

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 10-KSB/A-2**

☒ ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: January 31, 2002

Commission file number 0-26309

**NATUROL HOLDINGS LTD.**  
(Formerly Coronado Explorations Ltd.)  
(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**98-0200471**  
(I.R.S. Employer  
Identification No.)

**6265 Stevenson Way**  
**Las Vegas, Nevada, USA**  
(Address of principal executive offices)

**89120**  
(zip code)

Issuer's Telephone Number: **(702) 450-1600**

Securities registered under Section 12(b) of the Exchange Act:  
None

Securities registered under Section 12(g) of the Exchange Act:  
Common Stock, \$.001 par value  
(Title if Class)

Indicate by check mark whether the registrant (a) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-B is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

The number of shares of Common Stock, \$.001 par value, outstanding on January 31, 2002, was 75,000,009 shares, held by approximately 52 stockholders.

The issuer's revenues for its most recent fiscal year ended January 31, 2002. \$ 0

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the average bid and ask price, as of January 31, 2002 was \$7,628,889 based on a share value of \$0.375.

Transitional Small Business Disclosure Format (check one): Yes \_\_\_\_\_ No ☒

In this filing references to “Coronado,” “Company,” “we,” “our,” and/or “us,” refers to Naturol Holdings Ltd., formerly, Coronado Explorations Ltd. Coronado Explorations Ltd. changed its name to Naturol Holdings Ltd. on July 22, 2002.

## PART I

### ITEM 1. DESCRIPTION OF BUSINESS

#### **(a) General Business Development**

Coronado Explorations Ltd., a Delaware corporation, was incorporated on February 2, 1999. On January 17, 2002, Coronado completed a reverse triangular merger between Coronado Subsidiary Corp. (“CSC”), a Nevada corporation and a wholly owned subsidiary of Coronado, and Naturol Inc. (“Naturol”), a Nevada corporation, whereby Coronado issued 50,000,009 shares of its common stock in exchange for 100% of Naturol’s outstanding common stock. Pursuant to the terms of the merger, Naturol merged with CSC wherein CSC ceased to exist and Naturol became a wholly owned subsidiary of Coronado.

Prior to the Merger, Coronado was engaged in the exploration of mineral properties and subsequently became a shell corporation. All business of Coronado is now conducted through its wholly owned subsidiary, Naturol. Naturol owns the exclusive North American License for extraction technologies, Naturol Extraction Technology, to be developed for use in the Pharmaceutical, Nutraceutical, flavors, and fragrances industries. Coronado is a development stage company, has no revenues to date and has raised capital for initial development through the issuance of its securities.

Coronado has an authorized capitalization of 200,000,000 shares of common stock, \$0.001 par value per share, and as of January 31, 2002 there were 75,000,009 shares outstanding.

#### *Subsequent Events:*

Effective July 22, 2002, Coronado shareholders, by majority consent, effectuated the following:

- A change in the Company’s name from Coronado Explorations Ltd. to Naturol Holdings Ltd.;
- A change in the Company’s reporting year end to December 31 for the year ending 2002;
- Amended and restated the Company’s Bylaws;
- Authorized the adoption of a Stock Option Plan for Two Million shares of common stock; and,
- Reverse split the Company’s issued and outstanding common stock on a 1 for 5 basis.

#### **MGA Agreement**

During August of 2002, Naturol received correspondence from MGA Holdings Limited, which indicated MGA’s intention to default Naturol on the License Agreement, and take a course of action including termination of the License Agreement for failure by Naturol to meet

its obligations under the terms of the License Agreement. Following negotiations between the Parties, on September 20, 2003, the Company entered into a Letter Agreement with MGA, Willow Holdings Limited (our majority stockholder) and Naturol Canada. A copy of the Letter Agreement is attached hereto as Exhibit 10.2.

Material terms of the Letter Agreement were as follows:

- MGA waives all payment obligations by Naturol under the License Agreement up to this date of September 18, 2002.
- MGA and Naturol agreed to execute a new non-exclusive license agreement, a copy of which is attached hereto as Exhibit 10.3. The Amended Non-exclusive License Agreement supercedes all terms and conditions of the original License Agreement.
- In the event that Naturol is able to secure sufficient funding to fully implement its business plan, Naturol may request, and MGA, the Licensor, “shall convert the Non-exclusive License to an exclusive license with mutually agreeable payment terms, said payment terms being based solely on income generated by Licensee,” (Naturol). The agreement specifies this will occur, “as long as no additional licenses have been granted in the Territory.”
- As a result of Naturol giving up its exclusive License Agreement in exchange for a Non-exclusive License Agreement, Willow shall, subject to the following:
  - (i) the effectiveness of the Letter Agreement;
  - (ii) the execution by MGA and Naturol of the Non-exclusive License Agreement; and
  - (iii) for no other consideration

return to Naturol 9,331,321 shares of common stock of Naturol issued to Willow in exchange for the original exclusive License Agreement.

- MGA and Naturol agree that MGA or its assigns will assume operational control of Naturol Canada Limited but will continue to grant Naturol complete access to all technological developments resulting from the commercial research and development program conducted on behalf of Naturol Canada at the Prince Edward Island Food Technology Center. Naturol Canada is 49% owned by Naturol and 51% owned by Isaac Moss, an officer and director of Naturol. Naturol Canada Limited has no assets and is purely a research and development company.
- MGA will assume and indemnify Naturol of all outstanding financial obligations incurred by Naturol or Naturol Canada Limited in reference to the activities of Naturol Canada Limited, including but not limited to the obligations to the National Research Council of Canada Industrial Research Assistance Program

Contribution to Firms Agreement. Additionally, MGA will continue to pay all future financial obligations of Naturol Canada Limited relating to obligations of Naturol Canada Limited to National Research Council of Canada Industrial Research Assistance Program Contribution to Firms Agreement.

- MGA will assume all financial obligations relating to patent and licensing issues, including past obligations by Naturol to patent counsel in an aggregate amount of \$56,249.

The material differences between the original exclusive License Agreement dated August 17<sup>th</sup>, 2001 and the Non-exclusive License Agreement dated September 18<sup>th</sup>, 2002 are as follows:

- The revised Non-exclusive License Agreement provides for MGA, the Licensor, to allow for the granting of other licenses within the licensed territory, ie Canada, United States, and Mexico.
- The revised Non-exclusive License Agreement has no minimum annual payment.

In addition, concurrent with the actions taken above, Paul McClory, President, CEO and a director of the Company, immediately resigned as an officer and director of the Company.

## **(b)Our Business**

### **Markets**

The market for products created utilizing our technology is in the pharmaceutical, nutraceutical, nutritional supplements, phytochemical, health food, functional food, fragrance and flavor product markets.

Phytochemicals are naturally-occurring chemicals in plants that have physiological effects in humans. These, chemicals recovered as extracts, may prevent or delay chronic degenerative diseases and enhance human health. Functional foods, either plant or animal derived, have added health benefits beyond the traditional nutrients the food may contain. These added health benefits are obtained by adding physiologically-active compounds (such a phytochemicals) to the food product. The resulting products are utilized in the creation of pharmaceutical, netraceutical, nutritional and health food products. We merely provided the technology for the extraction.

Fragrance products are used by various manufacturing firms to produce consumer goods such as soaps, detergents, cosmetic creams, lotions and powder, lipsticks, after-shave lotions, deodorants, hair preparations, candles, air fresheners and all-purpose cleaners, as well as in other consumer goods designed solely to appeal to the sense of smell, such as perfumes and colognes.

Flavor products are principally utilized in the food and beverage industries for use in consumer goods such as soft drinks, candies, baked goods, desserts, prepared foods, dietary foods, dairy products, drink powders, pharmaceuticals, health foods and nutraceuticals, snack foods and alcoholic beverages.

## Products & Services

Coronado's product and service through its wholly owned subsidiary, Naturol, is its extraction technology, (Naturol Extraction Technology) which pertains to the extraction of fixed, essential, and mineral oils, from organic materials using a process of solvent extraction which is performed under pressure.

The term "Fixed Oil" is a term usually used to describe commodity oils such as soybean, sunflower, canola, etc.

The term "Essential Oil" is usually used to describe those volatile oils of low molecular weight, which incorporate the fragrance and flavor of components derived from plant materials.

The ingredients are derived from flowers, fruits and other botanical products as well as from animal products. They contain varying numbers of organic chemicals, which are responsible for the fragrance or flavor of the products.

Naturol's Extraction Technology is anticipated to be utilized to create health food products, in addition to fragrance and flavor products consisting of compounds of large numbers of ingredients blended by manufacturers under formulas created by perfumers and flavorists, in addition to nutritionists. These compounds contribute to the total fragrance or flavor, or chemical to the consumer products in which they are to be used.

### Commercialization of Naturol's Extraction Technology

Naturol intends to commercialize use of its extraction technology and to generate income by one or more of the following approaches:

- 1) Strategic partnerships- Naturol is in preliminary discussions with potential commercial partners regarding several specifically identified extracts. It is intended that Naturol will develop and provide equipment to perform extraction of the identified target extract for marketing by our strategic partner. Naturol will receive a percentage of the sale price of the end extract as well as be fully compensated for the costs of the equipment and the operation by Naturol of a biomass processing plant.
- 2) Licensing - Naturol will provide technology to licensees, such as in the oilseeds and protein recovery area (ie soy, canola, flax processing to recover edible oils and dietary protein supplements). The licensees will obtain the right to use the Naturol Extraction Technology and establish extraction facilities within their commercial operations in exchange for an ongoing royalty based on commercial use by them of the Naturol Technology.
- 3) Toll Processing Facilities - Naturol intends to establish one or more facilities with the capability to use the Naturol Extraction Technology to recover a broad range of extracts from various different starting materials. Extraction will then be

performed on a contract basis for customers in the food, flavors, fragrance, nutraceutical and pharmaceutical industry.

- 4) Proprietary Nutraceuticals and Added-value Food Additives - Naturol has identified, and will continue to identify, unique extract compositions and combinations of extractables, which can be recovered from plant and aquatic sources. Naturol may enter into the commercial, wholesale distribution of these compositions to the food, nutraceutical and pharmaceutical industry as the opportunity, and funding, to do so arises.

### The Technology Behind Naturol's Extraction Technology

The Naturol solvents and processing procedures allow for the extraction of high quality, desirable components such as oils, pigments, pharmacologically active ingredients and resins from a wide range of sources including plant, animal and mineral matter, marine life and other natural resources. The same process and solvent that constitutes the Naturol Extraction Technology is able to extract fixed, essential and mineral oils.

Similar to traditional extraction techniques, the Naturol Extraction Technology comprises the contacting of the substrate (such as bulk raw material in which the desired component is already contained) with a solvent to separate out the desired components dissolved in the solvent. This allows for the removal and separation from the biomass of a solution, which contains the desired component dissolved in the solvent. However, that is where the similarity ends. The Naturol Extraction Technology differs in many respects, with the main differences being:

- 1) The primary solvent used in the Naturol Extraction Technology, is iodotrifluoromethane (ITFM), which is a non-toxic, non-flammable solvent that is not an ozone depleting material. It is therefore safe for the environment, non-toxic to workers operating the extraction process equipment and consumers consuming, or using extracts recovered using ITFM.
- 2) ITFM is a unique solvent in that it has the ability (which has now been demonstrated by Naturol) to extract a broader range of solvent extractable materials from biomass than presently used solvents (hexane, supercritical CO<sub>2</sub>, HFC-134a) and to extract more of each of the soluble compounds from the biomass. As an example, when compared directly with hexane extraction of the same biomass, ITFM extracts more of the desired compound.
- 3) ITFM boils at around -20 Centigrade (-4°F) and therefore can be readily removed from extracts without heating or cooling the recovered materials. The primary procedure covered by the Naturol patents and proprietary procedures is to contact the biomass (the extract source) with ITFM in a mixing vessel, preferably at room temperature, under a slightly elevated pressure (50-80psi.). To separate the ITFM from the extracted material the solvent/extract solution is transferred to a second vessel, separating it from the biomass, and the pressure in the vessel is reduced to atmospheric pressure (preferably

without changing the temperature from room temperature), causing the ITFM to boil. The vapors are then collected and converted back to a liquid by once again increasing the pressure, thus recovering the ITFM for reuse. This eliminates the need for heat to evaporate and refrigeration to condense the solvent.

- 4) Because the ITFM boils at around -20 Centigrade (-4°F) little or no ITFM should remain in the extract. However, because the ITFM is substantially non-toxic, particularly when compared to hexane, which, while toxic is still FDA approved for food processing, any small residual material (in parts per billion range) is acceptable.
- 5) The processing and energy costs to extract materials using the Naturol Extraction Technology, and the capital equipment costs for an extraction plant using ITFM, are significantly reduced from costs to recover the same materials using hexane or supercritical CO<sub>2</sub>, because high temperatures and high pressures, explosion proof equipment, and extensive hazardous material protection for processing employees is not required.
- 6) The Naturol Extraction Technology eliminates the need for high temperatures to evaporate the solvents and extensive cooling of the hot solvent and recovered extracts to condense the solvents in order to obtain the final product from the solvent. Because the use of high temperatures is eliminated by the Naturol Extraction Technology, the destructive action of these high temperatures on the extract and remaining biomass, and the loss of light weight, volatile extracts (essential oils) is eliminated, resulting in better extracts, higher efficiency of recovery of extracts and a greater range of recovered extracts. Also, where the remaining biomaterial is of value, such as soy meal after soy oil extraction, that remaining biomaterial is of a better quality because it also is never exposed to elevated temperatures in the extraction process.

Traditionally solvents such as hexane, petroleum fractions, benzene and methylene chloride have been widely used to extract both fixed and fragrant oils, which are flavorsome oleo-resins and drug containing extracts from a range of plant based raw materials. Disadvantages in the use of these solvents include:

- A danger of fire, explosion or incineration in the use of highly flammable conventional solvent systems such as hydrocarbon solvents; hexane, benzene and petroleum;
- Predominately all of the hydrocarbon solvents used in current practice are classed as volatile organic compounds which are carcinogenic;
- As a result of the high boiling points required for hexane and petroleum, damage may result in the quality of the desired component or extract;
- The high boiling points of the solvents utilized result in high energy costs; and,
- The finished products, which are intended for public consumption, may contain toxic or harmful residues.

The process uses ITFM as a solvent for each of the extractables and each biomass feed source, and therefore, to that extent is the same for each of the potential markets. However, the

process may have to be specifically adapted to optimize the recovery of each composition, by varying the process variables (time, temperature, flow rates, mass ratios, pressure, use of co-solvents addition of component separation techniques etc.) It is contemplated that each optimized process may be the subject of separate patent applications. It is also contemplated that unique compositions may be produced from the various different biomass feed stocks and these unique compositions may also be the subject of separate patent applications.

## Market Developments

The demand for consumer products utilizing flavors, fragrances, and nutritional supplements has been stimulated and broadened by changing social habits resulting from various factors such as increases in personal income, employment of women, teen-age population, leisure time, health concerns and urbanization and by the continued growth in world population. In the fragrance field, these developments have expanded the market for hair care, candles and hair care products and deodorant and personal wash products with finer fragrance quality, as well as the market for colognes, toilet waters, men's toiletries and other products beyond traditional luxury items such as perfumes.

In the flavor field, similar market characteristics have stimulated the demand for products such as convenience foods, soft drinks and low-cholesterol and low-fat food products that must conform to expected tastes. New and improved methods of packaging, application and dispensing have been developed for many consumer products, which may utilize some of Naturol's flavor or fragrance products.

In the health food field, these same market characteristics have stimulated the demand for products such as nutritional supplements and dietary supplements.

## Market Overview

Our technology is utilized in the extraction of components such as oils, pigments, pharmacologically active ingredients and resins from a wide range of sources including plant, animal and mineral matter, marine life and other natural resources. These components, once extracted, are processed by independent manufacturers to create a multitude of products requiring color, flavor, fragrance, and in some cases merely separated components. The ultimate consumer products created from these flavors, fragrances, and color extractions range from soaps, detergents, cosmetic creams, lotions, and lipsticks to a variety of food products, including health food, dietary supplements and nutraceuticals.

Naturol believes that its extraction technology has applications in a variety of important markets in North America. These include Fixed Oils (such as the extraction of oils from Soybean, Sunflower, Maize, Canola, etc.), Volatile oils and bioactive compounds for the Pharmaceutical, Food, Fragrance and bio-insecticide markets.

The extraction of Oils and Bioactive compounds from plants is a multi-billion dollar global business with far reaching applications to the Pharmaceutical, Nutraceutical, flavors, and fragrances industries. A February 2001 market research report by The Freedonia Group reports



that the US demand for Plant-Derived Chemicals was in excess of \$2 billion in 2000 with worldwide demand exceeding \$8.4 billion. US sales are projected to approach \$2.8 billion by 2005.

### Product Research and Development

The development of new fragrance and flavor compounds is a complex artistic and technical process calling upon the combined knowledge and talents of creative perfumers, flavorists, and research chemists. An important contribution to the creation of new fragrance and flavor products is the development of new technologies to extract fixed, essential, and mineral oils, from organic materials using a process of solvent extraction which yields greater amounts of the desired extract in a cost effective and safe manner.

Naturol is currently conducting its research and development through a minority owned subsidiary, Naturol (Canada) Limited in an agreement with the National Research Council Canada. The research and development is being conducted with the Prince Edward Island Food Technology Center based in Charlottetown, Prince Edward Island, Canada. The objective of the research project is to demonstrate the efficacy of Naturol's extraction process.

The Prince Edward Island Food Technology Center and Naturol Canada Limited have initially agreed to form an alliance to jointly develop Naturol's plant extraction technology over a nine month period commencing on or about March 1, 2002 and ending on or about November 30, 2002, and to assess the potential value of Naturol's technologies as applied to certain local plant and aquatic materials in Prince Edward Island and neighboring Canadian Province. If successfully concluded it is anticipated that at the end of the period Naturol Canada Limited and the Food Technology Center will establish a toll extraction facility on Prince Edward Island to service companies in Canada and the United States who wish to access plant extraction technology. The toll extraction facility when and if established, will perform the extraction of various oils on a contract basis for manufacturers who are anticipated to utilize the compound in consumer goods.

Naturol's research and development costs associated with the National Research Council Canada agreement are C\$234,300. It is anticipated that funds will be generated by Naturol through debt or equity financing.

### Competition

Competition in the highly fragmented plant-derived chemicals industry is intense, with success based on consistently delivering high quality products at competitive prices and offering necessary technical support services. To achieve this, suppliers must continually pursue process innovation and the development of new products as well as closely monitor raw material quality and availability. Furthermore, those companies developing botanicals for use in pharmaceuticals must prove that their products are effective, safe and reliable. Many of these competitors have substantially greater resources than the Company. The Company believes it will be successful in finding a niche in the market based upon the method of extraction utilized. Should a larger and better-financed company decide to directly compete with the Company, and be successful in its

competitive efforts, the Company's business could be adversely affected.

## Manufacturing

Oils and other compounds have been extracted from plants for centuries and manufacturing techniques are generally well established. However, producers continually work to develop improved techniques which increase manufacturing efficiency or which allow higher quality extracts to be produced. Although techniques vary depending on the type of chemical to be produced, most plant-derived chemical manufacturing involves the following stages: acquiring raw materials; extracting the material; and finally, purifying, upgrading, isolating, and/or standardizing the extract.

## Raw Materials

The principal natural raw material purchases consist of plants, flowers, tree cuttings, oil seeds and grains, fruits, vegetables, shells from shell fish (lobster, shrimp, crabs, etc) and other botanicals and animal products from which essential oils, extracts and concentrates and phytochemicals can be recovered. Finding a consistent and reliable source of plant raw materials is critical to the success of any plant-derived chemical producer. Most companies buy their raw materials from a variety of growers, collectors and brokers. Raw materials for botanicals are found worldwide, with some of the most important materials coming from developing regions of the world. In the year 2000, imports accounted for more than half of US demand for plant-derived chemicals, with a significant portion coming from India, China and a variety of other Asian and Latin American countries.

## License Agreement

On August 20, 2001, Naturol, Inc. entered into a License Agreement with MGA Holdings Ltd., then known as Naturol Limited, incorporated under the laws of the Channel Islands (Jersey) on April 29, 1998. Naturol Limited obtained the Extraction Technology in an agreement executed by and between Naturol Limited and Dr. Peter Wilde (the inventor), wherein Mr. Wilde received 2,500 shares of stock of Naturol Limited. In addition, Willow Holdings, Inc., controlled by the interests of Paul McClory, president and a director of Naturol, owns 7,500 shares of stock (75%) of Naturol Limited, the Licensor of the extraction technology.

The term of the license is for the term of the patents. Consideration for the license is a payment of \$360,000 in the first year and a minimum payment of \$360,000 annually, payable quarterly, until a first commercial sale of licensed product and for three (3) years thereafter. The annual compensation may be reduced to the extent of a like amount of royalties paid to the Licensor. After license year 5, compensation will consist solely of royalties. Royalties consist of an 8% fee based on the net sales of licensed products. In addition, a 2% royalty shall be paid on the use of license or any sublicensee of the technology.

Pursuant to the terms and conditions of the License Agreement, Naturol acquired all the rights to utilize the extraction technology for purposes of manufacture, development, production, marketing, distribution, and sublicensing of such technology in North America.

## National Research Council (Canada) & Naturol (Canada) Limited Agreement

Naturol formed a minority owned subsidiary, Naturol (Canada) Limited for the purpose of conducting research and development to establish the efficacy of, and develop further applications for the Naturol proprietary extraction process. The research and development by Naturol (Canada) Limited (NCL) is being conducted at the Prince Edward Island Food Technology Center under an agreement entered into with the National Research Council of Canada on or about November 11, 2001, and terminates November 30, 2002. Naturol formed NCL as a subsidiary, with Isaac Moss as the majority owner to afford NCL the ability to take advantage of Canadian Federal and Provincial Government tax credits utilized in the research and development. Mr. Moss is the Secretary/Treasurer and a director of Naturol and his ownership of a majority of NCL may create interests which conflict with his duties as a director of Naturol.

The Naturol Technology to be utilized under the Agreement is already covered by pending patent applications owned or licensed to Naturol. Should any new Intellectual Property be developed as a result of Work under and during the term of the Agreement then for the period ending November 30, 2007 Naturol must seek NRC's prior written consent to:

- enter into third party agreements including, without limitations, changes in the ownership of Naturol Canada,
- manufacture or cause the manufacturing outside of Canada of any products, services or processes that incorporate the IP,
- sell or otherwise dispose of the IP to any person or organization outside of Canada; and
- license the IP for the purpose of manufacturing or producing outside of Canada any products or services that incorporate the IP.

However, NRC cannot unreasonably withhold that consent. This restriction applies only to Intellectual Property developed during the term of the Agreement and does not effect prior existing technology of Naturol or future developed Naturol Technology. The management of Naturol does not see this obligation as placing any restriction on the ability of Naturol to practice its Technology and NRC has no rights to restrict the use or commercialization of prior existing or future developed Naturol Technology. In addition, a primary objective of the NRC project is to establish a toll processing facility at PEI/FTC or joint venture facilities in Canada for the processing of particularly identified Canadian bioresources. Further, this will not affect the ability of Naturol and its development and joint venture partners to develop and market products in the United States or elsewhere outside of Canada as it was fully contemplated by both the NRC and Naturol that the customers utilizing the toll facilities, as well as purchasers of goods produces therein, would most likely not be limited to Canada. Protection from third-party access to confidential business information supplied to NRC is provided by the federal (Canada) Access to Information Act.

Trademarks, Patents, and other Intellectual Property

Our most important intellectual property lies in our exclusive license with MGA Holdings Ltd. The license allows us the exclusive use of the following Patents in North America, which have 20 year terms from the date of filing:

- \* PCT Patent Application Serial Number WO 01/10527 filed 4 August 2000, based on British Patent Application 9918436.8 filed 5 August 1999, now GB Patent 2352724;
- \* PCT Patent Application Serial Number WO 00/43471 filed 20 January 2000, based on British Patent Applications 9901617.2 filed 25 January 1999 and 9905054.4 filed 5 March 1999; and
- \* PCT Patent Application (or National stage applications claiming priority thereto) based on British Patent Application GB200106972.3.

The Patents relate to the Extraction of oils from materials using a process of solvent extraction which is performed under pressure.

Naturol regards the protection of its copyrights, service marks, trademarks and trade secrets as critical to its future success and will rely on a combination of copyright, trademark, service mark and trade secret laws and contractual restrictions to establish and protect its proprietary rights in products and services. Naturol will enter into confidentiality agreements with sub-licensees, potential sub-licensees, consultants and strategic partners in order to limit access to and disclosure of its proprietary information. These contractual arrangements or the other steps taken by Naturol to protect its intellectual property may not prove sufficient to prevent misappropriation of its technology or to deter independent third-party development of similar technologies.

## Personnel

As of the date of this filing, the Company has no employees other than the four officers and directors and the Senior Vice President of its wholly-owned subsidiary, who is not a director. None of the directors or officers work full time for the Company but devote whatever time is necessary for them to assist the Company in its development. Generally officers work 20-40 hours per week. As a result of the research and development being conducted by the Prince Edward Island Food Technology Center, the Company does not expect a significant change in the number of employees over the next 12 months. It is unknown at this time whether the Company will take on the obligations of research personnel in the near future or whether the Company will continue to outsource its research and development.

## Risks

While Management believes its estimates of projected occurrences and events are within the timetable of its business plan, there can be no guarantees or assurances that the results anticipated will occur.

Our audited financial statements have been prepared assuming that we will continue as a going concern, which contemplates the recoverability of assets and the satisfaction of liabilities in the normal course of business.

### Governmental Regulations

The manufacture and sale of compounds created by the Company are subject to regulation in the United States by the Food and Drug Administration, the Agriculture Department, the Bureau of Alcohol, Tobacco and Firearms, the Environmental Protection Agency, the Occupational Safety and Health Administration, the Drug Enforcement Administration and state authorities. Foreign subsidiaries are subject to similar regulation in a number of countries. Compliance with existing governmental requirements regulating the discharge of materials into the environment has not materially affected the Company's operations, as the Company has not commenced any substantial production of its products. The research and development currently being conducted by the Company is in Canada.

Since ITFM, and the other solvents which may be used, will come in contact with substance which will be marketed by our customers as food additives or nutraceuticals, Naturol must show that the use of ITFM and other solvents which may be used are safe in the non-existent (not measurable) or minute (parts per billion) quantities which may appear in the final product purchased by the consumer. To this end Naturol will be submitting to the FDA a notification under the GRAS (Generally Recognized as Safe) Regulations and establishing a Master File at the FDA, for use by our customers, concerning the non-hazardous nature of the Naturol solvents, and particularly ITFM, when used in food products at the non-existent or minute levels which will occur. While Naturol will not be selling pharmaceutical products, we will be processing materials which will eventually become a component of a pharmaceutical product. Naturol's customers will assume the obligation to comply with the FDA regulations concerning drug approvals. However, the Master File to be established at the FDA by Naturol will provide to our customers information acceptable to the FDA and necessary to eliminate the Naturol Technology as a concern regarding the safety of the final pharmaceutical product, which will be offered.

### Foreign Corrupt Practices Act

The Foreign Corrupt Practices Act (the "Act") requires that all companies that file reports with the SEC:

- Keep reasonably detailed books and records reflecting transactions and dispositions of assets;
- Maintain a system of internal controls that include preparation of financial statements in conformity with generally accepted accounting principles and maintaining accountability for assets; and
- Cannot make any kind of payment, whether considered bribery or not, to foreign government officials for the purpose of obtaining or retaining business or securing any improper advantage

The Act applies to companies directly and indirectly through intermediaries. The Act does contain a “knowledge” requirement for payments to or by any intermediary. However, the Act permits facilitating payments to foreign officials for the purpose of expediting or securing routine governmental action by a foreign official. Management believes that the Company fully complies with the Act.

As a result of conducting business in foreign countries where the customs and business practices are different from the U.S., the Company runs the risk of business interruption for substantial periods of time, or even the termination of the ability to conduct business. During November, 2001, we formed a subsidiary, Naturol (Canada) Limited, 49% controlled by us, 51% controlled by our Secretary/Treasurer, which entity entered into an agreement with the National Research Council Canada. The agreement provides for the collective group, Naturol (Canada) Limited and the National Research Council Canada, to demonstrate the efficacy of and establish a process for the extraction and concentration of various compounds leading to the development of a commercial toll processing facility. Under the terms of the agreement between Naturol (Canada) Limited and the National Research Council Canada, Coronado may be involved in conducting business in Canada for a period of time, which is currently unknown to the Company. At this time we are under no obligation to conduct business in Canada other than as pursuant to our agreement for research and development with the National Research Council Canada, which agreement expires in November 2002.

## ITEM 2. DESCRIPTION OF PROPERTY

The Company maintains an executive office at 6265 Stevenson Way, Las Vegas, Nevada. The facility consists solely of an executive office and is currently being provided by a stockholder at no charge to the Company. Included in the lease is the use of miscellaneous office equipment such as telephone equipment, copiers, office furniture, computer equipment and related installed software.

## ITEM 3. LEGAL PROCEEDINGS

Coronado may from time to time be involved in routine legal matters incidental to its business; however, at this point in time it is currently not involved in any litigation, nor is it aware of any threatened or impending litigation.

## ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company did not have any annual meeting for the year ending January 31, 2002. No matters were put to a vote of shareholders during the year. However, subsequent to year end the following items were approved by a majority consent:

- A change in the Company’s name from Coronado Explorations Ltd. to Naturol Holdings Ltd.;
- A change in the Company’s reporting year end to December 31 for the year ending 2002;
- Amended and restated the Company’s Bylaws;

- Authorized the adoption of a Stock Option Plan for Two Million shares of common stock; and,
- Reverse split the Company's issued and outstanding common stock on a 1 for 5 basis.

## PART II

### ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Reports to Security Holders. We are a reporting company with the Securities and Exchange Commission, or SEC. The public may read and copy any materials filed with the SEC at the SEC's Public Reference Room at 450 Fifth Street N.W., Washington, D.C. 20549. The public may also obtain information on the operation on the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of that site is <http://www.sec.gov>.

Prices of Common Stock. Since July 19, 2000, we have been eligible to participate in the OTC Bulletin Board, an electronic quotation medium for securities traded outside of the Nasdaq Stock Market, and prices for our common stock are published on the OTC Bulletin under the trading symbol "COOX". This market is extremely limited and the prices quoted are not a reliable indication of the value of our common stock. Since December 2001, our common stock had a low bid price of \$0.35 per share and a high bid price of \$0.40 per share, pre split. The Company reverse split its shares on July 22, 2002. The bid price is currently approximately \$0.11 per share, post split.

During the period since the Company's shares were quoted on the OTC Bulletin Board, the following high, low, closing price and volume has been recorded:

<u>Month</u>	<u>High Price(1)</u>	<u>Low Price(1)</u>	<u>Closing Price(1)</u>	<u>Volume</u>
February 2001	1.13	.69	.69	652,000
March 2001	.63	.38	.38	21,500
April 2001	.51	.32	.32	6,000
May 2001	.74	.35	.35	110,800
June 2001	.45	.33	.45	20,000
July 2001	.49	.49	.49	9,000
August 2001	0	0	0	0
September 2001	.49	.35	.35	17,000
October 2001	.49	.35	.45	25,000
November 2001	.51	.40	.41	138,000
December 2001	.40	.35	.35	32,500
January 2002	.45	.31	.40	248,500

(1) These prices do not reflect a 1 for 5 reverse split which occurred on July 22, 2002.

Twenty-five million (25,000,000) shares of our common stock can be sold pursuant to Rule 144 promulgated pursuant to the Securities Act of 1933. Rule 144 provides, among other

things, that persons holding restricted securities for a period of one year may each sell, assuming all of the conditions of Rule 144 are satisfied, in brokerage transactions every ninety (90) days an amount of restricted securities equal to one percent (1%) of our outstanding shares of common stock, or the average weekly reported volume of trading during the four calendar weeks preceding the filling of a notice of proposed sale, whichever is more. Rule 144 also provides that, after holding such securities for a period of two (2) years, a nonaffiliate of the company may sell those securities without restriction, other than the requirement that we are current with respect to our information reporting requirements.

There are no outstanding options or warrants to purchase, or securities convertible into, shares of our common stock. There are no outstanding shares of our common stock that we have agreed to register under the Securities Act for sale by security holders. The approximate number of holders of record of shares of our common stock is fifty-two.

The Board of Directors have not declared any dividends due to the following reasons:

1. The Company has not yet adopted a policy regarding payment of dividends;
2. The Company does not have any money to pay dividends at this time;
3. The declaration of a cash dividend would result in an impairment of future working capital; and
4. The Board of Directors will not approve the issuance of a stock dividend.

Penny Stock Regulation. Shares of our common stock are subject to rules adopted by the Securities and Exchange Commission that regulate broker-dealer practices in connection with transactions in “penny stocks”. Penny stocks are generally equity securities with a price of less than \$5.00 (other than securities registered on certain national securities exchanges or quoted on the Nasdaq system, provided that current price and volume information with respect to transactions in those securities is provided by the exchange or system). The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from those rules, deliver a standardized risk disclosure prepared by the Securities and Exchange Commission, which contains the following:

- A description of the nature and level of risk in the market for penny stocks in both public offerings and secondary trading;
- A description of the broker’s or dealer’s duties to the customer and of the rights and remedies available to the customer with respect to violation to such duties or other requirements of securities’ laws;
- A brief, clear, narrative description of a dealer market, including “bid” and “ask” prices for penny stocks and the significance of the spread between the “bid” and “ask” price;
- A toll-free telephone number for inquiries on disciplinary actions;
- Definitions of significant terms in the disclosure document or in the conduct of trading in penny stocks; and
- Such other information and is in such form (including language, type, size and format), as the Securities and Exchange Commission shall require by rule or regulation.



**Prior to effecting any transaction in penny stock, the broker-dealer also must provide the customer the following:**

- The bid and offer quotations for the penny stock;
- The compensation of the broker-dealer and its salesperson in the transaction;
- The number of shares to which such bid and ask prices apply, or other comparable information relating to the depth and liquidity of the market for such stock; and
- Monthly account statements showing the market value of each penny stock held in the customer's account.

In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from those rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written acknowledgment of the receipt of a risk disclosure statement, a written agreement to transactions involving penny stocks, and a signed and dated copy of a written suitability statement. These disclosure requirements may have the effect of reducing the trading activity in the secondary market for a stock that becomes subject to the penny stock rules. Holders of shares of our common stock may have difficulty selling those shares because our common stock will probably be subject to the penny stock rules for an indeterminate period of time.

**ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION**

With the exception of historical matters, the matters discussed herein are forward looking statements that involve risks and uncertainties. Forward looking statements include, but are not limited to, statements concerning anticipated trends in revenues and net income, the date of introduction or completion of our Naturol Extraction Technology, projections concerning operations and available cash flow. Our actual results could differ materially from the results discussed in such forward-looking statements. The following discussion of our financial condition and results of operations should be read in conjunction with our financial statements and the related notes thereto appearing elsewhere herein.

**Overview**

Coronado, a Development Stage Company, was incorporated on February 2, 1999 under the laws of the State of Delaware. The Company's articles of incorporation provide that the Company is authorized to issue 200,000,000 shares of common stock at a par value of \$0.001 per share. On January 17, 2002, the Company completed a reverse triangular merger between Coronado Subsidiary Corp. ("CSC"), a Nevada corporation and a wholly owned subsidiary of Coronado, and Naturol Inc., a Nevada corporation ("Naturol"), whereby Coronado issued 50,000,009 shares of its restricted common stock in exchange for 100% of Naturol's outstanding common stock. Pursuant to the terms of the merger, Naturol merged with CSC wherein CSC ceased to exist and Naturol became a wholly owned subsidiary of Coronado. Prior to the Merger, Coronado was engaged in the exploration of mineral properties and subsequently became a shell corporation. All business of Coronado is now conducted through its wholly owned subsidiary, Naturol. Naturol owns the exclusive North American License for extraction technologies to be

developed for the use in the flavors, fragrances and pharmaceutical industries. Coronado is a development stage company, has no revenues to date and has raised capital for initial development through the issuance of its securities.

The financial statements presented are of Naturol since its inception of June 19, 2001. Naturol's fiscal period ends on December 31, however, these financial statements are for the period of inception (June 19, 2001) through January 31, 2002 to conform with Coronado's reporting fiscal year end. As a result of the recent merger and the insignificance of Coronado's financial information as a shell corporation, the presentation of financial information is of Naturol from inception.

### Plan of Operation

Since our operations have been solely based on Naturol's business since Naturol became a wholly owned subsidiary of Coronado on January 17, 2002, our plan of operation has assumed the plan of operation of Naturol. Naturol's business is to eventually provide a service of extraction employing the proprietary Naturol Extraction Technology.

We plan on satisfying our cash obligations over the next twelve months through additional equity and/or third party financing. We do not anticipate generating revenues sufficient enough to satisfy our working capital requirements within the next twelve months.

Commercialization of Naturol Extraction Technology is a function of the benefits of the extraction program launched in March 2002 at the Prince Edward Island Food Technology Center. As a consequence of the progress of the Prince Edward Island Food Technology Center results, we believe Coronado will be in a position to commence the commercialization of the extraction of saw palmetto and lutein for dietary supplements in the Nutraceutical industries which may result in revenues in 2002. Additionally, we believe the extraction of taxanes for the pharmaceutical industries may result in revenues in 2003. Other extraction technologies which may result in revenues in the next three years includes extraction for the fixed oils industry, extraction of certain biomasses for food companies, and the extraction of natural astaxanthin as a natural colorant for the aquaculture industry.

We anticipate the need for approximately 2.5 million dollars over the next twelve (12) months to be utilized for general and administrative (\$1,413,914), payment of obligations to the National Research Council Canada research program (C\$434,300 [US\$276,086]– C\$234,300 includes the payment under the NRC agreement), FDA submissions (\$150,000), payment of obligations under our License Agreement (\$360,000), and, if available, funds to acquire processing equipment (\$300,000). The food technology center, last October, submitted a proposal for funding to the Government of Canada, under a program called the AIF (Atlantic Provinces Innovation Fund) to the amount of C\$4.9 million to establish on Prince Edward Island a state of the art Plant Extraction Technology Centre. It is expected that a Canadian Government statement is imminent that will confirm that this proposal will be funded. If it is, Naturol, which will be providing the main extraction technology components of this new Center, will be obliged to contribute 20% of the funding granted by the Canadian Government over a five year period, the proposed life of the present project. This means that if C\$5 million is awarded over a five-

year period, then Naturol's obligations will be C\$200,000 annually for five years. We have included C\$200,000 in our \$2.5 million estimate above for this purpose.

As a result of our agreement between Naturol (Canada) Limited and the National Research Council Canada (NRC), our research and development is being conducted with the Prince Edward Island Food Technology Center based in Charlottetown (FTC), Prince Edward Island, Canada at a total cost of approximately C\$451,600, of which Naturol (Canada) Limited is obligated to pay C\$234,300. For the period November 2001 through March 2002 MGA Holdings Ltd. ((formerly Naturol U.K. Limited) contributed an amount of CAD\$23,000 on behalf of Naturol Canada Limited towards the cost of setting up the extraction laboratory at the FTC. In March 2002 Naturol Canada Limited submitted a claim for reimbursement to the NRC in the amount of CAD \$99,563.50 for work to be carried out by the FTC under the program. The NRC approved a reimbursement of CAD\$59,664 which payment was received by Naturol Canada Limited in May, 2002. In view of Naturol Holdings Ltd. inability to secure equity funding, Naturol Canada Limited has utilized these funds originally earmarked for reimbursement to the FTC for services rendered, to provide working capital to fund its portion of the Research and Development program. On September 28<sup>th</sup>, 2002 Naturol Canada Limited submitted a further claim for reimbursement to the NRC in the amount of CAD\$31,000 for salaries paid to a project engineer. The reimbursement of these funds is earmarked to be applied to the Research and Development program.

The Prince Edward Island Food Technology Center is a provincially funded facility providing a range of services to the agri-food and seafood processing industries. Its resources include project management, laboratory analysis, technical support, applications development and biomass extraction technology. This is anticipated to be the extent of our research over the next twelve-month period. During this research period we plan on being able to establish the Naturol Extraction Technology as a means of servicing various companies in the extraction of compounds on a commercial toll processing facility basis. In other words, we plan on generating revenues by charging a fee to companies for the utilization of our Naturol Extraction Technology.

As a result of our License Agreement with MGA Holdings, Inc., we are obligated to pay a minimum payment of \$360,000 per year, paid quarterly, of which we have paid \$50,000 in the last quarter. We have received a written confirmation that the failure to make timely payments under the License Agreement does not constitute a default in the License Agreement.

We do not anticipate the purchase or sale of any plant or significant equipment, as such items are not required by us at this time; however, in the event cash is available, we would purchase processing equipment to expedite our plan of commercialization.

We are currently utilizing the facilities of the Prince Edward Island Food Technology Center under Naturol (Canada) Limited's contract with the National Research Council Canada, who supply us with the personnel and equipment for research and development. Our officers are working without pay on a part time basis until such time as sufficient capital is available to commence the payment of salaries. We do anticipate the hiring of additional employees and the payment of salaries for our existing part time staff during the next twelve months.

## Liquidity and Capital Resources

A critical component of our operating plan impacting our continued existence is the ability to obtain additional capital through additional equity and/or debt financing. We do not anticipate enough positive internal operating cash flow until such time as we can generate substantial revenues from fees earned as a result of our Naturol Extraction Technology, which may take the next few years to fully realize. In the event we cannot obtain the necessary capital to pursue our strategic plan, we may have to cease or significantly curtail our operations. This would materially impact our ability to continue operations.

Our near term cash requirements are anticipated to be offset through the receipt of funds from private placement offerings and loans obtained through private sources. Since inception, we have financed cash flow requirements through debt financing and issuance of common stock for cash and services. As we expand operational activities, we may continue to experience net negative cash flows from operations, pending receipt of servicing or licensing fees, and will be required to obtain additional financing to fund operations through common stock offerings and bank borrowings to the extent necessary to provide working capital.

Over the next twelve months we believe that existing capital and anticipated funds from operations will not be sufficient to sustain operations and planned expansion. Consequently, we will be required to seek additional capital in the future to fund growth and expansion through additional equity or debt financing or credit facilities. No assurance can be made that such financing would be available, and if available it may take either the form of debt or equity. In either case, the financing could have a negative impact on our financial condition and our Stockholders.

We anticipate incurring operating losses over the next twelve months. Our lack of operating history makes predictions of future operating results difficult to ascertain. Our prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly companies in new and rapidly evolving markets such as technology related companies. Such risks include, but are not limited to, an evolving and unpredictable business model and the management of growth. To address these risks we must, among other things, obtain a customer base, implement and successfully execute our business and marketing strategy, continue to develop and upgrade technology and products, provide superior extraction results, respond to competitive developments, and attract, retain and motivate qualified personnel. There can be no assurance that we will be successful in addressing such risks, and the failure to do so can have a material adverse effect on our business prospects, financial condition and results of operations.

As of January 31, 2002, the Company had assets of \$4,831, and \$88,634 of liabilities. The liabilities include accounts payable of \$62,038 and a promissory note of \$26,565.

## Going Concern

The Company's auditors have requested the Company provide Note 2 in the Company's financial statement as follows:

“The Company's financial statements have been prepared assuming that the Company will continue as a going concern. The Company does not have any business operations to date and is dependent upon the continued sale of its securities or obtaining debt financing for funds to meet its cash requirements. These factors raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.”

#### ITEM 7. FINANCIAL STATEMENTS

See Index to Financial Statements and Financial Statement Schedules appearing on page F-1 through F-8 of this Form 10-KSB.

#### ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

The Board of Directors appointed Weaver & Martin, LLC, as the Registrant's independent accountants for the fiscal year ending January 31, 2002. This is a change in accountants recommended by Registrant's Executive Management and approved by Registrant's Board of Directors. Weaver & Martin, LLC was engaged by Registrant on April 18, 2002. Andersen, Andersen & Strong, L.C. was dismissed as Registrant's independent accountant on April 18, 2002.

The audit reports issued by Andersen, Andersen & Strong, L.C. with respect to the Registrant's financial statements for the years ending January 31, 2000 and 2001 did not contain an adverse opinion or disclaimer of opinion, and were not qualified as to uncertainty, audit scope or accounting principles. From April 1999 through April 18, 2002, when Andersen, Andersen & Strong, L.C. was dismissed as the Registrant's independent accountant, there were no disagreements between the Registrant and Andersen, Andersen & Strong, L.C. on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Andersen, Andersen & Strong, L.C., would have caused it to make a reference to the subject matter of the disagreement in connection with its audit report.

The change in accountants was not as a result of any dissatisfaction with the quality of professional services rendered by Andersen, Andersen & Strong, L.C. as the independent accountants of Registrant.

### PART III

#### ITEM 9 DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT

The members of the Board of Directors of the Company serve until the next annual meeting of stockholders, or until their successors have been elected. The officers serve at the

pleasure of the Board of Directors. Information as to the directors and executive officers of the Company is as follows:

<u>Name</u>	<u>Age</u>	<u>Positions and Offices held</u>
Paul McClory	61	CEO, President, Chairman and Director
Isaac Moss	49	Secretary, Treasurer and Director
Michael J. Ram	61	Director
Michael Davenport	60	Director, Chief Financial Officer

### **Duties, Responsibilities and Experience**

**Paul G. McClory**, age 61, is Chairman of the Board & Chief Executive Officer of the Company. Mr. McClory is the founder of Naturol, Inc. and Naturol Limited. Since founding Naturol Limited in 1998, Mr. McClory has been striving to develop alternative innovative, cost effective proprietary technology for the extraction of valuable essential oils and bioactive compounds from plants for the pharmaceutical, nutraceutical, flavor and fragrance industries. Mr. McClory was a founding director and shareholder of Advanced Material Resources, currently listed on the Toronto Stock Exchange. In 1990 Mr. McClory founded North American Tire Recycling, which was taken over by a NASDAQ listed company in 1992. In addition Mr. McClory has held board positions on the following reporting companies; Kafas Industries and Sun Power Corp.

**Isaac Moss**, age 49, is Secretary/Treasurer and a Director of the Company. For the past ten years Isaac Moss has specialized in providing investment banking and strategic business advisory services, initially as an independent consultant, and since 1993 under Securities Trading Services, Inc. of Geneva, Switzerland, where Mr. Moss still provides corporate finance and strategic business/partnering advisory services to some of STS's client companies. Mr. Moss is a graduate of the University of Cape Town and has a Bachelor of Social Science, Masters Degree in Public Administration, and a post-graduate business qualification. In addition, Mr. Moss has had a position of director on the following reporting companies; Resource Finance & Investment Ltd., Contango Oil and Gas Co., Cycomm International, Inc., and Calcitech Ltd. (formerly Kemgas Ltd.).

**Michael J. Ram**, age 61, is a Director of the Company. Dr. Ram received his B.S. from Lafayette College, and his M.S. and D.Sc in chemical engineering from New Jersey Institute of Technology. He obtained his law degree from Seton Hall Law School in 1972, and has been practicing in the field of intellectual property law since 1973. Dr. Ram, holder of more than 20 U.S. patents, is admitted to practice before the United States Patent & Trademark Office and the state bars of California, New York, and New Jersey. Prior to entering private practice, Dr. Ram was a Senior Research Engineer with Celanese Research Company, Patent Counsel and Director of Technical Liaison for C.R.Bard, Inc.; Vice President of Research & Development for Starr Surgical; and General Counsel for Kabi Pharmacia Ophthalmics, Inc. From 1992 to 1997 he was Senior Counsel with Loeb & Loeb and from 1997 to 1999 he was a partner of Arant, Kleinberg, Lerner & Ram, both of which were Los Angeles law firms. Since 1999 he has been Senior Counsel with Koppel & Jacobs.

**Michael Davenhill**, age 60, is a Director and Chief Financial Officer of the Company. From February 1990 to present, Mr. Davenhill has been self employed as a financial consultant specializing in the development of embryonic companies with potential, in need of resources and possible hands-on operational financial assistance. Additionally, Mr. Davenhill currently is a director of FAS International Limited, which is quoted on the Canadian Venture Exchange. Michael Davenhill has had a forty-year career in the area of financial management with some major multinational corporations. He has held the position of Senior Executive in the Financial Section of the Unilever Corporation, Financial Controller Schlumberger Limited - Dow Chemical joint venture, Chief Financial Officer Schlumberger Limited Africa Division, Financial Director Teleco Inc. - Elf Aquitaine venture, a division of Schlumberger Limited, Financial Director J. Walter Thompson Group Ltd. and Financial Director Benton & Bowles, Marshall Cavendish. Mr. Davenhill has a Masters Degree from Oxford University.

**Curt Hendrix**: Senior Vice President of Naturol, Inc., Age 60. From 1995 until present, Mr. Hendrix has been involved in the research and development of natural medicines for conditions such as Migraine headaches, osteoporosis, benign prostatic hyperplasia and cardio vascular disease. He also has experience in the flavors and fragrance industry. Over the years Curt Hendrix has researched and created one of the most substantial databases of medical knowledge on treatment of illness via natural health products. His monographs and research publications are approved by physicians and taught to physicians, pharmacists and other health care providers in the U.S. Curt Hendrix has researched and published scientific monographs on treatment via natural medicines of Depression, Cognitive Decline, Alzheimer's, and other diseases.

Curt Hendrix was recently awarded a patent on natural medication formulation for the treatment of Migraine which is currently undergoing clinical trials by Kaiser Permanente and is also published in the book 'What your doctor may not tell you about Migraines' written by Dr's Alexander and Mauskop.

#### Election of Directors and Officers.

Directors are elected to serve until the next annual meeting of stockholders and until their successors have been elected and qualified. Officers are appointed to serve until the meeting of the Board of Directors following the next annual meeting of stockholders and until their successors have been elected and qualified.

No Executive Officer or Director of the Corporation has been the subject of any Order, Judgment, or Decree of any Court of competent jurisdiction, or any regulatory agency permanently or temporarily enjoining, barring suspending or otherwise limiting him from acting as an investment advisor, underwriter, broker or dealer in the securities industry, or as an affiliated person, director or employee of an investment company, bank, savings and loan association, or insurance company or from engaging in or continuing any conduct or practice in connection with any such activity or in connection with the purchase or sale of any securities.

No Executive Officer or Director of the Corporation has been convicted in any criminal proceeding (excluding traffic violations) or is the subject of a criminal proceeding which is currently pending.

No Executive Officer or Director of the Corporation is the subject of any pending legal proceedings.

#### *Section 16(a) Beneficial Ownership Reporting Compliance*

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), requires Coronado executive officers and directors, and persons who beneficially own more than ten percent of Coronado's common stock, to file initial reports of ownership and reports of changes in ownership with the SEC. Executive officers, directors and greater than ten percent beneficial owners are required by SEC regulations to furnish Coronado with copies of all Section 16(a) forms they file. Based upon a review of the copies of such forms furnished to Coronado and written representations from Coronado executive officers and directors, Coronado believes that during the year ended 2001, Paul McClory, Michael Ram, Isaac Moss and Michael Davenport did not file forms 3 and forms 4 on a timely basis but did file in April 2002.

### ITEM 10. EXECUTIVE COMPENSATION

#### **Cash Compensation**

During the fiscal year ended January 31, 2002 none of the officers or directors of the Company have received monetary compensation for their services as an officer or director.

#### **Termination of Employment**

There are no compensatory plans or arrangements, including payments to be received from the Company, with respect to any person named in Cash Consideration set out above which would in any way result in payments to any such person because of his resignation, retirement, or other termination of such person's employment with the Company or its subsidiaries, or any change in control of the Company, or a change in the person's responsibilities following a change in control of the Company.



## Summary Compensation Table

Name and Principal Position	Year	<u>Annual Compensation</u>			<u>Long Term Compensation</u>		
		Salary	Bonus	Other Annual Compensation	Restricted Stock	Options	Others
Paul McClory President/Director	2001	0	0	0	49,656,305(1)	0	0
Michael Ram Director	2001	0	0	0	0	0	0
Isaac Moss Secretary/Treasurer Director	2001	0	0	0	0	0	0
Michael Davenhill Director	2001	0	0	0	0	0	0
Mary Hethey (2) Prior President/Director	2001	0	0	0	0	0	0
Carsten Mide (2) Prior Director	2001	0	0	0	0	0	0
Stacey Bligh (2) Prior Secretary/Treasurer	2001	0	0	0	0	0	0

(1) Beneficially controls Willow Holdings Ltd.

(2) Served as Officers/Directors before merger.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information as of the date of this filing relating to the beneficial ownership of Coronado common stock by those persons known to Coronado to beneficially own more than 5% of Coronado Capital Stock, by each of Coronado's directors, proposed directors and executive officers, and by all of Coronado's directors, proposed directors and executive officers as a group.

Name of Beneficial Owner (1)	Number of Shares	Percent Beneficially Owned
Willow Holdings Ltd. / Paul McClory (2) P.O. Box 393 7-11 Britannia Place, St. Helier, Jersey JE8US Channel Islands	49,656,305	66.2%
Michael Ram 555 St. Charles Drive, Suite 107 Thousand Oaks, CA 91360	0	0%
Isaac Moss 1122 West 27 <sup>th</sup> Avenue Vancouver, B.C., Canada V6H 2B8	0	0%
Michael Davenport Flat 31-79 Gloucester Street London, United Kingdom SW1V4EA	0	0%
All Directors & Officers and Beneficial Owners as a Group	49,656,305	66.2%

- (1) As used in this table, "beneficial ownership" means the sole or shared power to vote, or to direct the voting of, a security, or the sole or shared investment power with respect to Common Stock (i.e., the power to dispose of, or to direct the disposition of, a security). The address of each person is care of the Company.
- (2) Beneficially controlled by Paul McClory, president and a director of the Company.

## ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

On January 17, 2002, Coronado completed a reverse triangular merger between Coronado Subsidiary Corp. (“CSC”), a Nevada corporation and wholly owned subsidiary of Coronado, and Naturol Inc., a Nevada corporation (“Naturol”), whereby Coronado issued 50,000,009 shares of its 144 restricted common stock to Paul Mc in exchange for 100% of Naturol Inc.’s outstanding common stock. Naturol Inc., at the time of the merger, was owned 99% by Willow Holdings Inc. Willow Holdings Inc. is beneficially controlled by Paul McClory, president and a director of the Company. Willow Holdings Inc. held 48,400,000 shares of Naturol Inc., which shares were exchanged for 49,656,305 shares of Coronado. Naturol Inc. received its license for the Extraction Technology from MGA Holdings Inc., formerly Naturol Limited, a Channel Island (Jersey) corporation, 75% owned by Willow Holdings Inc. Naturol Limited changed its name to MGA Holdings Inc. on April 8, 2002. Naturol Limited (Jersey) received the Extraction Technology through a contribution by Dr. Peter Wilde, the inventor. The license held by Naturol Inc. (Nevada) is for North America (United States, Canada, & Mexico). The remaining rights are held by MGA Holdings Inc. MGA Holdings Inc., (Naturol Limited (Jersey)) has an International Patent Application (No. PCT/GB00/02957) and UK Patent Application (No. 9918436.8) pending.

In November 2001, Naturol Inc. invested in Naturol (Canada) Limited for purposes of entering into an agreement with the National Research Council of Canada. Naturol (Canada) Limited is owned 49% by Naturol Inc. and 51% by Isaac Moss, Secretary/Treasurer and a Director of Coronado. Additionally, Isaac Moss is also President of Naturol (Canada) Limited. The objective of the project, which is the result of the agreement between the National Research Council of Canada and Naturol (Canada) Limited is to “demonstrate the efficacy of and establish a process for the extraction and concentration of hydro-fluorocarbon solvent extraction of lipophilic compounds leading the development of a commercial toll processing facility.”

Coronado Explorations Ltd. through its wholly owned subsidiary Naturol Inc, has established an Attorney/Client relationship with the law firm of Koppel, Jacobs, Patrick & Heybl (KJPH) under which KJPH provides legal services to Naturol. These services include, but are not limited to: a) the drafting and negotiating of various contracts for Naturol, including license, joint venture, acquisition, employment and other business related agreements, b) advising on, preparing, and obtaining world wide protection of the intellectual property (patents, copyright, trademarks and trade secrets) of Naturol and c) other legal matters as they arise. Dr. Michael J. Ram is Senior Counsel with KJPH and is responsible for handling such matters. Naturol is in debt to KJPH in the amount of \$26,493.39 for such services previously rendered.

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

- 2(a)\*\* Agreement and Plan of Merger between Coronado Explorations Ltd and Naturol, Inc.
- 2(b)\*\*\* Amendment No. 1 to the Agreement and Plan of Merger between Coronado Explorations Ltd and Naturol, Inc.
- 3(i)(a)\* Certificate of Incorporation of Coronado Explorations Ltd.—Dated February 2, 1999
- 3(i)(b)\*\*\* Amended and Restated Articles of Incorporation of Coronado Explorations Ltd.—Dated May 20, 1999
- 3(i)(c) Certificate of Amendment of Certificate of Incorporation of Coronado Explorations Ltd.—Dated October 5, 2000
- 3(i)(d) Articles of Incorporation of Naturol, Inc.—Dated June 9, 2001
- 3(ii)(e)\*\*\* Bylaws of Coronado Explorations Ltd.—Dated February 2, 1999
- 3(ii)(f) Bylaws of Naturol, Inc.—Dated August 20, 2001
- 3(i)(g)\*\*\* Certificate of Merger between Coronado Subsidiary Corp. and Naturol, Inc.
- 10(a)\*\*\* License Agreement between Naturol, Inc., a Nevada corporation and Naturol Limited, a corporation incorporated under the laws of Jersey.
- 10(b) Agreement between National Research Council Canada and Naturol (Canada) Limited—Dated October 23, 2001
- 23 Consent of Auditor
- 99\*\*\* Press Release—Dated January 22, 2002
- 99\*\*\* Press Release—Dated January 23, 2002
- 99 Press Release—Dated January 23, 2002
- 99 Press Release—Dated January 29, 2002
- 99 Press Release—Dated February 5, 2002
- 99 Press Release—Dated February 12, 2002
- 99 Press Release—Dated March 4, 2002

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\* Filed in form 10SB12G on June 9, 1999

\*\* Filed in form 8-K on October 25, 2001

\*\*\* Filed in form 8-K on January 25, 2002

(b.) Reports on Form 8-K – Filed in the Last Quarter

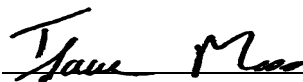
1. 8-K Report filed on April 26, 2002, Change of Accountants to Weaver & Martin, LLC.
2. 8-K Report filed on January 25, 2002, Merger between Coronado Explorations, Ltd. and Naturol, Inc.
3. 8-K Report filed on October 25, 2001, Change of control of Registrant.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

NATUROL HOLDINGS LTD.

(Registrant)

By:   
Isaac Moss,  
President/Secretary/Treasurer/Director

Dated: October 3, 2002

By:   
Michael Rami, Director

Dated: October 3, 2002

By:   
Michael Davenhill,  
Chief Financial Officer  
/Director

Dated: October 3, 2002

## EXHIBIT INDEX

2(a)**	Agreement and Plan of Merger between Coronado Explorations Ltd and Naturol, Inc.
2(b)***	Amendment No. 1 to the Agreement and Plan of Merger between Coronado Explorations Ltd and Naturol, Inc.
3(i)(a)*	Certificate of Incorporation of Coronado Explorations Ltd.—Dated February 2, 1999
3(i)(b)***	Amended and Restated Articles of Incorporation of Coronado Explorations Ltd.—Dated May 20, 1999
3(i)(c)	Certificate of Amendment of Certificate of Incorporation of Coronado Explorations Ltd.—Dated October 5, 2000
3(i)(d)	Articles of Incorporation of Naturol, Inc.—Dated June 19, 2001
3(ii)(e)***	Bylaws of Coronado Explorations Ltd.—Dated February 2, 1999
3(ii)(f)	Bylaws of Naturol, Inc.—Dated August 20, 2001
3(i)(g)***	Certificate of Merger between Coronado Subsidiary Corp. and Naturol, Inc.
10(a)***	License Agreement between Naturol, Inc., a Nevada corporation and Naturol Limited, a corporation incorporated under the laws of Jersey.
10(b)	Agreement between National Research Council Canada and Naturol (Canada) Limited—Dated October 23, 2001
23	Consent of Auditor
99***	Press Release—Dated January 22, 2002
99***	Press Release—Dated January 23, 2002
99	Press Release—Dated January 23, 2002
99	Press Release—Dated January 29, 2002
99	Press Release—Dated February 5, 2002
99	Press Release—Dated February 12, 2002
99	Press Release—Dated March 4, 2002

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\* Filed in form 10SB12G on June 9, 1999

\*\* Filed in form 8-K on October 25, 2001

\*\*\* Filed in form 8-K on January 25, 2002

Report of Independent Certified Public Accountants

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## **Report of Independent Certified Public Accountants**

### **Stockholders and Directors Coronado Explorations Ltd.**

We have audited the accompanying balance sheet of Coronado Explorations Ltd. (a development stage company) as of January 31, 2002 and the related statements of operations, shareholders' deficit, and cash flows for the period of inception (June 19, 2001) to January 31, 2002. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Coronado Explorations Ltd. as of January 31, 2002 and the results of their operations and their cash flows for period of inception (June 19, 2001) to January 31, 2002 in conformity with generally accepted accounting principles in the United States.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company does not have any business operations to date and is dependent upon the continued sale of its securities or obtaining debt financing for funds to meet its cash requirements. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans with regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**Weaver & Martin, LLC**

Kansas City, Missouri  
April 19, 2002



**Coronado Explorations Ltd.**  
**(A Development Stage Company)**  
**Balance Sheet**  
**January 31, 2002**

Assets	
Current Assets:	
Cash	\$ <u>4,831</u>
Total current assets	<u>4,831</u>
Investment in Naturol Canada Limited	<u>31</u>
	\$ <u><u>4,862</u></u>
Liabilities and Shareholders' Deficit:	
Current liabilities:	
Accounts payable	\$ 62,038
Note payable	26,565
Due to Naturol Canada Limited	<u>31</u>
Total current liabilities	<u>88,634</u>
Shareholders' Deficit:	
Common stock 200,000,000 shares authorized par value \$.001, 75,000,009 shares issued and outstanding at January 31, 2002	75,000
Paid-in-capital	30,650
Subscriptions receivable	(28,400)
Deficit accumulated during the developmental stage	<u>(161,022)</u>
Total shareholders' deficit	(83,772)
Total liabilities and shareholders' deficit	\$ <u><u>4,862</u></u>

**See notes to financial statements**

**Coronado Explorations Ltd.**  
**(A Development Stage Company)**  
**Statement of Operations**  
**Period of Inception (June 19, 2001) to January 31, 2002**

Professional fees	\$	97,598
License fees		50,000
Interest expense		65
Office expense		<u>13,359</u>
Net loss	\$	<u><u>161,022</u></u>
Net loss per share basic and diluted	\$	<u><u>(0.00)</u></u>
Weighted average shares outstanding		<u><u>44,798,092</u></u>

**See notes to financial statements**

**Coronado Explorations Ltd.**  
**(A Development Stage Company)**  
**Statement of Shareholders' Deficit**  
**Period of Inception (June 19, 2001) to January 31, 2002**

	Common Stock			Subscription	Paid In	Deficit
	Per	Shares	Amount	Receivable	Capital	Accumulated
	Share					During The
						Developmental
						Stage
Inception-shares sold	\$0.001	48,400,000	\$ 48,400	\$ (28,400)	\$ --	\$ --
Shares sold	0.250	335,000	335	--	83,415	--
Reverse merger	0.001	26,265,009	26,265	--	(52,765)	--
Net loss		--	--	--	--	(161,022)
Balance January 31, 2002		<u>75,000,009</u>	<u>\$ 75,000</u>	<u>\$ (28,400)</u>	<u>\$ 30,650</u>	<u>\$ (161,022)</u>

**See notes to financial statements**

**Coronado Explorations Ltd.**  
**(A Development Stage Company)**  
**Statement of Cash Flows**  
**Period of Inception (June 19, 2001) to January 31, 2002**

Cash flows from operating activities:	
Net loss	\$ (161,022)
Changes in operating assets and liabilities:	
Accounts payable	<u>62,038</u>
Cash used in operating activities	<u>(98,984)</u>
Cash flows from financing activities:	
Increase in note payable	65
Proceeds from the sale of common stock	<u>103,750</u>
	<u>103,815</u>
Increase in cash	\$ <u><u>4,831</u></u>
Supplemental disclosure of cash flow information:	
Cash paid for interest	\$ <u><u>--</u></u>
Cash paid for income taxes	<u><u>--</u></u>
Noncash financing activities:	
Stock issued for subscription receivable	\$ <u><u>28,400</u></u>
Stock issued and note assumed in reverse merger	<u><u>52,765</u></u>
Investment in affiliated company	<u><u>31</u></u>

**See notes to financial statements**

**Coronado Explorations Ltd.**  
**(A Development Stage Company)**  
**Notes to Consolidated Financial Statements**

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

**Organization and business**

On January 17, 2002, Naturol Inc., a Nevada corporation (Naturol) merged with Coronado Subsidiary Corp. (CSC), a wholly owned subsidiary of Coronado Explorations Ltd. (CEL) in a reverse triangular merger wherein Naturol survived as a wholly owned subsidiary of CEL. CEL was a reporting public shell which was formed as a Delaware corporation in February of 1999. Naturol received 50,000,009 shares of CEL and assumed a note due from CEL to a shareholder of Naturol totaling \$26,500. Also 25,000,000 outstanding shares of CEL remained outstanding. Naturol exchanged the 50,000,009 shares received in the merger with its shareholders who held 48,735,000 shares. The par value of the CEL shares (\$25,000) that remained outstanding, the par value of the excess shares issued in the exchange for Naturol shares (\$1,265) and the note value (\$26,500) were offset to paid in capital. There were no assets or operating activities of CEL as it was a development stage entity. These financial statements are of Naturol since its inception on June 19, 2001. Naturol's fiscal period ends on December 31, however, these financial statements are for the period of inception (June 19, 2001) through January 31, 2002 to conform with CEL's reporting fiscal year end. CEL anticipates changing its year end from January 31<sup>st</sup> to December 31<sup>st</sup>.

Naturol was organized June 19, 2001, under the laws of the state of Nevada. The Company holds the exclusive North American license to the technology of extracting oils and bioactive compounds from natural minerals.

The Company is a 49% owner of Naturol (Canada) Limited with the remaining 51% owned by an Officer of the Company. The Canadian affiliate began operations in November, 2001 and has no significant assets, liabilities or operations.

The Company is in the development stage and its activities to date have been limited to organizational activities including developing and implementing its business plan, establishing business strategies and formulating a strategy to raise equity.

**Fair value of financial instruments**

The carrying amounts of cash, accounts payable, notes payable and due to affiliates approximate fair value because of the short-term natures of these items.

**Revenue Recognition**

The Company's revenue recognition policy on any sale is to recognize revenue when products are shipped.

**Coronado Explorations Ltd.**  
**(A Development Stage Company)**  
**Notes to Consolidated Financial Statements**

**Loss per share**

Basic and diluted loss per share was computed in accordance with Statement of Financial Accounting Standards No. 128. Basic loss per share is computed by dividing the net loss available to common shareholders (numerator) by the weighted average of common shares outstanding (denominator) during the period and excludes the potentially dilutive common shares. Diluted net loss per share gives effect to all potential dilutive common shares outstanding during a period. There were no potentially dilutive common shares outstanding on January 31, 2002.

**Income taxes**

Deferred tax assets and liabilities are recorded for the future tax consequences of temporary differences between the tax basis of assets and liabilities. Deferred tax assets of approximately \$55,000 related to the net loss carryforward which expires in 2016 has been offset by a valuation reserve since the utilization of this asset cannot be assured.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Investment in affiliated company**

The investment in Naturol (Canada) Limited is accounted for under the equity method since the ownership of the company is 49%. All operating results of Naturol (Canada) Limited will be included in the operations of the Company based on the ownership percentage. At January 31, 2002 Naturol (Canada) Limited had no operations.

**NOTE 2 - BASIS OF PRESENTATION**

The Company's financial statements have been prepared assuming that the Company will continue as a going concern. The Company does not have any business operations to date and is dependent upon the continued sale of its securities or obtaining debt financing for funds to meet its cash requirements. These factors raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**Coronado Explorations Ltd.**  
**(A Development Stage Company)**  
**Notes to Consolidated Financial Statements**

**NOTE 3-SUBSCRIPTIONS RECEIVABLE**

The company has a subscription receivable for the sale of stock. The receivable is due in the next fiscal year.

**NOTE 4-LICENSE AGREEMENT**

Naturol has entered into a license agreement with an affiliated company MGA Holdings, Ltd. (formerly known as Naturol Limited (Jersey) of the Channel Islands) whereby it has been licensed the rights to the invention of a process and apparatus for preparing extracts and oils from natural plants. Naturol has rights and licenses for North America (United States, Canada and Mexico). The term of the agreement is for the term of the patent. Consideration for the agreement is a payment of \$360,000 in the first year and a minimum payment of \$360,000 annually until the first commercial sale of licensed product and for three years thereafter. After license year 5 compensation will consist of royalties. Royalties consist of a 8% fee based on net sales of the licensed products. In addition a 2% royalty shall be paid on the use of licensee or any sub-licensee of the trademark. During the period ended January 31, 2002 there was \$50,000 paid and expensed on the license agreement. The remaining \$310,000 owed for the first year of the agreement will be expensed as it is paid.

**NOTE 5-RELATED PARTY TRANSACTIONS**

Fees totaling \$34,773 were incurred with a law firm in which a Director is Senior Counsel during the period of inception to January 31, 2002.

**NOTE 6-NOTE PAYABLE**

The note payable is a demand note due to a shareholder with an interest rate of 10%. Interest has been accrued and added to the note balance.

**NOTE 7-SUBSEQUENT EVENTS**

On February 12, 2002 Naturol (Canada) Limited entered into a product research and development partnership for the purpose of developing proprietary products for the pharmaceutical and nutraceutical industries. The initial cost is estimated to be C\$451,600 of which Naturol (Canada) Limited's contribution will be approximately C\$234,300.