MANAGEMENT AGREEMENT

between

MEDALLION HEALTHY HOMES OF CANADA INC.

And

SCO MEDALLION HEALTHY HOMES LTD.

And

MEDALLION HEALTHY HOMES OF ONTARIO INC.

Medallion Healthy Homes of Canada Inc.
22519 Dewdney Trunk Road,
Maple Ridge, B.C. V2X 7X7

This Management Agreement (the "**Agreement**") is made as of Dec. 27, 2001 (the "**Effective Date**") between **Medallion Healthy Homes of Ontario Inc.** (the "**Manager**") and **Medallion Healthy Homes of Canada Inc.** (the "**Owner**").

RECITALS

WHEREAS SCO Medallion Healthy Homes Ltd. ("**Medallion-SCO**") a corporation organized under the laws of the Province of British Columbia with its principal address at 1025 West Georgia St., Vancouver, BC V6E 3C9, owns, operates and grants to others the right to operate or manage, air purification facilities known as "**Medallion Healthy Homes**" ("**Medallion Healthy Homes Facilities**"). Medallion-SCO identifies Medallion Healthy Homes by means of certain trade names, service marks, logos, emblems, and indicia of origin, including the trademark "**Medallion Healthy Homes**" and other trade names and service marks, which are now, or may be in the future, designated by Medallion-SCO in writing for use in connection with the operation of Medallion Healthy Homes Facilities (the "**Marks**"). Medallion-SCO owns a unique system for opening and operating Medallion Healthy Homes Facilities, which includes the Marks, distinctive marketing designs, confidential operating procedures, standards and specifications for equipment, services, products, management and marketing programs, quality standards, and certain business practices and policies, all of which Medallion-SCO may improve, further develop or otherwise modify from time to time (the "**System**"). Medallion-SCO entered into a Master License Agreement with the Owner dated January 4th, 2001 to which Medallion-SCO granted the right to license Medallion Healthy Homes Facilities in Canada (the "**Master License Agreement**").

AND WHEREAS the Manager shall perform certain management functions and duties under this Agreement for Medallion operations (which includes all opened and prospective Medallion Healthy Homes Facilities) in the Province of Ontario only (the "**Medallion Operation(s)**") in accordance with the terms and conditions set forth herein.

NOW THEREFORE in consideration of the promises, covenants and agreements contained in this Agreement, and other valuable consideration, the parties hereby agree as follows:

SECTION 1
REPRESENTATIONS AND WARRANTIES

1.1 Representations and Warranties of Manager

The Manager represents and warrants to Owner the following:

(a) Manager is a corporation that exists, is valid and is in good standing under the laws of Ontario.

(b) The Manager will, during the term of this Agreement, maintain its corporate existence and other rights necessary for the honouring of all of the terms and conditions of this Agreement.

(c) This Agreement is a binding obligation of the Manager under the terms and conditions, and does not constitute default under any other agreement to which the Manager is a party.

1.2 Representations and Warranties of Owner

Owner represents and warrants to the Manager the following:

(a) Owner is a corporation that exists, is valid and is in good standing under the laws of British Columbia.

(b) Owner will, during the life of this Agreement, maintain its corporate existence, the Master License Agreement and other rights necessary for the honouring of all of the terms and conditions of this Agreement.

(c) Each License Agreement shall be in the form of the Owner's standard license agreement which the parties hereby acknowledge shall be substantially in the form set out in Schedule "A" subject to such modifications as agreed to by the Owner and the Manager acting reasonably. The Owner shall not make any modification to the License Agreement that will materially or unduly affect or interfere with the Manager's ability to sell or promote Medallion Healthy Homes Facilities to prospective franchisees.

(d) This Agreement is a binding obligation of the Owner under the terms and conditions hereof, and shall not constitute a default under any other agreements to which the Owner is a party.

SECTION 2
TERM

2.1 Term

The Term of this Agreement shall be for a period commencing on the Effective Date and continuing for an indefinite term until terminated as provided for in this Agreement (the "**Term**").

SECTION 3
MANAGEMENT AND OPERATIONS

3.1 Appointment of Manager

The Owner hereby appoints the Manager as his exclusive agent to market, supervise, direct and control the Medallion Operations, provided that the duties, responsibilities and functions of the Manager hereunder shall be limited strictly to Section 3.2 below and shall not extend in any manner whatsoever to any other activity of the Owner. The Manager accepts such appointment and agrees to manage the Medallion Operations during the Term in accordance with the terms and conditions set forth.

3.1.1 Use of Mark in Corporate Name

Owner has consented to Manager's use of the mark "Medallion Healthy Homes" in Manager's corporate name; however Manager agrees to remove " Medallion Healthy Homes" from its corporate name at any time Owner requests such removal. Manager agrees to use such trademark registration and copyright notices as Owner specifies from time to time and to obtain business and trade name registrations as may be required by applicable law.

Manager agrees to permit the Owner and its authorized representatives access to its business premises for the purpose of inspecting its use of the Marks and any relevant documents, materials and records in order to determine that Manager is complying with the provisions of Section 3.1.1.

3.1.2 Use of Mark

Manager recognizes and acknowledges Medallion-SCO's exclusive ownership of and rights in its current and future Marks and in all related practices, procedures, methods and devices. All goodwill now or in the future associated with or relating to the Marks will accrue directly and exclusively to the benefit and is the property of Medallion-SCO. Nothing contained in this Agreement will be construed to entitle the Manager any right, title or interest in or the Marks or the goodwill now or in the future associated with them, other than the rights and license expressly granted in this Agreement. Manager's unauthorized use of any of the Marks constitutes a breach of this Agreement and an infringement of Medallion-SCO's rights to the Marks. All provisions of this Agreement applicable to the Marks apply to any additional or substitute trademarks, service marks and trade dress Owner authorizes Manager to use. Manager may not at any time during or after the Term contest, or assist any other person in contesting, the validity or ownership of any of the Marks.

Manager agrees to use the Marks as the sole identification of the Ontario Sales Office, which is to be supervised by the Manager ("**Medallion Head Office**"), provided the Manager identifies itself as an independent agent thereof in the manner Owner prescribes.

If it becomes advisable at any time for Owner and/or Manager to modify or discontinue use of any Mark and/or use one or more additional or substitute trademarks, service marks or trade dress, Manager agrees to comply with Owner's directions within a reasonable time after notice. Neither Owner nor Medallion-SCO shall have any liability or obligation whatsoever with respect to any such required modification or discontinuance of any Mark or the promotion of a substitute trademark, service mark or trade dress.

3.1.3 Equipment

Manager may not, without Owner's approval, offer any products, equipment or services (including promotional items) to a franchisee not then authorized by the Owner. The Manager shall ensure that all air purification equipment and supplies are purchased pursuant to the standard license agreement as set out in Schedule "A" hereto (the "**License Agreement**"), which may be amended from time to time.

3.2 Power and Authority of the Manager

From and after the Effective Date of this Agreement, the Manager will provide diligent and efficient management services (all such management services shall be in accordance with their respective License Agreements). In so doing, the Manager will:

(a) **Standards and Policies.** Implement standard policies and procedures in administration, financial management, human resources management, sales and marketing and operations pursuant to the Owner's System and/or Manual for the Medallion Operations.

Manager will supervise that all franchisees of the Medallion Operation will comply with all mandatory specifications, standards and operating procedures, as modified from time to time (whether contained in the Manual (as defined below) or any other written communication) relating to the appearance, function, cleanliness or operation of a Medallion Healthy Homes Facility, including: (a) advertising and promotional programs; (b) appearance and dress of employees; (c) services offered to customers; (d) safety, maintenance, appearance, cleanliness, sanitation, standards of service and operation of a franchise; (e) days and hours of operation; and (f) bookkeeping, accounting and record keeping systems and forms. The Manager agrees to enforce compliance with all mandatory standards, specifications and operating procedures and other obligations contained in the Manual.

Enforcement of Manual. The Manager will receive a copy of the Medallion Healthy Homes Confidential Operating Manual (the "**Manual**"). Owner may modify the Manual from time to time to reflect changes in standards, specifications and operating procedures. Mandatory specifications, standards and operating procedures and other obligations that Owner prescribes from time to time in the Manual, constitute provisions of this Agreement as if fully set forth herein. All references to this Agreement include all such mandatory specifications, standards and operating procedures and other obligations. Manager must keep its copy of the Manual current. Manager will at all times treat the contents of the Manual as confidential and will not copy or otherwise reproduce, in whole or in part or in any way make the contents of the Manual available to any person other than those persons employed by the Manager to whom disclosure is necessary to enable it to supervise the Medallion Operation under the terms of this Agreement.

(b) **Medallion Head Office.** The Manager shall forthwith, after the Effective Date, enter into negotiations with third parties to lease premises for the Medallion Head Office, to the satisfaction of the Owner, acting reasonably (the "**Lease**"). The terms and conditions of the Lease must be to the satisfaction of the Owner. The Manager is responsible for all costs and expenses related to the Medallion Head Office including but not limited to office equipment, furniture, computers and a phone system. The Manager shall restrict its activities to the conduct of business as contemplated by and pursuant to the terms of this Agreement and shall engage in no other trade, business, profession or endeavour that is not necessary thereto at the Medallion Head Office. Manager agrees to devote sufficient staff and resources to the proper conduct of business as contemplated by and pursuant to the terms of this Agreement.

Manager shall maintain the Medallion Head Office in first class condition, which office is to be used for marketing, supervising, training, and all other functions that are related to the functioning of the Medallion Operations or that the Owner may request from time to time (and as may be required by this Agreement) all of which functions are necessary to properly promote and service the Medallion Operations. The Medallion Head Office shall also be used as a storage and distribution area for all equipment and supplies used by the Medallion Healthy Homes Facilities.

The Manager shall ensure that the Lease for the Medallion Head Office is in good standing at all times and that the Owner is granted permission to contact the landlord to ensure same. Default of a material covenant or obligation under the Lease that results in the termination of the Lease is a ground for termination under this Agreement. The Manager will execute all necessary authorizations required by the landlord to release all information pertaining to the Lease.

The Manager shall maintain the necessary insurance for the Medallion Head Office as may be required by the Owner acting reasonable or the landlord according to the terms of the Lease.

(c) **Negotiate License Agreements.** Manager will use it best efforts to negotiate in good faith, on behalf of the Owner, with prospective franchisees a License Agreement for a Medallion Healthy Homes Facility. The License Agreement will be between the Owner and the franchisee. The Manager will also administer the License Agreements for the Medallion Operations and negotiate all renewals on the Owner's behalf. The Manager will indemnify the Owner and hold it harmless from any losses, damages, actions, claims, costs and expenses against or suffered by a prospective franchisee by reason of the Manager's representations.

(d) **Franchise Development**. Manager shall continuously, during the Term, exert its best efforts to expand, promote, enhance and fully exploit the business potential of Medallion Healthy Homes Facilities throughout the Province of Ontario. During the Term of this Agreement, and beginning from the Effective Date, Manager shall advertise to attract prospective franchisees, provided, however, that Owner shall have the right to approve or disapprove any advertising proposed for use by Manager, which approval may be withheld in its sole discretion acting reasonably. Without limiting the foregoing, Manager must achieve the sales figure of 20 Medallion Healthy Homes Facilities openings or operations, or sufficient franchise locations to cover a population of 2,500,000 people, at the end of a period of 36 months from the Effective Date. Additionally, the Manager is required to have open and operating a minimum of 40 Medallion Healthy Home Facilities or a sufficient franchise locations to cover a population of 5,000,000 people by the end of the 5th year from the Effective Date (the "**Development Schedule**")

In the event the Manager shall fail to have open and operating the requisite number of Medallion Healthy Homes Facilities set forth in the Development Schedule by the prescribed dates, such failure shall constitute a material default for which the Owner shall have the right to pursue its rights and remedies specified in Section 7.1(b), effective 180 days after delivery of notice thereof to Manager, provided Manager shall have the right to cure such default within such 180 day period.

(e) **Advertising Fund.** Manager may be required to establish, administer and coordinate a local advertising cooperative fund for the creation of cooperative advertising, marketing and sales programs, and other similar programs or activities as Owner deems appropriate, pursuant to the License Agreement. These programs or activities may be on a local or regional level and may include participation with businesses other than Medallion Healthy Homes Facilities. Such programs and activities may require the Manager to incur costs and expenses for which the Manager will be fully reimbursed by the local advertising cooperative fund. Owner will have the sole discretion over all aspects of all programs financed by the local advertising cooperative fund. All rules and regulations regarding the local advertising cooperative fund shall be approved by the Owner.

(f) **Training.** At least fifteen (15) days prior to the opening of a franchise Manager must provide the necessary training requirements regarding the operation of a Medallion Healthy Homes Facility for the franchisee. Manager will provide training materials in electronic form, which Manager will treat at all times as confidential. Manager will conduct all other initial and ongoing training programs pursuant to the requirements of the System and the License Agreement. The Manager will take reasonable steps according to the Owner's standards and policies to ensure that all franchisees are properly trained and will provide a certificate to the Owner as verification of same. The Manager will periodically inspect the Medallion Healthy Home Facilities in order to determine whether further training is required. The Owner will provide any and all Manuals to the franchisee and the Manager agrees to take reasonable steps to ensure the franchisee's continued compliance with all mandatory standards, specifications and operating procedures and other obligations contained in the Manual.

(g) **Ongoing Supervision.** Conduct regular reviews of the operation of the Medallion Healthy Homes Facilities in accordance with the System and report any deficiencies immediately to the Owner. The Manager shall ensure that each Medallion Healthy Homes Facility is inspected (including, but not limited to, all accounting books, records and reports, equipment, supplies and vehicles) pursuant to a routine maintenance or supervision checklist, agreed to by the Owner. Manager must determine whether there exist any deficiencies and to report same to the Owner forthwith.

(h) **Toll Free Number.** The Manager will at its sole cost and expense set up and maintain a toll free number for the Ontario Market.

(i) **Promote the Interests of the Medallion Operation.** The Manager will use its best endeavours to promote the interests of the business, to protect the rights and interests of the Owner therein and to preserve the good will of the business with obtaining profitable and competent Franchisees. The Manager will also develop and promote a positive corporate culture for the Medallion Operation.

(j) **Collection of Fees.** The Manager shall perform all billing, accounting, and collection activities for and on behalf of itself and the Owner with respect to Medallion Operations during the Term pursuant to the reporting requirements set out in Section 3.6 below and the License Agreement.

(k) **Safety.** It is critical that the Manager takes reasonable steps to ensure that there is no breach of any safety procedures as set out in the Manual and/or License Agreement. The Manager must regularly inspect, at intervals agreed to by the Owner and Manager acting reasonably, the equipment and supplies used by the Medallion Healthy Home Facilities and to report all inadequacies or deficiencies to the Owner immediately upon knowledge of same. Safety of both customers and employees is of critical importance when dealing with materials such as ozone and air purification equipment. Manager will take reasonable steps to ensure that its employees and the Medallion Healthy Home Facilities operate the business a safe manner according to the System. All safety equipment must be maintained in the best possible working condition. It is the Manager's responsibility that all employees and Medallion Healthy Home Facilities must be trained in all safety techniques as set out in the Manual.

(l) The Manager is responsible for the storage, maintenance and dispatch of the equipment to the Medallion Healthy Home Facilities as provided in Section 3.1.3 herein.

(m) Use its best efforts to increase the profitability of the Medallion Operation, to protect the rights and interests of the Medallion Operation and/or the Owner, and to preserve the goodwill of the Medallion Operation by taking reasonable steps to ensure that the Medallion Healthy Home Facilities and their customers receive the best support possible.

(n) Pay all bills and expenses as they become due relating to the Medallion Head Office, including but not limiting to, rental of premises, wages for managers and employees and insurance premiums.

(o) Maintain separate books, records and accounts to record the assets, liabilities, receipts and disbursements of the Medallion Operation and ensure that all assets, liabilities and transactions of the Medallion Operation are accurately recorded in such separate books, records and accounts.

(p) Make all books, records and accounts related to the Medallion Operation available for inspection by the Owner and its representatives at all reasonable times.

(q) Maintain a separate bank account for the Medallion Operation into which all monies received on account of the operation of the Medallion Healthy Homes Facilities shall be deposited and reported on a monthly basis to the Owner.

(r) Provide all operating capital required for the operation of the Medallion Operation.

(s) The Manager shall report to the Owner on a monthly basis or such other more frequent basis as may be agreed to in writing by the Owner and the Manager.

3.3 During the Term the Manager shall not without the prior written consent of the Owner, which consent will not be unreasonably withheld or delayed:

(a) Take any action out of the ordinary course of business or not in the best interests of the Medallion Operations or the Owner.

(b) Make or authorize any decision which, in the opinion of the Owner, materially affects the position of the Medallion Operations, System or the Owner financially or otherwise.

(c) Sell, dispose of, or acquire any assets used or to be used in the Medallion Operations out of the ordinary course of business.

(d) The Manager shall not enter into any License Agreement with a prospective Franchisee in its own capacity.

(e) Enter into any contract or agreement of behalf of the Owner.

(f) Mortgage, pledge or subject to any lien, charge, or otherwise encumber any of the equipment as set out in Section 3.1.1. herein or the Medallion Head Office premises.

(g) Incur any indebtedness on the part of the Owner or the Medallion Operations other than accounts payable incurred in the normal course of business.

3.4 Non-Competition

During the Term of this Agreement, or any extensions or renewals and for a period of 6 months following expiration or termination of the Agreement, Manager will not directly or indirectly, through corporations, or through partnerships, trusts, associations, joint ventures or other unincorporated businesses, perform any services for, engage in or acquire, be an employee of, have any financial, beneficial or equity interest in, or have any interest based on the profits or revenues of, any business similar to the franchised business within Ontario.

If any court having jurisdiction to determine the validity or enforceability of this Section determines that, strictly applied, it would be invalid or unenforceable, the definition of "similar business" or the time or geographical provisions of this Section will be deemed modified to the extent necessary (but only to that extent) so that such restrictions as modified, will be valid and enforceable.

Manager acknowledges that as a management company, it will have access to Owner's trade secrets and confidential practices and therefore be in a unique position to use the special knowledge it will have gained while acting as a manager. Manager acknowledges that a breach of the covenants contained in this Section will be deemed to threaten immediate and substantial irreparable injury to

Medallion-SCO and Owner. Accordingly, Manager agrees that Medallion-SCO or Owner will have the right, without prior notice to Manager, to obtain immediate injunctive relief without limiting any other rights or remedies.

3.5 Business Plans and Budgets

3.4.1 Operating Standard

Owner agrees that it will follow the reasonable recommendations of the Manager for maintaining the Medallion Operations and any License Agreement entered into with a franchisee for a Medallion Healthy Homes Facility.

3.4.2 Formulation and Approval of Annual Plan:

(a) Not later than thirty (30) days following the execution of this Agreement, and then at least sixty (60) days before the beginning of each operating year thereafter, the Manager shall submit an annual plan (the "Annual Plan") for the ensuing operating year to Owner for the management of the Medallion Operations. The Annual Plan shall include annual forecasts in the form of the financial statements, a marketing plan(s) for the Medallion Operations and a recommended budget for the ensuing operating year.

(b) The Owner and Manager shall meet within thirty (30) days of the submission of the Annual Plan by the Manager to the Owner to review the Annual Plan. Upon satisfactory review of the Annual Plan, the Owner will be given ten (10) business days to approve the Annual Plan. If such approval is not obtained, the Manager shall continue to operate on a monthly basis in accordance with the Annual Plan for the immediately preceding operating year as a guideline.

3.4.3 Additional Costs

The Manager makes no assurances that the actual performance of the Medallion Operations will correspond to the Annual Plan. However, the Manager shall use its best efforts to operate the Medallion Operations within the Annual Plan.

3.6 Reports, Records and Audits

(a) All records pertaining to the operation of the Medallion Operations shall be kept by the Manager in accordance with generally accepted accounting principles and shall be kept at the Medallion Head Office and will be made available for inspection by the Owner during regular office hours on reasonable notice.

(b) The Manager will provide to the Owner by the 15th day of every month the previous month's profit and loss statement for the Medallion Operations, which shall be produced in-house by Manager.

(c) Within ninety (90) days after the Manager's fiscal year, annual unaudited financial statements of Medallion Operations will be presented to the Owner. Any costs associated with the preparation of financial statements shall be borne by the Manager.

(d) The Manager will provide to the Owner by the 15th day of every month its entitlement of all collected Royalty Fees, Marketing Fees (as defined in the License Agreement), and any other payment made by a Medallion Healthy Home Facility to the Manager.

3.7 Human Resources

(a) The Manager shall select, hire and place management personnel that are necessary to operate the Medallion Business under the terms of the Agreement. All remuneration including benefits and statutory deductions shall be borne by the Manager. The Owner reserves the right to approve the appointment any employee and such approval shall not be unreasonably withheld or delayed.

(b) In performing its duties under this Agreement, the Manager shall at all times act solely as agent for the Owner. All employees, employed at the Medallion Head Office shall be employees of the Manager and shall be deemed to be "Employees". All salaries, payroll taxes, employee benefits (including, without limitation, workers' compensation liability and coverage, separation pay, termination pay, legal expenses and any other expenses incurred by the Manager in respect of such employees) shall be borne by the Manager.

(c) The Manager shall be responsible for negotiating all aspects of any license agreement with final terms and conditions subject to a final sign-off by the Owner and subject to execution by the Owner.

SECTION 4
FEES, PROFIT SHARING AND REIMBURSEMENTS

4.1 Manager's Participation Fee

(a) Manager agrees to pay to the Owner a fully-earned, non-refundable fee in the amount of $100,000.00 to be paid as follows:

1) $50,000.00 which was paid on December 27th, 2001;
2) $25,000.00 payable upon 90 days after the Effective Date; and

3) $25,000.00 payable upon the Manager earning and collecting Initial Franchise Fees (as defined in the License Agreement) for the Province of Ontario of $100,000.00 or October 15, 2002 whichever is sooner. (notwithstanding whether or not the initial franchise fees are collected in whole or in part)

(b) The participation fee includes all equipment as set out in Schedule "B" hereto.

4.2 Management Fees and Profit Sharing

(a) The Manager shall pay the Owner 50% of all Initial Franchise Fees and renewal fees earned and collected, and 50 % of on-going Royalty Fees (as defined in the License Agreement) earned and collected for all Medallion Healthy Home Facilities in the Province of Ontario opened during the Term.

(b) Owner keeps 100% of the Initial Franchise Fees from the sales generated by it for Oshawa, Kitchener-Waterloo and Mississauga-Brampton

(c) Manager will receive 12.5 % of any mark-up collected from the sale of equipment that is sold by the Manager in respect of any Medallion Healthy Home Facility or Medallion Operation.

SECTION 5
INDEMNIFICATION

5.1 Indemnification by Owner

Owner shall protect, defend, indemnify and hold harmless the Manager from and against any and all claims, demands, actions, causes of action, suits, losses, costs, charges, damages, liabilities and expenses (including court costs and reasonable solicitors' fees and expenses) (hereinafter in this Article referred to as "Claims") arising out of the performance by the Manager of its obligations and duties hereunder in accordance with the terms hereof, it being expressly understood that Owner does not agree to, and will not, so indemnify the Manager from any such loss, cost, damage, liability or expense arising out of any gross negligence by the Manager or its agents, employees or other representatives, or out of any wilful misconduct of the Manager or its agents, employees or other representatives.

5.2 Indemnification by the Manager

The Manager shall protect, defend, indemnify and hold Owner harmless from and against all Claims arising by reason of the wilful misconduct, misrepresentations or gross negligence of the Manager or any of its agents, employees or other representatives to perform its duties and obligations under this Agreement in accordance with the terms hereof, unless the Owner shall have approved the same in writing or participated therein.

SECTION 6
WARRANTS

6.1 Manager shall be granted warrants to purchase up to 600,000 shares at a subscription rate of $0.15 per share. Notice of exercise of the warrants must be sent the Owner on or before April 30, 2003 or when Owner issues public securities.

SECTION 7
PERIOD AND TERMINATION OF AGREEMENT

7.1 Termination

(a) Default. If an "Event of Default" occurs (wherein failure of Owner or Manager to perform their respective duties and obligations under this Agreement, and a material breach by Manager of any trust or fiduciary duty created by this Agreement for funds received by it or Manager's refusal to account for such funds occurs) the non-defaulting party may give notice (in this Subsection 7.1(a) called a "Notice of Complaint") to the defaulting party, specifying in reasonable detail the Event of Default. If, (i) in the case of an Event of Default which consists of the failure to pay any amount payable under this Agreement, the defaulting party fails to cure such Event of Default within five (5) Business Days of receipt of the Notice of Complaint or, (ii) in the case of any other Event of Default, the defaulting party fails to cure or remedy the Event of Default within thirty (30) days of receipt of any Notice of Complaint, or if more than thirty (30) days are required to cure or remedy such non-monetary Event of Default, the defaulting party fails to take reasonable steps to cure or remedy the Event of Default within such thirty (30) day period or thereafter fails to continue diligently to cure or remedy such Event of Default, in each case the other party may terminate this Agreement by notice (in this Subsection 7.1(a) called a "Notice of Termination") to the defaulting party stating that this Agreement is terminated and the reason for termination. Such termination shall be effective as and from the day on which the Notice of Termination is received by the defaulting party.

(b) Termination for Default of Development Obligations. In the event Manager shall fail to have open and operating the requisite number of Medallion Healthy Homes Facilities set forth in Section 3.2(d) herein, such failure shall constitutes a material default for which the Owner shall have the right to amend this Agreement by deleting the Manager's right to exclusively sell Medallion Healthy Homes Facilities or franchise locations within Ontario. In all other respects, this Agreement will remain in full force and effect and the Manager's obligation will continue with respect to existing Medallion Healthy Homes Facilities or franchise locations. This Subsection will become effective 180 days after delivery of notice thereof to Manager, provided Manager shall have the right to cure such default within such 180 day period.

(c) Pre-Emptive Termination. If an "Event of Insolvency" (as defined below) occurs, the solvent party may terminate this Agreement by notice (in this Subsection 7.1(c) called a "Notice of Termination") to the insolvent party stating that this Agreement is terminated and the reason for termination; any such Notice of Termination may only be given within forty-five (45) days of the date of the occurrence of the event to which it relates. Such termination shall be effective as and from the date on which Notice of Termination is received by the insolvent party.

"Event of Insolvency" means:

(i) if any proceedings are commenced or if an order shall be made by a court of competent jurisdiction or resolution of the directors or shareholders of Owner or Manager shall be passed for the dissolution, winding-up, or liquidation of Owner or Manager or if any application is made with respect to Owner or Manager under any creditor's arrangement legislation; or

(ii) if Owner or Manager shall file or consent to the filing in any court a petition in bankruptcy or insolvency or for any reorganization, readjustment, arrangement, composition, or for the appointment of a receiver or trustee of all or a substantial portion of its assets or make a general assignment for the benefit of creditors, or a proposal under any bankruptcy or insolvency legislation, or shall be declared by a court of competent jurisdiction bankrupt.

(d) Termination by Manager. If Manager is in compliance with this Agreement, it may terminate the Agreement, effective 60 days after the delivery to Owner of a notice of termination.

(e) Manager agrees that, upon termination or expiration of this Agreement, it shall immediately and permanently cease to use, by advertising, or any manner whatsoever, any confidential methods, procedures, description of products, and techniques associated with Owner and the Marks and any proprietary marks and distinctive forms, slogans, symbols, signs, logos or devices associated with the System. In particular, Manager shall return all equipment, Manuals, customer lists, agreements, records, materials and information in its possession or under its control, relating to the Medallion Operations.

Manager shall pay to Owner, within fifteen (15) days after the effective date of termination or expiration of this Agreement, such Initial Franchise

Fees, Royalty Fees, Marketing Fees, fund contributions, payments for inventory, equipment or merchandise, or any other sums owed to Owner by Manager, which are then unpaid. Manager shall pay to Owner all damages, costs, and expenses, including reasonable lawyers' fees, incurred by Owner in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement.

Owner will purchase any equipment from the Manager, that it has purchased from the Owner, at market value.

SECTION 8
MISCELLANEOUS

8.1 Transfer of Rights

This Agreement shall be binding on any successors of the parties. Neither party shall have the right to assign its interests in this Agreement to any other party, unless the prior written consent of the other party is obtained. The Manager can only transfer this Agreement with the written permission of the Owner which consent shall not be unreasonably withheld or delayed.

8.2 Successors and Assigns

This Agreement shall be binding upon successors and assigns of Manager and the Owner. In the event that the Owner's rights under the Master License Agreement are terminated, Medallion-SCO agrees herein that it will assume all of the obligations under this Agreement.

8.3 Non-Partnership

This Agreement does not constitute a partnership agreement between Manager and the Owner. It is understood between the parties that the relationship between them is that of independent contractor.

8.4 Currency

All reference to money amounts herein, unless otherwise stated, shall be in Canadian currency.

8.5 Applicable Law

This Agreement shall be governed by the laws of Ontario.

8.6 Notice

Any notice required or permitted by this Agreement to be given by the parties shall be in writing and shall be addressed to the other party as follows:

Owner: Medallion Healthy Homes of Canada Inc.
22519 Dewdney Trunk Road,
Maple Ridge, B.C. V2X 7X7

Attention: Don Schmidt, President

Tel: 1 (800) 633-2554
Fax: 1 (604) 467-0584

Manager:

Medallion Healthy Homes of Ontario Inc.
720 King St. West, Suite 201
Toronto, Ontario M5V 2T3

Attention: William Quennell, President

Tel: (416) 504-3335
Fax: (416) 504-3336

Medallion-SCO

SCO Medallion Healthy Homes Ltd.
Suite 2525, 1075 W. Georgia St,
Vancouver, B. C. V2X 7X7

Attention: Dan Molleker, Chairman

Tel: (425) 672-4808
Fax: (425) 672-0822

or such other address as either party may from time to time designate to the other in writing pursuant to the notice provisions herein. Any such notice shall be either delivered by hand or sent by registered or certified mail, or by courier or by facsimile transmission, and shall be deemed to have been given at the address to which such notice is so directed on the date delivered if by hand or sent if by courier or if by facsimile transmission on a business day during normal business hours or five (5) business days after the mailing thereof in the case of delivery by registered or certified mail, regardless of any other date that may appear thereon.

8.7 Arbitration

Any dispute between the parties hereto shall be the subject of arbitration as provided in this Agreement shall be settled by final and binding arbitration in accordance with the Arbitrations Act of the Province of Ontario. Such arbitration shall be conducted in Toronto. The decision or award rendered may be entered into a court of competent jurisdiction. The arbitrators shall be reasonably compensated, such reasonable compensation to be established by agreement of the parties, or if the parties should fail to agree, to be conclusively established under the rules of the Arbitrations Act of the Province of Ontario. The party which substantially prevails in any arbitration hereunder shall be entitled to reimbursement from the losing party of its reasonable lawyer's fees and expenses.

8.8 Consents Not Unreasonably Withheld

Except as herein otherwise specifically provided, whenever in this Agreement the consent or approval of Owner or the Manager is required, Owner and the Manager each agree to act reasonably and without undue delay with respect to the requests for such consent or approval. Such consent or approval shall be in writing only and shall be duly executed by an authorized officer or agent of the party granting such consent or approval.

8.9 Entire Agreement

This Agreement (including all schedules attached hereto), together with other writings signed by the parties expressly stated to be supplemental hereto and together with any instruments to be executed and delivered pursuant to those Agreement, constitutes the entire Agreement between the parties with respect to matters herein contained and supersedes all prior understandings and writings, and may be changed only in writing signed by the parties hereto.

8.10 Severability

If any provision of this Agreement shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as

d of the / day of February, 2002.

MEDALLION HEALTHY HOMES OF ONTARIO INC.

Per: ____________________
as duly authorized

Per: ____________________
as duly authorized

MEDALLION HEALTHY HOMES OF CANADA INC.

Per:__________________________________
as duly authorized

Per:__________________________________
as duly authorized

SCO MEDALLION HEALTHY HOMES LTD.

Per: Daniel Mollebeer Pres
as duly authorized

Per:__________________________________
as duly authorized