013. This decrease of net cash used in Financing Activities was primarily due to us completing a private placement to one investor in November 2012 for total gross proceeds of \$3,000,000. And in the six months ended March 31, 2014 we paid \$189,500 for the remaining outstanding loan payable owed to one of our directors.

Our cash and cash equivalents as of March 31, 2014 was \$3,931,308 compared to \$162,373 for the quarter ended March 31, 2013. In conjunction with the July 31, 2013 Farmout Agreement we completed a private placement financing with the Farmee, for aggregate gross proceeds of \$22,000,000, in connection with which we sold 45,111,778 common shares at a price of \$0.488 per common share. On September 20, 2013, a total of \$12,895,065 was paid to our transfer agent for the return of capital distribution to be distributed to all of our shareholders and related service fees payable to our transfer agent. Currently we have no long-term debt other than our estimated asset retirement obligations on oil and gas properties.

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,” “probable,” “possible,” 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 thermal recovery projects;
- the sufficiency of our capital in order to execute our business plan;
- our resource estimates;
- the timing and sources of our future funding.
- the quantity of our reserves;
- the value of our reserves;
- the intent to issue a distribution to our shareholders.
- our plans for development of our Sawn Lake properties;
- funding from the Farmee to pay our costs for the joint SAGD project in connection to the Farmout Agreement;
- additional sources of funding from the Farmout Agreement;
- funding from the Farmee to cover our monthly operating expenses;
- future production of our properties; and
- expectations regarding the ability of our Company and its subsidiaries to raise capital and to continually add to reserves through acquisitions and development;

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 AER for additional tests to further evaluate the wells on our lands;
- our ability to obtain necessary regulatory approvals and permits for the development of our properties;
- our Farmout Agreement and joint operating agreements;
- 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;
- unexpected adverse weather conditions affecting access to the Company's properties;
- risks associated with increased insurance costs or unavailability of adequate coverage;
- volatility in market prices for crude oil, natural gas, and natural gas liquids;
- 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;
- imprecision in estimates of reserves and recoverable quantities of bitumen, oil and natural gas;
- future appraisal of potential bitumen, oil and gas properties may involve unprofitable efforts;
- the ability to meet minimum level of requirements to continue our oil sands leases;
- changes in general business or economic conditions;
- risks associated with the finding, determination, evaluation, assessment and measurement of bitumen, oil and gas deposits or reserves;
- geological, technical, drilling and processing problems;
- third party performance of obligations under contractual arrangements;
- failure to obtain industry partner and other third party consents and approvals, when required;
- treatment under governmental regulatory regimes and tax laws;
- royalties payable in respect of bitumen, oil and gas production;
- unanticipated operating events which can reduce production or cause production to be shut-in or delayed;
- incorrect assessments of the value of acquisitions, and exploration and development programs;
- changes in government regulatory regimes and tax laws;
- stock market volatility and market valuation of the common shares of the Company;
- 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, 2013, filed with the SEC on January 14, 2014. 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 March 31, 2014, 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 March 31, 2014 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

On March 10, 2005, I.G.M. Resources Corp. (the “Plaintiff”) filed a Statement of Claim in the Court of Queen’s Bench of Alberta Judicial District of Calgary against our Company and certain other defendants (collectively, the “IGM Defendants”). The Plaintiff, a minority shareholder in one of the IGM Defendants, alleged that the value of certain assets that had been sold by the company in which it was a shareholder was far in excess of the consideration paid for the assets. This lawsuit was part of a series of lawsuits or actions undertaken by the Plaintiff against some of the other IGM Defendants. As part of the lawsuit, the Plaintiff sought an order setting aside the asset sale transaction and returning the assets to the selling party, compensation in the amount of Cdn \$15,000,000, and certain other relief.

On February 11, 2014, the Court dismissed, without any costs to the Company, the Plaintiff’s claims against Deep Well Oil & Gas, Inc. and its subsidiary Northern Alberta Oil Ltd.

ITEM 1A. RISK FACTORS

Although we are a smaller reporting company as defined by Rule 12b-2 under the Exchange Act and are 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, 2013, filed with the SEC on January 14, 2014.

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

None.

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

Exhibit No.		Description
31.1		Certification of President and Chief Executive Officer pursuant to Rule 13a-14(a).
31.2		Certification of Chief Financial Officer pursuant to Rule 13a-14(a).
32.1		Certification of President and Chief Executive Officer pursuant to 18 U.S.C. Section 1350.
32.2		Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.
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 May 15, 2014

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

Date May 15, 2014

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 March 31, 2014;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2014

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 March 31, 2014;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2014

By: /s/ C.J. 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 March 31, 2014 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: May 15, 2014

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 March 31, 2014 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: May 15, 2014

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