



Symbol	PED
Exchange	NYSE
Current Price	\$3.5
52 Week High/ Low	\$10.5/\$0.38
Average Volume (3 mos.)	12,649
Shares Outstanding (in mn)	22.5
Current Market Cap (in \$ mn)	\$78.75
Float (as a % of shares out.)	76.4%



Cohen Price Index Target

\$11.04

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INVESTMENT THESIS

PEDEVCO Corp., d/b/a Pacific Energy Development (**NYSE: PED**) is an emerging company with a strategic focus on high-growth and strong cash flow energy projects which include shale oil and gas in the US and Asia as well as conventional oil and gas projects.

Quality assets, superior business model, experienced management and attractive oil and gas price dynamics are all contributors to future success. Our conservative estimates forecast revenues to grow from \$3.6 million in FYE December 31, 2012 to approximately \$220.1 million by FYE 2018. Based on these projections and provided that the Company raises \$125.0 million in capital (over the next 36 months), the Cohen Target Price is 215.7% higher than the current price.

SALES AND MARGINS ANALYSIS

**all figures in \$ million; unless
otherwise mentioned**

	2011	2012	2013F	2014F	2015F	2016F	2017F	2018F
Revenues	-	0.5	3.6	25.7	77.2	146.7	183.4	220.1
% growth		NM	606%	625.0%	200.0%	90.0%	25.0%	20.0%
EBITDA	(0.7)	(10.9)	(3.8)	19.8	73.1	138.6	172.5	204.4
EBIT Margin	NM	-2174%	-106.4%	76.7%	94.7%	94.5%	94.1%	92.9%
Net Profit	(0.8)	(12.0)	(9.7)	4.4	42.2	86.5	94.7	96.8
Net Profit Margin	NM	-2388%	-272.6%	17.0%	54.7%	59.0%	51.6%	44.0%
Earnings Per Share - Diluted	(0.19)	(1.94)	(0.37)	0.12	1.02	2.09	2.29	2.34
Free Cash Flow to Firm	(0.8)	(8.3)	(24.0)	(51.1)	(41.0)	21.9	40.8	53.2

THE COHEN PRICE TARGET™ SUMMARY

The Cohen Price Target is calculated by 25% equal weighting of four different valuation methodologies. We use an industry average PE, an industry average price/capital employed (P/CE), a Cohen Performance Index, and the fundamentally driven Cohen DCF.

Price-to-Earnings (P/E)		in \$
Earnings Per Share 2015 Forecasts	1.02	
Industry Average Future P/E Ratio	16.75	
Discount Factor	0.73	
Price based on P/E Ratio		12.54
Price-to-Capital Employed (P/CE)		in \$
Capital Employed	3.02	
Industry Average P/CE Ratio	4.75	
Discount Factor	0.73	
Price based on P/CE Ratio		10.53
Cohen Discounted Cash Flow Model		in \$
Cohen DCF Value - Base Case		14.70
Cohen Performance Index		in \$
Cohen Price Performance Index Value	83.0%	
Current Stock Price	3.50	
Price based on Cohen Performance Index		6.41
Cohen Price Index Target		11.04
Current Price		3.50
Upside/ (Downside) Potential		215.7%

EXECUTIVE SUMMARY

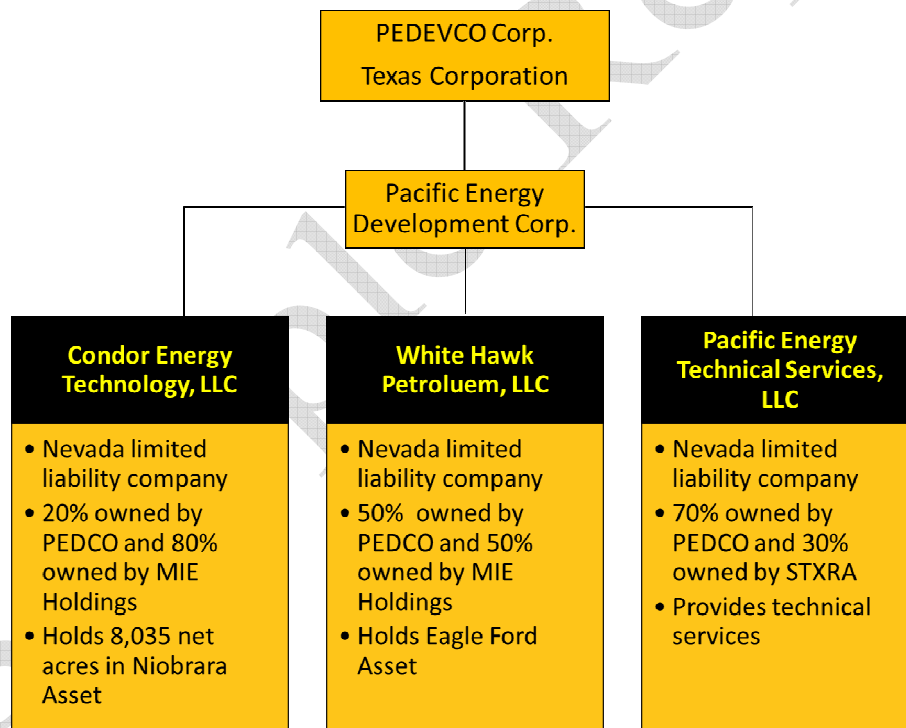
- Pacific Energy Development Corp. (**NYSE: PED**), with its headquarters in Danville, California, is an early stage oil and natural gas Company engaging in the exploration, acquisition and development of high value energy projects centered on shale assets and conventional oil and gas assets in the US and Asia.
- The Company's core assets include the Niobrara asset in Colorado, the Eagle Ford asset in Texas, the Mississippian asset in Kansas and the North Sugar Valley asset located in Texas.
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- The Cohen Price Index Target is calculated using 2015 Price-to-Earnings ratio (P/E), Cohen Price-to-Capital Employed ratio (P/CE), Cohen Discounted Cash Flow (DCF) method and Cohen Price Performance Index. The P/E and P/CE are based on market multiples and representative of the broader industry in which the Company operates. The Cohen Price Performance Index is a representative of the post coverage performance of all stocks covered by us. The last component in calculating the Cohen Price Index Target is the value derived using the long-term DCF valuation approach.
- Based on an average of these methods, PED common stock is valued at \$11.04 per share, 215.7% higher than the current stock price of \$3.50 per share.

ABOUT THE COMPANY

PEDEVCO Corp., d/b/a Pacific Energy Development (**NYSE: PED**) is a development stage company with a strategic focus on the acquisition and development of energy projects. The Company's business plan lays a strong emphasis on oil and natural gas shale plays and looks at the conventional oil and natural gas plays as an ancillary business.

The Company's first acquisition was the North Sugar Valley Field in Matagorda County, Texas. PED has since built up its core assets by adding the Niobrara Shale play in Denver – Julesbur Basin in Morgan and Weld Counties, Colorado, the Eagle Ford Shale play in McMullen County, Texas, and its recent acquisition of the Mississippian Lime play in Comanche, Harper, Barber and Kiowa Counties, Kansas. The Company has formed strategic relationships outside of the US as well. It hopes to focus on the acquisition, exploration, development and production in Asia specifically in China and Kazakhstan.

Figure 1: PED Corporate Structure



COHEN GROWTH DRIVERS AND FINANCIAL FORECASTS

Figure 2: Cohen Growth Driver Analysis – Base Case

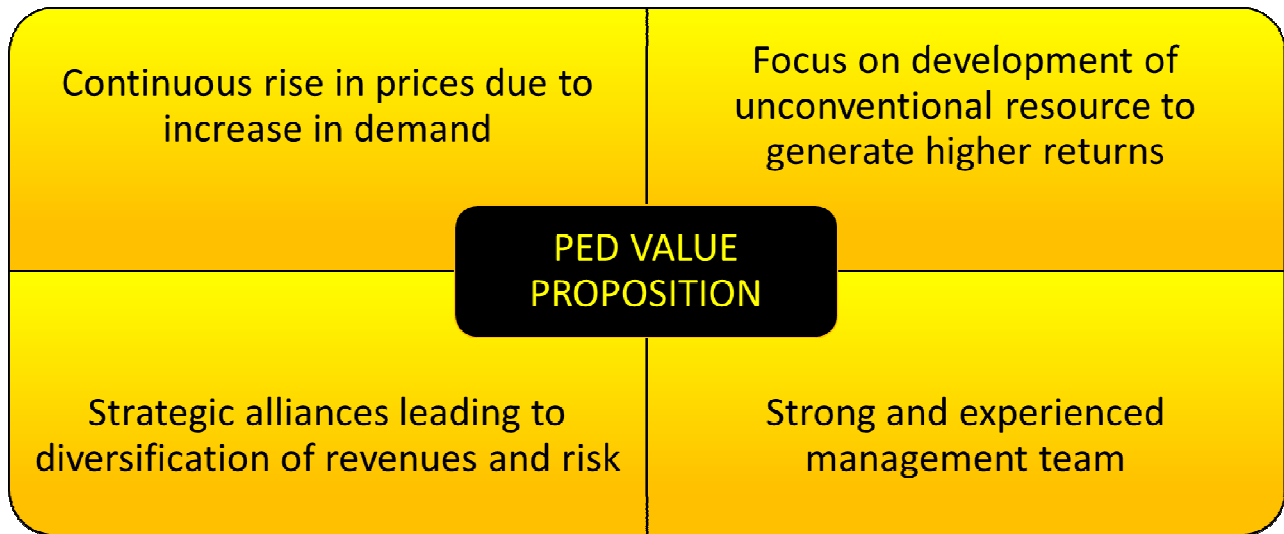
Annual Revenues, Margins, Assets, Turns								
all figures in \$ million; unless otherwise mentioned								
	2011	2012	2013F	2014F	2015F	2016F	2017F	2018F
Net Revenue	-	0.5	3.6	25.7	77.2	146.7	183.4	220.1
Operating Margin	NM	-2174%	-149.0%	51.4%	75.9%	80.5%	79.6%	78.1%
Net Margin	NM	-2388%	-272.6%	17.0%	54.7%	59.0%	51.6%	44.0%
EPS - Diluted	(0.19)	(1.94)	(0.37)	0.12	1.02	2.09	2.29	2.34
EBITDA	(0.7)	(10.9)	(3.8)	19.8	73.1	138.6	172.5	204.4
Free Cash Flow	(0.8)	(8.3)	(24.0)	(51.1)	(41.0)	21.9	40.8	53.2
Cash and Equivalents	0.2	2.5	6.8	2.3	8.5	28.3	67.5	115.9
Working Capital	(1.6)	(4.3)	(7.1)	(1.6)	7.1	17.4	22.4	22.8
Total Debt	-	0.1	7.5	6.4	5.5	4.7	4.0	-
Total Assets	2.9	11.1	35.8	89.3	178.7	265.9	361.1	459.7
DSO	NM	153.9	54.8	54.8	54.8	54.8	54.8	54.8
Percentage Change in Annual Revenues, Margins, Assets, Turns								
	2011	2012	2013F	2014F	2015F	2016F	2017F	2018F
Revenues	NM	NM	606%	625.0%	200.0%	90.0%	25.0%	20.0%
Operating Margin	NM	NM	-93.1%	-134.5%	47.6%	6.0%	-1.1%	-1.9%
Net Margin	NM	NM	-88.6%	-106.3%	220.9%	7.8%	-12.5%	-14.8%
EPS - Diluted	NM	920%	-81.1%	-132.9%	746.5%	104.8%	9.4%	2.3%
EBITDA	NM	1373%	-65.5%	-622.9%	270.4%	89.5%	24.4%	18.5%
Free Cash Flow	NM	1007%	189.3%	112.6%	-19.8%	-154%	86.1%	30.2%
Cash	NM	1304%	173%	-66.7%	275.9%	234.0%	138.8%	71.7%
Working Capital	NM	169%	63.2%	-77.7%	-550.4%	145.6%	28.7%	1.9%
Total Debt	NM	NM	12548.0%	-14.3%	-14.3%	-14.3%	-14.3%	-100.0%
Total Assets	NM	279%	221%	150%	100%	49%	36%	27%
DSO	NM	NM	NM	NM	NM	NM	NM	NM

Source: Cohen Research

The Cohen Growth Drivers Model is an intelligent road map used by many securities analysts to analyze the forecasted growth of a given Company.

VALUE PROPOSITION

Figure 3: PED Value Proposition

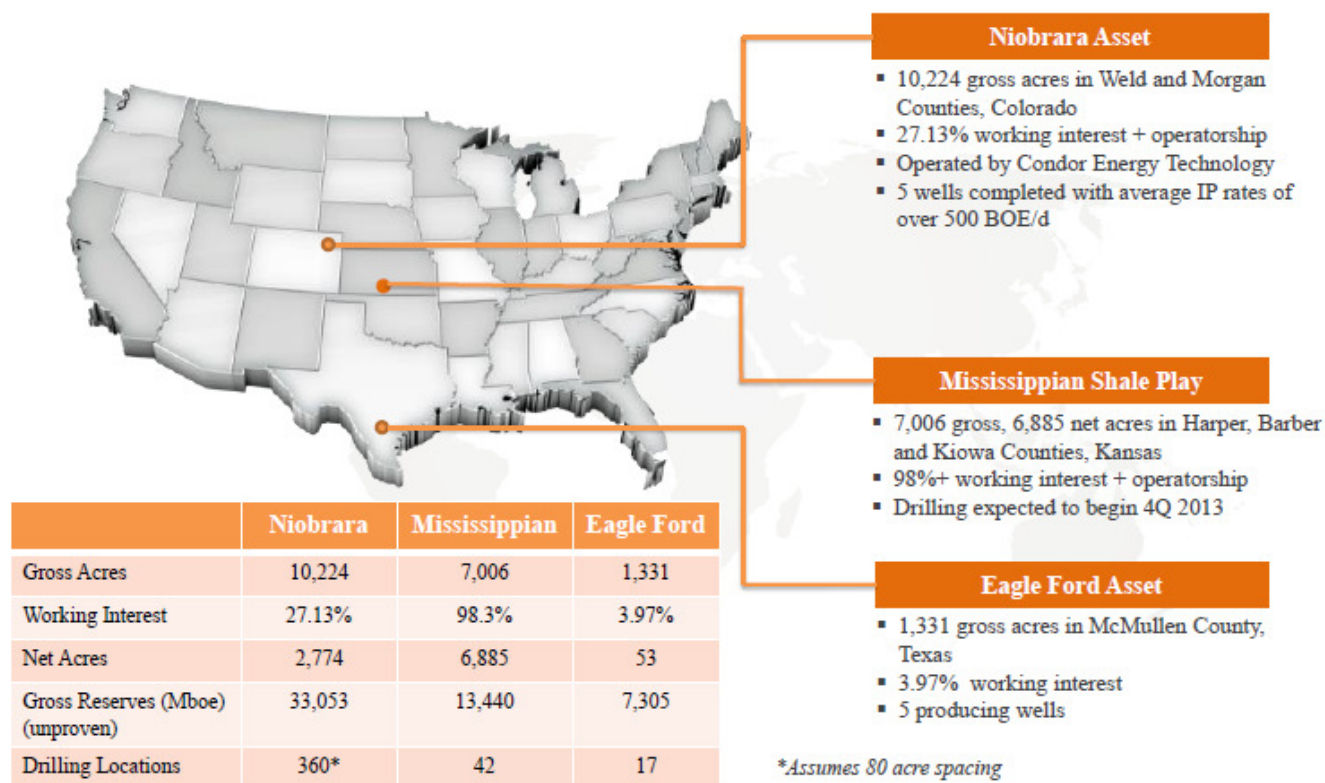


Source: Cohen Research

COMPANY ASSET DESCRIPTION

Overview of Company's Core Oil Field Targets

Figure 4: Company's Core Assets

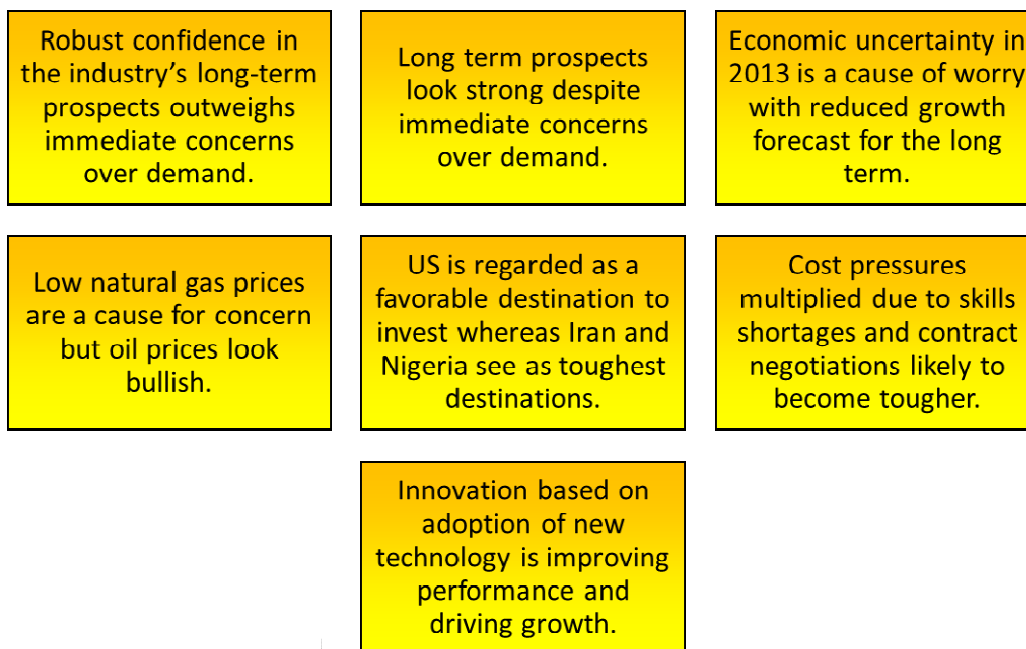


Source: Company Material

INDUSTRY OVERVIEW

On the back of global demand for energy, especially from China and India, the oil and gas industry has looked for new sources of energy. These new sources are often challenging areas such as deep water, politically unstable regions and arctic regions. The US is one of the highest consumers of oil and gas and is now the hotbed for development of unconventional sources such as shale gas and tight oil.

Figure 5: Key Findings in for the oil and gas industry in 2013

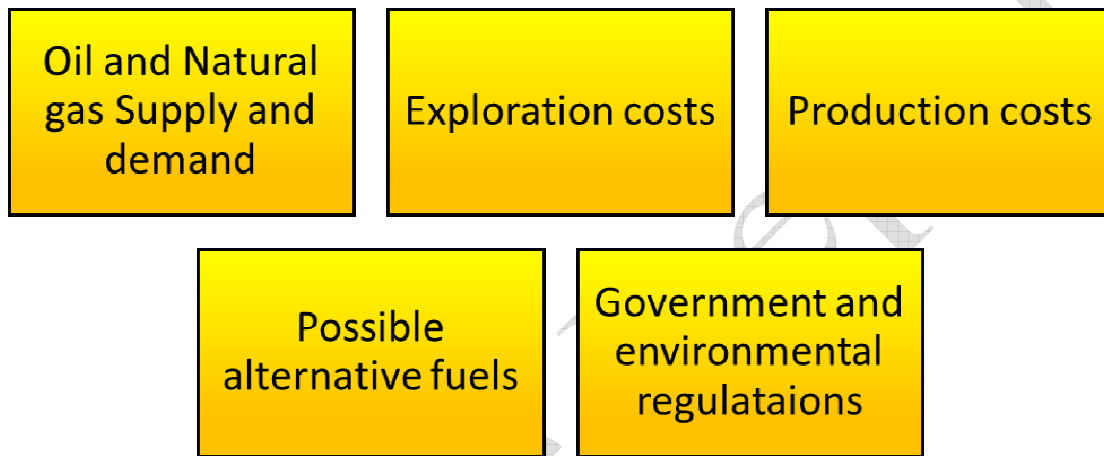


Source: GL Noble Denton's *Seismic Shifts - The outlook for the oil and gas industry in 2013* report

COMPARATIVE ANALYSIS

The oil and the gas industry has witnessed consolidation of small players as well as ongoing deregulation and integration in markets. Any company entering the market competes not only with other entrenched private companies but also government – owned companies for resources, licenses, marketing and trading share. Competition in the industry is affected by a number of factors major among which are:

Figure 6: Factors Affecting Companies in Oil and Gas Industry



Source: Cohen Research

VALUATION

THE COHEN PRICE TARGET™ - \$11.04

The Cohen Price Target™ is a dynamic and logical valuation approach that combines market-based approaches and intrinsic value methodologies. Capital raising and cash are the life blood of any micro-cap/small cap Company. Hence, the Cohen Price Target™ includes four components, 25% equal weighted that together reflect and are based on the Company's ability to raise capital for growth. The four components used in our price index are: Price-to-Earnings ratio (P/E), Cohen Price-to-Capital Employed ratio (P/CE) (Both Market based valuation approaches), Cohen Discounted Cash Flow (DCF) method (Theoretically an Intrinsic Value based approach) and Cohen Price Performance Index.

Our formula for The Cohen Price Target™ is shown below.

Figure 7 - The Cohen Price Target™ Formula

Price-to-Earnings (P/E)		in \$
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Source: Cohen Research

CONCLUSION

PEDEVCO Corp., d/b/a Pacific Energy Development, despite being a relatively new entrant in the oil and gas industry has positioned itself very well by executing its business strategies very well. The Company's plans to build a solid platform by building reserves, run efficient production processes and generate regular cash flows makes it a valuable and a safe bet. The Company is actively looking to add to its core assets in the United States and subsequently expand in the Pacific Rima and on the underdeveloped China shale gas market to continue its growth trajectory.

The Company's management team is responsible for setting targets and using operational and financial metrics to move the Company forward. Management has built strategic relationships with big players such as MIE Holdings and has reaped benefits by gaining access to finance as well as to valuable experience. Personal experience in the oil and gas industry of the management team is an added boon. The Company has also tied up with key advisors such as STXRA and other industry leaders. It has launched a services company, Pacific Energy Technology Services LLC that can provide an additional source of revenue for the Company.

We believe the Company's strong management, financial capabilities, robust projected revenue streams and growth potential in its marketplace makes the stock a potentially valuable investment proposition. Pacific Energy Development Corp. provides a potential short term trade and long term investment opportunity for risk-averse investors.

MANAGEMENT BIOS

The management at Pacific Energy Development have combined years of global experience in the oil and gas industry along with vision to develop a coherent strategy for the Company and ensure the Company is able to achieve its targets.

LATEST PRESS RELEASES

FINANCIAL EXHIBITS

THE COHEN PRICE TARGET™

DISCLAIMER

Grass Roots Research and Distribution, Inc.

Sample Report