

DYNARESOURCE INC  
Form 10-12G/A  
May 14, 2009

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

FORM 10 / A, Amendment No. 3

GENERAL FORM FOR REGISTRATION OF SECURITIES  
(SMALL BUSINESS ISSUERS)

Pursuant to Section 12(b) or 12(g) of the Securities Exchange Act of 1934

DYNARESOURCE, INC.

(Name of the Small Business Issuer in its charter)

Delaware  
(State of Incorporation)

94-1589426  
(Employer Identification No.)

222 W. Las Colinas Blvd., Suite 744 East Tower;  
Irving, Texas  
(Address of principal offices)

75039  
(Zip Code)

Registrant's telephone number: Phone: (972) 868-9066; Fax: (972) 868-9067

Securities to be registered pursuant to Section 12(b) of the Act:  
None

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

Common Stock; \$.01 Par Value  
(Title of Class)

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

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Large    
 accredited filer

Accredited filer

Non-accredited    
 filer

Smaller    
 reporting   
 company

MAY 5, 2009

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PART I:

FORWARD LOOKING STATEMENTS.

Many statements made by the Company in this Form 10 contain forward-looking language and information related to the Company. In general, the Company identifies these forward-looking statements and information through use of terminology such as "shall", "will", "may", "expect", "intend", "project", "estimate", "believe", or other similar phrases. The Company bases these statements and information on its opinions and assumptions, based upon current conditions and information currently available to the Company. Because these statements reflect the Company's views regarding current and future events, these statements involve uncertainties and risks. Performance realized in the future could differ materially and significantly from these forward-looking statements. Readers should exercise caution in placing any undue reliance upon any such forward-looking statements. Taking into account the foregoing, the following are identified as important factors that could cause actual results to differ materially from those expressed in any forward looking statement made by Company, or on Company's behalf. If any of the following factors occur, our business, financial condition, or results from operations could be materially adversely affected.

ITEM 1.

DESCRIPTION OF BUSINESS.

COMPANY.

DynaResource, Inc., the Company described herein, is a Delaware corporation, with offices located at 222 W. Las Colinas Blvd., Suite 744 East Tower, Irving, Texas 75039. It can be reached by phone at (972) 868-9066 and by Fax at (972) 868-9067.

HISTORY.

Formation and Business

The Company was incorporated in the State of California on September 28, 1937, under the name West Coast Mines, Inc. The company is in the business of exploration and production of precious metals, principally gold.

Initial Activities

In October, 1937, the Company acquired approximately 560 acres of mining claims in Humboldt County, Nevada, (the "Pansy Lee Property") which claims surrounded a hard rock mining prospect. In connection with the acquisition and development of the Pansy Lee Property, the Company sought and obtained the approval for the sale of the Company's securities from the Commissioner of the State of California. The Company explored and developed this Pansy Lee, including the driving of a 900 foot Mine Shaft for production. The Company reported production of 8,000 Oz. Gold, 700,000 Oz. Silver, 110,000 Lbs. Copper, and 2,000,000 Lbs. Lead. at the Pansy Lee Property. In 1942 the Pansy Lee was shut down by Executive Order in World War I, and reported little production after that time.. From 1942 to 1994, the Company was primarily involved in negotiations involving the leasing or sale of the Pansy Lee Property to outside parties.



#### Care and Maintenance; Leasing - Pansy Lee

From 1944 to 1988, the Company involved itself with the leasing of the Pansy Lee to various parties, including Newmont Mining in 1988. No significant mining activities were reported from these leasing activities. From 1989 to 1994 no significant property activities were reported.

#### Change in Control

In October 1994, the Company issued 97,927 shares in exchange for approximately 960 Acres of mining claims in Arizona. A majority of new Board of Directors were installed at this exchange. In December 1994, the Company entered into a Plan and Agreement of Merger with Resolute Mining Corp., a Nevada corporation, which was approved by the shareholders on February 16, 1995, and became effective February 28, 1995. Under this Plan and Agreement of Merger, 1,312,500 shares of the Company's securities were issued in exchange for 100% of the outstanding shares of Resolute Mining Corp. Resolute Mining Corp. was subsequently dissolved. At the completion of the merger, there were 1,500,000 common shares of the Company issued and outstanding, 87.5% of which were owned by former shareholders of Resolute Mining Corp. In 1998, the Company re-domiciled its charter to Delaware and changed its name to DynaResource, Inc.

#### History at San Jose de Gracia - the main asset of the Company

In 1995 and 1996, the Company acquired a 24.9 % Net Profits Interest in the San Jose de Gracia Property in Sinaloa State, Mexico (the "San Jose de Gracia Property") through the capital contribution of \$ 48,250 and the Issuance of 451,750 Shares.

The San Jose de Gracia mining property surrounds the area of San Jose de Gracia, Sinaloa State, Mexico. San Jose de Gracia is located on the west side of the Sierra Madre Mountains, approximately 100 kilometers inland from Los Mochis, Sinaloa Mexico and approximately 200 Kilometers north of Mazatlan, Sinaloa. The SJG property is described in more detail in the Form 10 / A, under the Section titled "PROPERTY".

In 1996, Golden Hemlock Explorations, Inc., Vancouver, BC. ("Hemlock") owned the SJG Project, subject to the Company's 24.9% Net profits interest.

From 1995 to 1999, Hemlock incurred property acquisition expenditures of \$ 2,557,845. Cnd. and Exploration expenditures of \$ 3,045,391 Cnd, at the San Jose de Gracia project. Again, the Company retained its 24.9 % Net Profits Interest without incurring costs attributed thereto, except as otherwise disclosed in this Form 10 / A.

A drill program was conducted at SJG in 1997 - 1998 by Hemlock. Approximately 6,172 meters drilling was completed in 63 core drill holes. Significant intercepts, including bonanza grades, outlined Down Dip potential of the Northeast section (150 Meter NE to SW extent of the Drilling) of the Los Hilos to Tres Amigos Trend. And, Drill Hole 97-63 confirmed down dip and extension at the Palos Chinos Area of SJG.

Surface and underground sampling in 1999 - 2000 confirmed high grades in historic workings and surface exposures throughout the project area. These high grades outline the presence of ore shoots developed within the veins. The ore shoots appear to be controlled by dilational jogs and/or vein intersections. A total of 544 samples were collected in 1999-2000, and assayed an average 6.51 grams/ton gold.



### Consolidation of San Jose de Gracia

In 2000, the Company formed a wholly owned subsidiary, DynaResource de Mexico S.A. de C.V. (DynaMexico) chartered in Mexico. This company was formed to acquire, invest in, explore and develop mining concessions in Mexico, and to acquire the ownership and interests related to San Jose de Gracia. In March 2000, the Company and its subsidiary DynaMexico entered into agreements to acquire and consolidate 100% of the San Jose de Gracia Property. Pursuant to these agreements, the Company agreed to issue 2,493,271 Shares in exchange for the complete acquisition of the SJG and all related interest, and subject to the complete transfer of all mining concessions.

After resolving ownership and title issues related to SJG, the number of shares to be issued to the prior owners of SJG was reduced to 115,000 shares from 2,493,271. (Note: The 115,000 shares were issued in 2006, when all matters related to the acquisition, transfer, and consolidation of 100 % of the SJG district were resolved.

At year end 2003, there were 6,200,767 shares of common stock outstanding.

### Production at San Jose de Gracia

During the period 2003 through 2006, the Company conducted mining and production activities at SJG. In order to finance the installation and start up of the mining and production operations, the Company sold \$784,750 of Preferred Rights which gave the holders the right to a percentage of the revenue from the production. In 2004 and 2005, the Company distributed \$744,750 cash to the preferred holders as a percentage of revenues generated. In 2006, the Company repurchased these Preferred Rights for 261,581 shares of common stock.

The small scale mining and production activities at SJG consisted of improvements to an existing mill, including the installation of a gravity / flotation processing circuit, and initial test runs with tailings were completed in 2002. Actual mining at the high grade San Pablo area of the property commenced in March 2003. The Company, conducting its activities through its subsidiary DynaMexico, mined high-grade veins at San Pablo from mid 2003 to June 2006. 18,250 Oz. gold was produced and sold; from mined tonnage of 42,500 tons, at an average grade of approximately 20 g/t. Production costs were reported at approx. < \$ 175. / Oz. in this small scale, pilot production operation.

During the period of production activities, the Company faced typical issues which relate to the production of a commodity in a mining operation. These included, but are not limited to:

- Commodity prices are fixed in world markets over which the Company has no control;
- Production Costs may vary, and there is no certainty that Prices received for products produced will be sufficient to cover production costs;
- Production outputs may vary and are subject to complications, including operating efficiencies, labor matters, equipment failures, safety matters, weather and road conditions; transportation matters
- Mining and Production activities are subject to environmental regulations;
- Security of products produced;

During the period of the Company's production activities, it exercised special care and focus to provide a safe working environment and to minimize the threat of danger from collapse, flooding, worker accidents, or air quality. The company was fortunate not to report any significant accidents during the time of its production operations. The company currently has no outstanding issues with regard to permitting or regulations regarding its activities.





From 2003 – 2006, the price of gold ranged from approximately \$ 400 to \$ 550 per ounce. The Company's direction production costs ranged from \$125 to \$240 per ounce. The Company's production operations reported mining high grade ore which averaged 15 grams per ton, with recoveries of approximately 85%. The price of gold received provided for a reasonable margin over costs. The company also developed an infrastructure consisting of mining camp and equipment, offices, contractors, vendors, suppliers and facilities that currently support exploration and drilling activities. The Company maintains approximately through 30 employees in its subsidiary companies in Mexico. The Company relies on its officers to control and oversee most aspects of the company, thus relying heavily on their expertise and knowledge of the business of the Company.

During the period of small scale production at SJG, the Company recognized it would be necessary to conduct large scale exploration activities in order to define and confirm commercial ore bodies. Considering the results of the recent production operation, and considering the results of the drilling activity to date; the Company projects a + 100,000. Oz. gold per year production operation, at SJG in the future. However, there can be no certainty that the Company's exploration activities will result in the definition of a commercial ore body.

From 2003 through 2006, the Company issued 832,766 shares for services, 414,611 shares for cash, 261,581 shares to repurchase the Preferred Rights, 115,000 for the final stock issuance on the SJG property and 50,275 for debt and accounts payable. At year end December 31, 2006 there were 7,875,000 shares of common stock outstanding.

#### Recent Financing Activity

The Company initiated the test production activity in 2003 at a time when gold prices were depressed, and with exploration funding opportunities, while available, were deemed to be too dilutive by Company management. While the test production was a success (see results above), a small scale production activity was not expected to provide the necessary capital in order to explore and develop a project the size of SJG. The Company expects the results of the production activity to provide significant benefits to the current and future exploration drilling to be conducted at San Pablo and other areas of SJG; while at the same time the production activity confirmed production grades, efficiency of recoveries, and production costs. The Company believes this small scale mining works have laid the foundation for the scaling up of production at SJG in the future. The Company further believes that overall production costs can be significantly reduced in a larger scale operation.

As gold prices continued to appreciate into 2006, exploration financing opportunities increased and the Company negotiated and entered into the "Earn In / Option agreement with Goldgroup Resources, Inc., Vancouver, BC., dated September 1, 2006. The Terms of the Earn In / Option agreement provides for \$ 18 M. USD financing over four Phases, and exploration expenditures at SJG, by Goldgroup to DynaMexico, in exchange for Goldgroup's earning of 50 % of the Shares of DynaMexico, while also providing for the involvement of proven industry professionals in the SJG project. (See Material Agreements; Earn In / Option Agreement.)

Exploration at San Jose de Gracia (Phase 1, 2 and 3 of the Earn In / Option Agreement; Activity and Results)

In Phase I of the Earn In Agreement, approximately 3,400 meters drilling was accomplished in 22 core drill holes (SJG 07-01 to SJG 07-22); as well as geochemical sampling and mapping, and data consolidation into Surpac Software.

In Phase II of the Earn In Agreement, approximately 5,500 meters was completed in 23 core drill holes (SJG 07-23 to 07-45).

In Phase III of the Earn In Agreement, approximately 15,150 meters was completed in 56 core drill holes (SJG 08-46 to SJG 08-101).

Phase IV drilling continues at SJG. Through December 31, 2008, approximately 5,950 meters have been completed in 25 core drill holes (through SJG 08-126), in Phase IV.

At December 31, 2008, a total of 30,000 meters drilling has been completed in 126 core drill holes, financed pursuant to the Earn In Agreement. The Drill Intercepts Summary File, describing the intercepts of all core drill holes, and including the previous drilling results of 1997-1998, is attached as Exhibit 99.3 to this Form 10 / A.

Results of the Phase I, II, III and IV drilling programs are described in a "Drill intercepts summary file", which can be viewed on the website of the SEC at:

<http://sec.gov/Archives/edgar/data/1111741/000112178109000078/ex99three.htm>

#### Additional Mining Concessions / Extension to Project Area

In addition to the drilling and exploration activity, 3 additional Mining Concessions have been claimed, with title applications filed. At the time that Title of these Concessions is obtained by DynaMexico, the 3 Concessions acquisitions will extend the SJG District by approximately 95,000 Hectares (to a Total of + 99,500 Hectares).

#### Company Summary of Drilling Results

The drilling results obtained to date confirm the extension of mineralization, down dip of historical workings at SJG, with confirmation of high grade gold (as measured in grams per ton) which are consistent with historical and recent production. Specifically, San Pablo, Tres Amigos, La Purisima, and La Union areas have reported significant results. Phase 4 drilling will be targeted at Tres Amigos, San Pablo, La Prieta, La Union and La Purisima. In 2009, the Company expects to commission a 43-101 compliant report of the ore "resources" defined by drilling at SJG.

#### Mineable "Ore" at San Jose de Gracia

The Company believes it has outlined mineable Gold deposits from drilling activity; at San Pablo, Tres Amigos, and Palos Chinos areas of SJG. Further drilling is expected to outline additional mineable ore at the above listed target areas, while mineable ore deposits are also expected to be defined at La Purisima, La Prieta, and La Union, and with potential ore deposits at other targets at SJG to be defined in the future.

#### Permitting and Regulations

The Company has obtained all required permits for its operations. These permits have included a Test mining and production permit, explosives permit, and the permitting of its drilling programs. Currently the Company reports no deficiencies for any reporting or permitting of its activities.



### Marketability of Produced Products

The Company operates in a business where its produced products are commodities and therefore the market for its past and any future production is established by world market prices for commodities.

### Reports to Security Holders

The Company became a reporting company in July 2008 by virtue of filing a Form 10 with the U.S. Securities & Exchange Commission (SEC). The Company files Form 10-Q's quarterly and Form 10-K annually and available for review by visiting the SEC website at [www.sec.gov](http://www.sec.gov).

### Formation of Affiliated Company / Spin Off

The Company has focused its activities on the San Jose de Gracia Property and in 2006 formed a related company, DynaResource Nevada, Inc. for the purpose of spinning off the 560 acre Pansy Lee property located in Winnemucca Nevada. The company completed this spin off as a dividend to its shareholders, as reflected in its Audited Financial Statements dated December 31, 2007. DynaResource Nevada, Inc. is a separate company with similar officers and directors as DynaResource, Inc.

### Personnel / Consultants

The Company maintains approximately 28 employees. Three employees are corporate officers and work in the corporate office in the United States. Other employees are maintained through DynaOperaciones in Mexico. The company also retains legal counsel in the US, legal counsel in Mexico, and it retains as consultants a senior geologist and junior geologist in Mexico.

### MATERIAL AGREEMENTS.:

#### Earn In Option Agreement.

On September 1, 2006 the Company signed a "Stock Purchase and Earn In Agreement" ("Earn In") between: DynaResource, Inc. ("DynaResource") and DynaResource de Mexico SA. de CV. ("DynaMexico"), ("Seller"); and Goldgroup Resources, Inc., of Vancouver, British Columbia ("Goldgroup"), ("Buyer"), and Together, ("the Parties").

The Earn In provides for the sale of up to fifty per cent (50 %) of the total outstanding shares of DynaMexico, which at the time of the agreement was the wholly owned subsidiary of DynaResource, and the owner of the San Jose de Gracia mining concessions and related interest in northern Sinaloa, Mexico ("SJG"); In exchange for the total cash contributions to DynaMexico, and expenditures related to the exploration and development of the SJG, in the amount of Eighteen Million Dollars USD. (\$18,000,000.) by Goldgroup; contributed in four (4) Phases, as set forth below:

| Phase | On or before  | Amount of Funds to be deposited to DynaMexico (For SJG Expenditures) | Interest Earned (by Goldgroup in DynaMexico) | Cumulative Interest Earned (by Goldgroup in DynaMexico) |
|-------|---------------|--|--|---|
| 1.    | June 15, 2007 | \$1,000,000  | 0%   | 0%; Completed.  |



|    |                    |              |     |                 |
|----|--------------------|--------------|-----|-----------------|
| 2. | March 15, 2008     | \$2,000,000  | 15% | 15%; Completed. |
| 3. | September 15, 2009 | \$3,000,000  | 10% | 25%; Completed. |
| 4. | March 15, 2011     | \$12,000,000 | 25% | 50%; In Process |

DynaResource attached the “SJG Title Opinion”, compiled by Urias Romero Y Asociados, Abraham Urias, Mazatlan, Sinaloa, with attachments and schedules; describing the status and position of DynaMexico and affiliated companies in Mexico, and confirming the 100 % ownership and status of the Mining Concessions comprising the SJG District in Sinaloa, Mexico;

- DynaResource attached its Audited, Consolidated Financial Statement at December 31, 2005;
- The Parties agreed to a revised setting of the Board of Directors of DynaMexico, to:
  - Two (2) members of DynaResource; K.D. Diepholz, Chairman / CEO of DynaResource as President; and, Charles E. Smith; CFO of DynaResource;
  - One (1) Member of Goldgroup; Keith Piggott, CEO of Goldgroup;

The SJG Management Committee is formed to approve budgets and expenditures pursuant to the Earn In. The setting of the Management Committee is:

- Two (2) Members of Goldgroup; Keith Piggott, CEO of Goldgroup as Chairman; and, John Sutherland, CFO of Goldgroup;
- One (1) Member of DynaResource; K.D. Diepholz, Chairman / CEO of DynaResource;

Since the inception of the Earn In Agreement, and as of September 30, 2008, Goldgroup had deposited sufficient funds to complete Phases 1, 2 and 3 of the Agreement; and as a result Goldgroup has received 25% of the outstanding common stock of DynaMexico. As of March 31, 2008 Goldgroup had deposited \$8,968,000. USD to DynaMexico, with approximately \$84,108,000 Mexican Pesos reported in qualified expenditures under the Earn In Agreement.

Memorandum of Understanding, (“MOU”):

In order to clarify and confirm the operating structure at SJG, DynaResource, Inc., DynaResource de Mexico, and Goldgroup Resources Inc. (the Parties to the Earn In / Option Agreement); and together, “the Parties”) entered into a “Memorandum of Understanding” (the “MOU”), dated July 29, 2008, providing for, among other things, that Mineras de DynaResource (“MinerasDyna”) as the exclusive operating entity at SJG, pursuant to the operating agreement with DynaResource de Mexico (“DynaMexico’). The MOU provides for:

- Mineras de DynaResource (“MinerasDyna”) as the exclusive operating entity at SJG, pursuant to the operating agreement with DynaResource de Mexico (“DynaMexico’);
- DynaMexico owns the SJG 100%, and all Records, Data and information pursuant thereto. Any information disseminated regarding SJG must be disclosed as originating from DynaMexico;



- The SJG Management Committee is not a legal entity and has no authority or ability to sign contracts or incur obligations or liabilities to DynaMexico, MinerasDyna, or DynaOperaciones;
- The SJG Management Committee does not have the authority to act for or represent DynaMexico, MinerasDyna, DynaOperaciones, or the SJG Property;
- All personnel or consultants related to the SJG Project must be employed or contracted through MinerasDyna or DynaOperaciones and must be accountable to the employing / contracting entity;

## ITEM 1A. RISK FACTORS.

### GENERAL BUSINESS RISKS

After completion of the Company's exploration and drilling programs, it may not have defined a commercial ore body.

The exploration and development of mineral deposits involve significant risks which a combination of careful evaluation, experience and knowledge may not eliminate. There is no assurance that the Company's exploration programs will result in any discoveries of commercial ore bodies. If the Company's Mineral Properties are determined to host commercial ore, there is no assurance that there will be sufficient quantities to justify a commercial operation.

The Company's future is dependent upon its exploration programs. The exploration and development of mineral deposits involve significant risks over significant periods of time. It is impossible to ensure that the current or proposed exploration programs on the Company's property will result in a profitable mining operation.

Whether a mineralized deposit will be commercially viable depends on many factors, such as size and grade of the deposit, proximity to infrastructure, financing costs, regulations, environmental protection, commodities prices, taxes, political risks. The impact of these factors cannot be accurately predicted, but the combination of factors may result in the Company's failure to provide a return on investment.

If drilling and exploration activities define commercial ore bodies at the Company's Property, realized costs of production may exceed revenues or may materially impact the results of operations.

Mineral deposits and production costs are affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of any ore ultimately mined may differ from that indicated by drilling results. Short term factors relating to ore reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. There can be no assurance that any gold, copper or other minerals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale.



Risks of Mining Operations could cause delays or additional liability.

The business of mining is subject to a variety of risks such as cave-ins, flooding, and other potential accidents, and environmental hazards such as the discharge of toxic chemicals. Such occurrences may delay production, increase production costs or result in liability. The Company currently does not carry on any operations and as a result does not currently maintain insurance against such liabilities. The Company intends to obtain insurance if it commences operations; the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or the Company might elect not to insure itself against such liabilities due to high premium costs or other reasons. In such case, the Company could incur significant costs that could have a materially adverse effect upon its financial condition.

If the Company commences production activities, any sales of products produced would be dependent upon market prices for commodities. The market prices for commodities can fluctuate significantly, and are influenced by factors beyond the company's control. There is no certainty that market prices for commodities at the time of sale would result in revenues that would exceed production costs.

The current value and potential value for properties obtained by the Company is directly related to the market price for gold. The market price of gold may also have a significant influence on the market price of the Company's common stock. If the Company obtains positive drill results and a property progresses to a point where a commercial production decision can be made, the decision to put a mine in production and to commit funds necessary for that purpose would be made long before any revenue from production would be received. A decrease in the market price of gold at any time during future exploration or development may prevent a property from being economically mined or result in the write-off of assets whose value is impaired as a result of lower gold prices.

The price of gold is affected by numerous factors beyond the Company's control, including inflation, fluctuation of the United States dollar and foreign currencies, global and regional demand, the purchase or sale of gold by central banks, and the political and economic conditions of major gold producing countries throughout the world. During the last five years, the market price of gold has fluctuated between approximately \$375 and \$1,000 per ounce. The volatility of gold prices represents a substantial risk which is impossible to fully eliminate. In the event gold prices decline and remain low for prolonged periods of time, the Company might be unable to explore, develop, or produce revenue from its properties.

Although the Company has investigated all title to its concessions, there is no Guarantee of Clear Ownership.

The Company has investigated title to all mineral claims, and, to the best of its knowledge, title to all properties is in good standing. There can be no assurance of complete title, nor guarantee of title. The properties may be affected by undetected defects in title, such as the reduction in size of the mineral claims and other third party claims affecting the Company's priority rights.

The Company operates in an industry where there are significant environmental and regulatory requirements. The inability of the Company to satisfy these requirements could cause the value of its common stock to decline.

The current or future operations of the Company, including acquisition, leasing, and sales activities; involve mineral properties which require permits from various federal, state and local governmental authorities. Such future operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labor standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. Additional permits and studies, which may include environmental

impact studies conducted before permits can be obtained, are necessary prior to operation of properties in which the Company has interests. Required permits could adversely affect the Company's ability to negotiate agreeable acquisition, lease, or sales terms and therefore adversely affect the price of the Company's common stock.

The Company's property is located in Sinaloa State, Mexico; and therefore is subject to the laws and regulations established by Mexico, and if it is unable to comply with the laws of Mexico, the value of its mineral concessions could decline.

Exploration and development of minerals in Mexico may be carried out through Mexican companies incorporated under Mexican law by means of obtaining exploration and development (exploitation) concessions. The Company's concessions are granted by the Mexican government, or acquired from previous owners, and are filed in the Public Registry of Mining, are scheduled to expire from 2028 through 2058. Holders of exploration concessions may, prior to the expiration of such concessions, apply for one or more development concessions covering all or part of the area covered by an exploration concession.

Environmental law in Mexico provides for general environmental policies, with specific requirements set forth under regulations of the Ministry of Environment, Natural Resources and Fishing, which regulate all environmental matters with the assistance of the National Institute of Ecology and the Procuraduria Federal de Proteccion al Ambiente.

The primary laws and regulations governing environmental protection for mining in Mexico are found in the General Law, the Ecological Technical Standards, and also in the air, water and hazardous waste regulations, among others. In order to comply with the environmental regulations, a concessionaire must obtain a series of permits during the exploration stage. Generally, these permits are issued on a timely basis after the completion of an application by a concession holder. The Company believes it is currently in full compliance with the General Law and its regulations in relation to its mineral property interests in Mexico, however, non-compliance with regulations may cause problems in exploration and production activities, which could result in additional costs in order to resolve any non-compliance.

The Company may need to raise additional capital, which it may not be available to obtain, or which may prove to be too costly; and which, if not obtained, could cause the Company to cease operations.

The Company's capital requirements could be greater than its operating income. The Company believes it has adequate cash on hand for the foreseeable future, but it does not have sufficient cash to indefinitely sustain operating losses. The Company's liquidity depends on its ability to raise capital through the sale of common stock or to restart production activities. The Company could seek additional financing through debt or equity offerings. Additional financing may not be available, or, if available, may be on terms unacceptable or unfavorable. If additional capital is required and not obtained, or if the Company is not able to produce revenue from operations, or otherwise operate at a profit, the value of investment in the Company could decline or be lost entirely.

The officers of the Company could become involved in other mining properties or companies in similar lines of business, creating a conflict of interest. In this event, officers could make decisions that are not in the best interest of the shareholders of the Company.

Directors of the Company are or may become directors of other mining or resource investment companies, or other reporting companies, or, have significant shareholdings in other mineral resource companies. To the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The Company and its directors attempt to minimize such conflicts. In the event that such a conflict of interest arises at a meeting of the directors of the Company, a director who has such a conflict may be requested to abstain from voting. In appropriate cases the Company may establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired, the directors will primarily consider the potential benefits to the Company, the degree of risk to which the Company may be exposed and its financial position at that time. Other than as indicated, the Company has no other procedures or mechanisms to deal with conflicts of interest. It is possible that they make decisions which could adversely affect the price of the Company's common stock and cause the price to be less than it might have been if the conflict were avoided.

The Company relies heavily upon current Management; any loss of any member of its current Management could materially impact the Company's operations.

The Company is dependent upon the efforts and abilities of its management team. The loss of any member of the management team could have a material adverse effect upon the business and prospects of the Company. In the event of such loss, the Company will seek suitable competent replacements, but there is no assurance that the Company will be able to retain such replacements. The company has obtained a Key Man Life Insurance program for its Chairman, CEO, which would pay net \$ 4,500,000. to the Company in the event of his death.

The Company's Chairman and CEO owns 100% of the Preferred A shares which give him the right to elect the majority of the board of directors and therefore he will always have substantial control over our business and may make decisions that are not in the best interest of all stockholders.

K.W. ("K.D.") Diepholz, the Company's Chairman and CEO, owns 100% of the outstanding Class A Preferred Shares which gives him the authority to elect the majority of the Board of Directors. As a result, Mr. Diepholz will have the ability to control substantially all the matters submitted to our stockholders for approval, including the election and removal of directors and any merger, consolidation or sale of all or substantially all of our assets. Mr. Diepholz will also control the Company's management and affairs. Accordingly, this concentration of control may have the effect of delaying, deferring or preventing a change in control of the Company, impeding a merger, consolidation, takeover or other business combination involving the Company or discouraging a potential acquirer from making a tender offer or otherwise attempting to take control of the Company, even if the transaction would be beneficial to other stockholders. This in turn could cause the value of the Company's stock to decline.

The Company recognizes there are numerous Larger Companies competing for business in the area of the Company's property, which could result in a competitive disadvantage.



The Company competes with many companies in the mining business, including large, established mining companies with substantial capabilities, personnel, and financial resources. There is a limited supply of desirable mineral lands available for claim-staking, lease, or acquisition in Mexico where the Company's activities are focused. The Company may be at a competitive disadvantage in acquiring mineral properties, since it competes with companies which have greater financial resources and larger technical staffs. From time to time, specific properties or areas which would otherwise be attractive for acquisition or exploration are unavailable due to their previous acquisition by competitors or due to the Company's lack of financial resources.

Competition in the industry is not limited to the acquisition of mineral properties, but also extends to the technical expertise to find, advance, and operate such properties; the labor to operate the properties; and the capital for the purpose of funding such properties. Many competitors explore for and mine precious metals, and conduct refining and marketing operations on a world-wide basis. Such competition may result not only in the company being unable to acquire desired properties, but also to recruit or retain qualified employees, to obtain equipment and personnel to assist in our exploration activities, or to acquire the capital necessary to fund our operation and advance our properties. Our inability to compete with other companies for these resources would have a material adverse effect on our results of operation and business.

#### RISKS ASSOCIATED WITH THE COMPANY'S PROPERTIES

The Company has not generated Revenue since 2006, and it could expend all available cash on overhead. The Company suspended its production activity in June 2006; and currently receives no significant revenue. There is a risk that the Company would expend available cash and funding in exploration and administration costs, and would not be able to obtain further funding to continue its work.

In June 2006, production activities at SJG were suspended, in order to focus on the exploration of the vast SJG district. Funds received by DynaMexico pursuant to the Earn In Agreement are segregated for exploration and related activities. In addition, the Company maintains overhead in the US. and other costs which are not reimbursed. The Company and its subsidiaries have \$1,850,159 cash on hand, at September, 2008. The Company could incur exploration expenses and corporate expenses greater than the amount of available cash on hand. The Company may need to raise additional funds in order to support its activities. If the Company needs to raise additional Capital, its common stock would be diluted. Further, if the Company is unable to raise funds to meet its obligations, the value of its common stock may decline.

The company's current and future plans at the SJG Property are based on its internal interpretations of results and ore resource estimates. There can be no assurance that the company's interpretations or estimates will be proven correct, or that future results will be consistent with past results.

The current resource estimates in respect of the SJG Property are based on limited information, such as historical data, drilling programs, the production activity conducted by the company in 2003 – 2006, and various reports, manual calculations and opinions. No assurance can be given that the anticipated ore tonnages and grades will be achieved or that the estimated or indicated level of recovery will be realized. The grade of mineralization actually recovered or produced could differ significantly from the resource estimates.

## RISKS ASSOCIATED WITH OWNERSHIP OF THE COMPANY'S COMMON SHARES

The Company's common stock trades on the "pink sheets" under the symbol DYNR and as such is classified as a 'penny stock' which would result in additional requirements for trading the stock. These additional requirements could affect the liquidity of the stock.

The U.S. Securities and Exchange Commission treats stocks of certain companies as a 'penny stock' which results in further requirements. These requirements include (i) broker-dealers requiring prospective buyers to complete a questionnaire, and (ii) broker-dealers may decide that prospective buyers are not suitable to purchase shares of the Company. These requirements may adversely affect the ability of both the selling broker-dealer and the buying broker-dealer to trade securities of the Company, as well as affect the ability of purchasers of Company securities to in turn sell in the secondary market. These requirements may restrict or eliminate potential buyers for the common stock and as a result the shares of the Company could be illiquid.

The stock price of the Company's shares has fluctuated significantly; which could result in an investment in the Company's shares to have less value than when purchased.

In recent years, the securities markets in the United States and other World Markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered development stage companies, have experienced wide fluctuations in price, which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur.

## RISKS ASSOCIATED WITH THE STRUCTURE OF THE COMPANY AND ITS PROPERTIES

Recent and Current Activity at the Company's Property (SJG) is being Financed by Goldgroup Resources, Inc., there can be no assurance that this Financing will continue.

Exploration activity at the SJG property is financed pursuant to the Earn In / Option Agreement with Goldgroup Resources Inc. If Goldgroup fails to properly fund the Earn in Agreement, or otherwise fails to complete the Earn in Agreement, the Company would be required to obtain funding from other sources. If the Company raises funds from other sources, it would be dilutive to existing shareholders.

The Management of the Exploration Activity at SJG is shared with Goldgroup, as described in the Earn In / Option Agreement. There exists potential for conflicts over the plan of exploration and execution.

The Earn In Option Agreement states: (1) a committee (the "Management Committee") shall oversee the Expenditures and shall be comprised of 3 persons, one designated by DynaUSA ("DynaResource, Inc.") and two designated by Goldgroup; (2) The Board of DynaMexico shall oversee the keeping of DynaMexico in good standing and proper working order, and the Management Committee shall oversee the Expenditures and matters not related to keeping DynaMexico in good standing and proper working order; (3) All Expenditures shall be expended in accordance with a budget approved by the Management Committee prior to such expenditure; (4) The Management Committee shall be responsible for delivering quarterly reports to the Board of Directors of DynaMexico; and (5) as soon as practicable after execution of this Agreement, DynaUSA shall cause DynaMexico's board of directors to consist of three directors, two nominated by DynaUSA and one nominated by Goldgroup, unless and until Goldgroup timely completes Phase 4 of the Option, at which time the size of the board of directors shall be increased to five and DynaUSA and Goldgroup shall each appoint two directors and agree on a fifth member to be appointed.





This shared management has inherent risks as the parties may have different short or long-term objectives, goals, or financial position which could cause decisions which may not necessarily be in the best interest of our shareholders. This in turn, could cause the value of the Company's common stock to be adversely affected.

Potential for conflict exists between the Board of Directors of Goldgroup Resources Inc., and the Board of Directors of the Company; and between the Board of Directors of Goldgroup with the Boards of Directors of DynaResource de Mexico, Mineras de DynaResource, and DynaResource Operaciones.

While the Company believes it has negotiated and authorized proper agreements for the financing and exploration of SJG, there exist potential conflicts between the Board of Directors of Goldgroup with the Board of Directors of DynaResource, Inc., and both companies which are shareholders of DynaResource de Mexico. Potential conflicts also exist between the Board of Directors of Goldgroup, with the Board of Directors of the subsidiary companies in Mexico. Goldgroup carries the majority of seats on the SJG Management Committee, which is charged with responsibility of approving the budgets and supplying technical direction to the SJG Project. At the Same time, DynaResource, Inc. carries a majority of the seats on the Board of Directors of DynaResource de Mexico. DynaResource, Inc. also carries 100 % of the Seats on the Boards of Mineras de DynaResource, the contracted operating entity at SJG, and 100 % of the Seats of the Board of DynaResource Operaciones, the personnel management entity at SJG. Mr. K.D. Diepholz, chairman and CEO of DynaResource, Inc. and Mr. Charles E. Smith, CFO of DynaResource, Inc. are the President and Secretary respectively for DynaResource de Mexico, Mineras de DynaResource, and DynaResource Operaciones. Company management believes the current structure of ownership and activity provides the motivation for financing and exploration pursuant to the Earn In option Agreement and provides protection for the 100 % ownership of the SJG Property though DynaResource de Mexico. However, there are risks inherent with the structure which cannot be eliminated. Any conflict could develop between the Boards of Goldgroup and DynaResource, Inc; or between the Boards of Goldgroup and DynaResource de Mexico, Mineras de DynaResource, or DynaResource Operaciones which could result in the cessation of financing or activity pursuant to the Earn In Agreement. Any such conflict would be detrimental to the SJG Property and to the Shareholders of the Company.

The Company maintains a consulting agreement with Dynacap Group Ltd., a consulting firm which is controlled by officers of the Company.

The Company has a Consulting Agreement with a related party (Dynacap) that does not have a capped amount, and in recent years the Company has paid out amounts in excess of the total base compensation. (See notes to Financial Statements).

Historical production of Gold at the San Jose de Gracia Property May Not be Indicative of Future Production or Revenue.

The SJG Property is a high-grade mineralized system with reported historical production of over 1 M. Oz. Gold. The production occurred in the early 1900's, prior to the Mexican Revolution. Since the time, the property has seen small scale mining operations, from small scale local owners, to the Company's production in 2003 – 2006. Due to the uncertainties associated with exploration, including variations in geology and structure, there is no assurance that the Company's efforts will be successful in identifying mineralization in sufficient quantities to define resources or reserves, and further there is no assurance that any such resources or reserves could be developed into a commercial operation. Investors in the Company's securities should not rely on historical operations as an indication that the SJG property will be developed into a commercial production in the future. The Company expects to incur losses unless and until such time as one or more of its properties enters into commercial production and generates sufficient revenue to fund continuing operations.



50 % of the Revenue from DynaResource de Mexico May be Owned by Goldgroup Resources Inc.

As of the Date of this Form 10 / A, Goldgroup Resources Inc. has completed Phases I, II, and III of the Earn In / Option Agreement, and as a result has been transferred 25 % of the Shares and ownership of DynaResource de Mexico. Should Goldgroup complete Phase IV of the Earn In / Option Agreement (through the contribution and expenditure of an additional \$ 12 M USD.); Goldgroup would receive an additional 25 % of the shares and ownership of DynaResource de Mexico (Total of 50 %). In such case DynaResource, Inc. and its shareholders will only retain 50 % of the shares and ownership of DynaResource de Mexico. Investors in the Company's shares should be aware that any benefits to be derived from the ownership of DynaResource de Mexico would be shared 50 % with Goldgroup Resources.

## ITEM 2. FINANCIAL INFORMATION.

### MANAGEMENT'S DISCUSSION AND PLAN OF OPERATION:

During the next twelve months, the Company will continue to explore its San Jose de Gracia property primarily through continued drilling programs in selected areas of the property. Funds for exploration and drilling programs are expected to be contributed by Goldgroup to DynaMexico; and then expended in accordance with approved plans and budget. Corporate Costs and overhead will be paid with funds on hand in Company accounts. The Company believes it has sufficient cash on hand to pay expenses for the next two years.

#### Revenues and Expenses:

The Company conducted a mining and milling operation from March 2003 through June, 2006. This activity was suspended in order to focus efforts on the exploration of the vast SJG District. The Company reported no revenue in 2007. In 2006, the Company reported revenue of \$1,647,665, which came from the sale of precious metals concentrate. The Company does not expect any revenues from mining and production in 2008 - 2009.

The Company's cost of sales expenses in 2006 were \$1,190,389, consisting of personnel costs, drilling costs, and other general costs of exploration and administration.

In September 2006, the Company commenced exploration activities funded by Goldgroup Resources, Inc. under the Earn In /Option Agreement. In the three months ended March 31, 2008 exploration expenses at SJG were \$891,048 , primarily for drilling costs, personnel costs, other general costs, and administration, compared to exploration expenses and other costs of \$606,432 for the three months ended March 31, 2007 . The increase in expenses in 2008 was a result of the increased exploration work financed by the Earn In / Option Agreement.

The Company's operating expenses included two categories, a) depreciation and amortization, and b) general and administrative expenses. The total operating expense was \$219,796 for the three months ended March 31, 2008 compared to \$145,524 for the same three months period in 2007. The increase was due to an increase in exploration activity and support services.

Other income and expenses included interest income for the three months ended March 31, 2008 of \$560 , compared to \$3,522 for the same three months period in 2007. Goldgroup Resources, Inc. is the minority shareholder of DynaResource de Mexico, which owns 100 % of the mining concessions at San Jose de Gracia. Goldgroup received 15% interest in DynaMexico in January 2008. The Company recorded through March 31, 2008 a reduction of \$142,405 in the minority Interest to allocate to the minority shareholder (Goldgroup) the proportionate share of the losses of DynaMexico. There was no minority interest charged in 2007.

The currency translation gain was \$70,492 for the three months ended March 31, 2008 compared to a loss of \$85,236 for the three months ended March 31, 2007 respectively, caused by the changes in the exchange rate between USD and Mexican Pesos.

The Company's net (loss) for the three months ending March 31, 2008 was \$(967,879) compared with a net (loss) of \$(748,433) for the three months period ending March 31, 2007 . The increase in the loss is attributed to the increase in exploration costs.

#### Plan of Operation

The Plan of operation for the next twelve months includes the continuation of the drilling and exploration programs at San Jose de Gracia. Under the Earn In agreement, Phase IV exploration activities continue, with a Budget of approximately \$ 12 M. USD to be expended over the next 24 months. Financing from the Earn In Agreement provides for 100% of the current exploration and related costs at SJG. The Company is required to fund its general and administrative expenses in the US.

The Company does not currently generate revenue. Its only sources of capital are (1) exploration and related funds provided by Goldgroup to DynaMexico under the Earn In Agreement; (2) cash on hand; and (3) any funds available through financings. The Company believes that cash on hand is adequate to fund our ongoing general and administrative expenses through 2010. The funds contributed by Goldgroup to DynaMexico are expected to finance the exploration activities at SJG through 2010. The Company may seek additional capital funding during 2010 or beyond depending on market conditions, results of drilling activities, plans for production or continuing exploration activities, and other circumstances.

#### Capital expenditures

The Company's primary activities relate to the exploration of SJG property. 100% of the exploration and related costs are provided by Goldgroup Resources, Inc. to DynaMexico pursuant to the Earn In / Option Agreement. Exploration drilling continues at SJG in order to further define mineralization and ore bodies and resources. Drilling services are contracted by MinerasDyna, the operating entity, to drilling contractors. The Company does not foresee significant capital purchases in 2009. Any capital purchases necessary for the exploration activity are the responsibility of DynaMexico, with costs accounted to the segregated exploration account and financed by Goldgroup. Miscellaneous costs could be paid from funds on hand of DynaMexico, MinerasDyna, DynaOperaciones, or DynaResource, Inc.

#### Liquidity and Capital Resources

As of March 31, 2008 , the Company maintained working capital of \$2,040,522 ., comprised of current assets of \$2,091,209 and current liabilities of \$50,687 . This represents a decrease of \$216,972 from the working capital maintained by the Company of \$2,257,494 at December 31, 2007.

Net cash used in operations for the three months ended March 31, 2008 increased to \$1,060,422 from \$372,117 for the same three months period ending March 31, 2007 . The increase was due to the increase in expenses for exploration, which includes drilling and all support services.

Cash used for purchase of fixed assets was \$-0- for both three month periods ending March 31, 2008 and 2007.

Cash provided by financing activities for the three months in 2008 ending March 31 was \$909,400 compared to \$278,311 for the three months period ending March 31, 2007. These cash amounts include Goldgroup deposits under the Earn In / Option Agreement of \$900,000 for the three months ended March 31 , 2008 compared to \$568,498 for the three month period ending March 31 , 2007, and proceeds from the sale of common stock was \$9,400 for the three months ending March 31, 2008 compared to \$-0- for the three months ended March 31 , 2007.

#### Sampling Process

The geological data contained in this report was verified by an appropriate quality control person using industry standard quality controls and quality assurance protocols utilized in exploration activities. Standard reference samples and various duplicates are inserted in each batch of assays. Drill core samples are cut by saw on site and samples splits are prepared for shipment, sealed and then shipped for assaying. Samples are sent to a certified assayer (International Plasma Laboratory, Vancouver, BC.) and analyzed for gold by fire assay and for silver and 34 other trace and major elements in accordance with standard industry practices.

#### Suspension of Production Activities

From March 2003 through June 2006, the Company conducted a “Test” / “Pilot” production operation, at the scale capacity of approximately 100 Tons / Day at SJG. During this period the Company mined high grade veins at the San Pablo area of SJG; the results of the test production operation are shown below:

|                                    |             |
|------------------------------------|-------------|
| Mined Tonnage                      | 42,000 tons |
| Production (Oz Au)                 | 18,250 Oz   |
| Average Grade                      | 20 g/t      |
| Recovery Efficiency (Plant)        | 85%         |
| Recovery in Concentrate (Sales)    | 90%         |
| Production Cost (Average, 4 Years) | \$175 / Oz  |

The Company initiated the test production activity in 2003 at the time gold prices were depressed, and when exploration funding opportunities, while available, were deemed to be too dilutive by Company management. While the Test production was a success (see results above), a small scale production activity was not expected to provide the necessary capital in order to explore a project the size of SJG. However, The Company expects the results of the production activity to provide significant benefits to the exploration drilling to be conducted at San Pablo and other areas of SJG; while at the same time confirming production grades, efficiency of recoveries, and production costs.

As Gold prices appreciated, exploration financing opportunities increased, and the Company negotiated and entered into the "Earn In / Option agreement with Goldgroup Resources, Inc., dated September 1, 2006. The Terms of the Earn In / Option agreement provides for \$ 18 M. USD. In exploration financing to DynaResource de Mexico, in exchange for 50 % of the Shares of DynaMexico, while also providing proven industry professionals to the SJG project. (See Earn In / Option Agreement.)

### ITEM 3. PROPERTIES.

The Company presently maintains its executive offices of approximately 2,100 sq. ft., at 222 W. Las Colinas Blvd., Suite 744 East Tower, Irving, Texas 75039, at a rate of \$3,500.00 per month, plus utilized services. The Company entered into a three year lease commencing August, 2008.

DynaMexico owns 100 % of the mineral concessions at r the San Jose de Gracia Property in Sinaloa State, Mexico, which is the only property in which DynaMexico retains an interest.

#### SAN JOSE DE GRACIA:

DynaMexico, currently owned 75 % by the Company, owns the San Jose de Gracia mineral concessions comprised of 34 concessions covering approximately 99,500 hectares. The concessions are held 100% by DynaMexico with no outstanding royalty or other interests.

The property is located in and around San Jose de Gracia, Sinaloa State, Mexico which is approximately 100 km northeast of Guamuchil, on the west side of Mexico. San Jose de Gracia has a small airstrip and can be accessed by a small airplane, or alternatively, by a dirt mountain road. There are roads on the property of approximately 67 hectares which are accessible throughout the year, with the possible exception of July - September when the rainy season sometimes causes flooding and runoff to make the roads difficult to navigate.

Annual assessment works are filed for each concession and semi-annual taxes are paid. Approximately \$ 70,000. USD. was paid for taxes on mining concessions in 2007. A title opinion issued by Urias Romero y Asociados, Mazatlan, Sinaloa, includes certified copies of the concessions issued by the Federal Mining Registry of Mexico.

Historical Production at San José de Gracia dates from the 1800's is reported to be one million ounces of gold mined from high-grade quartz veins. Large-scale mining in the camp began in 1870 and ended in 1910 with the onset of the Mexican Revolution. The majority of the production is reported from the Anglo, Rosario and La Cruz Mines on the Purisima Ridge trend, and from the La Prieta Mine on the La Prieta trend (Table 1 and Fig. 2). The remainder of the production was derived from as many as 60 smaller mines throughout the 15 square kilometer area, including the Palos Chinos, San Pablo, Tres Amigos, La Ceceña, Los Hilos, Sta. Rosa, Veta Tierra, La Union, Sta. Eduwiges, Mochemara and La Parilla Mines. Recent work at San José de Gracia indicates that these small workings represent ore shoots along a series of mineralized trends, with individual strike lengths often in excess of one kilometer.

Large-scale mining ceased in 1910 with the onset of the Mexican Revolution and the flooding of the mines to prevent the Division del Norte (Pancho Villa) forces from securing a source of revenue from the mines. Subsequent to the revolution, mining never attained pre-revolution levels due to the inability of the Mexican government to rehabilitate the mines and to secure an inexpensive fuel source. The construction of a road to the area in the 1970's allowed small-scale mining to resume at San José de Gracia, by which time the camp was controlled by a large number of small landowners. During the 1990's portions of the property were explored by Peñoles and later by Consolidated Samarkand Resources Inc. and Golden Hemlock Explorations Ltd. ("Hemlock"), Vancouver, B.C. Canada.





In March 2000, DynaResource de Mexico was formed to acquire and consolidate the SJG district. At year end 2003, DynaMexico reported the complete acquisition and consolidation of the entire San José de Gracia project area, at the time comprising approximately 31 concessions over an approximate 15 square kilometer area. In 2006, the Company claimed 3 surrounding concessions which extend the SJG district by approximately 95,000 Hectares (to a total of + 99,500 Hectares). DynaMexico currently owns 100 % of the San José de Gracia Project.

#### SJG Geologic Report.

The below geologic summary of SJG is taken from a foundational report, written in 2000-01, subsequent to the drilling activity of 1997 – 1998; but prior to the production activity of 2003 - 2006; and prior to the drilling activity of 2007 - 2008. This report provides the basis for the exploration programs currently being conducted. Results of the 1997 – 1998 drilling activity, and the 2007 – 2008 drilling activity is shown in tabular form, in the Drill intercepts summary file, and attached as Exhibit 99.3 to this Form 10 / A.

#### Cautionary Statements:

Cautionary Note to U.S. Investors - The United States Securities and Exchange Commission limits disclosure for U.S. reporting purposes to mineral deposits that a company can economically and legally extract or produce. The Company may use certain terms in this registration statement, such as "reserves", "resources", "geologic resources", "proven", "probable", "measured", "indicated", or "inferred", which may not be consistent with the reserve definitions established by the SEC. U.S. Investors are urged to consider closely the disclosure in the Company's Form 10 (A). Readers can review and obtain copies of these filings from the SEC's website at <http://www.sec.gov.edgar.shtml>.

This Form 10 / A contains information with respect to adjacent or similar mineral properties in respect of which the Company has no interest or rights to explore or mine. The Company advises that the U.S. Securities and Exchange Commission's mining guidelines prohibit information of this type in reports filed with the SEC. Readers are cautioned that the Company has no interest in or right to acquire any interest in any such adjacent or similar properties, and that mineral deposits on adjacent or similar properties are not indicative of mineral deposits on the Company's properties.

#### Regional Geology & Mineral Deposits

San José de Gracia lies within the Sierra Madre Occidental Gold-Silver Belt, in a second-order graben directly east of the regional-scale Grete Graben. The basement to the Sierra Madre Occidental consists of deformed Paleozoic sedimentary strata, which are non-conformably overlain by Tertiary mafic to felsic volcanic and volcanoclastic strata known as the Lower Volcanic Series ("LVS"). Strata of the LVS are recognized as being spatially related to gold and silver mineralization in the region. Volcanic and sedimentary strata are capped by a thick sequence of non-deformed Late Tertiary ignimbrites, known as the Upper Volcanic Series ("UVS").

The Sierra Madre Occidental Gold-Silver Belt is host to a number of major epithermal precious metal camps, including the San Dimas and Batopilas Districts. The San Dimas District, located some 220 kilometers southeast of San José de Gracia, has produced in excess of 9.65 million ounces of gold and 400 million ounces of silver from high-grade, structurally hosted veins, including those at the world class Tayoltita Mine (Fig 1.). In contrast, the Batopilas district, located some 100 kilometers east of San José de Gracia, has historic production of more than 5.4 million ounces of silver from high-grade veins.

### Property Geology

The oldest rocks exposed at San José de Gracia are deformed Paleozoic shale, sandstone, conglomerate and minor limestone, which are non-conformably overlain by andesite and rhyodacite flows and tuffs of the LVS. Volcanic and sedimentary strata are cut by quartz-feldspar porphyry, porphyritic diorite bodies and fine-grained mafic dykes, which may be cotemporal with the LVS. Ignimbrites of the UVS are exposed at higher elevations on the property and are thought to act as a post mineralization cap rock, thereby indicating an Early to Mid Tertiary (Paleocene to Eocene) age for gold mineralization at San José de Gracia.

### Geologic Structure

Detailed mapping within the project area has defined several stages of deformation, beginning with compression during the Laramide Orogeny which affected the Paleozoic basement and formed flat-lying reverse faults, which have been reactivated as conduits for gold-bearing fluids in the La Prieta trend (Table 2). Extension in Tertiary time lead to the development of second order south, southwest and southeast trending structures, which formed the major structural orientations for mineralization at San José de Gracia. The latest phase of deformation is characterized by late-stage extension and southwest tilting.

Table. Stages and timing of deformation and relationship to mineralization at San José de Gracia.

| Deformational Event            | Timing  | Structural orientation                                      | Relationship to Mineralization   |
|--------------------------------|---|---|--|
| Compression (Laramide Orogeny) | Early Tertiary (predates LVS & UVS volcanism) | NW-trending folds & thrust faults                           | Mineralization has formed flat-lying zones along reactivated thrust faults (La Prieta) |
| Extension (Grete Graben)       | Tertiary (synchronous with UVS volcanism)     | SW, S & SE striking extensional faults                      | Principal host to mineralization   |
| Late Extension                 | Postdates all volcanism and mineralization    | NW and E-W striking extensional faults<br>Southwest tilting | Post-mineralization  |

## Mineralization & Alteration

High grade gold mineralization at San José de Gracia is hosted within andesite and rhyodacite of the LVS and underlying Paleozoic sediments as fault breccia veins and crackle breccias that exhibit multiple stages of reactivation and fluid flow, as evidenced by crustiform/colloform textures and cross cutting veins. Locally, veins exhibit sharp, clay gouge hangingwall and footwall contacts with slickensides, indicating reactivation of structurally-hosted veins subsequent to mineralization. Gold grades can also be carried within the mineralized halo adjacent to the principal veins as quartz-chlorite stockwork. In addition to vein-hosted mineralization, broad zones of un-mineralized clay alteration, developed southwest of the main mineralized trends, may overlie lower-grade, disseminated gold mineralization at depth.

Alteration at San José de Gracia is laterally and vertically zoned from discrete zones of silicification to broad zones of illite to clay alteration with increasing elevation and/or distance from the main feeder structures. Faulting and tilting of the mineralization system has affected the surface distribution of alteration and in general has exposed deeper portions of the system in the northeast and exposed shallower, more distal portions of the hydrothermal system in the southwest part of the property.

Six principal mineralized trends have been identified at San José de Gracia (Table 3), from south to north these consist of the:

1. La Purisima Ridge trend;
2. Palos Chinos trend;
3. La Parilla to Veta Tierra trend;
4. San Pablo trend;
5. La Prieta trend, and
6. Los Hilos to Tres Amigos trend.

Table . Target type and characteristics of the main mineralized trends at San José de Gracia.

| Trend  | Target Type & Characteristics   | Recent Results & Past Production  |
|--|---|---|
| La Purisima (Anglo, Rosario & La Cruz Mines)   | - High-grade gold veins, mining interrupted with the onset of the Mexican Revolution in 1910<br>- Three main ore zones developed within dilational jogs and at vein intersections | Historical production of approximately 470,000 oz gold at an average grade of 66.7 g/t gold;<br>Recent sampling has returned 52 g/t gold over .6 M.;  |
| Palos Chinos (Palos Chinos & Tajo Verde Mines) | - High-grade S striking, W dipping vein with SW plunging ore shoots defined by dilational jogs in vein  | Old workings 270 m along strike & 70 m down dip<br>Vein average: 1.3 M - 12.7 g/t gold;<br>Transect from Palos Chinos vein through stockwork mineralization to sub-parallel hanging-wall vein grades 7.6 M. of 7.4 g/t gold; including 3.4 M of |

13.4 g/t;

|   |  |  |
|---|--|--|
| La Parilla to Veta Tierra (Veta Tierra, Sta. Eduwiges, La Union, La Mochemara & La Parilla Mines)           | - 5 SW striking, W dipping high-grade gold veins in 150 meter wide zone (600 meter strike length, open in both directions)   | Combined, the veins average .86 M of 10.6 g/t; Santa Eduwiges underground averages .7 M of 20 g/t gold;  |
| San Pablo (San Pablo Mine)  | - Two subparallel veins, ore shoot defined by vein intersections   | Quartz-rich, sub-vertical vein averages .85 M of 28.3 g/t gold; .6 M of 91.7 g/t gold in ore shoot;  |
| La Prieta (La Prieta Mine)  | - Stockwork mineralization in footwall points to bulk mineable potential   | Stockwork mineralization in footwall cross cut yielded 10 M of 8.7 g/t gold;   |
| La Prieta (La Prieta Mine)  | - High-grade (>30 g/t based on past production) flat zone which may have formed between parallel SW striking veins   | 1.3 M of 32.9 g/t gold; SW-S vein intersection; Past production of approximately 215,000 oz gold at an average grade of 27.6 g/t gold  |
| Los Hilos to Tres Amigos (Tres Amigos, West Tres Amigos, La Ceceña, Tepehauje, Los Hilos + Sta. Rosa Mines) | - SW striking, W dipping high-grade vein with minimum 1.4 km strike length   | Preliminary mapping & sampling yields gold values of 48.84 g/t;  |
|   | - variation in vein chemistry along the strike extent, from sulphide-rich at Tres Amigos to low sulphide, carbonate-rich vein with bonanza grades around Los Hilos | Small mines (Tres Amigos, La Ceceña, Los Hilos + Sta. Rosa) developed intermittently along the trace of the vein, mining often halted at the intersection of W or NW trending faults with right lateral offset |
|   |  | Los Hilos to La Ceceña area: surface work traced a low sulphide vein; 104 g/t gold;  |
|   |  | Vein average at Tres Amigos (based on 1997 drilling) of 2.6 M of 5.9 g/t gold. Significance of cross structure (Orange Tree trend: 1.6 M of 23 g/t gold);  |

(See Drill intercepts summary file, attached as Exhibit 99.3 to this Form 10 / A.)

In addition to these main mineralized trends, widespread alteration zones, with the potential to host disseminated gold mineralization are exposed at surface along Purisima Ridge and to the southwest in the Argyllic Zone. The principal characteristics of each of these trends, along with historical information and results of surface and underground work conducted between November, 1999 and May, 2000 are summarized below. A more complete review of the data is

provided in Kaip et al. (2000) and Kaip and Childe (2000).

La Purisima Trend (Anglo, Rosario & La Cruz Mines)

The La Purisima trend represents the area of greatest past production at San José de Gracia. Prior to termination of mining activities by the Mexican Revolution, approximately 471,000 million ounces of gold was produced from oxidized, high-grade (66.7 g/t average) quartz veins in the Anglo, Rosario and La Cruz orebodies on Purisima Ridge (Fig. 5). Compilation of historic data has outlined the dimensions of the mined portions of the Purisima Ridge ore bodies and can be used to plan future exploration on the La Purisima trend and to demonstrate the potential for the other main mineralized trends on the property, which have undergone considerably less historic development.

Figure 1. Geology and areas of past production on the La Purisima trend.

Mining of the La Purisima trend exploited a southeast striking, moderately (45-50°) southwest dipping quartz vein system along a 1.25 kilometer strike length and 400 meters down dip (250 meters vertical extent). A 400 meter down dip extent is approaching the upper limit for gold deposition in epithermal vein systems and is comparable to that of world class epithermal gold deposits such as El Peñon in Chile (up to 275 meters down dip), Emperor in Fiji (up to 700 meters down dip) and Tayoltita in Mexico (up to 600 meters down dip). Based on the spacing of ore bodies along the La Purisima trend, it appears that the mines were exploiting high grade, southeast plunging ore shoots that developed at regular intervals along the trend of the vein system. The orientation of workings in the Anglo suggests that this ore body may have formed at the intersection of southeast and southwest trending vein systems, with the southwest trending veins extending towards mineralization of the La Parilla to Veta Tierra trend (Fig. 5, 5A).

Figure 5 A. Exploration Potential at La Purisima. Mined Areas of the La Purisima and Palos Chinos Trends (outlined in Pink). Exploration Potential for the La Purisima Trend (outlined in Blue). 800,000 Oz. Au., Projected in 50 Meters Down Dip at La Purisima, assuming Grade and Width comparable to Historical Data). Surface trace of Palos Chinos over 500 Meters South (indicated by Red Line); open Down Dip. (Refer to recent drilling activity and results.)

#### Palos Chinos Trend (Palos Chinos & Tajo Verde Mines)

The Palos Chinos trend consists of the south striking, moderately west dipping quartz-chlorite-sulphide (or oxide) Palos Chinos fault breccia vein, as well as several hangingwall veins, which were previously mined over a 270 meters strike length and 70 meters down dip. A single hole drilled beneath the old workings by Hemlock in 1997 (SJG97-63) intercepted the Palos Chinos vein 100 meters down dip from the deepest workings, extending the known down dip extent of this mineralized trend to 180 meters. Preliminary surface work conducted by DynaResource and limited drilling (SJG97-55) by Hemlock indicates that Palos Chinos trend continues for at least 500 meters to the south, thereby increasing the minimum strike length of the Palos Chinos trend to 800 meters. To the north, the vein is truncated by a northwest striking fault with apparent right lateral displacement. Work has not yet begun to trace the northern continuation of the Palos Chinos trend.

Work in 1999-2000 focused on mapping and sampling the Palos Chinos workings on all levels. This work demonstrated that the mined out area of the Palos Chinos vein averages 1 to 1.5 meters in width and dips 60-80° to the west (Fig. 6). However, ore shoots are developed along the trend and are characterized by:

- A change in orientation, from south to southeast striking;
  - shallowing of the dip to 35-40°;
  - thickening to widths of 2 to 4 meters;
- an increase in the width and intensity of chlorite stockwork adjacent to the vein, and,
  - an increase in gold grade.

A total of 81 samples from the Palos Chinos vein were collected in 1999-2000 from the back and pillars. Resulting highlights include:

- an average grade of 12.7 g/t Au over 1.3 meters for all 81 samples collected;
  - individual samples to 92.5 g/t Au over 0.7 m, and;
- an ore shoot sample transect averaging 7.6 g/t Au. over 7.6 meters, including 13.4 g/t Au over 3.4 meters in the Palos Chinos vein itself;

Figure 2. Palos Chinos underground workings showing a mined width in excess of 2 meters.

La Parilla to Veta Tierra Trend (Veta Tierra, Sta. Eduwiges, La Union, La Mochemara & La Parilla Mines);

The La Parilla to Veta Tierra trend comprises five southwest striking, moderate to steeply northwest dipping veins that have been traced over a strike length of 600 meters. The veins are exposed on surface by numerous old pits and dumps and by more recent underground workings including, from southwest to northeast, the La Parilla, La Mochemara, Sta. Eduwiges, La Union and Veta Tierra Mines, all of which exhibit small-scale past production. To the southwest, the La Parilla to Veta Tierra trend intersects the La Purisima trend in the region of the Anglo Mine (Figs. 4 & 5). Review of historical plans in the Anglo area indicate that in addition to south striking, west dipping veins, mining also exploited southwest striking veins that are likely the continuation of the La Parilla to Veta Tierra trend. Northeast of Veta Tierra, the trend is open towards the La Prieta trend and may form the southwestern continuation of the La Prieta trend. Currently, the La Parilla to Veta Tierra trend exhibits excellent along strike potential between two main areas of past production (La Purisima – 470,000 oz. Au and La Prieta – 215,000 oz. Au). Work to date on the Parilla to Veta Tierra trend has demonstrated potentially economic gold mineralization within all five veins. Sample highlights from the underground workings along the La Parilla to Veta Tierra trend include:

- An average grade of 17.7 g/t Au over an average vein width of 1.6 meters from the La Union West vein;
- An average grade of 20.0 g/t Au over an average vein width of 0.7 meters from the Santa Eduwiges vein;
- Of the 94 vein samples collected from surface and underground along the Parilla to Veta Tierra trend in 1999-2000, the veins average 10.6 g/t Au over an average vein width of 0.86 meters;

Alteration and boiling textures within veins near the Veta Tierra Mine suggest that the current level of exposure of the La Parilla to Veta Tierra Trend is near the top of the mineralizing system. If this interpretation proves to be correct, the La Parilla to Veta Tierra trend hosts significant exploration potential below the current level of exposure. Down dip continuity of the veins within the La Parilla to Veta Tierra trend has been confirmed by two phases of drilling completed by Peñoles in 1992 and by Hemlock in 1997. In addition to down dip potential, the vein system is interpreted to coalesce at deeper levels into a central feeder vein, which is likely to host significant gold mineralization through increased vein widths and the development of structurally controlled ore shoots.





### San Pablo Trend (San Pablo Mine)

The San Pablo Mine, located in the central part of the project area, lies north of the La Parilla to Veta Tierra trend and south of the Los Hilos to Tres Amigos trend. San Pablo is a relatively recent discovery at San José de Gracia, with the majority of mining occurring during the 1980's. With the exception of a single outcrop near one of the portals, the San Pablo vein system is exposed only within underground workings for 135 meters along strike and over a vertical extent of 35 meters. The San Pablo trend consists of two southwest striking breccia veins, namely a sub-vertical chlorite-rich breccia vein, and a moderately dipping quartz-rich fault breccia vein; the intersection of the two veins forms a southwest plunging ore shoot.

Sampling of the two veins shows a direct correlation between gold grades and sulphide intensity in the San Pablo trend. To date, the sub-vertical chlorite-rich breccia vein exhibits the greatest continuity of gold mineralization along strike. Of the twenty-three samples collected, the vein averages 28.3 g/t Au over 0.85 meters. Where the two veins intersect a moderately southwest dipping ore shoot is developed and corresponds with an increase in vein widths and gold grade, as well as the development of stockwork mineralization adjacent to the veins. Sampling of footwall mineralization adjacent to the ore shoot has yielded 8.7 g/t Au over 10 meters and 5.4 g/t Au over 10 meters (true widths).

To the northeast, the San Pablo vein system is cut by a west striking, north dipping fault exposed in the underground workings. A lack of old workings on the north side of this fault suggests that no attempt has been made to trace the San Pablo vein system in this area. Similarly, the San Pablo trend appears to be unexplored to the southwest, suggesting that the trend is open along strike, as well as at depth below current workings.

### La Prieta Trend (La Prieta Mine)

The La Prieta area is reported to have produced approximately 215,000 ounces of gold at an average grade of 28 g/t Au, during the period from 1895 to 1910. Mineralization is hosted within a southwest striking, moderately northwest dipping fault breccia vein, and a flat-lying zone between two moderately northwest dipping veins. The flat-zone gently plunges to the north and exploits a pre-existing thrust fault. From the underground workings the flat-zone measures in excess of 100 x 50 meters and averages between 1.5 and 2 meters in width (Fig. 7). Exploration at San José de Gracia has only recently begun to evaluate the exploration potential of the La Prieta trend. Preliminary sampling of the underground workings has returned 48.84 g/t Au over 1.6 meters from moderate dipping veins. Maps of the San José de Gracia area show a series of old mines and workings located along strike and to the northeast of the La Prieta mine. These workings are interpreted to form the northeast continuation of the La Prieta Trend.

Figure 3. View of stoped areas in the La Prieta flat zone.

Los Los Hilos to Tres Amigos Trend (Tres Amigos, West Tres Amigos, La Ceceña, Tepehauje, Los Hilos & Sta. Rosa Mines)

The Los Hilos to Tres Amigos trend is a southwest striking, moderately northwest dipping vein system. This vein system is exposed in a series of small workings over a 1.4 kilometer strike length and includes, from northeast to southwest, the Tres Amigos, Tres Amigos West, La Ceceña, Los Hilos Mines and probably also the Sta. Rosa Mine.

Workings along this trend include some of the oldest in the San José de Gracia camp and with the exception of the recently mined Tres Amigos and Tres Amigos West, are largely inaccessible. Plans and sections indicate that individual mines on this trend were typically mined for 50 to 100 meters strike length and 25 to 50 meters down dip, with mining along strike often terminated by faults. Detailed mapping on surface and in the Tres Amigos and Tres Amigos West undergrounds in 1999-2000 indicates that mineralization in this area represents a single mineralized trend of over 1.4 kilometers strike length, cut by west and northwest trending faults with relatively minor offset.

The geochemical signature of the Los Hilos to Tres Amigos trend shows significant lateral variation, from a gold-rich quartz-carbonate, low sulphide vein in the Los Hilos area to a polymetallic, sulphide-rich quartz vein at Tres Amigos.

The Tres Amigos area was a main target area in Hemlock's 1997 drill program (3,122 meters in 26 DDH). This work demonstrated that at Tres Amigos the vein averages 5.9 g/t Au over 2.6 meters, and that ore shoots are developed within zones of flattening. Recent reinterpretation suggests that cross structures, such as the southeast striking, southwest dipping Orange Tree vein (210 g/t Au over 0.4 meters from surface) may be important in the development of ore shoots in this area. Further south in the Los Hilos area, samples of low sulphide quartz-carbonate vein material from surface and the Los Hilos Portal have yielded grades of 104 g/t Au.

#### Argyllic Zone

The Argyllic Zone is an approximately 400 by 500 meter zone of strong to intense Argyllic alteration located south-southwest of Purisima Ridge (Fig. 2). This area was outside the scope of recent exploration however, future work in this area will focus on assessing the potential for disseminated gold mineralization within this broad alteration zone.

#### Infrastructure, Mining Camp, and Field Offices;

The SJG Property is located approximately 60 Kilometers from Guamuchil, Sinaloa, and is accessible by mountain road, or by an airstrip at the property. The nearest power facility is approximately 30 kilometers. The company maintains a mining camp facility at SJG, including housing quarters for approximately 50 persons, a lunchroom, kitchen, geologic office, core sheds, and related buildings. Power is supplied via cat generators.

#### Mill Facility

A Mill facility remains on the SJG property near the camp, which was utilized in the production activity from 2003 through 2006. (See Item 1. Description of Business.) The mill capacity is approximately 150 tons / day, through a crushing, grinding, gravity, flotation circuit. The current status of the Mill is care and maintenance as the exploration drilling at SJG continues. The Company expects that any future production activity at SJG would be conducted in a scale much larger than the current on site capability of the Mill and equipment. Related equipment such as diesel generators, mobile equipment, dozer, backhoe, and trucks are owned by DynaMexico and currently utilized in exploration activities.

Lab

A field laboratory is maintained within the camp facility. The Company utilized the field lab for Assaying services during its production activities. Assays were performed by company personnel for mined ore, feed ore, gravity and flotation concentrates, and tailings. The current status of the lab and equipment is care and maintenance. The Company anticipates utilizing the lab facility in the future for providing quick check assays to support the exploration works.

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## ITEM 4. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The following table sets forth the amount and nature of beneficial ownership of each of the executive officers and directors of the Company and each person known to be a beneficial owner of more than five percent of the issued and outstanding shares of the Company as of December 31, 2008. The following table sets forth the information based on 9,073,913 common shares issued and outstanding as of December 31, 2008.

| P R E F E R R E D<br>STOCK | Beneficial Owner                         | Address                                      | Common Shares | Percent<br>Ownership |
|----------------------------|--|--|---------------|----------------------|
| Preferred Stock            | K.W. ("K.D.") Diepholz<br>Chairman / CEO | 1303 Regency Court<br>Southlake, Texas 76092 | 1,000         | 100.00 %             |

| C O M M O N<br>STOCK | Beneficial Owner  | Address   | C o m m o n<br>Shares | Percent<br>Ownership |
|----------------------|---|---|-----------------------|----------------------|
| C o m m o n<br>Stock | K.W. ("K.D.") Diepholz<br>Chairman / CEO  | 1303 Regency Court<br>Southlake, Texas<br>76092     | 1,437,500             | 15.84 %              |
| C o m m o n<br>Stock | Charles Smith<br>CFO; Secretary;<br>Director                                      | 709-B West Rusk<br>#580<br>Rockwall, Texas<br>75087 | 218,750               | 2.41 %               |
| C o m m o n<br>Stock | Charles Smith<br>through<br>Smith Family LP.;<br>CFO; Secretary;<br>Director      | 4246 Clairmont<br>Birmingham, AL<br>35222           | 231,250               | 2.55 %               |
| C o m m o n<br>Stock | Melvin E. Tidwell<br>Director;  | 4804 Picadilly Place<br>Tyler, Texas 75703          | 69,079                | 0.76 %               |
| C o m m o n<br>Stock | Bradford J. Saulter<br>V P . , I n v e s t o r<br>Relations                       | 7618 Straits Lane<br>Rowlett, Texas 75088           | 86,833                | .957 %               |
| C o m m o n<br>Stock | Dale Langenderfer<br>Shareholder;   | 3407 Oak Alley Court<br>#402<br>Toledo, Ohio 43606  | 479,030               | 5.28 %               |
|                      | All Officers, Directors<br>And Beneficial<br>owners<br>as a Group ( 5<br>Persons) |   | 2,522,442             | 27.80 %              |



None of the Shares described above are subject to options which are either (a) vested, or, (b) will vest within 60 days.

The officers and directors and those 5 % beneficial owners held the following options as of December 31, 2008:

Common Stock Options:

| Option Holder       | # of options | Strike Price | Expiration |
|---------------------|--------------|--------------|------------|
| K.W. Diepholz       | 250,000      | \$2.50       | 11/15/2009 |
| Charles Smith       | 50,000       | \$2.50       | 11/15/2009 |
| Bradford J. Saulter | 50,000       | \$2.50       | 11/15/2009 |
| Dale Langenderfer   | 175,000      | \$2.50       | 11/15/2008 |

ITEM 5. DIRECTORS AND EXECUTIVE OFFICERS.

The following table lists the names and ages of the executive officers, directors and key consultants of the Company. The directors will continue to serve until the next annual shareholders meeting, or until their successors are elected and qualified. Mr. Diepholz, Mr. Smith, and Mr. Tidwell have been elected to serve through 2011, in conjunction with the terms and schedule of the Earn In / Option Agreement. All officers serve at the discretion of the President, Chairman of the Board of Directors, and members of the Board of Directors.

| Name  | Age | Position   | Held Since           |
|---|-----|--|----------------------|
| K. W. (K.D.) Diepholz<br>1303 Regency Court<br>Southlake, Texas 76092 | 51  | Chairman of The Board,<br>CEO, Treasurer           | May 1995<br>May 1997 |
| Charles Smith<br>709-B West Rusk #580<br>Rockwall, Texas 75087        | 51  | Chief Financial Officer,<br>Secretary and Director | May 2005             |
| Melvin E. Tidwell<br>4804 Piccadilly Place<br>Tyler, Texas 75703      | 63  | Director   | May 1994             |
| Bradford J. Saulter<br>7618 Straits Lane<br>Rowlett, Texas 75088      | 47  | Vice President – Investor<br>Relations             | May 1998             |

K.W. Diepholz - Graduated Lake Land College, Southern Illinois University; Communications and Business Emphasis; Regional Director - Fidelity Union Insurance and Investment, Dallas, Texas (1980 -1983); President - KWD Properties Corporation, Mattoon, Illinois (1983 - 1989); a privately-held Oil & Gas Exploration and Development Company involved in all phases of The Oil & Gas Business, and Various Types of Partnerships; Vice President - American Investment Retirement Corporation, Phoenix, Arizona (1990 - 1991), Involved in Program Structuring for Pension Accounts; Vice President - Ideal Securities, Inc., Dallas, Texas (1992); Program Structuring and Marketing Management; President - DP Phoenix, a Real Estate Investment Company, Phoenix, Arizona (1991 -1992); Investment Program Structuring, Real Estate Acquisitions, General Management; Director: Farm Partners, Inc., Dallas, Texas (1992 - Present); General Management of this General Partner to Precious Metals Limited Partnership; DP Group Ltd., Dallas, Texas (1993 - Present); President of this independent Marketing firm; Dynacap

Group Ltd., Dallas, Texas (1992 - Present); President of this Consulting and Management firm, directing the management of certain Limited Liability Investment Companies; DynaResource, Inc. (f/k/a: West Coast Mines, Inc.), Dallas, Texas (1994 - Present); Chairman, President, Treasurer, and Director. Special skills in the areas of Business Development, Project Planning, Corporate Financing, Acquisition Analysis, Investment Program Interpretation and Structuring.



Charles Smith. Mr. Smith graduated from Boston University, Boston, Massachusetts in 1979 and since that time has been a Certified Public Accountant involved in all phases of business including audit and tax matters. He is a consultant to various companies. Mr. Smith's business affiliations the past five years follow: Chief Financial Officer of DynaResource, Inc. – May 2005 to present. Chairman of Dynacap Group, Ltd. - a consulting and management firm - 1992 to the present; Sole proprietor as a Certified Public Accountant, 1983 to the present; Sole officer and Director - MC Cambridge, Inc. - a financial consulting firm - 1997 to present.

Melvin E. Tidwell, P.E. - Professional Engineer, registered in California in 1977; Control Systems Engineer; Instrument Engineer on over 80 Projects Worldwide; Instrument Startup Engineer on over 50 Projects Worldwide; Affiliated / Associated with following Companies over the past 25 years: Weyerhaeuser Company, Howe-Baker Engineers, LaGloria Oil & Gas Co., IWATANI Electronics (Japan), EQM (Mexico), Kyodo Oxygen Co., Ltd. (Japan), Chin Yang Fine Chemical Co. (South Korea), Hankuk Glass Mfg. Co. (South Korea), Hunt Oil Co., Liquid Carbonics Co., Celanese Mexicana (Mexico), Grain Power Tucumcari Ltd., Jetco Chemical Inc., Claiborne Gasoline Co., Conoco, Chevron, Metano Gas (now Exxon), Union Oil, Texaco Angola, Petrofac, Alfurat (Syrian Oil Co.), Arco, Chevron / Placer Cego, Tidwell & Associates; with Engineering / Management Experience in the following Project Areas: Startup & Engineering - \$ 160 Million Linerboard Paper Mill; Chief Instrument Engineer - chemical division; DEA Gas Treating & Sulfur Recovery Plant; One Part / million H2 Plant; Startup Hydrogen Plants; H2 / CO Cosorb Plant; Startup H2 / CO synthesis Gas Plant & Cold Box; Startup Ethanol Plant; Specialties Chemicals Expansion - Foxboro 200 instruments; Startup & Calibration 75,000 BPD Crude Distillation Facility; Instrument Engineer - 1st Oxygen Enrichment Cope Unit; Instrument Engineer, Startup & checkout - 30 TPD Selectox SRU; Instrument Engineer - Offshore Oil & Gas Production Facility; Lead Instrument Engineer - 60,000 BPD Oil Production Facility; Instrument Checkout, Calibration, and Inspection prior to startup - Selectox Sulfur Units (Honeywell TDC 3000 DCS) (Foxboro 760 Electronics Controllers); Startup Amine Plant and Sulfur Plant, and System Engineering (Foxboro and Westinghouse PLC); Instrument Engineer, Field Startup and Checkout - CCR, HDS, MTBE, Hydrogen and Cryogenic Plants. Founder, President - Tidwell & Associates, a private engineering consulting Firm (1993 to Present); Director – DynaResource, Inc. (f/k/a: West Coast Mines, Inc.), Dallas, (1994 to present).

Bradford J. Saulter - Attended University of Texas, Austin, Texas; Marketing Department of Metagram, Inc., a Dallas National Marketing Company; Regional Manager for Lugar, Lynch, & Associates, A Dallas Financial Services Company, Involved in Sales & Marketing of Various Investment Products; Independent Marketing Consultant; Series 22 & 63 Securities License; Vice President / Marketing - Dynacap Group Ltd. (1992 - Present); Director: Farm Partners, Inc. (1992 - Present), Vice President – Investor Relations - DynaResource, Inc., Dallas, Texas (1995 to present).

To the knowledge of the Company, no present or former director, executive officer, or person nominated to become a director or executive of the Company, or consultants to the Company has ever:

- 1.) Filed a bankruptcy petition by or against any business of which such person was a general partner or executive officer whether at the time of the bankruptcy or with two years prior to that time;
- 2.) Had any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);
- 3.) Been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; and,
- 4.) Been found by a court of competent jurisdiction (in a civil action), the Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed suspended or vacated.

ITEM 6. EXECUTIVE COMPENSATION.

The following officers received the following compensation for the years ended December 31, 2006 and 2007. These officers do not have employment contracts with the company.

| Name and principal position                       | Year | Salary    | Bonus | Stock Awards | Option Awards | Nonequity incentive plan compensation | Nonqualified deferred compensation | All other compensation |
|---|------|-----------|-------|--------------|---------------|---------------------------------------|------------------------------------|------------------------|
| K.W. Diepholz<br>CEO,<br>President                | 2007 | \$150,000 | None  | None         | None          | None                                  | None                               | None                   |
|   | 2006 | \$150,000 | None  | 89,981       | None          | None                                  | None                               | None                   |
| Charles Smith<br>CFO,<br>Secretary                | 2007 | \$24,000  | None  | None         | None          | None                                  | None                               | None                   |
|   | 2006 | \$24,000  | None  | 72,676       | None          | None                                  | None                               | None                   |
| Bradford J. Saulter<br>VP – Investor<br>Relations | 2007 | \$60,000  | None  | None         | None          | None                                  | None                               | None                   |
|   | 2006 | \$53,750  | None  | 25,000       | None          | None                                  | None                               | None                   |

| Name and principal position | Number of Securities Underlying Unexercised options (#) exercisable | Number of Securities Underlying Unexercised options (#) unexercisable | Option Awards                |                       |  | Option expiration date | Stock Awards Number of share awards that have not vested |
|-----------------------------|---|---|------------------------------|-----------------------|--|------------------------|--|
|                             |   |   | Equity incentive plan awards | Option exercise price |  |                        |  |

|                                 |         |      |      |        |  |            |      |
|---------------------------------|---------|------|------|--------|--|------------|------|
| K.W. Diepholz<br>CEO, President | 250,000 | None | None | \$2.50 |  | 11/15/2009 | None |
|---------------------------------|---------|------|------|--------|--|------------|------|

|                                 |        |      |      |        |  |            |      |
|---------------------------------|--------|------|------|--------|--|------------|------|
| Charles Smith<br>CFO, Secretary | 50,000 | None | None | \$2.50 |  | 11/15/2009 | None |
|---------------------------------|--------|------|------|--------|--|------------|------|

|                            |        |      |      |        |  |            |      |
|----------------------------|--------|------|------|--------|--|------------|------|
| Melvin Tidwell<br>Director | 50,000 | None | None | \$2.50 |  | 11/15/2009 | None |
|----------------------------|--------|------|------|--------|--|------------|------|

|  |        |      |      |        |  |            |      |
|--|--------|------|------|--------|--|------------|------|
| Bradford J. Saulter<br>VP – Investor Relations | 25,000 | None | None | \$2.50 |  | 11/15/2009 | None |
|--|--------|------|------|--------|--|------------|------|

Name of

#### ITEM 7. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The Company has paid cash remuneration for services to Dynacap Group Ltd., a private consulting firm. Mr. K.W. Diepholz - Chairman and CEO of the Company and Mr. Charles Smith, Chief Financial Officer, are the Managers of Dynacap Group, Ltd.

The Company has paid cash compensation as follows, to related parties or officers during the years ended December 31, 2006 and 2007:

- In 2007, the Company paid \$182,738 to Dynacap Group, Ltd. for consulting and other fees;
- In 2006, the Company paid \$140,360 to Dynacap Group, Ltd. for consulting and other fees.

In addition, the Company issued 287,566 shares of common stock to its officers and/or directors for services in 2006. No shares were issued to officers and/or directors in 2007 or 2008.

The Company is not aware of any other material relationships or related transactions between the Company and any officers, directors or holders of more than five percent of any class of outstanding securities of the issuer.

## ITEM 8. LEGAL PROCEEDINGS.

The Company is not currently involved in any legal proceedings.

## ITEM 9.

## MARKET PRICE OF AND DIVIDENDS ON THE COMPANY'S COMMON EQUITY AND RELATED MATTERS.

The Company is organized under the laws of Delaware, and its common stock is traded on the "pink sheets" under the symbol "DYNR". The following table sets forth, for the periods indicated, the high and low bid quotations which set forth reflect inter-dealer prices, without retail mark-up or mark-down and without commissions; and may not reflect actual transactions. No cash dividends on the Company common stock have been declared or paid since the Company's inception and no dividends are anticipated in the future. The Company had approximately 550 shareholders at December 31, 2008.

| Calendar Quarter Ending | High | Low  |
|-------------------------|------|------|
| March 31, 2006          | 0.25 | 0.25 |
| June 30, 2006           | 0.25 | 0.05 |
| September 30, 2006      | 0.05 | 0.05 |
| December 31, 2006       | 0.06 | 0.05 |
| March 31, 2007          | 0.05 | 0.25 |
| June 30, 2007           | 2.05 | 1.50 |
| September 30, 2007      | 3.60 | 2.40 |
| December 31, 2007       | 2.90 | 2.60 |

## ITEM 10. RECENT SALES OF UNREGISTERED SECURITIES.

- In 2006, the Company issued 240,915 shares of common stock for \$722,882 cash to 34 individuals or entities; of which 29 were accredited, 5 non-accredited. Of the 29 accredited, 3 were foreign;
- In 2006, the Company issued 62,500 shares of common stock to unrelated consultants and employees and 287,566 shares of common stock to officers and directors for services valued at \$700,132;
- In 2006, the Company issued 40,000 shares of common stock for the conversion of promissory notes in the amount of \$88,000, plus accrued interest; to one unrelated consultant;
- In 2006, the Company issued 10,275 shares of common stock for the discharge of \$30,825 of legal fees to the Company's legal representative;
- In 2006, the Company issued 261,581 shares of common stock to acquire certain preferred rights from shareholders; of which 20 were accredited and 4 non-accredited;
- In 2007, the Company issued 365,295 shares of common stock for \$1,145,314 cash to 37 individuals or entities; of which 30 were accredited and 7 non-accredited;



- In 2007, the Company issued 36,529 shares of common stock for services valued at \$109,587 to unrelated consultants and employees;
- In 2008, the Company issued 21,880 shares of common stock for \$109,400. Cash, to 3 individuals or entities; of which one was accredited and two were non-accredited;
- In 2008, the Company issued 12,000 shares for the exercise of options @ \$3.75, for \$45,000. Cash; to one accredited individual;
- In 2008, the Company issued 613,144 shares for the exercise of options @ \$2.50; for \$ 1,532,860 Cash; to 40 individuals; of which 36 were accredited and 4 were non-accredited;
- In 2008, the Company issued 147,565 shares for services valued at \$420,101, to unrelated consultants and employees;
- In 2008, the Company issued 2,500 shares of common stock for the discharge of \$10,000. in legal fees to the Company's legal representative;

The Company was the Seller/Issuer of the above securities, and no underwriters were used. No underwriting discounts, commissions or selling commissions were paid in connection with any of the prior sales of the Company securities. The shares were issued pursuant to the exemption from registration found in Rule 506 of Regulation D.

#### ITEM 11. DESCRIPTION OF COMPANY'S SECURITIES TO BE REGISTERED.

##### Common Stock:

The Company is authorized to issue 12,500,000 shares of common stock, par value of \$0.01, of which 9,073,913 shares are issued and outstanding as of April 30, 2009. Holders of Common Stock are entitled to dividends when, and if declared by the Board of Directors out of funds available therefore, subject to any priority as to dividends for Preferred Stock that may be outstanding. Holders of Common Stock are entitled to cast one vote for each share held at all stockholder meetings for all purposes, including the election of directors. The holders of more than 50% of the Common Stock issued and outstanding and entitled to vote, present in person or by proxy, constitute a quorum at all meetings of stockholders. The vote of the holders of a majority of Common Stock present at such a meeting will decide any question brought before such meeting, except for certain actions such as amendments to the Company's Certificate of Incorporation, mergers or dissolutions which require the vote of the holders of a majority of the outstanding Common Stock. Upon liquidation or dissolution, the holder of each outstanding share of Common Stock will be entitled to share equally in the assets of the Company legally available for distribution to such stockholder after payment of all liabilities and after distributions to preferred stockholders legally entitled to such distributions. Holders of Common Stock do not have any preemptive, subscription or redemption rights. They are entitled to cumulative voting rights under the Delaware Corporations Code. Under cumulative voting, minority shareholders may have the right to vote one or more members onto the Company's Board of Directors. All outstanding shares of Common Stock are fully paid and non-assessable. The holders of the Common Stock do not have any registration rights with respect to the stock.



The Company is authorized to issue a total of 10,000 Series A Preferred Shares, and has outstanding 1,000 shares of the Preferred. These preferred shares have the right to elect a majority of the Board of Directors. The Preferred A shares have no other priority over the Common Stock. There are no other Preferred Shares authorized or outstanding. There are no Class B Shares, nor any other classes of common shares, authorized or outstanding.

Transfer Agent and Registrar:

The Company's Transfer Agent is Signature Stock Transfer, Inc., 2632 Coachlight Court, Plano, Texas 75093, (972) 612-4120.

#### ITEM 12. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Our bylaws provide that the liability of our officers and directors for monetary damages shall be eliminated to the fullest extent permissible under Delaware Law, which includes elimination of liability for monetary damages for defense of civil or criminal actions. The provision does not affect a director's responsibilities under any other laws, such as the federal securities laws or state or federal environmental laws.

Under the laws of Delaware and the Company's Articles of Incorporation, the Company's directors will have no personal liability to the Company or its stockholders for monetary damages incurred as the result of the breach or alleged breach by a director of his duty of care. This provision does not apply to the directors (i) breach of their duty of loyalty, (ii) acts or omissions not in good faith or involving intentional violations of law, (iii) illegal payment of dividends, stock repurchases, or stock redemption, and (iv) approval of any transaction from which a director derives an improper personal benefit. Directors may be responsible to the Company's shareholders for damages suffered by the Company or its shareholders as a result of a breach of their fiduciary duty.

In so far as indemnification for liabilities arising under the Securities Act of 1933, as amended, may be permitted for directors, officers or person controlling the Company pursuant to the foregoing provisions, the Company has been informed that in the opinion of the Securities and Exchange Commission each indemnification is against public policy as expressed in the Act and is therefore unenforceable.

#### ITEM 13. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Not required.

#### ITEM 14. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS.

The Company has had no disagreements with its accountants regarding accounting and financial disclosure.



ITEM 15. FINANCIAL STATEMENTS AND EXHIBITS.

Incorporated into and forming an integral part of this Form 10 are the audited financial statements for the Company for the years ended December 31, 2007 and 2006. The financial statements as of December 31, 2007 and 2006, of the company included in this prospectus have been audited by The Hall Group, CPAs, independent certified public accountants, as set forth in their report. The financial statements have been included in reliance upon the authority of them as experts in accounting and auditing.

The financial statements as of March 31, 2008 , and for the three months ended March 31, 2008 of the company included in this prospectus have been prepared by management and include all adjustments required by generally accepted accounting principles which in the opinion of management are necessary in order to make the financial statements not misleading. They have not been audited or reviewed by our auditors, The Hall Group, CPAs.

Financial Statements:

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of December 31, 2007 and 2006

Consolidated Statements of Income for the Years Ended December 31, 2007 and 2006  
And Cumulative Since Reentering the Exploration Stage (January 1, 2007)

Consolidated Statement of Changes in Stockholders' Equity for the Years Ended December 31, 2007 and 2006

Consolidated Statements of Cash Flows for the Years Ended December 31, 2007 and 2006  
And Cumulative Since Reentering the Exploration Stage (January 1, 2007)

Notes to the Consolidated Financial Statements

Management prepared Financial Statements

Consolidated Balance Sheets as of March 31, 2008 and December 31, 2007

Consolidated Statements of Operations for the Three Months Ended March 31, 2008 and 2007  
And Cumulative Since Reentering the Exploration Stage (January 1, 2007)

Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2008 and 2007  
And Cumulative Since Reentering the Exploration Stage (January 1, 2007)

Notes to the Consolidated Financial Statements

Exhibits:

- 3.1 \* Articles of Incorporation - West Coast Mines, Inc.
- 3.2 \* Articles of Amendment 1940
- 3.3 \*Articles of Amendment 1943
- 3.4 \*Articles of Amendment 1996
- 3.5 \* Articles-Dynaresource-1997
- 3.6 \*Agreement & Certificate of Merger 1998
- 3.7 \*Articles of Amendment 1998
- 3.8 \*Articles of Amendment 2007
- 3.9 \*Bylaws
- 21.1 \*Subsidiaries of Registrant
- 23.1 Consent of SPAs
- 99.1 Earn In / Option Agreement (the "Earn In Agreement", "Earn In"), dated September 1, 2006 by and between DynaResource, Inc., DynaResource de Mexico S.A. de C.V. and Goldgroup Resources, Inc.
  - \*Memorandum of Understanding dated July 29, 2008 by and between DynaResource, Inc. and Goldgroup Resources, Inc. Clarification of operating structure and activity under the Earn-In/Option Agreement with Goldgroup Resources Inc.
- 99.3 \*Drill intercepts summary file;

\* Documents Previously filed;

No dealer, salesman or any other person has been authorized to give any quotation or to make any representations in connection with the offering described herein, other than those contained in this Prospectus. If given or made, such other information or representation; must not be relied upon as having been authorized by the Company or by any Underwriter. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy any securities offered hereby in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.

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Until the 90th day after the later of (1) the effective date of the registration statement or (2) the first date on which the securities are offered publicly), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

SIGNATURES

In accordance with the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets the requirements for filing on Form 10 and authorized this Registration Statement to be signed on its behalf by the undersigned, in the City of Irving, State of Texas, on May 5, 2009.

DynaResource, Inc.

By: /s/ K.W. ("K.D.") Diepholz  
K.W. Diepholz, President

In accordance with the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons, in the capacities and on the dates stated.

| Signature  | Title                                  | Date        |
|--|--|-------------|
| /s/ K.W. ("K.D.") Diepholz<br>K.W. ("K.D.") Diepholz | President and Chairman<br>of the Board | May 5, 2009 |
| /s/ K.W. ("K.D.") Diepholz<br>K.W. ("K.D.") Diepholz | Chief Executive Officer                | May 5, 2009 |
| /s/ Charles Smith<br>Charles Smith                   | Chief Financial Officer                | May 5, 2009 |
| /s/ Charles Smith<br>Charles Smith                   | Chief Accounting Officer               | May 5, 2009 |

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Management of  
DynaResource, Inc.  
Irving, Texas

We have audited the accompanying consolidated balance sheets of DynaResource, Inc. and subsidiaries as of December 31, 2007 and 2006 and the related consolidated statements of operations, cash flows and stockholders' equity for the years ended December 31, 2007 and 2006 and for the period since Reentering the Exploration Stage (January 1, 2007) through December 31, 2007. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

We were not engaged to examine management's assertion about the effectiveness of DynaResource, Inc.'s internal control over financial reporting as of December 31, 2007 and, accordingly, we do not express an opinion thereon.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of DynaResource, Inc. and subsidiaries as of December 31, 2007 and 2006, and the results of its operations and its cash flows for the the years ended December 31, 2007 and 2006 and for the period since Reentering the Exploration Stage (January 1, 2007) through December 31, 2007 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 12 of the consolidated financial statements, the Company corrected an error and restated previously issued financial statements.

/s/ The Hall Group, CPAs  
The Hall Group, CPAs  
Dallas, Texas

April 15, 2008, except for note 12, as to which the date is December 1, 2008

DYNARESOURCE, INC.  
 (An Exploration Stage Company)  
 Consolidated Balance Sheets  
 December 31, 2007 and 2006

|   | 2007<br>(restated)  | 2006                |
|---|---------------------|---------------------|
| <b>ASSETS</b>   |                     |                     |
| <b>Current Assets</b>   |                     |                     |
| Cash and Cash Equivalents   | \$ 2,060,665        | \$ 820,840          |
| Accounts Receivable (Net of Allowance of \$0 and \$0)   | 13,079              | 199,143             |
| Foreign Tax Receivable  | 151,852             | 49,204              |
| Other Current Assets  | 72,063              | 77,091              |
| <b>Total Current Assets</b>   | <b>2,297,659</b>    | <b>1,146,278</b>    |
| <b>Fixed Assets</b>   |                     |                     |
| Mining Camp Equipment and Fixtures (Net of Accumulated Depreciation of \$325,507 and \$237,713)                     | 389,731             | 391,666             |
| Mining Properties (Net of Accumulated Amortization of \$288,510 and \$229,913)                                      | 4,414,857           | 4,607,003           |
| <b>Total Fixed Assets</b>   | <b>4,804,588</b>    | <b>4,998,669</b>    |
| <b>TOTAL ASSETS</b>   | <b>\$ 7,102,247</b> | <b>\$ 6,144,947</b> |
| <b>LIABILITIES,<br/>MINORITY INTEREST AND STOCKHOLDERS' EQUITY</b>  |                     |                     |
| <b>Current Liabilities</b>  |                     |                     |
| Accounts Payable  | \$ 0                | \$ 41,404           |
| Accrued Expenses  | 40,165              | 104,136             |
| <b>Total Current Liabilities</b>  | <b>40,165</b>       | <b>145,540</b>      |
| <b>Long-Term Liabilities</b>  |                     |                     |
| Deferred Income Tax Liability   | 0                   | 38,259              |
| <b>Total Long-Term Liabilities</b>  | <b>0</b>            | <b>38,259</b>       |
| <b>Total Liabilities</b>  | <b>40,165</b>       | <b>183,799</b>      |
| Minority Interest   | 344,980             | 0                   |
| <b>Stockholders' Equity</b>   |                     |                     |
| Preferred Stock (\$1.00 par value, 10,000 shares authorized, 1,000 and 0 shares issued and outstanding)             | 1,000               | 0                   |
| Common Stock (\$.01 par value, 12,500,000 shares authorized, 8,276,824 and 7,875,000 shares issued and outstanding) | 82,768              | 78,750              |
| Preferred Rights  | 40,000              | 40,000              |
| Additional Paid-In Capital  | 15,874,681          | 11,925,774          |
| Treasury Stock  | (7,500)             | 0                   |
| Other Comprehensive Income (Loss)   | 41,711              | (80,860)            |
| Accumulated Deficit   | (6,002,516)         | (6,002,516)         |
| Accumulated Deficit Since Reentering the Exploration Stage  | (3,313,042)         | 0                   |

|  |                     |                     |
|--|---------------------|---------------------|
| Total Stockholders' Equity   | 6,717,102           | 5,961,148           |
| <b>TOTAL LIABILITIES, MINORITY INTEREST AND<br/>STOCKHOLDERS' EQUITY</b> | <b>\$ 7,102,247</b> | <b>\$ 6,144,947</b> |

The accompanying notes are an integral part of these financial statements.



DYNARESOURCE, INC.  
 (An Exploration Stage Company)  
 Consolidated Statements of Operations  
 For the Years Ended December 31, 2007 and 2006  
 and Cumulative Since Reentering the Exploration Stage (January 1, 2007) through December 31, 2007

|   | For the Year Ended<br>December 31, |                | Cumulative<br>since<br>reentering<br>Exploration<br>Stage<br>(January 1,<br>2007)<br>through<br>December 31,<br>2007 |
|---|------------------------------------|----------------|--|
|   | 2007                               | 2006           |  |
| REVENUES  | \$ 0                               | \$ 1,647,665   | \$ 0   |
| COST OF SALES (exclusive of depreciation and amortization shown separately below) |                                    |                |  |
| Production Costs  | 0                                  | 467,993        | 0  |
| Exploration Costs   | 2,097,378                          | 695,967        | 2,097,378  |
| Product Delivery Costs  | 0                                  | 26,429         | 0  |
| Total Cost of Sales   | 2,097,378                          | 1,190,389      | 2,097,378  |
| GROSS PROFIT (DEFICIT)  | (2,097,378)                        | 457,276        | (2,097,378)  |
| OPERATING EXPENSES  |                                    |                |  |
| Depreciation and Amortization   | 146,391                            | 147,414        | 146,391  |
| General and Administrative  | 976,512                            | 1,591,168      | 976,512  |
| TOTAL OPERATING EXPENSES  | 1,122,903                          | 1,738,582      | 1,122,903  |
| NET OPERATING INCOME (LOSS)   | (3,220,281)                        | (1,281,306)    | (3,220,281)  |
| OTHER INCOME (EXPENSE)  |                                    |                |  |
| Portfolio Income  | 6,627                              | 7,159          | 6,627  |
| TOTAL OTHER INCOME (EXPENSE)  | 6,627                              | 7,159          | 6,627  |
| NET INCOME (LOSS) BEFORE INCOME TAXES AND EXTRAORDINARY ITEMS                     | (3,213,654)                        | (1,274,147)    | (3,213,654)  |
| Provision for Income Taxes (Expense) Benefit                                      | 38,259                             | 0              | 38,259   |
| Minority Earnings (Loss) in Subsidiary  | 0                                  | 0              | 0  |
| Extraordinary Items (Note 10)   | 0                                  | (923,641)      | 0  |
| NET INCOME (LOSS)   | \$ (3,175,395)                     | \$ (2,197,788) | \$ (3,175,395)   |

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|  |                |                |                |
|--|----------------|----------------|----------------|
| Currency Translation Gain (Loss)                             | (7,825)        | (452,543)      | (7,825)        |
| COMPREHENSIVE LOSS   | \$ (3,183,220) | \$ (2,650,331) | \$ (3,183,220) |
| <b>EARNINGS PER SHARE</b>                                    |                |                |                |
| Weighted Average of Outstanding Shares,<br>Basic and Diluted | 7,945,319      | 7,304,139      |                |
| Income (Loss) per Common Share, Basic<br>and Diluted         | \$ (0.40)      | \$ (0.30)      |                |

The accompanying notes are an integral part of these financial statements

## DYNARESOURCE, INC.

(An Exploration Stage Company)

## Consolidated Statement of Changes in Stockholders' Equity

For the Years Ended December 31, 2007 and 2006

(Restated)

|   | Common<br>Shares | Preferred<br>Amount | Preferred<br>Shares | Preferred<br>Amount | Preferred<br>Rights | Preferred<br>Amount | Additional<br>Paid In<br>Capital | Treasury<br>Stock | Other<br>Comp<br>Income | Accumulated<br>Deficit | Exploration<br>Stage | Accumulated<br>Deficit<br>Since<br>Reentering<br>the<br>Exploration<br>Stage<br>Totals |
|---|------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------------------|-------------------|-------------------------|------------------------|----------------------|--|
| Balance,<br>December<br>31, 2005                | 6,972,163        | \$ 69,722           | 0                   | \$ 0                | 40,000              | \$ 40,000           | \$ 9,287,582                     | \$                | \$                      | \$ (3,352,185)         | \$ 0                 | \$ 6,045,119   |
| Sale of<br>Common<br>Shares                     | 240,915          | 2,410               |                     |                     |                     |                     | 720,472                          |                   |                         |                        |                      | 722,882  |
| Issuance of<br>Common<br>Shares for<br>Services | 350,066          | 3,500               |                     |                     |                     |                     | 696,632                          |                   |                         |                        |                      | 700,132  |
| Issuance of<br>Common<br>Shares for<br>Debt     | 40,000           | 400                 |                     |                     |                     |                     | 79,600                           |                   |                         |                        |                      | 80,000   |
| Issuance of<br>Common<br>Shares for<br>AP       | 10,275           | 103                 |                     |                     |                     |                     | 38,722                           |                   |                         |                        |                      | 38,825   |
| Preferred<br>Rights<br>Repurchased              | 261,581          | 2,615               |                     |                     |                     |                     | 782,135                          |                   |                         |                        |                      | 784,750  |
| Other Comprehensive<br>Income                   |                  |                     |                     |                     |                     |                     |                                  |                   | (80,860)                |                        |                      | (80,860)   |
| Dyna Mexico<br>Earn In                          |                  |                     |                     |                     |                     |                     | 320,631                          |                   |                         |                        |                      | 320,631  |
| Net (Loss)                                      |                  |                     |                     |                     |                     |                     |                                  |                   |                         | (2,650,331)            |                      | (2,650,331)  |