

PEDEVCO CORP
Form 10-Q/A
August 21, 2013

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

FORM 10-Q/A
Amendment No. 2

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

For the quarterly period ended: June 30, 2013

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: 001-35922

PEDEVCO CORP.
(Exact name of registrant as specified in its charter)

Texas
(State or other jurisdiction
of incorporation or organization)

22-3755993
(IRS Employer Identification No.)

4125 Blackhawk Plaza Circle, Suite 201
Danville, California 94506
(Address of Principal Executive Offices)

(855) 733-3826
(Registrant's Telephone Number, Including Area Code)

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 (§232.405 of this chapter) 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, and 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.

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Large accelerated filer Accelerated filer
Non-accelerated filer 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

At August 14, 2013, there were 22,499,578 shares of the Registrant's common stock outstanding.

EXPLANATORY NOTE

This Amendment No. 2 to the Quarterly Report on Form 10-Q of PEDEVCO Corp. (“PEDEVCO” or the “Company”) for the quarter ended June 30, 2013, as filed with the Securities and Exchange Commission (the “Commission”) on August 14, 2013 and amended by Amendment No. 1 thereto, filed with the Commission on August 14, 2013 (collectively, the “Prior Filing”), is being filed to amend Part II, Item 2 “Unregistered Sales of Equity Securities and Use of Proceeds,” to disclose the issuance of certain shares of restricted common stock and the grant of certain options to purchase shares of common stock of the Company under the Company’s 2012 Equity Incentive Plan in connection with the Company’s year 2012 annual equity incentive compensation review process to certain employees and consultants of the Company on August 9, 2013, which were inadvertently omitted from Part II, Item 2 of the Prior Filing. This Amendment No. 2 does not affect any other portion of the Prior Filing. Additionally, this Amendment No. 2 does not reflect any event occurring after August 14, 2013, the original filing date of the Prior Filing.

PART II - OTHER INFORMATION

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

On January 11, 2013, the Company issued 177,778 shares of common stock upon conversion of 177,778 shares of its Series A preferred stock held by a shareholder.

On January 27, 2013, the Company issued 6,659,682 shares of common stock on a 1-1 conversion of all of its 6,659,682 outstanding Series A preferred stock, pursuant to the automatic conversion provisions the Company's Series A Convertible Preferred Stock Amended and Restated Certificate of Designation.

On March 22, 2013, the Company issued warrants exercisable for up to an aggregate of 76,198 shares of common stock in connection with the closing of the Company's secured promissory note and warrant bridge financing to investors participating therein, and an additional warrant exercisable for up to an aggregate of 9,524 shares of common stock to a placement agent solely in connection with a non-US Person participating in the bridge financing.

On April 23, 2013, the Company effected a reverse stock split of its common stock on a 1-for-3 basis.

On July 1, 2013, the Company issued an aggregate of 27,804 shares of common stock to Esenjay Oil & Gas, Ltd., Winn Exploration Co., Inc., Lacy Properties, Ltd., and Crain Energy, Ltd. (collectively, "Esenjay"), as additional consideration due to Esenjay upon the spudding by Condor of the State 16-7-60 1H well on June 13, 2013.

On July 11, 2013, the Company issued to South Texas Reservoir Alliance LLC an aggregate of 33,815 shares of common stock as equity compensation in connection with the Company's acquisition of certain interests in the Mississippian formation in southern Kansas from Berexco LLC that closed in March 2013.

On July 15, 2013, the Company issued a five-year warrant exercisable for 240,000 shares of the Company's Common Stock on a cashless basis to an investor relations consultant as partial consideration for certain investor relations services to be provided to the Company (the "IR Warrant"). The IR Warrant has an exercise price per share of \$5.00, and vests with respect to 50% of the shares issuable thereunder upon the IR Warrant issuance date, and 50% on February 1, 2014, subject to continued engagement by the Company of the investor relations consultant on such date.

On August 12, 2013, the Company completed the closing of a private placement (the "Private Placement") pursuant to which it sold (a) 7,333,334 shares of its common stock (the "Common Stock") at a price of \$3.00 per share, which included rights to the following warrants (b) three-year warrants exercisable on a cash basis only for (i) an aggregate of 733,334 shares of Common Stock at \$3.75 per share, (ii) an aggregate of 733,334 shares of Common Stock at \$4.50 per share, and (iii) an aggregate of 733,334 shares of Common Stock at \$5.25 per share, to two investors for aggregate proceeds to the Company in connection with such subscription of \$22 million, \$20 million of which securities were acquired by Yao Hang Finance (Hong Kong) Limited (the "Lead Investor"), the lead investor in the Private Placement (defined below), and \$2 million of which securities were acquired by an outside investor (the "Outside Investor"). The Lead Investor paid \$10 million in cash at the closing, and entered into a Common Stock and Warrant Subscription Agreement (the "Subscription Agreement"), First Amendment to Common Stock and Warrant Subscription Agreement (the "Amendment"), and full-recourse promissory note (the "Note"), which Amendment and Note require that it pay the balance of \$10 million in cash due no later than December 1, 2013, with 3,333,333 of the shares of Common Stock issued to the Lead Investor in the Private Placement, as well as warrants exercisable for (i) an aggregate of 333,333 shares of Common Stock at \$3.75 per share, (ii) an aggregate of 333,333 shares of Common Stock at \$4.50 per share, and (iii) an aggregate of 333,333 shares of Common Stock at \$5.25 per share, being held in escrow by the Company pending the Lead Investor's payment in full of the \$10 million due under the Note. The Outside Investor also entered into a Subscription Agreement, Amendment and Note, which Amendment and Note require that it pay the \$2 million

purchase price for the Common Stock and warrants no later than September 11, 2013, with all shares and warrants issued to the Outside Investor in the Private Placement being held in escrow by the Company pending the Outside Investor's payment in full of the \$2 million due under the Note. The Company plans to use the proceeds from the Private Placement as follows: (i) development of existing assets of the Company; (ii) acquisition of additional assets; (iii) repayment of debt; (iv) general working capital purposes; and (v) up to \$20,000,000 may be applied by the Company towards possible acquisition of oil and gas interests currently being evaluated by the Company in Asia. The Company expects to use the additional funds raised through the exercise of the warrants, if exercised, for development of existing assets, acquisition of additional assets, repayment of debt, and general working capital expenses.

On August 9, 2013, options to purchase an aggregate of 104,500 shares of Common Stock were granted to four consultants and employees at an exercise price of \$3.75 per share, pursuant to the Company's 2012 Equity Incentive Plan and in connection with the Company's year 2012 annual equity incentive compensation review process. The options have terms of five years and fully vest in August 2016. 40% of the shares subject to the options vest six months from the date of grant, 15% vest eighteen months from the date of grant, 15% vest two years from the date of grant, 15% vest two and one-half years from the date of grant and the final 15% vest three years from the date of grant, all contingent upon the recipient's continued service with the Company. The aggregate fair value of the options on the date of grant, using the Black-Scholes model, is \$228,670.

On August 9, 2013, the Company granted an aggregate of 1,165,000 shares of its restricted Common Stock with an aggregate fair value of \$4,368,750 to certain officers and employees of the Company pursuant to the Company's 2012 Equity Incentive Plan and in connection with the Company's year 2012 annual equity incentive compensation review process. 40% of the shares vest six months from the date of grant, 15% vest eighteen months from the date of grant, 15% vest two years from the date of grant, 15% vest two and one-half years from the date of grant and the final 15% vest three years from the date of grant, all contingent upon the recipient's continued service with the Company.

On August 9, 2013, the Company granted an aggregate of 25,750 shares of its restricted Common Stock with an aggregate fair value of \$96,563 to certain employees of, and consultants to, the Company pursuant to the Company's 2012 Equity Incentive Plan and in connection with the Company's year 2012 annual equity incentive compensation review process. The shares fully vest on the six month anniversary of the grant date, all contingent upon the recipient's continued service with the Company.

The issuances and grants described above were exempt from registration pursuant to Section 4(2), Rule 506 of Regulation D and/or Regulation S of the Securities Act of 1933, as amended since the foregoing issuances and grants did not involve a public offering, the recipients took the securities for investment and not resale, we took appropriate measures to restrict transfer, and the recipients (a) were "accredited investors," (b) had access to similar documentation and information as would be required in a Registration Statement under the Securities Act of 1933; and/or (c) were non-U.S. persons.

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.

PEDEVCO Corp.

Date: August 21, 2013

By: /s/ Frank C. Ingriselli
Frank C. Ingriselli
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 21, 2013

By: /s/ Michael L. Peterson
Michael L. Peterson
Executive Vice President and Chief
Financial Officer
(Principal Financial and Accounting
Officer)

EXHIBIT INDEX

| Exhibit Number | Description |
|-------------------|--|
| 31.1* | Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 31.2* | Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |

* Filed herewith.