

Chou Francis S M  
Form 4  
March 20, 2013

**FORM 4**

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

Check this box  
if no longer  
subject to  
Section 16.  
Form 4 or  
Form 5  
obligations  
may continue.  
See Instruction  
1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF  
SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,  
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section  
30(h) of the Investment Company Act of 1940

## OMB APPROVAL

OMB  
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(Print or Type Responses)

1. Name and Address of Reporting Person \*  
Chou Francis S M

(Last) (First) (Middle)

110 SHEPPARD AVENUE  
EAST, SUITE 301, BOX 18

(Street)

TORONTO, ONTARIO, A6 M2N  
6Y8

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading  
Symbol  
OVERSTOCK.COM, INC [OSTK]

3. Date of Earliest Transaction  
(Month/Day/Year)  
12/12/2012

4. If Amendment, Date Original  
Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to  
Issuer

(Check all applicable)

\_\_\_\_ Director \_\_\_\_X\_\_ 10% Owner  
\_\_\_\_ Officer (give title below) \_\_\_\_ Other (specify below)

6. Individual or Joint/Group Filing(Check  
Applicable Line)  
\_X\_ Form filed by One Reporting Person  
\_\_\_\_ Form filed by More than One Reporting  
Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(D)	Price

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474  
(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
**(e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)

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(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)	Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)						
			Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Call Option (obligation to sell)	\$ 15	12/12/2012	E			350	10/31/2012	12/12/2012	Common Stock	35,000
Call Option (obligation to sell)	\$ 15	03/16/2013	E			271	12/11/2012	03/16/2013	Common Stock	27,100

## Reporting Owners

Reporting Owner Name / Address	Relationships
	Director 10% Owner Officer Other
Chou Francis S M 110 SHEPPARD AVENUE EAST SUITE 301, BOX 18 TORONTO, ONTARIO, A6 M2N 6Y8	X

## Signatures

/s/ Francis S.M.  
Chou

03/19/2013

\_\_Signature of  
Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) This statement is filed by and on behalf of Francis S. M. Chou. Mr. Chou: (a) is the Chief Executive Officer of each of the following investment advisers: Chou America Management Inc. and Chou Associates Management Inc.; (b) acts as the Portfolio Manager of funds and/or accounts advised and/or managed by such investment adviser; and (c) may be deemed to beneficially own securities beneficially owned and/or held by such investment adviser.

(2) The reporting person states that neither the filing of this statement nor anything herein shall be deemed an admission that such person is, for purposes of Section 16 of the Act or otherwise, the beneficial owner of any securities covered by this statement. The reporting person disclaims beneficial ownership of the securities covered by this statement, except to the extent of the pecuniary interest of such person in such securities.

(3) The reporting person may be deemed to be a member of a group with respect to the issuer or securities of the issuer for the purposes of Section 13(d) or 13(g) of the Act. The reporting person declares that neither the filing of this statement nor anything herein shall be construed as an admission that such person is, for the purposes of Section 13(d) or 13(g) of the Act or any other purpose, a member of a group with respect to the issuer or securities of the issuer.

(4) The option expired unexercised.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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## LA UNION INFERRED

### Au Cut Off (g/t)

	Tonnes	Au g/t	Au Oz	Ag g/t	Ag Oz	Cu%	CuKg	Pb%	PbKg	Zn%	ZnKg
1.00	1,221,000	4.72	185,000	12.81	503,000	0.15	1,856,000	0.02	250,000	0.04	532,000
2.00	849,000	6.11	167,000	13.71	374,000	0.19	1,579,000	0.03	221,000	0.05	448,000
3.00	580,000	7.79	145,000	16.51	308,000	0.23	1,340,000	0.03	196,000	0.07	403,000

## LA PURISIMA INFERRED

### Au Cut Off (g/t)

	Tonnes	Au g/t	Au OZ	Ag g/t	Ag OZ	Cu%	CuKg	Pb%	PbKg	Zn%	ZnKg
1.00	1,767,000	3.83	217,000	4.64	264,000	0.08	1,454,000	0.02	293,000	0.06	1,097,000
2.00	1,119,000	5.25	189,000	5.63	203,000	0.10	1,150,000	0.02	209,000	0.06	707,000
3.00	801,000	6.34	163,000	5.85	151,000	0.11	916,000	0.02	164,000	0.07	585,000

## SAN JOSE DE GRACIA TOTAL INDICATED

						Cu		Pb		Zn	
Au Cut Off (g/t)	Tonnes	Au g/t	Au OZ	Ag g/t	Ag OZ	%	CuKg	%	PbKg	%	ZnKg
1.00	2,610,000	5.03	422,000	10.73	901,000	0.23	5,976,000	0.03	728,000	0.16	4,273,000
2.00	2,200,000	5.69	402,000	11.75	831,000	0.25	5,482,000	0.03	646,000	0.17	3,733,000
3.00	1,699,000	6.62	362,000	12.84	701,000	0.27	4,579,000	0.03	506,000	0.16	2,754,000

**SAN JOSE DE GRACIA TOTAL INFERRED**

1.00	5,681,000	4.50	822,000	8.66	1,581,000	0.15	8,611,000	0.03	1,599,000	0.15	8,456,000
2.00	3,953,000	5.83	741,000	10.11	1,285,000	0.18	7,193,000	0.03	1,283,000	0.17	6,776,000
3.00	2,757,000	7.28	646,000	10.97	972,000	0.19	5,126,000	0.04	1,021,000	0.19	5,227,000

(Due to rounding the numbers in the above may not check exactly. This is an estimate of in situ resources only and there is no assurance that any part of these resources can be converted to reserves. Grades are given to 2 decimals and contained metal to the nearest 000 for comparative purposes and do not imply this degree of accuracy.)

All references to ounces in the 2012 DynaMéxico-CAM Mineral Resource Estimate are references to troy ounces. Tonnes, contained ounces, and contained kilograms of metals are given to the nearest thousand, and grades are reported to two decimals for comparative purposes only and do not imply this degree of accuracy.

National Instrument 43-101 Technical Report on the San Jose de Gracia Property (2012)

The Company received from DynaMéxico on March 28, 2012, a National Instrument 43-101 (“NI 43-101”) compliant Technical Report for the San Jose de Gracia Project (the “2012 DynaMéxico Luna-CAM SJG Technical Report”, the “Technical Report”), and approved by DynaResource de México, S.A. de C.V. (“DynaMéxico”), the 100% owner of SJG.

The 2012 DynaMéxico Luna-CAM SJG Technical Report was prepared by Mr. Ramon Luna Espinoza, BS, P.Geo., of Servicios y Proyectos Mineros, Hermosillo, México, and a Qualified Person as defined under NI 43-101; and by Mr. Robert Sandefur, BS, MSc, P.E., a senior reserve analyst for Chlumsky, Armbrust & Meyer LLC, Lakewood, CO., and a Qualified Person as defined under NI 43-101. The 2012 DynaMéxico Luna-CAM SJG Technical Report includes as Section Fourteen (14) a Mineral Resource Estimate for SJG as prepared by Mr. Sandefur (the “2012 DynaMéxico-CAM SJG 43-101 Mineral Resource Estimate”, the “Resource Estimate”).

The Company filed the Technical Report on SEDAR ([www.sedar.com](http://www.sedar.com)) on March 28, 2012.

Updated National Instrument 43-101 Technical Report for San Jose de Gracia

The Company received from DynaMéxico on December 31, 2012, an updated NI 43-101 compliant Technical Report for the San Jose de Gracia Project (the “Updated 2012 DynaMéxico Luna-CAM SJG Technical Report”). The updated Technical Report was approved by DynaMéxico, and filed by the Company on SEDAR on December 31, 2012.

Selected Drill Hole Intercepts by Target Area (Excerpt from The Updated 2012 DynaMéxico Luna-CAM SJG Technical Report)Tres Amigos

Drill hole	Area	From m	To m	length (m)	Au g/t	Ag g/t	Cu%	Pb%	Zn%
97-013	Tres Amigos	95.00	107.50	12.50	20.80	21.80	0.43	0.06	0.15

Explanation of Responses:

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97-039	Tres Amigos	40.20	43.20	3.00	29.50	44.60	0.58	0.95	7.45
97-045	Tres Amigos	100.00	106.00	6.00	11.46	3.40	0.03	0.02	0.17
97-047	Tres Amigos	124.94	132.00	7.06	7.51	15.40	0.09	0.27	3.42
08-115	Tres Amigos	153.30	159.00	5.70	8.31	8.30	0.17	0.00	0.07
08-116	Tres Amigos	134.80	138.10	3.30	21.74	9.90	0.06	0.04	0.15

10-150	Tres Amigos	285.61	288.49	2.88	10.93	14.24	0.32	0.01	0.03
10-150	Tres Amigos	312.80	321.81	9.01	3.97	2.35	0.09	0.00	0.03
10-151	Tres Amigos	208.38	216.20	7.82	22.19	14.70	0.36	0.01	0.06
10-154	Tres Amigos	73.00	74.75	1.75	21.89	9.30	0.00	0.00	0.02
10-175	Tres Amigos	241.59	245.40	3.81	6.37	3.41	0.02	0.00	0.03
10-177	Tres Amigos	228.63	245.00	16.37	10.58	9.75	0.25	0.02	0.09
10-179	Tres Amigos	75.3	77.02	1.72	105.51	49.60	0.03	0.01	0.06
10-179	Tres Amigos	174.85	179.52	4.67	5.70	15.89	0.11	0.00	0.16

30

10-226	Tres Amigos	205.05	213.09	8.04	18.47	19.77	0.42	0.13	0.22
10-227	Tres Amigos	176.95	186.75	9.80	8.42	11.92	0.41	0.04	0.33
10-230	Tres Amigos	244.91	249.45	4.54	18.09	15.48	0.53	0.02	0.03
10-234	Tres Amigos	214.61	217.97	3.36	15.05	13.45	0.23	0.01	0.01
10-237	Tres Amigos	92.44	92.84	0.40	883.91	195.00	0.24	0.77	5.35
11-257	Tres Amigos	60.84	63.33	2.49	5.37	9.28	0.25	0.01	0.40
11-257	Tres Amigos	92.00	94.66	2.66	5.00	6.74	0.25	0.02	1.16
11-260	Tres Amigos	63.40	71.15	7.75	7.84	10.68	0.16	0.12	2.28
11-271	Tres Amigos	115.40	120.15	4.75	13.93	18.56	0.54	0.02	0.14

San Pablo

Selected drill hole results for San Pablo follow:

Drill hole	Area	From m	To m	length (m)	Au g/t	Ag g/t	Cu %	Pb %	Zn %
07-012	San Pablo	19.70	23.90	4.20	10.45	10.00	0.15	0.00	0.01
07-026	San Pablo	65.90	67.80	1.90	34.00	18.70	0.21	0.01	0.05
07-027	San Pablo	142.80	148.85	6.05	13.72	28.60	1.06	0.02	0.04
07-031	San Pablo	94.25	98.05	3.80	31.32	69.60	1.01	0.23	0.74
08-051	San Pablo	183.55	192.60	9.05	22.95	13.60	0.40	0.00	0.03
08-090	San Pablo	190.70	191.90	1.20	11.55	48.50	1.00	0.02	0.02
08-092	San Pablo	124.80	125.80	1.00	23.31	0.50	0.00	0.01	0.00
08-097	San Pablo	227.69	229.75	2.06	17.04	20.00	0.56	0.03	0.04
09-133	San Pablo	126.80	129.80	3.00	13.10	10.25	0.32	0.00	0.02
09-138	San Pablo	150.62	153.59	2.97	8.80	10.46	0.28	0.00	0.02
09-139	San Pablo	132.18	137.68	5.50	20.51	25.82	0.70	0.00	0.01
10-197	San Pablo	48.15	51.82	3.67	7.96	13.18	0.49	0.00	0.03
10-203	San Pablo	70.65	76.15	5.50	332.86	143.90	0.02	0.00	0.01
10-207	San Pablo	80.15	83.20	3.05	16.74	24.17	0.54	0.01	0.02
10-215	San Pablo	186.80	190.27	3.47	15.82	14.68	0.41	0.03	0.02
10-221	San Pablo	69.98	71.98	2.00	13.14	23.93	0.62	0.00	0.01
10-224	San Pablo	122.82	125.05	2.23	5.29	18.70	0.69	0.02	0.04
10-224	San Pablo	148.60	154.95	6.35	7.04	13.31	0.57	0.00	0.01
10-236	San Pablo	112.96	117.03	4.07	11.38	22.92	0.68	0.00	0.01
11-249	San Pablo	108.20	109.93	1.73	8.21	30.29	0.80	0.00	0.02
11-250	San Pablo	101.72	104.81	3.09	20.15	53.44	0.88	0.24	0.54
11-268	San Pablo	92.65	94.25	1.60	11.74	21.13	0.37	0.01	0.04

La Union

Selected drill hole results for La Union follow:

Drill hole	Area	From m	To m	length (m)	Au g/t	Ag g/t	Cu %	Pb %	Zn %
08-076	La Union	32.75	34.85	2.10	36.09	47.80	0.43	0.80	1.06

Explanation of Responses:

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10-208	La Union	150.61	152.67	2.06	6.60	10.30	0.40	0.00	0.01
11-252	La Union	55.25	59.70	4.45	4.26	12.05	0.37	0.01	0.04

11-256La Union 51.61 52.85 1.24 144.08 138.60 1.06 1.61 1.78  
 11-256La Union 99.93 101.29 1.36 9.04 3.30 0.01 0.00 0.01  
 11-298La Union 49.15 49.85 0.7 49.39 20.80 0.20 0.01 0.03

### La Purisima

Selected drill hole results for La Purisima follow:

Drill hole	Area	From m	To m	length (m)	Au g/t	Ag g/t	Cu %	Pb %	Zn %
07-021	La Purisima	158.70	160.80	2.10	75.90	76.00	1.61	0.07	0.00
07-039	La Purisima	197.55	200.80	3.25	10.93	4.60	0.04	0.00	0.01
10-161	La Purisima	87.70	99.67	11.97	3.12	4.86	0.36	0.00	0.01
10-204	La Purisima	128.02	131.86	3.84	4.06	3.15	0.09	0.00	0.00
10-204	La Purisima	173.15	174.58	1.43	7.21	5.57	0.08	0.00	0.01
10-206	La Purisima	121.73	124.04	2.31	14.63	3.45	0.02	0.00	0.00
11-282	La Purisima	152.40	153.92	1.52	7.79	1.40	0.04	0.00	0.00
11-285	La Purisima	85.06	87.92	2.86	3.93	0.80	0.03	0.00	0.00
11-285	La Purisima	98.50	102.15	3.65	6.70	3.87	0.20	0.00	0.01
11-289	La Purisima	109.73	112.78	3.05	9.50	7.05	0.11	0.02	0.00
11-293	La Purisima	38.11	39.27	1.16	10.06	0.50	0.01	0.00	0.00
11-293	La Purisima	158.75	160.55	1.80	12.65	2.84	0.10	0.00	0.01

### Block Model Calculation in Surpac Software

The Company has compiled its manual calculation and internal interpretation of the mineralization at SJG defined by drilling and production to date. The Company has also built the block model of mineralization at SJG using Surpac (Gemcom) software. The current block model at SJG confirms mineralization at San Pablo, Tres Amigos, La Union, Palos Chinos, and La Purisima; with portions of the mineralization in a high grade category, and including mineralization at San Pablo and Tres Amigos, and is consistent with the CAM SJG Mineral Resource Estimate described above. The Company will continue this Surpac modeling work as additional drill programs are planned and completed.

### Commissioning of Metallurgical Testing (2012)

During the fourth quarter 2012, DynaMéxico, through MinerasDyna, engaged Kappes, Cassiday & Associates, Reno, NV. ("KCA"), for the purpose of designing a metallurgical test program to confirm possible heap leach recoveries of specific mineralized areas of San Jose de Gracia. This work is pending until the company deems it necessary to continue.

### Exploration and Mining Permit Requirements (México)

In respect of permit requirements for mineral exploration and mining in México, the most relevant applicable laws, regulations and official technical norms are the following: the *Federal Mining Act*, and its Regulations, the *Federal Environmental Protection and Ecological Equilibrium Act*, and its Regulations, the *Federal Sustainable Forestry Development Act* and its Regulations, the *Federal Explosives and Firearms Act*, the *National Waters Act* and the *Mexican Official Norm 120*.

Explanation of Responses:



To carry out mineral exploration activities, holders of mining concessions in México are required to file at the offices of the Secretaria de Medio Ambiente Y Recursos Naturales, the Federal Environmental Authority in México (“SEMARNAT”) a “Notice of Commencement of Exploration Activities” under the guidelines of the *Mexican Official Norm 120* (“Norm 120”). SEMARNAT is the office of the Federal Government of México responsible for the review and issuance of a Change of Soil Use Permit (“CSUP”) , the review of a Technical Justification Study (referenced below) and the filing of Norm 120. Norm 120 is a notice to SEMARNAT only, and has no processing time.

If contemplated mineral exploration activities fall outside of the parameters defined under Norm 120, a CSUP Application is required to be filed at the SEMARNAT under the guidelines of the *Federal Sustainable Forestry Development Act* and its Regulations. To meet the requirements for issuance of a CSUP, the applicant must also file a Technical Study (“Technical Justification Study”) to justify the change of soil use from forestry to mining, to demonstrate that biodiversity will not be compromised, and to demonstrate that there will be no soil erosion or water quality deterioration on completion of the mineral exploration activities.

As a pre-requisite for issuance of a CSUP, Article 118 of the *Federal Sustainable Forestry Development Act* provides for the posting of a bond to the Mexican Forestry Fund for remediation, restoration and reforestation of the areas impacted by the mineral exploration activities.

To carry out mining activities in México, holders of mining concessions are also required to file an “Environmental Impact Assessment Study” (“Environmental Impact Study”) under the guidelines of the *Federal Environmental Protection and Ecological Equilibrium Act* and its Regulations, in order to evaluate the environmental impact of the contemplated mining activities.

As a pre-requisite for approval of an Environmental Impact Study, the *Federal Environmental Protection and Ecological Equilibrium Act* and its Regulations require the posting of a bond to guarantee remediation and rehabilitation of the areas impacted by the mining activities.

If the use of explosives materials is required for execution of mineral exploration or mining activities, an Application for General Permit for Use, Consumption and Storage of Explosive (“Explosives Permit”) is required to be filed at the offices of the Secretariat of National Defense (“SEDENA”) under the guidelines of the *Federal Explosives and Firearms Act*.

Under the *Federal Mining Act*, holders of mining concessions in México have the right to the use of the water coming from the mining works. However, certification of water rights and/or issuance of water rights concessions are required from the National Water Commission (“CONAGUA”) under the guidelines of the *National Waters Act*.

#### DynaMéxico Permit Filings / Permits History (2003 – 2014)

On February 10, 2003, SEDENA granted DynaMéxico an Explosives Permit for the use and storage of explosives materials in SJG.

In June 2006, DynaMéxico ceased use of explosives materials in its mining activities at SJG, and requested suspension of the Explosives Permit. The Explosives Permit has been temporarily suspended by SEDENA and DynaMéxico will be required to file a re-activation application to re-activate the Explosives Permit.

On June 28, 2010, DynaMéxico filed a Preventive Exploration Notice at the office of SEMARNAT in connection with contemplated mineral exploration activities at the *La Prieta, San Pablo, La Purísima, La Unión, Tres Amigos* and *La Ceceña* areas of the San José de Gracia Project.

On July 21, 2010, SEMARNAT authorized DynaMéxico to conduct the mineral exploration activities referenced in the Preventive Exploration Notice, for a term of 36 months, as SEMARNAT determined that such activities fall within the framework of Norm 120. SEMARNAT’s approval was subject to the following conditions: (a) DynaMéxico’s filing of a CSUP Application (referenced below) and approval thereof by SEMARNAT, and (b) posting of a bond in the amount of \$134,487 Mexican Pesos to guarantee remediation and rehabilitation measures following the conclusion of the mineral exploration activities referenced in the Preventive Exploration Notice. The bond was timely posted by DynaMéxico.

On August 9, 2010, DynaMéxico filed a CSUP Application and a Technical Justification Study at the offices of SEMARNAT to carry out certain mineral exploration activities at the *La Prieta, San Pablo, La Purísima, La Unión, Tres Amigos* and *La Ceceña* areas of the San José de Gracia Project.

On December 20, 2010, SEMARNAT approved the CSUP Application and Technical Justification Study filed by DynaMéxico with respect to the San José de Gracia Project and authorized DynaMéxico to conduct mineral exploration activities on 5.463 hectares of the San José de Gracia Project for a term of 36 months.

On March 8, 2012, the Director of Water Administration of CONAGUA certified in writing the rights of DynaMéxico to use exploit and extract 1,000,000 cubic meters of water per year from the extraction infrastructure located in San José de Gracia. CONAGUA determined that DynaMéxico’s water rights are not subject to any water

rights concession or any other water extraction restriction. Water extracted by DynaMéxico will be subject to applicable levies imposed by the Mexican tax authorities under applicable tax laws.

- On June 17, 2013, DynaMéxico received from SEMARNAT, the approval and permission which allows for the rehabilitation and operation of the pilot mill facility at SJG ("the SEMARNAT-SJG Mill Permit," and, the "SEMARNAT Permit"). Under the terms of the SEMARNAT-SJG Mill Permit, DynaMéxico will be responsible to maintain the SJG pilot mill facility, and including the adjacent tailings pond area, in compliance with the regulations described in la Norma Oficial Mexicana ("NOM-141-SEMARNAT-2003).

On July 31, 2013, SEMARNAT authorized DynaMéxico to conduct the mineral exploration activities referenced in the Preventive Exploration Notice, for a term of an additional 18 months, extending the initial term of 36 months as SEMARNAT had determined on July 10, 2010. SEMARNAT determined that such activities fall within the framework of Norm 120.

33

On September 30, 2013, DynaMéxico received from SEMARNAT the approval and permission which allows for mining activities and the exploitation of the San Pablo area of San Jose de Gracia.

On January 6, 2014, MinerasDyna entered into a 20 Year Land Lease Agreement with the Santa Maria Ejido Community surrounding San Jose de Gracia. The 20 Year Land Lease Agreement is dated January 6, 2014 and continues through 2033. It covers an area of 4,399 hectares surrounding the main mineral resource areas of SJG, and provides for annual lease payments by MinerasDyna of \$1,359,443 Pesos (approx. \$104,250 USD), commencing in 2014. Additionally, under the description of the Land Lease Agreement, MinerasDyna expects to construct a Medical Facility at SJG in year 2014, and a Community Center in year 2015. The land lease agreement provides MinerasDyna with surface access to the core resource areas of SJG (4,399 hectares), and allows for all permitted mining and exploration activities from the owners of the surface rights (Santa Maria Ejido community).

#### DynaMéxico Bonding Requirements (2010)

Under the Exploration Permit issued to DynaMéxico on July 21, 2010, SEMARNAT imposed upon DynaMéxico a bonding obligation in the amount of \$134,487 Mexican Pesos to guarantee remediation and rehabilitation measures following the conclusion of the mineral exploration activities referenced in the Preventive Exploration Notice. The bond was timely posted by DynaMéxico.

Under the CSUP issued to DynaMéxico on December 20, 2010, SEMARNAT imposed upon DynaMéxico a bonding obligation of \$116,911 Mexican Pesos for reforestation and remediation measures with respect to the San José de Gracia Project. The bond was timely posted by DynaMéxico.

#### Water Concession

The Company has secured the Water Rights Concession for the area surrounding SJG. The Director of Water Administration of the National Water Commission of México (CONAGUA) formally certified in writing the rights of DynaResource de México, S.A. de C.V. to legally “use”, exploit and extract 1,000,000 cubic meters of water per year from the DynaMéxico extraction infrastructure located within the perimeter of the mining concessions comprising the San Jose de Gracia Mining Property in Sinaloa State, México. CONAGUA determined that the DynaMéxico water rights are not subject to any water rights concession or any other water extraction restriction. Water extracted by DynaMéxico will be subject to applicable levies imposed by the Mexican tax authorities in accordance with current Mexican tax laws.

#### San Jose de Gracia Current Operations

##### Rehabilitation and Start-up of Pilot Mill Facility at San Jose de Gracia

Under the terms of the Exploitation Amendment Agreement (“EAA”), as described above, MinerasDyna has rehabilitated the pilot mill facility at SJG. The SJG pilot mill facility (a gravimetric-flotation circuit) is now processing bulk samples mined from selected target areas of SJG. Operations at SJG are managed by MinerasDyna, and are projected to be similar to those conducted by DynaMéxico during 2003-2006.

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#### General

##### Activity for the Three and Nine Months Ended September 30, 2014 and 2013

In the second and third quarters, MinerasDyna commenced test pilot production operations at San Jose de Gracia. The test pilot operations have yielded the underground mining and mill processing of approx. 5,150 tonnes of material, the production of approximately 1,150 gross oz. au (and net of buyer’s price discount and refining costs approximately 950

oz au) of gravity concentrates, and the sale of \$884,484 gold product from gravity concentrates. For the first 3 months of the year, MinerasDyna was rehabilitating the San Pablo Mine and refurbishing the Pilot Mill Facility and generally preparing to commence pilot production operations.

In 2013, MinerasDyna, in accordance with the terms of the Exploitation Amendment Agreement, commenced the rehabilitation of the San Pablo Mine and the refurbishment of the pilot production facility at SJG. DynaMéxico received permits as discussed above for the rehabilitation and operation of the pilot mill facility and the exploitation and mining of the San Pablo area of SJG. The basis for the mining activity and the operation of the pilot mill facility are the NI 43-101 Mineral Resource Estimate, the Technical Report, the block models prepared as a result of the recent drilling activity, and the recent production history of 2003-2006.

### Structure of Company / Operations

Activities in México are conducted by Mineras de DynaResource S.A. de C.V. (“MinerasDyna”); with the management of personnel being contracted by MinerasDyna through to the personnel management subsidiary, DynaResource Operaciones, S.A. de C.V. (“DynaOperaciones”). Management of DynaResource, Inc. and consultants continue to manage the operating companies in México; while the Chairman/CEO of DynaUSA is the President of each of the operating companies in Mexico. Fees for Management and administration are charged by MinerasDyna and DynaOperaciones, which are eliminated in consolidation.

### Competitive Advantage

The Company, through its subsidiaries, has been conducting business in México since March 2000. During this period the Company believes it has structured its subsidiaries properly and strategically, and during which time the Company has retained key personnel and developed key relationships and support. The Company believes its experience and accomplishments and relationships in México give it a competitive advantage, even though many competitors may be larger and have more capital resources.

### Competition

DynaMéxico retains 100% of the rights to concessions over the area of the San José de Gracia property and it currently sees no competition for mining on the lands covered by those concessions. The sale of gold and any bi-products would be subject to global market prices, which prices fluctuate daily. DynaMéxico was successful in selling gold concentrates produced from SJG in prior years, and the Company expects a competitive market for produced concentrates and/or other mineral products in the future. Actual prices received by MinerasDyna in the sale of concentrates or other products produced from San Jose de Gracia would depend upon these global market prices, less deductions.

DynaMéxico conducted mining and milling operations at SJG from March 2003 through June, 2006. This activity was suspended in order to focus on the exploration of the vast SJG District. The Company’s operating subsidiaries, MinerasDyna and DynaOperaciones, receive monthly fees for management of the SJG activities and personnel. These fee amounts are eliminated in consolidation. Other than those intercompany fees, the Company reported no revenue in 2013 and 2012. The Company has reported revenues from mining and production activities in 2014.

### Capital Requirements

The mining industry in general requires significant capital in order to take a property from the exploration, to development to production. These costs remain a significant barrier to entry for the average company but once in production, there is a ready market for the final products, In the case of SJG, the final product would be mainly gold, the price of which is determined by global markets, so there is not a dependence on a customer base.

### Gold

*Gold Uses.* Gold generally is used for fabrication or investment. Fabricated gold has a variety of end uses, including jewelry, electronics, dentistry, industrial and decorative uses, medals, medallions and official coins. Gold investors buy gold bullion, official coins and jewelry.

*Gold Supply.* A combination of current mine production, recycling and draw-down of existing gold stocks held by governments, financial institutions, industrial organizations and private individuals make up the annual gold supply.

Based on public information available for the years 2008 through 2014, on average, current mine production has accounted for approximately 64% of the annual gold supply.

*Gold Price.* The following table presents the annual high, low and average daily afternoon fixing prices for gold over the past ten years on the London Bullion Market (\$/ounce):

<b>Year</b>	<b>High</b>	<b>Low</b>	<b>Average</b>
2002	\$349	\$278	\$ 310
2003	\$416	\$320	\$ 363
2004	\$454	\$375	\$ 410
2005	\$536	\$411	\$ 444
2006	\$725	\$525	\$ 604
2007	\$841	\$608	\$ 695
2008	\$1,011	\$713	\$ 872
2009	\$1,213	\$810	\$ 972
2010	\$1,421	\$1,058	\$ 1,225
2011	\$1,895	\$1,319	\$ 1,572
2012	\$1,792	\$1,540	\$ 1,669
2013	\$1,694	\$1,192	\$ 1,411
2014 (through November 17, 2014)	\$1,380	\$1,152	\$ 1,265

Source: Kitco, Reuters and the London Bullion Market Association

On November 17, 2014, the afternoon fixing gold price on the London Bullion Market was \$1,192 per ounce and the spot market gold price on the New York Commodity Exchange was \$1,196 per ounce.

#### Condition of Physical Assets and Insurance

Our business is capital intensive and requires ongoing capital investment for the replacement, modernization or expansion of equipment and facilities. We, and our subsidiaries, maintain insurance policies against property loss. Such insurance, however, contains exclusions and limitations on coverage, particularly with respect to environmental liability and political risk. There can be no assurance that claims would be paid under such insurance policies in connection with a particular event.

#### Environmental Matters

Our activities are largely outside the United States and subject to governmental regulations for the protection of the environment. We conduct our operations so as to protect public health and the environment and believe our operations are in compliance with applicable laws and regulations in all material respects. DynaMéxico is involved with reclamation matters with the oversight of SEMARNAT, the federal environmental agency of México.

#### Sampling Process-Core Drill Holes

The geological data reported from core drill holes 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 were sent to a certified assayer (Inspectorate Exploration & Mining Services Ltd., 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.

#### Drilling Programs

In the period September 2006 through December 31, 2011, funding from Goldgroup provided for DynaMéxico's completing approximately 68,741 meters drilling at San Jose de Gracia, resulting in a defined NI 43-101 Mineral Resource Estimate as described in the 2012 DynaMéxico-CAM SJG Mineral Resource Estimate. The Company expects MinerasDyna to plan continued and subsequent drilling programs at San Pablo, Tres Amigos, La Cecena, Palos Chinos, La Union, La Purisima, and La Prieta / Rosario / Rudolpho. The Company expects further drilling programs to confirm extensions to mineralization in all directions and down dip from the main target areas.

#### Mineralization at San José de Gracia

The Company was informed by DynaMéxico that it had outlined significant mineralization from drilling activity at San Pablo, Tres Amigos, La Union, and La Purisima areas of SJG as described in the recent NI 43-101 2012 DynaMéxico-CAM SJG Mineral Resource Estimate. Further drilling is expected to outline additional mineralization at these 4 major target areas at SJG, while additional mineralization are also expected to be defined at La Prieta and the area Northeast of Tres Amigos. Other areas at SJG indicate clear potential to develop additional mineralization.

#### **RESULTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013**



REVENUE. Revenues for the three months ended September 30, 2014 and 2013 were \$297,638 and \$0, respectively. Revenues for the nine months ended September 30, 2014 and 2013 were \$884,484 and \$0, respectively. The Company has begun the mining and processing of gold product in the current quarter. The Company expects significant revenues from conducting production activities for the remainder of 2014.

PRODUCTION COSTS RELATED TO SALES. Production costs related to sales for the three months ended September 30, 2014 and 2013 were \$56,559 and \$0, respectively. Production costs for the nine months ended September 30, 2014 and 2013 were \$162,552 and \$0, respectively. These are expenses directly related to the milling, packaging and shipping of gold and other precious metals product.

MINE OPERATING COSTS. Mine operating costs for the three months ended September 30, 2014 and 2013 were \$29,559 and \$0, respectively. Mine operating costs for the nine months ended September 30, 2014 and 2013 were \$86,222 and \$0, respectively. These costs are directly related to the extraction of mine tonnage to be processed at the mill.

PROPERTY HOLDING COSTS. Property holding costs for the three months ended September 30, 2014 and 2013 were \$130,500 and 0, respectively. Property holding costs for the nine months ended September 30, 2014 and 2013 were \$391,493 and \$0, respectively. These costs are concessions taxes, leases on land and other direct costs of maintaining the property. These costs were accounted for as Exploration Costs in 2013.

**PRE-PILOT-PRODUCTION EXPENSES.** Pre Pilot-Production Expenses for the three months ended September 30, 2014 and 2013 were \$693,283 and \$0, respectively. Pre-Pilot Production Expenses for the nine months ended September 30, 2014 and 2013 were \$1,563,492 and \$0, respectively. The increase in expenses was due to the Company commencing mining and milling operations in 2014. These expenses include refurbishment, facilitation of and cleaning of the mill and mine operations. The Company was still in development stage in 2013.

**EXPLORATION EXPENSES.** Exploration expenses for the three months ended September 30, 2014 and 2013 were \$0 and \$160,255, respectively. Exploration expenses for the nine months ended September 30, 2014 and 2013 were \$0 and \$386,256, respectively. The decrease in costs was due to the Company starting up operations in 2014 and incurring Pre Pilot-Production Costs—see above.

**OPERATING EXPENSES.** Operating expenses for the three months ended September 30, 2014 and 2013 were \$500,843 and \$700,442, respectively. Operating expenses for the nine months ended September 30, 2014 were \$2,026,404 and \$1,721,987, respectively. The increase in expenses is due to issuance of share based compensation of \$625,000 and a general increase in activity due to the start-up and production at the project. The above expenses include depreciation and amortization amounts of \$20,003 and \$21,671 for the three months ended September 30, 2014 and 2013, respectively and \$56,446 and \$66,062 for the nine months ended September 30, 2014 and 2013, respectively.

**OTHER INCOME (EXPENSE).** Other income, exclusive of currency translation gain or (loss) for the three months ended September 30, 2014 and 2013 was \$(127,402) and \$(113,160), respectively. Interest expense is the primary component in this category and increased due to the additional notes transacted in 2014. Other income for the nine months ended September 30, 2014 and 2013 were \$(218,695) and \$(212,163), respectively. Currency translation gain or (loss) was \$(71,905) and \$(68,038) for the three months ended September 30, 2014 and 2013, respectively. For the nine months ended September 30, 2014 and 2013, the amounts were \$(64,895) and \$(120,946), respectively.

**NON-CONTROLLING INTEREST.** The non-controlling interest portion of the net loss for the three months ended September 30, 2014 and 2013 was \$(108,188) and \$(64,869), respectively. Non-controlling interest portion of the net loss for the nine months ended September 30, 2014 and 2013 was \$(394,272) and \$(453,428), respectively. The reduction for the three and nine month periods is due primarily to the change in minority interest % from the prior year.

**COMPREHENSIVE INCOME (LOSS).** Comprehensive income (loss) includes the Company's net income (loss) plus the unrealized currency translation gain (loss) for the period. For the three months ended September 30, 2014 and 2013, the Company recorded a gain (loss) of \$(272,566) and \$11,511 respectively. For the nine months ended September 30, 2014 and 2013, the Company recorded a loss of \$(282,836) and \$(20,107), respectively.

#### Liquidity and Capital Resources

As of September 30, 2014, the Company maintained working capital of \$314,334, comprised of current assets of \$1,149,908 and current liabilities of \$835,574. This represents a decrease of \$(643,828) from the working capital maintained by the Company of \$958,162 as of December 31, 2013, due primarily to the continued funding of operations in the first nine months and expenses related to the refurbishment of the pilot mill facility and the rehabilitation of the San Pablo mine at San Jose de Gracia.

Net cash (used) in operations for the nine months ended September 30, 2014 increased to \$(3,564,439) from \$(2,593,692) in the nine months ended September 30, 2013. Again, this was due to the increased activity relating to

the refurbishing of the pilot mill facility and the rehabilitation of the San Pablo mine, and the preparation for processing bulked mine samples through the pilot mill facility. The pilot mill facility is now operational and the Company is producing revenue from processing material mined from San Pablo Mine through the pilot mill facility in 2014, in order to fund continuing operations.

Net cash (used) in investing activities for the nine months ended September 30, 2014 and 2013 was \$(100,733) and \$(65,938), respectively. In the current year, it was primarily for the change in Investment in Affiliate of \$(82,061) in the nine months ended September 30, 2014.

Cash provided by financing activities for the nine months ended September 30, 2014 was \$2,451,398 compared to \$2,432,830 for the nine months ended September 30, 2013. The primary components for the current year are for issuance of preferred stock, series B for cash of \$1,743,500 and proceeds of notes of \$453,500. Proceeds from financing were utilized to refurbish the pilot mill facility and to rehabilitate the San Pablo mine, and to prepare to process bulk mined samples through the mill facility. In the prior year, the primary component was issuance of notes for cash of \$1,545,000 and proceeds from sale of preferred stock, series B of \$832,000.

Note Receivable – Affiliate

DynaResource Nevada, Inc., a Nevada Corporation (“DynaNevada”), with one operating subsidiary in México, DynaNevada de México, S.A. de C.V. (“DynaNevada de México”) have common officers, directors and shareholders. The total amount loaned by the Company to DynaNevada at December 31, 2010 was \$805,760. The terms of the Note Receivable provide for a “Convertible Loan”, repayable at 5% interest over a 3 year period, and convertible at the Company’s option into Common Stock of DynaNevada at \$0.25 / Share. DynaNevada is a related entity, and through its subsidiary in México (DynaNevada de México), (“DynaNevada de México”), has entered into an Option agreement with Grupo México (“IMMSA”) in México, for the exploration and development of approximately 3,000 hectares in the State of San Luis Potosi (“the Santa Gertrudis Property”). In March, 2010, DynaNevada de México completed the Option with IMMSA so that it now owns 100% of Santa Gertrudis. In June, 2010, DynaNevada de México acquired an additional 6,000 Hectares in the State of Sinaloa (“the San Juan Property”). The Company has loaned additional funds to DynaNevada since 2010 for maintenance of concessions and other nominal required fees and expenses.

Advances to Subsidiaries

DynaResource de México (“DynaMéxico”)

In May 2013, the Company acquired additional equity interest in DynaMéxico in exchange for the retirement of accounts receivable of \$2,393,803, which amount was due from DynaMéxico at December 31, 2012. As a result, as of May 17, 2013, the Company owned 80% of the outstanding equity of DynaMéxico. All intercompany balances eliminate in consolidation.

As of December 31, 2013, the Company has no receivable from DynaMéxico, however, the Company’s wholly owned subsidiary MinerasDyna had an accounts receivable due from DynaMéxico in the amount of \$2,800,000.

Mineras de DynaResource (“MinerasDyna”)

As of September 30, 2014, the Company had advanced \$4,650,000 to MinerasDyna and MinerasDyna had advanced \$4,025,000 to DynaMéxico. At September 30, 2014, the Company issued 1,333,333 shares of its common stock to MinerasDyna in exchange for \$4,000,000 receivable it held from DynaMexico. The remaining \$25,000 is a receivable owed to MinerasDyna from DynaMexico as of September 30, 2014.

As of December 31, 2012 the Company agreed with DynaMéxico to accrue interest on the total amount receivable until repaid or otherwise retired. The interest rate to be accrued is agreed to be simple annual interest at the rate quoted by the Bank of México.

The receivables from MinerasDyna and DynaMéxico have been eliminated upon consolidation.

Advances from Goldgroup Mining Inc. (“Goldgroup”)

In the current year, Goldgroup advanced \$111,500. In 2013, Goldgroup advanced \$120,000 USD to DynaMéxico. This \$231,500 amount is being carried as a Due to Non-controlling interest.

Future Advances to MinerasDyna and DynaMéxico from the Company

The Company expects to make additional advances to MinerasDyna and DynaMéxico. Future advances from MinerasDyna to DynaMéxico will be made under the terms of the exploitation amendment agreement. Other advances

are agreed to be accrued in the same manner as previous receivables, until or unless otherwise agreed between DynaMéxico and the Company.

### **Plan of Operation**

The Plan of operation for the next twelve months includes MinerasDyna continuing the ramping up of the pilot production operation at SJG. The Company funds its general and administrative expenses in the US. The Company's operating subsidiaries, MinerasDyna and DynaOperaciones, receive monthly fees for management of SJG activities and personnel. These amounts are eliminated in consolidation. The Company believes that cash on hand is adequate to fund its ongoing general and administrative expenses through 2014. The Company plans to seek additional capital funding during the next 12 months depending on results of pilot production activities, market conditions, and other circumstances.

### **Capital Expenditures**

The Company's primary activities relate to the exploitation of the SJG property through its 100% owned operating subsidiary, MinerasDyna. MinerasDyna is conducting activities at SJG under the terms of the Exploitation Amendment Agreement (the "EAA", or, "operating agreement") with DynaMéxico. The Company plans to acquire necessary or optional equipment in the immediate future, in order to facilitate the mining and milling operations and is budgeting \$1,000,000 for these purposes.

### **Litigation**

On December 27, 2012, the Company, and DynaMéxico, filed an Original Petition and Application for Temporary Injunction and Permanent Injunction in the 14<sup>th</sup> Judicial District Court of Dallas, Texas (the "Petition") against Defendants Goldgroup Mining Inc., Goldgroup Resources Inc., and certain individuals acting in concert with Goldgroup (collectively "Goldgroup"). The Petition alleged, among other things, that Goldgroup has wrongfully used property, confidential information and data belonging to DynaMéxico and consistently failed to disclose several matters of material importance to the public.

The Petition requested that Goldgroup be enjoined from: (a) using or disseminating any confidential information belonging to DynaMéxico, (b) asserting that Goldgroup owns any interest in the San Jose de Gracia Project, rather than owning a common shares equity interest in DynaMéxico, (c) improperly disclosing that Goldgroup is the operator of the San Jose de Gracia Project, rather than Mineras de DynaResource SA de C.V. (“MinerasDyna”), and (d) failing to properly disclose that broad powers of attorney for acting on behalf of DynaMéxico are held by a DynaUSA senior executive.

The Petition further requested, among other things: (a) a temporary and permanent injunction; (b) declaratory relief; (c) disgorgement of funds alleged to have been improperly raised as a consequence of Goldgroup’s wrongful actions; (d) cancellation of shares of DynaMéxico stock held by Goldgroup; and, (d) actual and punitive damages.

At the time of the filing, the Company believed the Petition to be necessary in order to protect its shareholder interests in DynaMéxico and in order to protect the property, data, and assets of DynaMéxico.

Although Goldgroup challenged the jurisdiction to the filed litigation in Texas, Goldgroup has acknowledged that it owns no direct interest in the San Jose de Gracia Property, and it has acknowledged that Mineras de DynaResource SA de C.V. (“MinerasDyna”), DynaUSA’s 100% owned subsidiary, is the exclusive operator of the San Jose de Gracia Project. Additionally, recent developments in México in 2013, including: (1) the signing of the Exploitation Amendment Agreement (“EAA”) between MinerasDyna and DynaMéxico; (2) the signing of a 20 year land lease agreement between MinerasDyna and the Santa Maria Ejido Community surrounding the San Jose de Gracia Project; and (3) the acquisition by DynaUSA of a majority interest in DynaMéxico; protect against Goldgroup’s wrongfully obtaining and/or disseminating confidential data and information of DynaMéxico. These recent developments in México provided that the DynaResource Parties non-suited the Texas action as announced by the Company on March 14, 2014, without prejudice to asserting or consolidating claims in México, as well as to contemplate additional claims or regulatory actions against Goldgroup in Canada.

#### Goldgroup Arbitration Filing

On March 14, 2014, Goldgroup filed for arbitration, citing the Earn In Agreement dated September 1, 2006. The Company filed an answer on April 10, 2104 disputing that any issues exist which provide for arbitration.

#### Company Filing in US District Court – District of Colorado

On May 30, 2014, the Company and DynaMéxico filed a “Verified Complaint for Declaratory and Injunctive Relief” against Goldgroup in United States District Court, Denver Colorado. Within the verified complaint, the Company and DynaMéxico seek an order and judgment staying and enjoining Goldgroup, temporarily and permanently, from maintaining the arbitration it has commenced and generally petitioning against the arbitration proceedings. The Company and DynaMéxico believe that there exists no valid agreement between the parties which provides for arbitration.

On October 22, 2014 the Company and DynaMexico (Plaintiffs) filed a Motion for Summary Judgment on all Claims for Declaratory Relief and for Preliminary and Permanent Injunction against Goldgroup. The Plaintiffs moved for summary judgment on all claims for relief against Goldgroup in order to protect against Goldgroup’s manipulative litigation conduct.

#### Litigation in México – Company is Plaintiff

The Company, and DynaMéxico have filed several legal actions in México against Goldgroup Mining Inc., Goldgroup Resources Inc., certain individuals employed or previously employed by Minop, S.A. de C.V. (a Company operating in México and associated with Goldgroup Mining Inc.), and certain individuals retained as agents of Goldgroup Mining Inc. The Company and DynaMéxico are plaintiffs in the actions filed in México and the outcomes are pending.

The Company believes that no material adverse change will occur as a result of the actions taken, and the Company further believes that there is little to no potential for the assessment of a material monetary judgment against the Company for legal actions it has filed in México. For purposes of confidentiality, the Company does not provide more specific disclosure in this Form 10-Q.

Litigation – Company and/or Officers and Directors as Defendants

Other than the Arbitration claim of Goldgroup described above, the Company, nor its Officers and Directors have received any formal notice of any legal actions filed against them.

**ITEM 3. Quantitative and Qualitative Disclosure about Market Risk.**

Not applicable.

## **ITEM 4. Controls and Procedures**

### Evaluation of Disclosure Controls and Procedures

The company carried out an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of September 30, 2014. This evaluation was accomplished under the supervision and with the participation of our chief executive officer / principal executive officer, and chief financial officer / principal financial officer who concluded that the company's disclosure controls and procedures are effective to ensure that all material information required to be filed in the quarterly report on Form 10-Q has been made known to them.

For purposes of this section, the term disclosure controls and procedures means controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Act (15 U.S.C. 78a et seq.) is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. Disclosure, controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by in our reports filed under the Securities Exchange Act of 1934, as amended (the "Act") is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Based upon an evaluation conducted for the period ended September 30, 2014, our Chief Executive Officer and Chief Financial Officer as of September 30, 2014, and as of the date of this Report, have concluded that as of the end of the period covered by this report, we have identified no material weakness in our internal controls.

Corporate expenditures are processed and paid by officers of the Company. However, the current number of transactions incurred by the Company does not justify additional accounting staff to be retained.

### Management's Report on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Our internal control system was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes, in accordance with generally accepted accounting principles in the United States of America. Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate due to change in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management conducted an evaluation of the effectiveness of our internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal



Control—Integrated Framework at September 30, 2014. Based on its evaluation, our management concluded that, as of September 30, 2014, our internal control over financial reporting was effective.

This quarterly report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to the attestation by the Company's registered public accounting firm pursuant to temporary rules of the SEC that permit the Company to provide only management's report in this quarterly report.

Changes in Internal Controls over Financial Reporting

The Company has not made any changes in its internal controls over financial reporting that occurred during the period covered by this report on Form 10-Q that have materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

## **PART II OTHER INFORMATION**

### **ITEM 1. Legal Proceedings**

On December 27, 2012, the Company, and DynaMéxico, filed an Original Petition and Application for Temporary Injunction and Permanent Injunction in the 14<sup>th</sup> Judicial District Court of Dallas, Texas (the “Petition”) against Defendants Goldgroup Mining Inc., Goldgroup Resources Inc., and certain individuals acting in concert with Goldgroup (collectively “Goldgroup”). The Petition alleged, among other things, that Goldgroup has wrongfully used property, confidential information and data belonging to DynaMéxico and consistently failed to disclose several matters of material importance to the public.

The Petition requested that Goldgroup be enjoined from: (a) using or disseminating any confidential information belonging to DynaMéxico, (b) asserting that Goldgroup owns any interest in the San Jose de Gracia Project, rather than owning a common shares equity interest in DynaMéxico, (c) improperly disclosing that Goldgroup is the operator of the San Jose de Gracia Project, rather than Mineras de DynaResource S.A. de C.V. (“MinerasDyna”), and (d) failing to properly disclose that broad powers of attorney for acting on behalf of DynaMéxico are held by a DynaUSA senior executive.

The Petition further requested, among other things: (a) a temporary and permanent injunction; (b) declaratory relief; (c) disgorgement of funds alleged to have been improperly raised as a consequence of Goldgroup’s wrongful actions; (d) cancellation of shares of DynaMéxico stock held by Goldgroup; and, (d) actual and punitive damages.

At the time of the filing, the Company believed the Petition to be necessary in order to protect its shareholder interests in DynaMéxico and in order to protect the property, data, and assets of DynaMéxico.

Although Goldgroup challenged the jurisdiction to the filed litigation in Texas, Goldgroup has acknowledged that it owns no direct interest in the San Jose de Gracia Property, and it has acknowledged that Mineras de DynaResource SA de C.V. (“MinerasDyna”), DynaUSA’s 100% owned subsidiary, is the exclusive operator of the San Jose de Gracia Project. Additionally, recent developments in México in 2013, including: (1) the signing of the Exploitation Amendment Agreement (“EAA”) between MinerasDyna and DynaMéxico; (2) the signing of a 20 year land lease agreement between MinerasDyna and the Santa Maria Ejido Community surrounding the San Jose de Gracia Project; and (3) the acquisition by DynaUSA of a majority interest in DynaMéxico; protect against Goldgroup’s wrongfully obtaining and/or disseminating confidential data and information of DynaMéxico. These recent developments in México provided that the DynaResource Parties non-suited the Texas action as announced by the Company on March 14, 2014, without prejudice to asserting or consolidating claims in México, as well as to contemplate additional claims or regulatory actions against Goldgroup in Canada.

#### Goldgroup Arbitration Filing

On March 14, 2014 Goldgroup filed for arbitration, citing the Earn In Agreement dated September 1, 2006. The Company filed an answer on April 10, 2104 disputing that any issues exist which provide for arbitration.

#### Company Filing in US District Court – District of Colorado

On May 30, 2014, the Company and DynaMéxico filed a “Verified Complaint for Declaratory and Injunctive Relief” against Goldgroup in United States District Court, Denver Colorado. Within the verified complaint, the Company and DynaMéxico seek an order and judgment staying and enjoining Goldgroup, temporarily and permanently, from maintaining the arbitration it has commenced and generally petitioning against the arbitration proceedings. The

Company and DynaMéxico believe that there exists no valid agreement between the parties which provides for arbitration.

On October 22, 2014 the Company and DynaMexico (Plaintiffs) filed a Motion for Summary Judgment on all Claims for Declaratory Relief and for Preliminary and Permanent Injunction against Goldgroup. The Plaintiffs moved for summary judgment on all claims for relief against Goldgroup in order to protect against Goldgroup's manipulative litigation conduct.

Litigation in México – Company is Plaintiff

The Company believes that no material adverse change will occur as a result of the actions taken, and the Company further believes that there is little to no potential for the assessment of a material monetary judgment against the Company for legal actions it has filed in México. For purposes of confidentiality, the Company does not provide more specific disclosure in this Form 10-Q.

Litigation – Company and/or Officers and Directors as Defendants

Other than the Arbitration claim of Goldgroup described above, the Company, nor its Officers and Directors have received any formal notice of any legal actions filed against them.

**ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None.

**ITEM 3. Default Upon Senior Securities**

Not applicable.

**ITEM 4. Mine Safety Disclosures**

Not applicable.

**ITEM 5. Other Information**

Not applicable.

**ITEM 6. Exhibits and Reports on Form 8-K**

**Exhibit Number; Name of Exhibit**

- 31.1 Certification of Chief Executive Officer, pursuant to Rule 13a-14(a) of the Exchange Act, as enacted by Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Chief Financial Officer, pursuant to Rule 13a-14(a) of the Exchange Act, as enacted by Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of Chief Executive Officer and Chief Financial Officer, pursuant to 18 United States Code Section 1350, as enacted by Section 906 of the Sarbanes-Oxley Act of 2002.

**SIGNATURES**

In accordance with the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

DynaResource, Inc.

Explanation of Responses:

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

K.W. ("K.D.") Diepholz, Chairman / CEO

Date: November 18, 2014

42