

DYNARESOURCE INC  
Form DEF 14A  
July 10, 2012

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

Filed by the Registrant  [X]

Filed by a Party other than the Registrant  [ ]

Check the appropriate box:

[ ] Preliminary Proxy Statement

[ ] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

[X] Definitive Proxy Statement

[ ] Definitive Additional Materials

[ ] Soliciting Material Pursuant to §240.14a-12

**DYNARESOURCE, INC.**

**(Name of Registrant as Specified in its Charter)**

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**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which the transaction applies:

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(2) Aggregate number of securities to which the transaction applies:

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(3) Per unit price or other underlying value of the transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date filed:

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**DynaResource, Inc.**

**222 W. Las Colinas Blvd., Suite 744 East Tower**

**Irving, Texas 75039**

June 25, 2012

Dear Stockholders:

It is our pleasure to invite you to attend the 2012 Annual Meeting of Stockholders of DynaResource, Inc. to be held on July 6, 2012, at 3:00 p.m., CST, at 222 W. Las Colinas Blvd, Suite 744, East Tower, Irving, Texas 75039.

The matters to be acted upon at the Annual Meeting are described in the accompanying Notice of Annual Meeting of Stockholders and Proxy Statement. A copy of our Annual Report is also enclosed.

Whether or not you plan to attend the Annual Meeting, it is important that your shares be represented and voted at the meeting regardless of the number of shares you may hold. Therefore, I urge you to vote as promptly as possible. You may vote your shares by returning the enclosed proxy card. Timely voting will ensure your representation at the Annual Meeting. If you decide to attend the Annual Meeting, you will be able to vote in person, even if you have previously submitted your proxy.

Thank you for your continued support of DynaResource, Inc. I look forward to seeing you.

Sincerely,

K.W. (“K.D.”) Diepholz

*Chairman and Chief Executive Officer*

**DYNARESOURCE, INC.**

**222 W. Las Colinas Blvd., Suite 744 East Tower**

**Irving, Texas 75039**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON JULY 6, 2012**

To the Stockholders of DynaResource, Inc.:

Notice is hereby given that the 2012 Annual Meeting of Stockholders of DynaResource, Inc., a Delaware corporation (the "Company"), will be held on July 6, 2012, at 3:00 p.m., CST, at 222 W. Las Colinas Blvd, Suite 744, East Tower, Irving, Texas 75039, for the following purposes, as more fully described in the proxy statement accompanying this notice:

- (1) To approve an amendment to our certificate of incorporation to increase the number of authorized shares of our preferred stock from 10,000 to 20,001,000, of which 1,000 shares shall be designated as Series A Preferred Stock, and empowering the Board of Directors to establish by resolution, one or more additional series of preferred stock, with such voting powers and such rights, and qualifications, limitations or restrictions thereof, as shall be stated in the resolutions providing for the issue of such preferred stock.
- (2) To approve an amendment to our certificate of incorporation to authorize the Board of Directors to adopt, amend or repeal the Bylaws of the Company.  
To elect the Company's Board of Directors, consisting of two Class I directors and one Class II director, to a term of office expiring at the next Annual Meeting of Stockholders. The Company intends to present for election the following three nominees, all of whom are current directors of the Company: K.W. ("K.D.") Diepholz (Class I director), Charles Smith (Class I director), and Melvin E. Tidwell (Class II director).
- (3) To elect the Company's Board of Directors, consisting of two Class I directors and one Class II director, to a term of office expiring at the next Annual Meeting of Stockholders. The Company intends to present for election the following three nominees, all of whom are current directors of the Company: K.W. ("K.D.") Diepholz (Class I director), Charles Smith (Class I director), and Melvin E. Tidwell (Class II director).
- (4) To transact any other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

Only stockholders of record as of the close of business on May 11, 2012 are entitled to receive notice of and to vote at the Annual Meeting and any adjournment or postponement thereof.

You are cordially invited to attend the Annual Meeting in person. Whether or not you plan to attend the Annual Meeting, it is important that your shares be represented and voted at the meeting regardless of the number of shares you may hold. You may vote your shares by returning the enclosed proxy card. If you attend the Annual Meeting and

vote by ballot, your proxy will be revoked automatically and only your vote at the Annual Meeting will be counted.

By Order of the Board of Directors

/s/ K.W. ("K.D.") Diepholz

K.W. ("K.D.") Diepholz  
Irving, Texas  
Chairman and Chief Executive Officer  
June 25, 2012



**DYNARESOURCE, INC.**

**PROXY STATEMENT**

**FOR**

**2012 ANNUAL MEETING OF STOCKHOLDERS**

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**DYNARESOURCE, INC.**

**PROXY STATEMENT**

**FOR**

**2012 ANNUAL MEETING OF STOCKHOLDERS**

The enclosed proxy is solicited on behalf of the Board of Directors of DynaResource, Inc., a Delaware corporation, for use at the 2012 Annual Meeting of Stockholders (the “Annual Meeting”) to be held on July 6, 2012, at 3:00 p.m., CST, at 222 W. Las Colinas Blvd, Suite 744, East Tower, Irving, Texas 75039. The proxy solicitation materials are being sent on or about June 26, 2012 to all stockholders entitled to vote at the Annual Meeting. In this proxy statement, “DynaResource,” the “Company,” “we,” “us” and “our” refer to DynaResource, Inc.

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**QUESTIONS AND ANSWERS ABOUT THE 2012 ANNUAL MEETING**

**AND THIS PROXY STATEMENT**

**What is the purpose of the Annual Meeting?**

At the Annual Meeting, stockholders will vote on the following two categories of proposals, which are summarized in the preceding notice and described in more detail beginning on page 6 of this proxy statement:

- To approve the following amendments (collectively, the “Charter Amendments”) to the Company’s Certificate of Incorporation:
  - To increase the number of authorized shares of our preferred stock (Proposal One); and
  - To authorize the Board to adopt, amend or repeal the Company’s Bylaws (Proposal Two); and

- To elect the Company's Board of Directors (Proposal Three)

**What are the Board's voting recommendations?**

Our Board of Directors recommends that you vote your shares:

**FOR** the proposals to approve the Charter Amendments (Proposals One and Two); and

**FOR** each of the director nominees to the Board (Proposal Three).

**Where are the Company's principal executive offices located, and what is the Company's main telephone number?**

The Company's principal executive offices are located at 222 W. Las Colinas Blvd., Suite 744 East Tower, Irving, Texas 75039. The Company's main telephone number is (972) 868-9066.

**Who is entitled to vote at the Annual Meeting?**

The record date for the Annual Meeting is May 11, 2012. Only stockholders of record at the close of business on that date are entitled to vote at the Annual Meeting. As of the record date, 10,721,618 shares of our Common Stock, \$.01 par value per share, were outstanding and entitled to vote and 1,000 shares of our Series A preferred stock, \$1.00 par value per share, were outstanding and entitled to vote. Holders of the Company's Series A preferred stock have the authority to elect a majority of the Board of Directors (the Class I directors).

Our stock transfer books will remain open between the date of the Notice of Annual Meeting and the date of the Annual Meeting. A list of stockholders entitled to vote at the Annual Meeting will be available for inspection at our principal executive offices.

### **How many votes do I have?**

Each holder of Common Stock is entitled to one vote per share held. As a result, a total of 10,721,618 votes may be cast by the holders of Common Stock on each matter at the Annual Meeting. Additionally, holders of the Company's Series A preferred stock have the authority to elect a majority of the Board of Directors (the Class I directors). Currently, Mr. K.W. ("K.D.") Diepholz is the sole holder of the Company's Series A preferred stock and, accordingly, Mr. Diepholz has the authority to elect a majority of the Board of Directors (the Class I directors).

### **What is the difference between a stockholder of record and a beneficial owner of shares held in street name?**

*Stockholder of Record.* If your shares are registered directly in your name with the Company's transfer agent, Signature Stock Transfer, Inc., you are considered the stockholder of record with respect to those shares.

*Beneficial Owner of Shares Held in Street Name.* If your shares are held in an account at a brokerage firm, bank, broker-dealer or other similar organization, then you are the beneficial owner of shares held in "street name." The organization holding your account is considered the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct that organization on how to vote the shares held in your account.

### **If I am a stockholder of record of Common Stock, how do I vote?**

If you are a stockholder of record, you may vote by mailing a completed proxy card. To vote by mailing a proxy card, please sign and return the enclosed proxy card in the enclosed prepaid and self-addressed envelope and your shares will be voted at the Annual Meeting in the manner you directed. You may also vote your shares in person at the Annual Meeting. If you are a stockholder of record, you may request a ballot at the Annual Meeting.

**If I am a beneficial owner of shares held in street name, how do I vote?**

If you are the beneficial owner of shares are held in street name, you will receive instructions from the brokerage firm, bank, broker-dealer or other similar organization (the “record holder”) that must be followed for the record holder to vote your shares per your instructions. Please complete and return the voting instruction card in the self-addressed postage paid envelope provided.

If your shares are held in street name and you wish to vote in person at the Annual Meeting, you must obtain a proxy issued in your name from the record holder and bring it with you to the meeting. We recommend that you vote your shares in advance as described above so that your vote will be counted if you later decide not to attend the Annual Meeting.

**What is a quorum?**

A quorum must be present at the Annual Meeting for any business to be conducted. The presence at the Annual Meeting, either in person or by proxy, of holders of a majority of the shares entitled to vote on the record date will constitute a quorum. Accordingly, shares of Common Stock representing 5,360,810 votes and shares of Series A preferred stock representing 501 votes must be present, in person or by proxy, at the Annual Meeting to constitute a quorum. Abstentions and “broker non-votes” will be counted for the purpose of determining whether a quorum is present for the transaction of business.

If a quorum is not present, the Annual Meeting will be adjourned until a quorum is obtained.

**What is a broker non-vote?**

If you are a beneficial owner of shares held in street name and do not provide the record holder with specific voting instructions, under the rules of various national securities exchanges, the record holder may generally vote on routine matters but cannot vote on non-routine matters. If the record holder does not receive instructions from you on how to vote your shares on a non-routine matter, the record holder will inform the inspector of election that it does not have the authority to vote on this matter with respect to your shares. This is generally referred to as a “broker non-vote.”

**What vote is required for each item?**

Approval of Proposal One requires the affirmative vote of at least a majority of the total outstanding shares of Common Stock. Abstentions will count as votes AGAINST Proposal One. Since a proposal concerning an increase in authorized shares of preferred stock is a non-routine matter on which brokers are not empowered to vote without instructions, there may be broker non-votes on Proposal One.

Approval of Proposal Two requires the affirmative vote of at least a majority of the total outstanding shares of Common Stock. The authorization of the Board to make changes to the Company’s Bylaws is a matter on which a broker is generally empowered to vote. Accordingly, no broker non-votes are expected to exist in connection with Proposal Two.

For Proposal Three, the Class I directors are elected by the vote of the holder of the issued and outstanding shares of Series A Preferred Stock. The Class II directors are elected by a plurality of the votes cast by the holders of the issued and outstanding shares of Common Stock. Accordingly, as to the Class II directors, the nominee receiving the highest number of votes cast will be elected as director. Abstentions will have no effect on the outcome of the election of candidates for Class II director. Due to the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the election of directors is now considered a non-routine matter on which brokers are not empowered to vote without instructions. Accordingly, there may be broker non-votes on Proposal Three. Should any nominee become unavailable to serve before the Annual Meeting, the proxies will be voted by the proxy holders for such other person as may be designated by our Board of Directors or for such lesser number of nominees as may be prescribed by the Board of Directors. Votes cast for the election of any nominee who has become unavailable will be disregarded.

**What happens if I do not give specific voting instructions?**

If you are a stockholder of record and you do not specify how the shares represented thereby are to be voted, your shares will be voted in the manner recommended by the Board on all matters presented in this proxy statement and as the proxy holders may determine in their discretion with respect to any other matters properly presented for a vote at the Annual Meeting.

If you are a beneficial owner of shares held in street name and you do not specify how the shares represented thereby are to be voted, your broker may generally exercise its discretionary authority to vote your shares on routine matters (Proposal Two), but your broker will not be permitted to vote your shares with respect to non-routine matters (Proposals One and Three).

**What if I receive more than one set of proxy materials, proxy card or voting instruction form?**

If you receive more than one set of proxy materials, proxy card or voting instruction form because your shares are held in multiple accounts or registered in different names or addresses, please vote your shares held in each account to ensure that all of your shares will be voted.

**Who will count the votes and how will my vote be counted?**

All votes will be tabulated by the inspector of election appointed for the Annual Meeting, who will separately tabulate affirmative and negative votes, abstentions and broker non-votes. If your proxy is properly submitted, the shares represented thereby will be voted at the Annual Meeting in accordance with your instructions.



**Can I change my vote after I have voted?**

If you are a stockholder of record, you may revoke or change your vote at any time before the Annual Meeting by filing a notice of revocation or another proxy card with a later date with the Corporate Secretary at DynaResource, Inc., 222 W. Las Colinas Blvd., Suite 744 East Tower, Irving, Texas 75039. If you are a stockholder of record and attend the Annual Meeting and vote by ballot, any proxy that you submitted previously to vote the same shares will be revoked automatically and only your vote at the Annual Meeting will be counted.

If you are a beneficial owner of shares held in street name, you should contact the record holder to obtain instructions if you wish to revoke or change your vote before the Annual Meeting. Please note, however, that if your shares are held in street name, your vote in person at the Annual Meeting will not be effective unless you have obtained and present a proxy issued in your name from the record holder.

**Where can I find the voting results of the Annual Meeting?**

The preliminary voting results will be announced at the Annual Meeting. The final voting results will be tallied by the inspector of election and published in a Current Report on Form 8-K, which the Company is required to file with the Securities and Exchange Commission (“SEC”) within four days following the Annual Meeting.

**How and when may I submit a stockholder proposal for the 2013 Annual Meeting of Stockholders?**

In the event that a stockholder desires to have a proposal considered for presentation at the 2013 Annual Meeting of Stockholders, and included in our proxy statement and form of proxy card used in connection with that meeting, the proposal must be forwarded in writing to our Corporate Secretary so that it is received by a reasonable time before the Company begins to print and mail its proxy solicitation materials. Any such proposal must comply with the requirements of Rule 14a-8 promulgated under the Securities Exchange Act of 1934 (the “Exchange Act”).

To forward any stockholder proposals or notices of proposals or to receive a copy of our Bylaws, write to the Corporate Secretary at DynaResource, Inc., 222 W. Las Colinas Blvd., Suite 744 East Tower, Irving, Texas 75039.

**Who will bear the cost of soliciting proxies?**

We will bear the entire cost of the solicitation of proxies for the Annual Meeting, including the preparation, assembly, printing and mailing of this proxy statement, the proxy card and any additional solicitation materials furnished to stockholders. Copies of solicitation materials will be furnished to brokerage firms, bank, broker-dealer or other similar organization holding shares in their names that are beneficially owned by others so that they may forward the solicitation materials to the beneficial owners. We may reimburse such persons for their reasonable expenses in forwarding solicitation materials to beneficial owners. The original solicitation of proxies may be supplemented by solicitation by personal contact, telephone, facsimile, email or any other means by our directors, officers or employees, and we will reimburse any reasonable expenses incurred for that purpose. No additional compensation will be paid to those individuals for any such services.

## **INTRODUCTION TO PROPOSALS ONE AND TWO:**

### **APPROVAL OF CHARTER AMENDMENTS**

#### **General**

Our certificate of incorporation as currently in effect was prepared in 1997 and has been modified on four occasions since that time. Over the course of the 15 years since the certificate of incorporation was filed in Delaware, there have been a number of substantive changes made to the Delaware General Corporation Law, as well as changes in the practical application of the law.

The Charter Amendments are permitted under the Delaware General Corporation Law. Proposal One is being submitted for stockholder approval to increase the authorized shares of preferred stock, which may be used by the Company to, among other things, raise capital and enter into transactions that the Board believes provide the potential for growth and profit. Proposal Two is being submitted for stockholder approval in order to update the certificate of incorporation by providing authority for the Board to alter, amend or repeal the Company's Bylaws.

#### **Possible Anti-Takeover Effects**

Our Board of Directors has observed that certain tactics, including proxy fights and hostile tender offers, have become relatively common in connection with unsolicited attempts to gain corporate control. The Board of Directors considers such tactics to be highly disruptive to a company and often contrary to the overall best interests of its stockholders. Proposal One is being submitted for stockholder approval to improve the flexibility of the Board of Directors in dealing with any unsolicited takeover offers. The proposed amendment to the certificate of incorporation is intended to encourage persons seeking to acquire control of the Company to initiate such efforts through negotiations with our Board of Directors. The proposed amendment would, however, make more difficult or discourage a proxy contest or the assumption of control by a substantial stockholder and thus could increase the likelihood that incumbent directors will retain their positions.

Takeovers or changes in the board of directors of a company that are proposed and effected without prior consultation and negotiation with the company are not necessarily detrimental to the company and its stockholders. However, the Board of Directors feels that the benefits of seeking to protect the ability of the Company to negotiate effectively through directors who have previously been elected by stockholders and who are familiar with the Company outweigh any disadvantage of discouraging such unsolicited proxies even though such attempt might be favored by some of the Company's stockholders.

With respect to Proposal One, this proposed amendment to the certificate of incorporation is not the result of management's knowledge of any specific effort to accumulate the Company's securities or to obtain control of the Company by means of a merger, tender offer, proxy solicitation in opposition to management or otherwise.

### **Effectiveness of the Charter Amendments**

Under the Delaware General Corporation Law, the Charter Amendments require stockholder approval. Following stockholder approval, the Charter Amendments would take effect on the date we file the Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware.

The complete text of the Amended and Restated Certificate of Incorporation, which incorporates the changes proposed by the Charter Amendments, is contained in Appendix A to this proxy statement. You are urged to read Appendix A in its entirety.

## **MATTERS TO BE CONSIDERED AT THE ANNUAL MEETING**

### **PROPOSAL ONE:**

**APPROVAL OF AN AMENDMENT TO OUR CERTIFICATE OF INCORPORATION TO increase the number of authorized shares of our preferred stock from**

**10,000 to 20,001,000, of which 1,000 shares shall be designated**

**as Series A Preferred Stock**

Our Board of Directors is requesting that stockholders approve an amendment to our certificate of incorporation to increase the number of authorized shares of our preferred stock from 10,000 to 20,001,000, of which 1,000 shares shall be designated as Series A Preferred Stock, and empowering the Board of Directors to establish by resolution, one or more additional series of preferred stock, with such voting powers and such rights, and qualifications, limitations or restrictions thereof, as shall be stated in the resolutions providing for the issue of such preferred stock.

### **Purpose of the Proposed Amendment**

The certificate of incorporation authorizes the issuance of only Common Stock and 10,000 shares of Series A Preferred Stock, and does not authorize the issuance of any other series of preferred stock. Many public companies have authorized one or more series of preferred stock in their certificate of incorporation. Preferred stock is generally defined to mean any class of equity securities which has a preference over common stock in terms of dividends or claims on a company's assets on liquidation. Among other advantages, preferred stock can provide companies like DynaResource with a less expensive source of funding for corporate ventures.

The proposed amendment would lower the number of authorized shares of Series A Preferred Stock from 10,000 to 1,000. Currently, 1,000 shares of Series A Preferred Stock are issued, so no further issuances would be authorized.

While the Company at the present time has no plan or intention for the issuance of any other series of preferred stock, the Board of Directors believes that it is advisable to create additional series of preferred stock to provide the flexibility to use our capital stock in the best interests of our stockholders. These preferred shares may be used for

various purposes including, without limitation, raising additional capital through the sale of preferred shares, acquiring another company or business or assets in exchange for shares of preferred stock, establishing strategic relationships with corporate partners who are compensated with preferred shares, or pursuing other matters as the Company deems appropriate. The terms of a new series of preferred shares may provide for the conversion of such shares into Common Stock. As the terms of a new series of preferred shares will not be determined until such time as they are issued, if ever, the rate at which such series of preferred shares may convert into Common Stock is unknown.

Should the creation of additional series of preferred shares be approved by our stockholders, the Board of Directors does not intend to solicit further stockholder approval prior to the issuance of preferred shares, and the terms of any such preferred shares will have the rights and preferences determined by the Board of Directors.

Accordingly, our Board of Directors proposes a modification to Article IV of the Company's certificate of incorporation, to read in its entirety as follows:

#### ARTICLE IV

1. **Authorized Capital.** The total number of shares of all classes of capital stock which the corporation shall have the authority to issue is 45,001,000 shares, consisting of (i) twenty-five million (25,000,000) shares of Common Stock, par value \$.01 per share ("Common Stock"), and (ii) 20,001,000 shares of Preferred Stock, par value \$.0001 per share ("Preferred Stock"), of which one thousand (1,000) shares shall be designated as Series A Preferred Stock.

## 2. *Common Stock.*

a. *Dividends.* Subject to the rights, if any, of the holders of Preferred Stock with respect to the payment of dividends and the requirements, if any, with respect to the setting aside of sums as sinking funds or redemption or purchase accounts for the benefit of such holders and subject to any other conditions that may be fixed in or pursuant to the provisions of this Article IV, the holders of Common Stock shall be entitled to receive such dividends, if any, as may be declared from time to time by the Board of Directors on the Common Stock out of assets which are legally available therefore. Any such dividends shall be divided among the holders of the Common Stock on a pro rata basis.

b. *Liquidation.* In the event of any liquidation of the corporation, after payment or provision for payment of the debts and liabilities of the corporation and after distribution to the holders of Preferred Stock of the amounts fixed in or pursuant to the provisions of this Article IV, the holders of the Common Stock shall be entitled to receive all the remaining assets of the corporation, tangible and intangible, of whatever kind available for distribution to stockholders. Any such assets shall be divided among the holders of Common Stock on a pro rata basis.

c. *Voting.* Except as may otherwise be required by law and subject to the rights of the holders of Preferred Stock fixed in or pursuant to this Article IV, each holder of Common Stock shall have one vote for each share of Common Stock held by such holder on each matter submitted to a vote of the stockholders.

## 3. *Preferred Stock.*

a. *General.* Shares of the Preferred Stock may be issued from time to time in one or more series, the shares of each series to have any designations and powers, preferences and rights, and qualifications, limitations and restrictions thereof, as are stated and expressed in this Article IV and in any resolution or resolutions providing for the issue of such series adopted by the Board of Directors as hereinafter prescribed (a "Preferred Stock Designation").

b. *Authority of Board of Directors; Preferred Stock Designation.* In addition to the series of Preferred Stock authorized pursuant to paragraph 4 of this Article IV, authority is hereby expressly granted to and vested in the Board of Directors to authorize the issuance of the Preferred Stock from time to time in one or more series, and with respect to each series of the Preferred Stock, to fix and state by the resolution or resolutions from time to time adopted providing for the issuance thereof the following:

(1) whether or not the series is to have voting rights, full, special or limited, or is to be without voting rights, and whether or not such series is to be entitled to vote as a separate class either alone or together with the holders of one or more other classes or series of stock;

(2) the number of shares to constitute the series and the designations thereof;

(3) the preferences and relative, participating, optional, or other special rights, if any, and the qualifications, limitations or restrictions thereof, if any, with respect to any series;

(4) whether or not the shares of any series shall be redeemable at the option of the corporation or the holders thereof or upon the happening of any specified event, and, if redeemable, the redemption price or prices (which may be payable in the form of cash, notes, securities or other property), and the time or times at which and the terms and conditions upon which such shares shall be redeemable and the manner of redemption;

(5) whether or not the shares of a series shall be subject to the operation of retirement or sinking funds to be applied to the purchase or redemption of such shares for retirement, and, if such retirement or sinking fund or funds are to be established, the periodic amount thereof, and the terms and provisions relative to the operation thereof;



(6) the dividend rate, whether dividends are payable in cash, stock of the corporation or other property, the conditions upon which and the times when such dividends are payable, the preference to or the relation to the payment of dividends payable on any other class or classes or series of stock, whether or not such dividends shall be cumulative or noncumulative, and if cumulative, the date or dates from which such dividends shall accumulate;

(7) the preferences, if any, and the amounts thereof which the holders of any series thereof shall be entitled to receive upon the voluntary or involuntary dissolution of, or upon any distribution of the assets of, the corporation;

(8) whether or not the shares of any series, at the option of the corporation or the holder thereof or upon the happening of any specified event, shall be convertible into or exchangeable for the shares of any other class or classes or of any other series of the same or any other class or classes of stock, securities or other property of the corporation and the conversion price or prices or ratio or ratios or the rate or rates at which such conversion or exchange may be made, with such adjustments, if any, as shall be stated and expressed or provided for in such resolution or resolutions; and

(9) any other special rights and protective provisions with respect to any series that the Board of Directors may deem advisable.

c. *Separate Series; Increase or Decrease in Authorized Shares.* The shares of each series of Preferred Stock may vary from the shares of any other series thereof in any or all of the foregoing respects and in any other manner. The Board of Directors may increase the number of shares of Preferred Stock designated for any existing series by a resolution adding to such series authorized and unissued shares of Preferred Stock not designated for any other series. Unless otherwise provided in the Preferred Stock Designation, the Board of Directors may decrease the number of shares of Preferred Stock designated for any existing series by a resolution subtracting from such series authorized and unissued shares of Preferred Stock designated for such existing series, and the shares so subtracted shall become authorized, unissued and undesignated shares of Preferred Stock.

4. ***Series A Preferred Stock.*** There shall be authorized a series of Preferred Stock which shall have the designation and powers, preferences and rights, and qualifications, limitations and restrictions thereof, set forth in this Article IV. The designation of this series of Preferred Stock ("Series A Preferred Stock") shall be "Series A Preferred Stock", and the total number of authorized shares of such series shall be 1,000. Subject to the provisions of the Certificate of Incorporation, such number of shares may be increased or decreased from time to time by resolution of the Board of Directors; *provided, however*, that no decrease shall reduce the number of shares of Series A Preferred Stock to a number less than the number of shares of such series then issued and outstanding, plus the number of shares of such series reserved for issuance upon the exercise of outstanding options, warrants or rights or the conversion or exchange of outstanding indebtedness or other securities issued by the corporation. Shares of Series A Preferred Stock shall

have no dividend, voting or other rights except for the right to elect Class I Directors as set forth in Article V below.

**Effect of Proposed Amendment**

The holders of the Company's Common Stock do not have any preemptive or similar rights to purchase any shares of preferred stock. Although the creation of a series of preferred stock will not, in and of itself, have any immediate effect on the rights of holders of the Common Stock, the issuance of shares of one or more series of preferred shares could, depending on the nature of the rights and preferences granted by the Board of Directors to the newly issued series of preferred shares, affect the holders of the Common Stock in a number of respects, including the following:

- if the Board of Directors issues preferred shares with voting rights, such shares would dilute the voting power of holders of the Common Stock;
- the amount otherwise available for the payment of dividends on the Common Stock may be reduced, to the extent dividends are payable on shares of a new series of preferred shares;
- the amount otherwise available for payment upon liquidation of the Company to the holders of the Common Stock may be reduced, to the extent of any liquidation preference on a new series of preferred stock.

Similar to the anti-takeover effect of authorized but unissued shares of Common Stock, the availability of additional authorized preferred shares could enable the Board of Directors to make more difficult, discourage or prevent an attempt to obtain control of the Company by merger, tender offer, proxy contest or other means. For example, the Board of Directors could issue preferred shares defensively on favorable terms in response to a takeover attempt. Such issuance could deter the types of transactions which may be proposed or could discourage or limit the participation of Common Stock in certain types of transactions that might be proposed (such as a tender offer), whether or not such transactions are favored by the majority of the Company's stockholders, and could enhance the ability of the Company's officers and directors to retain their positions. Similarly, privately placing preferred shares could create voting impediments or frustrate persons seeking to effect a merger or to otherwise gain control of the Company.

### **Vote Required**

Approval of Proposal One requires the affirmative vote of a majority of the total outstanding shares of Common Stock. Abstentions will count as votes AGAINST the proposal. Since a proposal concerning the authorization of preferred stock is a matter on which brokers are not empowered to vote without instructions, there may be broker non-votes on Proposal One.

### **Recommendation of the Board of Directors**

**The Board of Directors unanimously recommends a vote FOR the proposal to amend our certificate of incorporation to increase the number of authorized shares of our preferred stock from 10,000 to 20,001,000, of which 1,000 shares shall be designated as Series A Preferred Stock.**

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**PROPOSAL TWO:**

**APPROVAL OF AN AMENDMENT TO OUR CERTIFICATE OF INCORPORATION**

**TO AUTHORIZE THE BOARD OF DIRECTORS**

**TO adopt, amend or repeal THE COMPANY'S BYLAWS**

Our Board of Directors is requesting that stockholders approve an amendment to our certificate of incorporation to authorize the Board to adopt, amend or repeal the Bylaws of the Company.

**Purpose and Effect of the Proposed Amendment**

Section 109 of the Delaware General Corporation Law provides that a board of directors of a company may adopt, amend or repeal the company's bylaws, provided such authority is conferred upon the board of directors in the company's certificate of incorporation. The charters of many public companies expressly authorize their boards of directors to adopt, amend, alter or repeal the bylaws. This authority facilitates a board's ability to efficiently implement and adapt corporate policies and procedures as changing circumstances may necessitate, without having to incur the expense and delay of soliciting proxies and votes from the stockholders and holding a meeting of stockholders.

The proposed amendment will amend the certificate of incorporation to include new language in Article XI, to read in pertinent part as follows:

In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to adopt, amend or repeal the Bylaws of the corporation; *provided, however*, that the grant of such authority shall not divest the stockholders of the power, nor limit their power to adopt, amend or repeal the Bylaws.

The proposed amendment, if approved by stockholders, will not divest or limit the power of stockholders to adopt, amend or repeal our Bylaws. It should be noted that, if Proposal Two is approved, the Board of Directors will be authorized to approve future amendments of the Company's Bylaws without the approval of stockholders.

**Vote Required**

Approval of Proposal Two requires the affirmative vote of at least a majority of the total outstanding shares of Common Stock. The authorization of the Board to make changes to the Company's Bylaws is a matter on which a broker is generally empowered to vote. Accordingly, no broker non-votes are expected to exist in connection with Proposal Two.

**Recommendation of the Board of Directors**

**The Board of Directors unanimously recommends a vote FOR the proposal to amend the Certificate of Incorporation to provide the Board with the authority to adopt, amend or repeal the Bylaws of the Company.**

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**PROPOSAL THREE:**

**ELECTION OF DIRECTORS**

**General**

Directors are elected at annual meetings of stockholders. As provided in the certificate of incorporation, the holders of the Company’s Series A preferred stock have the authority to elect a majority of the Board of Directors (the Class I directors). Currently, Mr. K.W. (“K.D.”) Diepholz is the sole holder of the Company’s Series A preferred stock and, accordingly, Mr. Diepholz has the authority to elect a majority of the Board of Directors. The Class II directors are elected by a plurality of the votes cast by the holders of the issued and outstanding shares of Common Stock. Accordingly, as to the Class II directors, the nominee receiving the highest number of votes cast will be elected as director.

**Nominees to Serve as Class I Directors (Term to Expire at the 2013 Annual Meeting)**

The current members of the Board of Directors, who are nominees for election to the Board as Class I directors, are as follows:

Name	Age	Position	Director Since
K.W. (“K.D.”) Diepholz	55	Chairman of the Board, President, Chief Executive Officer and Treasurer	1995
Charles Smith	54	Director, Chief Financial Officer and Secretary	2005

The principal occupations and business experience, for at least the past five years, of each nominee for election to the Board as Class I directors are as follows:

**K.W. Diepholz**

Mr. Diepholz graduated from Lake Land College, with a Communications and Business emphasis. He served as Regional Director for Fidelity Union Insurance and Investment, in Dallas, Texas (1980 -1983), and subsequently as President of KWD Properties Corporation, Mattoon, Illinois (1983 - 1989). KWD Properties Corporation was a privately-held oil and gas exploration and development company. Mr. Diepholz has served as President of Dynacap Group Ltd., a consulting and management firm in Dallas, Texas (1992 - Present). Mr. Diepholz has served in a variety of capacities with DynaResource, Inc. from 1994 to the present, and currently serves as Chairman of the Board, President, CEO and Treasurer. Mr. Diepholz has special skills in the areas of Business Development, Project Planning, Corporate Financing, Acquisition Analysis, Investment Program Interpretation and Structuring. Mr. Diepholz has been instrumental in the negotiations of the following: the acquisition of 24.9% Net Profits Interest in

the San José de Gracia in 1995; the acquisition of an additional 25% interest in San José de Gracia in 1998; the acquisition and consolidation of 100% of the rights to the San José de Gracia from prior owners, culminating in March 2000; the acquisition and consolidation of several outstanding Concessions at the San José de Gracia from previous Mexican owners during 2000-2003; the Direction and Management of the production operation at San José de Gracia; and the negotiation of the Stock Purchase / Earn In Agreement with Goldgroup Mining, Inc. in 2006. In addition to his roles with the Company, Mr. Diepholz serves as Chairman and CEO of DynaResource Nevada, Inc., an affiliated company, and as President of DynaNevada de Mexico, a wholly owned subsidiary of DynaResource Nevada Inc. Mr. Diepholz is also the current President of the following subsidiaries of the Company in Mexico: DynaResource de Mexico, Mineras de DynaResource, and DynaResource Operaciones.



Charles E. 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. Some of Mr. Smith's business affiliations the past five years include the following: Chief Financial Officer of DynaResource, Inc., May 2005 to the present; Chairman of Dynacap Group, Ltd., a consulting and management firm, 1992 to the present; and sole officer and Director, MC Cambridge, Inc., a financial consulting firm, 1997 to present.

**Nominees to Serve as Class II Directors (Term to Expire at the 2013 Annual Meeting)**

The current member of the Board of Directors, who is a nominee for election to the Board as Class II director, is as follows:

Name	Age	Position	Director Since
Melvin E. Tidwell	65	Director	1994

The principal occupations and business experience, for at least the past five years, of the nominee for election to the Board as Class II director are as follows:

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 the 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. Mr. Tidwell has 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; Startup Hydrogen Plants; H<sub>2</sub> / CO Cosorb Plant; Startup H<sub>2</sub> / 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. from 1994 to the present.

**Recommendation of the Board of Directors**

**The Board of Directors unanimously recommends a vote FOR the election of each of the foregoing nominees to the Board of Directors.**

**K.W. (“K.D.”) Diepholz Class I director**

**Charles Smith Class I director**

**Melvin E. Tidwell Class II director**

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## **CORPORATE GOVERNANCE**

### **Director Independence**

The Board of Directors has determined that of its current directors and nominees for election at the Annual Meeting, only Melvin E. Tidwell is an independent director under the current standards for “independence” established by NASDAQ.

### **Board Committees**

We do not presently have a separately constituted audit committee, nominating committee, compensation committee, or committees performing similar functions.

At present, our entire Board of Directors acts as our audit committee. One member of our Board, Mr. Charles Smith, meets the definition of “audit committee financial expert” as defined in Item 407(d) of Regulation S-K promulgated by the Securities and Exchange Commission.

At present, our entire Board of Directors acts as our nominating committee. If the size of the Board is to be increased beyond the three current Board members, the Company will charter a nominating committee to participate in the consideration of director nominees.

At present, our entire Board of Directors acts as our compensation committee and accordingly, each director participates in the consideration of executive officer and director compensation.

### **Board Meetings in Fiscal Year 2011**

During fiscal year 2011 and through the date of this Proxy Statement, our Board of Directors consisted of the following members:

K.W. (“K.D.”) Diepholz

Charles Smith

Melvin E. Tidwell

During fiscal year 2011, there was one formal regular meeting and three formal special meetings of the Board of Directors, as well as numerous informal informational sessions. Each member of the Board of Directors during fiscal year 2011 attended or participated in 100 percent of the total number of regular and special meetings of the Board of Directors held during the fiscal year.

#### **Annual Meeting Attendance**

Although the Company does not have a formal policy regarding attendance by members of the Board of Directors at the annual meetings of stockholders, directors are encouraged to attend such meetings. All members of the Board of Directors attended the prior year’s annual meeting.