

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: June 30, 2026

☐ 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
(I.R.S. Employer Identification No.)

575 N. Dairy Ashford, Suite 210, Houston, Texas
(Address of principal executive offices)

77079
(Zip Code)

(713) 221-1768
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value per share	PED	NYSE American

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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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 11, 2026, there were 13,290,902 shares of the Registrant's common stock outstanding.

	Page
<u>Reverse Stock Split</u>	3
<u>Cautionary Note Regarding Forward-Looking Statements</u>	4
<u>PART I – FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements</u>	5
<u>Consolidated Balance Sheets as of June 30, 2026 (Unaudited) and December 31, 2025</u>	5
<u>Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2026 and 2025 (Unaudited)</u>	6
<u>Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2026 and 2025 (Unaudited)</u>	7
<u>Consolidated Statements of Shareholders’ Equity for the Three and Six Months Ended June 30, 2026 and 2025 (Unaudited)</u>	8
<u>Notes to Unaudited Consolidated Financial Statements</u>	9
<u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	25
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	40
<u>Item 4. Controls and Procedures</u>	40
<u>PART II – OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	42
<u>Item 1A. Risk Factors</u>	42
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	45
<u>Item 3. Defaults Upon Senior Securities</u>	45
<u>Item 4. Mine Safety Disclosures</u>	45
<u>Item 5. Other Information</u>	45
<u>Item 6. Exhibits</u>	46
<u>Signatures</u>	47

[Table of Contents](#)

REVERSE STOCK SPLIT

On October 29, 2025, stockholders of PEDEVCO Corp. (the “Company”, “we” and “us”) who collectively held more than two-thirds of the combined voting power of the total issued and outstanding shares of Company common stock, executed a written consent in lieu of a special meeting of stockholders of the Company (the “Written Consent”), approving among other things, the grant of discretionary authority to the Company’s Board of Directors (the “Board”) to (A) approve an amendment to the Company’s Certificate of Formation, as amended, to effect a reverse stock split of our issued and outstanding shares of common stock, by a ratio of between one-for-ten to one-for-twenty, inclusive, with the exact ratio to be set at a whole number to be determined by our Board or a duly authorized committee thereof in its discretion, at any time after approval of the amendment and prior to October 30, 2026, and (B) determine whether to arrange for the disposition of fractional interests by stockholders entitled thereto, to pay in cash the fair value of fractions of a share of common stock as of the time when those entitled to receive such fractions are determined, or to entitle stockholder to receive from the Company’s transfer agent, in lieu of any fractional share, the number of shares of common stock rounded up to the next whole number (the “Stockholder Authority”).

The effectiveness of the Stockholder Authority was subject to the Company filing a definitive information statement on Schedule 14C, which was filed with the Securities and Exchange Commission (the “SEC” or the “Commission”) on February 2, 2026 (the “Information Statement”) and the mailing of such Information Statement to the Company’s stockholders describing among other things, the majority stockholders’ approval of the Stockholder Authority, which as described in greater detail in the Current Report on Form 8-K filed by the Company with the Commission on March 3, 2026, was mailed to the stockholders of the Company on February 6, 2026, in accordance with the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and as a result, the Stockholder Authority became effective on February 27, 2026, the 21st day following the mailing date of the Information Statement.

Following effectiveness of the Stockholder Authority, the Company’s Board approved an amendment to our Second Amended and Restated Certificate of Formation to effect a reverse stock split of our common stock at a ratio of 1-for-20, and to pay in cash the fair value of fractions of a share of common stock as of the time when those entitled to receive such fractions are determined (the “Reverse Stock Split”).

On March 10, 2026, we filed a Certificate of Amendment to our Second Amended and Restated Certificate of Formation (the “Certificate of Amendment”) with the Secretary of State of the State of Texas to effect the Reverse Stock Split.

Pursuant to the Certificate of Amendment, the Reverse Stock Split became effective on March 13, 2026 at 12:01 a.m. Eastern Time (the “Effective Time”). The shares of the Company’s common stock began trading on the NYSE American (“NYSE”) on a post-split basis on March 13, 2026, with a new

At the Effective Time, every twenty (20) shares of issued and outstanding common stock were converted into one (1) share of issued and outstanding common stock. No fractional shares were issued in connection with the Reverse Stock Split, and stockholders who would have otherwise been entitled to receive a fractional share as a result of the Reverse Stock Split instead received cash in lieu of such fractional share, based upon the closing sale price of the common stock on the trading day immediately prior to the Effective Time as reported on the NYSE American.

In addition, the number of shares of common stock issuable upon exercise of our stock options and other equity awards (including shares reserved for issuance under the Company's equity compensation plans) were proportionately adjusted by the applicable administrator, using the 1-for-20 ratio, and rounded down to the nearest whole share, effective as of the Effective Time, pursuant to the terms of the Company's equity compensation plans. In addition, the exercise price for each outstanding stock option was increased in inverse proportion to the 1-for-20 split ratio such that, upon exercise, the aggregate exercise price payable by the optionee to the Company for the shares subject to the option will remain approximately the same as the aggregate exercise price prior to the Reverse Stock Split, subject to the terms of such securities.

The effects of the Reverse Stock Split have been retroactively affected throughout this Report unless otherwise stated.

[Table of Contents](#)

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements contained in this Quarterly Report on Form 10-Q (this "Report") include forward-looking statements within the meaning of the federal securities laws, including Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended and the Private Securities Litigation Reform Act of 1995. Statements preceded by, followed by or that otherwise include the words "believes," "expects," "anticipates," "intends," "projects," "estimates," "plans," "may," and similar expressions or future or conditional verbs such as "should", "would", and "could" are generally forward-looking in nature and not historical facts. Forward-looking statements which are subject to a number of risks and uncertainties, many of which are beyond our control. All statements, other than statements of historical fact included in this Report, regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs and cash flows, prospects, plans and objectives of management are forward-looking statements. These forward-looking statements were based on various factors and were derived utilizing numerous important assumptions and other important factors that could cause actual results to differ materially from those in the forward-looking statements. Forward-looking statements include information concerning our future financial performance, business strategy, projected plans and objectives. These factors include, among others, the factors set forth below under the heading "Risk Factors." Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Most of these factors are difficult to predict accurately and are generally beyond our control. Readers are cautioned not to place undue reliance on these forward-looking statements.

Forward-looking statements may include statements about:

- our business strategy;
- our reserves;
- our technology;
- our cash flows and liquidity;
- our financial strategy, budget, projections and operating results;
- oil and natural gas realized prices;
- timing and amount of future production of oil and natural gas;
- the availability of oil field labor;
- the amount, nature and timing of capital expenditures, including future exploration and development costs;
- drilling of wells;
- government regulation and taxation of the oil and natural gas industry;
- changes in, and interpretations and enforcement of, environmental and other laws and other political and regulatory developments, including, in particular, additional permit scrutiny in Colorado;
- exploitation projects or property acquisitions;
- costs of exploiting and developing our properties and conducting other operations;
- general economic conditions in the United States and around the world, including the effect of regional or global health pandemics (such as, for example, the 2019 coronavirus ("COVID-19")), recent changes in inflation and interest rates, tariffs and trade wars, and risks of recessions, including as a result thereof;
- competition in the oil and natural gas industry;
- effectiveness of our risk management activities;
- environmental liabilities;
- counterparty credit risk;
- developments in oil-producing and natural gas-producing countries;
- political conditions in or affecting oil, NGLs and natural gas producing regions and/or pipelines, including in Eastern Europe, the Middle East and South America, for example, as experienced with the Russian invasion of the Ukraine in February 2022 and the current conflict in Iran, which conflicts are ongoing;
- our future operating results;
- the benefits of our recent acquisitions (discussed below) and future acquisition transactions;
- the impairment of oil and gas assets;
- our estimated future reserves and the present value of such reserves; and
- our plans, objectives, expectations and intentions contained in this Quarterly Report that are not historical.

All forward-looking statements speak only at the date of the filing of this Quarterly Report. The reader should not place undue reliance on these forward-looking statements. Although we believe that our plans, intentions and expectations reflected in or suggested by the forward-looking statements we make in this Quarterly Report are reasonable, we can provide no assurance that these plans, intentions or expectations will be achieved. We disclose important factors that could cause our actual results to differ materially from our expectations under "Risk Factors" and "Management's Discussion and

Analysis of Financial Condition and Results of Operations” and elsewhere in this Quarterly Report and our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the SEC on March 31, 2026. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf. We do not undertake any obligation to update or revise publicly any forward-looking statements except as required by law, including the securities laws of the United States and the rules and regulations of the SEC.

[Table of Contents](#)

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PEDEVCO CORP.
CONSOLIDATED BALANCE SHEETS
(amounts in thousands, except share and per share data)

	June 30, 2026	December 31,
	(Unaudited)	2025
Assets		
Current assets:		
Cash	\$ 10,805	\$ 3,222
Restricted cash	1,337	-
Accounts receivable – oil and gas	24,010	25,666
Inventory	141	61
Derivative contract assets, current	3,347	8,368
Prepaid expenses and other current assets	180	434
Total current assets	<u>39,820</u>	<u>37,751</u>
Oil and gas properties:		
Oil and gas properties, subject to amortization, net	295,675	303,411
Oil and gas properties, not subject to amortization, net	16,623	18,859
Total oil and gas properties, net	<u>312,298</u>	<u>322,270</u>
Derivative contract assets	5,316	9,640
Operating lease – right-of-use asset	124	213
Other assets	2,141	5,995
Total assets	<u>\$ 359,699</u>	<u>\$ 375,869</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 6,548	\$ 32,436
Accrued expenses	13,408	8,245
Revenue payable	22,231	21,480
Operating lease liabilities – current	125	182
Derivative contract liabilities – current	5,687	964
Deposit on sale of oil and gas properties	2,000	-
Asset retirement obligations – current	743	1,170
Total current liabilities	<u>50,742</u>	<u>64,477</u>
Long-term liabilities:		
Revolving credit facility	85,000	87,000
Operating lease liabilities, net of current portion	-	32
Derivative contract liabilities	7,067	6,358
Asset retirement obligations, net of current portion	13,688	7,641
Deferred income taxes	921	800
Other long-term liabilities	2,230	2,197
Total liabilities	<u>159,648</u>	<u>168,505</u>
Commitments and contingencies (Note 12)		
Shareholders' equity:		
Series A preferred stock, \$0.001 par value, 200,000,000 shares authorized; -0- and 17,013,637 shares issued and outstanding, respectively	-	17,014
Common stock, \$0.001 par value, 200,000,000 shares authorized; 13,290,902 and 4,797,239 shares issued and outstanding, respectively	13	5
Additional paid-in capital	330,071	312,205
Accumulated deficit	(130,033)	(121,860)
Total shareholders' equity	<u>200,051</u>	<u>207,364</u>
Total liabilities and shareholders' equity	<u>\$ 359,699</u>	<u>\$ 375,869</u>

See accompanying notes to unaudited consolidated financial statements.

[Table of Contents](#)

PEDEVCO CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(amounts in thousands, except share and per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Revenue:				
Oil and gas sales	\$ 46,113	\$ 6,972	\$ 86,335	\$ 15,708
Operating expenses:				
Lease operating costs	16,406	2,799	32,763	6,211
Exploration expense	24	-	24	-
Selling, general and administrative expense	3,408	1,693	6,515	3,289
Depreciation, depletion, amortization and accretion	10,152	3,857	22,602	7,203
Impairment of oil and gas properties	817	510	2,422	742
Total operating expenses	30,807	8,859	64,326	17,445
Gain on sale of oil and gas properties	52	1,021	52	1,021
Note receivable - credit loss	-	(1,378)	-	(1,378)
Operating income (loss)	15,358	(2,244)	22,061	(2,094)
Other income (expense):				
Interest expense	(1,973)	-	(3,968)	-
Interest income	76	63	134	127
Net income (loss) on derivative contracts	5,014	-	(26,252)	-
Other income (expense)	6	15	11	17
Total other income (expense)	3,123	78	(30,075)	144
Income (loss) before income taxes	18,481	(2,166)	(8,014)	(1,950)
Income tax benefit (expense)	(1,027)	490	(159)	414
Net income (loss)	\$ 17,454	\$ (1,676)	\$ (8,173)	\$ (1,536)
Earnings (loss) per common share:				
Basic	\$ 1.31	\$ (0.37)	\$ (0.77)	\$ (0.34)
Diluted	\$ 1.31	\$ (0.37)	\$ (0.77)	\$ (0.34)
Weighted average number of common shares outstanding:				
Basic	13,300,231	4,570,178	10,620,121	4,556,866
Diluted	13,300,231	4,570,178	10,620,121	4,556,866

See accompanying notes to unaudited consolidated financial statements.

[Table of Contents](#)

PEDEVCO CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(amounts in thousands)

	Six Months Ended June 30,	
	2026	2025
Cash Flows From Operating Activities:		
Net income (loss)	\$ (8,173)	\$ (1,536)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, depletion, amortization and accretion	22,602	7,203
Impairment of oil and gas properties	2,422	742
Note receivable – credit loss	-	1,378
Amortization of right-of-use asset	89	75
Amortization of deferred financing costs	336	-
Share-based compensation expense	904	949
Net loss on derivative contracts	26,252	-
Cash (paid) received for derivative settlements, net	(7,778)	-
Deferred income taxes	121	(414)
Gain on sale of oil and gas properties, net	(52)	(1,021)
Changes in operating assets and liabilities:		
Accounts receivable – oil and gas	1,656	(672)
Note receivable accrued interest	-	(41)
Inventory	(80)	-
Prepaid expenses and other current assets	653	349
Accounts payable	(20,522)	(2,224)
Accrued expenses	6,626	(481)
Revenue payable	751	1,201
Income tax payable	37	-

Other liabilities	29	-
Net cash provided by operating activities	25,873	5,508
Cash Flows From Investing Activities:		
Cash paid for drilling and completion costs	(20,008)	(3,675)
Cash received for sale of oil and gas property	2,000	2,635
Net cash (used in) provided by investing activities	(18,008)	(1,040)
Cash Flows From Financing Activities:		
Proceeds from credit facility	11,000	-
Repayment of credit facility	(13,000)	-
Reverse stock split costs	(44)	-
Proceeds from issuance of shares, net of offering costs	-	139
Net cash (used in) provided by financing activities	(2,044)	139
Net increase in cash and restricted cash	5,821	4,607
Cash and restricted cash at beginning of period	6,321	6,607
Cash and restricted cash at end of period	\$ 12,142	\$ 11,214
Supplemental Disclosure of Cash Flow Information		
Cash paid for:		
Interest	\$ 2,891	\$ -
Income taxes	\$ -	\$ -
Noncash investing and financing activities:		
Change in accrued oil and gas development costs	\$ (10,825)	\$ (4,780)
Changes in estimates of asset retirement costs, net	\$ 4,660	\$ 119
Conversion of preferred stock into common stock	\$ 17,014	\$ -
Issuance of restricted common stock	\$ -	\$ 3

See accompanying notes to unaudited consolidated financial statements.

[Table of Contents](#)

PEDEVCO CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2026 AND 2025
(Unaudited)

(amounts in thousands, except share amounts)

	Series A Preferred Stock		Common Stock		Additional Paid-in	Accumulated Deficit	Totals
	Shares	Amount	Shares	Amount	Capital		
Balances at December 31, 2024	-	\$ -	4,474,765	\$ 4	\$ 227,098	\$ (111,498)	\$ 115,604
Issuance of restricted common stock	-	-	92,205	1	(1)	-	-
Stock-based compensation	-	-	-	-	475	-	475
Net income (loss)	-	-	-	-	-	140	140
Balances at March 31, 2025	-	\$ -	4,566,970	\$ 5	\$ 227,572	\$ (111,358)	\$ 116,219
Issuance of restricted common stock	-	-	24,498	1	138	-	139
Stock-based compensation	-	-	-	-	474	-	474
Net income (loss)	-	-	-	-	-	(1,676)	(1,676)
Balances at June 30, 2025	-	\$ -	4,591,468	\$ 6	\$ 228,184	\$ (113,034)	\$ 115,156

	Series A Preferred Stock		Common Stock		Additional Paid-in	Accumulated Deficit	Totals
	Shares	Amount	Shares	Amount	Capital		
Balances at December 31, 2025	17,013,637	\$ 17,014	4,797,239	\$ 5	\$ 312,205	\$ (121,860)	\$ 207,364
Issuance of restricted common stock	-	-	10,949	-	-	-	-
Restricted common stock surrendered for tax withholding	-	-	(14,192)	-	-	-	-
Preferred conversion	(17,013,637)	(17,014)	8,506,818	8	17,006	-	-
Reduction for fractional shares in reverse stock split	-	-	(193)	-	(44)	-	(44)
Stock-based compensation	-	-	-	-	492	-	492
Net income (loss)	-	-	-	-	-	(25,627)	(25,627)
Balances at March 31, 2026	-	\$ -	13,300,621	\$ 13	\$ 329,659	\$ (147,487)	\$ 182,185
Issuance of restricted common stock	-	-	782	-	-	-	-
Restricted common stock forfeitures	-	-	(10,501)	-	-	-	-
Stock-based compensation	-	-	-	-	412	-	412
Net income (loss)	-	-	-	-	-	17,454	17,454

See accompanying notes to unaudited consolidated financial statements.

[Table of Contents](#)

PEDEVCO CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 – BASIS OF PRESENTATION

The accompanying interim unaudited consolidated financial statements of PEDEVCO Corp. (“PEDEVCO” or the “Company”), have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) and the rules of the Securities and Exchange Commission (“SEC”) and should be read in conjunction with the audited financial statements and notes thereto contained in PEDEVCO’s latest Annual Report filed with the SEC on Form 10-K. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements that would substantially duplicate disclosures contained in the audited financial statements for the most recent fiscal year, as reported in the Annual Report on Form 10-K for the year ended December 31, 2025, filed with the SEC on March 31, 2026 (the “2025 Annual Report”), have been omitted.

The Company’s consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries and subsidiaries in which the Company has a controlling financial interest. All significant inter-company accounts and transactions have been eliminated in consolidation.

The Company’s future financial condition and liquidity will be impacted by, among other factors, the success of our drilling program, the number of commercially viable oil and natural gas discoveries made and the quantities of oil and natural gas discovered, the speed with which we can bring such discoveries to production, the actual cost of exploration, appraisal and development of our prospects, the prevailing prices for, and demand for, oil and natural gas.

Reverse Stock Split

On March 13, 2026, the Company effected a 1-for-20 reverse stock split of its issued and outstanding shares of common stock (the “Reverse Stock Split”). The Reverse Stock Split was approved by the Company’s stockholders on October 29, 2025 and became effective on February 27, 2026, subject to the determination of the Board of Directors to move forward with the Reverse Stock Split and determination of the final Reverse Stock Split ratio. On February 27, 2026, following the effectiveness of the stockholder consent, the Company’s Board of Directors determined to move forward with the Reverse Stock Split and approved the 1-for-20 reverse stock ratio.

As a result of the Reverse Stock Split:

- every 20 shares of issued and outstanding common stock were automatically combined into one share of common stock;
- the par value of the Company’s common stock remained unchanged at \$0.001 per share; and
- fractional shares remaining after the Reverse Stock Split were paid in cash, such amounts were not material.

All authorized, issued, and outstanding common stock, stock options, and other equity instruments, as well as the related exercise or conversion prices, were proportionately adjusted to reflect the Reverse Stock Split.

Retroactive Adjustment

All share amounts, per-share data, earnings (loss) per share, and weighted-average shares outstanding presented in the accompanying consolidated financial statements and related notes have been retroactively adjusted to reflect the Reverse Stock Split for all periods presented, unless otherwise indicated. The Reverse Stock Split did not affect the Company’s total stockholders’ equity or the proportionate voting rights of stockholders, and no fractional shares were issued in connection with the reverse stock split. Stockholders who would otherwise have been entitled to receive fractional shares received cash in lieu thereof, based on the closing price of the Company’s common stock on March 12, 2026, the trading day immediately prior to the effective date of the Reverse Stock Split.

[Table of Contents](#)

NOTE 2 – DESCRIPTION OF BUSINESS

PEDEVCO is an oil and gas company focused on the acquisition and development of oil and natural gas assets where the latest in modern drilling and completion techniques and technologies have yet to be applied. In particular, the Company focuses on legacy proven properties where there is a long production history, well defined geology and existing infrastructure that can be leveraged when applying modern field management technologies. The Company’s current properties are located in the Denver-Julesburg Basin (“D-J Basin”) in Colorado and Wyoming, the Powder River Basin (“PRB”) in Wyoming, and in the San Andres formation of the Permian Basin situated in West Texas and eastern New Mexico (the “Permian Basin”).

The Company’s D-J Basin assets (the “D-J Basin Assets”) are located in Weld and Morgan Counties, Colorado and Laramie County, Wyoming, are held through the Company’s wholly-owned subsidiaries, PRH Holdings LLC (“PRH”) and North Peak Oil & Gas LLC (“NPOG”), and are operated by the Company’s wholly-owned operating subsidiaries, Red Hawk Petroleum, LLC (“Red Hawk”), North Silo Resources, LLC (“NSR”), and Longs Peak Resources, LLC (“LPR”).

The Company's PRB assets (the "Powder River Basin Assets" or "PRB Assets") are predominantly located in Laramie and Campbell Counties, Wyoming, are held through the Company's wholly-owned subsidiary Century Oil and Gas, LLC ("Century"), and operated by the Company's wholly-owned operating subsidiaries, Century Oil and Gas Sub-Holdings, LLC ("COG"), Navigation Powder River, LLC ("NPR"), and Pine Haven Resources, LLC ("Pine Haven").

The Company's Permian Basin assets (the "Permian Basin Assets") are located in Chaves and Roosevelt Counties, New Mexico, are held by the Company's wholly-owned subsidiary, Pacific Energy Development Corp. ("PEDCO"), and are operated by the Company's wholly-owned subsidiary, Ridgeway Arizona Oil Corp. ("RAZO").

On October 31, 2025, the Company completed the transactions (the "Mergers") contemplated by that certain Agreement and Plan of Merger, dated October 31, 2025 (the "Merger Agreement"), by and among the Company; NP Merger Sub, LLC, a wholly owned subsidiary of the Company (the "First Merger Sub"); COG Merger Sub, LLC, a wholly owned subsidiary of the Company (the "Second Merger Sub," and together with First Merger Sub, the "Merger Subs"); NPOG and COG (together with NPOG, the "Acquired Companies"); and, solely for purposes of specified provisions therein, North Peak Oil & Gas Holdings, LLC ("North Peak"), pursuant to which the Acquired Companies were merged with and into the Merger Subs, with the Acquired Companies continuing as the surviving companies and wholly-owned subsidiaries of the Company. The Acquired Companies own substantial oil-weighted producing assets and significant leasehold interests in the D-J Basin and PRB.

The Company believes that horizontal development and exploitation of conventional assets in the Wattenberg and Wattenberg Extension in the D-J Basin, the PRB, and the Permian Basin represent among the most economic oil and natural gas plays in the United States ("U.S."). Moving forward, the Company plans to optimize its existing assets and opportunistically seek additional acreage proximate to its currently held core acreage, as well as other attractive onshore U.S. oil and gas assets that fit the Company's acquisition criteria, that Company management believes can be developed using its technical and operating expertise and be accretive to shareholder value.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company has provided a discussion of significant accounting policies, estimates and judgments in its 2025 Annual Report. There have been no changes to the Company's significant accounting policies since December 31, 2025.

[Table of Contents](#)

New Accounting Pronouncements

Income Statement –Expense Disaggregation Disclosures. In November 2024, the Financial Accounting Standards Board ("FASB") issued an accounting standard update which requires disaggregated disclosures of income statement expenses for public business entities. The guidance will require companies to disclose disaggregated information about specific natural expense categories underlying certain income statement expense line items that are considered relevant because they include one or more of the five natural expense categories, as applicable: (1) purchase of inventory, (2) employee compensation, (3) depreciation, (4) intangible asset amortization and (5) depreciation, depletion and amortization ("DD&A") recognized as part of oil and gas producing activities or other depletion expenses. The new guidance is effective for annual periods beginning after December 15, 2026 and interim periods within fiscal years beginning after December 31, 2027. The Company is currently evaluating the impact of this guidance on the Company's financial disclosures. Adoption of the update is not expected to impact the Company's financial position, results of operations or liquidity.

Other accounting standards that have been issued by the FASB or other standard-setting bodies are not expected to have a material impact on the Company's financial position, results of operations or cash flows.

Subsequent Events

The Company has evaluated all transactions through the date the consolidated financial statements were issued for subsequent event disclosure consideration.

NOTE 4 – REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of Revenue from Contracts with Customers. The following table disaggregates revenue by significant product type in the periods indicated (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Oil sales	\$ 42,387	\$ 6,180	\$ 78,945	\$ 13,254
Natural gas sales	1,075	323	2,967	1,165
Natural gas liquids sales	2,651	469	4,423	1,289
Total revenue from customers	<u>\$ 46,113</u>	<u>\$ 6,972</u>	<u>\$ 86,335</u>	<u>\$ 15,708</u>

There were no significant contract liabilities or transaction price allocations to any remaining performance obligations as of June 30, 2026 or 2025.

NOTE 5 – CASH

The following table provides a reconciliation of cash and restricted cash reported within the consolidated balance sheets, which sum to the total of such amounts in the periods indicated (in thousands):

	June 30, 2026	December 31, 2025
Cash	\$ 10,805	\$ 3,222

Restricted cash*	1,337	-
Restricted cash included in other assets	-	3,099
Total cash and restricted cash	\$ 12,142	\$ 6,321

* Represents cash previously classified within other assets due to restrictions on access, as the funds served as collateral for surety bonds related to the Company's drilling operations. These amounts are anticipated to become unrestricted within 90 days of the date of this Report and are therefore classified as current restricted cash on the Company's consolidated balance sheet as of June 30, 2026. The increase in restricted cash from the prior period is primarily attributable to the Company's Mergers completed in October 2025.

[Table of Contents](#)

NOTE 6 – OIL AND GAS PROPERTIES

The following table summarizes the Company's oil and gas activities by classification for the six months ended June 30, 2026 (in thousands):

	December 31, 2025	Additions	Disposals	Transfers	June 30, 2026
Oil and gas properties, subject to amortization	434,218	5,722	-	1,711	441,651
Oil and gas properties, not subject to amortization	24,545	3,460	-	(1,711)	26,294
Asset retirement costs	7,037	4,660	-	-	11,697
Accumulated depreciation, depletion and amortization	(98,046)	(21,392)	-	-	(119,438)
Accumulated impairment	(45,484)	(2,422)	-	-	(47,906)
Total oil and gas assets	322,270	(9,972)	-	-	312,298

For the three and six months ended June 30, 2026, the Company incurred \$5.4 million and \$9.2 million of capital expenditures, respectively primarily related to completion activities for non-operated wells in the D-J Basin, in which the Company holds working interests ranging from 1.1% to 6.3%.

Additionally, for the three and six months ended June 30, 2026, the Company recorded an impairment of oil and gas properties of \$0.8 million and \$2.4 million, respectively. All impairments during 2026 relate to undeveloped leases representing 5,662 net acres in the D-J Basin that the Company allowed to expire or currently has no plans to drill prior to expiration.

The Company incurred depreciation, depletion and amortization on our proved properties of \$9.8 million and \$21.4 million for the three and six months ended June 30, 2026.

NOTE 7 –MERGER ACQUISITION

On October 31, 2025, the Company completed the transactions contemplated by the Merger Agreement discussed in "Note 2 – Description Of Business".

Pursuant to the Merger Agreement, (i) the First Merger Sub merged with and into NPOG, with NPOG surviving as a wholly-owned subsidiary of PEDEVCO, and (ii) the Second Merger Sub merged with and into COG, with COG surviving as a wholly-owned subsidiary of PEDEVCO. The Acquired Companies own substantial oil-weighted producing assets and significant leasehold interests in the D-J Basin and Powder River Basin located in Wyoming.

The aggregate fair value of the consideration paid in the Mergers was approximately \$179.9 million. Of this amount, \$115.6 million was paid in cash at closing (October 31, 2025), including (a) \$87.0 million drawn under the Company's Amended and Restated Credit Agreement (net of \$1.3 million in debt issuance costs) and (b) proceeds from certain investors who subscribed for and purchased an aggregate of 6,363,637 shares of PEDEVCO Series A Preferred Stock at a purchase price of \$5.50 per share (\$11.00 per common stock share issuable upon conversion thereof, on a post-reverse stock split basis), resulting in gross proceeds of \$35.0 million. The cash consideration was further reduced by \$4.7 million in transaction costs directly related to the Mergers. On February 27, 2026, the Series A Preferred Stock converted into 3,181,818 shares of PEDEVCO common stock automatically pursuant to its terms (the "Automatic Conversion Date").

The fair value of the consideration transferred was allocated to the identifiable assets acquired and liabilities assumed on a relative fair value basis and recorded as of October 31, 2025. The preliminary allocation of the fair value to the identifiable assets acquired and liabilities assumed resulted in no goodwill or bargain purchase gain being recognized. All acquisition-related costs were expensed as incurred.

Determining the fair value of the acquired assets and assumed liabilities required significant judgment and the use of various assumptions, the most significant of which related to the valuation of NPOG's and COG's oil and gas properties. The inputs and assumptions used in valuing these properties were classified as Level 3 within the fair value hierarchy.

[Table of Contents](#)

Consideration:

Series A Convertible Preferred Stock	10,650
Fair Value Per Share of Preferred Stock	\$ 6,030
Common stock consideration, net of estimated liabilities assumed by PEDEVCO	\$ 64,220

Cash paid to settle North Peak Debt	115,646
Total consideration	\$ 179,866
Fair value of assets acquired:	
Cash and restricted cash	\$ 24
Accounts receivable	12,806
Commodity derivative, asset - current	5,264
Prepaid expenses and other current assets	591
Evaluated oil and gas properties	191,700
Unevaluated oil and gas properties	11,266
Asset retirement costs	1,584
Other long-term assets	2,177
Total assets acquired	\$ 225,412
Fair value of liabilities assumed:	
Accounts payable and accrued liabilities	\$ 41,719
Asset retirement obligations - current	488
Asset retirement obligations - long-term	1,096
Other long-term liabilities	2,243
Total liabilities assumed	\$ 45,546
Total identifiable net assets acquired	\$ 179,866

Unaudited pro forma financial information. Presented below are the Company's condensed consolidated results of operations for the periods presented on an unaudited pro forma basis, as if the Mergers had occurred on January 1, 2025. The information reflects adjustments based on available data and assumptions the Company believes are factual and supportable. The unaudited pro forma financial information is not necessarily indicative of the results that would have occurred had the Mergers been completed on the assumed date, nor is it indicative of future results. It also does not give effect to any expected cost savings, synergies, or integration costs associated with the Mergers or the Acquired Assets.

	Three months ended June 30, 2025	Six Months Ended June 30, 2025
(in thousands)		
Pro forma revenues	\$ 32,123	\$ 72,151
Pro forma net income (loss)	\$ (4,498)	\$ (6,689)

At the closing of the Mergers (the "Closing"), the Company entered into a Shareholder Agreement with Century and North Peak (together, the "Juniper Shareholder") and, for certain limited provisions, Dr. Simon G. Kukes, then Executive Chairman of the Company, and The SGK 2018 Revocable Trust (of which Dr. Kukes serves as trustee and beneficiary). The agreement grants the Juniper Shareholder board nomination rights from the Closing until the Automatic Conversion Date, including the right to designate one director nominee and one non-voting observer.

Following the Automatic Conversion Date, the Board consisted of six directors, with the Juniper Shareholder's nomination rights determined based on its ownership percentage of Company's common stock at that time. For purposes of the Shareholder Agreement, "Juniper Beneficial Ownership" is defined as the ownership, together with affiliates, of 6,861,564 shares of Company common stock issued to the Juniper Shareholder and its affiliates on February 27, 2026, relative to 13,300,815 shares of common stock outstanding as of such date, as applicable.

Based on Juniper Beneficial Ownership: (i) at 50% or more, the Juniper Shareholder may nominate three directors, including one independent director; (ii) from 30% to 49.9%, two directors; (iii) from 10% to 29.9%, one director; and (iv) below 10%, no nomination rights.

[Table of Contents](#)

The Juniper Shareholder also has the right to remove or replace its designees, subject to Board approval and applicable SEC and NYSE independence and suitability requirements. At least one Juniper designee will serve on each Board committee (other than the Audit Committee) and will chair the Compensation and Nominating and Corporate Governance Committees, subject to limited exceptions.

The Shareholder Agreement also provides registration rights. The Company is required to use commercially reasonable efforts to file a registration statement within 45 days of the Automatic Conversion Date covering resale of shares issuable upon conversion of the Series A Preferred Stock, using Form S-3 or Form S-1 if necessary. The Company plans to file the registration statement during the quarter ending September 30, 2026. No penalties are incurred for the Company's failure to file within the original deadline set forth in the Shareholder Agreement. The agreement permits underwritten offerings of at least \$10 million, subject to customary conditions, underwriter approval, frequency limits, and applicable grace periods. Piggyback registration rights are also provided, subject to customary underwriter and priority provisions. The Company will bear related expenses and provide customary indemnification under the Securities Act of 1933, as amended. The Shareholder Agreement became effective at Closing and terminates in accordance with its terms.

On February 27, 2026, and at the request of the Juniper Shareholder pursuant to the Shareholder Agreement, the Board, upon recommendation of the Nominating and Corporate Governance Committee, increased its size from five (5) to six (6) directors and appointed Edward Geiser to the Board and as Chair of the Nominating and Corporate Governance Committee, to serve until his successor is duly elected and qualified or earlier resignation, death, or removal.

Also, effective February 27, 2026, Josh Schmidt, another Juniper Shareholder appointee, was appointed Chairman of the Board.

NOTE 8 – REVOLVING CREDIT FACILITY

On October 31, 2025, the Company entered into an Amended and Restated Credit Agreement (the “A&R Credit Agreement”), which amended and restated its prior senior secured revolving credit agreement dated September 11, 2024, with Citibank, N.A., as administrative agent, and the lenders party thereto.

The A&R Credit Agreement matures on October 31, 2029 and provides for an initial borrowing base and elected commitments of \$120 million, with a maximum revolving commitment of \$250 million. The borrowing base is subject to scheduled semiannual redeterminations beginning December 1, 2025, as well as unscheduled redeterminations and other adjustments, and is determined by the lenders in their discretion. Borrowings are subject to customary conditions, including compliance with financial covenants.

The obligations are guaranteed by the Company’s subsidiaries and secured by first-priority liens on substantially all assets of the Company and its subsidiaries, including mortgages on oil and gas properties representing at least 90% of proved reserves.

Borrowings may be alternate base rate (“ABR”) loans or SOFR loans. SOFR loans bear interest at the forward-looking term rate based on the secured overnight financing rate as administered by the Federal Reserve Bank of New York (“SOFR”) plus a margin of 300–400 basis points, and ABR loans bear interest at the applicable base rate plus a margin of 200–300 basis points, in each case depending on borrowing base utilization.

For the six months ended June 30, 2026, total interest expense was \$4.0 million, consisting of \$3.6 million of contractual interest and \$0.4 million of amortization of deferred financing costs, resulting in an effective interest rate of 4.6% per annum. The weighted-average balance outstanding under the facility was \$86 million. The Company also pays a commitment fee on unused commitments of 37.5 or 50 basis points, depending on the percentage of the borrowing base utilized. Amounts may be prepaid without penalty, and mandatory prepayments apply upon certain events. For the six months ended June 30, 2026, the Company paid \$64,000 in commitment fees.

The A&R Credit Agreement includes customary representations, warranties, affirmative and negative covenants, and events of default, including a change in control. Financial covenants require (i) a minimum current ratio of 1.0 to 1.0 and (ii) a maximum leverage ratio of 3.0 to 1.0. Additional covenants restrict, among other things, indebtedness, liens, dividends, investments, asset sales, affiliate transactions, mergers, and hedging activities.

[Table of Contents](#)

The Company is required to hedge at least 75% of its projected proved developed producing reserves (PDP) oil and gas production at the time of entry into the A&R Credit Agreement, for the first 24 months of the agreement, and 50% of its projected PDP of oil and gas production for months 25-36. Afterward, within 60 days after each fiscal quarter, the Company must show it has hedged at least 50% of expected oil and gas production for the next 18 months. The Company may hedge crude oil, natural gas, or natural gas liquids (on a barrel of oil equivalent basis) to meet these requirements, but may not hedge more than 75% of anticipated production (on a barrel of oil equivalent basis) for any month.

On December 2, 2025, the parties to the A&R Credit Agreement entered into a First Amendment to Credit Agreement, which amended the A&R Credit Agreement to add an additional lender and re-allocate commitments among the lender group, which amendment was deemed immaterial by the Company.

On May 5, 2026, the parties to the A&R Credit Agreement entered into a Second Amendment to Credit Agreement which, among other amendments set forth therein, (i) amended the definition of “EBITDAX” to (A) update the cap on permitted transaction cost add-backs to EBITDAX for any acquisition or disposition of the Company’s oil and gas properties which form the collateral for the agreement, to the greater of \$6,000,000 or five percent (5%) of the then-current borrowing base (currently \$125 million), and (B) add back an estimated EBITDAX for the month of October 2025 attributable to the companies acquired in by the Company in October 2025 from Juniper Capital Advisors, L.P. for any test period that includes the fiscal quarter ended December 31, 2025; (ii) amended the definition of “Test Period” to provide for annualization of EBITDAX beginning with the Test Period ended December 31, 2025, building to a full trailing twelve-month calculation for the Test Period ending September 30, 2026; (iii) revised the borrowing base redetermination schedule so that the next scheduled redetermination occurs on or about July 1, 2026, with semi-annual redeterminations thereafter on or about April 1 and October 1 of each year; and (iv) updated the reserve report delivery schedule so that the next reserve report is due on or about June 1, 2026, with subsequent reports thereafter due on or about March 1 and September 1 of each year.

On May 19, 2026, the parties to the A&R Credit Agreement entered into a Third Amendment to Credit Agreement to increase the borrowing base and elected commitment amount from \$120 million to \$125 million. The redetermination of the borrowing base pursuant to the Third Amendment constituted the redetermination originally scheduled for on or about December 1, 2025, with the next redetermination scheduled to occur on or about July 1, 2026.

In connection with the closing of the Mergers, the Company drew \$87 million under the A&R Credit Agreement (see Note 7 – Merger Acquisition above), representing the outstanding balance as of December 31, 2025. The Company subsequently borrowed an additional \$6.0 million on January 8, 2026 and \$5.0 million on February 5, 2026, representing an outstanding balance of \$98.0 million as of March 31, 2026. The proceeds from these borrowings were used to fund the Company’s participation in certain non-operated well operations and to pay other Company obligations. During Q2 2026, the Company paid \$13 million, resulting in an outstanding balance of \$85.0 million as of June 30, 2026.

NOTE 9 – DERIVATIVES

Derivative instruments are utilized to manage exposure to commodity price fluctuations and to achieve a more predictable cash flow in connection with oil and gas sales. These instruments limit exposure to declines in prices but also limit the benefits that would be realized if prices increased. The Company does not hold or issue derivative financial instruments for speculative trading purposes.

The Company may use a combination of commodity derivatives (costless collars, producer three-way collars, standalone put options, and fixed-price swaps) to manage exposure to commodity price volatility. Costless collar and three-way producer collar agreements are combinations of put and call options used to establish floor and ceiling commodity prices for a fixed volume of production during a certain time period. All collar agreements provide

for payments between the counterparties if the settlement price under the agreement exceeds the ceiling or if the settlement price under the agreement is below the floor. Standalone put options are floors that are purchased for a cost and provide that counterparties make payments to us if the settlement price is below the established floor. The fixed-price swap agreements call for payments to, or receipts from, counterparties depending on whether the index price of oil or natural gas for the period is greater or less than the fixed price established for the period contracted under the fixed-price swap agreement.

[Table of Contents](#)

On November 1, 2025, the Company assumed the derivative liabilities (novated hedges) associated with its Mergers (see Note 7 above) which are subject to master netting agreements. Additional derivative contracts with the same counterparty are also subject to netting. Still, in accordance with ASC 815, the Company will classify the fair value of all its derivative positions on a gross basis in its corresponding consolidated balance sheets.

The Company has not designated its derivative instruments as accounting hedges. Accordingly, changes in the fair value of outstanding derivatives and settlements of derivative contracts are recognized in earnings and included in “Other Income (Expense)” under the caption “Net income (loss) on derivative contracts” in the consolidated statements of operations.

Commodity derivative instruments	Location of gain (loss) recognized in income on derivative contracts	Three Months Ended June 30, 2026	Six Months Ended June 30, 2026
Realized gain (loss) on derivative contracts	Other income (expense) Net income (loss) on derivative contracts	\$ (8,100)	\$ (11,475)
Unrealized gain (loss) on derivative contracts	Other income (expense) Net income (loss) on derivative contracts	13,114	\$ (14,777)
Net income (loss) on derivative contracts		<u>\$ 5,014</u>	<u>\$ (26,252)</u>

“Derivative contract assets” and “Derivative contract liabilities” represent the estimated fair value of open derivative positions, which reflects the difference between current forward commodity prices and the contractual hedge prices for the remaining hedged volumes as of June 30, 2026 (the “mark-to-market” valuation).

[Table of Contents](#)

As of June 30, 2026, the Company had the following open crude oil and natural gas derivative contracts:

Crude Oil - Three Way Collars								
Date	Producer Three-Way Collars (Summary of Three Separate Contracts)				Participating Three-Way Collars (Summary of Three Separate Contracts)			
	Volume (Boe)	Put Sold (\$/Boe)	Put Bought (\$/Boe)	Call Sold (\$/Boe)	Volume (Boe)	Put Bought (\$/Boe)	Call Sold (\$/Boe)	Call Bought (\$/Boe)
3Q 2026	31,800	\$ 45.00	\$ 55.00	\$ 67.65	24,400	\$ 54.00	\$ 62.50	\$ 80.00
4Q 2026	29,700	\$ 45.00	\$ 55.00	\$ 67.65	66,900	\$ 54.00	\$ 62.50	\$ 80.00
FY 2026	61,500	\$ 45.00	\$ 55.00	\$ 67.65	91,300	\$ 54.00	\$ 62.50	\$ 80.00
1Q 2027	27,400	\$ 45.00	\$ 55.00	\$ 71.55	127,700	\$ 54.00	\$ 62.50	\$ 80.00
2Q 2027	26,200	\$ 45.00	\$ 55.00	\$ 71.55	163,700	\$ 54.00	\$ 62.50	\$ 80.00
3Q 2027	25,200	\$ 45.00	\$ 55.00	\$ 71.55	163,300	\$ 54.00	\$ 62.50	\$ 80.00
4Q 2027	24,200	\$ 45.00	\$ 55.00	\$ 71.55	129,800	\$ 54.00	\$ 62.50	\$ 80.00
FY 2027	103,000	\$ 45.00	\$ 55.00	\$ 71.55	584,500	\$ 54.00	\$ 62.50	\$ 80.00
1Q 2028	-	-	-	-	114,100	\$ 54.00	\$ 62.50	\$ 80.00
2Q 2028	-	-	-	-	128,000	\$ 54.00	\$ 62.50	\$ 80.00
3Q 2028	-	-	-	-	123,000	\$ 54.00	\$ 62.50	\$ 80.00
4Q 2028	-	-	-	-	39,100	\$ 54.00	\$ 62.50	\$ 80.00
FY 2028	-	-	-	-	404,200	\$ 54.00	\$ 62.50	\$ 80.00

Crude Oil - Swaps and Costless Collars					
Date	Swaps		Costless Collars		
	Volume (Boe)	Avg. Price (\$/Boe)	Volume (Boe)	Floor Price (\$/Boe)	Celing Price (\$/Boe)
3Q 2026	180,000	\$ 69.09	71,170	\$ 54.87	\$ 70.24
4Q 2026	105,000	\$ 68.51	77,083	\$ 54.63	\$ 68.55
FY 2026	285,000	\$ 68.87	148,253	\$ 54.75	\$ 69.36
1Q 2027	30,000	\$ 64.90	54,900	\$ 54.00	\$ 64.00
2Q 2027	30,000	\$ 64.90	9,900	\$ 54.00	\$ 64.00
3Q 2027	30,000	\$ 64.90	1,700	\$ 54.00	\$ 64.00
4Q 2027	30,000	\$ 64.90	1,800	\$ 54.00	\$ 64.00
FY 2027	120,000	\$ 64.90	68,300	\$ 54.00	\$ 64.00

Natural Gas					
Date	Swaps		Costless Collars		
	Volume (Boe)	Avg. Price (\$/Boe)	Volume (Boe)	Floor Price (\$/Boe)	Celing Price (\$/Boe)

Date	Volume (Mcf)	Avg. Price (\$/mcf)	Volume (Mcf)	Floor Price (\$/mcf)	Ceiling Price (\$/mcf)
3Q 2026	247,500	\$ 3.95	17,200	\$ 3.50	\$ 5.21
4Q 2026	234,100	\$ 3.95	18,700	\$ 3.50	\$ 5.21
FY 2026	481,600	\$ 3.95	35,900	\$ 3.50	\$ 5.21
1Q 2027	-	-	237,000	\$ 4.00	\$ 5.25
2Q 2027	209,000	\$ 3.74	16,900	\$ 4.00	\$ 5.12
3Q 2027	201,900	\$ 3.74	16,900	\$ 4.00	\$ 5.12
4Q 2027	151,200	\$ 3.74	11,500	\$ 4.00	\$ 5.12
FY 2027	562,100	\$ 3.74	282,300	\$ 4.00	\$ 5.23
1Q 2028	-	-	122,700	\$ 4.00	\$ 4.62
2Q 2028	118,100	\$ 3.49	-	-	-
3Q 2028	115,100	\$ 3.49	-	-	-
4Q 2028	37,900	\$ 3.49	-	-	-
FY 2028	271,100	\$ 3.49	122,700	\$ 4.00	\$ 4.62

[Table of Contents](#)
NOTE 10 – FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). Authoritative guidance establishes a framework for measuring fair value and requires that fair value measurements be classified and disclosed in one of the following categories:

- Level 1 – Observable inputs based on quoted market prices for identical assets or liabilities in active markets.
- Level 2 – Observable inputs other than Level 1, including quoted prices for similar assets or liabilities in active markets, quoted prices in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.
- Level 3 – Unobservable inputs for the asset or liability due to little or no market activity that are significant to the fair value measurement. These inputs reflect assumptions that market participants would use in pricing the asset or liability.

Assets and liabilities measured at fair value are classified based on the lowest level input that is significant to the measurement. The determination of the significance of inputs requires judgment and may affect the classification within the fair value hierarchy. There were no transfers between levels of the fair value hierarchy during any period presented.

The Company measures its derivative instruments at fair value on a recurring basis using a market approach. Fair value is estimated using observable commodity futures prices for the underlying commodities obtained from a third-party pricing source. These measurements are classified within Level 2 of the fair value hierarchy. The fair values of the Company's derivatives are not based on quoted prices for identical instruments in active markets.

The Company applies fair value guidance on a non-recurring basis to certain non-financial assets and liabilities, which are not measured at fair value on an ongoing basis but are subject to adjustment if events or changes in circumstances indicate impairment or other adjustments may be necessary.

The following table sets forth by level within the fair value hierarchy, the Company's financial assets and liabilities that were accounted for at fair value as of June 30, 2026 (in thousands).

	Level 1	Level 2	Level 3	Total
Assets				
Derivative contract assets	\$ -	\$ 8,663	\$ -	\$ 8,663
Liabilities				
Derivative contract liabilities	\$ -	\$ 12,754	\$ -	\$ 12,754

Derivative contracts listed above as Level 2 include fixed-price swaps and costless put/call collars that are carried at fair value. The Company classifies the net change in fair value of these positions under the caption "Net income (loss) on derivative contracts" in the consolidated statements of operations.

Asset retirement obligations. The fair value of asset retirement obligation is estimated using discounted cash flow projections with primarily Level 3 inputs, using numerous estimates, assumptions and judgments regarding such factors as the existence of a legal obligation, estimated plugging and abandonment costs, timing of remediation, the credit adjusted risk-free rate and inflation rate.

Merger Acquisition. On October 31, 2025, the Company completed the Mergers with the Acquired Companies, recording assets and liabilities at fair value. Oil and gas properties and asset retirement obligations were valued using discounted cash flows with primarily Level 3 inputs, including estimated future production based upon the estimation of reserves, future operating and development costs, future commodity prices (adjusted for basis differentials), and discount rates (see Note 7—Merger Acquisition).

[Table of Contents](#)

NOTE 11 – ASSET RETIREMENT OBLIGATIONS

The Company's asset retirement obligations primarily relate to the Company's portion of future plugging and abandonment costs for wells and related facilities. The following table presents the changes in the asset retirement obligations for the six months ended June 30, 2026 (in thousands):

	Six Months Ended June 30, 2026
Asset retirement obligation at beginning of period	\$ 8,811
Accretion expense	1,186
Liabilities settled	(226)
Changes in estimates, net	4,660
Asset retirement obligation at end of period	\$ 14,431
Less: current portion	743
Asset retirement obligation - long-term portion	\$ 13,688

In New Mexico, the Company, through its New Mexico operating subsidiary RAZO, has entered into a Stipulated Final Order ("SFO") with Director of the Oil and Gas Conservation Division of New Mexico (the "OCD") pursuant to which, among other things, RAZO agreed to reimburse the OCD for actual costs incurred by the OCD for plugging and abandoning approximately 299 inactive legacy wells in the Permian Basin Asset at a rate of \$2.00 per gross barrel of oil sold by RAZO during any production reporting period, subject to a minimum payment of \$30,000 per month by RAZO. RAZO has been timely paying each reimbursement invoice received from the OCD in accordance with the SFO and is in full compliance with the SFO. The SFO superseded all previous Agreed Compliance Orders, as amended, entered into by and between RAZO and the OCD. During the six months ended June 30, 2026, the Company reimbursed the OCD \$226,000 in plugging and abandoning costs related to the SFO.

NOTE 12 – COMMITMENTS AND CONTINGENCIES***Lease Agreements***

In December 2022, the Company entered into a lease agreement for approximately 5,200 square feet of office space in Houston, Texas, that commenced on September 1, 2023, which expires on February 28, 2027. The remaining monthly payments are approximately \$16,000 through the end of the lease.

The Company's office lease does not provide an implicit rate. Accordingly, the Company is required to use its incremental borrowing rate in determining the present value of lease payments based on the information available at the commencement date. The Company's incremental borrowing rate would reflect the estimated rate of interest that it would pay to borrow on a collateralized basis over a similar term, an amount equal to the lease payments in a similar economic environment. However, at the time of implementation, the Company did not maintain debt at the time, and in order to apply an appropriate discount rate, the Company used a borrowing rate obtained from a financial institution at which it maintains banking accounts.

Supplemental cash flow information related to the Company's operating office lease is included in the table below (in thousands):

	Six Months Ended June 30, 2026
Cash paid for amounts included in the measurement of lease liabilities	\$ 96

Supplemental balance sheet information related to operating leases is included in the table below (in thousands):

	June 30, 2026
Operating lease – right-of-use asset	\$ 124
Operating lease liabilities - current	\$ 125
Operating lease liabilities - long-term	-
Total lease liability	\$ 125

The remaining lease term for the Company's office lease is 8 months as of June 30, 2026, with discount rate of 7.90%.

Leasehold Drilling Commitments

The Company's oil and gas leasehold acreage is subject to expiration of leases if the Company does not drill and hold such acreage by production or otherwise exercises options to extend such leases, if available, in exchange for payment of additional cash consideration.

For the D-J Basin Assets, 16,138 total net acres were set to expire during 2026, of which 3,310 net acres expired during the first half of 2026, with 2,133 and 638 net acres set to expire for the years ending December 31, 2027 and 2028 respectively, and 8,081 net acres thereafter, if we fail to meet drilling commitments or obtain term assignment extensions (net to our direct ownership interest only).

For the PRB Assets, 4,822 total net acres were set to expire during 2026, of which 720 net acres expired during the first half of 2026, with 34,999 and 15,828 net acres set to expire for the years ending December 31, 2027 and 2028, respectively

All of the Company's acreage in the Permian Basin Assets is currently held by production. As such, no net acres are set to expire for the year ending December 31, 2026.

Other Commitments

Although the Company may, from time to time, be involved in litigation and claims arising out of its operations in the normal course of business, the Company is not currently a party to any material legal proceeding. In addition, the Company is not aware of any material legal or governmental proceedings against it or contemplated to be brought against it.

As part of its regular operations, the Company may become party to various pending or threatened claims, lawsuits and administrative proceedings seeking damages or other remedies concerning its commercial operations, products, employees and other matters.

Although the Company provides no assurance about the outcome of these or any other pending legal and administrative proceedings and the effect such outcomes may have on the Company, the Company believes that any ultimate liability resulting from the outcome of such proceedings, to the extent not otherwise provided for or covered by insurance, will not have a material adverse effect on the Company's financial condition or results of operations.

Milnesand Sale Dispute and Tilloo Note Default and Litigation

On November 9, 2023, in accordance with the sale of our then wholly-owned subsidiary EOR Operating Company ("EOR") to Tilloo Exploration and Production LLC ("Tiloo"), the Company entered into a five-year secured promissory note (the "Note") with Tiloo, bearing interest at 10% per annum, with no payments due until January 8, 2025, and fully-amortized payments due monthly over the remaining four years of the term thereafter until maturity. The Note contains customary events of default and is secured by a lien over all the assets and capital shares of EOR created under a Security Agreement, a Security Agreement (Pledge of Corporate Securities), and a Mortgage entered into by and between the Company and Tiloo.

Tiloo failed to make its initial installment payment on January 8, 2025, and has not made any subsequent payments as of December 31, 2025. The Company issued a notice of default under the Note to Tiloo in mid-January 2025, and sought to work with Tiloo into April 2025, in an effort to either restructure the Note or arrange for the sale of the assets securing the same to an unaffiliated third-party buyer, with proceeds of such sale to be applied toward repayment of the Note. On September 18, 2025, Tiloo filed a civil lawsuit against the Company in the District Court of Harris County, Texas, alleging breach of contract, fraudulent inducement, and negligent misrepresentation. In November 2025, the Company issued to Tiloo a notice of acceleration and demand for payment under the Note and also filed a counterclaim against Tiloo for breach of contract seeking full recovery under the Note. In February 2026, the Company filed a motion for summary judgement with respect to Tiloo's claims and the Company's counterclaims asserted against Tiloo for breach of contract related to the Note. The court denied that motion. The Company has filed a motion for reconsideration and, in the alternative, to certify the motion for summary judgment ruling for immediate appeal. Discovery is ongoing, with trial set for March 1, 2027. The Company does not anticipate that the Company will incur any material losses related to this matter.

Phoenix Litigation

Upon the consummation of the Mergers, effective October 31, 2025, a wholly-owned subsidiary of NPOG, Navigation Powder River, LLC ("NPRLLC"), became an indirect wholly-owned subsidiary of the Company. On July 31, 2025, NPRLLC and Phoenix Energy One, LLC ("Phoenix") entered into that certain Purchase and Sale Agreement (the "Phoenix PSA") whereby NPRLLC agreed to sell to Phoenix certain oil and gas properties located in Campbell and Converse Counties, Wyoming. On September 10, 2025, NPRLLC filed a Petition against Phoenix in the Eleventh Division of the Texas Business Court (Navigation Powder River, LLC v. Phoenix Energy One, LLC) alleging a breach of contract by Phoenix Energy for its failure to consummate the transactions contemplated by the Phoenix PSA (the "Phoenix Litigation"). On June 1, 2026, the parties entered into a Settlement Agreement (the "Phoenix Settlement Agreement") whereby the parties settled all disputes arising under the Phoenix PSA, and exchanged mutual releases related thereto, with Phoenix agreeing to pay to NPRLLC (i) \$2.0 million on June 26, 2026 (which amount has been paid and received), (ii) \$2.0 million on July 6, 2026 (which amount has been paid and received), (iii) \$1.75 million on July 30, 2026 (which amount has been paid and received), and (iv) \$1,000,000 on September 30, 2026. NPRLLC also retains the \$250,000 first payment already received under the Phoenix PSA. Upon receipt of the \$1.75 million payment on July 30, 2026, Phoenix filed the Assignment and Bill of Sale transferring the assets subject to the Phoenix PSA from NPRLLC to Phoenix, as originally contemplated under the Phoenix PSA. Upon receipt of the final \$1.0 million payment on September 30, 2026, NPRLLC is required to dismiss the Phoenix Litigation with prejudice.

The Company's receipt of \$2.0 million on June 26, 2026 has been classified as a deposit on sale of oil and gas property within the consolidated balance sheet as of June 30, 2026.

NOTE 13 – SHAREHOLDERS' EQUITY

All share and per-share amounts presented below have been retroactively adjusted to reflect the 1-for-20 reverse stock split effected on March 13, 2026.

Series A Convertible Preferred Stock

As part of the Mergers, the Company issued newly designated Series A Convertible Preferred Stock of the Company in two separate transactions. First, in connection with the Mergers, 10,650,000 shares of Series A Convertible Preferred Stock were issued to Century and North Peak in exchange for their interests in the Acquired Companies (the "Merger Shares"). These Merger Shares were fully paid and nonassessable and were designed to automatically convert into common stock at a 0.5-to-1 ratio yielding 5,325,000 shares upon full conversion (see Note 7 – Merger Acquisition above for the purchase price consideration allocated to the aforementioned Series A Convertible Preferred Stock issuance).

In addition, concurrently with the Mergers, certain investors (the “PIPE Investors”) purchased 6,363,637 shares of the same Series A Convertible Preferred Stock at \$5.50 per share (\$11.00 per share of common stock issuable upon conversion thereof, on a post-reverse stock split basis) under subscription agreements (“PIPE Preferred Shares”). Like the Merger Shares, these PIPE Preferred Shares were convertible into common stock at a 0.5-to-1 ratio, yielding 3,181,818 shares upon full conversion. The PIPE Investors included (a) The SGK 2018 Revocable Trust, a family trust of which Dr. Simon Kukes, the then Executive Chairman of PEDEVCO is trustee and beneficiary (\$15,409,977); (b) American Resources, Inc., an entity partially owned and controlled by J. Douglas Schick, the Chief Executive Officer, President and member of the Board (\$250,003); (c) Clark R. Moore, the Executive Vice President, General Counsel and Secretary of the Company (\$25,003); (d) John J. Scelfo Revocable Trust Dated October 8, 2003, a trust of which John J. Scelfo, a then member of the Board, is trustee and beneficiary (\$550,000); (e) Jody D. Crook, the Chief Commercial Officer of the Company (\$25,003); (f) J PED, LLC, an entity affiliated with Juniper Capital Advisors, L.P. (“Juniper”) (\$18,550,004); (g) Reagan T. Dukes, the then Chief Executive Officer of the Acquired Companies, who was appointed Chief Operating Officer of PEDEVCO at the closing of the Mergers (\$52,503) and (h) Robert J. Long, the then Chief Financial Officer of the Acquired Companies, who was appointed Chief Financial Officer, Treasurer and Principal Accounting/Financial Officer of the Company at the closing of the Mergers (\$52,503). The PIPE Preferred Share investment (the “PIPE Financing”) closed concurrently with the Mergers and the \$35.0 million of net proceeds raised by the Company pursuant to the PIPE Financing was used to pay off certain liabilities of the Acquired Companies in connection with the Mergers and certain expenses of the PIPE Financing and Mergers.

In both preferred stock issuances noted above, the preferred stock functioned as a temporary equity instrument that subsequently and automatically converted into 8,506,818 shares of common stock on February 27, 2026. The Company has no preferred stock issued or outstanding subsequent to that date.

Common Stock

As noted above, 17,013,637 shares of Series A preferred stock automatically converted into 8,506,818 shares of the Company’s common stock on February 27, 2026.

NOTE 14 – SHARE-BASED COMPENSATION

The Company measures the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award over the vesting period.

Restricted Stock Awards

The Company grants restricted stock awards to employees and directors. As of June 30, 2026, all restricted stock awards are accounted for as equity-classified awards. The grant-date fair value is recognized as compensation cost on a straight-line basis over the requisite service period and forfeitures are accounted for as they occur.

The following table summarizes activity for nonvested restricted stock awards for the period presented:

		Number of Awards	Weighted- Average Grant-Date Fair Value (\$)
Nonvested Awards			
Nonvested at January 1, 2026		292,243	\$ 13.61
Granted		11,731	\$ 12.36
Vested		(38,901)	\$ 15.18
Forfeited*		(24,693)	\$ 15.92
Nonvested at June 30, 2026		240,380	\$ 13.06

*To satisfy employee tax withholding obligations, these shares were surrendered and cancelled and were recorded as a reduction to additional paid-in capital.

Stock-based compensation expense recorded related to the vesting of restricted stock for the three and six months ended June 30, 2026, was \$364,000 and \$836,000, respectively. The remaining unamortized stock-based compensation expense related to our restricted stock units at June 30, 2026 was \$1.4 million.

[Table of Contents](#)

Restricted Stock Units

The Company grants restricted stock units (“RSU”) to employees and directors. As of June 30, 2026, all RSU grants are accounted for as equity-classified awards. The grant-date fair value is recognized as compensation cost on a straight-line basis over the requisite service period and forfeitures are accounted for as they occur.

The following table summarizes activity for nonvested restricted stock awards for the period presented:

		Number of Awards	Weighted- Average Grant-Date Fair Value (\$)
Nonvested Awards			
Nonvested at January 1, 2026		-	-
Granted		103,790	\$ 12.24
Vested		-	-
Forfeited*		(10,830)	\$ 12.04

Stock-based compensation expense recorded related to the vesting of RSUs for the three and six months ended June 30, 2026, was \$22,000. The remaining unamortized stock-based compensation expense related to our restricted stock units at June 30, 2026 was \$1.1 million.

Performance Based Restricted Stock Units

In June 2026, the Company began granting performance based restricted stock units (“PBRsUs”) to certain employees. PBRsUs contain both market and service vesting conditions and are accounted for as equity-classified stock-based compensation awards. Vesting of PBRsUs can range from 0% to 200% of the target awards granted based on the Company’s relative total shareholder return as compared to the total shareholder return of the Company’s performance peer group over the applicable performance period.

The grant-date fair value of the PBRsUs was estimated using a Monte Carlo simulation model. The model incorporated certain assumptions, including the expected term, expected stock price volatility of the Company and its peer group, correlation coefficients between the Company and each peer group company, the risk-free interest rate, and the expected dividend yield. The expected term is based on the time remaining in the performance period as of the grant date. Expected volatilities for the Company and each peer group company were estimated using historical stock price volatility over a period consistent with the remaining performance period as of the grant date. The risk-free interest rate is based on the yield of the U.S. Treasury Constant Maturity for a term consistent with the remaining performance period. The expected dividend yield is based on management's expectation that the Company will not declare or pay cash dividends during the remaining performance period.

The table below reflects the ranges for the assumptions used in the Monte Carlo model for the PBRsUs:

Expected volatility	62.8%
Expected dividend yield	0%
Risk-free interest rate	4.2%

The grant-date fair value is recognized as compensation cost on a straight-line basis. The Company recognizes compensation cost over the requisite service or performance period. The Company accounts for forfeitures as they occur.

Compensation costs related to PBRsUs are recorded as general and administrative expense. The unrecognized cost associated with PBRsU awards was \$0.6 million at June 30, 2026. The Company expects to recognize the unrecognized compensation cost for PBRsU awards over a weighted-average period of approximately 2.5 years.

The following table summarizes information regarding the PBRsU activity for the period presented:

	Number of Units	Weighted Average Grant-Date Fair Value per Unit ⁽¹⁾
PBRsUs outstanding at December 31, 2025	-	\$ -
Granted ⁽²⁾	40,110	\$ 16.64
Forfeited	(1,200)	\$ 16.51
Vested	-	\$ -
PBRsUs outstanding at June 30, 2026	38,910	\$ 16.65

(1) Determined by dividing the aggregate grant-date fair value of awards by the number of awards issued.

(2) The aggregate grant-date fair value of PSUs issued for the six months ended June 30, 2026 was \$0.7 million

[Table of Contents](#)

Options

During the six months ended June 30, 2026, no stock options were granted, and the Company recognized stock option expense of \$39,000. The remaining amount of unamortized stock options expense at June 30, 2026 was \$61,000.

The intrinsic value of outstanding and exercisable options at June 30, 2026 was \$0.

Option activity during the six months ended June 30, 2026, was:

	Number of Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contract Term (Years)
Outstanding at December 31, 2025	104,200	\$ 20.09	2.3
Expired/canceled	(16,000)	\$ 27.66	
Outstanding at June 30, 2026	88,200	\$ 18.72	2.2
Exercisable at June 30, 2026	65,063	\$ 19.74	1.8

Earnings (loss) per common share-basic is calculated by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period. Net income (loss) per common share-diluted assumes the conversion of all potentially dilutive securities and is calculated by dividing net income (loss) by the sum of the weighted average number of shares of common stock, as defined above, outstanding plus potentially dilutive securities. Net income (loss) per common share-diluted considers the impact of potentially dilutive securities except in periods in which there is a loss because the inclusion of the potential common shares, as defined above, would have an anti-dilutive effect.

The calculation of earnings (loss) per share for the periods indicated below were as follows (amounts in thousands, except share and per share data):

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Numerator:				
Net income (loss)	\$ 17,454	\$ (1,676)	\$ (8,173)	\$ (1,536)
Effect of common stock equivalents	-	-	-	-
Net income (loss) adjusted for common stock equivalents	<u>\$ 17,454</u>	<u>\$ (1,676)</u>	<u>\$ (8,173)</u>	<u>\$ (1,536)</u>
Denominator:				
Weighted average common shares – basic	13,300,231	4,570,178	10,620,121	4,556,866
Dilutive effect of common stock equivalents:				
Options, RSUs and PBRsUs	-	-	-	-
Denominator:				
Weighted average common shares – diluted	<u>13,300,231</u>	<u>4,570,178</u>	<u>10,620,121</u>	<u>4,556,866</u>
Earnings (loss) per common share – basic	<u>\$ 1.31</u>	<u>\$ (0.37)</u>	<u>\$ (0.77)</u>	<u>\$ (0.34)</u>
Earnings (loss) per common share – diluted	<u>\$ 1.31</u>	<u>\$ (0.37)</u>	<u>\$ (0.77)</u>	<u>\$ (0.34)</u>

[Table of Contents](#)

For the three and six months ended June 30, 2026, and 2025, share equivalents related to options to purchase 88,200 and 2,294,000 shares of common stock, respectively, were excluded from the computation of diluted net income per share as the inclusion of such shares would be anti-dilutive.

NOTE 16 – INCOME TAXES

The effective tax rates for the six months ended June 30, 2026 and 2025 was (1.7%) and 21.3%, respectively. The difference between the statutory U.S. federal income tax rate of 21% and the effective tax rate for the six months ended June 30, 2026 was primarily attributable to the change in the valuation allowance recorded for the period, which was not recorded in previous period.

The Company's current income tax benefit (expense) was (\$9,000) and (\$37,000) for the three and six months ended June 30, 2026, respectively. The Company had no current income tax benefit (expense) for the three and six months ended June 30, 2025.

The Company's deferred income tax benefit (expense) was (\$1.0 million) and (\$121,000) for the three and six months ended June 30, 2026, respectively. The Company's deferred income tax benefit (expense) was \$490,000 and \$414,000 for the three and six months ended June 30, 2025, respectively.

NOTE 17 — SEGMENT INFORMATION

Operating segments are defined as components of an enterprise for which separate financial information is available and regularly evaluated by the Chief Operating Decision Maker ("CODM") for the purpose of making key operating decisions, allocating resources, and assessing operating performance. The Company operates in one reportable operating segment, oil and natural gas development, exploration and production. The Company's oil and gas properties are managed as a whole rather than through discrete operating segments. Financial and operational information is tracked by geographic area; however, financial performance is assessed as a single enterprise and not on a geographic basis. Allocation of resources is made on a project basis across the Company's entire portfolio without regard to geographic area, and considers among other things, return on investment, current market conditions, including commodity prices and market supply, availability of services and human resources, and contractual commitments. The Company's President and Chief Executive Officer is its CODM.

The Company's profitability measure is consolidated net income which is used to assess budgeted versus actual results and drives the Company's operating cash flow. The CODM reviews significant consolidated forecasts and results of operations, including return on capital, operating expenses, and cash flow when making decisions such as the allocation of capital. The financial position, results of operations and cash flows of the Company's reportable operating segment are consistent with the Company's consolidated financial statements included herein.

NOTE 18 — SUBSEQUENT EVENTS

On July 30, 2026, the Company entered into a Purchase and Sale Agreement to sell its interests in certain properties within Weld County, Colorado. In exchange for the sale and transfer of its interests, the Company received \$2.5 million.

On August 5, 2026, the Company entered into a Membership Interest Purchase Agreement to sell its interests in Pine Haven effective July 1, 2026. In exchange for the sale and transfer of its interests, the Company agreed to pay the buyer an aggregate purchase price equal to \$3.8 million. Upon close, the Company will pay \$0.5 million. The balance of the purchase price will be paid by installment payments through August 2028.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introduction

The following is management’s discussion and analysis of the significant factors that affected the Company’s financial position and results of operations during the periods included in the accompanying unaudited consolidated financial statements. You should read this in conjunction with the discussion under “[Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations](#)” and the audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2025, and the unaudited consolidated financial statements included in this quarterly Report.

Certain abbreviations and oil and gas industry terms used throughout this Quarterly Report are described and defined in greater detail under “[Glossary of Oil And Natural Gas Terms](#)” on page 5 of our [Annual Report on Form 10-K](#) for the year ended December 31, 2025, as filed with the Securities and Exchange Commission on March 31, 2026.

Our fiscal year ends on December 31st. Interim results are presented on a quarterly basis for the quarters ended March 31st, June 30th, and September 30th, the first quarter, second quarter and third quarter, respectively, with the quarter ending December 31st being referenced herein as our fourth quarter. Fiscal 2026 means the year ended December 31, 2026, whereas fiscal 2025 means the year ended December 31, 2025.

Certain capitalized terms used below but not otherwise defined, are defined in, and shall be read along with the meanings given to such terms in, the notes to the unaudited financial statements of the Company for the three and six months ended June 30, 2026, above.

Unless the context requires otherwise, references to the “[Company](#),” “[we](#),” “[us](#),” “[our](#),” “[PEDEVCO](#)” and “[PEDEVCO Corp.](#)” refer specifically to PEDEVCO Corp. and its wholly and majority-owned subsidiaries.

In addition, unless the context otherwise requires and for the purposes of this Report only:

- “[Boe](#)” refers to barrels of oil equivalent, determined using the ratio of one Bbl of crude oil, condensate or natural gas liquids, to six Mcf of natural gas;
- “[Bopd](#)” refers to barrels of oil day;
- “[Mcf](#)” refers to a thousand cubic feet of natural gas;
- “[NGL](#)” refers to natural gas liquids;
- “[Exchange Act](#)” refers to the Securities Exchange Act of 1934, as amended;
- “[SEC](#)” or the “[Commission](#)” refers to the United States Securities and Exchange Commission;
- “[SWD](#)” means a saltwater disposal well; and
- “[Securities Act](#)” refers to the Securities Act of 1933, as amended.

Available Information

The Company’s Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to reports filed pursuant to Sections 13(a) and 15(d) of the Exchange Act, are filed with the SEC. The Company is subject to the informational requirements of the Exchange Act and files or furnishes reports, proxy statements and other information with the SEC. Such reports and other information filed by the Company with the SEC are available free of charge at our website ([www.pedevco.com](#)) under “[Investors](#)” – “[SEC Filings](#)”, when such reports are available on the SEC’s website. The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at [www.sec.gov](#). The Company periodically provides other information for investors on its corporate website, [www.pedevco.com](#). This includes press releases and other information about financial performance, information on corporate governance and details related to the Company’s annual meeting of shareholders. The information contained on the websites referenced in this Form 10-Q is not incorporated by reference into this filing. Further, the Company’s references to website URLs are intended to be inactive textual references only.

Summary of The Information Contained in Management’s Discussion and Analysis of Financial Condition and Results of Operations

Our Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is provided in addition to the accompanying consolidated financial statements and notes to assist readers in understanding our results of operations, financial condition, and cash flows. Our MD&A is organized as follows:

- **General Overview.** Discussion of our business and overall analysis of financial and other highlights affecting us, to provide context for the remainder of our MD&A.
- **Strategy.** Discussion of our strategy moving forward and how we plan to seek to increase stockholder value.
- **Results of Operations and Financial Condition.** An analysis of our financial results comparing the three and six-month periods ended June 30, 2026 and 2025, and a discussion of changes in our consolidated balance sheets, cash flows and a discussion of our financial condition.

- **Critical Accounting Estimates.** Accounting estimates that we believe are important to understanding the assumptions and judgments incorporated in our reported financial results and forecasts.

General Overview

We are an oil and gas company focused on the acquisition and development of oil and natural gas assets where the latest in modern drilling and completion techniques and technologies have yet to be applied. In particular, we focus on legacy proven properties where there is a long production history, well defined geology and existing infrastructure that can be leveraged when applying modern field management technologies. Our current properties are located in the Denver-Julesburg Basin (“D-J Basin”) in Colorado and Wyoming, the Powder River Basin (the “Powder River Basin” or “PRB”) in Wyoming, and in the San Andres formation of the Permian Basin situated in West Texas and eastern New Mexico (the “Permian Basin”).

As of June 30, 2026, we held approximately 88,605 net acres in the D-J Basin located in Weld and Morgan Counties, Colorado and Laramie County, Wyoming, through our wholly-owned subsidiaries, PRH Holdings LLC (“PRH”) and North Peak Oil & Gas, LLC (“NPOG”) (the “D-J Basin Asset”), which assets are operated by the Company’s wholly-owned operating subsidiaries, Red Hawk Petroleum, LLC (“Red Hawk”), North Silo Resources, LLC (“NSR”), and Longs Peak Resources, LLC (“LPR”). On April 3, 2025, effective January 1, 2025, the Company sold all of its legacy 17 gross (15.4 net) operated wells in the D-J Basin in order to reduce plugging and abandonment liabilities and recurring operating expenses. The Company retained ownership of the associated leasehold interests, as these legacy wells no longer provided meaningful oil and gas production.

As of June 30, 2026, the Company held approximately 202,380 net acres in the Powder River Basin, predominantly located in Campbell County, Wyoming, through its wholly-owned subsidiary Century Oil and Gas Sub-Holdings, LLC (“COG”). These assets are operated by the Company’s wholly-owned operating subsidiaries, COG, Navigation Powder River, LLC (“NPR”), and Pine Haven Resources, LLC (“Pine Haven”), and are referred to as the “Powder River Basin Asset” or the “PRB Asset.”

[Table of Contents](#)

As of June 30, 2026, we held approximately 14,505 net acres in the Permian Basin located in Chaves and Roosevelt Counties, New Mexico, through our wholly-owned subsidiary, Pacific Energy Development Corp. (“PEDCO”). These assets are operated by our wholly-owned operating subsidiary, Ridgeway Arizona Oil Corp. (“RAZO”), and are collectively referred to as our “Permian Basin Asset.”

As of June 30, 2026, we held interests in 184 gross (79.4 net) wells, consisting of 180 producing wells, three saltwater disposal wells, and one drilled but uncompleted wells (“DUCs”) in the D-J Basin Asset. Of these wells, 74 gross (66.9 net) were operated, and 110 gross (12.5 net) were non-operated. In the PRB Asset, we held interests in 156 gross (135.4 net) wells, consisting of 140 producing wells, 15 injection wells, and one saltwater disposal well. Of these wells, 16 gross (1.4 net) were non-operated. In the Permian Basin, we held interests in 38 gross (34.5 net) wells consisting of 34 producing wells, two injection wells, and two saltwater disposal wells.

Strategy

We believe that horizontal development and exploitation of conventional and unconventional oil and gas assets in the Rockies region, including the D-J and Powder River Basins, and the Permian Basin, represent among the most economic oil and natural gas plays in the U.S. We plan to optimize our existing assets and opportunistically seek additional acreage proximate to our currently held core acreage, as well as target other acquisitions in the Rockies region that fit our acquisition criteria. We believe there is a significant opportunity to build a leading oil and gas company in the Rockies region through both organic growth and acquisitions on terms that are more attractive than what we see in other oil and gas producing basins.

Specifically, we seek to increase stockholder value through the following strategies:

- **Grow production, cash flow and reserves by developing our operated drilling inventory and participating opportunistically in non-operated projects.** We believe our extensive inventory of drilling locations in the D-J Basin, Powder River Basin, and Permian Basin, combined with our operating expertise, will enable us to continue to deliver accretive production, cash flow and reserves growth. We believe the location, concentration and scale of our core leasehold positions, coupled with our technical understanding of the reservoirs, will allow us to efficiently develop our core areas and to allocate capital to maximize the value of our resource base.
- **Apply modern drilling and completion techniques and technologies.** We own and intend to acquire additional properties that have been historically underdeveloped and underexploited. We believe our attention to detail and application of the latest industry advances in horizontal drilling, completions design, frac intensity and locally optimal frac fluids will allow us to successfully develop our properties.
- **Optimization of development plans, well density and configuration.** We own properties that are located in oil and gas producing basins that are geologically well defined, characterized by widespread vertical and horizontal development and geological well control. We utilize the extensive geological, petrophysical and production data of such properties to confirm optimal development plans, well spacing and configuration using modern reservoir evaluation methodologies.
- **Maintain a high degree of operational control and/or form partnerships which allow for a high degree of control over non-operated properties.** We believe that by retaining operational control and/or by forming partnerships which require consent and input by all partners in major development projects, we can efficiently manage the timing and amount of our capital expenditures and operating costs, and thus key in on the optimal drilling and completions strategies, which we believe will generate higher recoveries and greater rates of return per well.
- **Leverage extensive deal flow, technical and operational experience to evaluate and execute accretive acquisition opportunities.** Our management and technical teams have an extensive track record of forming, buying, building and selling oil and gas businesses. We also have significant expertise in successfully sourcing, evaluating and executing acquisition opportunities. We believe our understanding of the business, financial, geology, geophysics and reservoir properties of potential acquisition targets will allow us to identify and acquire highly prospective acquisitions and leasing opportunities in order to grow our reserve base and maximize stockholder value.
- **Preserve financial flexibility to pursue organic and external growth opportunities.** We intend to maintain a disciplined financial profile in order to provide flexibility across various commodity and market cycles.

[Table of Contents](#)

Our strategy is to be the operator and/or a significant working interest owner, directly or through our subsidiaries and joint ventures, in the majority of our acreage so we can dictate the pace of development in order to execute our business plan. In areas we deem highly economic and do not have a high enough working interest to serve as operator, we seek to participate in projects if returns match or exceed other projects in our portfolio. Due to the fragmented nature of acreage positions in some of our holdings, our ownership interest does not always allow us to serve as the operator. Our net capital expenditures for 2026 are estimated at the time of this filing to range between \$16 million to \$20 million. This estimate includes a range of \$6 million to \$7 million for drilling and completion costs on our D-J Basin Assets (of which approximately \$3 million is carry over from our 2025 program) and approximately \$10 million to \$13 million in estimated capital expenditures for optimization projects on the newly acquired assets from the Mergers. These optimization projects include jet pump to rod pump or gas lift conversions, electronic submersible pump (ESP) to rod pump conversions, compression optimization projects, recompletions, and well cleanouts that are expected to materially lower lease operating expenses on our operated assets going forward. Other minor capital expenditures included in these figures are leasing, facilities, remediation and other miscellaneous capital expenses. We anticipate that approximately 90% of our expected capital expenditures for 2026 will be allocated to the D-J Basin and 10% will be allocated collectively to the Powder River and Permian Basin. These estimates do not include any expenditures for acquisitions or other projects that may arise but are not currently anticipated. We are also currently evaluating future development plans for late 2026 and 2027, as we integrate the assets and operations acquired in the Mergers and work to execute the near-term optimization program outlined above. We periodically review our capital expenditures and adjust our capital forecasts and allocations based on liquidity, drilling results, leasehold acquisition opportunities, partner non-consents, proposals from third party operators, and commodity prices, while prioritizing our financial strength and liquidity.

We plan to continue to evaluate D-J Basin non-operated well proposals as received from third party operators and participate in those we deem most economic and prospective. If new proposals are received that meet our economic thresholds and require material capital expenditures, we have flexibility to expand our capital program or move capital from our operated D-J Basin, Powder River Basin, and Permian Basin assets, allowing for flexibility on timing of development. Our 2026 development program is based upon our current outlook for the year and is subject to revision, if and as necessary, to react to market conditions, product pricing, contractor availability, requisite permitting, capital availability, partner non-consents, capital allocation changes between assets, acquisitions, divestitures and other adjustments determined by the Company in the best interest of its shareholders while prioritizing our financial strength and liquidity.

We expect that we will have sufficient cash available to meet our needs over the next 12 months after the filing of this report and in the foreseeable future, including to fund the remainder of our 2026 development program, discussed above, which cash we anticipate being available from (i) projected cash flow from our operations, (ii) existing cash on hand, (iii) public or private debt or equity financings, including up to \$7.6 million in securities which we may sell in the future in “at the market offerings”, pursuant to a Sales Agreement entered into on December 20, 2024, with Roth Capital Partners, LLC (the “Lead Agent”), and A.G.P./Alliance Global Partners (“AGP” and, together with the Lead Agent, the “Agents”) discussed in greater detail below under “Liquidity and Capital Resources—Financing” (under which we have sold 24,498 shares of common stock to date at a sales prices ranging between \$14.32 to \$16.02 per share), and (iv) funding through credit or loan facilities, including under the Company’s A&R Credit Agreement with Citibank, N.A., as administrative agent, which currently provides a borrowing base of \$125 million and an aggregate maximum revolving credit amount of \$250 million (of which \$85 million has been drawn down by the Company to date), as discussed in greater detail below under “Amended and Restated Credit Agreement”. In addition, we may seek additional funding through asset sales, farm-out arrangements, and credit facilities to fund potential acquisitions during the remainder of 2026.

[Table of Contents](#)

[Participations Agreements Related to D-J Basin Assets](#)

On August 21, 2024, the Company, through PRH, entered into a five-year Participation Agreement with a large private equity-backed D-J Basin exploration and production company with extensive operational experience (“Joint Development Party”), whereby the Joint Development Party assigned to PRH a 30% interest in approximately 7,607 net acres of existing oil and gas leases and PRH assigned to the Joint Development Party a 70% interest in approximately 3,166 net acres of oil and gas leases, all located within the SW Pony Prospect in the D-J Basin in Weld County, Colorado. Additionally, to facilitate joint development of the SW Pony Prospect, the parties agreed to an Area of Mutual Interest covering approximately 16,900 gross acres wherein the parties have the opportunity to participate in subsequent leasehold acquisitions proportionate to their working interest under the Participation Agreement. Each party’s participation is based on their proportionate share of the total acquisition cost. The Company participated in six wells which were drilled and completed in 2024 (the Harlequin wells), and four wells which were drilled and completed in the fourth quarter of 2025 (three Mavericks wells and one Jaws well), all of which were within this Area of Mutual Interest.

In February 2025, the Company entered into a Joint Development Agreement with a large, Denver, Colorado-based private equity-backed D-J Basin exploration and production (E&P) Company with extensive operational experience (the “Operator”), pursuant to which the parties agreed to jointly participate in the expansion and development of the Company’s Roth and Amber drilling spacing units (DSUs) located in Weld County, Colorado, with the Operator paying to the Company \$1.7 million, the Company agreeing to amend the Company’s existing Roth and Amber DSUs to increase each to 1,600 acres and transferring operatorship of the DSUs to the Operator, and the parties agreeing to jointly participate in the development of the Roth and Amber DSUs. The Roth wells were drilled and completed in the fourth quarter of 2025. The Operator had until May 10, 2026, to make an election to acquire up to 50% of the Company’s working interest in the Amber DSU at an acquisition price of approximately \$2.5 million but did not make this election.

[Merger Agreement](#)

On October 31, 2025 (the “Closing”), the Company completed the transactions contemplated by that certain Agreement and Plan of Merger, dated October 31, 2025 (the “Merger Agreement”), by and among the Company; NP Merger Sub, LLC, a wholly owned subsidiary of the Company (the “First Merger Sub”); COG Merger Sub, LLC, a wholly owned subsidiary of the Company (the “Second Merger Sub”); NPOG; COG; and, solely for purposes of specified provisions therein, North Peak Oil & Gas Holdings, LLC (“North Peak”).

Pursuant to the Merger Agreement, (i) the First Merger Sub merged with and into NPOG, with NPOG surviving as a wholly-owned subsidiary of PEDEVCO, and (ii) the Second Merger Sub merged with and into COG, with COG surviving as a wholly-owned subsidiary of PEDEVCO.

Subject to the terms and conditions of the Merger Agreement, all of the issued and outstanding limited liability company interests of each of NPOG and COG were automatically converted into the right to receive an aggregate of 10,650,000 validly issued, fully paid and nonassessable shares of newly designated Series A Convertible Preferred Stock of the Company (the “Merger Preferred Shares”), par value \$0.001 per share (the “Series A Preferred Stock”), which shares were issued to Century Oil and Gas Holdings, LLC, a Delaware limited liability company (“Century”) and North Peak. The Series A Preferred Stock automatically converted into shares of common stock of the Company, par value \$0.001 per share (the “Automatic Conversion”), at a ratio of 0.5-to-1, effective February 27, 2026, following the expiration of the twenty calendar day period commencing on the distribution of an information statement to the Company’s shareholders in accordance with Rule 14c-2 of Regulation 14C promulgated under the Exchange Act (the “Automatic Conversion Date”). On the Automatic Conversion Date, the Merger Preferred Shares converted into an aggregate of 5,325,000 shares of Company common stock.

[Table of Contents](#)

[Amended and Restated Credit Agreement](#)

On October 31, 2025, the Company entered into an Amended and Restated Credit Agreement (the “A&R Credit Agreement”), which amended and restated that prior senior secured revolving credit agreement entered into on September 11, 2024 (the “Original Credit Agreement”) among the Company, as borrower, Citibank, N.A., as administrative agent (the “Administrative Agent”), and the lenders from time to time party thereto (the “Lenders”).

The A&R Credit Agreement has a maturity date of October 31, 2029. The A&R Credit Agreement provides for an initial borrowing base and aggregate elected commitments of \$120 million and an aggregate maximum revolving credit amount of \$250 million. The borrowing base is scheduled to be redetermined semiannually on or about April 1 and October 1 of each calendar year, commencing on April 1, 2026, and is subject to additional adjustments from time to time, including, for certain asset sales, elimination or reduction of hedge positions and title defects.

The A&R Credit Agreement contains additional restrictive covenants that limit the ability of the Company and its subsidiaries to, among other things, incur additional indebtedness, incur additional liens, enter into mergers and consolidations, make or declare dividends, make investments and loans, engage in transactions with affiliates.

On December 2, 2025, the parties to the A&R Credit Agreement entered into a First Amendment to Credit Agreement, which amended the A&R Credit Agreement to add an additional lender and re-allocate commitments among the lender group, which amendment was deemed immaterial by the Company.

On May 5, 2026, the parties to the A&R Credit Agreement entered into a Second Amendment to Credit Agreement which, among other amendments set forth therein, (i) amended the definition of “EBITDAX” to (A) update the cap on permitted transaction cost add-backs to EBITDAX for any acquisition or disposition of the Company’s oil and gas properties which form the collateral for the agreement, to the greater of \$6,000,000 or five percent (5%) of the then-current borrowing base (currently \$120 million), and (B) add back an estimated EBITDAX for the month of October 2025 attributable to the companies acquired in by the Company in October 2025 from Juniper Capital Advisors, L.P. for any test period that includes the fiscal quarter ended December 31, 2025; (ii) amended the definition of “Test Period” to provide for annualization of EBITDAX beginning with the Test Period ended December 31, 2025, building to a full trailing twelve-month calculation for the Test Period ending September 30, 2026; (iii) revised the borrowing base redetermination schedule so that the next scheduled redetermination occurs on or about July 1, 2026, with semi-annual redeterminations thereafter on or about April 1 and October 1 of each year; and (iv) updated the reserve report delivery schedule so that the next reserve report is due on or about June 1, 2026, with subsequent reports thereafter due on or about March 1 and September 1 of each year.

On May 19, 2026, the parties to the A&R Credit Agreement entered into a Third Amendment to Credit Agreement to increase the borrowing base and elected commitment amount from \$120 million to \$125 million. The redetermination of the borrowing base pursuant to the Third Amendment constituted the redetermination originally scheduled for on or about December 1, 2025, with the next redetermination scheduled to occur on or about July 1, 2026.

In connection with the closing of the Mergers, the Company drew \$87 million under the A&R Credit Agreement. The Company subsequently borrowed an additional \$6.0 million on January 8, 2026 and \$5.0 million on February 5, 2026. The proceeds from these borrowings were used to fund the Company’s participation in certain non-operated well operations and to pay other Company obligations. During Q2 2026, the Company paid \$13 million, resulting in an outstanding balance of \$85.0 million as of June 30, 2026.

[PIPE Offering](#)

Concurrently with the Closing of the Mergers, certain investors (the “PIPE Investors”) subscribed for and purchased an aggregate of 6,363,637 shares of Series A Preferred Stock (the “PIPE Preferred Shares”), at a price per share equal to \$5.50 per share (the “Purchase Price”) (\$11.00 per share of common stock issuable upon conversion thereof, on a post-reverse stock split basis), pursuant to their entry into Series A Convertible Preferred Stock Subscription Agreements in favor of the Company (the “Subscription Agreements”). On the Automatic Conversion Date, the PIPE Preferred Shares converted into 3,181,818 shares of Company common stock (the “PIPE Conversion Shares”).

[Table of Contents](#)

The PIPE Investors included (a) The SGK 2018 Revocable Trust, a family trust of which Dr. Simon Kukes, the then Executive Chairman of the Company is trustee and beneficiary (\$15,409,977); (b) American Resources, Inc., an entity owned and controlled by J. Douglas Schick, the Chief Executive Officer, President and member of the Board (\$250,003); (c) Clark R. Moore, the Executive Vice President, General Counsel and Secretary of the Company (\$25,003); (d) John J. Scelfo Revocable Trust Dated October 8, 2003, a trust of which John J. Scelfo, a then member of the Board, is trustee and beneficiary

(\$550,000); (e) Jody D. Crook, the Chief Commercial Officer of the Company (\$25,003); (f) J PED, LLC, an entity affiliated with Juniper Capital Advisors, L.P. (“[Juniper](#)”) (\$18,550,004); (g) Reagan T. Dukes, the then Chief Executive Officer of the Acquired Companies, who was appointed Chief Operating Officer of the Company at the Closing of the Mergers (\$52,503) and (h) Robert J. Long, the then Chief Financial Officer of the Acquired Companies, who was appointed Chief Financial Officer, Treasurer and Principal Accounting/Financial Officer of the Company at the Closing of the Mergers (\$52,503). The PIPE Financing closed concurrently with the Mergers and the \$35,000,004 of net proceeds raised by the Company pursuant to the PIPE Financing was used to pay off certain liabilities of the Acquired Companies in connection with the Mergers and certain expenses of the PIPE Financing and Mergers.

Second Amended and Restated Designation of Series A Convertible Preferred Stock

In preparation for the Closing of the Mergers, the Board of Directors approved the Second Amended and Restated Certificate of Designations establishing the rights, preferences, and limitations of the Company’s Series A Convertible Preferred Stock on October 29, 2025, which was filed with the Texas Secretary of State on October 31, 2025. A total of 17,013,637 shares of Series A Preferred Stock were designated. Except as required by law or the designation, Series A Preferred Stockholders had no voting rights, except the right to elect one director (the “[Series A Director](#)”) until the Automatic Conversion Date, with Josh Schmidt serving as such director.

Holders of Series A Preferred Stock were entitled to certain protective provisions, requiring approval by a majority in interest of outstanding shares for actions such as amending governing documents, changing board composition, issuing new securities, major acquisitions or disposals, indebtedness above \$500,000, executive appointments, and other material corporate actions. The holders of Series A Preferred Stock were provided no dividend rights, and in the event of liquidation, dissolution, or winding-up, Series A holders were to receive distributions pari passu with common shareholders, as if their shares were converted to common stock. All of the 17,013,637 then outstanding shares of Series A Preferred Stock converted on the Automatic Conversion Date, into an aggregate of 8,506,818 shares of the Company common stock in a ratio of 0.5-for-1.

Additionally, on February 27, 2026, the Company, after approval of the Board of Directors and the stockholders pursuant to the Written Consent, filed a Second Amended and Restated Certificate of Formation of the Company, which among other things, terminated the designation of the Series A Preferred Stock. As such, as of the date of this filing, we have no Series A Preferred Stock outstanding or designated.

How We Conduct Our Business and Evaluate Our Operations

Our use of capital for acquisitions and development allows us to direct our capital resources to what we believe to be the most attractive opportunities as market conditions evolve. We have historically acquired properties that we believe had significant appreciation potential. We intend to continue to acquire both operated and non-operated properties to the extent we believe they meet our return objectives.

We will use a variety of financial and operational metrics to assess the performance of our oil and natural gas operations, including:

- production volumes;
- realized prices on the sale of oil and natural gas, including the effects of our commodity derivative contracts;
- oil and natural gas production and operating expenses;
- capital expenditures;
- general and administrative expenses;
- net cash provided by operating activities; and
- net income.

[Table of Contents](#)

Results of Operations and Financial Condition

Market Conditions and Commodity Prices

Our financial results depend on many factors, particularly the price of natural gas and crude oil and our ability to market our production on economically attractive terms. Commodity prices are affected by many factors outside of our control, including changes in market supply and demand, which are impacted by, among other factors, weather conditions, inventory storage levels, basis differentials and other factors. As a result, we cannot accurately predict future commodity prices and, therefore, we cannot determine with any degree of certainty what effect increases or decreases in these prices will have on our production volumes or revenues. In addition to production volumes and commodity prices, finding and developing sufficient amounts of natural gas and crude oil reserves at economical costs are critical to our long-term success. We expect prices to remain volatile for the remainder of the year. For information about the impact of realized commodity prices on our natural gas and crude oil and condensate revenues, refer to “[Results of Operations](#)” below.

Results of Operations

The following discussion and analysis of the results of operations for the three and six-month periods ended June 30, 2026, and 2025, should be read in conjunction with our consolidated financial statements and notes thereto included in this Quarterly Report on Form 10-Q. The majority of the numbers presented below are rounded numbers and should be considered as approximate.

Three Months Ended June 30, 2026, vs. Three Months Ended June 30, 2025

We reported net income for the three-month period ended June 30, 2026, of \$17.5 million, or \$1.31 per common share, compared to a net loss of \$1.7 million, or (\$0.37) per common share, for the three-month period ended June 30, 2025. The \$19.1 million increase in net income is primarily attributable to a \$17.6 million increase in operating income associated with the October 2025 Mergers. Furthermore, during the three months ended June 30, 2026, the Company recorded \$5.0 million in income on derivative contracts (both realized and unrealized) as commodity pricing decreased temporarily as of June 30, 2026 from previous highs at March 31, 2026. Offsetting these increases to net income was \$2.0 million in interest expense recorded during the three months ended June 30, 2026. Prior to the Company’s Mergers in October 2025, the Company had no outstanding debt or hedge positions as of or for the three months ended June 30, 2025.

[Table of Contents](#)
Net Revenues

The following table sets forth the operating results and production data for the periods indicated:

	Three Months Ended June 30,		Increase	%
Sales Volumes:	2026	2025	(Decrease)	Incr(Decr)
Crude Oil (Bbls)	450,607	100,249	350,358	349%
Natural Gas (Mcf)	512,805	119,493	393,312	329%
NGL (Bbls)	82,838	17,863	64,975	364%
Total (Boe) (1)	618,912	138,028	480,884	348%
Crude Oil (Bbls per day)	4,952	1,102	3,850	349%
Natural Gas (Mcf per day)	5,635	1,313	4,322	329%
NGL (Bbls per day)	910	196	714	364%
Total (Boe per day) (1)	6,801	1,517	5,284	348%
Average Sales Price:				
Crude Oil (\$/Bbl)	\$ 94.07	\$ 61.65	\$ 32.42	53%
Natural Gas(\$/Mcf)	2.10	2.70	(0.60)	(22)%
NGL (\$/Bbl)	31.98	26.24	5.74	22%
Revenues (in thousands):				
Crude Oil	\$ 42,387	\$ 6,180	\$ 36,207	586%
Natural Gas	1,075	323	752	233%
NGL	2,651	469	2,182	465%
Total Revenues	\$ 46,113	\$ 6,972	\$ 39,141	561%

(1) Assumes 6 Mcf of natural gas equivalents to 1 barrel of oil.

Total crude oil, natural gas and NGL revenues for the three-month period ended June 30, 2026, increased \$39.1 million, or 561%, to \$46.1 million, compared to \$7.0 million for the same period a year ago. Of the total increase in revenues, \$35.8 million is attributable to increased sales volumes and \$3.3 million is attributable to increased pricing compared to prior period. The increase in production volume is related to our October 2025 Mergers

[Table of Contents](#)
Operating Expenses and Other Income

The following table summarizes our production costs and operating expenses for the periods indicated (in thousands):

	Three Months Ended June 30,		Increase (Decrease)	% Increase (Decrease)
	2026	2025		
Direct Lease Operating Expense	\$ 8,846	\$ 1,256	\$ 7,590	604%
Workovers	626	469	157	33%
Other*	6,934	1,074	5,860	546%
Lease Operating Expenses	16,406	2,799	13,607	486%
Depreciation, Depletion, Amortization and Accretion	\$ 10,152	\$ 3,857	\$ 6,295	163%
Impairment of Oil and Gas Properties	\$ 817	\$ 510	\$ 307	60%
General and Administrative (Cash)	\$ 2,998	\$ 1,219	\$ 1,779	146%
Share-Based Compensation (Non-Cash)	410	474	(64)	(14)%
Total General and Administrative Expense	<u>\$ 3,408</u>	<u>\$ 1,693</u>	<u>\$ 1,715</u>	101%
Gain on Sale of Oil and Gas Properties	\$ 52	\$ 1,021	\$ (969)	(95)%
Interest expense	\$ 1,973	\$ -	\$ 1,973	N/A
Interest income	\$ 76	\$ 63	\$ 13	21%
Net income (loss) on derivative contracts	\$ 5,014	\$ -	\$ 5,014	N/A
Other Income (Expense)	\$ 6	\$ 15	\$ (9)	(60)%
Income tax benefit (expense)	\$ (1,027)	\$ -	\$ (1,027)	N/A

* Includes severance, ad valorem taxes, assessment and gathering, transportation and processing costs.

Lease operating expenses. Lease operating expenses increased by \$13.6 million for the three months ended June 30, 2026, primarily due to the October 2025 Mergers. Acquired properties contributed \$6.9 million of direct lease operating expenses and \$5.0 million of other operating costs, along

with \$1.7 million of higher variable expenses associated with increased legacy production volumes.

Depreciation, depletion, amortization and accretion. Increased by \$6.3 million for the three months ended June 30, 2026, compared to the prior period, primarily due to the production increase noted above, which is primarily attributed to inclusion of the Acquired Companies.

Impairment of oil and gas properties. The Company recorded an impairment of oil and gas properties of \$0.8 million and \$0.5 million during the three months ended June 30, 2026 and 2025, respectively. The impairments related to expiration of certain leases representing 2,002 and 776 net acres, respectively, in the D-J Basin, that it allowed to expire or currently has no plans to drill prior to expiration.

General and administrative expenses (excluding share-based compensation). General and administrative expenses (excluding share-based compensation) increased by \$1.8 million for the three months ended June 30, 2026, compared to the prior period, primarily due to additional payroll expenses associated with the Mergers and higher legal and audit fees due to the growth of the Company period over period.

Share-Based Compensation. Share-based compensation, which is included in general and administrative expenses in the Statements of Operations, slightly decreased when comparing periods.

Net loss on derivative contracts. For the three months ended June 30, 2026, the Company recorded net income of \$5.0 million from its derivative contracts. Although the Company recorded \$8.1 million in realized losses during the three months ended June 30, 2026, this loss was offset by an unrealized gain on derivative contracts of \$13.1 million, primarily due to the decrease in commodity pricing from March 31, 2026 to June 30, 2026 related to unsettled periods. There were no derivative contracts in the prior period.

[Table of Contents](#)

Interest expense. The Company recognized \$2.0 million in interest expense in the current period compared to no interest expense in the prior period as a result of the Company utilizing its credit facility beginning in October 2025. Interest expense for the current period consisted of \$1.8 million in interest incurred under the A&R Credit Agreement (discussed above) and \$0.2 million related to the amortization of deferred financing costs. No interest expense or amortization of deferred financing costs were recorded in the prior period.

Six Months Ended June 30, 2026, vs. Six Months Ended June 30, 2025

We reported a net loss for the six month period ended June 30, 2026, of \$8.2 million, or (\$0.77) per common share, compared to a net loss of \$1.5 million, or (\$0.34) per common share, for the six months ended June 30, 2025. Although operating income increased by \$24.2 million in the current period compared to the prior period, primarily the result of the October 2025 Mergers, net income decreased by \$6.6 million. The decline was primarily driven by a net loss of \$26.3 million on derivative contracts (both realized and unrealized), resulting from the recent and substantial increase in commodity prices in relation to the Company's hedge positions. Additionally, the Company recorded \$4.0 million in interest expense during the six months ended June 30, 2026. Prior to the Company's Mergers in October 2025, the Company had no outstanding debt or hedge positions as of or for the six months ended June 30, 2025.

Net Revenues

The following table sets forth the operating results and production data for the periods indicated:

	Six Months Ended June 30,		Increase	%
Sales Volumes:	2026	2025	(Decrease)	Incr(Decr)
Crude Oil (Bbls)	985,170	202,931	782,239	385%
Natural Gas (Mcf)	1,148,862	286,227	862,635	301%
NGL (Bbls)	170,406	41,006	129,400	316%
Total (Boe) (1)	1,347,053	291,642	1,055,411	362%
Crude Oil (Bbls per day)	5,443	1,121	4,322	386%
Natural Gas (Mcf per day)	6,347	1,581	4,766	301%
NGL (Bbls per day)	941	227	714	315%
Total (Boe per day) (1)	7,442	1,612	5,848	362%
Average Sales Price:				
Crude Oil (\$/Bbl)	\$ 80.13	\$ 65.32	\$ 14.81	23%
Natural Gas (\$/Mcf)	2.58	4.07	(1.49)	(37)%
NGL (\$/Bbl)	25.95	31.43	(5.48)	(17)%
Revenues (in thousands):				
Crude Oil	\$ 78,945	\$ 13,254	\$ 65,691	496%
Natural Gas	2,967	1,165	1,802	155%
NGL	4,423	1,289	3,134	243%
Total Revenues	\$ 86,335	\$ 15,708	\$ 70,627	450%

(1) Assumes 6 Mcf of natural gas equivalents to 1 barrel of oil.

Total crude oil, natural gas and NGL revenues for the six-month period ended June 30, 2026, increased \$70.6 million, or 450%, to \$86.3 million, compared to \$15.7 million for the same period a year ago. Of the total increase in revenues, \$68.3 million is attributable to increased sales volumes and \$2.3 million is attributable to increased pricing compared to prior period. The increase in production volume is related to our October 2025 Mergers.

Operating Expenses and Other Income

The following table summarizes our production costs and operating expenses for the periods indicated (in thousands):

	Six Months Ended June 30,		Increase (Decrease)	% Increase (Decrease)
	2026	2025		
Direct Lease Operating Expense	\$ 18,477	\$ 3,181	\$ 15,296	481%
Workovers	764	731	33	5%
Other*	13,522	2,299	11,223	488%
Lease Operating Expenses	32,763	6,211	26,552	427%
Depreciation, Depletion, Amortization and Accretion	\$ 22,602	\$ 7,203	\$ 15,399	214%
Impairment of Oil and Gas Properties	\$ 2,422	\$ 742	\$ 1,680	226%
General and Administrative (Cash)	\$ 5,613	\$ 2,340	\$ 3,273	140%
Share-Based Compensation (Non-Cash)	902	949	(47)	(5)%
Total General and Administrative Expense	\$ 6,515	\$ 3,289	\$ 3,226	98%
Gain on Sale of Oil and Gas Properties	\$ 52	\$ 1,021	\$ (969)	(95)%
Interest expense	\$ 3,968	\$ -	\$ 3,968	N/A
Interest Income	\$ 134	\$ 127	\$ 7	6%
Net income (loss) on derivative contracts	\$ (26,252)	\$ -	\$ (26,252)	N/A
Other Income (Expense)	\$ 11	\$ 17	\$ (6)	(35)%
Income tax benefit (expense)	\$ (159)	\$ -	\$ (159)	N/A

* Includes severance, ad valorem taxes, assessment and gathering, transportation and processing costs.

Lease operating expenses. Lease operating expenses increased by \$26.6 million for the six months ended June 30, 2026, primarily due to the October 2025 Mergers. Acquired properties contributed \$14.3 million of direct lease operating expenses and \$9.8 million of other operating costs, along with \$2.5 million of higher variable expenses associated with increased legacy production volumes.

Depreciation, depletion, amortization and accretion. Increased by \$15.4 million for the six months ended June 30, 2026, compared to the prior period, primarily due to the production increase noted above, which is attributed to inclusion of the Acquired Companies.

Impairment of oil and gas properties. The Company recorded an impairment of oil and gas properties of \$2.4 million and \$0.7 million during the six months ended June 30, 2026 and 2025, respectively, related to the expiration of certain leases representing 5,662 and 776 net acres, respectively, in the D-J Basin, that it allowed to expire or currently has no plans to drill prior to expiration.

General and administrative expenses (excluding share-based compensation). General and administrative expenses (excluding share-based compensation) increased by \$3.3 million for the six months ended June 30, 2026, compared to the prior period, primarily due to additional payroll expenses compared to the prior period, with the addition of 12 employees added in connection with the Mergers, and higher legal and audit fees due to the growth of the Company period over period.

Share-Based Compensation. Share-based compensation, which is included in general and administrative expenses in the Statements of Operations, slightly decreased when comparing periods.

Net loss on derivative contracts. For the six months ended June 30, 2026, the Company recorded a net loss of \$26.3 million from its derivative contracts. During this period, the Company recorded \$11.5 million in realized losses for its settled contracts and an unrealized loss of \$14.8 million in unrealized losses for its unsettled contracts. Both losses were driven by the increases in commodity pricing during the first half of 2026 compared to prior periods. There were no derivative contracts in the prior period.

Interest expense. The Company recognized \$4.0 million in interest expense in the current period compared to no interest expense in the prior period as a result of the Company utilizing its credit facility beginning in October 2025. Interest expense for the current period consisted of \$3.6 million of interest under the A&R Credit Agreement (discussed above) and \$0.4 million related to the amortization of deferred financing costs. No interest expense or amortization of deferred financing costs were recorded in the prior period.

Liquidity and Capital Resources

The primary sources of cash for the Company during the six-month period ended June 30, 2026 were from \$86.3 million in sales of crude oil, natural gas and NGLs. As of June 30, 2026, the Company has \$12.1 million in cash and restricted cash and availability of \$40 million under the A&R credit Agreement. The primary uses of cash were funds used for drilling, completion and operating costs.

Working Capital

At June 30, 2026, the Company's total current liabilities of \$50.7 million exceeded its total current assets of \$39.8 million, resulting in a working capital deficit of \$10.9 million. At December 31, 2025, total current liabilities of \$64.5 million exceeded total current assets of \$37.8 million, resulting in a working capital deficit of \$26.7 million. The \$15.8 million decrease in the working capital deficit was primarily driven by a reduction in capital payables

and accrued expenses following the completion of certain drilling programs with third-party partners during the period. This improvement was coupled with an increase in accounts receivable and cash balances from initial production sales related to the applicable wells.

Our acreage position is subject to lease expirations if we are unable to meet drilling commitments or obtain extensions. In the aggregate, a significant portion of our undeveloped acreage in the D-J Basin and Powder River Basin is scheduled to expire over the 2026–2028 period, with smaller expirations in the Permian Basin. Failure to retain these leases could result in the loss of leasehold interests and associated capitalized costs, potentially leading to write-offs of unproved properties and adversely affecting our liquidity and capital resources.

Financing

The Company has an ongoing \$8.0 million offering of securities in an “at the market offering”, pursuant to which the Company may sell securities from time to time (the “ATM Offering”). During the month of June 2025, the Company sold an aggregate of 24,498 shares of common stock in five separate sales at a sales prices ranging between \$14.32 to \$16.02 per share via an ongoing “at the market offering” (for net proceeds of \$354,000, which includes \$11,000 in commission fees). The Company also incurred \$214,000 in initial and subsequent legal and audit-related fees and expenses incurred in connection with the registration and placement of the ATM Offering. As of June 30, 2026, a total of \$7.6 million is available for future sales of common stock under the ATM Offering.

The ATM Offering was made pursuant to the terms of that certain December 20, 2024, Sales Agreement (the “Sales Agreement”), entered into with Roth Capital Partners, LLC (the “Lead Agent”) and A.G.P./Alliance Global Partners (“AGP”, and collectively with the Lead Agent, the “Agents”), pursuant to which the Company may sell securities from time to time in an “at the market offering”. The Company will pay the Lead Agent a commission of 3.0% of the gross sales price of any shares sold under the Sales Agreement. The Company also agreed to reimburse the Agents for their reasonable and documented out-of-pocket expenses in an amount not to exceed \$75,000, in connection with entering into the Sales Agreement and for the Agents’ reasonable and documented out-of-pocket expenses related to quarterly maintenance of the Sales Agreement on a quarterly basis in an amount not to exceed \$5,000.

Table of Contents

Our expected net capital expenditures for 2026 are discussed above under “Strategy”. We expect that we will have sufficient cash available to meet our needs over the next 12 months after the filing of this report and in the foreseeable future, including to fund the remaining portion of our 2026 development program, discussed above, which cash we anticipate being available from (i) projected cash flow from our operations, (ii) existing cash on hand, (iii) borrowing under our A&R Credit Agreement with Citibank, N.A., as administrative agent, which provides for a borrowing base of \$125 million and an aggregate maximum revolving credit amount of \$250 million (of which \$85 million has been drawn down by the Company to date to fund the Mergers, participation in non-operated wells operations, and other Company payables), as discussed below, (iv) public or private debt or equity financings, pursuant to the ATM Offering noted above, and (v) funding through other credit or loan facilities. In addition, we may seek additional funding through asset sales, farm-out arrangements, and partnerships to fund potential acquisitions during the remainder of 2026.

On October 31, 2025, the Company entered into the Amended and Restated Credit Agreement, discussed in greater detail above.

Cash Flows (in thousands)

	Six Months Ended June 30,	
	2026	2025
Cash flows provided by operating activities	\$ 25,873	\$ 5,508
Cash flows (used in) provided by investing activities	(18,008)	(1,040)
Cash flows (used in) provided by financing activities	(2,044)	139
Net increase (decrease) in cash and restricted cash	\$ 5,821	\$ 4,607

Cash flows provided by operating activities. Net cash provided by operating activities increased by \$20.4 million for the current year’s period, when compared to the prior year’s period, primarily due to an increase in operating income of \$24.2 million, which was partially offset by a \$7.8 million in cash paid for derivative settlements during the first half of 2026.

Cash flows (used in) provided by investing activities. Net cash used in investing activities increased by \$17.0 million for the current year’s period, when compared to the prior year’s period, primarily due to increased cash outlays from our capital spending relating to our drilling and completion activities.

Cash flows (used in) provided by financing activities. Net cash used in financing activities during the six months ended June 30, 2026 consisted of a net repayment of \$2 million on our credit facility. There were no significant cash flows from financing activities in the prior period.

Non-GAAP Financial Measures

We have included EBITDA and Adjusted EBITDA in this Report as supplements to generally accepted accounting principles in the United States of America (“GAAP”) measures of performance to provide investors with an additional financial analytical framework which management uses, in addition to historical operating results, as the basis for financial, operational and planning decisions and present measurements that third parties have indicated are useful in assessing the Company and its results of operations. “EBITDA” represents net income before interest, taxes, depreciation and amortization. “Adjusted EBITDA” represents EBITDA, less share-based compensation (non-cash), merger acquisition costs, impairment of oil and gas properties and unrealized gain (loss) on derivative contracts. Adjusted EBITDA excludes certain items that we believe affect the comparability of operating results and can exclude items that are generally non-recurring in nature or whose timing and/or amount cannot be reasonably estimated. EBITDA and Adjusted EBITDA are presented because we believe they provide additional useful information to investors due to the various noncash items during the period. EBITDA and Adjusted EBITDA are also frequently used by analysts, investors and other interested parties to evaluate companies in our industry. EBITDA and Adjusted EBITDA have limitations as analytical tools, and you should not consider them in isolation, or as a substitute for analysis of our operating results as reported under GAAP. Some of these limitations are: EBITDA and Adjusted EBITDA do not reflect cash expenditures, future requirements for capital expenditures, or contractual commitments; EBITDA and Adjusted EBITDA do not reflect changes in, or cash requirements for, working capital needs; and EBITDA and Adjusted EBITDA do not reflect the significant interest expense, or the cash requirements necessary to service interest or

principal payments, on debt or cash income tax payments. For example, although depreciation and amortization are noncash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA and Adjusted EBITDA do not reflect any cash requirements for such replacements. Additionally, other companies in our industry may calculate EBITDA and Adjusted EBITDA differently than PEDEVCO Corp. does, limiting its usefulness as a comparative measure. You should not consider EBITDA and Adjusted EBITDA in isolation, or as substitutes for analysis of the Company's results as reported under GAAP. The Company's presentation of these measures should not be construed as an inference that future results will be unaffected by unusual or nonrecurring items. We compensate for these limitations by providing a reconciliation of each of these non-GAAP measures to the most comparable GAAP measure. We encourage investors and others to review our business, results of operations, and financial information in their entirety, not to rely on any single financial measure, and to view these non-GAAP measures in conjunction with the most directly comparable GAAP financial measure. The following table presents a reconciliation of the GAAP financial measure of net income to the non-GAAP financial measure of Adjusted EBITDA (in thousands):

[Table of Contents](#)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net income (loss)	\$ 17,454	\$ (1,676)	\$ (8,173)	\$ (1,536)
Add (deduct)				
Interest expense	1,973	-	3,968	-
Income tax benefit (expense)	1,027	(490)	159	(414)
Depreciation, depletion, amortization and accretion	10,152	3,857	22,602	7,203
EBITDA	30,606	1,691	18,556	5,253
Add (deduct)				
Share-based compensation (non-cash)	412	474	904	949
Merger acquisition costs	-	-	200	-
Impairment of oil and gas properties	817	510	2,422	742
Unrealized (gain) loss on derivative contracts	(13,114)	-	14,777	-
Gain on sale of oil and gas properties	(52)	(1,021)	(52)	(1,021)
Note receivable - credit loss	-	1,378	-	1,378
Adjusted EBITDA	\$ 18,669	\$ 3,032	\$ 36,807	\$ 7,301

Critical Accounting Estimates

Our discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We believe the following critical accounting policies affect our most significant judgments and estimates used in preparation of our consolidated financial statements.

Oil and Gas Properties, Successful Efforts Method. The successful efforts method of accounting is used for oil and gas exploration and production activities. Under this method, all costs for development wells, support equipment and facilities, and proved mineral interests in oil and gas properties are capitalized. Geological and geophysical costs are expensed when incurred. Costs of exploratory wells are capitalized as exploration and evaluation assets pending determination of whether the wells find proved oil and gas reserves. Proved oil and gas reserves are the estimated quantities of crude oil and natural gas which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, (i.e., prices and costs as of the date the estimate is made). Prices include consideration of changes in existing prices provided only by contractual arrangements, but not on escalations based upon future conditions.

[Table of Contents](#)

Exploratory wells in areas not requiring major capital expenditures are evaluated for economic viability within one year of completion of drilling. The related well costs are expensed as dry holes if it is determined that such economic viability is not attained. Otherwise, the related well costs are reclassified to oil and gas properties and subject to impairment review. For exploratory wells that are found to have economically viable reserves in areas where major capital expenditure will be required before production can commence, the related well costs remain capitalized only if additional drilling is under way or firmly planned. Otherwise, the related well costs are expensed as dry holes.

Exploration and evaluation expenditures incurred subsequent to the acquisition of an exploration asset in a business combination are accounted for in accordance with the policy outlined above.

Depreciation, depletion and amortization of capitalized oil and gas properties is calculated on a field-by-field basis using the unit of production method. Lease acquisition costs are amortized over the total estimated proved developed and undeveloped reserves and all other capitalized costs are amortized over proved developed reserves. Costs specific to developmental wells for which drilling is in progress or uncompleted are capitalized as wells in progress and not subject to amortization until completion and production commences, at which time amortization on the basis of production will begin.

Business Combinations. The Company accounts for business combinations using the acquisition method, recording oil and gas assets acquired and liabilities assumed at estimated fair values. Fair values are determined using discounted cash flows, market comparables, and other valuation techniques, with significant judgment applied to estimates of reserves, future commodity prices, and operating and development costs. Purchase price allocations may be adjusted during a one-year measurement period. The Mergers were completed on October 31, 2025 and have been accounted for under the acquisition method of accounting in accordance with ASC 805, Business Combinations ("ASC 805"), PEDEVCO was treated as the acquirer for

accounting purposes. Under the acquisition method of accounting, the assets and liabilities of Acquired Companies have been recorded at their respective fair values as of the acquisition date on October 31, 2025. As provided under ASC 805, the purchase price allocation may be subject to change for up to one year after October 31, 2025. See Note 7 – Merger Acquisition, for additional information.

Recently Adopted Accounting Pronouncement

In December 2023, the FASB issued Accounting Standards Update (ASU) 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which requires disaggregated information about a reporting entity's effective tax rate reconciliation, as well as information related to income taxes paid to enhance the transparency and decision usefulness of income tax disclosures. The Company adopted this ASU on December 31, 2025 and has reflected the required disclosures in the accompanying notes to the consolidated financial statements. The ASU had no impact on the Company's consolidated balance sheets, consolidated statements of operations or consolidated statements of cash flows.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Pursuant to Item 305(e) of Regulation S-K (§ 229.305(e)), the Company is not required to provide the information required by this Item as it is a “smaller reporting company,” as defined by Rule 229.10(f)(1).

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time period specified in the SEC's rules and forms and is accumulated and communicated to the Company's management, as appropriate, in order to allow timely decisions in connection with required disclosure.

[Table of Contents](#)

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer (“CEO”)(the Principal Executive Officer) and Chief Financial Officer (“CFO”)(the Principal Financial/Accounting Officer), we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act as of the end of the period covered by this Quarterly Report. Based on this evaluation, our CEO and CFO concluded as of June 30, 2026, that our disclosure controls and procedures were not designed at a reasonable assurance level and were not effective to provide reasonable assurance that the information we are required to disclose in reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and (ii) accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. Management's conclusion was the result of the material weaknesses identified during the preparation of the Company's year-end financial statements and reported in Item 9A of the Form 10-K for the year ended December 31, 2025 that have not yet been remediated as of June 30, 2026.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the three months ended June 30, 2026, that have materially affected or are reasonably likely to materially affect, our internal control over financial reporting, including any corrective actions regarding significant deficiencies and material weaknesses.

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

[Table of Contents](#)

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Litigation and Regulatory Proceedings

From time to time, we may become party to litigation or other legal proceedings that we consider to be a part of the ordinary course of our business. Except as disclosed below, we are not currently involved in any legal proceedings that we believe could reasonably be expected to have a material adverse effect on our business, prospects, financial condition or results of operations.

Such current litigation or other legal proceedings are described in, and incorporated by reference in, this “Part II, Item 1. Legal Proceedings” of this Report from, “Part I – Item 1. Financial Information” in the Notes to Consolidated Financial Statements in “Note 12 – Commitments and Contingencies”, under the heading Other Commitments. The Company believes that the resolution of currently pending matters will not individually or in the aggregate have a material adverse effect on our financial condition or results of operations. However, assessment of the current litigation or other legal

claims could change in light of the discovery of facts not presently known to the Company or by judges, juries or other finders of fact, which are not in accord with management's evaluation of the possible liability or outcome of such litigation or claims.

Additionally, the outcome of litigation is inherently uncertain. If one or more legal matters were resolved against the Company in a reporting period for amounts in excess of management's expectations, the Company's financial condition and operating results for that reporting period could be materially adversely affected.

Governmental Proceedings

From time-to-time, we receive notices of violation from governmental and regulatory authorities, including notices relating to alleged violations of environmental statutes or the rules and regulations promulgated thereunder. While we cannot predict with certainty whether these notices of violation will result in fines, penalties or both, if fines or penalties are imposed, they may result in monetary sanctions, individually or in the aggregate, in excess of a specified threshold. We have elected to use a \$1 million threshold for disclosing governmental proceedings of this nature. We believe proceedings under this threshold are not material to our business and financial condition.

In 2022, two environmental advocacy groups filed suit against the U.S. Department of Interior and the Bureau of Land Management ("BLM") challenging certain lease sales by the BLM beginning in December of 2017 (the "BLM Litigation"). On January 17, 2025, a three-judge panel of the Ninth Circuit Court of Appeals upheld vacatur of a portion of the leases sold by the BLM, on grounds that the BLM violated the Federal Land Policy and Management Act when selling certain leases. While the Ninth Circuit ruling cancelled certain leases, the Ninth Circuit reversed its portion of the ruling, and determined that some of the leases should not be cancelled.

On June 12, 2026, the Montana District Court ruled that certain other leases should be cancelled on the grounds that BLM had again violated the Federal Land Policy and Management Act. This portion of the case has been appealed to the Ninth Circuit Court of Appeals by at least one party. It is possible that the Ninth Circuit Court of Appeals ruling could result in the cancellation of some or all of these leases. In the event all of these leases are cancelled, the Company would lose leases covering approximately 43,670 net acres in the PRB, upon cancellation of which leases the Company would receive reimbursement for leasehold purchase amounts paid of approximately \$40.2 million.

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2025, filed with the Commission on March 31, 2026 (the "[Form 10-K](#)"), under the heading "[Item 1A. Risk Factors](#)", except as discussed below, and investors are encouraged to review such risk factors in the Annual Report and below, prior to making an investment in the Company. Any of these factors, in whole or in part, could materially and adversely affect the Company's business, financial condition, operating results and stock price.

[Table of Contents](#)

Geopolitical conflicts and disruptions to global energy markets, including risks associated with the Strait of Hormuz, may adversely affect our business, financial condition, and results of operations

Ongoing geopolitical conflicts involving Iran and other countries in the Middle East have created significant volatility and uncertainty in global energy markets. The Strait of Hormuz, a critical transit chokepoint through which approximately 20% of the world's oil supply and a significant portion of liquefied natural gas flows, has experienced material disruption, including reduced vessel traffic, military activity, and heightened security risks.

Although our operations are domestic, our business is indirectly exposed to global energy market conditions. Disruptions to supply, transportation constraints, or perceived risks of interruption in the Strait of Hormuz or surrounding regions may result in significant commodity price volatility, including rapid increases or decreases in oil and natural gas prices, as well as dislocations in supply chains and end markets.

In addition, military escalation or collateral damage affecting energy infrastructure, shipping routes, or regional production facilities in the Middle East may further exacerbate global supply shortages, increase input and operating costs, and contribute to broader macroeconomic instability, including inflationary pressures or recessionary conditions. These conditions may adversely impact demand for our oil and natural gas, disrupt capital markets, and impair our ability to access financing on acceptable terms.

Our ongoing development activities may also be adversely affected by such geopolitical events. Supply chain disruptions, equipment procurement delays, cost inflation, or volatility in oil and gas pricing could delay project timelines, increase capital expenditures, or reduce expected returns.

Furthermore, geopolitical instability may result in heightened regulatory scrutiny, trade restrictions, sanctions, or changes in U.S. energy policy, any of which could adversely affect our operations, counterparties, or strategic initiatives. The extent and duration of these risks remain uncertain and could have a material adverse effect on our business, financial condition, and results of operations.

Our hedging activities have in the past and may in the future prevent us from fully benefiting from increases in crude oil, natural gas and NGLs prices and may expose us to other risks, including counterparty risk, and our future production may not be sufficiently protected from any declines in commodity prices by our existing or future hedging arrangements.

We use financial derivative instruments (primarily financial fixed price swaps and collar contracts) to hedge the impact of fluctuations in commodity prices on our results of operations and cash flows. In connection with the entry into the A&R Credit Agreement, the Company was required to hedge at least 75% of its projected proved developed producing reserves (PDP) oil and gas production at the time of entry into the A&R Credit Agreement, for the first 24 months of the agreement, and 50% of its projected PDP of oil and gas production for months 25–36. Afterward, within 60 days after each fiscal quarter, the Company must show it has hedged at least 50% of expected oil and gas production for the next 18 months. The Company may hedge crude oil, natural gas, or natural gas liquids (on a barrel of oil equivalent basis) to meet these requirements, but may not hedge more than 75% of anticipated production (on a barrel of oil equivalent basis) for any month.

As of the date of this report, the Company currently has approximately 61% of our forecasted production on a BOE basis hedged for the second half of 2026, 58% hedged for 2027 and 39% hedged for 2028.

For the three and six months ended June 30, 2026, the Company had a net gain on derivative contracts of \$5.0 million and a net loss on derivative contracts of \$26.3 million, respectively. Our hedging activities have in the past exposed, and may in the future expose, us to the risk of financial loss in certain circumstances, including instances in which the counterparties to our hedging contracts fail to perform under the contracts. Our hedges have in the past and may in the future result in losses and reduce the amount of revenue we would otherwise obtain upon the sale of our oil and natural gas production and may also decrease our margins and net revenues.

[Table of Contents](#)

Our actual future production may be significantly higher or lower than we estimate at the time we enter into derivative contracts for the relevant period. If the actual amount of production is higher than we estimated, we will have greater commodity price exposure than we intended. If the actual amount of production is lower than the notional amount that is subject to our derivative instruments, we might be forced to satisfy all or a portion of our derivative transactions without the benefit of the cash flow from our sale of the underlying physical commodity, resulting in a substantial diminution of our liquidity. As a result of these factors, our hedging activities may not be as effective as we intend in reducing the volatility of our cash flows, and in certain circumstances may actually increase the volatility of our cash flows.

To the extent that we have engaged, or in the future engage, in hedging activities to protect ourselves against commodity price declines, we may be prevented from fully realizing the benefits of increases in commodity prices above the prices established by our hedging contracts, similar to what occurred during the six months ended June 30, 2026. In addition, our hedging activities may expose us to the risk of financial loss in certain circumstances, including instances in which the counterparties to our hedging contracts fail to perform under the contracts.

Derivative instruments also expose us to the risk of financial loss in some circumstances, including when:

- the counter-party to the derivative instrument defaults on its contract obligations;
- there is an increase in the differential between the underlying price in the derivative instrument and actual prices received; or
- the steps we take to monitor our derivative financial instruments do not detect and prevent transactions that are inconsistent with our risk management strategies.

In addition, depending on the type of derivative arrangements we enter into, the agreements could limit the benefit we would receive from increases in oil and gas prices. It cannot be assumed that the hedging transactions we have entered into, or will enter into, will adequately protect us from fluctuations in commodity prices.

Increases in the differential between the ceiling value for oil and natural gas prices set forth in our commodity derivative contracts and commodity derivative collar contracts is anticipated to affect our business, financial condition and results of operations.

For more information regarding our current derivative instruments see “Part I. Item 1. Financial Statements” – “Note 9 – Derivatives”.

We have recorded impairments in the past and may be required to record additional write-downs of our oil and natural gas properties in the future, including as a result of declining commodity prices and lease expirations, which could adversely affect our financial condition and results of operations.

We review our long-lived tangible and intangible assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Historically, impairments have resulted primarily from declines in oil and natural gas prices. For example, for the year ended December 31, 2020, we recorded a \$19.3 million impairment related to our D-J Basin properties, and during the years ended December 31, 2024 and 2023, the Acquired Companies recorded impairment charges of \$3.9 million and \$21.1 million, respectively, with respect to their proved and unproved oil and natural gas properties in the PRB for 2024 and both the PRB and D-J Basin for 2023. Aside from certain lease expirations, no significant impairment was recorded for the year ended December 31, 2025.

In addition to commodity price volatility, our asset base is subject to the risk of lease expirations, which may result in the loss of leasehold interests and associated capitalized costs if we are unable to meet drilling commitments or obtain extensions. In our D-J Basin asset, 16,138 total net acres were scheduled to expire during 2026, of which 3,310 net acres expired during the first half of 2026, with an additional 2,133 and 638 net acres expiring in 2027 and 2028, respectively, and 8,081 net acres thereafter, in each case net to our direct ownership interest, if we do not satisfy applicable drilling or extension requirements. In the PRB, 4,822 total net acres were set to expire in 2026, of which 720 net acres expired during the first half of 2026, with 34,999 and 15,828 net acres expiring in 2027 and 2028, respectively. In the Permian Basin asset, approximately 200 net acres are scheduled to expire in 2026 (net to our direct ownership interest only). If these leases expire without being developed or extended, we may be required to write off the associated unproved property costs, which could result in material non-cash charges.

[Table of Contents](#)

If oil, natural gas and NGL prices remain depressed for extended periods, decline materially from current levels, or if we experience significant lease expirations without replacement or development, we may be required to record additional material write-downs of both proved and unproved properties. Any such impairments or write-offs would adversely affect our balance sheet, results of operations and cash flows, and could cause the value of our securities to decline.

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

The Company did not issue or sell any unregistered equity securities during the quarter ended June 30, 2026, and through the date of the filing of this Report.

Use of Proceeds From Sale of Registered Securities

None.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

(a) Form 8-K Information.

The following information is disclosed pursuant to Item 5(a) of Part II of Form 10-Q:

Phoenix Litigation

Upon the consummation of the Mergers, effective October 31, 2025, a wholly-owned subsidiary of NPOG, Navigation Powder River, LLC (“NPRLLC”), became an indirect wholly-owned subsidiary of the Company. On July 31, 2025, NPRLLC and Phoenix Energy One, LLC (“Phoenix”) entered into that certain Purchase and Sale Agreement (the “Phoenix PSA”) whereby NPRLLC agreed to sell to Phoenix certain oil and gas properties located in Campbell and Converse Counties, Wyoming. On September 10, 2025, NPRLLC filed a Petition against Phoenix in the Eleventh Division of the Texas Business Court (Navigation Powder River, LLC v. Phoenix Energy One, LLC) alleging a breach of contract by Phoenix Energy for its failure to consummate the transactions contemplated by the Phoenix PSA (the “Phoenix Litigation”). On June 1, 2026, the parties entered into a Settlement Agreement (the “Phoenix Settlement Agreement”) whereby the parties settled all disputes arising under the Phoenix PSA, and exchanged mutual releases related thereto, with Phoenix agreeing to pay to NPRLLC (i) \$2 million on June 26, 2026 (which amount has been paid and received), (ii) \$2 million on July 6, 2026 (which amount has been paid and received), (iii) \$1.75 million on July 30, 2026 (which amount has been paid and received), and (iv) \$1,000,000 on September 30, 2026. NPRLLC also retains the \$250,000 first payment already received under the Phoenix PSA. Upon receipt of the \$1.75 million payment on July 30, 2026, Phoenix filed the Assignment and Bill of Sale transferring the assets subject to the Phoenix PSA from NPRLLC to Phoenix, as originally contemplated under the Phoenix PSA. Upon receipt of the final \$1 million payment on September 30, 2026, NPRLLC is required to dismiss the Phoenix Litigation with prejudice.

(c) Rule 10b5-1 Trading Plans.

In the event our directors and executive officers desire to purchase or sell our shares, they are encouraged, but not required, to enter into plans or other arrangements for the purchase or sale of our shares that are intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or may represent a non-Rule 10b5-1 trading arrangement under the Exchange Act. During the quarter ended June 30, 2026, none of the Company’s directors or officers (as defined in Rule 16a-1(f)) adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any “non-Rule 10b5-1 trading arrangement”.

Table of Contents

ITEM 6. EXHIBITS

Exhibit No.	Description	Incorporated By Reference			
		Form	Exhibit	Filing Date	File Number
3.1	Second Amended and Restated Certificate of Formation of PEDEVCO Corp., filed with the Secretary of State of Texas on February 27, 2026	8-K	3.1	3/3/2026	001-35922
3.2	Certificate of Amendment to Second Amended and Restated Certificate of Formation, affecting a 1-for-20 Reverse Stock Split of the Outstanding Common Stock, filed with the Secretary of State of Texas on March 10, 2026	8-K	3.2	3/13/2026	001-35922
10.1#	PEDEVCO Corp. 2021 Equity Incentive Plan	8-K	10.1	9/1/2021	001-35922
10.2#	First Amendment to PEDEVCO Corp. 2021 Equity Incentive Plan	8-K	10.1	8/30/2021	001-35922
10.3#	Second Amendment to PEDEVCO Corp. 2021 Equity Incentive Plan	8-K	10.7	11/3/2025	001-35922
10.4#	PEDEVCO Corp. 2021 Equity Incentive Plan Form of Restricted Shares Grant Agreement	S-8	99.2	9/1/2021	333-259248
10.5#	PEDEVCO Corp. 2021 Equity Incentive Plan Form of Stock Option Grant Agreement	S-8	99.3	9/1/2021	333-259248
10.6	First Amendment to Credit Agreement, dated as of December 2, 2025, among PEDEVCO Corp., as borrower, Citibank, N.A., as administrative agent, each guarantor party thereto,	8-K	10.2	5/8/2026	001-35922

10.7	and each lender party thereto Second Amendment to Credit Agreement, dated as of May 5, 2026, among PEDEVCO Corp., as borrower, Citibank, N.A., as administrative agent, each guarantor party thereto, and each lender party thereto	8-K	10.3	5/8/2026	001-35922
10.8	Third Amendment to Credit Agreement, dated as of May 19, 2026, among PEDEVCO Corp., as borrower, Citibank, N.A., as administrative agent, each guarantor party thereto, and each lender party thereto	8-K	10.4	5/20/2026	001-35922
10.9#	PEDEVCO Corp. 2021 Equity Incentive Plan Form of Restricted Stock Unit Award Agreement	8-K	10.4	6/24/2026	001-35922
10.10#	PEDEVCO Corp. 2021 Equity Incentive Plan Form of Performance-Based Restricted Stock Unit Award Agreement	8-K	10.5	6/24/2026	001-35922
10.11#	PEDEVCO Corp. 2021 Equity Incentive Plan Form of Performance-Based Restricted Stock Unit Award Agreement Performance Matrix	8-K	10.6	6/24/2026	001-35922
10.12	Separation and General Release Agreement dated July 15, 2026, by and between PEDEVCO Corp. and Paul Pinkston	8-K	10.1	7/17/2026	001-35922
10.13#	Employment Agreement dated July 22, 2026, between PEDEVCO Corp. and Reagan Tuck Dukes	8-K	10.6	7/24/2026	001-35922
10.14#	Employment Agreement dated July 22, 2026, between PEDEVCO Corp. and Robert J. Long	8-K	10.7	7/24/2026	001-35922
10.15*	Settlement Agreement dated June 1, 2026, by and between Phoenix Energy One, LLC and Navigation Powder River, LLC				
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				
32.1**	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
32.2**	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document				
101.SCH*	Inline XBRL Taxonomy Extension Schema Document				
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document				
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document				
104*	Inline XBRL for the cover page of this Quarterly Report on Form 10-Q, included in the Exhibit 101 Inline XBRL Document Set				

* Filed herewith.

** Furnished herewith.

Indicates management contract or compensatory plan or arrangement.

[Table of Contents](#)

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.

August 13, 2026

By: /s/ J. Douglas Schick
J. Douglas Schick
President and Chief Executive Officer
(Principal Executive Officer)

PEDEVCO Corp.

August 13, 2026

By: /s/ Robert J. Long
Robert J. Long
Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

SETTLEMENT AGREEMENT

This Settlement Agreement (this "**Settlement Agreement**") is entered into between and among Navigation Powder River, LLC ("**Plaintiff**") and Phoenix Energy One, LLC ("**Defendant**"; Defendant and Plaintiff each individually a "**Party**" and collectively, the "**Parties**"). This Settlement Agreement shall be deemed executed as of the date of the latest Party's signature (the "**Effective Date**").

RECITALS

WHEREAS, on September 10, 2025, Plaintiff initiated a lawsuit against Defendant in the Texas Business Court, 11th Division styled Cause No. 25-BCI 1B-0055, *Navigation Powder River, LLC*

v. Phoenix Energy One, LLC (the "**Lawsuit**") regarding the alleged breach of the Parties' Purchase and Sale Agreement;

WHEREAS, Plaintiff filed an Amended Petition on March 16, 2026;

WHEREAS, Defendant appeared and answered in the Lawsuit, and denied and disputed any and all liability with regard to the claims or damages asserted by Plaintiff;

WHEREAS, the Parties wish to resolve their differences with regard to the claims and counterclaims asserted in the Lawsuit and avoid the costs, risks, burdens, uncertainty, and inconvenience of continued litigation;

NOW, THEREFORE, in consideration of the terms and conditions set forth herein, the receipt and sufficiency of which are hereby acknowledged, the Parties agree to settle their disputes on the following terms:

I. CONSIDERATION

A. Payment. Defendant shall pay Plaintiff \$6,750,000 in four payments via wire transfer instructions as follows:

Account Holder/Beneficiary: [REDACTED]
Beneficiary Account Number: [REDACTED]
Financial Center and Address: [REDACTED]
ABA/Routing Number: [REDACTED]

1. The first payment shall be in the amount of \$2,000,000 and shall be made by wire transfer no later than June 26, 2026.
2. The second payment shall be in the amount of \$2,000,000 and shall be made by wire transfer no later than July 6, 2026.
3. The third payment shall be in the amount of \$1,750,000 and shall be made by wire transfer no later than July 30, 2026.
4. The fourth payment shall be in the amount of \$1,000,000 and shall be made by wire transfer no later than September 30, 2026.

5. Plaintiff shall retain the \$250,000 first payment already made by Defendant.

B. Transfer of Properties. Upon completion of the payments described in Sections I.A. 1, 2, and 3 above, Defendant shall be entitled to file the Assignment and Bills of Sale and governmental transfer forms delivered to Defendant on September 4, 2025. The Parties represent and warrant that, as of the date of this Settlement Agreement, neither Party has sold, assigned, transferred, or otherwise taken any action related to the properties that would materially impact the accuracy of any provision of the Assignment and Bill of Sale. Plaintiff represents and warrants that it will not sell, assign, transfer, or otherwise take any action related to the properties that would materially impact the accuracy of any provision of the Assignment and Bill of Sale following the execution of this Agreement.

C. Agreed Judgment. Should Defendant fail to timely make any of the payments described in Sections I.A. above, Plaintiff shall be entitled, without any need for further conference with Defendant, to file an Agreed Motion for Entry of the Agreed Judgment attached hereto in Exhibit A. Plaintiff agrees not to file and enforce such judgment unless and until Defendant fails to timely make any of the payments described in Section I.A. above. Plaintiff shall only be entitled to enforce the Agreed Judgment for the amounts listed on the judgment less any amounts already then-paid by Defendant under Section I.A. above. Domesticating the Agreed Judgment in states other than Texas shall not be considered an act of enforcement of the Agreed Judgment. Upon full, final, and timely payment of the amounts owed to Plaintiff, Plaintiff shall file a notice of satisfaction of judgment. Plaintiff shall further be entitled to recover any attorney's fees incurred in efforts to enforce the Agreed Judgment. Upon satisfaction of the Agreed Judgment, Defendant shall be entitled to file the Assignment and Bills of Sale and governmental transfer forms delivered to Defendant on September 4, 2025.

D. Plaintiff's Releases. Plaintiff, on behalf of itself and its affiliates, managers, members, parents, subsidiaries, interrelated companies, affiliated companies, representatives, agents, successors, and assigns (collectively, the "**Plaintiff Releasers**"), does hereby **RELEASE, ACQUIT, AND FOREVER DISCHARGE** Defendant and its past, present, and future officers, directors, employees, agents, representatives, predecessors, shareholders, parents, subsidiaries, interrelated companies, sponsors, affiliated companies, successors, and assigns and each of the attorneys and law firms representing Defendant in the Lawsuit (collectively, the "**Defendant Released Parties**"), from any and all claims, demands, and causes of action, whether at common law, statutory, or otherwise, whether known or unknown, suspected or unsuspected, asserted or unasserted, foreseen or unforeseen, fixed or

contingent, liquidated or unliquidated, related to or arising from the claims, counterclaims, demands, and causes of action asserted or that could have been asserted in the Lawsuit ("**Plaintiff's Released Matters**").

E. Defendant's Releases. Defendant, on behalf of itself and its affiliates, managers, members, parents, subsidiaries, interrelated companies, affiliated companies, representatives, agents, successors, and assigns (collectively, the "**Defendant Releasors**"), does hereby **RELEASE, ACQUIT, AND FOREVER DISCHARGE** Plaintiff and Plaintiff's past, present, and future officers, directors, employees, agents, representatives, predecessors, shareholders, parents, subsidiaries, interrelated companies, sponsors, affiliated companies, successors, and assigns and each of the attorneys and law firms representing Plaintiff in the Lawsuit (collectively, the "**Plaintiff Released Parties**"), from any and all claims, demands, and causes of action, whether at common law, statutory, or otherwise, whether known or unknown, suspected or unsuspected, asserted or unasserted, foreseen or unforeseen, fixed or contingent, liquidated or unliquidated, related to or arising from the claims, counterclaims, demands, and causes of action asserted or that could have been asserted in the Lawsuit ("**Defendant's Released Matters**" and together with the Plaintiffs Released Matters, the "**Released Matters**").

2

F. Unknown Circumstances. The Parties hereby acknowledge and agree that the releases set forth in Sections I.D and I.E above include a release of any liability for any consequences, presently known or unknown, that may result from the issues made the subject of the Lawsuit and/or anything done or omitted by either of the Parties in any way related to the events giving rise to the Lawsuit. The Parties further agree that their acceptance of the terms specified herein constitutes a complete compromise of all matters involving disputed issues of law and fact asserted in the Lawsuit, and the Parties assume the risk that the facts or law may be otherwise than they believe.

G. Dismissal of Lawsuit. The Plaintiff will file a Joint Agreed Motion to Dismiss the Lawsuit with prejudice within seven (7) business days of Defendant making the payments described in Sections I.A. I, 2, 3 and 4 above.

H. Representations and Warranties. Each Party represents and warrants to the other Party as follows:

- a. The signatory of such Party hereto is at least 18 years of age, of sound mind,

and is competent to enter into a legally binding agreement and has authority to bind their such Party to this Settlement Agreement.
- b. No other person or entity has or has had any interest in the claims, demands, or obligations of such Party referred to in this Settlement Agreement.
- c. Such Party has not sold, assigned, transferred, conveyed, or otherwise disposed of any of the claims, demands, or obligations referred to in this Settlement Agreement.
- d. Such Party has the sole right and exclusive authority to execute this Settlement Agreement.
- e. No consent, approval, waiver or similar obligation is required to be obtained by such Party to enter into this Settlement Agreement or to consummate the transactions contemplated hereby that has not already been obtained on or prior to the Effective Date.
- f. When executed and delivered by such Party, this Settlement Agreement will constitute a valid and binding obligation of such Party, enforceable against such Party in accordance with its terms.

3

II. DISCLAIMER OF RELIANCE

Each Party represents and warrants to the other Party that it:

- A. enters this Settlement Agreement freely and without duress;**
- B. has fully discussed this Settlement Agreement and its legal consequences with counsel of its choice; and**
- C. disclaims and waives any reliance whatsoever on any written or oral promise, statement or representation, whether affirmatively made or by omission, by any other party other than those expressly stated in this Settlement Agreement.**

III. GENERAL TERMS

A. Change or Modification. No change or modification to this Settlement Agreement will be binding unless it is in writing and executed by all Parties.

B. Legal and Other Costs. Except as provided herein, each Party hereto shall bear its own costs and expenses, including attorneys' fees and court costs, paid or incurred in the Lawsuit and incident to this Settlement Agreement; provided that in any action to enforce this Agreement, the prevailing Party shall be entitled to recover its reasonable attorneys' fees and costs from the non-prevailing Party.

C. Governing Law. This Settlement Agreement is governed by the laws of the State of Texas, without reference to any conflict of laws provision or analysis. Any disputes arising from this settlement shall be resolved in the courts of Harris County, Texas, including the Texas Business Court.

D. No Admission of Liability. It is AGREED and UNDERSTOOD that this Settlement Agreement and the mutual promises and covenants contained therein are made by the Parties as a final compromise and settlement of disputed claims, and such covenants and promises are not to be construed as an admission of liability of any fact on the part of any Party hereto, or anyone else, in this or any other proceeding. The Parties have expressly denied any liability related to the Lawsuit.

E. Merger Clause. This Settlement Agreement states the full agreement of the Parties and supersedes all prior negotiations, statements, representations, and agreements, written or oral, regarding the Released Matters.

F. Counterparts and Scanned Signatures. This Settlement Agreement may be executed in any number of counterparts, each of which is an original instrument, but all of which together constitute one and the same instrument. Any signature to this Settlement Agreement delivered by facsimile or electronic mail is an original for all purposes.

G. Headings. The headings in this Settlement Agreement have been inserted for convenience of reference only; they are not a part of the agreement and do not affect the meaning, terms, or interpretation of this Settlement Agreement in any way.

4

H. Provision Void or Unenforceable. If any provision of this Settlement Agreement is found to be void or unenforceable, that provision shall be severed from this Settlement Agreement, and the other provisions will remain in full force and effect.

I. Construction. All Parties were involved in the drafting of this Settlement Agreement, and it shall not be construed more strongly against any Party on the grounds it was drafted by such Party or primarily drafted by such Party.

J. Binding Effect. This Settlement Agreement (including without limitation all of the release provisions contained herein) shall be binding upon and inure to the benefit of each of the Parties and their respective successors, heirs, representatives, or assigns.

K. No Third-Party Beneficiaries. This Settlement Agreement is between the Parties. Except as expressly set forth herein, no other persons or parties are intended as beneficiaries of this Settlement Agreement.

Remainder of this page intentionally left blank, signature blocks follow.

5

PLAINTIFF:

Navigation Powder River, LLC

By: _____
Name: Clark R. Moore
Title: EVP and GC
Date: 05/31/2026

6

DEFENDANT:

Phoenix Energy One LLC

By: _____
Name: _____
Title: _____
Date: 06/01/2026

7

CAUSE NO. 25-BC11B-0055

NAVIGATION POWDER RIVER, LLC,

Plaintiff,

v.

PHOENIX ENERGY ONE, LLC

Defendant.

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IN THE ELEVENTH DIVISION

OF THE BUSINESS COURT

HOUSTON, TEXAS

AGREED JUDGMENT

Plaintiff Navigation Powder River, LLC ("Plaintiff") and Defendant Phoenix Energy One, LLC ("Defendant") have appeared through their attorneys of record. The Parties have agreed on entry of this Agreed Judgment.

The Court, having reviewed the record, enters the following Order and Judgment.

It is ORDERED, ADJUDGED, and DECREED that Plaintiff's Motion for Entry of Judgment is GRANTED.

It is further ORDERED, ADJUDGED, and DECREED that Defendant shall pay to Plaintiff \$7,714,254.50 in damages.

It is further ORDERED, ADJUDGED, and DECREED that Defendant shall pay to Plaintiff pre-judgment interest in the amount of \$415,142.99.

It is further ORDERED, ADJUDGED and DECREED that Plaintiff does have and recover from Defendant post-judgment interest on the above amount at the rate of 6.75% percent per annum from the date of judgment until fully paid.

It is further ORDERED, ADJUDGED, and DECREED that all costs of court are taxed to the party incurring same.

All writs and execution for the enforcement and collection of this judgment may issue as necessary.

8

All relief not expressly granted in this judgment is hereby denied. This judgment finally disposes of all claims and all parties.

SIGNED this ____ day of _____

JUDGE, TEXAS BUSINESS COURT
ELEVENTH DIVISION

AGREED AS TO FORM AND SUBSTANCE:

JONES DAY

WHITE & CASE LLP

/s/ William R. Taylor

William R. Taylor

Texas Bar No. 24070727

Andrew M. Ryngaert

Texas Bar No. 24117005

717 Texas Avenue, Suite 3300

Houston, Texas 77002

Telephone: 832-239-3939

Facsimile: 832-239-3600

/s/ Andrew W Zeve

Andrew W. Zeve

Texas Bar No. 24042209

Drewe E. Molin

Texas Bar No. 24125812

609 Main Street, Suite 2900

Houston, Texas 77002

Telephone: 713-496-9700

Facsimile: 713-496-970 I

Attorney for Defendant Phoenix Energy One, LLC

Attorney for Plaintiff Navigation Powder River, LLC

9

CERTIFICATION

I, J. Douglas Schick, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PEDEVCO Corp.;
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(s) 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(s) 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 the 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: August 13, 2026

/s/ J. Douglas Schick

J. Douglas Schick
President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Robert J. Long, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PEDEVCO Corp.;
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(s) 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(s) 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 the 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: August 13, 2026

/s/ Robert J. Long

Robert J. Long

Chief Financial Officer and Treasurer

(Principal Financial and Accounting 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 PEDEVCO Corp. on Form 10-Q for the period ended June 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, J. Douglas Schick, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief: (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 results of operations of the Company at the dates and for the periods indicated.

/s/ J. Douglas Schick

J. Douglas Schick
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 13, 2026

The foregoing certification is not deemed filed with the Securities and Exchange Commission for purposes of Section 18 of the Securities Exchange Act of 1934, as amended ("Exchange Act"), and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof, regardless of any general incorporation language in such filing. 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.

**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 PEDEVCO Corp. on Form 10-Q for the period ended June 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert J. Long, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief: (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 results of operations of the Company at the dates and for the periods indicated.

/s/ Robert J. Long

Robert J. Long
Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

Date: August 13, 2026

The foregoing certification is not deemed filed with the Securities and Exchange Commission for purposes of Section 18 of the Securities Exchange Act of 1934, as amended ("Exchange Act"), and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof, regardless of any general incorporation language in such filing. 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.