

2021



Management Information Circular

Dated: March 23, 2021





Table of Contents

Invitation to Shareholders	1	Securities Authorized for Issuance Under Equity Compensation Plans	34
Notice of Annual Meeting of Shareholders	2	Indebtedness of Directors and Executive Officers	35
About this Information Circular and Related Proxy Materials	3	Interest of Informed Persons in Material Transactions	35
Online Meeting and Solicitation of Proxies	4	Interest of Certain Persons or Companies in Matters to be Acted Upon	35
Solicitation, Appointment, and Revocation of Proxies	5	Statement of Corporate Governance	35
Beneficial Shareholders	7	Audit Committee	35
Matters to be acted upon at the Meeting	9	Other Business	35
Information Concerning the Director Nominees	11	Additional Information	35
Compensation Discussion and Analysis	21	APPENDIX A - Statement of Corporate Governance Practices	A-1
Performance Graph	25	APPENDIX B - Mandate for the Board of Directors	B-1
Compensation Table for Named Executive Officers	26		
Compensation of Directors	32		

Invitation to Shareholders

Dear Fellow Shareholders,

On behalf of the Board of Directors, management and employees, I invite you to attend the 2021 Annual Meeting (the "Meeting") of shareholders of AutoCanada Inc. ("AutoCanada"). The Meeting will be conducted online at:

WHERE: <https://web.lumiagm.com/219664924>

WHEN: Thursday, May 6, 2021
3:00 p.m. (Eastern Time)

Details on how to attend the Meeting online and the matters to be dealt with at the Meeting are described in the enclosed notice of meeting and management information circular. We value the views of our shareholders and appreciate the time you spend understanding and voting on the formal items of business to be considered at the Meeting.

Our management information circular and related proxy materials, along with additional documentation and information concerning AutoCanada, is available on our website at www.autocan.ca. You will also find recently filed corporate disclosure documents under the "Investors" section on our website.

If you are unable to attend the Meeting, or if you hold your shares in the name of a nominee, such as your brokerage firm, I encourage you to vote your proxy by any of the means available to you. We thank you for your continued support.

Sincerely,

(signed)

Paul Antony
Executive Chair
AutoCanada Inc.

Notice of Annual Meeting of Shareholders

NOTICE IS HEREBY GIVEN that the annual meeting (including any adjournments or postponements thereof, the "Meeting") of the holders (the "Shareholders") of common shares (the "Shares") of AutoCanada Inc. (the "Company" or "AutoCanada") will be held online at <https://web.lumiagm.com/219664924> on Thursday, May 6, 2021 at 3:00 p.m. (Eastern Time) for the following purposes:

1. TO RECEIVE the audited consolidated financial statements for the year ended December 31, 2020, together with the report of the auditor thereon;
2. TO ELECT the directors of the Company for the ensuing year;
3. TO APPOINT PricewaterhouseCoopers LLP as the independent auditor of the Company and authorize the Board of Directors of the Company to fix their remuneration; and
4. TO TRANSACT such other business as may properly be brought before the Meeting.

As a Shareholder, you are entitled to attend the Meeting and to cast one vote for each Share that you own. The specific details of all matters proposed to be put before the Meeting are set forth in the Management Information Circular accompanying this Notice of Meeting.

It is desirable that as many Shares as possible be represented at the Meeting. If you do not expect to attend and would like your Shares represented, please complete the enclosed instrument of proxy and return it as soon as possible in the envelope provided for that purpose to the Company's transfer agent, Computershare Trust Company of Canada ("Computershare"), as follows:

1. By mail to Computershare, Proxy Department, 135 West Beaver Creek, P.O. Box 300, Richmond Hill, Ontario, L4B 4R5;
2. By hand delivery to Computershare, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1;
3. By fax to 1-416-263-9524 or 1-866-249-7775; or
4. By internet at www.investorvote.com.

All proxies, to be valid, must be received by Computershare, at least forty-eight (48) hours (excluding Saturdays, Sundays and holidays) prior to the Meeting. Late proxies may be accepted or rejected by the Chair of the Meeting in his or her discretion, and the Chair of the Meeting is under no obligation to accept or reject any particular late proxy.

If you are a non-registered beneficial Shareholder, you must follow the instructions provided by your broker, securities dealer, bank, trust company or similar entity in order to vote your Shares. The accompanying Management Information Circular provides additional information relating to the matters to be dealt with at the Meeting.

DATED at Edmonton, Alberta this 23rd day of March, 2021.

BY ORDER OF THE BOARD OF DIRECTORS

(signed)

Peter Hong
Chief Strategy Officer & General Counsel

About this Information Circular and Related Proxy Materials

The management ("Management") of AutoCanada Inc. ("AutoCanada" or the "Company") is providing this management information circular ("Information Circular") and related proxy materials to you in connection with the solicitation of proxies by Management for use at the annual meeting of holders ("Shareholders") of common shares of the Company ("Shares") scheduled to be held online at <https://web.lumiagm.com/219664924> on Thursday, May 6, 2021 at 3:00 p.m. (Eastern Time) or at any adjournments or postponements thereof (the "Meeting"), for the purposes set forth in the accompanying Notice of Meeting.

This Information Circular describes the business of the Meeting, resolutions to be voted upon and the voting process, and provides information about the members ("Directors") of AutoCanada's board of directors (the "Board") and senior management, the Directors nominated for the 2021 year, our corporate governance practices and our executive compensation philosophy.

As a Shareholder, you are invited to attend the Meeting. If you are unable to attend in person, you may still vote. Please see the "How Do I Vote?" section for an explanation of how you can vote on the matters to be considered at the Meeting.

Unless otherwise indicated, the information contained herein is given as at March 23, 2021.

Online Meeting and Voting Information

ONLINE MEETING

Who can attend the Meeting?

Registered Shareholders ("Registered Shareholders"), duly appointed proxyholders and non-registered Shareholders ("Non-Registered Shareholders") can attend the Meeting.

You are a Registered Shareholder if your name appears on your Share certificate or if you hold your Shares under your name on the records maintained by Computershare. You are a non-registered Shareholder if your Shares are not held in your name but are held in the name of a nominee or intermediary such as a bank, trust company, securities broker, trustee or other custodian.

How do I attend and participate at the Meeting?

The Meeting will be hosted online by way of a live webcast. Shareholders will not be able to attend the Meeting in person.

Registered Shareholders, duly appointed proxyholders and Non-Registered Shareholders can attend the Meeting by going to <https://web.lumiagm.com/219664924>. You should go to the link in sufficient time prior to the start of the Meeting at 3:00 p.m. (Eastern Time) on Thursday, May 6, 2021 to complete the login process.

- Registered Shareholders and duly appointed proxyholders can participate in the Meeting by clicking "I have a login" and entering a Username and Password before the start of the Meeting.
- Registered Shareholders: The 15-digit control number located on the form of proxy or in the email notification you received is the Username and the Password is "autocanada2021".
 - Proxyholders: Computershare will provide the proxyholder with a Username after the voting deadline has passed and the password is "autocanada2021".
- Voting at the Meeting will only be available for Registered Shareholders and duly appointed proxyholders. Non-Registered Shareholders may attend the Meeting by clicking "I am a guest" and completing the online form which allows them to listen to the Meeting.

It is important that you are connected to the internet at all times during the Meeting in order to vote when balloting commences. Registered Shareholders as of the Record Date and duly appointed proxyholders will be able to vote and submit questions at the Meeting. Non-Registered Shareholders who are not appointed as proxyholders (and accordingly do not have a 15-digit control number) will only be able to attend as a guest which allows them to listen to the Meeting.

If you are using a 15-digit control number to login to the Meeting and you accept the terms and conditions, you will be revoking any and all previously submitted proxies. However, in such a case, you will be provided the opportunity to vote by ballot on the matters put forth at the Meeting. If you DO NOT wish to revoke all previously submitted proxies, do not accept the terms and conditions, in which case you can only enter the Meeting as a guest.

How do I appoint a proxyholder to represent me at the Meeting?

Registered Shareholders who wish to appoint a third party proxyholder to represent them at the Meeting must submit their proxy or voting instruction form (as applicable) prior to registering their proxyholder (see "How do I Vote?" below for information on how to submit proxy or voting instruction forms).

Registering the proxyholder is an additional step once a shareholder has submitted their proxy/voting instruction form. Failure to register a duly appointed proxyholder will result in the proxyholder not receiving a Username to participate at the Meeting. To register a proxyholder, Registered shareholders MUST visit <http://www.computershare.com/autocanada> prior to 3:00 p.m. (Eastern Time) on Tuesday, May 4, 2021 and provide Computershare with their proxyholder's contact information, so that Computershare may provide the proxyholder with a Username via email. Additional information regarding the appointment of a proxyholder is below under "How do I Vote?"

Solicitation, Appointment, and Revocation of Proxies

VOTING INFORMATION

What will I be voting on?

You may vote on the following matters at the Meeting:

1. To elect our Directors; and
2. To appoint our auditor and authorize the Directors to set their remuneration.

Who can vote?

Registered shareholders of record on March 22, 2021 (the "Record Date") and duly appointed proxyholders are entitled to vote at the Meeting.

How many votes are required to approve matters?

All matters to be addressed at the Meeting must be approved by a simple majority of the votes cast by Shareholders, either by proxy or in person at the Meeting.

How many votes do I have?

You are entitled to one vote for every Share that you are entitled to vote at the Meeting.

How will meeting materials be delivered?

We are using notice and access to deliver the Information Circular to both our registered and non-registered shareholders. This means that the Company will post the Information Circular online for Shareholders to access electronically on the Company's profile at www.sedar.com and on the Company's website at www.autocan.ca. You will receive a package in the mail with a notice (the "Notice") explaining how to access and review the Information Circular electronically, and how to request a paper copy at no charge. You will also receive a form of proxy or a voting instruction form in the mail so you can vote your shares. All applicable Meeting-related materials will be indirectly forwarded to non-registered Shareholders at the Company's expense. The Company will provide paper copies of the Information Circular to Shareholders who have standing instructions to receive, or for whom the Company has otherwise received a request to provide, paper copies of materials.

Notice and access is an environmentally friendly and cost effective way to distribute the Information Circular because it reduces printing, paper and postage.

How many Shares can vote?

AutoCanada is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. As of the Record Date, there are 27,459,683 Shares issued and outstanding and no preferred shares issued and outstanding. On all matters to be considered and acted upon at the Meeting, holders of Shares are entitled to one vote for each Share held.

To the knowledge of the Directors and the executive officers of the Company, as at the Record Date, no person or entity beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class of our outstanding shares, including the Shares, except as set out in the following table:

Name	Type of Ownership	Number of Shares Owned, Controlled or Directed	Percentage of Shares Outstanding
EdgePoint Investment Group Inc.	Control	6,160,487	22.43 %
BloombergSen Inc. and related entities	Control and beneficial ownership	2,838,769	10.34 %

The information in the table above is based solely on filings made by shareholders on www.sedar.com.

Who counts the votes?

Proxies and votes of Shareholders attending the Meeting are counted by Computershare, who will act as scrutineer of the Meeting. Following the Meeting, a report on the voting results will be filed under AutoCanada's profile on SEDAR at www.sedar.com.

What is the deadline for proxy voting?

We encourage you to submit your proxy as soon as possible to ensure that your vote is counted. Proxies must be received by Computershare not later than 3:00 p.m. (Eastern Time) on Tuesday, May 4, 2021, or if the Meeting is adjourned or postponed, 48 hours before such adjourned or postponed Meeting (excluding Saturdays, Sundays and holidays). The time limit for the deposit of proxies may be waived by the Board without notice. If you are a non-registered Shareholder exercising voting rights through a nominee, you should consult the voting instruction form from your nominee as they may have different and earlier deadlines.

HOW DO I VOTE?

I am a Registered Shareholder. How do I vote by proxy?

You can use the enclosed instrument of proxy ("Instrument of Proxy") to appoint your proxyholder and to indicate how you want your Shares to be voted. The persons named in the Instrument of Proxy are Directors or officers of AutoCanada.

However, you can choose another person to be your proxyholder, including someone who is not a Shareholder. If you choose this option, you should cross out the names printed on the Instrument of Proxy and insert another person's name in the blank space provided, or by completing another appropriate proxy form.

You may vote by proxy even if you plan to attend the Meeting. However, if you are using a 15-digit control number to login to the Meeting and you accept the terms and conditions, you will be revoking any and all previously submitted proxies. However, in such a case, you will be provided the opportunity to vote by ballot on the matters put forth at the Meeting. If you DO NOT wish to revoke all previously submitted proxies, do not accept the terms and conditions, in which case you can only enter the meeting as a guest.

Registered Shareholders have four ways to submit a completed Instrument of Proxy:

1. By fax, by completing and signing the enclosed Instrument of Proxy and forwarding it by fax to the attention of Computershare at 1-416-263-9524 or 1-866-249-7775;
2. By internet, by completing and submitting an Instrument of Proxy at www.investorvote.com, to transmit their voting instructions. Shareholders should have the Instrument of Proxy in hand when they access the web site and will be prompted to enter their Control Number, which is located on the Instrument of Proxy. If Shareholders vote by internet, their vote must be received not later than 3:00 p.m. (Eastern Time) on Tuesday, May 4, 2021 or 48 hours prior to the time of any adjournment or postponement of the Meeting. The website may be used to appoint a proxyholder to attend and vote on a Shareholder's behalf at the Meeting and to convey a Shareholder's voting instructions.
3. By mail, by completing and signing the enclosed Instrument of Proxy and mailing it in the envelope provided; or
4. By hand delivery to Computershare, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1.

Shareholders who wish to appoint a third party proxyholder to represent them at the online meeting **must submit their proxy or voting instruction form (if applicable) prior to registering your proxyholder. Registering your proxyholder is an additional step once you have submitted your proxy or voting instruction form. Failure to register the proxyholder will result in the proxyholder not receiving a Username to participate in the meeting.** To register a proxyholder, shareholders MUST visit <http://www.computershare.com/autocanada> by Tuesday, May 4, 2021, 3:00 p.m. (Eastern Time) and provide Computershare with their proxyholder's contact information, so that Computershare may provide the proxyholder with a Username via email.

See "*I have elected to vote by proxy. How are my voting rights exercised*" below for an explanation of how the Shares represented by your Instrument of Proxy will be voted.

Please note that if a Shareholder appoints a proxy holder and submits their voting instructions and subsequently wishes to change their appointment, a Shareholder may resubmit their Instrument of Proxy and/or voting direction, prior to the deadline noted above. When resubmitting an Instrument of Proxy, the most recently submitted proxy will be recognized as the only valid one, and all previous proxies submitted will be disregarded and considered as revoked, provided that the last Instrument of Proxy is submitted by the deadline noted above.

The Shares represented by your Instrument of Proxy will be voted or withheld from voting in accordance with your instructions indicated on the Instrument of Proxy. Unless contrary instructions are provided, the Shares represented by proxies received by Management will be voted FOR each matter to be presented at the Meeting.

Beneficial Shareholders

I am a Non-Registered Shareholder. How do I vote?

Shareholders who hold their Shares through their nominee (brokers, intermediaries, trustees or other persons), or who otherwise do not hold their Shares in their own name are Non-Registered Shareholders and they should note that only proxies deposited by Registered Shareholders will be recognized and acted upon at the Meeting.

You should have received the Notice from your nominee, together with a voting instruction form. Please contact your nominee if you did not receive a voting instruction form. Each nominee has its own signing and return instructions, which you should follow carefully to ensure that your votes are tabulated. Your nominee is required to seek your instructions as to the manner in which to vote your Shares. If you do not complete a voting instruction form, your nominee cannot vote your Shares.

If Shares are listed in an account statement provided to a Non-Registered Shareholder by a broker, those Shares will, in all likelihood, not be registered in the Shareholder's name. Such Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Non-Registered Shareholders in order to ensure that their Shares are voted at the Meeting. The form supplied to a Non-Registered Shareholder by its broker (or the agent of the broker) is substantially similar to the Instrument of Proxy provided directly to Registered Shareholders by the Company. However, its purpose is limited to instructing the Registered Shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Non-Registered Shareholder. If you have any questions respecting the voting of Shares held through a broker or other intermediary, please contact that broker or nominee well in advance of the Meeting for assistance.

You can appoint a person other than the Directors or officers of AutoCanada named on the voting instruction form as your proxyholder. This person does not have to be a Shareholder. Indicate the name of the person you are appointing in the space provided on the voting instruction form and complete the remainder of the form in accordance with the instructions provided by your nominee.

I am a Non-Registered Shareholder. Can I vote in person?

Unless your nominee has appointed you as proxyholder, we have no record of your shareholdings or of your entitlement to vote. If you are a Non-Registered Shareholder and wish to vote in person at the Meeting, you must first obtain a valid legal proxy from your broker, bank or other agent and then register in advance to attend and vote at the Meeting. Follow the instructions from your broker or bank included with these proxy materials, or contact your broker or bank to request a legal proxy form. The legal proxy form must then be submitted to Computershare and you must register with Computershare at <http://www.computershare.com/autocanada> in order to receive a Username.

PROXY INFORMATION

How are proxies solicited?

This solicitation is made on behalf of Management. Proxies are solicited primarily by mail or by any other means Management may deem necessary. Members of Management receive no additional compensation for these services, but are reimbursed for any expenses incurred by them in connection with these services.

In accordance with National Instrument 54-101 - *Communications with Beneficial Owners of Securities of a Reporting Issuer* ("NI 54-101"), arrangements may also be made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to Non-Registered Shareholders and the Company may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. However, the Company does not intend to pay for an intermediary to deliver solicitation materials to objecting Non-Registered Shareholders (as described in NI 54-101), including this Information Circular, and objecting Non-Registered Shareholders will not receive such materials unless their intermediary assumes the costs of delivery. Costs of solicitation of proxies are borne by the Company.

I have elected to vote by proxy. How are my voting rights exercised?

On the Instrument of Proxy, you have two choices: (a) you can indicate how you want your proxyholder to vote your Shares; or (b) you can let your proxyholder decide for you. If you have specified on the Instrument of Proxy how you want your Shares to be voted on a particular matter, then your proxyholder must vote your Shares accordingly in the case of either a vote by show of hands or a vote by ballot. If you have chosen to let your proxyholder decide for you, your proxyholder can then vote in accordance with his or her judgment.

The Shares represented by your Instrument of Proxy will be voted or withheld from voting in accordance with your instructions indicated on the Instrument of Proxy. Unless contrary instructions are provided, the Shares represented by proxies received by Management will be voted FOR each matter to be presented at the Meeting.

What if there are amendments to the resolutions or if other matters are brought before the Meeting?

The Instrument of Proxy delivered in connection with the Meeting gives the persons named the authority to use their discretion and judgment in voting on amendments or variations to matters identified in the Notice of Meeting or any other matter duly brought before the Meeting.

As of the date of this Information Circular, Management is not aware of any amendments to the matters set out in the Notice of Meeting or of other matters to be presented at the Meeting. However, if other matters duly come before the Meeting, the persons named on the enclosed Instrument of Proxy will vote on them in accordance with their judgment, pursuant to the discretionary authority conferred by the Instrument of Proxy with respect to such matters.

Can I revoke my proxy if I change my mind?

You can revoke your proxy at any time before it is exercised. To do this if you are a Registered Shareholder, you must deliver an instrument in writing executed by the Shareholder or by his or her attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by a duly authorized officer or attorney thereof to Computershare not later than 3:00 p.m. (Eastern Time) on Tuesday, May 4, 2021, or to the Chair of the Meeting on the day of the Meeting or any adjournment or postponement thereof, or in any other manner prescribed by law.

If you are a Non-Registered Shareholder who has voted and you want to change your mind or revoke your voting instructions, contact your nominee to obtain information on the procedure to follow, where possible.

If you are a Registered Shareholder and have already submitted an Instrument of Proxy and you plan to attend personally at the Meeting, you may revoke the proxy at the Meeting and vote in person.

Matters to be Acted Upon at the Meeting

BUSINESS OF THE MEETING

1. Consolidated Financial Statements

The consolidated financial statements of AutoCanada for the year ended 2020 and the auditor's report thereon have been delivered, either by mail or electronically, to all Registered Shareholders and also to Non-Registered Shareholders who requested such documents. These financial statements will be presented to the Shareholders at the Meeting and no vote is required with respect to this matter. The Directors have approved these financial statements. A copy of the audited consolidated financial statements can also be accessed electronically on the Company's profile at www.sedar.com and on our website at www.autocan.ca.

2. Election of Directors

Management is not aware of any reason why any of the nominees named herein would be unable or unwilling to serve as a Director. However, if a nominee is not available to serve at the time of the Meeting, and unless otherwise specified (including by a Shareholder direction to withhold a vote), the persons designated in the Instrument of Proxy may vote in favour of a substitute nominee or nominees selected by the Board.

The following are the names of the proposed nominees for election as Directors:

1. Paul Antony
2. Dennis DesRosiers
3. Stephen Green
4. Barry James
5. Maryann Keller
6. Lee Matheson
7. Elias Olmeta
8. Michael Rawluk

The Board has adopted a policy which requires that any nominee for election as a Director who receives a greater number of votes "withheld" than votes "for" his or her election as a Director shall submit his or her resignation to the Board for consideration forthwith following the Meeting. This policy applies only to uncontested elections, meaning elections where the number of nominees for Director is equal to the number of directors to be elected. The Board shall consider the resignation and determine whether or not to accept the resignation within 90 days of the applicable meeting and a news release will be issued by the Company announcing the Board's determination. Any Director who tenders his or her resignation will not participate in any meetings to consider whether the resignation is to be accepted.

At our annual and special meeting of Shareholders on May 8, 2015, Shareholders approved and adopted By-Law No. 2 (Advance Notice By-Law) which sets out the framework for advance notice of nominations of Directors by Shareholders. If a Shareholder wishes to nominate someone for election, nominations must comply with the procedures set out in By-Law No. 2. A copy of By-Law No. 2 was filed on www.sedar.com on March 20, 2015 and is available under the "Investors" section of our website.

Detailed information about these nominees is contained in this Information Circular in the "Information Concerning the Director Nominees" section.

At the Meeting, it is proposed that Shareholders elect each of the nominees listed above to serve as a Director of AutoCanada and to hold such office until the earlier of our next annual meeting of Shareholders or until his or her successor is elected.

We recommend that you vote FOR the election of the nominees listed above. Unless otherwise instructed, the Management representatives designated in the enclosed Instrument of Proxy intend to vote FOR the election of those nominees.

3. Appointment of Independent Auditor

During the 11 previous financial years ended December 31, PricewaterhouseCoopers LLP has served as the auditor to AutoCanada, and previously to AutoCanada Income Fund, predecessor to the Company. Representatives of the auditor will be present at the Meeting and will be given the opportunity to speak and to answer any questions.

At the Meeting, the Shareholders will be asked to consider and, if deemed advisable, to approve an ordinary resolution to reappoint PricewaterhouseCoopers LLP to serve as the auditor of AutoCanada until the next annual meeting of Shareholders and to authorize the Directors to fix their remuneration.

Fees payable for the years ended December 31, 2020 and December 31, 2019 to PricewaterhouseCoopers LLP were \$1,226,186 and \$875,644, respectively, as detailed in the following table:

Fee category	2020	2019
Audit fees ⁽¹⁾	\$ 565,000	\$ 583,000
Audit-related fees ⁽²⁾	\$ 309,300	\$ 292,644
Tax fees ⁽³⁾	\$ 105,800	\$ —
All other fees ⁽⁴⁾	\$ 246,086	\$ —
Total	\$ 1,226,186	\$ 875,644

(1) Audit fees, system conversion and acquisition related testing.

(2) Audit-related fees include all fees paid to PricewaterhouseCoopers LLP for the review of the interim consolidated financial statements and other services in connection with regulatory filings.

(3) Tax fees includes all fees paid to PricewaterhouseCoopers LLP for tax compliance matters and tax consulting services.

(4) All other fees - All fees paid to PwC LLP for consulting services.

We recommend that you vote FOR the reappointment of PricewaterhouseCoopers LLP as our auditor to hold office until the close of the next annual shareholders' meeting at remuneration to be fixed by the Board. Unless otherwise instructed, the management representatives designated in the enclosed proxy intend to vote FOR this reappointment.

Information Concerning the Director Nominees

Set out below is the following information for each of the proposed Directors: name; age; province or state of residence; present principal occupation and principal occupations held in the last five years if different; the first and last major office with the Corporation, if any; a brief description of their principal directorships, the number of Shares beneficially owned or controlled or directed, directly or indirectly, by each proposed Director and the value of such common shares; the number of options, the number of restricted stock units ("RSUs") and deferred share units ("DSUs") credited to each proposed Director and the value of such options, RSUs and DSUs; the year each became a director of the Corporation; their current membership on Board committees; and their Board and committee meeting attendance records for the past year. Each Director elected at the Meeting will hold office until the earlier of our next annual meeting of Shareholders or until his or her successor is elected.



PAUL W. ANTONY

Age: 53

Ontario, Canada

Director since: 2018

Not Independent

Current occupation:

Executive Chair, AutoCanada Inc.
President & Chief Executive Officer, MAP Investco

Previous occupation:

Founder & Chair, Carproof Corporation

Board/Committee Membership as at December 31, 2020	2020 Attendance	2020 Attendance (Total)	Value of Total Compensation Earned in 2020 (\$)
Board (Executive Chair)	8 of 8	100%	895,249

Securities Held⁽¹⁾ as at December 31, 2020 (at Market Value of \$23.61 per Common Share)

Year	Shares (#)	DSUs (#)	Total Share and DSUs (#)	Total Market Value of Shares and DSUs (\$)
2020	614,800	696	615,496	14,531,861
2019	614,800	696	615,496	7,625,995
2018	614,800	671	615,471	6,985,596

Other Reporting Issuer Board/Committee Memberships in the Past Five Years

Company	Committee(s)/Positions
None	



DENNIS DESROSIERS

Age: 70

Ontario, Canada

Director since: 2007

Independent

Current occupation:

President, DesRosiers Automotive Consultants Inc.

Board/Committee Membership as at December 31, 2020		2020 Attendance	2020 Attendance (Total)	Value of Total Compensation Earned in 2020 (\$)
Board		8 of 8	100%	109,000
Governance and Compensation Committee		4 of 4	100%	
Securities Held ⁽¹⁾ as at December 31, 2020 (at Market Value of \$23.61 per Common Share)				
Year	Shares (#)	DSUs (#)	Total Share and DSUs (#)	Total Market Value of Shares and DSUs (\$)
2020	24,500	23,497	47,997	1,133,209
2019	14,500	15,857	30,357	344,552
2018	4,500	12,686	17,186	389,091
Other Reporting Issuer Board/Committee Memberships in the Past Five Years				
Company			Committee(s)/Positions	
None				



STEPHEN GREEN

Age: 69

New York, USA

Director since: 2018

Independent

Current occupation:

Corporate Director

Previous occupation:

Executive Vice President of Legal and Corporate Secretary, IHS Markit Ltd.

Board/Committee Membership as at December 31, 2020		2020 Attendance	2020 Attendance (Total)	Value of Total Compensation Earned in 2020 (\$)
Board		8 of 8	100%	129,000
Governance and Compensation Committee (Chair)		4 of 4	100%	
Securities Held ⁽¹⁾ as at December 31, 2020 (at Market Value of \$23.61 per Common Share)				
Year	Shares (#)	DSUs (#)	Total Share and DSUs (#)	Total Market Value of Shares and DSUs (\$)
2020	—	28,751	28,751	678,811
2019	—	19,160	19,160	237,392
2018	—	4,348	4,348	49,350
Other Reporting Issuer Board/Committee Memberships in the Past Five Years				
Company			Committee(s)/Positions	
None				



BARRY L. JAMES

Age: 63

Alberta, Canada

Director since: 2014

Independent

Current occupation:

President, Barry L. James Advisory Services Ltd.

Previous occupation:

Managing Partner, PricewaterhouseCoopers LLP (Edmonton)

Board/Committee Membership as at December 31, 2020	2020 Attendance	2020 Attendance (Total)	Value of Total Compensation Earned in 2020 (\$)	
Board	8 of 8	100%	129,000	
Audit Committee (Chair)	4 of 4	100%		
Securities Held ⁽¹⁾ as at December 31, 2020 (at Market Value of \$23.61 per Common Share)				
Year	Shares (#)	DSUs (#)	Total Share and DSUs (#)	Total Market Value of Shares and DSUs (\$)
2020	17,867	14,633	32,500	767,325
2019	13,267	11,599	24,866	308,090
2018	13,267	7,431	20,698	234,922
Other Reporting Issuer Board/Committee Memberships in the Past Five Years				
Company			Committee(s)/Positions	
Corus Entertainment Inc. (TSX)			Board Director, Audit Committee Chair, Executive Committee Member	



MARYANN N. KELLER

Age: 77

Connecticut, USA

Director since: 2015

Independent

Current occupation:

Principal, Maryann Keller & Associates

Board/Committee Membership as at December 31, 2020	2020 Attendance	2020 Attendance (Total)	Value of Total Compensation Earned in 2020 (\$)
Board (Lead Director)	8 of 8	100%	
Audit Committee	4 of 4	100%	138,500
Governance and Compensation Committee	4 of 4	100%	

Securities Held⁽¹⁾ as at December 31, 2020 (at Market Value of \$23.61 per Common Share)

Year	Shares (#)	DSUs (#)	Total Share and DSUs (#)	Total Market Value of Shares and DSUs (\$)
2020	11,000	49,445	60,445	1,427,106
2019	11,000	38,888	49,888	618,112
2018	8,000	22,529	30,529	346,504

Other Reporting Issuer Board/Committee Memberships in the Past Five Years

Company	Committee(s)/Positions
Dollar Thrifty Automotive Group (NYSE)	Former Board Director, Audit Committee Chair, Executive Committee Member

LEE MATHESON



Age: 40

Toronto, Ontario

Director since: 2020

Independent

Current occupation:

Partner, EdgePoint Investment Management Group

Previous occupation:

Partner, Investments, Ewing Morris & Co. Investment Partners

Principal, Broadview Capital Management

Board/Committee Membership as at December 31, 2020	2020 Attendance	2020 Attendance (Total)	Value of Total Compensation Earned in 2020 (\$)
Board	3 of 3	100%	27,000

Securities Held⁽¹⁾ as at December 31, 2020 (at Market Value of \$23.61 per Common Share)

Year	Shares (#)	DSUs (#)	Total Share and DSUs (#)	Total Market Value of Shares and DSUs (\$)
2020	—	1,129	1,129	26,656
2019	—	—	—	—
2018	—	—	—	—

Other Reporting Issuer Board/Committee Memberships in the Past Five Years

Company	Committee(s)/Positions
Echelon Financial Holdings Inc. (TSX)	Board Director, Investment Committee Member
exactEarth Ltd. (TSX)	Board Director, Audit Committee Member
Optiva Inc. (TSX)	Board Director, Nomination and Governance Committee Member, Compensation Committee Member
RDM Corporation (TSX)	Former Board Director, Former Corporate Governance and Nominating Committee Member,
AlarmForce Industries Inc. (TSX)	Former Board Director, Former Chairman of the Special Committee
WesternOne Inc. (TSX)	Former Board Director, Former Compensation Committee Member, Former Environmental Health and Safety Committee Member
Strad Inc. (TSX)	Former Board Director, Former Second Special Committee Member

ELIAS OLMETA



Age: 53

California, USA

Director since: 2018

Independent

Current occupation:

Chief Financial Officer, Vistage Worldwide, Inc.

Previous occupation:

Executive Vice President and Chief Financial Officer, Mitchell International Inc.

Executive Consultant, Carproof Corporation

Senior Vice President of Corporate Development, Solera Holdings

Board/Committee Membership as at December 31, 2020	2020 Attendance	2020 Attendance(Total)	Value of Total Compensation Earned in 2020 (\$)	
Board	7 of 8	88%	108,000	
Audit	3 of 4	75%		
Securities Held ⁽¹⁾ as at December 31, 2020 (at Market Value of \$23.61 per Common Share)				
Year	Shares (#)	DSUs (#)	Total Share and DSUs (#)	Total Market Value of Shares and DSUs (\$)
2020	—	24,480	24,480	577,973
2019	—	16,523	16,523	204,720
2018	—	4,358	4,358	49,350
Other Reporting Issuer Board/Committee Memberships in the Past Five Years				
Company		Committee(s)/Positions		
None				



MICHAEL RAWLUK

Age: 47

Alberta, Canada

Director since: 2018

Not Independent

Current occupation:

President, AutoCanada Inc.

Previous occupation:

Chief Operating Officer, Birchwood Automotive Group

Board/Committee Membership as at December 31, 2020		2020 Attendance	2020 Attendance (Total)	Value of Total Compensation Earned in 2020 (\$)
Board		N/A	N/A	Not eligible
Securities Held ⁽¹⁾ as at December 31, 2020 (at Market Value of \$23.61 per Common Share)				
Year	Shares (#)	RSUs (#)	Total Share and RSUs (#)	Total Market Value of Shares and RSUs (\$)
2020	75,508	126,757	202,265	4,775,477
2019	39,956	54,601	94,557	1,171,561
2018	33,439	19,533	52,972	601,232
Other Reporting Issuer Board/Committee Memberships in the Past Five Years				
Company			Committee(s)/Positions	
None				

The selection process for new nominees is conducted by the Governance and Compensation Committee, as more particularly described in the Statement of Corporate Governance Practices in Appendix A, taking into account, consistent with the Company's Diversity Policy (as defined below), diversity, experience and skills, integrity and character, knowledge of the industry and/or general business knowledge, and independent and sound judgment. Set out below is a matrix of skills, experience and attributes for the proposed Directors, based on information provided by the proposed Directors. This matrix assists the Governance and Compensation in ensuring that the Board's overall experience and expertise is well rounded and in determining the skill sets the Governance and Compensation Committee may seek when proposing new directors at the time of retirement or departure of incumbent directors.

Skills, Experience & Attributes	Paul Antony	Dennis Desrosiers	Stephen Green	Barry James	Maryann Keller	Lee Matheson	Elias Olmeta	Michael Rawluk
Technology/online digital expertise	X				X			
Risk management expertise			X	X			X	
Financial expertise		X		X	X	X	X	
Marketing expertise	X	X		X				X
Human resources expertise	X		X	X			X	X
Operational expertise	X	X		X			X	X
Industry expertise	X	X			X	X		X
Legal/regulatory expertise			X	X				
Mergers & acquisitions expertise			X	X	X	X		X
Investor relations expertise					X	X		
Gender diversity					X			
Race/ethnic diversity							X	
Board tenure (years)	3	14	3	7	6	-	3	3
Age (years)	53	70	69	63	77	40	53	47

Cease Trade Orders

To the knowledge of the Directors and the executive officers of the Company, none of the proposed Directors is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company that (i) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer, or (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer. For purpose of the foregoing, an "order" means (i) a cease trade order, (ii) an order similar to a cease trade order, or (iii) an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days.

Bankruptcies

To the knowledge of the Directors and officers of the Company, none of the proposed Directors of the Company (i) is, as at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (ii) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

None of the proposed Directors or executive officers of the Company was subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Compensation Discussion and Analysis

Introduction

Under applicable securities laws, the Company is required to disclose certain financial and other information relating to the compensation of its NEOs. "NEO" is defined by securities legislation to mean: (i) the Chief Executive Officer (or such individual who acted in a similar capacity); (ii) the Chief Financial Officer (or such individual who acted in a similar capacity); (iii) each of the three most highly compensated executive officers of the Company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and (iv) each individual who would be a "NEO" under paragraph (iii) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in a similar capacity, at the end of the most recently completed financial year.

The compensation discussion and analysis ("CD&A") is intended to provide Shareholders with an understanding of the Company's approach to compensation, including a description of the decisions and processes involved, the different components of the Company's program, what the Company paid NEOs for the financial year ended December 31, 2020, and why. The NEOs for the financial year ended December 31, 2020 were:

- Paul Antony, Executive Chair
- Michael Rawluk, President
- Mike Borys, Chief Financial Officer
- Peter Hong, Chief Strategy Officer & General Counsel
- Tamara Darvish, President, United States

Executive Compensation Philosophy

The Company recognizes the critical importance that a highly engaged leadership team plays in the creation of sustained shareholder value. Through its compensation programs, the Company is able to attract, motivate and retain the caliber of executives needed in a highly competitive marketplace. Generally, the Company's current executive compensation programs are designed to:

- attract and retain high caliber executives who can advance the Company's strategy in a competitive environment;
- motivate executives to act in the best interests of the shareholders and other key stakeholders through performance-based compensation;
- reward executives for demonstrated leadership and the achievement of strategic corporate objectives; and
- provide market competitive compensation for delivering on the Company's goals with increased compensation opportunity for exceptional results.

During the financial year ended December 31, 2018, there were significant changes to the composition of the Board of Directors, including the Governance and Compensation Committee, and of the senior executives of the Company. The executive compensation program for the current senior executives of the Company who joined the Company during the period from July to September of 2018, took into account the key objective of attracting and retaining high caliber senior executives during this period of transition and uncertainty.

Risks Associated with the Company's Compensation Policies and Practices

The Governance and Compensation Committee is responsible for reviewing the implications of risks associated with the Company's compensation policies and practices and reporting any identified risks that are reasonably likely to have a material adverse effect on the Company. The Governance and Compensation Committee considers the balance between long-term objectives and short-term financial goals incorporated into the Company's executive compensation program and whether or not executives are potentially encouraged to expose the Company to inappropriate or excessive risk. The Company's executive compensation program has been structured similarly among all of the members of the Company's senior leadership team and the Board has the discretion to award incentives based on short-term and long-term objectives.

As at the date of this Information Circular, the Board has not conducted a formal evaluation of the implications of the risks associated with the Company's compensation policies. As stated above, risk management is a consideration of the Company when implementing its compensation policies, and the Board does not believe that the Company's

compensation policies result in unnecessary or inappropriate risk-taking, including risks that are likely to have a material adverse effect on the Company.

Trading Policy

The Company maintains a comprehensive disclosure and trading policy (“Joint Disclosure, Confidentiality, Trading and Anti-Hedging Policy”). The Joint Disclosure, Confidentiality, Trading and Anti-Hedging Policy specifically restricts any policy participant from purchasing financial instruments, including, for greater clarity, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in the market value of AutoCanada securities or share-based or option-based awards granted by AutoCanada as compensation or held, directly or indirectly, by the policy participant. In addition, subject to certain limited exceptions, the *Canada Business Corporations Act* prohibits a director or officer of AutoCanada or its subsidiaries or a person employed or retained by AutoCanada from knowingly selling securities of AutoCanada, directly or indirectly, where such person does not own or has not fully paid for the securities being sold or from knowingly selling a call or buying a put in respect of securities of AutoCanada.

Role and Composition of the Governance and Compensation Committee

The Board has delegated to the Governance and Compensation Committee responsibility for setting and implementing compensation policy for the Company’s senior leadership team. The Governance and Compensation Committee consists of three independent Directors. The Governance and Compensation Committee is comprised of Stephen Green (Chair), Dennis DesRosiers and Maryann Keller, all of whom are independent Directors of the Company within the meaning of National Instrument 58-101 - *Disclosure of Corporate Governance Practices*. The Board believes that the Governance and Compensation Committee collectively has the knowledge, experience and background in executive compensation and human resources matters required to fulfill its mandate. The Governance and Compensation Committee has a formal mandate which is reviewed and, if required, updated annually.

Executive Compensation

The goal of the executive compensation framework is to achieve the objectives set out above under “Executive Compensation Philosophy”.

To determine the appropriate compensation mix, the Governance and Compensation Committee considers the short and long-term business objectives of the Company, the executive’s ability to affect such objectives and the Company’s results, together with appropriate market practices.

Annual Compensation Review Process

Each year, the Governance and Compensation Committee reviews the total compensation for the Company’s senior executives. The determination of base salary adjustments and incentive based awards for the senior executives begins with a review of the performance against applicable objectives. The Governance and Compensation Committee also assesses the sustained individual performance and anticipated future potential of each senior executive and makes a recommendation to the Board in respect of the any base salary adjustments and appropriate incentive awards.

Components of Executive Compensation

The components of the Company’s compensation package for the senior executives, and the descriptions of the key attributes of the programs are outlined below. Only senior executives participate in the Incentive Compensation Plan.

Base Salary - Compensates senior executives for the leadership and specific skills needed to fulfill their responsibilities.

Incentive Compensation Plan - Rewards senior executives for their contribution to the achievement of annual financial and non-financial goals by providing performance-based bonuses and links the long term interests of executives and shareholders by rewarding executives for achieving the goals of the Company by awarding long-term equity-based incentives.

Base Salary

Individual executive salaries are typically set with a view towards offering market-competitive fixed compensation in order to attract and retain leaders with the appropriate skill sets. The Governance and Compensation Committee makes an annual recommendation to the Board for the annual salaries of the senior officers, taking into consideration market comparators for the executive’s position, the experience, knowledge and performance of the executive and the total compensation packages of the executives. There are no annual inflationary or automatic adjustments to executive salaries; however executive salaries will continue to be reviewed on an annual basis to ensure alignment with the market.

Incentive Compensation Plan

The Incentive Compensation Plan provides the senior executives with appropriate short-term and long-term incentives in connection with achieving performance-based goals and/or providing compensation that is linked to the long-term value of the equity of the Company.

The Incentive Compensation Plan achieves this through an annual cash bonus component and an equity incentive component. These two components of the Incentive Compensation Plan are referred to as the Short-Term Incentive Plan (the "STIP") and the Long-Term Incentive Plan (the "LTIP") and are described in further detail below.

Short-Term Incentive Plan - The STIP aims to enhance the link between pay and performance by aligning the financial, strategic and operational interests and motivations of the Company's senior executives with the annual financial, strategic and operational goals and objectives of the Company. It is designed to motivate Management to work toward common annual performance objectives while also acknowledging and rewarding individual goal achievement. The Governance and Compensation Committee has the discretion under the STIP to determine the appropriate metrics, targets and/or objectives to be achieved.

Long-Term Incentive Plan - The LTIP is designed to recognize and reward the impact of longer-term strategic actions undertaken by the senior executives and align the interests of the Company's senior executives and its shareholders. The program is designed to focus Management on successfully implementing the continuing strategic plan of the Company, improve retention of senior executives and attract talented individuals to the Company. In 2011, the Company established an equity-based incentive compensation plan referred to as the Share Unit Plan for Employees of AutoCanada or the "Share Unit Plan". The Share Unit Plan allows for the Governance and Compensation Committee to grant share units, including restricted share units ("RSUs"), to employees of AutoCanada. RSUs vest over such periods as may be determined by the Governance and Compensation Committee, with the awards to be paid in cash and/or Shares following vesting. The Company has established a share purchase trust ("Trust") to purchase Shares from the market prior to vesting of RSUs in order to reduce the risk of share price appreciation or depreciation between the time of the award of RSUs and the time of settlement. Upon vesting, the Company will direct the Trust to settle the applicable RSU awards in Shares with the executives. RSUs are entitled to accumulate dividends until they vest. Additional RSUs earned by executives as dividends are awarded based on the amount of dividend per Share multiplied by the number of unvested RSUs at the date the dividends are paid.

AutoCanada Stock Option Plan

In 2009, the Company established the AutoCanada Option Plan (the "Option Plan") under which options ("Options") may be granted to our Directors, officers, employees and consultants ("Participants"), in order to provide an opportunity for these individuals to increase their proprietary interest in our long-term success.

Pursuant to the Option Plan, AutoCanada may issue up to and including 10% of its issued and outstanding Shares (on a non-diluted basis) as Options. The aggregate number of Shares reserved for issuance to insiders pursuant to Options or other security based compensation arrangements of AutoCanada shall not at any time exceed 10% of the total number of Shares then outstanding, and the aggregate number of Shares reserved for issuance to any one person shall not at any time exceed 5% of the total number of Shares then outstanding. The issuance of Shares to insiders of AutoCanada pursuant to Options or any other security based compensation arrangements shall not exceed more than 10% of the total number of Shares outstanding within a one year period and the issuance of Shares to any one insider and such insider's associates shall not exceed more than 5% of the total number of Shares outstanding within a one-year period. The Option Plan is considered an "evergreen" plan, since the Shares covered by Options which have been exercised shall be available for subsequent grants under the Plan and the number of Options available to grant increases as the number of issued and outstanding Shares increases.

Pursuant to the Option Plan, the Board shall make all necessary or desirable determinations regarding the granting of Options to Participants and may take into consideration the present and potential contributions of a particular Participant to the success of AutoCanada and any other factors which it may deem proper and relevant. The exercise price of each Option is determined by the Board and shall not be lower than the closing price of the Shares on the TSX immediately preceding the date of grant.

Subject to earlier termination as described below, each Option and all rights thereunder granted pursuant to the Option Plan shall expire on the date determined by the Board, provided that the duration of an Option shall not be less than one year or exceed 10 years. Unless otherwise specified by the Board, Options will vest as to 1/3 after each of the first, second and third anniversaries of the grant of the Option.

Vested Options may be exercised no later than 120 days following the date a person ceases to be an eligible Participant, unless such person ceases to be an eligible Participant due to termination of employment for cause or due to the breach, expiry or termination of a consulting agreement, in which case no Options may be exercised following the date of termination. If the cessation of office, directorship, employment or consulting arrangement is by reason of death, vested Options may be exercised by the successors of the deceased within a maximum period of 120 days following such death, unless extended by the Board to a maximum of one year in total, subject to the expiry date of such Option. Where the

Option expires or is deemed to expire during a black-out period (as determined by the policies of AutoCanada) or within 10 business days from the date that any black-out period ends, the Option shall not be deemed to expire until the day that is 10 business days from the last day of the black-out period. Options are non-transferable except to the extent the rights of a Participant pass to another person upon death by will or pursuant to the laws of descent and distribution.

The Option Plan provides Participants with a cash surrender right which entitles the Participant, subject to the Company's discretion, to surrender to the Company unexercised Options that are vested and receive payment in cash of an amount equal to the excess of the fair market value of the Shares that may be purchased pursuant to the surrendered Options over the exercise price of the Options.

The Board may in its discretion amend the Option Plan and may amend the terms and conditions of Options granted pursuant to the Option Plan, without Shareholder approval. Without limiting the generality of the foregoing, the Board may amend the Option Plan without Shareholder approval if the amendment:

- is for the purpose of curing any ambiguity, error or omission in the Option Plan or to correct or supplement any provision of the Option Plan that is inconsistent with any other provision of the Option Plan;
- is necessary to comply with applicable law or the requirements of any stock exchange on which the Shares are listed;
- is an amendment to the Option Plan respecting administration and eligibility for participation under the Option Plan;
- changes the terms and conditions on which Options may be granted pursuant to the Option Plan including the provisions relating to vesting provisions and the period during which an Option may be exercised;
- changes the termination provisions of an Option or the Option Plan which does not entail an extension beyond the original expiry date;
- is an amendment of the cashless exercise feature, payable in cash or securities which provides for a full deduction of the number of underlying securities from the Option Plan; or
- is an amendment to the Option Plan of a "housekeeping nature", provided that the amendment does not change the number of Shares issuable under the Option Plan, add any form of financial assistance by the Company, change the class of eligible Participants to the Option Plan, extend the term of Options held by insiders or reduce the exercise price of Options held by insiders. Amendments are subject to any required approval of any regulatory authority or stock exchange.

There are currently an aggregate of 27,459,683 Shares outstanding. Therefore, a maximum of 2,745,968 Shares are reserved for issuance under the Option Plan. This number may increase if and as the issued and outstanding Shares increases.

One-time grants of Options were made in 2018 to Messrs. Antony, Rawluk and Hong and in 2019 to Mr. Borys and in 2020 to Ms. Darvish. See "Outstanding Share Based Awards" for more details.

The following table sets forth the annual burn rate, calculated in accordance with the rules of the TSX, in respect of the Company's equity based compensation plans for each of the three most recently completed financial years:

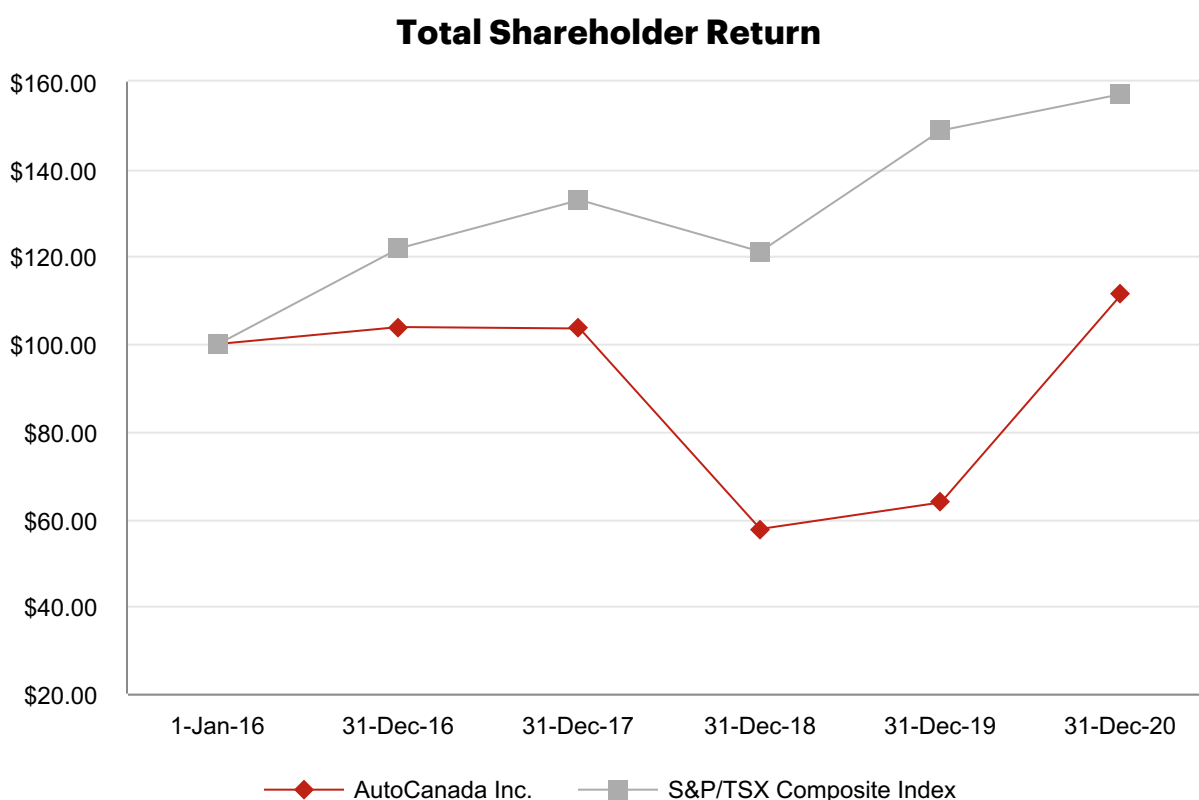
	2020 Burn rate ⁽¹⁾	2019 Burn rate ⁽¹⁾	2018 Burn rate ⁽¹⁾
Stock Option Plan	0.37%	1.71%	9.23%

(1) The annual gross burn rate is calculated as follows and expressed as a percentage:

$$\frac{\text{Number of securities granted under the arrangement during the applicable fiscal year}}{\text{weighted average number of securities outstanding for the applicable fiscal year}}$$

Performance Graph

The Board recognizes that in a cyclical industry such as the retail automotive industry, AutoCanada's focus is on long-term shareholder value growth. The following chart compares the cumulative total shareholder return, including the reinvestment of distributions, from January 1, 2016 to the end of the most recently completed financial year on December 31, 2020 for \$100 invested in Shares with the cumulative total return from the S&P/TSX Composite Index (Total Return).



Performance Graph Values	1-Jan-16	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20
AutoCanada Inc.	\$100.00	\$103.87	\$103.54	\$57.68	\$63.75	\$111.41
S&P/TSX Composite Index	\$100.00	\$121.86	\$132.94	\$121.13	\$148.84	\$157.17

Actual Values	1-Jan-16	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20
AutoCanada Inc.	\$23.75	\$23.12	\$22.64	\$11.35	\$12.39	\$23.61
S&P/TSX Composite Index	13,009.95	15,287.59	16,209.13	14,322.86	17,063.43	17,433.36

Compensation Table for Named Executive Officers

The table below summarizes the compensation earned in respect of the last three fiscal years by the NEOs.

Name and Principal Position	Year	Base Salary (\$)	Share-Based Awards (RSUs) (\$)	Stock Options ⁽⁶⁾ (\$)	Non-Equity Compensation		All Other Comp. ^{(7) (8)} (\$)	Total Comp. (\$)
					Short-Term Incentive Plans (\$)	Long-Term Incentive Plans (\$)		
Paul Antony ^{(1) (9)} <i>Executive Chair</i>	2020	450,000	—	—	—	—	445,249	895,249
	2019	400,000	—	—	—	—	28,112	428,112
	2018	157,692	—	2,495,485	—	—	160,079	2,813,256
Michael Rawluk ⁽²⁾ <i>President</i>	2020	775,000	375,211	—	620,000	—	49,681	1,819,892
	2019	775,000	387,501	1,368,741	620,000	—	49,856	3,201,098
	2018	393,462	202,167	1,088,351	314,769	—	1,007,649	3,006,398
Mike Borys ⁽³⁾ <i>Chief Financial Officer</i>	2020	450,000	225,129	—	360,000	—	132,524	1,167,653
	2019	175,673	175,051	218,865	140,000	—	308,621	1,018,210
	2018	—	—	—	—	—	—	—
Peter Hong ⁽⁴⁾ <i>Chief Strategy Officer & General Counsel</i>	2020	700,000	350,194	—	560,000	—	35,565	1,645,759
	2019	700,000	349,998	—	560,000	—	49,327	1,659,325
	2018	233,333	119,087	1,234,950	186,667	—	602,207	2,376,244
Tamara Darvish ⁽⁵⁾ <i>President, United States</i>	2020	804,900	—	118,909	611,136	—	113,648	1,648,593
	2019	643,595	—	—	227,290	—	83,157	954,042
	2018	—	—	—	—	—	—	—

(1) Paul Antony was appointed Executive Chair effective August 9, 2018.

(2) Michael Rawluk was appointed President effective June 27, 2018.

(3) Mike Borys was appointed Chief Financial Officer effective August 12, 2019.

(4) Peter Hong was appointed Chief Strategy Officer & General Counsel effective September 1, 2018.

(5) Tamara Darvish was appointed President, United States effective February 25, 2019.

(6) The fair value of options at grant date is determined using either the Black Scholes Model or a Monte Carlo Simulation in the case of options where vesting is conditional on the market price of Shares reaching certain thresholds. For details of the option grants see "Outstanding Share Based Awards" below.

(7) Includes amounts paid on account of healthcare plans and the taxable benefit related to the usage of Company vehicles. In the applicable year of hire, also includes hiring bonus and moving expenses in certain cases.

(8) Paul Antony was issued on December 1, 2020 a 15% interest in the partnership created to operate the Company's new Used Digital Retail Division.

(9) Paul Antony's base salary increased to \$1,000,000 effective December 1, 2020.

The table below summarizes the RSUs granted under the Share Unit Plan to the NEOs in the last three fiscal years.

NEO	Fiscal Year of Award	Grant Date	RSUs Granted ^{(2) (3)} (#)	Market Value of AutoCanada Inc. Shares ⁽¹⁾ (\$)	Share- Based Awards (\$)
Paul Antony	2020	N/A	—	—	—
	2019	N/A	—	—	—
	2018	N/A	—	—	—
Michael Rawluk	2020	26-Mar-20	72,156	5.20	375,211
	2019	16-May-19	35,068	11.05	387,501
	2018	28-Dec-18	19,533	10.35	202,167
Mike Borys	2020	26-Mar-20	43,294	5.20	225,129
	2019	28-Aug-19	18,722	9.35	175,051
	2018	N/A	—	—	—
Peter Hong	2020	26-Mar-20	67,345	5.20	350,194
	2019	16-May-19	31,674	11.05	349,998
	2018	28-Dec-18	11,506	10.35	119,087
Tamara Darvish	2020	N/A	—	—	—
	2019	N/A	—	—	—
	2018	N/A	—	—	—

(1) Value is calculated based on the average closing trading price of the Shares on the TSX during the immediately preceding seven trading days prior to the Grant Date.

(2) RSUs granted in 2018 will vest evenly over 3 years with 1/3 of the RSUs vesting on each anniversary of the grant date

(3) RSUs granted in 2019 and 2020 vest on a schedule of 20% on December 31 of the first year, 20% on December 31 of the second year and 60% on December 31 of the third year.

The table below summarizes the stock options granted under the Stock Option Plan to the NEOs in the last three fiscal years.

NEO	Fiscal Year Of Award	Grant Date	Stock Options Granted (#)	Fair Value of Stock Option ⁽¹⁾ (\$)	Share-Based Awards (\$)
Paul Antony	2020	—	—	—	—
	2019	—	—	—	—
	2018	14-Aug-18	500,000 ⁽²⁾	2.55	1,276,200
	2018	14-Aug-18	250,000 ⁽³⁾	2.52	629,030
	2018	14-Aug-18	250,000 ⁽⁴⁾	2.36	590,255
Michael Rawluk	2020	—	—	—	—
	2019	19-Mar-19	70,000 ⁽¹⁰⁾	3.81	266,477
	2018	19-Mar-19	300,000 ⁽¹¹⁾	3.67	1,102,264
	2018	14-Aug-18	200,000 ⁽⁵⁾	2.55	510,062
	2018	14-Aug-18	230,000 ⁽⁶⁾	2.51	578,289
Mike Borys	2020	—	—	—	—
	2019	14-Aug-19	100,000 ⁽⁸⁾	2.19	218,866
	2018	—	—	—	—
Peter Hong	2020	—	—	—	—
	2019	—	—	—	—
	2018	14-Aug-18	150,000 ⁽⁵⁾	2.55	382,547
	2018	14-Aug-18	175,000 ⁽⁶⁾	2.51	440,003
	2018	14-Aug-18	175,000 ⁽⁷⁾	2.36	412,400
Tamara Darvish	2020	43,920	100,000 ⁽⁹⁾	1.19	118,909
	2019	—	—	—	—
	2018	—	—	—	—

(1) The fair value of options at grant date is determined using either the Black Scholes Model or a Monte Carlo Simulation in the case of options where vesting is conditional on the market price of Shares reaching certain thresholds.

(2) Exercise price of \$10.05, with a term of 10 years and vesting on the earlier of (a) the first anniversary of the date of grant and (b) the volume weighted average price of the Shares on the TSX for five trading days equaling or exceeding 1.5x the exercise price.

(3) Exercise price of \$10.05, with a term of 10 years and vesting when the volume weighted average price of the Shares on the TSX for five trading days equaling or exceeding 1.5x the exercise price.

(4) Exercise price of \$10.05, with a term of 10 years and vesting when the volume weighted average price of the Shares on the TSX for five trading days equaling or exceeding 1.5x the exercise price.

(5) Exercise price of \$10.05, with a term of 10 years and vesting on the first anniversary of the date of grant.

(6) Exercise price of \$10.05, with a term of 10 years and vesting on the later of (a) the second anniversary of the date of grant and (b) the volume weighted average price of the Shares on the TSX for five trading days equaling or exceeding 1.5x the exercise price.

(7) Exercise price of \$10.05, with a term of 10 years and vesting on the later of (a) the third anniversary of the date of grant and (b) the volume weighted average price of the Shares on the TSX for five trading days equaling or exceeding 2x the exercise price.

(8) Exercise price of \$9.72, with a term of 5 years and vesting 1/3 of each of the first, second and third anniversaries of the date of grant.

(9) Exercise price of \$5.20, with a term of 5 years and vesting 1/3 of each of the first, second and third anniversaries of the date of the grant.

(10) Exercise price of \$10.05, with a term of 10 years and vesting on the later of (a) August 14, 2020 and (b) the volume weighted average price of the Shares on the TSX for five trading days equaling or exceeding 1.5x the exercise price.

(11) Exercise price of \$10.05, with a term of 10 years and vesting on the later of (a) August 14, 2021 and (b) the volume weighted average price of the Shares on the TSX for five trading days equaling or exceeding 2x the exercise price.

Incentive Plan Awards

Outstanding Share-Based Awards

The following table sets forth information in respect of all share-based awards outstanding at the end of the financial year ended December 31, 2020 to the NEOs.

NEO	Number of shares underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of share-based awards that have not vested (#)	Market value of share-based awards that have not vested ⁽¹⁾ (\$)	Market value of vested share-based awards not paid out or distributed (\$)
Paul Antony	1,000,000	10.05	August 14, 2028	13,560,000	—	—	Nil
Michael Rawluk	800,000	10.05	August 14, 2028	10,848,000	87,799	2,072,934	979,366
Mike Borys	100,000	9.72	August 14, 2024	1,389,000	46,512	1,098,148	381,231
Peter Hong	500,000	10.05	August 14, 2028	6,780,000	78,676	1,857,540	798,230
Tamara Darvish	100,000	5.20	March 30, 2025	1,841,000	—	—	Nil

(1) Market value for RSUs is calculated based on the closing price of the Shares on the TSX on December 31, 2020 of \$23.61 per share.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth information relating to the value vested or earned during the Company's financial year ended December 31, 2020 in respect of share-based awards and non-equity incentive plan compensation for NEOs.

NEO	Option-based awards - Value vested during the year (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Paul Antony	6,780,000	Nil	—
Michael Rawluk	6,780,000	660,041	620,000
Mike Borys	462,995	292,835	360,000
Peter Hong	4,407,000	558,117	560,000
Tamara Darvish	Nil	Nil	611,136

The STIP awards to Messrs. Rawluk, Borys and Hong for 2020 were based on the assessment by the Governance and Compensation Committee and the Board of Directors of individual contributions and the achievement of strategic and personal objectives during 2020, rather than any specific financial metrics. The LTIP awards, in the form of RSU awards, to Messrs. Rawluk, Borys and Hong for 2020 were time-based, vesting over three years, in order to provide incentives tied to the value of the Shares and to facilitate executive retention.

Termination of Employment, Change of Control and Employment Contracts

Paul Antony, Executive Chair. The employment agreement with Mr. Antony is for an indefinite term. The employment agreement provides that in the event we terminate the employment of Mr. Antony without cause, Mr. Antony will be entitled to a lump sum payment equal to two times annual base salary. This payment is not applicable if Mr. Antony is terminated as a result of the President assuming the role of Chief Executive Officer. In the event of termination without cause or resignation for good reason in connection with a change of control of the Company, Mr. Antony will be entitled to a lump sum payment equal to two times the annual base salary, and the vesting of all options and LTIP awards will accelerate. In connection with the additional responsibility of overseeing the Used Digital Retail Division, Mr. Antony, was granted incentive compensation on December 1, 2020 in the form of a limited partner interest representing 15% of the common equity interests in the limited partnership established to hold the Division. Mr. Antony may seek liquidity for his limited partner interest at any time by specifying a price for the interest, after which a process is in place to consider liquidity options. After 10 years, Mr. Antony and AutoCanada have put or call rights for Mr. Antony's limited partner interest at fair market value as determined by an independent financial advisor. In the event of the termination of Mr. Antony without cause (and Mr. Antony also ceasing to be a director of AutoCanada) or the death or permanent disability of Mr. Antony, in either case prior to the third anniversary after the issuance of his limited partnership interest, the holder of such limited partnership interest may require AutoCanada to purchase (with such right being exercisable only during the 180-day period following such termination, death or disability), or AutoCanada may after the fifth anniversary of the issuance of such limited partnership interest require the holder of such limited partnership interest to sell to AutoCanada, the limited partnership interest for fair market value on the basis described above. In the event of the termination of Mr. Antony with cause, AutoCanada may require the holder of Mr. Antony's limited partnership interest to sell his limited partnership interest to AutoCanada for fair market value on the basis described above.

Michael Rawluk, President. The employment agreement with Mr. Rawluk is for an indefinite term. The employment agreement provides that in the event we terminate the employment of Mr. Rawluk without cause, Mr. Rawluk will be entitled to a lump sum payment equal to two times the aggregate of annual base salary plus the STIP target amount and the LTIP target amount. In the event of termination without cause or resignation for good reason in connection with a change of control of the Company, Mr. Rawluk will be entitled to a lump sum payment equal to two times the aggregate of annual base salary plus the LTIP target amount and the STIP target amount, and the vesting of all options and LTIP awards will accelerate.

Mike Borys, Chief Financial Officer. The employment agreement with Mr. Borys is for an indefinite term. The employment agreement provides that in the event we terminate the employment of Mr. Borys without cause, Mr. Borys will be entitled to a lump sum payment equal to two times the aggregate of annual base salary plus the STIP target amount. In the event of termination without cause or resignation for good reason in connection with a change of control of the Company, Mr. Borys will be entitled to a lump sum payment equal to two times the aggregate of annual base salary plus the STIP target amount and the STIP target amount, and the vesting of all options and LTIP awards will accelerate.

Peter Hong, Chief Strategy Officer & General Counsel. The employment agreement with Mr. Hong is for an indefinite term. The employment agreement provides that in the event we terminate the employment of Mr. Hong without cause, Mr. Hong will be entitled to a lump sum payment equal to two times the aggregate of annual base salary plus the STIP target amount and the LTIP target amount. In the event of termination without cause or resignation for good reason in connection with a change of control of the Company, Mr. Hong will be entitled to a lump sum payment equal to two times the aggregate of annual base salary plus the LTIP target amount and the STIP target amount, and the vesting of all options and LTIP awards will accelerate.

The following table summarizes the payments that would be received by each NEO in each circumstance where the NEO ceases to be employed by AutoCanada on December 31, 2020. The amounts shown in the table are calculated based on positions held, and the terms applicable, as at December 31, 2020.

Name	Termination for Cause (\$)	Termination Other than for Cause (\$)	Change of Control (\$)	Retirement or Disability (\$)	Resignation (\$)	Death (\$)
Paul Antony						
Lump-sum Payment	—	2,000,000	2,000,000	—	—	—
Accelerated RSU Vesting ⁽¹⁾	—	—	—	—	—	—
Used Digital Retail units Vesting ⁽³⁾	—	—	—	—	—	—
Stock options ⁽²⁾	—	6,780,000	13,560,000	6,780,000	—	6,780,000
Total	—	8,780,000	15,560,000	6,780,000	—	6,780,000
Michael Rawluk						
Lump-sum Payment	—	2,586,513	2,586,513	—	—	—
Accelerated RSU Vesting ⁽¹⁾	—	2,164,777	2,164,777	—	—	2,164,777
Stock options ⁽²⁾	—	6,780,000	10,848,000	6,780,000	—	6,780,000
Total	—	11,531,290	15,599,290	6,780,000	—	8,944,777
Mike Borys						
Lump-sum Payment	—	1,400,000	1,400,000	—	—	—
Accelerated RSU Vesting ⁽¹⁾	—	1,022,171	1,022,171	—	—	1,022,171
Stock options ⁽²⁾	—	462,995	1,389,000	462,995	—	462,995
Total	—	2,885,166	3,811,171	462,995	—	1,485,166
Peter Hong						
Lump-sum Payment	—	2,271,111	2,271,111	—	—	—
Accelerated RSU Vesting ⁽¹⁾	—	1,861,672	1,861,672	—	—	1,861,672
Stock options ⁽²⁾	—	4,407,000	6,780,000	4,407,000	—	4,407,000
Total	—	8,539,783	10,912,783	4,407,000	—	6,268,672
Tamara Darvish						
Lump-sum Payment	—	—	—	—	—	—
Accelerated RSU Vesting ⁽¹⁾	—	—	—	—	—	—
Stock options ⁽²⁾	—	—	—	—	—	—
Total	—	—	—	—	—	—

(1) The RSU Plan provides that any unvested awards will have a six-month vesting window upon a without cause termination. Upon death, all unvested awards will immediately vest. Upon a change of control, all unvested options will accelerate.

(2) The Stock Option Plan provides that a participant shall have 120 days to exercise any vested options in the case of without cause termination, retirement, resignation or death or disability. The employment agreements for Messrs. Antony, Rawluk, Hong and Borys provide that all unvested options will accelerate in the event of a change in control. The above amounts are calculated based on the closing price of Shares on December 31, 2020 of \$23.61 and assumes that all vested options will be exercised.

(3) Please see the description of Mr. Antony's interest in the Used Digital Retail Division in the "Termination of Employment, Change of Control and Employment Contracts" section.

Except as described above, there is no compensatory plan, contract or arrangement where a NEO is entitled to receive any payment from us or our subsidiaries, including periodic payments or installments, in the event of the resignation, retirement or any other termination of the NEO's employment, a change of control of us or any of our subsidiaries or a change in the NEO's responsibilities following a change in control.

Compensation of Directors

Director Compensation

Each Director who is independent, as independence is defined in National Instrument 52-110 – *Audit Committees*, is compensated by way of an annual retainer, an annual fee for serving as Lead Director or chair of a committee, and meeting attendance fees, all as set forth in the following table:

Position/Description	Compensation per Director	Frequency
Board Director	\$100,000	per year
Lead Director	\$30,000	per year
Committee Chair	\$20,000	per year
Meeting attended in person	\$2,000	per meeting
Meeting attended by telephone if less than 4 hours	\$500	per meeting
Meeting attended by telephone if more than 4 hours	\$1,000	per meeting
Out of province travel stipend	\$1,500	per occurrence

Directors are permitted to elect to take some or all of this compensation in DSUs of the Company. Please see the “DSU Plan” section that follows.

Directors are entitled to reimbursement of their out-of-pocket expenses incurred in acting as a member of the Board or any committee. Directors also participate in our insurance and indemnification arrangements. If deemed appropriate by the Board, special committees of the Board may be established for certain purposes, the compensation of the members thereof to be at the discretion of the Board.

The aggregate amount paid to the Directors as compensation in their capacity as such, other than Directors who are also NEOs, during the financial year ended December 31, 2020 was \$640,500. The aggregate amount we reimbursed the Directors for out-of-pocket expenses incurred in acting as a member of the Board or any committee during the financial year ended December 31, 2020 was \$1,035.

The Governance and Compensation Committee of the Board reviews the compensation of Directors periodically, considering such factors as time commitment, responsibility and compensation provided by comparative companies. Based on its annual review, the Governance and Compensation Committee of the Board makes recommendations to the Board when it deems changes in compensation are needed.

DSU Plan

The Board established a Deferred Share Unit Plan in 2012, which was subsequently amended and restated in 2018 (the “DSU Plan”). Pursuant to the DSU Plan, independent Directors may elect to receive all or a portion of their annual board compensation and any other fees payable to the independent Director in the form of Deferred Share Units (“DSUs”), subject to at least \$40,000 of a Director’s compensation being paid in DSUs (the “DSU Retainer”). The purpose of the DSU Plan and the DSU Retainer is to provide independent Directors with the opportunity to participate in the long-term success of AutoCanada and to promote a greater financial interest of Directors in the Company.

DSUs are bookkeeping entries on the books of the Company, each having a value equal to the value of one common share of the Company. Subject to the DSU Retainer, a Director may elect to receive up to 100% of their compensation in DSUs. During any given year, on quarterly predetermined payment dates, Directors who have so elected will receive, instead of director’s fees in cash DSUs credited to their DSU account.

The number of DSUs credited will have a value equal to the fees that would otherwise be payable for the applicable period divided by then current share price, calculated by taking the volume weighted average trading price per Share during the immediately preceding five trading days prior to the end of the relevant period. DSUs may not be redeemed or cashed until a Director ceases to be on the Board.

At any time from the date a director ceases to be on the Board until December 31st of the following calendar year, the individual may elect to redeem the DSUs and to receive such number of Shares equal to the DSUs in his or her account or, if the Company determines it to not be prudent to acquire Shares, a cash payment equal to the value of the DSUs in his or her account, being the number of DSUs in the account multiplied by the volume weighted average trading price per Share during the immediately preceding five trading day to the date of the redemption of the DSUs, less any applicable deductions.

The Board believes that providing Directors with the alternative of receiving their cash fees and share-based awards in the form of DSUs, which may not be redeemed until retirement or death, further promotes director retention and alignment with the interests of AutoCanada's shareholders.

Director Compensation Table

The following table sets forth the compensation paid to each Director, other than Directors who are NEOs, for the financial year ended December 31, 2020.

Name	Cash Fees earned	Share-based awards	Option-based awards	Non-equity incentive plan compensation	All other compensation	Total Compensation
Dennis DesRosiers	\$ 69,000	\$ 40,000	—	—	—	\$ 109,000
Stephen Green	—	\$ 129,000	—	—	—	\$ 129,000
Barry James	\$ 89,000	\$ 40,000	—	—	—	\$ 129,000
Maryann Keller	—	\$ 138,500	—	—	—	\$ 138,500
Lee Matheson	—	\$ 27,000	—	—	—	\$ 27,000
Elias Olmeta	—	\$ 108,000	—	—	—	\$ 108,000

Incentive Plan Awards

Outstanding Share-Based Awards

The following table sets forth information in respect of all share-based awards outstanding at the end of the financial year ended December 31, 2020 to the Directors of the Company, other than Directors who are NEOs, of which the only share-based awards outstanding are DSUs.

Name	Number of share based awards that have not vested	Market value of share-based awards that have not vested	Market value of vested share-based awards not paid out or distributed
Dennis DesRosiers	23,497	\$ 554,764	Nil
Stephen Green	28,751	\$ 678,811	Nil
Barry James	14,633	\$ 345,485	Nil
Maryann Keller	49,445	\$ 1,167,396	Nil
Lee Matheson	1,129	\$ 26,656	Nil
Elias Olmeta	24,480	\$ 577,973	Nil

(1) Value is calculated based on the closing price of the Shares on the TSX on December 31, 2020 of \$23.61 per share.

Incentive Plan Awards – Value Vested or Earned During the Year

There were no Incentive Plan Awards that vested or were earned during the Company's financial year ended December 31, 2020 in respect of share-based awards and non-equity incentive plan compensation for the Directors, other than Directors who are NEOs since, as noted above, DSUs may not be redeemed or cashed until a Director ceases to be on the Board.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides details on Shares authorized for issuance under the Company's equity compensation plans as at December 31, 2020:

Plan Category	Shares to be issued upon exercise of outstanding options		Weighted average exercise price of outstanding options	Shares remaining available for future issuance under equity compensation plans		Aggregate Shares to be issued upon exercise plus available for issuance	
	#	% of outstanding Shares		#	% of outstanding Shares	#	% of outstanding Shares
Equity compensation plans approved by securityholders (the Option Plan)	2,500,000	9.10%	\$10.06	245,968	0.90 %	2,745,968	10.0%
Equity compensation plans not approved by security holders	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	2,500,000	9.10%	\$10.06	245,968	0.90 %	2,745,968	10.0%

See "Compensation Discussion and Analysis – AutoCanada Stock Option Plan" for a description of the material features of the Option Plan.

Indebtedness of Directors and Executive Officers

No individual who is, or at any time during our most recently completed financial year was, a Director or executive officer, as applicable, of the Company, no proposed nominee for election as a Director, and no associate of any Director, executive officer or proposed Director is, or at any time during our most recently completed financial year was, indebted to (i) the Company or any of our subsidiaries, or (ii) another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of our subsidiaries, other than routine indebtedness.

Interest of Informed Persons in Material Transactions

Except as described elsewhere in this Information Circular, no informed person of the Company, nor any proposed Director, nor any associate or affiliate of any informed person or proposed Director, has any material interest, direct or indirect, in any transaction since the commencement of our last financial year or in any proposed transaction which has materially affected or would materially affect us or any of our subsidiaries.

Interest of Certain Persons or Companies in Matters to be Acted Upon

No person who has been a Director or executive officer of the Company at any time since the beginning of our last financial year, nor any proposed nominee for election as a Director, nor any associate or affiliate of the foregoing, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of Directors or the appointment of the auditor.

Statement of Corporate Governance

A discussion of our governance system within the context of National Instrument 58-101 - *Disclosure of Corporate Governance Practices* and the *Canada Business Corporations Act* is attached to this Information Circular as Appendix "A".

Audit Committee

For information about the Audit Committee, including a copy of the Audit Committee Charter, see "Audit Committee Information" in the Company's Annual Information Form for the year ended December 31, 2020 which can be found at www.sedar.com.

Other Business

As at the date hereof, the Directors are not aware of any matter intended to come before the Meeting other than those items of business set forth in the attached Notice of Meeting. If any other matters properly come before the Meeting, it is the intention of the persons named in the Instrument of Proxy to vote in respect of those matters in accordance with their judgment.

Additional Information

Additional information relating to the Company can be found at www.sedar.com or our website at www.autocan.ca. Additional financial information is contained in the Company's audited consolidated financial statements for the years ended December 31, 2020 and 2019, and the Company's annual management's discussion and analysis of financial condition and results of operations for fiscal 2020.

Copies of the Annual Information Form, the Company's Annual Report (including management's discussion and analysis and consolidated financial statements) and this Information Circular may be obtained by request to AutoCanada Inc., #200, 15511 – 123 Avenue NW, Edmonton, Alberta, T5V 0C3, Attention: Chief Strategy Officer & General Counsel.

BOARD OF DIRECTORS APPROVAL

The contents and sending of this Information Circular to the Shareholders of the Company have been approved by the Board of Directors.

DATED at Edmonton, Alberta March 23, 2021

APPENDIX A – Statement of Corporate Governance Practices

The Board considers good governance to be central to AutoCanada and our subsidiaries' effective and efficient operation and we are committed to reviewing and adapting our governance practices so that they meet AutoCanada, and our subsidiaries', changing needs and to ensure compliance with regulatory requirements.

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES																		
1. Board of Directors																			
a. Disclose the identity of Directors who are independent.	As of the date of this Information Circular and, if following the Meeting on May 6, 2021, the nominees proposed by the Company are elected, Dennis DesRosiers, Stephen Green, Barry James, Maryann Keller, Lee Matheson and Elias Olmeta are, and will continue to be, the independent Directors based on the definition of independence in National Instrument 52-110 – <i>Audit Committees</i> .																		
b. Disclose the identity of Directors who are not independent, and describe the basis for that determination.	The Board has determined that Paul Antony and Michael Rawluk are not independent, as independence is defined in National Instrument 52-110 – <i>Audit Committees</i> , as they are officers of AutoCanada.																		
c. Disclose whether or not a majority of Directors are independent. If a majority of Directors are not independent, describe what the Board does to facilitate its exercise of independent judgement in carrying out its responsibilities.	As of the date of this Information and if, following the Meeting on May 6, 2021, the nominees proposed by the Company are elected, the Board is, and will continue to be, comprised of a majority of independent directors, in that six of the eight Directors will be independent directors.																		
d. If a Director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the Director and the other issuer.	<p>Directors who are presently a director of another reporting issuer are as follows:</p> <table> <tr> <th>Director</th><th>Name of Reporting Issuer</th></tr> <tr> <td>Paul Antony</td><td>none</td></tr> <tr> <td>Dennis DesRosiers</td><td>none</td></tr> <tr> <td>Stephen Green</td><td>none</td></tr> <tr> <td>Barry James</td><td>Corus Entertainment Inc.</td></tr> <tr> <td>Maryann Keller</td><td>none</td></tr> <tr> <td>Lee Matheson</td><td>exactEarth Ltd.; Optiva Inc.</td></tr> <tr> <td>Elias Olmeta</td><td>none</td></tr> <tr> <td>Michael Rawluk</td><td>none</td></tr> </table>	Director	Name of Reporting Issuer	Paul Antony	none	Dennis DesRosiers	none	Stephen Green	none	Barry James	Corus Entertainment Inc.	Maryann Keller	none	Lee Matheson	exactEarth Ltd.; Optiva Inc.	Elias Olmeta	none	Michael Rawluk	none
Director	Name of Reporting Issuer																		
Paul Antony	none																		
Dennis DesRosiers	none																		
Stephen Green	none																		
Barry James	Corus Entertainment Inc.																		
Maryann Keller	none																		
Lee Matheson	exactEarth Ltd.; Optiva Inc.																		
Elias Olmeta	none																		
Michael Rawluk	none																		
e. Disclose whether or not the independent Directors hold regularly scheduled meetings at which non-independent Directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the Board does to facilitate open and candid discussion among its independent directors.	The independent Directors hold regularly scheduled meetings at which members of management are not in attendance. Although in 2020, the independent Directors held no standalone meetings, at each meeting of the full Board, the independent Directors are provided with the opportunity to hold an <i>in camera</i> session without members of management present.																		

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES
f. Disclose whether or not the chair of the Board is an independent director. If the Board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the Board has neither a chair that is independent nor a lead director that is independent, describe what the Board does to provide leadership for its independent directors.	Paul Antony is the Executive Chair and is not independent. Accordingly, Maryann Keller, who is independent, is the Lead Director of the Board. The Lead Director's roles and responsibilities are outlined in our Lead Director Position Description.
g. Disclose the attendance record of each Director for all board meetings held since the beginning of the issuer's most recently completed financial year.	Meeting attendance is disclosed for each Director under "Information Concerning Director Nominees" above.
2. Board Mandate	
Disclose the text of the Board's written mandate. If the Board does not have a written mandate, describe how the Board delineates its role and responsibilities.	The text of the mandate of the Board of Directors of AutoCanada (entitled "Mandate for the Board of Directors of AutoCanada") is attached to this Information Circular as Appendix "B".
3. Position Descriptions	
a. Disclose whether or not the Board has developed written position descriptions for the chair and the chair of each Board committee. If the Board has not developed written position descriptions for the chair and/or the chair of each Board committee, briefly describe how the Board delineates the role and responsibilities of each such position.	<p>A written position description is included in Lead Director Position Description.</p> <p>No written position descriptions for chairs of our committees have been developed; however each such chair is aware that they are obliged to conduct the affairs of the applicable committee so as to meet its obligations pursuant to the mandates or charters of such committee.</p>
b. Disclose whether or not the Board and Chief Executive Officer have developed a written position description for the Chief Executive Officer. If the Board and Chief Executive Officer have not developed such a position description, briefly describe how the Board delineates the role and responsibilities of the Chief Executive Officer.	The Board has developed terms of reference for the Executive Chair, which include a written position description for the Executive Chair.
4. Orientation and Continuing Education	
a. Briefly describe what measures the Board takes to orient new directors regarding <ul style="list-style-type: none"> i. the role of the Board, its committees and its directors, and ii. the nature and operations of the issuer's business 	<p>New directors are provided with the mandates and charters of the Board and each of its committees, the Company's written code of ethical business conduct, the Company's policies, the Company's most recent annual and quarterly reports and all other relevant information.</p> <p>The members of senior management review with the Board at each meeting the nature and operations of our business.</p>

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES
<p>b. Briefly describe what measures, if any, the Board takes to provide continuing education for its directors. If the Board does not provide continuing education, describe how the Board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.</p>	<p>Directors do not receive a formal continuing education program. However, to ensure that the members of the Board remain fully informed about AutoCanada's operations on a continuing basis, management reports on AutoCanada's and its subsidiaries' activities and on various aspects relevant to the business on an on-going basis. Directors also receive a comprehensive package of information prior to each Board and committee meeting. The Board and the committees also received a number of presentations in 2020 that focused on performance, strategy and opportunities for the business. Some of these presentations included an environmental, social and governance review, corporate governance updates, an information technology and cybersecurity update including key mitigation efforts and system improvements with respect to business continuity planning. Directors also have access to the Company's senior management and employees on an ongoing basis throughout their mandate.</p> <p>The Board relies on professional assistance when judged necessary in order to be educated or updated on a particular topic. The Board encourages directors of the Company to participate in continuous improvement programs from time to time, as considered appropriate.</p> <p>The Governance and Compensation Committee periodically reviews, monitors and makes recommendation with respect to the sufficiency of director continuing education opportunities available to the Company's directors.</p>
5. Ethical Business Conduct	
<p>a. Disclose whether or not the Board has adopted a written code for the directors, officers and employees. If the Board has adopted a written code:</p>	<p>We have adopted a written code of ethical business conduct applicable to our directors, officers, employees and consultants, including the officers, employees and consultants of our related dealerships.</p>
<p>i. disclose how a person or company may obtain a copy of the code;</p>	<p>The code is available at the Canadian Securities Administrator's System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com and on our website at www.autocan.ca. It is entitled AutoCanada Inc. Code of Conduct.</p>
<p>ii. describe how the Board monitors compliance with its code, or if the Board does not monitor compliance, explain whether and how the Board satisfies itself regarding compliance with its code; and</p>	<p>A copy of the code of conduct is provided to each of our directors, officers and employees, including the officers and employees of our related dealerships, and each is requested to certify that he/she has read the code. A copy of the code is provided to each new director, officer or employee, including the new officers and employees of our related dealerships.</p>
<p>iii. provide a cross-reference to any material change report(s) filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.</p>	<p>No material change reports have been filed by us since the beginning of our most recently completed financial year that pertains to the conduct of a director or executive officer that constitutes a departure from the code.</p>

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES
<p>b. Describe any steps the Board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.</p>	<p>A director is required to disclose to the Board information regarding any transaction or agreement in respect of which a director or executive officer has a material interest and to abstain from voting on any matter in respect of such transaction or agreement in which the director has an interest. The Board may request the director to recuse himself or herself from the portion of any meeting at which such transaction or agreement is discussed.</p> <p>All non-management directors are subject to the Company's policy with respect to non-management director's interests in auto dealerships, whereby non-management directors shall not invest directly or indirectly in any automotive dealership enterprise without prior express approval of the Board. Any conflicts are declared prior to all meetings as they relate to the topics of discussion of the meeting.</p>
<p>c. Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.</p>	<p>The Board encourages and promotes a culture of ethical business conduct by requiring the Executive Chair, the President and all other senior officers to conduct themselves in a manner that exemplifies ethical business conduct. In addition, our directors, officers and employees, including the officers and employees of our related dealerships are required to certify that they have read the code of conduct. The Board monitors compliance with the code of conduct, and the Board is responsible for considering any waivers of the code of conduct. The Governance and Compensation Committee is responsible for reviewing and evaluating the code of conduct from time to time and making recommendations for any necessary or appropriate changes to the Board.</p>
6. Nomination of Directors	
<p>a. Describe the process by which the Board identifies new candidates for Board nomination.</p>	<p>The Board has delegated to the Governance and Compensation Committee responsibility to identify and recommend qualified individuals to be recruited to the Board, as and when required. In fulfilling this responsibility, the Governance and Compensation Committee identifies current gaps, if any, and expected future gaps. In addition to seeking candidates who have the necessary skill sets disclosed by the skills matrix, new candidates are expected to have sound business acumen, along with high level of financial experience. New candidates for Board nomination, also need to possess strong leadership skills, integrity, and the time availability required of a director to fulfill Board responsibilities. Industry specific skills that would be of benefit to the Company, along with experience would be weighed, in addition to diversity, ethnicity, gender, cultural and personality fit, in order to ensure that the Board considers all avenues possible to bring forward an informal list of potential nominees.</p>
<p>b. Disclose whether or not the Board has a nominating committee composed entirely of independent directors. If the Board does not have a nominating committee composed entirely of independent directors, describe what steps the Board takes to encourage an objective nomination process.</p>	<p>The Governance and Compensation Committee is composed of four independent directors.</p> <p>Because the Governance and Compensation Committee is independent and functions in accordance with a detailed mandate, the Board believes its nomination process is objective.</p>

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES
c. If the Board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.	The charter of the Governance and Compensation Committee delineates the responsibilities, powers and operation of the committee when discharging its duties as a nominating committee. The committee meets regularly.
7. Director Term Limits	
Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.	The Governance and Compensation Committee is responsible for periodically examining and making recommendations to the Board in relation to mechanisms of Board renewal. The Company currently does not have a policy that limits the term of the directors on its board and has not provided other mechanisms of board renewal. The Board has determined that the term limit of the director's mandate or the mandatory retirement age is not in the best interests of the Company at this time. It is the Board's intention to strive to achieve a balance between the desirability to have a depth of institutional experience from its members on the one hand, and the need for renewal and new perspectives on the other hand.
8. Policies Regarding the Representation of Designated Groups on the Board	
a. Disclose whether the issuer has adopted a written policy relating to the identification and nomination of members of "designated groups" (as such term is defined in the <i>Canada Business Corporations Regulations, 2001</i> being women, Aboriginal peoples, persons with disabilities and members of visible minorities) for directors. If the issuer has not adopted such a policy, disclose why it has not done so.	<p>At AutoCanada, diversity is a principle which is supported both by the Board and senior management. In 2015, the Company adopted a written diversity policy (the "Diversity Policy") which recognizes and embraces the many benefits arising from employee and Board diversity, including a broader pool of high-quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent.</p> <p>Our Diversity Policy specifically seeks to advance diversity at the Board and throughout the Company, having regard to the following criteria, including, but not limited to, gender, age, race, religion, national origin, ethnicity, cultural background, marital status, sexual orientation, or disability. While the language of our Diversity Policy does not specifically call out Aboriginal peoples and members of visible minorities, the above criteria is intended to be non-exhaustive and to capture all designated groups.</p>
b. Disclose the following in respect of the Diversity Policy: <ul style="list-style-type: none"> i. short summary of its objectives and key provisions, ii. the measures taken to ensure that the policy has been effectively implemented, iii. annual and cumulative progress by the issuer in achieving the objectives of the policy, and iv. whether and, if so, how the Board or its committees measure the effectiveness of the Diversity Policy. 	The Diversity Policy aims to ensure there are a broad range of approaches, backgrounds, skills and experience represented on the Board to make appointments on merit and against objective criteria, including but not limited to, gender, age, ethnicity, sexual orientation and geographic background diversity. Board and committee members engaged in nominations are to conduct searches for potential board nominees so as to put forward a diverse range of candidates, including members of designated groups. Given the infrequent turnover of directors, the Board has not set specific targets as to the number of designated group board members it will maintain, however the Board has made a commitment to the recruitment of diverse individuals by making the identification of diverse candidates as a key search criterion. The Diversity Policy was adopted on March 19, 2015 and two female Directors (one in 2015 and one in 2017) and one Director who identifies as an ethnic minority (in 2018) have since joined the Board. The Board currently has one female director and one director who identifies as an ethnic minority. The Governance and Compensation Committee may be required to annually report on and evaluate the effectiveness of the Diversity Policy in the boardroom and at the executive level.

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES
c. Disclosure whether or not the Board or nominating committee considers the level of representation of designated groups, on the board in identifying and nominating candidates for election or re-election.	Board and committee members are to conduct searches for potential board nominees so as to put forward candidates with a broad range of approaches, backgrounds, skills and experience and to make nominations based on merit and against objective criteria. Diversity is one of many criteria that is considered, however, a candidate's skills and experience will be the primary search criteria.
9. Policies Regarding the Representation of Designated Groups in Executive Officer Appointments	
Disclose whether and, if so, how the issuer considers the level of representation of designated groups in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of designated groups in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.	The Company plans to identify candidates for executive positions with a broad range of skills and experience and to make nominations based on merit and against objective criteria. Diversity is one of many criteria that is considered, however, a candidate's skills and experience will be the primary search criteria.
10. Targets Regarding the Representation of Designated Groups on the Board and in Executive Officer Positions	
Disclose whether the issuer has adopted a target regarding designated groups on the issuer's Board and in Executive Officer Appointments. If the issuer has not adopted a target, disclose why it has not done so.	Given the infrequent turnover of directors the Board has not set specific targets as to the number of designated group board members it will maintain. The Company believes that the Board needs to be able to assess a potential nominee's qualities and competencies as a whole instead of emphasizing one diversity metric, which also prevents situations where an individual could be perceived as not having been nominated solely on the basis of such individual's merits. The Company has not adopted specific targets regarding the representation of designated groups in executive officer positions of the Company. The Company believes that recruiting for executive level positions should involve an assessment of a candidate's qualities and competencies as a whole instead of emphasizing one diversity metric, which also prevents situations where an individual could be perceived as not having been nominated solely on the basis of such individual's merits.
11. Number of Designated Groups on the Board and in Executive Officer Positions	
a. Disclose for each group referred to in the definition designated groups, the number and proportion, expressed as a percentage, of members of each group who hold positions on the board of directors.	<p>The Company currently has, and if, following the Meeting on May 6, 2021, the nominees proposed by the Company are elected, will continue to have: (i) one female director, Maryann Keller, which represents 12.5% of total directors and 16.5% of independent directors and (ii) one director who identifies as a member of a visible minority, Elias Olmeta, which represents 12.5% of total directors and 16.5% of independent directors.</p> <p>The Company does not have any directors who are Aboriginal or persons with disabilities.</p>
b. Disclose for each group referred to in the definition designated groups, the number and proportion, expressed as a percentage, of members of each group who are executive officers of the issuer, including all of its major subsidiaries.	<p>The Company currently has one female executive officer, Tamara Darvish, which represents 20% of executive officers.</p> <p>The Company currently has two executive officers who identify as visible minorities, Tamara Darvish and Peter Hong, which represent 40% of executive officers.</p> <p>The Company does not have any executive officers who are Aboriginal or persons with disabilities.</p>

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES
12. Compensation	
a. Describe the process by which the Board determines the compensation for the issuer's directors and officers.	Compensation of Directors is determined by the Board, taking into consideration recommendations of the Governance and Compensation Committee. The Governance and Compensation Committee periodically reviews the design and competitiveness of Board compensation against peer groups, with a view to align interests of Directors and shareholders and provide market competitive compensation. Directors who are also officers of the Company receive no remuneration for serving as Directors. As the Company's Board member compensation levels had remained the same since 2016, the Governance and Compensation Committee conducted a director compensation benchmarking review in the first quarter of 2021. The Governance and Compensation Committee decided to defer any decision on changes in director compensation. Compensation for the Executive Chair, the President, the Chief Financial Officer and other key officers of AutoCanada is to be approved by the Board, taking into consideration any recommendations by the Governance and Compensation Committee.
b. Disclose whether or not the Board has a compensation committee composed entirely of independent directors. If the Board does not have a compensation committee composed entirely of independent directors, describe what steps the Board takes to ensure an objective process for determining such compensation.	The Governance and Compensation Committee is composed entirely of independent directors.
c. If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.	The charter of the Governance and Compensation Committee delineates the responsibilities, powers and operation of the committee when discharging its duties as a compensation committee, and the committee has followed this charter in discharging its responsibilities, powers and operations. The committee meets regularly.
13. Other Board Committees	
If the Board has standing committees other than the audit, governance and compensation and nominating committees, identify the committees and describe their function.	The Board does not maintain any other standing committees.

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES
14. Assessments	
<p>Disclose whether or not the Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the Board satisfies itself that the Board, its committees, and its individual directors are performing effectively.</p>	<p>The Governance and Compensation Committee is responsible for ensuring that an appropriate system is in place to evaluate the effectiveness of the Board, the Board committees and individual Directors, with a view to ensuring that they are fulfilling their respective responsibilities and duties and working effectively together as a unit.</p> <p>In 2020, the Board undertook a formal assessment process developed and designed by the Governance and Compensation Committee, consisting of the completion of two written questionnaires by each Director, (i) a board assessment and (ii) a director self-evaluation, in order to assess such matters as Board roles and structure, Board processes, Board composition and development, and Board dynamics and effectiveness. The results of such questionnaires were summarized in a report to identify strengths, opportunities and suggestions with respect to each area of discussion. The Governance and Compensation reported on such summary to the Board. Following the Governance and Compensation Committee and the Board's analysis of the above-mentioned report, a list of recommendations and an associated action plan were developed and approved by the Board with a view to further improving Board performance.</p> <p>The Governance and Compensation Committee also informally monitors Director performance throughout the year to ensure that the Board, the Board committees and individual Directors are performing effectively.</p>

APPENDIX B – Mandate for the Board of Directors of AutoCanada Inc.

The board of directors ("**Board**") of AutoCanada Inc. (the "**Company**") is elected by the shareholders and is responsible for the stewardship of the affairs of the Company. The Board seeks to discharge such responsibility by reviewing and discussing the strategies and plans of management ("**Management**") of the Company and its subsidiaries, supervising Management and monitoring the performance of the Company.

The Board is responsible for establishing and maintaining a culture of integrity in the conduct of the affairs of the Company. The Board seeks to discharge this responsibility by satisfying itself as to the integrity of the senior management of the Company, and by overseeing and monitoring Management to ensure a culture of integrity is maintained.

Although directors may be nominated or elected by shareholders to bring special expertise or a point of view to Board deliberations, they are not chosen to represent a particular constituency. The best interests of the Company and its shareholders must be paramount at all times.

DUTIES OF DIRECTORS

The Board discharges its responsibilities directly and through its committees, the Audit Committee and the Governance and Compensation Committee. In addition to these regular committees, the Board may appoint ad hoc committees periodically to address certain issues of a more short-term nature. In addition to the Board's primary role of overseeing the affairs of the Company, principal duties include, but are not limited to the following categories:

Oversight Responsibility

1. The Board has the responsibility for approving the appointment of the officers of the Company (collectively, the "Officers"), and approving the compensation of the Officers of the Company following a review of the recommendations of the Governance and Compensation Committee.
2. The Board has delegated authority to the highest ranking Officer of the Company for the overall management and operations of the Company, to ensure the long term success of the Company. The highest ranking Officer of the Company will work in conjunction with the Lead Director, as applicable, on strategy related issues to ensure the long term success of the Company. This delegation is subject to the General Authority Guidelines in Schedule "A" that require either prior authorization by the Board or periodic review by the Board in respect of specified matters.
3. The Board may from time to time delegate authority to the Officers, subject to specified limits. Matters that are outside the scope of the authority delegated to the Officers and material transactions are reviewed by and subject to the prior approval of the Board.

Monitoring of Financial Performance and Other Financial Reporting Matters

4. The Board has oversight responsibility for reviewing and questioning the strategies and plans of the Company.
5. The Board has oversight responsibility for reviewing systems for managing the principal risks of the Company's business including insurance coverage, conduct of material litigation and the effectiveness of internal controls.
6. The Board is responsible for considering appropriate measures it may take if the performance of the Company falls short of their goals or other special circumstances warrant.
7. On the recommendation of the Audit Committee, the Board shall be responsible for approving the unaudited and audited financial statements and the notes of the Company, and the release thereof by the Company.
8. The Board is responsible for reviewing and approving material transactions involving the Company, including the payment of dividends, acquisitions and dispositions of material assets by the Company and material expenditures by the Company.

9. The Board is responsible for reviewing and directing how the Company will exercise its voting and managerial rights in respect of matters relating to the Company.
10. The Board has responsibility for effectively monitoring the principal risks of the Company.

Board Organization

11. The Board will respond to recommendations received from its committees but retains the responsibility for managing its own affairs by giving approval for its composition, the selection of the Chair of the Board, candidates nominated for election to the Board, committee and committee chair appointments, committee charters and director compensation.
12. The Board may delegate to Board committees matters it is responsible for, including the approval of compensation of the Board and Management, the approval of interim financial results, the conduct of performance evaluations and oversight of internal control systems, but the Board retains its oversight function and ultimate responsibility for these matters and all other delegated responsibilities.

Policies and Procedures

13. The Board is responsible for:
 - a. approving and monitoring compliance with all significant policies and procedures by which the Company is operated;
 - b. approving policies and procedures designed to ensure that the Company operates at all times within applicable laws and regulations and to the highest ethical and moral standards; and
 - c. Re-enforcing obligations of the directors respecting confidential treatment of the Company's proprietary information and Board deliberations.
14. The Board has approved a Joint Disclosure Policy respecting communications to the public.

Communications and Reporting

15. The Board is responsible for:
 - a. overseeing the accurate reporting of the financial performance of the Company to its shareholders, on a timely and regular basis;
 - b. overseeing that the financial results of the Company are reported fairly and in accordance with generally accepted accounting standards;
 - c. ensuring the integrity of the internal control and management information systems of the Company; and
 - d. taking steps to enhance the timely disclosure of any other developments that have a significant and material impact on the Company and comply with its timely disclosure obligations.

SCHEDULE A to APPENDIX B
(MANDATE FOR THE BOARD OF DIRECTORS OF AUTOCANADA INC.)

AUTOCANADA INC.
GENERAL AUTHORITY GUIDELINE

AUTHORITY OF THE MANAGEMENT

The Company may have a Chair/Lead Director and may have a Chief Executive Officer.

The Chief Executive Officer is responsible for overall management and operations of the Company. The Chief Executive Officer will work in conjunction with the Chair/Lead Director on strategy related issues to ensure the long term success of the Company.

This responsibility is subject to the provisions of applicable law, the articles and by-laws of the Company and any particular direction or resolution of the Board of Directors, except for the following matters that require the specific authorization of the Board or a Board committee. In addition, certain matters identified below will be subject to periodic review by the Board or a Board committee.

The delegation contemplated by these guidelines shall include the authority to establish areas of responsibility and limits of authority for members of management of the Company and its subsidiaries.

MATTERS REQUIRING DIRECTORS OR COMMITTEE OF DIRECTORS APPROVAL OR REVIEW

I. Organizational Changes and Policy

1. Subject to the discretionary limits set out in paragraphs 6, 7 and 8, approve major changes to the organization of the Company, or their respective subsidiaries, such as the creation or divestiture of investments or acquisitions.
2. Approve the adoption of or changes to Company policies with application to the conduct of directors, including the Joint Disclosure Policy of the Company.
3. Review of adherence to the policies of the Company.
4. Approve any proposed changes to the Company's articles or by-laws.

II. Budgets, Plans and Commitments

5. Review and approve the annual budget of the Company.
6. Approve any capital commitments in any year not contained in the approved budget of the Company over \$300,000 in aggregate.
7. Approve any single capital commitment for an acquisition or acquisitions exceeding \$2,000,000 (inclusive of related store development costs), in aggregate.
8. Approve any single divestiture of more than \$2,000,000.
9. Approve long range business planning in accordance with the policies of the Company.
10. Approve major agreements or long-term leases outside the ordinary course of business of the Company, including, without limitation, approving all related party agreements and or related party leases.

III. Financial and Corporate

11. Approve the annual audited financial statements of the Company.
12. Approve the interim financial statements of the Company.
13. Approve the dividend policy of the Company, including approving declaration of dividends.
14. Approve changes in authorized capital, issuance or repurchase of shares, debt securities and related prospectuses or trust indentures, if any.
15. Generally review operating and financial performance relative to budgets and objectives.

16. Review significant changes in accounting practices or policies.
17. Approve all borrowing, hedging, credit agreements, amendments to credit agreements, and the granting of guarantees and/or letters of credit outside the ordinary course of business or pursuant to related party agreements and/or leases.
18. Review significant changes in accounting practices or policies.

IV. External Auditors of the Company

19. Approve appointment of external auditors, establishment of their fees and annual audit plan.
20. Review independence of external auditors.
21. Review findings of external audit review and Management's response.
22. Review the Company's risk management and insurance coverage.
23. Review the Company's conduct of litigation that could materially affect the financial condition of the Company.
24. Review the findings of internal audit and the effectiveness of internal control procedures.

V. Management and Human Resources

25. Approve appointment or removal of the Chief Executive Officer or the Chief Financial Officer ("**Senior Executives**");
26. Confirm appointments of other officers.
27. Evaluate performance of the Chief Executive Officer.
28. Approve compensation for the Chief Executive Officer.
29. Approve contracts with Senior Executives including special termination provisions or payments.
30. Approve adoption of share purchase or other share based compensation arrangements, if any.
31. Approve short-term and long-term incentive plan criteria, targets and awards, if any, in so far as such plans are a direct activity of the Company.
32. Review Senior Executive succession plans.



AutoCanada Inc.

200 - 15511 123 Avenue NW
Edmonton, AB • T5V 0C3 www.autocan.ca