

Press Release

Deep Well Announces SAGD Project Update

February 24, 2016 – 08:00 ET

EDMONTON, ALBERTA - (Marketwired) Deep Well Oil & Gas, Inc. (and its subsidiaries – "Deep Well" or "Company") (OTCQB: DWOG) is providing an update for our Steam Assisted Gravity Drainage ("SAGD") oil sands project at Sawn Lake, Alberta, Canada.

DWOG holds a 25% working interest in the demonstration project, which commenced in 2013 located at Sawn Lake. The demonstration project consists of one SAGD well pair drilled to a depth of 650 meters and a horizontal length of 780 meters and the SAGD facility for steam generation, water handling, and bitumen treating. Steam injection commenced May 21, 2014, production commenced September 16, 2014, and the steam chamber reached the top of the Bluesky sandstone formation in October 2015.

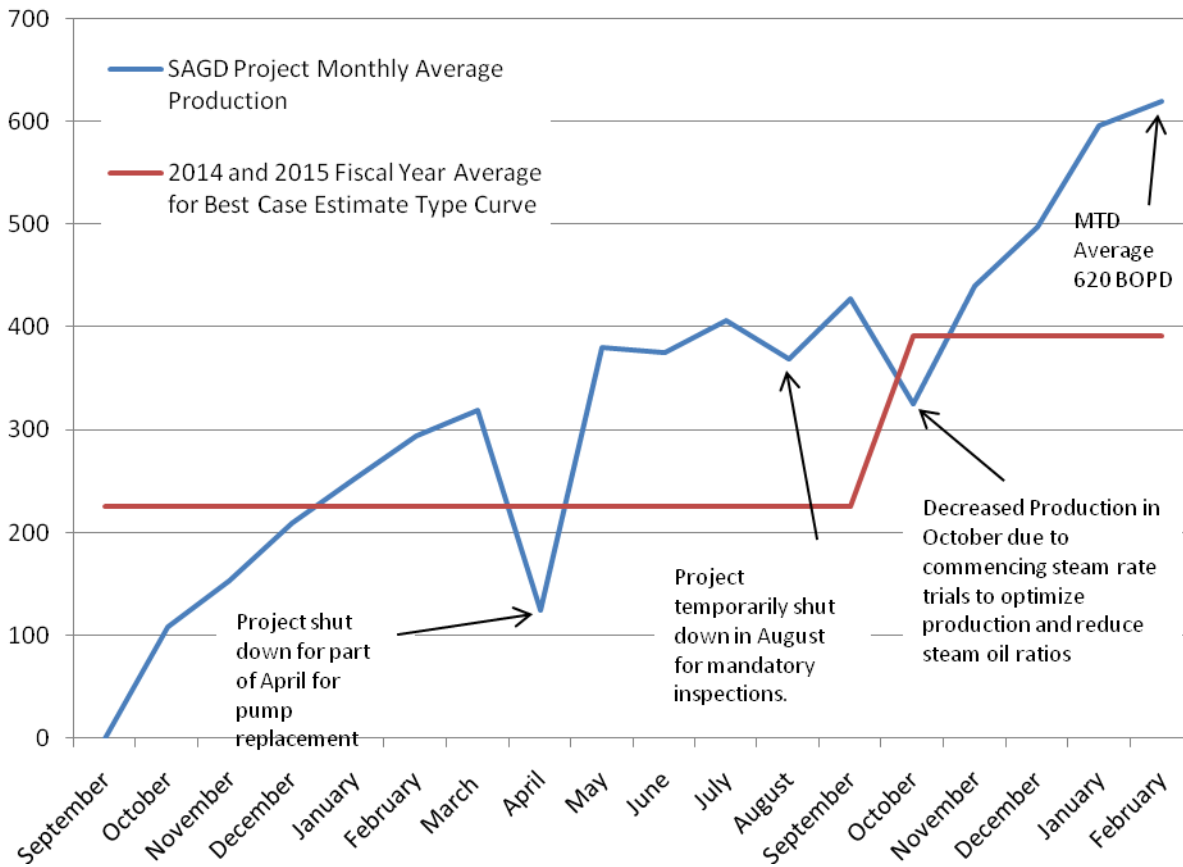
This project is a significant step towards establishing a commercially viable SAGD project at Sawn Lake and to demonstrate that the SAGD process works in the Bluesky reservoir. It is also providing an indication of the productivity of the reservoir and the amount of steam injection required to produce the bitumen, which are key components in assessing the potential for SAGD development at Sawn Lake.

The demonstration project commenced production in September 2014, and has successfully captured the key data associated with the objectives of the demonstration project. The demonstration project has:

- demonstrated that the SAGD process works in the Bluesky formation at Sawn Lake,
- established characteristics of ramp up through stabilization of SAGD performance,
- indicated the productive capability and ISOR, of the reservoir and
- provided critical information required for well and facility design associated with future commercial development.

Production in 2016 at the Sawn Lake Demonstration Project has reached a steady state production level over the past six weeks of 600 barrels per day ("BOPD") (150 BOPD net to DWOG) with an instantaneous steam-oil ratio ("ISOR") of 2.2 from the one SAGD well pair. Production, on a 100% basis, averaged 596 BOPD with an ISOR of 2.2 in January and has averaged 620 BOPD with an ISOR of 2.1 during the first 21 days of February.

**Deep Well Oil & Gas, Inc. SAGD Project Gross Production
September 30, 2014 to February 21, 2016**



Given that the Demonstration Project has successfully completed its goal to be able to show the capability of the Bluesky reservoir to produce and the current low price environment for bitumen, our joint venture partners have decided to suspend the Sawn Lake Demonstration Project operations at the end of February 2016. It is expected that a reactivation of the demonstration project facility and well pair will be part of a potential commercial expansion of the project. The Demonstration Project has provided us with the data and insight to now make the application to expand the SAGD project at Sawn Lake. An expansion is dependent on regulatory approval, completion of detailed engineering and a higher commodity price environment to support project economics and financing. This decision considers the expectation that extremely low bitumen prices may continue for some time and the estimated time required for approval of the 3,200 BOPD expansion application at the demonstration project site. It is anticipated that this expansion application will be submitted in March 2016.

Work continues on updating the Sawn Lake reservoir model to incorporate the results of the demonstration project.

In addition, given that the results of this demonstration project indicate that the Bluesky reservoir can be exploited with thermal in-situ recovery methods we can now move ahead with plans to

fine tune the designs for our AER approved, Horizontal Cyclic Steam Stimulation (“HCSS”) project on our company’s 90% owned lands.

Deep Well and its Canadian subsidiaries, Northern Alberta Oil Ltd. and Deep Well Oil & Gas (Alberta) Ltd., have a 90 per cent working interest in 51 contiguous square miles of oil sands leases, a 100 per cent working interest in 5 contiguous square miles of oil sands leases and a 25 per cent working interest in 12 contiguous square miles in the Sawn Lake heavy oil area in North Central Alberta. These leases cover 17,408 gross hectares (43,015 gross acres).

Deep Well is fully committed to best practices in Environmental Stewardship to assure sustainable development of its in-situ heavy oil holdings.

This press release contains “forward-looking statements”. The words or phrases “would be,” “to be,” “will allow,” “intends to,” “will likely result,” “expected,” “will continue,” “is anticipated,” “potential,” “recoverable,” “estimate,” “forecast,” “project,” “plans,” “probable,” “possible,” or similar expressions are intended to identify “forward-looking statements.” Actual results could differ materially from those projected in the Corporation’s proposed oil and gas related business and described in this press release. Statements in this press release, which are not purely historical, are forward-looking statements and include any statements regarding beliefs, plans, expectations, or intentions regarding the future. Actual results could differ from those projected in any forward-looking statements due to numerous factors. In general, estimates of reserves and resources are based upon a number of factors and assumptions made as of the date on which the estimates were determined, such as geological, technological and engineering estimates and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking estimates. The Corporation’s business and the realization of the results contemplated by this press release are subject to various risks, which are discussed in the Corporation’s filings with the U.S. Securities and Exchange Commission (“SEC”). The Corporation’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 Corporation 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.

Cautionary Note to U.S. Investors – The SEC permits oil and gas companies, in their filings with the SEC, to separately disclose only proven, probable and possible reserves that have been determined in accordance with SEC rules. The Company uses certain terms in its 51-101 reports that the SEC’s guidelines strictly prohibit the Company from including it in filings with the SEC. U.S. Investors are urged to consider closely the disclosure in the Company’s periodic and other filings filed with the SEC on EDGAR at www.sec.gov.

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