

SECURITIES AND EXCHANGE COMMISSION

FORM 10QSB/A

Optional form for quarterly and transition reports of small business issuers under section 13 or 15(d) [amend]

Filing Date: **2002-10-01** | Period of Report: **2002-07-31**
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FILER

NATUROL HOLDINGS LTD

CIK: **1084031** | IRS No.: **980200471** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **10QSB/A** | Act: **34** | File No.: **000-26309** | Film No.: **02778904**
SIC: **1400** Mining & quarrying of nonmetallic minerals (no fuels)

Mailing Address
6265 STEVENSON WAY
6265 STEVENSON WAY
LAS VEGAS NV 89120

Business Address
6265 STEVENSON WAY
LAS VEGAS NV 89120
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB/A
Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934.

For the quarter ended July 31, 2002 Commission file number 000-26309

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

Delaware 98-0200471
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

6265 Stevenson Way 89120
Las Vegas, Nevada, USA (zip code)
(Address of principal executive offices)

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

Indicate by check mark whether the registrant (1) 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

The number of shares of Common Stock, \$0.001 par value, outstanding on September 10, 2002, was 15,000,003 shares, held by approximately 41 shareholders.

NATUROL HOLDINGS LTD.
(Formerly Coronado Explorations Ltd.)
JULY 31, 2002
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

NATUROL HOLDINGS LTD.
(Formerly Coronado Explorations Ltd.)
(A Development Stage Company)
CONDENSED BALANCE SHEETS

	July 31, 2002 (Unaudited)	January 31, 2002
<S>	<C>	<C>
Assets		
Current Assets:		
Cash	\$ 5,439	\$ 4,831

Total current assets	5,439	4,831
Investment in and advances to Naturol Canada Limited	- -	31
	\$ 5,439	\$ 4,862

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Liabilities and Shareholders' Deficit:

<S>	<C>	<C>
Current liabilities:		
Accounts payable	\$ 105,225	\$ 62,038
Note payable	109,909	26,565
Due to Naturol (U.K.) Limited	5,285	- -
Due to Naturol Canada Limited	- -	31
Total current liabilities	220,419	88,634
Investment in and advances to Naturol Canada Limited	60,307	- -
Shareholders' Deficit:		
Common stock 200,000,000 shares authorized par value \$.001, 15,000,003 shares issued and outstanding at January 31, 2002 and July 31,2002	15,000	15,000
Paid-in-capital	90,650	90,650
Subscriptions receivable	(28,400)	(28,400)
Deficit accumulated during the developmental stage	(352,537)	(161,022)
Total shareholders' deficit	(275,287)	(83,772)
Total liabilities and shareholders' deficit	\$ 5,439	\$ 4,862

</TABLE>

See notes to condensed financial statements

<TABLE>

NATUROL HOLDINGS LTD.
(Formerly Coronado Explorations Ltd.)
(A Development Stage Company)
CONDENSED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Months Ended July 31, 2002	Three Months Ended July 31, 2001	Six Months Ended July 31, 2002	Six Months Ended July 31, 2001	From Inception June 18, 2001 to July 31, 2002
<S>	<C>	<C>	<C>	<C>	<C>

Professional fees	\$ 76,180	\$ -	\$ 98,150	\$ -	\$ 195,748
License fees	-	-	-	-	50,000
Interest expense	2,680	-	3,344	-	3,409
Equity in net loss of affiliate	48,956	-	60,446	-	60,446
Office expense	3,498	-	9,118	-	22,477
Travel & entertainment	3,190	-	20,457	-	20,457
	-----	-----	-----	-----	-----
Net loss	\$ 134,504	\$ -	\$ 191,515	\$ -	\$ 352,537
	=====	=====	=====	=====	=====
Net loss per share basic and diluted	\$ (0.01)	\$ -	\$ (0.01)	\$ -	\$ (0.02)
	=====	=====	=====	=====	=====
Weighted average shares outstanding	15,000,003	-	15,000,003	-	14,814,882
	=====	=====	=====	=====	=====

</TABLE>

See notes to condensed financial statements

<TABLE>

NATUROL HOLDINGS LTD.
(Formerly Coronado Explorations Ltd.)
(A Development Stage Company)
CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Six Months Ended July 31, 2002	Six Months Ended July 31, 2001	From Inception June 18, 2001 to July 31, 2002
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net loss	\$(191,515)	\$ -	\$(352,537)
Changes in operating assets and liabilities:			
Accounts payable	43,187	-	105,225
	-----	-----	-----
Cash used in operating activities	(148,328)	-	(247,312)
	-----	-----	-----
Cash flows from financing activities:			
Increase in note payable	83,344	-	83,409
Increase in due to Naturol (U.K.) Limited	5,285	-	5,285
Proceeds from the sale of common stock	-	-	103,750
	-----	-----	-----
	88,629	-	192,444
	-----	-----	-----
Cash flows from investing activities:			
Investment in and advances to Naturol Canada Limited	60,307	-	60,307

Increase in cash	608	-	5,439
Cash beginning of period	4,831	-	-
Cash end of period	\$ 5,439	\$ -	\$ 5,439
Supplemental disclosure of cash flow information:			
Cash paid for interest	\$ -	\$ -	\$ -
Cash paid for income taxes	-	-	-
Noncash financing activities:			
Stock issued for subscription receivable	\$ -	\$ -	\$ 28,400
Stock issued and note assumed in reverse merger	-	-	52,765
Investment in affiliated company	-	-	31

</TABLE>

See notes to condensed financial statements

NATUROL HOLDINGS LTD.
(Formerly Coronado Explorations Ltd.)
(A Development Stage Company)
NOTES TO CONDENSED FINANCIAL STATEMENTS

Note 1 - Basis of Presentation

The unaudited condensed financial statements have been prepared in accordance with United States generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB and reflect all adjustments which, in the opinion of management, are necessary for a fair presentation. All such adjustments are of a normal recurring nature. The results of operations for the interim period are not necessarily indicative of the results to be expected for a full year. Certain amounts in the prior year statements have been reclassified to conform to the current year presentations. The statements should be read in conjunction with the financial statements and footnotes thereto included in the Company's Form 10-KSB for the year ended January 31, 2002.

Note 2 - Commitments and Contingencies

Going Concern

The accompanying condensed financial statements have been prepared assuming that the Company will continue as a going concern. The ability of the Company to continue as a going concern is dependent upon management to

attain profitable operations based on the development of products that can be sold. Management intends to use borrowings and security sales to mitigate the affects of its cash position, however no assurance can be given that debt or equity financing, if and when required, will be available. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and classification of liabilities that might be necessary should the Company be unable to continue in existence.

Note 3 - Note Payable

The Company in the quarter ended July 31, 2002 and for the six month period has borrowed \$5,000 and \$75,000 respectively from a shareholder. The demand note has an interest rate of 10%. Total borrowed including unpaid interest at July 31, 2002 was \$109,909.

Note 4 - Due to Affiliate

The Company borrowed \$5,285 from Naturol, (U.K.) Limited. The interest rate on the demand note is 10%.

Note 5 - Marketing Agreement

The Company entered into a media and public relations consulting agreement for a term of one year requiring a \$6,000 per month consulting fee commencing on April 1, 2002. The agreement was terminated in June, 2002.

NATUROL HOLDINGS LTD.
(Formerly Coronado Explorations Ltd.)
(A Development Stage Company)
NOTES TO CONDENSED FINANCIAL STATEMENTS

Note 6 - Investment in Naturol Canada Limited

An investment in Naturol Canada Limited is accounted for under the equity method as the Company owns 49% of the outstanding stock. During the quarter ended July 31, 2002 the Company has recorded a \$48,956 loss on the investment which represented the Company's percentage ownership of the total loss. The year to date loss is \$60,446.

Note 7- Related Party transactions

The Company utilized professional legal services from a Board Member. For the period to date through July 31, 2002 \$32,756 in fees were charged by the law firm. Amount owed to the law firm at July 31, 2002 totaled \$56,249.

Note 8-Name Change and Year End Change

The Company changed its name to Naturol Holdings Ltd. on July 23, 2002. The Company also changed its year-end from January 31 to December 31.

Note 9 - Reverse Split

On July 23, 2002 the Company effectuated a 5 for 1 reverse split of its common stock, resulting in 15,000,003 shares to be issued and outstanding. The financial statements have been adjusted to reflect the reverse split.

Note 10 - Subsequent Event

On September 20, 2003, the Company entered into a new, revised non-exclusive License Agreement with MGA Holdings Limited. In addition, MGA relieved the Company of all past due and future license payments due under the original license agreement and MGA assumed the financial obligation of \$56,249 due to the related law firm, see Note 7.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis should be read in conjunction with the Company's financial statements and the notes thereto contained elsewhere in this filing.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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 revenues and net income, projections concerning operations and available cash flow. The Company's actual results could differ materially from the results discussed in such forward-looking statements.

The Company wishes to caution investors that any forward-looking statements made by or on behalf of the Company are subject to uncertainties and other factors that could cause actual results to differ materially from such statements. These uncertainties and other factors include, but are not limited to the Risk Factors listed below (many of which have been discussed in prior SEC filings by the Company). Though the Company has attempted to list comprehensively these important factors, the Company wishes to caution investors that other factors could in the future prove to be important in affecting the Company's results of operations. New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Readers are further cautioned not to place undue reliance on such forward-looking statements as they speak only of the Company's views as of the date the statement was made. The Company undertakes no obligation to

publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Background Overview

On January 17, 2002, Coronado Explorations Ltd. (now Naturol Holdings Ltd.) 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 Naturol merged with CSC wherein CSC ceased to exist and Naturol became a wholly owned subsidiary of the Company. Prior to the Merger, the Company was engaged in the exploration of mineral properties and subsequently became a shell corporation. All business of the Company is now conducted through its wholly owned subsidiary, Naturol. Naturol owns the exclusive North American License for extraction technologies employed in the flavors, fragrances and pharmaceutical industries.

The Company 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 for the six months ending July 31, 2002. Naturol's fiscal period ends on December 31 and on July 23, 2002 the Company changed its fiscal year end to December 31. The

financial statements included in this filing are for the three month period from April 30, 2002 through July 31, 2002 to conform with the Company's previous reporting fiscal year end. The Company's transition period, containing unaudited interim financial statements for the two-month period from August 1, 2002 to September 30, 2002, is anticipated to be filed on Form 10-QSB on or before November 15, 2002.

As a result of the merger and the insignificance of Coronado's financial information as a shell corporation, the presentation of financial information is of Naturol from inception.

Recent Developments

During August of 2002, Naturol received correspondence from MGA Holdings Limited, which indicated MGA's intention to default Naturol for its failure to meet its obligations under the terms of the License Agreement, and take a course of action including termination of the License Agreement. On or about April 23, 2002, MGA informed Naturol that MGA would not take a default action against Naturol for its failure to meet the provisions of the terms of the License Agreement, however no continuing term for the waiver of default was agreed upon. On September 20, 2003, the Company entered into a new, revised non-exclusive License Agreement with MGA. See Item 5 for other actions taken with regards to MGA.

Plan of Operation

Since our operations have been solely based on Naturol's business since Naturol became a wholly owned subsidiary of the Company 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 Naturol Extraction Technology. However, due to the recent events surrounding the license agreement with MGA and the subsequent conversion of the license to a non-exclusive, the Company anticipates the need to redevelop and further analyze its plan of operation.

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, to a large extent, of the efforts of the benefits of the commercial research and development program launched in March 2002 at the Prince Edward Island Food Technology Center. Under the terms of the revised non-exclusive License Agreement executed between Naturol and MGA Holdings, this program will now be under the operational control of MGA Holdings. Notwithstanding, MGA Holdings has agreed to grant Naturol complete access to all technological developments resulting from this program. Management is unable at this time to predict how this will impact the Company's ability to continue to attempt to commercialize the Naturol Extraction Technology.

As a result of our agreement between Naturol (Canada) Limited and the National Research Council Canada, a commercial research and development program is being conducted at the Prince Edward Island Food Technology Center based in Charlottetown, Prince Edward Island, Canada at a total cost of approximately \$326,600, of which Naturol (Canada) Limited is obligated to pay \$109,300. This obligation has been assumed by MGA as part of the agreements reached with them in September 2002 (See Item 5 for further details). 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.

Risks that could cause actual performance to differ from expected performance are detailed in the remainder of this section, and under the section titled "Factors That May Affect the Company's Future Operating Results."

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, file patent applications to cover new processing technology and new compositions discovered during our research and development efforts, conduct tests in support of, and file with FDA for use of Naturol solvents as food contacting materials, 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 July 31, 2002, the Company had assets of \$5,439, and \$220,419 of current liabilities. The current liabilities include accounts payable of

\$105,225 and notes payable of \$109,909.

Attestation of President and Chief Financial Officer as to our internal controls

Our President, Isaac Moss, and Chief Financial Officer, Michael Davenhill, have evaluated the effectiveness of our internal controls and have found that based on these evaluations and the current status of the Company's operations that our internal controls are adequate at this time. Further, there have been no significant changes in our internal controls or in other factors that could significantly affect internal controls subsequent to the date of our evaluations.

FACTORS THAT MAY AFFECT THE COMPANY'S FUTURE OPERATING RESULTS

Going Concern; Need For Additional Capital

Our financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. We have suffered losses from operations during our operating history and our ability to continue as a going concern is dependent upon obtaining future profitable operations. Our business is capital intensive. Although management believes that the proceeds from the sale of its securities, together with funds from operations, will be sufficient to cover its anticipated cash requirements, the Company may be required to seek additional capital to fund future growth and expansion. No assurance can be given that such financing will be available or, if available, that it will be on commercially favorable terms. Moreover, favorable financing may be dilutive to investors.

Limited History of Business Operations; Accumulated Losses

We have only a limited operating history and our business model has not yet been tested in the market place. Our prospects must be considered in light of the risks, expenses and difficulties frequently encountered in establishing a business in the medical food or nutraceutical industry, which are characterized by a large number of market entrants, intense competition and a high failure rate. To date, we have been engaged primarily in start-up and business development activities and have generated little revenue from product sales. To achieve profitable operations, we, alone or with others, must successfully introduce and market our existing product, and develop, introduce and market new products. No assurance can be given that our product development efforts will be successfully completed, or that any product, if introduced, will be successfully marketed or will achieve customer acceptance. Future operating results will depend on many factors, including the demand for our products, the level of competition and our ability to cause the manufacture of our products in a production environment while maintaining quality and controlling costs.

Although we are not a pharmaceutical development company, any research and development activities, by its very nature, precludes definitive

statements as to the time required and costs involved in reaching certain objectives. Although our research and development will be relatively limited, actual research and development costs may exceed budgeted amounts and estimated time frames may require extension. Cost overruns due to unanticipated clinical or regulatory delays or demands, unexpected adverse side effects, insufficient therapeutic efficacy or competitive or

technological developments would prevent or substantially deter development efforts and ultimately could have a material adverse effect on us. Our existing product candidates, and any potential additional products that may be developed, may, in certain instances, require significant additional research and development, possible regulatory approval and commitments of resources prior to commercialization. There can be no assurance that any such potential products will be successfully developed or capable of being produced in commercial quantities at acceptable costs, or that any product will prove to be safe and effective in clinical trials or otherwise, or meet applicable regulatory standards.

There is a limited current public market for our common stock.

Although our common stock is listed on the Over-the-Counter Bulletin Board, there is a limited volume of sales, thus providing a limited liquidity into the market for our shares. As a result of the foregoing, shareholders may be unable to liquidate their shares for any reason.

PART II--OTHER INFORMATION

Item 1. Legal Proceedings.

None

Item 2. Changes in Securities.

On July 23, 2002, the Registrant effectuated a 1 for 5 reverse split of all of its issued and outstanding common stock as of the close of business on July 22, 2002, resulting in 15,000,003 shares of common stock then issued and outstanding.

Item 3. Defaults by the Company upon its Senior Securities.

None.

Item 4. Submission of Matter to a Vote of Security Holders.

On July 23, 2002, pursuant to a written consent of the majority stockholder, the Registrant effectively changed its corporate name from Coronado Explorations Ltd. to Naturol Holdings Ltd. In addition, the Registrant effectuated a 1 for 5 reverse split of all of its issued and outstanding common stock as of the close of business on July 22, 2002.

Other items approved by the majority stockholder included:

- * the change in the Registrant's reporting year-end to December 31 for 2002,
- * the approval of a stock option plan for two million (2,000,000) shares of common stock, and
- * the amendment and restatement of the Registrant's Bylaws.

Readers are urged to review the Registrant's Definitive Information Statement on Form 14C filed with the SEC on June 28, 2002, a copy of which is available on the SEC's website (www.sec.gov).

On July 23, 2002, as a result of the name change and reverse split, the Registrant's Over-the-Counter Bulletin Board trading symbol changed to NTUH.

Item 5. Other Information.

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 17th, 2001 and the Non-exclusive License Agreement dated September 18th, 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.

Media/PR Agreement

The Company entered into a media and public relations consulting agreement for a term of one year requiring a \$6,000 per month consulting fee commencing on April 1, 2002. The agreement was terminated in June 2002.

Change of Year End/Transition Period

On July 23, 2002, the Registrant changed its fiscal year end from 1/31 to 12/31. The Registrant's transition period is anticipated to be filed on Form 10-QSB on or before November 15, 2002 and will contain interim unaudited financial statements for the two-month period from August 1, 2002 to September 30, 2002.

Press Release

On September 27, 2002, the Company issued a press release disclosing the conversion the license to a non-exclusive and the resignation of Paul McClory as an officer and director. A copy of the release is attached hereto as Exhibit 99.

Item 6. Exhibits and Reports on Form 8-K.

Exhibits

10.1 Sub-License Agreement among Naturol Inc., Naturol Canada Limited and MGA Holdings Limited

10.2 Letter Agreement

10.3 Non-exclusive License Agreement

99 Press Release regarding change of License Agreement from exclusive to non-exclusive

Reports on Form 8-K

8-K/A filed on May 1, 2002 - Amended 8-K disclosing the Merger between Coronado, CSC and Naturol.

8-K filed on June 12, 2002 - Press Release regarding Naturol U.K. Limited new patent application

8-K filed on June 28, 2002 - Press Release regarding extraction of high concentrations of Paclitaxel from Canadian Yew

8-K filed on July 31, 2002 - Name Change, Reverse Split, Change Year End,

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

Dated: September 30, 2002

By: /s/ Michael Ram
Michael Ram, Director

By: /s/ Michael Davenhill
Michael Davenhill,
Chief Financial Officer/Director

Dated: September 30, 2002

Dated: September 30, 2002

CERTIFICATION PURSUANT TO
18 USC, SECTION 1350, AS ADOPTED PURSUANT TO
SECTIONS 302 AND 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Naturol Holdings Ltd. (the "Company") on Form 10-QSB for the period ending July 31, 2002, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Isaac Moss, President and Michael Davenhill, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) We have reviewed the report;
- (2) To the best of our knowledge, the Report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading;
- (3) To the best of our knowledge, the financial statements, and other financial information included in the Report, fairly present in all material respects the financial condition and results of operations of the Company as

of, and for, the periods presented in the Report;

(4) We:

- (a) are responsible for establishing internal controls;
- (b) have designed such internal controls to ensure that material information relating to the Company and its consolidated subsidiaries is made known to us by others within the Company, particularly during the period of May 1, 2002 through July 31, 2002;
- (c) have evaluated the effectiveness of the Company's internal controls as of a date within 90 days prior to the Report; and
- (d) have presented in the Report our conclusions about the effectiveness of our internal controls based on our evaluation of that date;

(5) We have disclosed to the Company's auditors and the board of directors:

- (a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize, and report financial data and have identified for the Company's auditors any material weaknesses in internal controls; and
- (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls;

(6) We have indicated in the Report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses; and

(7) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

Date: September 30, 2002

/s/ Isaac Moss
Isaac Moss, President
Financial Officer

/s/ Michael Davenhill
Michael Davenhill, Chief

SUBLICENSE AGREEMENT

WHEREAS, Naturol Limited entered into a License Agreement on August 17, 2001 granting to Naturol, Inc. an exclusive license to make, have made, use, sublicense, offer to sell and sell the Inventions (as defined in the License Agreement) and products made using the Inventions in the United States, Canada and Mexico (the Territory), said License Agreement appended as Attachment A hereto and made a part hereof,

WHEREAS Naturol Canada Limited was established as a Canadian Corporation in November 2001 with the full consent of Naturol Inc., and the agreement of Naturol, Limited to grant a sublicense to Naturol Canada Limited under the terms of the License Agreement, solely for the purpose to research and develop the Invention in Canada, and

WHEREAS, Naturol, Inc retains the exclusive right to commercialize the Invention within the Territory and to use any and all of the results of the research and development efforts of Naturol Canada, Limited under this Sublicense,

NOW THEREFORE, the parties hereto agree as follows:

1. Naturol, Inc. grants to Naturol Canada, Limited, as provided in Section 12 of said License Agreement, a non-exclusive license to practice the Invention in Canada solely for the purpose of research and development of the Invention subject to all of the terms and conditions commensurate therewith.
2. Naturol Canada, Limited acknowledges that it has read, understands and accepts as binding on Naturol Canada, Limited all of the terms and conditions set forth in the Licenses Agreement regarding its practice of the Invention within the scope of this Sublicense.
3. Naturol Canada, Limited will promptly and fully disclose to Naturol, Inc. all of its efforts, and the results of said efforts, under this Sublicense and transfer and assign all rights and title thereto and any intellectual property generated as a result thereof to Naturol, Inc. for commercialization thereof.

Agreed and acknowledged this 22nd day of July, 2002.

Naturol, Inc

Naturol Canada, Limited MGA Holdings Limited
(formerly Naturol Limited)

By: ss/Paul McClory

By: /s/Isaac Moss

By: /s/Tobias Matthews

Paul McClory
President

Isaac Moss
President

Tobian Matthews
Title: Director

Witnessed By:
/s/Joan Brown

Witnessed By:
/s/Joan Brown

Witnessed By:
/s/Chantal LeCoff

Name: Joan Brown

Name: Joan Brown

Name: Chantal Le Coff

NATUROL HOLDINGS, INC.
6265 Stevenson Way
Las Vegas, Nevada 89120

Mr. Tobias Mathews
MGA Holdings Limited
Channel House, Green Street
St. Helier, Jersey JE4 5UW, Channel Islands
United Kingdom

Ms. Julie Le Main
Willow Holdings Inc
Ansbacher Trustees (Jersey) Ltd.
7/11 Britannia Place
Bath St.
St. Helier, Jersey, Je4 8US, Channel Islands
United Kingdom

RE: Letter Agreement between Naturol Holdings LTD., NATUROL INC., MGA Holdings Limited, and Willow Holdings, Inc.

Gentleman:

As a result of recent discussions relative to Naturol Holdings Ltd. and Naturol, Inc., a wholly owned subsidiary of Naturol Holdings Ltd. inability to make the license payments as required in the license agreement with MGA Holdings Limited, the parties have agreed to formalize their agreement in this "Letter Agreement."

THIS LETTER AGREEMENT is executed by and among Naturol Holdings, Inc. and Naturol, Inc., (collectively "Naturol"), MGA Holdings Limited ("MGA"), and Willow Holdings, Inc. ("Willow"), on this 18th day of September 2002.

WHEREAS, on or about August 20, 2001, Naturol, Inc., a Nevada corporation which became a wholly owned subsidiary of Naturol Holdings Ltd. on or about January 17, 2002, entered into a license agreement with MGA (the "License Agreement") whereby Naturol acquired the exclusive rights to a process and apparatus for preparing extracts and oils from natural plants and other matters, which process was covered by PCT Patent applications as defined in the License Agreement. Additionally, the License Agreement called for the payment of certain obligations including but not limited to payment of royalties of 8% and an annual payment of \$360,000.

WHEREAS, Naturol has paid a total of \$50,000 towards the first years annual payment of the \$360,000.

WHEREAS, Willow received 9,331,321 post split shares of Naturol Holdings Ltd.

common stock in the merger between Naturol Holdings Ltd. (formerly Coronado) and Naturol, Inc.

WHEREAS, Naturol received correspondence from MGA indicating MGA's intention to default Naturol on the License Agreement, and take a course of action including termination of the License Agreement. On or about April of 2002, MGA informed Naturol that MGA would not take a default action against Naturol for its failure to make payments under the terms of the License Agreement and to meet its commercial obligations under the terms of the License Agreement; however no continuing term for the waiver of default was agreed upon.

NOW THEREFORE, in an effort to resolve their differences, the parties have agreed to take the following actions:

1. MGA waives all payment obligations by Naturol under the License Agreement up to this date of September 18, 2002.
2. MGA and Naturol agree to execute an amended and restated non-exclusive license agreement ("Amended Non-exclusive License Agreement"). This Amended Non-exclusive License Agreement will supercede all terms and conditions of the License Agreement.
3. Naturol has the option of converting the Amended Non-exclusive License Agreement to an exclusive license agreement, based upon the terms and conditions reflected in the Non-exclusive License Agreement, which include the payment of certain annual monetary obligations to be referenced therein.
4. Willow, concurrent with the effectiveness of this agreement, and the execution by MGA and Naturol of the Amended Non-exclusive License Agreement will return to Naturol, 9,331,321 shares of common stock of Naturol issued to Willow in exchange for the License Agreement.
5. MGA and Naturol agree that MGA or its assigns will manage, on behalf of Naturol, Naturol's interest in its subsidiary, Naturol Canada Limited, which is 49% owned by Naturol and 51% owned by Isaac Moss and held in trust for Naturol. Naturol will be provided access to all technological developments

relating to the technology as referenced in the Amended License Agreement, which technology is being further developed at the Prince Edward Island Food Technology Centre in Canada. 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.

6. MGA will assume all financial obligations relating to patent and licensing issues, including past obligations by Naturol to the firm of Koppel & Jacobs, patent counsel. MGA will provide Naturol with access to all the benefits of the patents, copyrights, and other intellectual property rights which are derived from or in relation to the technology referenced in the

Amended License Agreement.

7. All parties to this Letter Agreement, including the individuals and or entities executing this Letter Agreement in agreement thereof, waive any rights to any claims each may have against the other in relation to either the non-payment of any license fees or any other terms or conditions of the License Agreement or purported default thereof, if any.

This Letter Agreement is agreed to this 18th day of September, 2002, by and among the following parties:

MGA HOLDINGS, INC.

By: /s/Tobias A G Mathews
Tobias A G Mathews, Director

WILLOW HOLDINGS, INC.

By: /s/ Patricia Jehan
Director

NATUROL HOLDINGS LTD.

By: /s/Isaac Moss
Isaac Moss, President

Agreed to by:

Naturol Canada Limited

By: /s/Isaac Moss
Isaac Moss

Agreed to individually by:

/s/Isaac Moss
Isaac Moss

/s/Paul McClory
Paul McClory

LICENSE AGREEMENT

THIS AGREEMENT, by and between, MGA Holdings Limited, formerly Naturol Limited ("Licensor") whose principal office at Channel House, Green Street, St. Helier, Jersey JE4 5UW, Channel Islands and Naturol Holdings Inc, , a Delaware corporation having an office at 6265 South Stevenson Way, Las Vegas, Nevada 89120 ("Licensee") is entered into as of

RECITALS:

A. WHEREAS, Peter Wilde ("Inventor") is the inventor of a Process and Apparatus for Preparing Extracts and Oils from Natural Plants and Other Biomass, a Process for Extracting Fixed and Mineral Oils and Refining of Crude Extracts employing HFC134a and other solvents (the "Inventions"), such Inventions being covered by or to be covered by the PCT Patents as herein after defined;

B. WHEREAS, Peter Wilde assigned his rights in the said Inventions, the PCT Patents covering same and all corresponding National Stage Applications, and improvements thereto to Naturol Limited, now MGA Holdings Limited;

38: C. WHEREAS, on 17th August, 2001 Licensor granted to Licensee exclusive rights and licenses to practice the Inventions in the United States, Canada and Mexico (the "Territory") including, but not limited to, the right to make, have made, use, sublicense, offer to sell and sell the Inventions and products made using the Inventions throughout the Territory, said License including certain terms and conditions,

D. WHEREAS, Licensee has formed Naturol Canada Limited, a subsidiary 49% owned by Licensee, for the development and commercialization of the Inventions in Canada and Naturol Canada Limited has entered into agreements for such developments and has established various valuable relationships with third parties for the furtherance of the intention of the parties under the Exclusive License Agreement; and

E. WHEREAS, because of current market conditions and financial demands, Licensee has not been able to adequately fund such activities and Licensee and Licensor wish to reallocate development obligations in the Territory;

NOW THEREFORE, the parties hereto agree as follows:

1. DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings:

a) "PCT Patents" shall mean

1) 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 2 352 724,

2) 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,

3) a PCT Patent Application (or National stage applications claiming priority thereto) based on British Patent Application GB200106972.3, and

4) any subsequent patent applications filed by Licensor related thereto.

b) "Licensed Patent(s)" shall mean any patent Applications filed in the

United States, Canada or Mexico corresponding to the PCT Patents, and any

United States, Canadian and Mexican Patents issuing there from, any divisional, continuation, continuation-in-part, re-examination or reissue patents based thereon and any Improvement thereto presently existing or developed in the future.

c) "Improvements" shall mean any betterments or modifications to the Inventions developed by Inventor or Licensor, or which Inventor or Licensor has a right to manufacturer, use or sell.

d) "Invention" shall mean the inventions described or claimed in the PCT Applications and the Licensed Patents, including but not limited to all product, methods, compositions and procedures covered by, or made in accordance with the teachings of the Licensed Patents or which are covered by the claims of the Licensed Patent.

e) "Commercial Sales" shall mean sales by Licensee or Sublicensees of products claimed in, or produced using methods claimed in, the Licensed Patents to third parties.

f) "Licensed Products" shall mean all products produced using the Invention claimed in the Licensed Patents by Licensee, or Sublicensees thereof, for the benefit third parties

g) "Licensed Services" shall mean all uses of the Invention claimed in the Licensed Patents by Licensee, or Sublicensees thereof, for the benefit third parties.

h) "Net Sales" shall mean:

1) Licensee's gross billings with respect to Commercial Sales by Licensee

or Sublicensee, or Licensed Services provided by Licensee or Sublicensee,

subsequent to the effective date of this Agreement less (a) sales tax directly imposed upon said sales, (b) outbound transportation charges, (c) prompt payment discounts actually allowed, (d) actually allowed returns, and (e) allowances actually credited for damaged goods, and

2) royalties or payments received by Licensee from third parties based on research and/or development activities or the manufacture, use or sale of the products or services or Licensed Products by said third parties.

i) "Territory" shall mean the United States, Canada and Mexico.

j) "License Year" shall mean each twelve (12) month period, beginning on the effective date of this Agreement first written above and thereafter on the anniversary date thereof.

k) "Payment Period" shall be the three (3) month periods starting with January 1, April 1, July 1 and October 1 of each year.

l) "Strategic Partner" shall mean an organization which enters into a contract with Licensee for the development and/or commercialization of Licensed Products, said contract including the payment to Licensee, upon execution of said contract or on completion of a defined milestone within one year of execution, of at least one million dollars (\$1,000,000).

m) "Licensed Trademark" shall mean the word NATUROL for use on the Licensed Product and in conjunction with the marketing and sale of the Licensed Product.

n) "Confidential Information" shall mean all information, know-how and inventions (including, but not limited to, patent applications) disclosed by

Licensors to Licensees or Licensees to Licensors pursuant to this Agreement which relate to the Invention, technical service and existing and potential customers but not including anything which the receiving party can show by clear and convincing evidence (i) is already known to the recipient without restriction on its use or disclosure; (ii) is or becomes public information in a bona fide manner; (iii) is lawfully obtained by the receiving party from a third party without an obligation of confidentiality; or (iv) is disclosed with the prior written approval of the other party.

o) "Effective Date" shall mean the last date set forth on the signature page of this Agreement.

p) "Exclusive License Agreement" shall mean the License Agreement entered into between the Licensee and Licensors on 17th August, 2001.

2. GRANT OF LICENSOR'S RIGHTS IN INVENTION

The parties hereto agree that the Exclusive License Agreement is hereby converted to a perpetual, Non-Exclusive License to manufacture, have manufactured for it, assemble, use, offer for sale and/or sell the Invention covered by the Licensed Patents and the good will related thereto. Licensors shall also provide consulting services and cooperate with Licensee regarding development and commercialization of the Invention as addressed herein below.

3. CONSIDERATION

A. In consideration of the conversion from an exclusive license to a non-exclusive license, Licensors waives all prior obligations of Licensee to pay to Licensors the three hundred and sixty thousand dollars (\$360,000) first Annual Compensation payment, and all future Annual

Compensation payments set forth in the Exclusive License Agreement. Licensor shall use its best efforts to cause the return to Licensee of 9,331,321 restricted shares of Naturo1, Inc. issued to Willow Holdings in consideration of the grant of the Exclusive license Agreement. As of the execution date of this Non-Exclusive License Agreement, the Annual Compensation to Licensor from Licensee shall consist solely of royalties on Licensed Sales or Licensed Services.

B. For as long as Licensor has granted no other licenses in the Territory, Licensee will pay Licensor an eight percent (8.0%) Royalty based on Net Sales of the Licensed Products or Licensed Services made, used, sold or offered for sale by Licensee in a country where Licensed Patents covering said Licensed Products or Licensed Services are still pending or in effect. In addition, a two percent (2.0%) Royalty shall be paid based on the use by Licensee of the Licensed Trademark. In the event Licensor shall grant a license to practice the invention in the Territory to one or more third parties said Royalties payable by Licensee hereunder shall be reduced by fifty percent (50%). When Licensee takes back a product upon which a license Royalty has been paid, the Royalty paid to Licensor shall be a credit against Royalties payable to Licensor in the next succeeding Payment Period.

C. Licensor shall continue to make available to Licensee the services of all of its employees and consultants to assist in the further development and commercialization of Licensed Products, on such terms and at such locations as may from time to time be agreed between the parties hereto. All prior approved out of pocket expenses incurred by Licensor, or Licensor's employees or consultant, in providing such services shall be reimbursed by Licensee

upon delivery of receipts for such expenses incurred.

D. In the event that Licensee is able to secure sufficient funding to fully implement its business plan, Licensee may request, and Licensor, as long as no additional licenses have been granted in the Territory, shall convert this Non-exclusive License to an exclusive license with mutually agreeable payment terms, said payment terms being based solely on income generated by Licensee.

4. COMMERCIALIZATION OBLIGATIONS

A. Licensee shall continue to diligently pursue the development and commercialization of the Invention in the Territory. To assist Licensee in such efforts, the parties hereto agree that Licensor shall assume operational control of Naturol Canada Limited, and all outstanding financial obligations incurred by Naturol Canada Limited in the furthurance of the objectives of the Exclusive License Agreement, including, but not limited to the commercial development programs at the Food Technology Centre, Prince Edward Island, under the National Research Council of Canada Industrial Research Assistance Program Contribution to Firms, and financial obligations relating to patent, trademark, licensing and contract issues contracted by Licensee for the benefit of Licensor.

B. Licensor shall make available to Licensee for its use hereunder, and shall timely disclose to Licensee, all information and data generated as a result of any efforts to develop and/or commercialize the Invention within or without the Territory and Licensee shall be free to use such information and data in its commercialization efforts, subject only to the Royalty obligations set forth herein.

C. If Licensee, or any Strategic Partner(s) of Licensee, decides not to

manufacture, market or sell, or to cease the manufacture, marketing or sale of the Licensed Product without the bona fide intent to resume said manufacture market or sale, or to enter into new sublicenses or strategic agreements, for a period in excess of one (1) year Licensor may terminate this Agreement and the licenses granted herein. In such an instance, all rights granted to Licensee shall revert back to Licensor.

5. USE OF THE LICENSED TRADEMARK AND OTHER TRADEMARKS

A. Licensee has the exclusive right to use and register with the U.S., Canadian and Mexican Patent and Trademark Office any trademark other than the Licensed Trademark, or a mark confusingly similar thereto, which it selects in the advertising, promotion, marketing and sale of the Licensed Product.

B. The rights in the Licensed Trademark granted hereunder are conditioned upon Licensee's full and complete compliance with the marking provisions of the trademark laws of the United States and any other relevant foreign countries. The Licensed Products, as well as all promotional, packaging, and advertising material related thereto, shall include all appropriate legal notices as required by Licensor.

C. The Licensed Products shall be of a quality no less than specified by Licensor.

D. If the quality of the Licensed Products falls below such agreed to quality, Licensee shall use its best efforts to restore such quality. In the event that Licensee has not taken appropriate steps to restore such quality within thirty (30) days after notification by Licensor, Licensor shall have the right to require that the Licensee cease using the Licensed Trademarks.

E. At least every six (6) months during the term of this Agreement, Licensee shall make available to Licensor representative samples of each of the Licensed Products bearing the Licensed Trademark for evaluation and approval of the quality thereof. In addition, at least thirty (30) days prior to the introduction of each new Licensed Product bearing the Licensed Trademark and each new labeling or advertisement for Licensed Product bearing the Licensed Trademark, Licensee shall make available to Licensor representative samples of each such new Licensed Product, and provide samples of labeling and advertising for approval by Licensor. Procedures for review and approval of new uses of the Licensed Trademark and new advertising or labeling shall be established by mutual agreement of the parties. No new labeling or advertising bearing the Licensed Trademark shall be released or used by Licensee until approved by Licensor, which approval shall not be unreasonably withheld.

F. Licensee acknowledges Licensor's exclusive rights in the Trademark and, further, acknowledges that the Trademark is unique and original to Licensor and that Licensor is the owner thereof. Licensee shall not, at any time during or after the effective Term of the Agreement, dispute or contest, directly or indirectly, Licensor's exclusive right and title to the Trademarks or the validity thereof. Licensee agrees that its use of the Licensed Trademarks inures to the benefit of Licensor, that the Licensee shall not acquire any rights in the Licensed Trademarks as a result of this license, and that such use by Licensee is evidence of continued use by Licensor.

G. Licensor will take all action reasonable necessary to apply for

registration of the Licensed Trademark, as a minimum, in the United States, Canada and Mexico and the European Community, file additional applications for registration of the mark for new uses and, subject to the terms herein, maintain any registration of the Licensed Trademark.

H. Licensor will have the right, but not the obligation to enforce the Licensed Trademark against infringers. If Licensor and Licensee agree to jointly pursue infringers, they will share all cost and split any damages awarded appropriately. If Licensor refuses to pursue infringers, Licensee may do so at its cost and Licensor will cooperate as necessary to allow Licensee to bring such action, all at Licensees cost. Licensors refusal to pursue infringers will not be a basis for termination of this Agreement.

6. REPRESENTATIONS AND WARRANTIES

Licensor, makes no representations or warranty with respect to the validity of any patent, trademark, or copyright that may issue or be granted covering the Licensed Product or the Licensed Trademark or that the manufacture, use or sale of the Licensed Product or the use of the Licensed Trademark will not infringe the rights of others. However, Licensor has no knowledge that would lead it to believe that the Licensed Patent is invalid or the manufacture, use or sale of the Licensed Product or use of the Licensed Trademark would infringe the rights of any third parties.

7. RECORDS, ROYALTY PAYMENTS AND INSPECTION

A. For as long as Licensor is receiving Royalties, Licensee shall keep accurate records, certified by it, showing the number of Licensed Product sold by Licensee or its Sublicensees. As a part of these records, Licensee

will prepare a statement within forty-five (45) days of the end of each Payment Period showing the number of Licensed Product sold by Licensee or sublicensees during the immediately preceding Payment Period and will forward a copy of the statement to Licensor, together with any Royalty payment as may be owed for the sale of Licensed Product during the preceding Payment Period.

B) Licensee agrees that it will, on reasonable notice, during regular business hours, permit an independent certified public accountant or knowledgeable auditor, who is acceptable to Licensee, to have access to its records pertaining to the sale of Licensed Products to audit and verify the accuracy of the Royalty reports submitted by Licensee and the Royalty payments made by Licensee pursuant to this Agreement. Such independent certified public accountant shall report to Licensor only its conclusions regarding the accuracy of submitted royalty reports and the underlying basis therefor. The cost of any such audit shall be borne by Licensor, and only one such audit shall be made in any one fiscal year. Any information obtained from an audit shall be kept confidential and used only for the purpose of determining the accuracy of such royalty reports and for enforcing payment of Royalties due and payable to Licensor. Licensee's obligation to maintain records of sales of Licensed Products for the purposes of an audit shall extend only for a period of three (3) years from the date of sale. This obligation shall not effect the statutory reporting requirements of Licensee to Licensor as one of its equity holders.

8. TERM AND TERMINATION OF AGREEMENT

A. If not terminated sooner pursuant to section 8B below, the license

to the Licensed Patent shall last until the expiration date of the last Licensed Patent covering Licensed Products or Licensed Services or a declaration by the Court, not overturned in any timely filed appeals, that the Licensed Patent is invalid. The License to the Licensed Trademark shall last as long as the Licensee continues to use the Licensed Trademark in accordance herewith.

B. Licensors may terminate this Agreement for a failure or default on the part of the Licensee to perform an obligation or duty required herein, or enforce such obligation on any Sublicensee, but Licensee must first be given thirty (30) days advance written notice and the opportunity and time, as may be reasonably required, to correct such failure or default.

9. RIGHTS OF PARTIES UPON TERMINATION

A. Upon cancellation or termination of this Agreement for any reason, Licensee may complete and sell Licensed Products, or complete the delivery of Licensed Services, which are in the process of manufacture or delivery and can be completed within six (6) months following notice of termination or which have been manufactured, provided only that Licensee shall be required to pay Licensors those Royalties which would otherwise be owed if this Agreement were still in force.

B. Termination of this Agreement shall be without prejudice to Licensee's right to recover any advance payment of Royalties or fees made.

10. INFRINGEMENT CLAIMS

A. Should any action be commenced against Licensee that alleges that the Licensed Product infringes the claims of any patent, Licensors shall have the right, but shall not be obligated, to defend such action. If Licensors

decides not to defend such action, Licensee shall have the option, at its sole expense, to defend and the right to join Licensor in the suit as a codefendant.

B. If, by virtue of a judgment against it or as a result of a good faith settlement of a bona fide claim against it, Licensee is required to pay a Royalty to a third party on the basis of a patent claim covering the Licensed Product or Licensed Services and Licensor still has a validly existing patent covering Licensed Products or Licensed Services, any Royalties due to Licensor shall be reduced by the Royalties paid to the third party. If Licensor has no such valid patent, then Royalties due to Licensor shall cease. However, this shall not effect other Compensation payable to Licensor.

11. THIRD PARTY INFRINGEMENT

A. Should a third party infringe the Licensed Patent, Licensee shall have the first right to pursue said infringers. If Licensee decides not to prosecute infringers, then Licensor shall have a right to prosecute infringers and to join Licensee in the suit. In regard to actions against third parties, by Licensee, Licensee may retain any money collected through such action which is based on lost sales or profits of Licensee and Licensee shall pay to Licensor the Royalties he would have earned on those lost sales or profits.

B. Each party agrees, at the request of the other party, to cooperate and assist in the prosecution or defense of any infringement actions. Reasonable out-of-pocket expenses incurred in connection with any such

requested cooperation and assistance shall be paid as an expense of the suit within thirty (30) days after receipt of a written request for payment, which shall itemize the expenses and be accompanied by documentation supporting such expenses.

12. ASSIGNABILITY OF AGREEMENT AND LICENSED PATENTS AND
SUBLICENSING OF LICENSED PATENTS

A. This Agreement is binding upon and shall inure to the benefit of both Licensor, Licensee and their successors and assigns.

B. This Agreement and the licenses granted may not be assigned by Licensee without consent of Licensor, which shall not be unreasonably withheld. Any assignment shall be conditioned upon Licensee giving Licensor reasonable prior written notice thereof and the assignee's written agreement with Licensee to be bound by the terms and conditions of this License Agreement.

Licensor may assign its rights to receive Royalties under this Agreement by notifying Licensee of such assignment and providing Licensee with a copy of such assignment.

13. NOTICES, CONSTRUCTION AND ENTIRETY OF AGREEMENT

A. All notices required pursuant to this Agreement shall be in writing and shall be sufficient if sent by first class registered or certified mail and addressed to the party to whom it is to be given as follows:

To Licensee:

Naturol Holdings, Inc.
6265 South Stevenson Way
Las Vegas, Nevada 89120
Attention:

To Licensor:

MGA Holdings Limited
31/79 Gloucester Street
London SW1V 4EA,
Attention: M F Davenhill

The date of postmark shall be the date of the notice. All Royalty payments shall be made by first-class mail to the Licensor at the above address.

B. The parties agree that any disputes that arise as a result of performance or nonperformance under this Agreement shall, prior to litigation thereof, be submitted to arbitration before an internationally recognized organization established for arbitration purposes and at a location mutually agreeable to the parties.

C. This Agreement shall be interpreted in accordance with the laws of the State of Nevada and shall be binding on each of the legal representatives of the parties hereto. It may not be modified or extended except by written document, signed by an authorized officer or representative of Licensor and Licensee.

D. This Agreement, and the documents attached hereto, constitutes the complete agreement between Licensor and Licensee. No modifications shall be binding upon Licensor or Licensee against whom enforcement of such modification is sought unless it is made in writing, referring to this Agreement and is signed on behalf of both Licensor and Licensee by one of its officers or related principal(s).

E. If any obligation of this Agreement is in conflict with the law or public policy in a jurisdiction where challenged, the validity of the entire Agreement will not be affected by the omission of the conflicting

requirement.

MGA HOLDINGS LIMITED

NATUROL HOLDINGS, INC.

By: /s/ Tobias Mathews

By: /s/Isaac Moss

Name:Tobias Mathews

Name: Isaac Moss

Director

President

Dated: 9/19/2002

Dated:9/18/2002

Witnessed By:/s/Nadine Lettury

Witnessed By: /s/ Joan Brown

Name: Nadine Lettury

Name:Joan Brown

FOR IMMEDIATE RELEASE

NATUROL HOLDINGS RENEGOTIATES TERMS OF LICENSE AGREEMENT

September 27th, 2002. (OTC:BB-NTUH) Naturol Holdings Ltd. (Naturol) announces that on September 18th, 2002, Naturol's board of directors approved a proposal by MGA Holdings Limited (MGA) whereby an exclusive License Agreement (the "Agreement"), which was executed between Naturol's wholly owned subsidiary Naturol Inc. and MGA was modified to a non-exclusive License Agreement.

Naturol, Inc., a wholly owned subsidiary of Naturol, entered into an Agreement with MGA on the 20th day of August, 2001 granting Naturol the exclusive North American rights under certain patents held by MGA in a process for the extraction of oils from natural plants and other matterials. Under the terms of the Agreement, Naturol was obligated to fund and advance the commercial development of the technology, which included the annual payment of a \$360,000 license fee payable quarterly, in addition to royalty payments. As part of the consideration for the license agreement, Willow Holdings Inc. ("Willow"), an affiliate of MGA, received 9,331,321 shares of restricted common stock of Naturol as partial consideration for the grant of the exclusive license.

On August 28, 2002, MGA notified Naturol that as a result of the inability of Naturol to make any substantial payment of the license fee or to fund and advance the commercial development of the technology, MGA considered Naturol in default in its obligations under the terms of the Agreement. In an effort to avoid a dispute over the potential termination of the Agreement, Naturol and MGA agreed to the following changes in their relationship:

1. MGA waived all payment obligations by Naturol under the Agreement.
2. MGA and Naturol executed a new, revised non-exclusive license agreement, which agreement superceded all terms and conditions of the original Agreement.
3. Naturol has the option of converting the amended non-exclusive license agreement to an exclusive license agreement.
4. Willow, agreed to return to Naturol, 9,331,321 shares of common stock of Naturol issued to Willow.
5. MGA and Naturol agreed that MGA or its assigns will assume operational control of Naturol's interest in its subsidiary, Naturol Canada Limited, which is 49% owned by Naturol and 51% owned by Isaac Moss and held in trust for Naturol. Naturol will be provided access to all technological

developments relating to the technology as referenced in the amended license agreement, which technology is being further developed at the Prince Edward Island Food Technology Centre in Canada. 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.

6. MGA assumed all financial obligations relating to patent and licensing issues, including past obligations by Naturol to the firm of Koppel & Jacobs, patent counsel. MGA will provide Naturol with access to all the benefits of the patents, copyrights, and other intellectual property rights, which are derived from or in relation to the technology referenced in the amended non-exclusive license Agreement.

Concurrent with the actions taken above, Paul McClory, beneficial owner of Willow, President, CEO and a director of the Company, immediately resigned as an officer and director of the Company.

For additional information regarding the Company and events disclosed in this press release, readers are urged to review the Company's quarterly, annual and interim reports that have been filed with the SEC, a copy of which is available on the SEC's website (www.sec.gov).

Forward-Looking Statements: Except for historical information, the matters discussed in this press release contain forward-looking statements, which involve certain risks and uncertainties that could cause actual results to differ, including activities, events or developments that the Company expects, believes or anticipates will or may occur in the future. A number of such statements are subject to assumptions, risks and uncertainties that could cause actual results to differ from those indicated in the forward-looking statements, including, but not limited to: any adverse effects the non-exclusive license will have on the Company, the state of the Company's operations, the ability of the Company to compete within the extraction industry, the Company's ability to successfully market and provide its technology, the continuation of the arrangements with the Company's testing and development partners, the ability of the Company to meet its financial projections, and general economic conditions. Readers are cautioned that such statements are not guarantees of future performance and that actual results or developments may differ materially from those set forth in the forward-looking statements. The Company undertakes no obligation to publicly update or revise forward-looking statements whether as a result of new information or otherwise.

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