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PRINTED: 03/06/2003

ARIZONA DEPARTMENT OF MINES AND MINERAL RESOURCES AZMILS DATA

PRIMARY NAME: MERRILL CRATER

ALTERNATE NAMES:
SINAGUA CINDER CONE

COCONINO COUNTY MILS NUMBER: 532

LOCATION: TOWNSHIP 21 N RANGE 11 E SECTION 7 QUARTER C
LATITUDE: N 35DEG 13MIN 40SEC LONGITUDE: W 111DEG 15MIN 45SEC
TOPO MAP NAME: ANGELL - 7.5 MIN

CURRENT STATUS: OTHER

COMMODITY:
PUMICE

BIBLIOGRAPHY:
ADMMR MERRILL CRATER FILE
SEE: MARIAH INTERNATIONAL FILE

06/18/93

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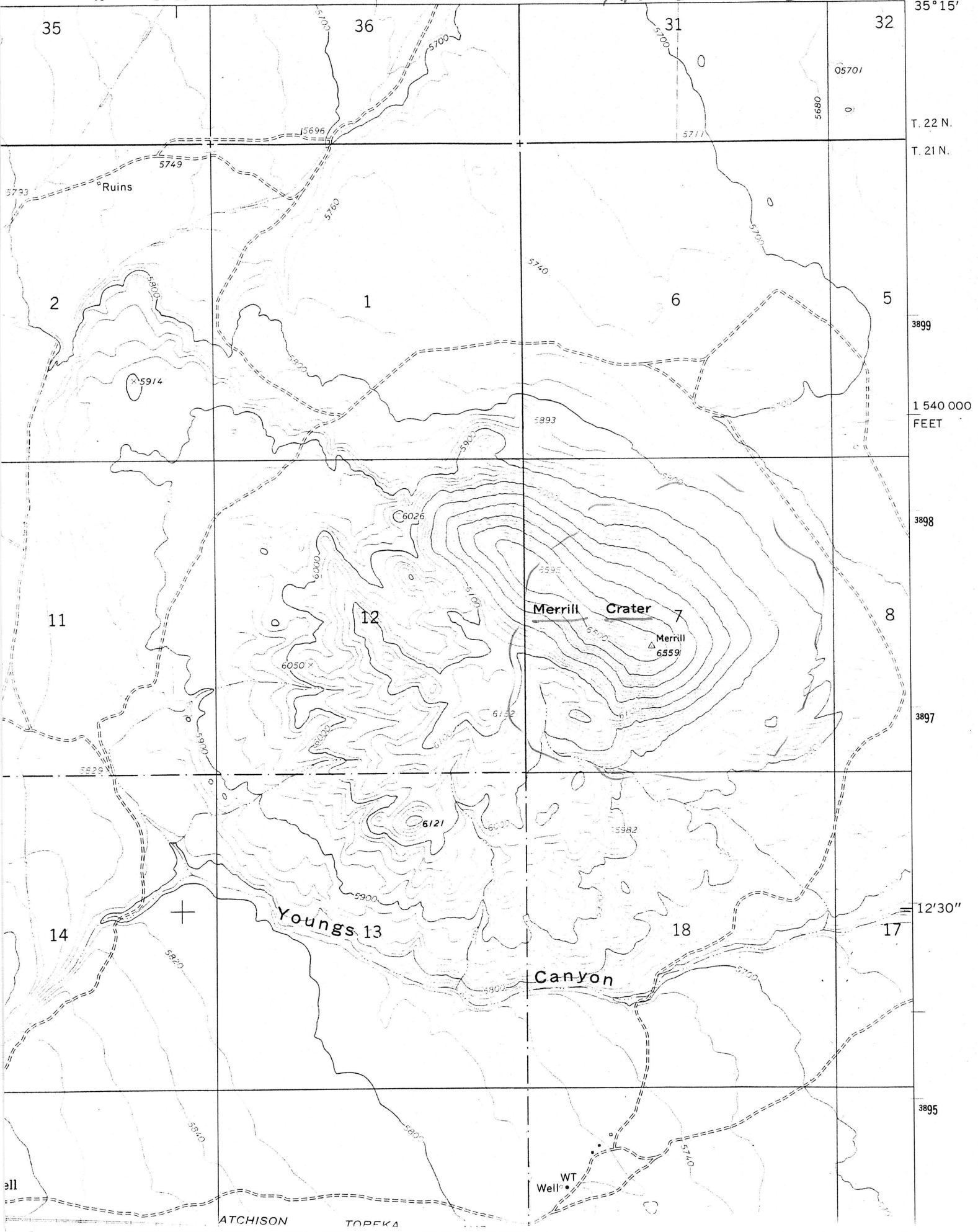
COMMODITY:

PUMICE

BIBLIOGRAPHY:

ADMMR MERRILL CRATER FILE
SEE: MARIAH INTERNATIONAL FILE

473 17'30" 474 690 000 FEET R. 10 E. R. 11 E. *ANGELL 7 1/2'* 477 111°15' 35°15'





COMMISSION NEWS

ARIZONA CORPORATION COMMISSION, 1200 W. WASHINGTON, PHOENIX, AZ 85007

TO: EDITORS, NEWS DIRECTORS
FOR: IMMEDIATE RELEASE

DATE: December 20, 2001
CONTACT: Heather Murphy (602) 542-0844

MINING COMPANY AGREES TO OFFER REFUNDS IN SECURITIES ACTION

PHOENIX – This week the Arizona Corporation Commission ordered a mining company and its geologist, Alvin Charles Johnson, Jr., of Tempe, to cease and desist from violating the Arizona Securities Act. The Commission also ordered the company to offer refunds to any investors who would like to redeem their shares. There were approximately 100 investors who invested about \$1.7 million in three different offerings.

According to the Commission Order, between 1997 and 1999, M.G. Natural Resources, now known as Xenolix Technologies, Inc., offered and sold stock on the National Association of Securities Dealers, Inc.'s electronic bulletin board as a business engaged in mining exploration and the development of natural resource opportunities. Since 2000, the stock has been promoted on the National Quotation Bureau's "Pink Sheets," which are printed quotations for thinly traded or little-known stocks. The various offerings conducted over the years were not registered nor were the persons selling the stock registered with the Division.

The company claimed to have a patented technology that would extract gold and other precious metals from the company's volcanic cinders on property it owned east of Flagstaff. Beginning in about December of 1999, the company and Johnson began to focus on technology to economically extract precious metals from coal combustion products. Currently, Xenolix Technologies, Inc. is claiming to have developed a process for extracting precious metals from fly ash, the by-product of coal mining, generally used in concrete and road building operations. No Arizona operations are known to have successfully extracted economically viable quantities of precious metals from volcanic cinders.

Xenolix Technologies, Inc. and Johnson admitted that they issued press releases that touted the technology as being on the verge of producing highly successful results. The Commission's Order finds

that the company and Johnson misrepresented or otherwise gave the misleading impression about the company's ability to economically produce precious metals from the cinders.

The Order further requires Xenolix Technologies, Inc. to do the following:

- To make detailed disclosures in future offerings to the public regarding its ability to economically extract precious metals from unique media such as volcanic cinders and coal combustion products;
- To disclose to investors the risk of the investment;
- To make other financial disclosures;
- To make an offer of rescission to investors, and
- To pay administrative penalties.

On February 28, 2001, the Arizona Corporation Commission's Securities Division filed an administrative action against M.G. Natural Resources Corporation and Alvin Johnson, Jr. Johnson serves as the company's vice president of technology, research, and development. M.G. Natural Resources is known by various names such as Mariah International, Guildmark Industries, M.G. Gold Corporation and most recently, Xenolix Technologies, Inc., a Nevada corporation.

The public is encouraged to always check out an investment proposal by contacting the Commission's Securities Division, which offers educational materials on mining and precious metals investments. Contact the Securities Division by calling (602) 542-4242, toll free at 1-877-811-3878 for callers outside the Phoenix metro area, or through its website at www.ccsd.cc.state.az.us.

###

MERRILL CRATER (A) COW

WILLIAM A. MUNDELL
CHAIRMAN

JIM IRVIN
COMMISSIONER

MARC SPITZER
COMMISSIONER

**ARIZONA CORPORATION COMMISSION**

BRIAN C. McNEIL
EXECUTIVE SECRETARY

MARK SENDROW
DIRECTOR

SECURITIES DIVISION
1300 West Washington, Third Floor
Phoenix, AZ 85007-2996
TELEPHONE: (602) 542-4242
FAX: (602) 594-7470
accsec@ccsd.cc.state.az.us

Fax Cover Sheet# of pages (including Cover Sheet) 06

Date Sent Thursday, April 26, 2001 2:59:48 PM

TO: Nyal Niemuth**PHONE:****FAX:** 255-3777**FROM:****PHONE:****FAX:****NOTES:*******WARNING*****

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WILLIAM A. MUNDELL
CHAIRMAN

JIM IRVIN
COMMISSIONER

MARC SPITZER
COMMISSIONER



ARIZONA CORPORATION COMMISSION

Cory
BRIAN C. McNEIL
EXECUTIVE SECRETARY

MARK SENDROW
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Phoenix, AZ 85007-2996
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FAX: (602) 594-7470
E-MAIL: secsac@ccsd.cc.state.az.us

April 26, 2001

John R. Augustine, Jr., Esq.
The Citadel, Suite 300
2727 North Third Street
Phoenix, Arizona 85004-1001

Re: M.G. Natural Resources Corporation (n/k/a Xenolix Technologies, Inc.)

Dear John:

Thank you for your letter dated April 18, 2001. The Division has conducted this case in a manner that it usually does.

The Division gathers information on the persons under investigation by interviewing individuals. The Division will continue to do so in this case as may be necessary. Any comments made to the public are based on the facts alleged in the Notice of Opportunity for a Hearing or are otherwise public information. The staff has been advised of your concerns and reminded of the Division's policies regarding confidentiality.

The Division will continue to speak with persons necessary to our investigation and preparation for the hearing, which your clients have requested. In addition, the Division will continue to respond to the public's questions and concerns.

Regarding the allegation that the Division seeks to terminate your client's operations, the Division's only goal is to enforce compliance with the Arizona Securities Act.

The Division has no knowledge of who is posting messages on the Internet. I can assure you that no Division employees are posting such messages.

If you have any questions or comments, please contact me.

Sincerely,

A handwritten signature in black ink that reads "Mark Sendrow".

Mark Sendrow
Director of Securities

1200 WEST WASHINGTON, PHOENIX, ARIZONA 85007 / 400 WEST CONGRESS STREET, TUCSON, ARIZONA 85701
www.cc.state.az.us

This document is available in alternative formats by contacting Shelly M. Hood, ADA Coordinator, voice phone number 602-542-3931, E-mail shood@cc.state.az.us

**LAW OFFICES OF
JOHN R. AUGUSTINE, JR.**

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Facsimile: 602/264-2444
E-mail: AugustineJ@azbar.org

April 18, 2001

**VIA TELEFAX &
UNITED STATES MAIL**

Mark W. Sendrow, Esq.
Arizona Corporation Comm'n/Securities Division
1300 West Washington, 3rd Floor
Phoenix, Arizona 85007



Re: MG Natural Resources (n/k/a Xenolix Technologies, Inc.)

Dear Mark:

As you know, my firm represents Xenolix Technologies, Inc. ("Xenolix") in connection with an investigation (both past and ongoing) and subsequent (now pending) administrative action initiated by the Securities Division. You are probably also aware that Xenolix is a publicly held concern with, literally, thousands of shareholders.

With regard to the Division's action, and as you might imagine, after the Notice of Opportunity for Hearing and press release respecting the same were issued, the price of Xenolix shares plummeted more than 54% on uncharacteristically high volume. Of course my clients recognize and fully understand that, when information that was previously unknown to the investing public is made known, wide price swings are not unusual. Indeed, if such changes did not occur, it would be fair to assume that such information had already been leaked and thus incorporated into the market price. The problem of course, is when the investing public does not have equal access to material information about publicly held companies.

In connection with the Division's case against Xenolix, we have reason to believe that, because of actions of certain Division personnel, information is being unevenly distributed to the public. This leads to an unbalanced and unfair market. Indeed, the Division's actions in speaking to individual investors and releasing piece meal "tid bits" as to what the investigation has "revealed" is tantamount to facilitating insider trading in

**Law Offices of
John R. Augustine, Jr., P.C.**

Mark W. Sendrow, Esq.
April 18, 2001
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violation of both State and Federal securities laws. Had the company engaged in such conduct, it would likely find itself the subject of a United States Securities and Exchange Commission investigation.

More problematic is the fact that the Division's Notice deals with issues that, for all intents and purposes, predate current management's assumption of control. In this regard, and as you are likely aware, the company and its immediate prior management have all but admitted that there may have been disclosure and registration issues in connection with several prior offerings. Of course it is my clients' position that these problems were caused not by present management (including the Amundsons) but by the original promoters who have yet to be called to answer for what appears to be substantial wrong doing. Either way, the investors and current management seem to be caught in the middle.

With regard to what information is being (improperly) disseminated by the Division, let me be specific. First, I have been advised that at least one caller has been told specific information regarding, what the Division claims to be confidential, testimony given by Alvin Johnson at his examination-under-oath. Still another investor was told that the federal government has tested the media that is not the subject of the pending Notice and found no precious metals. Respecting the assertions in the Division's press release that give the impression that the company claims to be able to "extract" precious metals that is completely false. On the contrary, the company has steadfastly maintained that the process currently under development relates to the "identification" of the precious metals not the "extraction." The company has repeatedly stated that, unless the precious metals identified in the initial process can ultimately be commercially extracted, the company's ability to achieve profitability is in question if not doubtful.

In any event, since the advent of the new management, the company has undergone a substantial change in direction. Contrary to the information set forth in the Division's Press Release ("Mining Company Accused of Fraud in Stock Promotion"), Xenolix is NOT a "mining company." Rather, it is now fully engaged in the business of (attempting) to develop technology to identify and, later on, to extract gold and platinum group metals from various media which existence is previously unknown in such media. In this regard, the company has already been awarded a patent on its ore (media) treatment methodology through the utilization of which independent laboratories have confirmed the existence of not only gold but also platinum group metals in media that conventional scientific methodologies cannot detect. Of course, extraction and

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Mark W. Sendrow, Esq.
April 18, 2001
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commercial concentration remain an issue (which fact has been and continues to be fully disclosed).

With regard to Dr. Johnson, and contrary to what the Division has alleged and disseminated to the public, the company and has always acknowledged that Dr. Johnson has been working on developing precious metals identification and extraction methodologies and processes for years. Indeed, I direct you to the company's web sit and, in particular, the press release dated April 21, 1999. Certainly it is no secret that, when working on entirely new technology, what ever one is trying to accomplish has never been down before. That is precisely why Xenolix is trying to be first.

As a side, albeit important, issue, it is also clear that every time the company tries to meet its disclosure obligations by issuing a press release or other public statement, it is meet with skepticism and petulance. In this regard, if the Division objects to the company continuing to announce important events, I request that it forthwith identify the authority upon which such objection is predicated. It is not acceptable to merely state that staff does not believe the information to be true. Further, in as much as Xenolix has steadfastly incorporated all appropriate cautionary language into every public announcement, the staff's attitude on this subject is most troubling.

All of the foregoing gives the distinct impression that, notwithstanding the disclosures, including numerous disclaimers, the Division's action to address the past issues is motivated, at least in part, by its rejection of the proposition that my client has indeed developed a new technology. Simply put, my clients believe that it is the government's objective to shut them down no matter what. On this subject, it is my understanding that the Division's position respecting the foregoing, is wholly predicated upon information being provided by either the State Mining Commission ("AZ Dep't Mining") or the United States Bureau of Land Management ("BLM"). In this regard, my clients have further reason to believe that St. Dep't of Mining and/or BLM employees or those acting at their direction, have posted false or otherwise misleading information on internet message boards (e.g. Raging Bull) all to the substantial detriment of the company and, more importantly, its public shareholders. If this is true, such conduct is intolerable. It is also actionable.

In closing, my client requests that the Division discontinue all private communications with members of the public. If the Division continues to have private communications, my clients will have no choice but to initiate action to obtain an injunction against the Division, the Attorney General's Office, the State Dep't of Mining

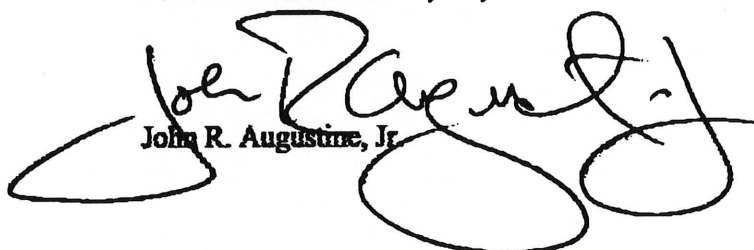
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Mark W. Sendrow, Esq.
April 18, 2001
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and the BLM and any and all employees thereof. If you have any questions regarding the foregoing or if you would like to discuss the matter further, please do not hesitate to contact me.

Very truly yours,

JOHN R. AUGUSTINE, JR., P.C.


John R. Augustine, Jr.

cc: Wendy Coy, Esq. (via telefax only)
Mr. Austin Lett (via telefax only)

JRA/me

D:\...MG AUC\Sendrow01

BEFORE THE ARIZONA CORPORATION COMMISSION

2001 FEB 28 A 9:06

WILLIAM A. MUNDELL
Chairman
JIM IRVIN
Commissioner
MARC SPITZER
Commissioner

AZ CORP COMMISSION
DOCUMENT CONTROL

In the matter of)
M.G. NATURAL RESOURCES CORPORATION)
fka Mariah International, Guildmark Industries and)
M.G. Gold Corporation, currently known as)
Xenolix Technologies, Inc.)
34 Maple St.)
Summit, NJ 07901)
ALVIN CHARLES JOHNSON, JR.)
1930 East Third Street, Suite 11)
Tempe, AZ 85281,)
Respondents.)

DOCKET NO. S-03356A-01-0000

NOTICE OF OPPORTUNITY FOR
HEARING REGARDING PROPOSED
ORDER TO CEASE AND DESIST,
FOR ADMINISTRATIVE
PENALTIES, AND FOR OTHER
AFFIRMATIVE ACTION

NOTICE: RESPONDENTS HAVE 10 DAYS TO REQUEST A HEARING

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that Respondents have engaged in acts, practices and transactions, which constitute violations of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act").

I.

JURISDICTION

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution, and the Securities Act.

II.

RESPONDENTS

2. M.G. NATURAL RESOURCES CORPORATION fka Mariah International, Guildmark Industries and M.G. Gold Corporation cka Xenolix Technologies, Inc. ("M.G. NATURAL

1 RESOURCES”), whose last known business address is 34 Maple St., Summit, NJ 07901, was at all
2 relevant times operating within or from the state of Arizona. M.G. NATURAL RESOURCES is a
3 Nevada corporation.

4 3. ALVIN CHARLES JOHNSON, JR. (“JOHNSON”), whose last known business address
5 is 1930 East Third Street, Suite 11, Tempe, AZ, 85281, began providing technical advice to M.G.
6 NATURAL RESOURCES beginning in about December of 1998. JOHNSON became a director of
7 M.G. NATURAL RESOURCES beginning in October of 1999. When M.G. NATURAL RESOURCES
8 changed its name to Xenolix Technologies, Inc. (“Xenolix”) on June 16, 2000, JOHNSON continued as a
9 director and became a vice president of Technology, Research and Development of Xenolix. JOHNSON
10 is a major shareholder in M.G. NATURAL RESOURCES. JOHNSON holds a PhD in Geology and
11 claims to be a self-employed geologist.

12 4. M.G. NATURAL RESOURCES and Xenolix will hereinafter be referred to as “M.G.
13 NATURAL RESOURCES.”

14 5. M.G. NATURAL RESOURCES and JOHNSON may be collectively referred to as
15 RESPONDENTS.

16 III.

17 FACTS

18 6. On May 15, 1997, Mariah International and Guildmark Industries merged with M.G.
19 Gold Corporation. M.G. Gold Corporation was the surviving corporation. M.G. Gold Corporation,
20 through a name change, became M.G. NATURAL RESOURCES on November 18, 1998. M.G.
21 NATURAL RESOURCES, through a name change, became Xenolix Technologies, Inc. on June 16,
22 2000 to the present.

23 7. Xenolix Technologies, Inc. assumed the assets and liabilities of M.G. NATURAL
24 RESOURCES when the name changed.

25 8. Initially, M.G. NATURAL RESOURCES claimed to be in the business of exploring
26 and developing mining property and natural resource opportunities. The focus of the business changed

1 in about December of 1999 to focus on developing technology for the economical extraction of
2 precious metals.

3 9. M.G. NATURAL RESOURCES was traded on the OTC BB. M.G. NATURAL
4 RESOURCES became ineligible for quotation as of February of 2000. The stock is now traded on the
5 pink sheets.

6 10. RESPONDENTS are attempting to develop technology that would allow for the
7 economical identification and recovery of precious metals from scoria, volcanic cinders or other media.
8 M.G. NATURAL RESOURCES owns approximately 413 acres of land located near Flagstaff, Arizona.
9 Situated on this land is a volcanic cinder cone. In addition, M.G. NATURAL RESOURCES owns an ore
10 processing plant near Winslow, Arizona.

11 11. On or about April 1, 1997, M.G. NATURAL RESOURCES offered and sold stock in
12 M.G. NATURAL RESOURCES to 71 investors raising approximately \$750,000. Little or no
13 disclosures were provided to the investors prior to their investment.

14 12. In about April of 1997, M.G. NATURAL RESOURCES offered rescission to the 71
15 investors in the April 1, 1997 offering. Approximately 18 investors requested a refund totaling
16 approximately \$250,000. The remaining investors chose to keep their stock in M.G. NATURAL
17 RESOURCES. The investors were not provided a disclosure document explaining the reasons for the
18 rescission.

19 13. On or about March 16, 1998, M.G. NATURAL RESOURCES offered one million shares
20 of stock in M.G. NATURAL RESOURCES to a number of offerees. No sales of the stock were made.
21 No offering documents were provided to the offerees. The offering was withdrawn when M.G.
22 NATURAL RESOURCES learned that the use to which the monies were to be applied (*i.e.* development
23 of another mine property) was no longer viable.

24 14. JOHNSON and Austin Lett are partners of Johnson Lett & Company ("Johnson/Lett"). In
25 about December of 1998, M.G. NATURAL RESOURCES and Johnson/Lett began negotiations for
26 M.G. NATURAL RESOURCES to purchase technology from Johnson/Lett. Johnson/Lett purported to

1 have technology, developed by JOHNSON, which would allow for the economical recovery of precious
2 metals from scoria, volcanic cinders or other media.

3 15. From the time that M.G. NATURAL RESOURCES and Johnson/Lett began to negotiate,
4 M.G. NATURAL RESOURCES has been utilizing JOHNSON's technology.

5 16. On or about December 9, 1998, M.G. NATURAL RESOURCES offered and sold stock
6 to at least 42 investors. M.G. NATURAL RESOURCES raised \$995,000 in this offering. Although the
7 offering documents represented that only accredited investors were allowed to invest, M.G. NATURAL
8 RESOURCES in fact sold stock to a number of unaccredited investors.

9 17. M.G. NATURAL RESOURCES acquired Johnson/Lett on or about May 10, 1999, for 13
10 million shares of M.G. NATURAL RESOURCES.

11 18. On or about November 11, 1999, M.G. NATURAL RESOURCES offered and sold stock
12 for \$165,000 to approximately eight investors comprised exclusively of previous investors or individuals
13 represented by previous investors.

14 19. In the November, 1999 offering, the focus of the company changed from a mining
15 company to a technology company. M.G. NATURAL RESOURCES was promoted in this offering as a
16 "high-technology" company engaged in the research and development of geological and chemical
17 research. The funds were to be used for the normal operating expenses of M.G. NATURAL
18 RESOURCES' contract laboratory in Tempe. The laboratory is owned and operated by JOHNSON. In
19 addition, the funds were to be used for the operating costs and capital equipment purchases at the pilot
20 plant.

21 20. Although JOHNSON did not speak directly with investors, JOHNSON admitted that he
22 benefited financially from the sale of stock. JOHNSON knew that the sole source of funds for M.G.
23 NATURAL RESOURCES was from the sale of stock to investors. Moreover, the sole source of
24 JOHNSON's salary was from the funds raised through the sale of stock in M.G. NATURAL
25 RESOURCES. Furthermore, the expenses of JOHNSON's laboratory were paid for from the proceeds of
26 the sale of stock in M.G. NATURAL RESOURCES.

1 21. JOHNSON admitted to assisting in the drafting of the technical information contained in
2 the offering documents that were provided to investors. JOHNSON admitted that he knew the
3 documents would be provided to investors. In addition, JOHNSON reviewed and approved the technical
4 information released to the public through the web site and press releases regarding the success of his
5 technology in finding precious metals in scoria, volcanic cinders or other media.

6 22. Investors were not told that JOHNSON had been trying since 1980 to obtain precious
7 metals from volcanic cinders. JOHNSON claimed that he had been successful in extracting precious
8 metals from scoria, volcanic cinders or other media. However, JOHNSON failed to tell investors that his
9 technology has never been replicated in a commercially economical system.

10 23. No investor has received a return on his or her investment from any of the offerings that
11 were sold.

12 24. M.G. NATURAL RESOURCES issued press releases beginning on December 1, 1998, to
13 the present referencing JOHNSON's technology and its ability to obtain precious metals from scoria,
14 volcanic cinders or other media. The technology would then be used to produce commercial quantities of
15 precious metals economically. For example, the February 16, 1999, press release stated that the
16 Johnson/Lett recovery process appears to be economical. The March 15, 1999, press release stated that
17 Dr. Al Johnson and his associates have proven irrefutably to M.G. management, that gold can be
18 economically extracted from cinders. The press releases issued on April 21, 1999, and May 10, 1999,
19 stated that M.G. NATURAL RESOURCES had successfully transformed itself into a profitable natural
20 resource provider with the potential to redefine the parameters of precious metals extraction.

21 25. On February 20, 2001, Xenolix, the successor company to M.G. NATURAL
22 RESOURCES, issued a press release stating that through the "proprietary nanotechnological processing
23 technology" patented by Xenolix and developed by JOHNSON, it was able to produce non-silver
24 precious metals from coal combustion products ("CCP"). The Division has been unable to confirm that
25 non-silver precious metals even exists in CCPs. In fact, the information the Division has obtained,
26 indicates that if any non-precious metals exist in CCPs it is unlikely to be the 10 – 14 Troy ounces per

1 ton that is represented by Xenolix. In Arizona, the main use of CCP is to make cement/concrete
2 products.

3 26. M.G. NATURAL RESOURCES is not a registered securities dealer.

4 27. None of the above referenced offerings were registered at the Division or the Securities
5 and Exchange Commission.

6 **IV.**

7 **VIOLATION OF A.R.S. § 44-1841**

8 **(Offer or Sale of Unregistered Securities)**

9 28. From on or about 1997, Respondent M.G. NATURAL RESOURCES offered, sold or
10 purchase of securities in the form of stock, within or from Arizona.

11 29. The securities referred to above were not registered pursuant to the provisions of Articles
12 6 or 7 of the Securities Act.

13 30. This conduct violates A.R.S. § 44-1841.

14 **V.**

15 **VIOLATION OF A.R.S. § 44-1842**

16 **(Transactions by Unregistered Dealers or Salesmen)**

17 31. Respondent M.G. NATURAL RESOURCES offered or sold securities, within or from
18 Arizona, while not registered as a dealer or salesman pursuant to the provisions of Article 9 of the
19 Securities Act.

20 32. This conduct violates A.R.S. § 44-1842.

21 **VI.**

22 **VIOLATION OF A.R.S. § 44-1991**

23 **(Fraud in Connection with the Offer or Sale of Securities)**

24 33. In connection with the offer or sale of securities within or from Arizona, Respondent
25 M.G. NATURAL RESOURCES directly or indirectly: (i) employed a device, scheme or artifice to
26 defraud; (ii) made untrue statements of material fact or omitted to state material facts which were

1 necessary in order to make the statements made not misleading in light of the circumstances under which
2 they were made; and (iii) engaged in transactions, practices or courses of business which operated or
3 would operate as a fraud or deceit upon offerees and investors. In connection with the offer or sale of
4 securities within or from Arizona, Respondent JOHNSON indirectly: (i) employed a device, scheme or
5 artifice to defraud; (ii) made untrue statements of material fact or omitted to state material facts which
6 were necessary in order to make the statements made not misleading in light of the circumstances under
7 which they were made; and (iii) engaged in transactions, practices or courses of business which operated
8 or would operate as a fraud or deceit upon offerees and investors. RESPONDENTS' conduct includes,
9 but is not limited to, the following:

- 10 a) In connection with the offerings of March, 1998, December, 1998 and November, 1999,
11 M.G. NATURAL RESOURCES failed to disclose that at the time the above referenced
12 offerings were made, there was a pending lawsuit for \$250,000 filed against M.G.
13 NATURAL RESOURCES by a former insider.
- 14 b) In connection with the offers and sales of securities on April, 1997, March, 1998 and
15 December, 1998, M.G. NATURAL RESOURCES failed to provide adequate disclosure
16 information to the offerees and investors to allow them to make an informed investment
17 decision at the time investors invested.
- 18 c) In connection with the December 1998 offer and sale of securities, M.G. NATURAL
19 RESOURCES and JOHNSON failed to disclose to offerees and investors that the
20 technology upon which the company's future depended had been in development for over
21 20 years by JOHNSON, director and vice president of Technology, Research and
22 Development of M.G. NATURAL RESOURCES, and that it had yet to prove
23 commercially viable.
- 24 d) M.G. NATURAL RESOURCES issued press releases on a regular basis starting from
25 about the beginning of 1997 and continuing through at least July of 2000. Some of the
26 press releases misrepresented or otherwise gave the misleading impression that M.G.

1 NATURAL RESOURCES was close to economically producing precious metals from
2 scoria, volcanic cinders or other media. In fact, there was no basis for such representations
3 and the company has yet to produce precious metals in commercial quantities through an
4 economically viable process.

- 5 e) JOHNSON provided information that was contained in press releases beginning in
6 December of 1998 and continuing through at least July of 2000. Some of the press
7 releases represented or otherwise gave the impression that M.G. NATURAL
8 RESOURCES was close to economically producing precious metals from scoria, volcanic
9 cinders or other media using the technology developed by JOHNSON. In fact, there was
10 no basis for such representations and the company has yet to produce precious metals in
11 commercial quantities through an economically viable process.

12 34. This conduct violates A.R.S. § 44-1991.

13 **VII.**

14 **REQUESTED RELIEF**

15 The Division requests that the Commission grant the following relief against RESPONDENTS:

- 16 1. Order RESPONDENTS to permanently cease and desist from violating the Securities
17 Act, pursuant to A.R.S. § 44-2032;
- 18 2. Order RESPONDENTS to take affirmative action to correct the conditions resulting from
19 their acts, practices or transactions, including a requirement to make restitution pursuant to A.R.S. § 44-
20 2032;
- 21 3. Order RESPONDENTS to pay the state of Arizona administrative penalties of up to
22 five thousand dollars (\$5,000) for each violation of the Securities Act, pursuant to A.R.S. § 44-2036;
- 23 4. Order any other relief that the Commission deems appropriate.

24 ...

25 ...

26 ...

VIII.

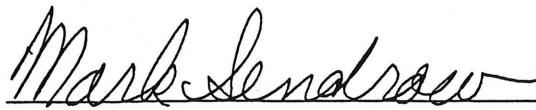
HEARING OPPORTUNITY

RESPONDENTS may request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. R14-4-306. A request must be in writing and received by the Commission within 10 business days after service of this Notice of Opportunity for Hearing. Each RESPONDENT must deliver or mail the request to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007. A Docket Control cover sheet must accompany the request. A cover sheet form and instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at www.cc.state.az.us/utility/forms/index.htm.

If a request for a hearing is timely made, the Commission shall schedule the hearing to begin 20 to 60 days from the receipt of the request unless otherwise provided by law, stipulated by the parties, or ordered by the Commission. If a request for a hearing is not timely made, the Commission may, without a hearing, enter an order against each RESPONDENT granting the relief requested by the Division in this Notice of Opportunity for Hearing.

Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting Shelly M. Hood, ADA Coordinator, voice phone number 602/542-3931, e-mail shood@cc.state.az.us. Requests should be made as early as possible to allow time to arrange the accommodation.

Dated this 28th day of February, 2001.


Mark Sendrow
Director of Securities



MURPHY CENTER (F) COCO.

COMMISSION NEWS

ARIZONA CORPORATION COMMISSION, 1200 W. WASHINGTON, PHOENIX, AZ 85007

TO: EDITORS, NEWS DIRECTORS
FOR: IMMEDIATE RELEASE

DATE: March 1, 2001
CONTACT: Heather Murphy (602) 542-0844

MINING COMPANY ACCUSED OF FRAUD IN STOCK PROMOTION

PHOENIX – The Securities Division of the Arizona Corporation Commission has accused a company with operations in Arizona of fraud in the sale of unregistered securities.

The Division filed its administrative action against M.G. Natural Resources Corporation, a company that has been known under various names such as Mariah International, Guildmark Industries and M.G. Gold Corporation. M.G. Natural Resources most recently changed its name to Xenolix Technologies, Inc., incorporated in Nevada. The action also names Alvin Charles Johnson Jr., of Tempe, who is vice president of Technology, Research and Development.

According to the action filed by the Division, between 1997 and 1999, when the company was known as M.G. Natural Resources, it offered and sold stock while quoted on the electronic Bulletin Board. The company claimed to have a patented technology that would extract gold and other precious metals from the company's volcanic cinders on property it owned east of Flagstaff. The stock was removed from the electronic Bulletin Board in 2000, and is currently being promoted on the pink sheets. The pink sheets consist of printed stock quotations for little known and thinly traded stocks. Pink sheets do not provide detailed information of the companies and virtually no standards are required for a listing. The various offerings conducted over the years were not registered nor were the persons selling the stock registered with the Division.

The Securities Division also alleges that M.G. Natural Resources Corporation committed fraud by withholding from investors the fact that the technology the company was relying on had failed for some 20 years to produce any economically viable product from processing the cinders. The company is accused of issuing

press releases that tout the technology as being on the verge of producing highly successful results. There are no known successful operations in Arizona for extracting economically viable quantities of precious metals from volcanic cinders.

The Securities Division action alleges that Alvin Charles Johnson, Jr. assisted in issuing information through press releases that misrepresented or otherwise gave the misleading impression about M.G.'s ability to economically produce precious metals from the cinders. Currently, the company, under its successor name, is claiming to have developed a process for extracting precious metals from fly ash, the by-product of coal mining, generally used in concrete and road building operations.

M.G. Natural Resources and Mr. Johnson have 10 days to request a hearing on this matter. If a hearing is requested, it will begin 20 to 60 days after the request for hearing is made. The Securities Division is seeking a cease and desist order, administrative penalties and any other action deemed appropriate by the Arizona Corporation Commission.

The public is encouraged to always check out an investment proposal by contacting the Division, which offers many educational resources on mining and precious metals investments. The Securities Division can be contacted at (602) 542-4242, toll free at 1-877-811-3878, or visit the website at www.ccsd.cc.state.az.us.

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