FAMILY MEMORIALS INC.

ANNUAL INFORMATION FORM

For the financial year ended December 31, 2010

Dated: May 31, 2011

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FORWARD-LOOKING STATEMENTS

Forward-Looking Information and Statements

This Annual Information Form contains certain forward-looking statements and forward-looking information (collectively referred to herein as "**forward-looking statements**") within the meaning of applicable Canadian securities laws. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking information is often, but not always, identified by the use of words such as "could", "should", "can", "anticipate", "expect", "believe", "will", "may", "projected", "sustain", "continues", "strategy", "potential", "projects", "grow", "take advantage", "estimate", "well positioned" or similar words suggesting future outcomes. In particular, this Annual Information Form contains forward-looking statements relating to:

- the future opportunities for the Corporation;
- the business strategy of the Corporation; and
- the competitive advantage of the Corporation.

Forward-looking statements respecting

- the business opportunities for the Corporation are based on the views of management of the Corporation and current and anticipated market conditions; and
- the perceived benefits of the growth strategy and operating strategy of the Corporation are based upon the financial and operating attributes of the Corporation as at the date hereof, as well as the anticipated operating and financial results.

Other forward-looking statements regarding the Corporation are located in the documents incorporated by reference in this Annual Information Form and are based on certain key expectations and assumptions of the Corporation concerning anticipated financial performance, business prospects, strategies, the sufficiency of budgeted capital expenditures in carrying out planned activities, the availability and cost of labour and services and the ability to obtain financing on acceptable terms, which are subject to change based on market conditions and potential timing delays. Although management of the Corporation consider these assumptions to be reasonable based on information currently available to them, they may prove to be incorrect.

By their very nature, forward-looking statements involve inherent risks and uncertainties (both general and specific) and risks that forward-looking statements will not be achieved. Undue reliance should not be placed on forward-looking statements, as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations and anticipations, estimates and intentions expressed in the forward-looking statements, including those set out below and those detailed elsewhere in this Annual Information Form (and in documents incorporated herein by reference):

- inability of the Corporation to continue meet the listing requirements of the TSX Venture Exchange;
- competition for, among other things, capital, materials and customers; and
- the risk factors set forth under "Risk Factors".

Readers are cautioned that the foregoing list is not exhaustive.

The reader is further cautioned that the preparation of financial statements in accordance with Canadian GAAP requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. These estimates may change, having either a negative or positive effect on net earnings as further information becomes available, and as the economic environment changes.

The information contained in this Annual Information Form, including the documents incorporated by reference herein, identifies additional factors that could affect the operating results and performance of the Corporation. We urge you to carefully consider those factors.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this Annual Information Form are made as of the date of this Annual Information Form and the Corporation does not undertake and is not obligated to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

ANNUAL INFORMATION FORM

1. Corporate Structure

Family Memorials Inc. (the "Corporation") was incorporated pursuant to the *Business Corporations Act* (Ontario), on February 26, 2002. The Articles of the Corporation were amended by Certificate of Amendment, dated October 21, 2004 to remove the private issuer restrictions and to change the authorized capital of the Corporation to an unlimited number of common shares ("Common Shares").

The head and principal business office and registered office of the Corporation is located at 1126 Roland Street, Thunder Bay, Ontario, P7B 5M4.

Intercorporate Relationships

Set out below are the Corporation's subsidiaries. All of these subsidiaries are wholly-owned, directly by the Corporation.

Name	Jurisdiction of Incorporation or Organization
Grajack Industries Ltd.("Grajack")	Ontario
Somerville Memorials Ltd. ("Somerville")	Alberta
R.H. Verduyn Granite Company Ltd. ("Verduyn")	Ontario
Barber Monuments Limited ("Barber")	Ontario

2. General Development of the Business

Three Year History

In 2006, the Corporation acquired all of the outstanding shares of Verduyn of Peterborough, Ontario. During this year, the Corporation also opened a new retail outlet in Regina, Saskatchewan under the "Family Memorials" name. In 2007, all of the outstanding shares of Barber in St. Catharines, Ontario were acquired to augment existing operations in the Ontario market. During this period, the Corporation also consolidated existing retail operations in Calgary, Alberta.

In 2009, the Corporation commenced a project to design and develop computer-based software that would customize and simplify the retail sale of monuments, resulting in an increase to potential markets without the requirement for traditional retail facilities.

In 2011, the Corporation completed beta testing of the computer-based software "imonuments". imonuments is web based software that will simplify and enhance how monuments are sold. The software will enable retailer / funeral home to provide the customer with a visual image of how the finished product will appear once completed, including detailed artwork and actual colour. The software will pre-select and display only monuments that meet the requirements / regulations of the cemetery being utilized by the customer. This pre-selection feature significantly reduces the possibility for errors and simplifies the training requirements.

3. Narrative Description of the Business

General

The Corporation is a monument company, carrying on the retail business of selling granite monuments for placement on individual cemetery lots. It currently carries on business on its own as well as through its wholly-owned subsidiaries, Grajack, Somerville, Verduyn and Barber. In addition, the Corporation carries on its business under the Family Memorials banner in Brandon, Manitoba. The granite memorialization industry in Canada is highly fragmented and the Corporation considers this to be an opportunity to consolidate the retail sector of the industry by acquiring independent retailers with established businesses and opening new retail locations in various communities throughout Canada and in this way achieve economies of scale that will make it a strong competitor in the market.

The Death Care Industry and Granite Memorialization

The death care industry has traditionally been comprised of three principal segments:

1. ceremony and tribute, generally in the form of a funeral or memorial service;
2. disposition of remains, either through burial or cremation; and
3. memorialization, generally through monuments, markers or inscriptions.

Certain fundamental characteristics generally applicable to the death care industry are summarized below.

Fragmented Nature	Ownership in the death care industry is generally highly fragmented. With the exception of bronze memorial suppliers and casket manufacturers, the majority of death care operators are small, privately-owned family companies.
Barriers to Entry	Death care businesses have traditionally been transferred to successive generations within a family and in most cases these businesses have a strong local heritage, community presence and a tradition that acts as a barrier for new entrants into these existing markets. Presence and tradition present industry operators with an opportunity for significant referral business.
Death Rate	The death rate in Canada, expressed as deaths per 1,000 people in population, was approximately 7.2 in the year (July 1 to June 30) of 2004-2005 (229,906 deaths), 6.99 in the year (July 1 to June 30) 2005-2006 (225,489 deaths), 7.16 in the year (July 1 to June 30) 2006-2007 (233,825 deaths), and was 7.24 in the year (July 1 to June 30) 2007-2008 (237,819 deaths). The preliminary estimate of death rate, expressed as deaths per 1,000 people in population, is 7.74 for 2009 (242,120 deaths) and 7.87 for 2010 (247,556 deaths). (*Statistics Canada, CANSIM, table 051-0004 and indexmundi.com/Canada/death_rate.htm1).* The estimated population for July 2, 2011 is 34,030,589 and the death rate expressed as deaths per 1,000 people is 7.98 (*indexmundi.com/Canada/death_rate.htm1*).

Consolidation	Consolidators are actively consolidating the funeral home and cemetery segments of the death care industry. Management believes this consolidation will occur in all areas of the death care industry.
Pre-need Marketing and Selling	An increasing number of general death care products and services especially funeral products and cemetery lots controlled by consolidators, are being sold prior to the time of death ("pre-need") rather than at the time of death. The trend to pre-need sales has not extended to the selling of monuments and markers to any great extent.
Trend Towards Cremation	In recent years there has been a steady gradual growth in the number of families that have chosen cremation as an alternative to traditional methods of burial. Cremation rates vary by province for religious, cultural and other reasons. Cremation is generally marketed as a less costly alternative to interment. In addition, it is increasingly being marketed as a part of a death care program that incorporates a traditional service and memorialization. Management believes that the increasing numbers of cremations will to some extent negatively impact the business of the Corporation because with cremations, generally smaller monuments or bronze markers are purchased. The exact effect of this trend cannot be predicted, however management believes that with enhanced distribution capabilities, promotion, advertising and consumer awareness of memorialization, more consumers who have elected cremation may opt to spend some of the monies they would have spent on casket and burial vault expenses, on personalized upright granite monuments.

The Memorialization Industry

The granite memorialization industry is comprised of three principal areas:

1. quarrying of the granite;
2. manufacture and wholesale distribution of the memorials; and
3. retail sales of the memorials.

Generally, the memorialization industry shares some of the fundamental characteristics of the death care industry, including barriers to entry created by local heritage, community presence and tradition, structural fragmentation and stable, predictable demand. However, the granite memorial industry has certain distinguishing characteristics which include the following:

1. The purchase of granite memorials by consumers, unlike most death care products and services, is typically separated both physically and chronologically from the funeral planning and service process. Granite memorials have traditionally been sold

primarily through independent monument retailers rather than at or through funeral homes or cemeteries.

2. The personalization, permanence and visibility of upright granite memorials distinguishes them from most other death care products and services.

Memorializations take a number of forms, depending on the type of internment. Individual cemetery lots typically have granite or bronze memorials, while communal internments such as community mausoleums, cremation niches and columbarium have a range of stone, masonry and wood construction.

Granite memorials are manufactured in a wide variety of sizes, designs and colours, depending on the degree of personalization desired by the customer. While there are a number of standard types of memorials, including flush grass markers and various types of upright granite memorials, their size varies slightly from region to region.

Bronze markers are the primary competition for granite upright monuments. Bronze markers are generally flush rather than upright and are typically offered in a limited number of styles and designs, with relatively little opportunity for personalization. Unlike granite memorials, bronze markers are sold primarily through cemeteries where they have traditionally been marketed to the consumer as a lower cost alternative to granite and to the cemeterial as a lower cost cemetery maintenance option. To a lesser extent, marble is also used as a substitute for granite in memorialization. The Corporation supplies bronze markers upon request.

Opportunities

Management believes that the industry characteristics present it with the opportunities to:

1. capitalize on the fragmented nature of the memorial retailing sector by providing funeral homes with customized software that will allow their sales staff to provide a personalized monument and visual image that meets cemetery regulations for their customer's plot;

2. make acquisitions of independent retailers in strategic locations; and

3. capitalize on the trend towards cremation by attracting consumer dollars otherwise spent on casket and burial vault expenses. Management believes that with enhanced distribution capabilities, promotion, advertising and consumer awareness of memorialization, more consumers who have elected cremation may also opt for personalized upright granite memorials.

Business Strategy

The principal elements of the Corporation's growth and operating strategies are as follows:

<u>Growth Strategy</u>

The Corporation intends to continue to be a consolidator of retail granite memorialization companies in Canada. The principal elements of this strategy include the establishment of a monument retail network through funeral homes using customized software and the acquisition of existing independent granite memorial retailers in selected markets. The Corporation is also reviewing plans for the establishment of a centralized manufacturing facility that would enable it to capitalize on savings in material and sandblasting costs.

Operating Strategy

The Corporation pursues an operating strategy to capture the high margins at the retail level that includes the following key elements:

1. providing a system of web-based software customized to each funeral home that links cemetery regulations to the customer's cemetery lot by providing information regarding monument size, options and inscriptions. The visual template provides the customer with an image of their finished monument.

2. providing, through North American and foreign quarrying and manufacturing granite memorial suppliers, a complete line of granite memorials covering all price points and major colour varieties and obtain discounts based on volume;

3. eliminating manufacturing facilities in all acquired operations so that all operations in the network will be retail operations only. This restructuring of operations is expected to result in significant economies of scale that will reduce costs and provide the Corporation with the opportunity to improve margins on sales while at the same time maintaining a strong competitive pricing strategy. The Corporation recognizes that there are target volumes and economies of scale that would warrant the establishment of a centralized manufacturing facility in the future and plans are being developed to determine what the optimum triggers should be; and

4. subcontracting the installation of monuments sold. This strategy provides certainty of installation costs and will eliminate the need for installation equipment and labour.

Acquisitions

In the first year of an acquisition of a business, the Corporation will commence streamlining its operations. Typically, this will include closing down any manufacturing operations and selling off production equipment and most of the inventories. The acquired company will be converted into a sales operation with a showroom. Meanwhile, the manufacturing process and installation of monuments will be sourced through the Corporation's monument supplier and installations through a sub-contractor.

The main advantage to acquiring existing businesses is the immediate capturing of market share. The nature of the business is that it takes considerable time to build sales markets unless there is a pre-existing market base. The main disadvantage to acquiring existing businesses is the price discrepancy that will undoubtedly have to be paid over and above the fair value of the tangible assets being purchased. This price discrepancy, otherwise known as goodwill must be paid for out of the Corporation's working capital and generally cannot be financed due to its intangible nature.

Any potential acquisitions will depend upon additional financings.

New Locations

There is a cost advantage to simply establishing retail stores in new locations in that there would be no goodwill cost or cost of intangible assets. New locations can be selected by the Corporation's management based on the competitive conditions of the market place in the communities considered for the new locations. The main disadvantage to establishing new locations is the time factor that the new location will require to make its place in the market place. Expenses will be incurred while the new location is being established. To some extent, this problem can be mitigated with the development of a "funeral home" based sales network. Under this model, existing retail locations will be utilized to offer sales support to funeral homes in a specific geographical region, in essence acting as hubs or regional offices. The Corporation will continue to establish new stores or acquire existing operations in communities where the establishment of a regional presence is economically viable and in keeping with the Corporation's business model.

Products

Granite monuments cover a range of price points catering to every customer's budget. They are available in various sizes, colours, and shapes. Monuments are customized to include personalized inscriptions, epitaphs, designs, ceramic photos, and laser etchings. Each cemetery has regulations governing the size and type of monuments allowed on each plot.

Memorial products are sold directly to the public through the showrooms at the retail outlets of the Corporation and its subsidiaries. Customers attend the showroom location where samples of monuments are on display. Orders for monuments are forwarded to a supplier who finishes and custom engraves the monument and then ships it to sub-contracted installers for installation on the customer's cemetery lot. In addition to "walk-in" customers, the Corporation also sells its products through independent sales agents and funeral directors, who are paid commissions. The Corporation's products are also advertised in local newspapers.

The Corporation's revenue from the sale of monuments was $2,238,774 and $2,121,611 for the financial years of 2010 and 2009, respectively.

Principal Market Areas

The principal market area of Grajack, operating as Lons Memorials located in Belleville, Ontario, is in Belleville and in south-eastern Ontario. The principal market area of Somerville, located in Calgary, Alberta, is Calgary, rural Alberta, Saskatchewan and the Okanagan Valley section of British Columbia. Somerville services its rural customers through its independent sales agent network located in Calgary and in smaller communities in Alberta. The principal market of Verduyn, operating as Peterborough Monument Works, located in Peterborough, Ontario, is in and around the city of Peterborough, Ontario. The principal market of Barber, located in St. Catharines, Ontario, is in and around the Niagara Peninsula.

Operations

Orders for monuments are forwarded to a supplier who finishes and custom engraves the monument and then ships it to sub-contracted installers for installation on the customer's cemetery lot. The Corporation has access to approximately ten suppliers of finished monuments.

Due to winter conditions in Canada, the slowest period for the Corporation's business is from November to March when, due to frost conditions, monuments cannot be installed in cemeteries.

As at December 31, 2010, the Corporation and its subsidiaries had 10 employees.

Competitive Conditions

There are other companies which sell granite memorials in the same market regions as the Corporation and its subsidiaries. The Corporation estimates that there are four competitors to Grajack in the Belleville and surrounding area, six competitors to Somerville in Calgary and the surrounding area, 4 competitors to Verduyn in Peterborough and surrounding area, 5 competitors to Barber in St. Catherines, Niagara Peninsula and surrounding area. In all of these areas the competitors are local, private, generally family-owned companies, each of which has its own manufacturing facilities consisting of a shop and related production equipment. One of the competitors, in the Calgary area, has locations in other cities in Alberta. The Corporation believes that its competitive advantage in these markets is its strategy to limit its business to the retail sale of the granite monuments. The Corporation has access to approximately ten suppliers to carve the monuments. This eliminates the requirement for each location to have a shop and related production equipment, while at the same time improving the quality of the monument carving due to the sophistication of the supplier's production equipment, which an individual monument retailer, including the Corporation, could not normally afford. The Corporation's strategy is to have the installation of all monuments at the cemeteries sub-contracted out. This eliminates the costs associated with having employee installers, along with the need for expensive installation equipment, and brings a greater degree of certainty to the cost of monument installations. The Corporation believes that this strategy results in greater profits through expense savings along with improved quality of product for its customers.

Risk Factors

The following are certain risk factors relating to the Corporation. The risks and uncertainties described below are not the only risks and uncertainties the Corporation faces. Additional risks and uncertainties not currently known to the Corporation or that the Corporation currently deems immaterial also may impair the Corporation's business operations and cause the price of its Common Shares to decline. If any of the following risks actually occur, the Corporation's business, results of operations and financial condition, could suffer and cause the price of the Common Shares to decline.

<u>Competition</u>

The competition for retail sales of granite memorials is intense and is based on price, quality, service, design availability and breadth of product line. Competitors include funeral homes and cemetery owners who may have greater financial resources than the Corporation, as well as independent retailers of granite memorials located outside of cemeteries and funeral homes. No assurance can be given that domestic or foreign competition will not have a material adverse effect on the Corporation's business, financial condition or results of operations.

Cremation Trends

There is an increasing trend towards cremation in Canada. To the extent increases in cremation rates result in decreases in memorialization rates, this decrease could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Dependence on Key Personnel

The Corporation's success depends to a significant degree upon the continued contributions of its key qualified personnel. The Corporation believes that its future success will also depend in large part upon its ability to attract and retain qualified personnel. The Corporation's inability to attract and retain qualified personnel in the future may seriously harm the Corporation's business and results of operations.

Industry Conditions

The Corporation may be affected by numerous factors beyond its control including, but not limited to, cost of labour, materials and services, the cost of financing, technological change and fluctuations in the price of raw materials. Operations may be affected in varying degrees by government regulations such as restrictions on production, price controls, tax increases, and pollution controls. The effect of these factors cannot be accurately determined.

Seasonality

Historically, the memorial industry has experienced certain seasonal patterns. Cemeteries in Canada generally do not accept granite memorials during winter months from November to March when the ground is frozen, because the monuments cannot be properly set in the ground.

Effect of Consumer Spending

The success of the Corporation's operations depends to a significant extent upon a number of factors relating to discretionary consumer spending, including economic conditions affecting disposable consumer income such as employment, business conditions, taxation and interest rates. There can be no assurance that consumer spending will not be affected by adverse economic conditions, thereby adversely affecting the Corporation's business, financial condition or results of operations.

Lack of Profits

The Corporation has not realized a profit to date, and there is no assurance that it will earn profits in the future, or that such profits will be sustained. There is no assurance that future revenues will be sufficient to generate the funds required to continue the Corporation's business development. If the Corporation does not have sufficient capital to fund its operations, it may be required to forego certain business opportunities.

Conflicts of Interest

There are potential conflicts of interest to which the directors and executive officers of the Corporation may be subject in connection with the operation of the Corporation. Some of the directors and executive officers are or may become engaged in various other industries or are or may become directors and executive officers of other public or private companies. Robert C. Kellaway, a director of the Corporation, is the President of, and controls, Lakehead Monument Ltd. ("Lakehead"), a manufacturer and retailer of monuments which carries on business in Thunder Bay, Ontario. Glen R. Kellaway, a director of the Corporation, is Manager of, and has a beneficial interest in shares of, Lakehead. Scott C. Kellaway, the President and a director of the Corporation, has a beneficial interest in shares of Lakehead. Robert C. Kellaway, Glen R. Kellaway and Lakehead are parties to the Lakehead Non-Competition and Non-Disclosure Agreement. See "Interest of Management and Others in Material Transactions". Conflicts will be subject to the procedures and remedies under the *Business Corporations Act* (Ontario).

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered to be development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Corporation in creating sales and revenues.

Financing Requirements

The Corporation may require additional financing. The ability of the Corporation to arrange such financing in the future will depend upon the business of the Corporation, as well as the prevailing capital market conditions. There can be no assurance that the Corporation will be successful in its efforts to arrange and secure additional financing or that any additional financing will be arranged or secured on terms acceptable to the Corporation. Additional funds that are raised by issuance of shares from treasury may result in a change of control of the Corporation, and shareholders may suffer additional dilution. If adequate funds are not available, or not available on acceptable terms, the Corporation may not be able to take advantage of business opportunities or respond to competitive pressures and remain in business.

4. Dividends

The Corporation has not to date paid any dividends on its Common Shares. It is the present policy of the Board of Directors to retain earnings, if any, to finance the growth of the Corporation's business and it is therefore not anticipated that dividends will be paid in the foreseeable future.

5. General Description of Capital Structure

The Corporation is authorized to issue an unlimited number of Common Shares without nominal or par value. The holders of the Common Shares are entitled to dividends, if, as and when declared by the Board of Directors, to one vote per share at meetings of the shareholders of the Corporation and, upon liquidation, to receive such assets of the Corporation as are distributable to the holders of the Common Shares.

6. Market for Securities

The Corporation's Common Shares are listed and posted for trading on the TSX Venture Exchange Inc. under the symbol "FAM".

The following table shows the opening, high, low and closing prices, as well as the total volume traded, for the fiscal year ended December 31, 2010:

	Month	High ($)	Low ($)	Volume
2010				
	January	$0.095	$0.080	561,500
	February	$0.095	$0.070	224,790
	March	$0.095	$0.070	84,300
	April	$0.080	$0.080	5,000
	May	$0.090	$0.090	1,000
	June	$0.080	$0.070	86,000
	July	$0.090	$0.070	222,000
	August	$0.080	$0.070	352,500
	September	$0.095	$0.075	1,402,900
	October	$0.125	$0. 085	490,000
	November	$0.110	$0.080	591,000
	December	$0.160	$0.110	325,670

7. Directors and Officers

Name, Occupation and Security Holding

Information concerning the directors and executive officers of the Corporation is set out below:

Name, Residence and Position with Corporation	Director or Executive Officer Since	Principal Occupation during the past five years
Scott C. Kellaway * Ontario, Canada President, Chief Executive Officer and Director	February 26, 2002	President of the Corporation.
Robert C. Kellaway * Ontario, Canada Director	October 7, 2004	President of Lakehead Monument Ltd., a manufacturer and retailer of monuments.
Glen R. Kellaway * Ontario, Canada Director	October 7, 2004	Manager of Lakehead Monument Ltd., a manufacturer and retailer of monuments.
Gary Armstrong Ontario, Canada Chief Financial Officer	November 6, 2007	Chief Financial Officer of the Corporation since November 6, 2007; from January 1, 2000 to November, 2007 was Chief Financial Officer of TBayTel.

* Member of the Corporation's Audit Committee

All directors hold office until they resign or until the close of the next annual meeting of shareholders following their election or appointment.

The directors and executive officers of the Corporation, as a group, beneficially own, directly or indirectly, or exercise control or direction over 5,600,090 Common Shares, which represents 14.47% of the issued and outstanding Common Shares.

Conflicts Of Interest

See "Risk Factors – Conflicts of Interest".

8. Promoter

Scott C. Kellaway, who is a director of the Corporation, took the initiative in founding the Corporation and is therefore a "promoter" within the meaning of applicable securities legislation. Mr. Kellaway currently owns 3,091,090 Common Shares of the Corporation, which represents 7.98% of the total issued Common Shares of the Corporation. In addition, Mr. Kellaway holds an option to purchase a total of 1,080,396 Common Shares at an exercise price of $0.10 per share.

9. Interest of Management and Others In Material Transactions

No director, executive officer or associate or affiliate of a director or executive officer nor, to the knowledge of the directors or executive officers of the Corporation after having made reasonable inquiry, any person or company who owns beneficially, directly or indirectly, more than 10% of the issued Common Shares or any associate or affiliate thereof, has any material interest, direct or indirect, in any material transaction within the three most recently completed financial years of the Corporation or during the current financial year of the Corporation that has materially affected or will materially affect the Corporation, other than as follows:

> Pursuant to an agreement (the "2009 Lakehead Loan Agreement") dated May 12, 2009 between the Corporation and Lakehead Monuments Ltd. ("Lakehead"), Lakehead agreed to loan the Corporation the principal amount of $675,000 (the "Loan"), which Loan was repayable together with interest at the rate of 8% per annum on May 31, 2011. The 2009 Lakehead Loan Agreement was replaced by an agreement dated April 15, 2010 (the "2010 Lakehead Loan Agreement") between the Corporation and Lakehead, which provides that the Loan is repayable, together with interest thereon at the rate of 8% per annum on May 31, 2012. Robert C. Kellaway, a director of the Corporation, controls the Robert Kellaway Family Trust which in turn controls Lakehead. Robert C. Kellaway is also the President of Lakehead. Scott C. Kellaway, the President, Chief Executive Officer and a director of the Corporation, is a beneficiary of the Robert Kellaway Family Trust. Glen R. Kellaway, a director of the Corporation, is the Manager of Lakehead and a beneficiary of the Robert Kellaway Family Trust.

10. Transfer Agent and Registrar

Computershare Trust Company of Canada, at its principal office in Calgary, Alberta, is the transfer agent and registrar for the Common Shares of the Corporation.

11. Material Contracts

The only material contracts entered into by the Corporation within the most recently completed financial year of the Corporation, or before the most recently completed financial year, but still in effect, are as follows:

(a) Agreement (the "Lakehead Non-Competition and Non-Disclosure Agreement") between Robert C. Kellaway, Glen R. Kellaway and Lakehead Monuments Ltd. ("Lakehead") dated April 21, 2005 wherein Lakehead has agreed with the Corporation that it will restrict its memorial business to locations within the District of Thunder Bay, Ontario, provided that the Corporation does not open or acquire a monument business within the District of Thunder Bay, Ontario, and Robert C. Kellaway and Glen R. Kellaway have agreed not to disclosure or use confidential information concerning the business and businesses of the Corporation which they acquire while they are directors or officers of the Corporation, and Lakehead has also agreed not to use or disseminate such information;
(b) the 2009 Lakehead Loan Agreement; and
(c) the 2010 Lakehead Loan Agreement.

12. Experts

The only person or company who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under National Instrument 51-102 by the Corporation during, or relating to Corporation's most recently completed financial year, and whose profession or business gives authority to the statements, report or valuation made by the person or company, is DNTW Chartered Accountants, LLP, who is the Corporation's external auditor.

13. Additional Information

Additional information relating to the Corporation may be found on the Internet at the SEDAR website (www.sedar.com).

Specifically, additional information, including information as to the directors', and officers' remuneration and indebtedness, the principal holders of the Corporation's securities and options to purchase securities is set out in the Corporation's Management Information Circular for the annual and special meeting of shareholders held on March 17, 2010.

Additional financial information with respect to the Corporation is provided in the Consolidated Financial Statements and Management's Discussion and Analysis of financial condition and results of operation for the year ended December 31, 2010.