

Deep Well's Subsidiary Signs Agency Engagement Letter with Canadian Firm To Seek Canadian IPO and U.S. Private Placement Financing

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EDMONTON, ALBERTA – May 2, 2006 Deep Well Oil & Gas, Inc. ("Deep Well") (PINK SHEETS:DWOG) is pleased to announce that one of its wholly owned subsidiaries, Deep Well Oil & Gas (Alberta), Ltd. ("Deep Well Alberta") has executed an agency engagement letter ("Engagement Letter") with a Canadian institutional brokerage firm ("Lead Agent") with respect to pursuing an initial public offering ("IPO") in Canada.

The Lead Agent and Deep Well Alberta intend to work jointly to structure the IPO and offer to the public, through a syndicate of agents (the "Agents"), on a best efforts basis, up to CDN\$35 million via a common share offering (the "Offering"). Completion of the Offering is subject to receipt of all required regulatory approvals and stock exchange approvals, as applicable, in the United States and Canada.

The Engagement Letter provides that the Agents are to receive 10% of the gross proceeds of the Offering and, subject to regulatory approval, will be granted a 15% over allotment option exercisable by the Agents, at their discretion, for a period of 30 days after the completion of the IPO. The Agents will also be granted compensation options entitling them to acquire common shares in aggregate amount equal to 8% of the number of common shares issued pursuant to the Offering at a price equal to the Offering price exercisable on or before 2 years from the closing of the Offering.

The IPO is intended to be conducted by way of a long form prospectus offering filed in all Canadian provinces (except Quebec). Deep Well Alberta also intends to concurrently conduct a private placement in the United States under applicable securities exemptions.

Deep Well Alberta and the Lead Agent intend to negotiate and enter into a formal agency agreement which will incorporate the terms and conditions of the Engagement Letter and such other terms as are customary for a transaction of this nature. A further press release will be issued upon the execution of an agency agreement between the parties.

Deep Well Alberta looks forward to working closely with the Lead Agent in connection with the proposed IPO, which management of Deep Well believes will add significant shareholder value going forward.

Deep Well Oil & Gas, Inc. is a Nevada corporation based in Alberta, Canada. Deep Well, through its two subsidiaries Northern Alberta Oil Ltd. and Deep Well Alberta, indirectly has a working interest, subject to a farmout agreement with a third party farmee, in 63 contiguous sections of oil sands leases and 6.5 sections of oil sands permits in the Sawn Lake heavy oil area in North Central Alberta, Canada. The permits and leases cover approximately 43,964 acres. The interests of the subsidiaries, pre-farmout, was 80%. The farmee has earned 50% of the subsidiaries' working interest in 6 sections of the farmout lands by drilling a test well. After the third party farmee drills 10 wells at no cost to Deep Well, the farmee will fully earn its interest in the project. Subsequently, Deep Well would then indirectly hold 40% of the project prior to completion of the proposed IPO. In addition, through its subsidiaries, Deep Well owns approximately 29.5% of the farmee's common shares.

No stock exchange, securities commission or other regulatory authority has approved or disapproved of the information contained herein.

This press release contains forward-looking statements. The words or phrases "would be," "will allow," "intends to," "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "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. The Company's business is subject to various risks, which are discussed in the Company's filings with the Securities and Exchange Commission ("SEC"). The Company's filings may be accessed at the SEC's Edgar system at www.sec.gov <<http://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.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy the common shares of Deep Well Alberta in any jurisdiction. The common shares of Deep Well Alberta have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or any state securities laws and may not be offered or sold in the United States without registration or applicable exemption from the registration requirements under applicable United States securities laws.

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