

# **DYNARESOURCE, INC.**

## **STANDARDS OF BUSINESS CONDUCT AND ETHICS**

### **Introduction**

The company is committed to maintaining the highest standards of business ethics and complying with both the letter and the spirit of the law in everything that we do and in every country in which we do business. Doing so will also maintain the hard-earned respect and good corporate citizen reputation that we have established over the years with our customers, business partners and alliances. Consequently, employees are prohibited from participating in or condoning illegal or unethical activity. Remember that illegal acts by employees can subject the company to fines, and the penalties for corporations convicted of federal crimes are severe. And employees who violate the company's ethical standards will be subject to disciplinary action up to and including termination.

To ensure compliance with this company policy, we have adopted these Standards of Business Conduct and Ethics for all employees. These Standards apply to all Directors, Officers, and Employees of DynaResource, Inc. and to all Directors, Officers, and Employees of all subsidiary companies.

These Standards also apply to all agents, consultants, contractors, and other third parties when they are representing or acting for the company and all subsidiaries. We expect our vendors and suppliers to be guided by these principles.

### **General Guidelines**

- Conduct all aspects of the company's business in an ethical and strictly legal manner. Obey the laws, rules, and regulations of all localities, states, territories, and nations where the company does or seeks to do business. Remember that even the appearance of misconduct or impropriety can damage the company's reputation.
- Be responsible for your actions. No one will be excused for misconduct just because it was directed or requested by someone else. Employees who break the law, even if their intent is to benefit the company, can be held criminally liable. They risk large fines, attorney's fees, possible jail sentences, and the loss of employment.
- Be responsible for the conduct of employees reporting to you. In today's environment, supervisors can be held responsible for condoning or negligently failing to take reasonable steps to prevent and detect criminal conduct by their employees. To avoid liability, supervisors must take all reasonable steps to ensure that their employees are familiar with these Standards and do not participate in criminal activity.
- Conduct yourself with the highest standards of honesty, integrity, and fairness when dealing with customers, suppliers, competitors, the general public, and other employees. Do not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair practice.
- Immediately report suspected illegal or unethical activity, including financial fraud/accounting matters. The company does not tolerate retaliation against employees who act in good faith by reporting suspected illegal acts or unethical behavior, and retaliation against those who do can result in corrective action and possible termination.
- Cooperate fully in any investigation of misconduct.

Any waiver of these Standards for executive officers of the company may be made only by the Board of Directors and must be promptly disclosed to shareholders on the company's website. Remember, your best resource about what's right or wrong is your own conscience. So if you find yourself in a difficult situation, think before you act. And ask yourself the following questions:

- Is it legal? If it is not legal, do not do it.
- Is it ethical? If it feels wrong, it probably is wrong.
- How would it look in the newspaper? If you would not feel comfortable if your friends and family knew about your actions, you probably should not do it.

### **Bribes, Illegal Payments, and Illegal Solicitations**

Bribing foreign government officials to obtain or maintain business is a crime under the U.S. Foreign Corrupt Practices Act (FCPA) as well as under the laws of the countries in which the company does business. It is unlawful for the

company or its employees to offer, corruptly pay, authorize, or promise to pay money or provide anything of value to a foreign official to obtain, retain, or direct business to that company. This includes payments made to foreign officials, political parties, political party officials, or candidates.

Key Points to Remember:

- Do not give or offer money or anything of value to a foreign official (including officials of state-owned enterprises), political party, political party official, or candidate, in order to obtain, retain, or direct business to the company.
- Do not give or offer money or anything of value to any other person if you know or suspect it will be offered as a bribe to a foreign official, political party, political party official, or candidate, in order to obtain, retain, or direct business to the company. Under this policy, “knowing” includes consciously avoiding the truth or ignoring clear “red flags” that the transaction is likely improper, such as unusual requests to segment a payment or pay a portion offshore to an agent or other third party.
- Do not give or offer any money, fee, commission, credit, gift, object of value, or compensation of any kind, directly or indirectly, to a U.S. or foreign government official, government contractor, or government subcontractor to improperly obtain a contract, business, or preferential treatment for the company.

**Books, Records, and Communications**

Federal and state laws, including the FCPA, require us to keep complete and accurate books and records reflecting our transactions and financial affairs, including the disposition of assets. Also, various laws prohibit the company from communicating false or misleading information about our transactions or financial affairs. For example, mischaracterizing a payment (for example, expensing a payment to a government official or business associate as “meals” or “entertainment”) is a violation of the FCPA.

Key Points to Remember:

- Prepare all company business documents as completely, honestly, and accurately as possible.
- Record all company transactions in a way that will fully and accurately reflect the company’s financial affairs.
- Properly and promptly record all disbursements and receipts of funds.
- Do not allocate costs to contracts contrary to applicable contract provisions, laws, regulations, or generally accepted accounting practices.
- Do not fail to record any transactions. Do not falsify records to conceal any transactions or prepare records that accurately reflect the existence of a transaction but fail to reveal an improper purpose.
- Do not provide false or misleading information to any third party, including the company’s auditors.
- Do not provide false or misleading information to anyone within the company, or direct or permit an employee to provide such information. This includes falsifying any company records.
- Disclosures in reports and documents that the company files or submits to the SEC, as well as public communications made by the company, must be full, fair, accurate, timely, and understandable.

**Intellectual Property**

Simply stated, infringing (i.e., the unauthorized use, misuse, or confusingly similar use of) another’s intellectual property violates federal and state law. Intellectual property includes patents, trademarks, copyrights, and trade secrets. The company’s intellectual property includes several very valuable trade secrets. Many employees use the company’s and others’ intellectual property to conduct and promote the company’s business. However, absent specific authorization to do so by the owner of the intellectual property, the company and its employees do not have the right to use another’s intellectual property in any manner. Furthermore, misuse or unauthorized use of the company’s intellectual property could jeopardize its protection and its value, and could constitute theft of company property.

It is a violation of U.S. copyright laws to share, make, or authorize the making of, a copy or adaptation of another’s copyrighted material, including books, videos, CDs, MP3 files, and computer software for purposes of commercial advantage or private gain. Unless the company has been specifically authorized to do so by the owner of the software, the company and its employees do not have the right to reproduce, in any manner whatsoever, third-party software.

In addition, many employees have access to highly confidential proprietary information. This information is known as trade secrets — formulas, patterns, devices, or compilations of information that are used in one’s business and that give one an opportunity to obtain an advantage over competitors who do not know or use them. When you joined the company, you agreed not to use for your personal benefit, or to disclose to others, company trade secrets or other confidential information. Your obligation is a permanent one that continues even after your employment with the company ends. Family members, friends, and, most importantly, future employers are among those with whom you cannot share company trade secrets and other confidential information.

Also, the company’s contracts with its business partners may impose obligations of confidentiality for the terms and conditions of those contracts and for information the company may receive from those parties in the course of performing those contracts. This includes keeping confidential information from persons not authorized to receive that information. If you have access to trade secrets, you have an obligation to keep them confidential pursuant to the terms of the company’s contracts.

**Key Points to Remember:**

- Do not make copies of material copyrighted by a third party for internal or external distribution or resale without obtaining the copyright owner’s prior consent.
- Do not alter the company’s intellectual property without obtaining the company’s prior consent.
- Do not reveal the company’s confidential information or trade secrets (highly confidential proprietary information) to a third party unless the company has granted permission to the third party to receive that confidential information.
- If you receive what you believe to be another’s trade secrets, do not use or share that information.

**Non-public (“Inside”) Information and Transactions in Securities**

Securities laws prohibit both the use of “material inside information” for your own personal benefit and the disclosure of this type of information to persons outside the company. These laws apply to company employees worldwide.

Material information is:

- information about a company that, if disclosed, is likely to affect the market price of the company’s securities.
- information that would be considered important by an investor in deciding whether to buy or sell those securities.
- information about the company, our competitors, customers, suppliers, or other companies.

Examples of material information include dividend increases or decreases, earnings estimates, new discoveries, merger or acquisition proposals, and other major events.

“Non-public” or “Inside” information (as it is commonly called) is information that has not been publicly disclosed. Information about a company should be considered “inside” information if it is received under circumstances that suggest it is not in general circulation. Information must not be considered “publicly disclosed” until a reasonable time after it has been made public (for example, by a press release). Someone with access to “inside” information may not “beat the market” by trading simultaneously with, or shortly after, the official release of material information. These laws apply to company employees worldwide. Insider trading is unethical and illegal, and will be dealt with decisively.

**Key Points to Remember:**

- Do not communicate “material inside information” to any person. This prohibition includes your spouse, domestic partner, any other relative or family member, any other domestic partner’s relatives or family members, your broker, and other employees (except co-workers who need to know).
- If you receive “material inside information,” do not trade in the stock of the company -- if the information concerns the company -- or the stock of any other company associated with the information. “Trade” means to buy or sell, direct someone else to buy or sell on your behalf, or otherwise engage in activities related to the purchase or sale of securities of the related company.

**Conflicts of Interest**

As an employee, you or any member of your immediate family should not engage in any activity that might benefit you or your family member personally at the company’s expense, or that would be harmful to the company or contrary to

the company's interests, without the express written consent of an executive officer, the Board of Directors or a Board Committee.

Every employee owes the company a duty of loyalty, which includes protecting the company's legitimate interests, and advancing those interests when the opportunity arises; protecting the company's assets and ensuring their proper and efficient use; and using company assets only for legitimate business purposes.

While it is not practical to list all situations that are prohibited because they might lead to or constitute a conflict of interest or violation of trust, the following Key Points to Remember are good examples.

Key Points to Remember:

- You, or any immediate member of your family, may not accept commissions, a share of profits or other payments, loans, services, preferential treatment, excessive entertainment or travel, or gifts of more than nominal value, from any individual or organization doing or seeking to do business with the company.
- Never solicit any gift or entertainment or anything of value, or accept any gift or entertainment that would be illegal or result in any violation of law, from any individual or organization doing or seeking to do business with the company.
- Never accept any gift of cash or cash equivalent (such as gift certificates, loans, stock, or stock options), or accept anything as part of an agreement to do anything in return for the gift, from any individual or organization doing or seeking to do business with the company.
- Never participate in any activity that you know would cause the person giving the gift or entertainment to violate his or her own employer's standards.
- You, or any immediate member of your family (spouse, domestic partner, parents, children and their spouses, domestic partner's children and their spouses), may not have a business interest in any organization doing business with, or seeking to do business with, or competing or seeking to compete with, the company. (This does not include a non-material interest (less than 1%) in securities in widely held corporations that are quoted and sold on the open market.)
- No outside activities, including outside employment, may interfere with your job performance for the company.
- A current or former employee may not solicit, directly or through a third party, current company employees to terminate their employment.

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