

NEWS RELEASE

DEEP WELL COMPLETES TECHNICAL STUDY TO FURTHER ASSESS IN-SITU PRODUCTION METHODS

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EDMONTON, ALBERTA - (Marketwire - September 5, 2012) - Deep Well Oil & Gas, Inc. (and its subsidiaries - "Deep Well" or "Company") (OTCQB: DWOOG - News) is pleased to announce that it has received the completed technical report from DeGolyer & MacNaughton Canada Limited ("D&M") to analyze the two optimum thermal production methods on different sections of Deep Well's Sawn Lake heavy oil reservoir in the Peace River Oil Sands of northwestern Alberta, Canada. The study looked specifically at the relative merits of using Steam Assisted Gravity Drainage ("SAGD") and Horizontal Cyclic Steam Stimulation ("HCSS") on specific sections of the Company's reservoir.

While the study found both methods to be commercially viable, the D&M report confirmed its earlier findings that HCSS is more suitable to yield commercially viable production under the "Best" or most likely production case, in most parts of the Sawn Lake reservoir. In certain sections, however, SAGD yields improved production volume in the "High" or more optimistic case. This comparison and analysis of specific sections will be reconsidered in the future as production ramps up from our planned HCSS pilot project now under consideration for regulatory approval by the Alberta Energy Resources Conservation Board.

On August 10, 2012, our joint venture partner Andora Energy Corporation ("Andora") realized gross proceeds from a rights offering of \$25 million Canadian. Andora and their 72% shareholder have announced that \$23.5 million of this money will be used for Andora's Sawn Lake SAGD development project located on their 100% working interest lands in the Sawn Lake area. Andora's SAGD development project is contiguous with our joint Sawn Lake leases being approximately 350 meters south of our lands. Andora plans to commence steam injection at the Sawn Lake SAGD demonstration project in the second quarter of 2013, with production anticipated to be in fourth quarter of 2013. The comparative portion study prepared by D&M for Deep Well is based on 3 sections of Deep Well's joint lands with Andora. These 3 sections are adjacent to Andora's 100% working interest leases where Andora is focusing its SAGD development project.

Deep Well has an 80% working interest in 56 contiguous sections of oil sands leases and a 40% working interest in an additional 12 contiguous sections of oil sands leases in the Sawn Lake field located in the Peace River oil sands area of Alberta, Canada. These 68 sections cover 17,408 hectares of land in the Sawn Lake field. This study prepared by D&M compares only 3 sections covering only 768 hectares out of the 68 sections which cover 17,408 hectares. The estimated contingent bitumen resource for only these 3 sections are stated below and expressed in thousands of barrels (Mbbl) of bitumen.

	Contingent Bitumen Resources (on 3 out of 68 sections of land)					
	Low Estimate (Mbbls)		Best Estimate (Mbbls)		High Estimate (Mbbls)	
	HCSS	SAGD	HCSS	SAGD	HCSS	SAGD
Deep Well Gross Working Interest 40%*	24,851	20,693	41,081	39,384	54,432	57,598

* Deep Well's working interest in these 3 sections of land is 40%

The estimated potential net revenue to Deep Well's working interest, before tax, and based on only 3 contiguous sections are summarized in the following table comparing the Low, Best, and High case comparisons for HCSS and SAGD thermal recovery methods and are stated in millions of Canadian dollars.

**Company Share Valuation of Contingent Bitumen
Resources
Before Tax
(on 3 out of 68 sections of land *)**

	Low		Best		High	
	Estimate (in millions Cdn \$)		Estimate (in millions Cdn \$)		Estimate (in millions Cdn \$)	
	HCSS	SAGD	HCSS	SAGD	HCSS	SAGD
Potential Future Net Revenue	627	447	1,174	1,244	1,755	1,917
Potential Net Present Discounted at 10%	74	34	164	127	237	213

* Deep Well's working interest in these 3 sections of land is 40%

This information will enable the company to fine-tune the production methods for each of the sections in which it has a working interest. The D&M study better enables us to determine which of these two proven production methods should be used underground in different areas of our reservoir, it also reinforces our decision to start our planned pilot project first using the HCSS recovery method.

Statements relating to "reserves" or "contingent resources" or "prospective resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves, contingent resources or prospective resources described exist in the quantities predicted or estimated, and can be profitably produced in the future. Investors are cautioned not to assume that any part or all of the probably or possible reserves, contingent resources or prospective resources described herein will ever be converted to proved reserves.

This news release contains forward-looking statements. The words or phrases "would be," "to be," "will allow," "intends to," "will likely result," "are expected to," "will continue," "is anticipated," "potential," "recoverable," "estimate," "forecast," "project," or similar expressions are intended to identify "forward-looking statements." Actual results could differ materially from those projected in the Company's proposed oil and gas related business and described in this press release. The Company's business and the realization of the results contemplated by this press release are subject to various risks, which are discussed in the Company's filings with the SEC. The Company's filings may be accessed at the SEC's Edgar system at www.sec.gov. Statements made herein are as of the date of this press release and should not be relied upon as of any subsequent date. The Company cautions readers not to place reliance on such statements. Unless otherwise required by applicable law, we do not undertake, and we specifically disclaim any obligation, to update any forward- looking statements to reflect occurrences, developments, unanticipated events or circumstances after the date of such a statement.

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