



AutoCanada

2022



Management Information Circular

Dated March 20, 2023

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Invitation to Shareholders

Dear Fellow Shareholders,

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

WHERE: <https://meetnow.global/MJQPMTY>

WHEN: Thursday, May 4, 2023
1:00 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 "Investor Information" 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 and Special Meeting of Shareholders

NOTICE IS HEREBY GIVEN that the annual and special 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://meetnow.global/MJQPMTY> on Thursday, May 4, 2023 at 1:00 p.m. (Eastern Time) for the following purposes:

1. TO RECEIVE the audited consolidated financial statements for the year ended December 31, 2022, 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;
4. TO APPROVE certain amendments to the Stock Option Plan of the Company; and
5. 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 <https://www.computershare.com/autocanada>.

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 20th day of March, 2023.

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 and special meeting of holders (“Shareholders”) of common shares of the Company (“Shares”) scheduled to be held online at <https://meetnow.global/MJQPMTY> on Thursday, May 4, 2023 at 1:00 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 2023 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 20, 2023.

Online Meeting and Voting Information

ONLINE MEETING

The Company is conducting a virtual only Shareholders' meeting. Registered Shareholders and duly appointed proxyholders (as defined in this Information Circular) can attend the meeting online at <https://meetnow.global/MJQPMTY> to participate, vote, or submit questions during the meeting's live webcast.

Who can attend the Meeting?

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

Registered Shareholder: You are a Registered Shareholder if your name appears on a share certificate or a Direct Registration System statement confirming your holdings. If you are a Registered Shareholder, you have received a "Form of Proxy" for this meeting.

Non-Registered Shareholder: You are a Non-Registered Shareholder if your Shares are held through an intermediary (broker, trustee or other financial institution). If you are a Non-Registered Shareholder, you have received a "Voting Instruction Form" for this meeting. Please make sure to follow instructions on your Voting Instruction Form to be able to attend and vote at this meeting.

How do I attend and participate at the Meeting?

Attending the Meeting online

Shareholders and duly appointed proxyholders can attend the Meeting online by going to <https://meetnow.global/MJQPMTY>

- a. **Registered Shareholders** and **duly appointed proxyholders** can participate in the Meeting by clicking "**Shareholder**" and entering a Control Number or an Invite Code before the start of the Meeting.
 - i. Registered Shareholders: the 15-digit control number is located on the Form of Proxy or in the email notification you received.
 - ii. Duly appointed proxyholders: Computershare Trust Company of Canada ("Computershare") will provide the proxyholder with an Invite Code after the voting deadline has passed.
- b. Attending and voting at the Meeting will only be available for Registered Shareholders and duly appointed proxyholders.
- c. **Non-Registered Shareholders** who have not appointed themselves as proxyholders to participate and vote at the Meeting may login as a guest, by clicking on "Guest" and complete the online form; however, they will not be able to vote.

Shareholders who wish to appoint a third-party proxyholder to represent them at the virtual Meeting **must submit their Proxy or Voting Instruction Form (as applicable) prior to registering their proxyholder. Registering the proxyholder is an additional step once a Shareholder has submitted their Proxy or Voting Instruction Form. Failure to register a duly appointed proxyholder will result in the proxyholder not receiving an Invite Code to participate in the Meeting.**

To register a proxyholder, Shareholders MUST visit <https://www.computershare.com/autocanada> by 1:00 p.m. (Eastern Time) on Tuesday, May 2, 2023 and provide Computershare with their proxyholder's contact information, so that Computershare may provide the proxyholder with an Invite Code via email.

In order to participate online, Shareholders must have a valid 15-digit control number and proxyholders must have received an email from Computershare containing an Invite Code.

The virtual Meeting platform is fully supported across most commonly used web browsers (note: Internet Explorer is not a supported browser). We encourage you to access the Meeting prior to the start time. **It is important that you are connected to the internet at all times during the Meeting in order to vote when balloting commences.**

Participating in the Meeting

The Meeting will only be hosted online by way of a live webcast. Shareholders will not be able to attend the Meeting in person. A summary of the information Shareholders will need to attend the virtual Meeting is provided below. The Meeting will begin at 1:00 p.m. (Eastern Time) on Thursday, May 4, 2023.

- a. **Registered Shareholders and appointed proxyholders:** Only those who have a 15-digit control number, along with duly appointed proxyholders who were assigned an Invite Code by Computershare (see details under the heading "Appointment of proxies") will be able to vote and submit questions during the Meeting. To do so, please go to <https://meetnow.global/MJQPMTY> prior to the start of the Meeting to login. Click on "Shareholder" and enter your 15-digit control number or click on "**Invitation**" and enter your Invite Code.
- b. **United States Beneficial Shareholders:** To attend and vote at the virtual Meeting, you must first obtain a valid Legal Proxy from your broker, bank or other agent and then register in advance to attend the Meeting. Follow the instructions from your broker or bank included with the Proxy materials or contact your broker or bank to request a Legal Form of Proxy. After first obtaining a valid Legal Proxy from your broker, bank or other agent, you must submit a copy of your Legal Proxy to Computershare in order to register to attend the Meeting. Requests for registration should be sent:

By mail to: COMPUTERSHARE
 100 UNIVERSITY AVENUE 8TH FLOOR
 TORONTO, ON M5J 2Y1

By email at: USLegalProxy@computershare.com

Requests for registration must be labeled as "Legal Proxy" and be received no later than 1:00 p.m. (Eastern Time) on Tuesday, May 2, 2023. You will receive a confirmation of your registration by email after we receive your registration materials. You may attend the virtual Meeting and vote your shares at <https://meetnow.global/MJQPMTY> during the Meeting. Please note that you are required to register your appointment at <https://www.computershare.com/autocanada>.

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;
2. To appoint our auditor and authorize the Directors to set their remuneration; and
3. To approve certain amendments to the Stock Option Plan of the Company.

Who can vote?

Registered shareholders of record on March 20, 2023 (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 23,551,137 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 ⁽¹⁾	Percentage of Shares Outstanding ⁽²⁾
EdgePoint Investment Group Inc.	Control	6,358,487	27.00 %
BloombergSen Inc. and related entities	Control and beneficial ownership	2,838,769	12.05 %

(1) Number of Shares Owned, Controlled or Directed is based on filings made by shareholders on www.sedar.com and www.SEDI.ca.

(2) Percentage of Shares Outstanding is calculated based on Shares issued and outstanding as of the Record Date.

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 1:00 p.m. (Eastern Time) on Tuesday, May 2, 2023, 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 website 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 1:00 p.m. (Eastern Time) on Tuesday, May 2, 2023 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 <https://www.computershare.com/autocanada> by Tuesday, May 2, 2023, 1:00 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 <https://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 1:00 p.m. (Eastern Time) on Tuesday, May 2, 2023, 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 December 31, 2022 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. Rhonda English
4. Stephen Green
5. Barry James
6. Lee Matheson
7. Elias Olmeta

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 "Investor Information" 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 13 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, 2022 and December 31, 2021 to PricewaterhouseCoopers LLP were \$1,259,566 and \$960,390, respectively, as detailed in the following table:

Fee category	2022	2021
Audit fees ⁽¹⁾	\$ 703,200	\$ 570,000
Audit-related fees ⁽²⁾	\$ 466,492	\$ 308,200
Tax fees ⁽³⁾	\$ 89,874	\$ 82,190
All other fees ⁽⁴⁾	\$ —	\$ —
Total	\$ 1,259,566	\$ 960,390

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

(2) Audit-related fees include fees for the review of the interim consolidated financial statements, securities offerings, other assurance review engagements, accounting analysis over various matters and other services in connection with regulatory filings.

(3) Tax fees consist of fees for tax compliance and tax consulting services.

(4) All other fees consist of fees 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.

4. Approval of Certain Amendments to the Stock Option Plan

On November 9, 2022, the Board approved a resolution to amend and restate the stock option plan of the Company (the "Amended and Restated Option Plan"). Pursuant to the policies of the Toronto Stock Exchange ("TSX"), the only changes to the Amended and Restated Option Plan that require the approval of the Shareholders are contained in Section 3.8 of the Amended and Restated Option Plan and (i) provide the Board with discretion to approve further changes to the provisions of the Amended and Restated Option Plan relating to transferability of options for normal estate settlement purposes and (ii) otherwise limit the circumstances in which the Board can amend the Amended and Restated Option Plan without Shareholder approval (the "Option Plan Amendments Requiring Approval").

Accordingly, at the Meeting, Shareholders will be asked to consider and, if thought fit, approve the Option Plan Amendments Requiring Approval. Prior to the amendments approved by the Board on November 9, 2022, there had not been any amendments to the stock option plan of the Company since it was last approved in 2009.

A copy of the Amended and Restated Option Plan can be found in Appendix B. Further information relating to the Amended and Restated Option Plan, including a description of the other amendments made by the Board that are not subject to Shareholder approval, is provided in this Management Information Circular under the heading "Compensation Discussion and Analysis - AutoCanada Amended and Restated Option Plan".

We recommend that you vote FOR the resolution to approve the Option Plan Amendments Requiring Approval. Unless otherwise instructed, the management representatives designated in the enclosed proxy intend to vote FOR this resolution.

The complete text of the ordinary resolution which the Company intends to place before the Meeting regarding the Stock Option Plan Amendments Requiring Approval, for consideration and approval by Shareholders is as follows:

“BE IT HEREBY RESOLVED as an ordinary resolution of the Shareholders that:

1. The Company is hereby authorized to amend and restate the stock option plan of the Company to effect the Option Plan Amendments Requiring Approval (as defined in the management information circular of the Company for this annual and special meeting of shareholders of the Company held on May 4, 2023, or any adjournment or postponement thereof), the terms and conditions of which are set out in the Amended and Restated Option Plan, a copy of which is available at www.sedar.com.
2. Any one or more of the directors or officers of the Company is hereby authorized to sign all such documents and to do all such acts and things as such director or officer determines, in his or her discretion, to be necessary or advisable in order to properly implement and give effect to the foregoing.”

In order for the foregoing resolution to be passed, it must be approved by a simple majority of the votes cast by Shareholders in person or by proxy at the Meeting on such resolution.

Information Concerning the Director Nominees

The present term of office for each Director will expire immediately prior to the election of directors at the Meeting. It is proposed to nominate for election each of the seven persons whose names are set out below as a Director to serve until the next annual general meeting of Shareholders, or until their successors are duly elected or appointed unless his or her office is earlier vacated in accordance with the Company's by-laws. The following tables and the notes thereto set out the names of each of the persons proposed to be nominated by management for election as a Director, all positions and offices with the Company now held by each of them, the principal occupation or employment of each of them for the past five years, the year in which each was first elected a Director, the number of securities of the Company that each has advised are beneficially owned, directly or indirectly, or over which control or direction is exercised by each of them as of December 31, 2022 and whether a Director meets the share ownership guidelines as of December 31, 2022.



PAUL W. ANTONY

Age: 55

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, 2022	2022 Attendance	2022 Attendance (Total)	Value of Total Compensation Earned in 2022 (\$)
Board (Executive Chair)	17 of 17	100%	N/A ⁽¹⁾

Securities Held⁽²⁾ as at December 31, 2022

Year	Shares (#)	DSUs (#)	Total Share and DSUs (#)	Total Market Value of Shares and DSUs (\$) ⁽³⁾	Share Ownership Multiplier ⁽⁴⁾
2022	714,800	706	715,506	16,678,445	18.1x
2021	714,800	706	715,506	30,552,106	Ownership guidelines met
2020	614,800	696	615,496	14,531,861	Ownership guidelines met

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

Company	Committee(s)/Positions
None	

(1) Mr. Antony's compensation is addressed later in the Information Circular under "Compensation Discussion and Analysis" as he is an NEO (as defined below) and not remunerated in his capacity as a Director.

(2) A description of the terms of DSUs can be found under "Compensation of Directors – DSU Plan".

(3) Based on the closing share price on December 31 of the applicable year. The closing share price on December 31, 2022 was \$23.31 per common share.

(4) Calculated based on the average closing share price of AutoCanada's shares on the TSX for the 20 trading days preceding and including December 31, 2022. Mr. Antony is a NEO and subject to the share ownership guidelines for executives, as discussed further under "Executive Share Ownership".



DENNIS DESROSIERS

Age: 72

Ontario, Canada

Director since: 2007

Independent

Current occupation:

Independent Consultant, DesRosiers Automotive Consultants Inc.

Previous occupation:

President, DesRosiers Automotive Consultants Inc.

Board/Committee Membership as at December 31, 2022	2022 Attendance	2022 Attendance (Total)	Value of Total Compensation Earned in 2022 (\$)
Board	17 of 17	100%	180,500
Governance and Compensation Committee	9 of 9	100%	
Securities Held ⁽¹⁾ as at December 31, 2022			

Year	Shares (#)	DSUs (#)	Total Share and DSUs (#)	Total Market Value of Shares and DSUs (\$) ⁽²⁾	Share Ownership Multiplier ⁽³⁾
2022	27,600	31,128	58,728	1,368,950	8.3x
2021	27,600	24,761	52,361	2,235,815	Ownership guidelines met
2020	24,500	23,497	47,997	1,133,209	

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

Company	Committee(s)/Positions
None	

(1) A description of the terms of DSUs can be found under "Compensation of Directors – DSU Plan".

(2) Based on the closing share price on December 31 of the applicable year. The closing share price on December 31, 2022 was \$23.31 per common share.

(3) Calculated based on the average closing share price of AutoCanada's shares on the TSX for the 20 trading days preceding and including December 31, 2022.



RHONDA ENGLISH

Age: 60

Ontario, Canada

Director since: 2022

Independent

Current occupation:

Chief Marketing Officer. CAA Club Group

Previous occupation:

Vice President, CAA Insurance Company

Board/Committee Membership as at December 31, 2022	2022 Attendance	2022 Attendance (Total)	Value of Total Compensation Earned in 2022 (\$)
Board	9 of 9 ⁽²⁾	100%	128,187
Audit Committee	3 of 3 ⁽²⁾	100%	
Securities Held ⁽¹⁾ as at December 31, 2022			

Year	Shares (#)	DSUs (#)	Total Share and DSUs (#)	Total Market Value of Shares and DSUs (\$) ⁽³⁾	Share Ownership Multiplier ⁽⁴⁾
2022	1,350	4,807	6,157	143,520	0.9x
2021	—	—	—	—	
2020	—	—	—	—	

Other Reporting Issuer Board/Committee Memberships in the Past Five Years	
Company	Committee(s)/Positions
None	

(1) A description of the terms of DSUs can be found under "Compensation of Directors – DSU Plan".

(2) Attendance is based on Ms. English's appointment date of May 5, 2022.

(3) Based on the closing share price on December 31 of the applicable year. The closing share price on December 31, 2022 was \$23.31 per common share.

(4) Calculated based on the average closing share price of AutoCanada's shares on the TSX for the 20 trading days preceding and including December 31, 2022. Ms. English has until 2027 to meet the Share Ownership Multiplier.



STEPHEN GREEN

Age: 71

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, 2022	2022 Attendance	2022 Attendance (Total)	Value of Total Compensation Earned in 2022 (\$)
Board	17 of 17	100%	230,198
Governance and Compensation Committee (Chair)	9 of 9	100%	
Securities Held ⁽¹⁾ as at December 31, 2022			

Year	Shares (#)	DSUs (#)	Total Share and DSUs (#)	Total Market Value of Shares and DSUs (\$) ⁽²⁾	Share Ownership Multiplier ⁽³⁾
2022	—	40,399	40,399	941,701	5.7x
2021	—	32,223	32,223	1,375,922	Ownership guidelines met
2020	—	28,751	28,751	678,811	

Other Reporting Issuer Board/Committee Memberships in the Past Five Years	
Company	Committee(s)/Positions
None	

(1) A description of the terms of DSUs can be found under "Compensation of Directors – DSU Plan".

(2) Based on the closing share price on December 31 of the applicable year. The closing share price on December 31, 2022 was \$23.31 per common share.

(3) Calculated based on the average closing share price of AutoCanada's shares on the TSX for the 20 trading days preceding and including December 31, 2022.



BARRY L. JAMES

Age: 64

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, 2022	2022 Attendance	2022 Attendance (Total)	Value of Total Compensation Earned in 2022 (\$)
Board	17 of 17	100%	210,000
Audit Committee (Chair)	6 of 6	100%	

Securities Held ⁽¹⁾ as at December 31, 2022					
Year	Shares (#)	DSUs (#)	Total Share and DSUs (#)	Total Market Value of Shares and DSUs (\$) ⁽²⁾	Share Ownership Multiplier ⁽³⁾
2022	19,417	18,809	38,226	891,048	5.4x
2021	17,867	15,897	33,764	1,441,723	Ownership guidelines met
2020	17,867	14,633	32,500	767,325	

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

Company	Committee(s)/Positions
Corus Entertainment Inc. (TSX)	Board Director, Audit Committee Chair

(1) A description of the terms of DSUs can be found under "Compensation of Directors - DSU Plan".

(2) Based on the closing share price on December 31 of the applicable year. The closing share price on December 31, 2022 was \$23.31 per common share.

(3) Calculated based on the average closing share price of AutoCanada's shares on the TSX for the 20 trading days preceding and including December 31, 2022.



LEE MATHESON

Age: 42

Ontario, Canada

Director since: 2021

Independent

Current occupation:

Partner, EdgePoint Investment Group

Previous occupation:

Partner, Investments, Ewing Morris & Co. Investment Partners
Principal, Broadview Capital Management

Board/Committee Membership as at December 31, 2022	2022 Attendance	2022 Attendance (Total)	Value of Total Compensation Earned in 2022 (\$)
Board	17 of 17	100%	190,000
Governance and Compensation Committee	8 of 9	89%	

Securities Held ⁽¹⁾ as at December 31, 2022					
Year	Shares (#)	DSUs (#)	Total Share and DSUs (#)	Total Market Value of Shares and DSUs (\$) ⁽²⁾	Share Ownership Multiplier ⁽³⁾
2022	15,000	10,806	25,806	601,538	3.6x
2021	—	4,095	4,095	174,857	Ownership guidelines met
2020	—	1,129	1,129	26,656	

Other Reporting Issuer Board/Committee Memberships in the Past Five Years	
Company	Committee(s)/Positions
Optiva Inc. (TSX)	Board Director, Vice-Chair, Nomination and Governance Committee Chair
Echelon Financial Holdings Inc. (TSX)	Former Board Director, Investment Committee Member
exactEarth Ltd. (TSX)	Former Board Director, Audit 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

(1) A description of the terms of DSUs can be found under "Compensation of Directors – DSU Plan".

(2) Based on the closing share price on December 31 of the applicable year. The closing share price on December 31, 2022 was \$23.31 per common share.

(3) Calculated based on the average closing share price of AutoCanada's shares on the TSX for the 20 trading days preceding and including December 31, 2022.

ELIAS OLMETA



Age: 55	California, USA	Director since: 2018	Independent
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Current occupation:	Corporate Director
Previous occupation:	Chief Financial Officer, Vistage Worldwide, Inc. 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, 2022	2022 Attendance	2022 Attendance(Total)	Value of Total Compensation Earned in 2022 (\$)
Board	16 of 17	94%	180,000
Audit	5 of 6	83%	

Securities Held ⁽¹⁾ as at December 31, 2022					
Year	Shares (#)	DSUs (#)	Total Share and DSUs (#)	Total Market Value of Shares and DSUs (\$) ⁽²⁾	Share Ownership Multiplier ⁽³⁾
2022	—	33,778	33,778	787,365	4.8x
2021	—	27,429	27,429	1,171,218	Ownership guidelines met
2020	—	24,480	24,480	577,973	

Other Reporting Issuer Board/Committee Memberships in the Past Five Years	
Company	Committee(s)/Positions
None	

(1) A description of the terms of DSUs can be found under "Compensation of Directors – DSU Plan".

(2) Based on the closing share price on December 31 of the applicable year. The closing share price on December 31, 2022 was \$23.31 per common share.

(3) Calculated based on the average closing share price of AutoCanada's shares on the TSX for the 20 trading days preceding and including December 31, 2022.

The selection process for new Director 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 Committee in ensuring that the Board's overall experience and expertise is well rounded and in determining the skill sets, attributes, and experience 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	Rhonda English	Stephen Green	Barry James	Lee Matheson	Elias Olmeta	Board
Technology/online digital expertise	X		X					X
Risk management expertise			X	X	X		X	X
Financial expertise		X	X		X	X	X	X
Marketing expertise	X	X	X		X			X
Human resources expertise	X			X	X		X	X
Operational expertise	X	X	X		X		X	X
Industry expertise	X	X	X			X		X
Legal/regulatory expertise				X	X			X
Mergers & acquisitions expertise				X	X	X	X	X
Investor relations expertise						X	X	X
Gender diversity			X					X
Race/ethnic diversity							X	X
Board tenure (years)	5	16	1	5	9	2	5	
Age (years)	55	72	60	71	64	42	55	

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, 2022, and why. The NEOs for the financial year ended December 31, 2022 were:

- Paul Antony, Executive Chair
- Mike Borys, Chief Financial Officer
- Peter Hong, Chief Strategy Officer & General Counsel
- Jeff Thorpe, President, Canadian Operations
- Jim Douvas, Vice President, U.S. Operations

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, 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, namely Mr. Antony and Mr. Hong, took into account the key objective of attracting and retaining high caliber senior executives during this period of transition and uncertainty. Further, the executive compensation program for Mr. Douvas, who joined the Company in March 2021, took into account the key objective of fuelling material improvements in the Company's U.S. operations. The executive compensation program for Mr. Thorpe, who joined the Company in April 2022, took into account the key objective of driving the ongoing growth, synergies and efficiencies in the Company's Canadian Operations.

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 currently comprised of Stephen Green (Chair), Dennis DesRosiers, and Lee Matheson, 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 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. In 2018, the Company established the Phantom Stock Option Plan which allows for the grant of Share Appreciation Rights ("SARs") to employees and consultants of AutoCanada.

The Company has established a share purchase trust ("Trust") to purchase Shares from the market prior to vesting of RSUs, DSUs, and SARs (the "Awards") in order to reduce the risk of share price appreciation between the time of the grant of the Awards and the time of settlement. Upon vesting, the Company will direct the Trust to settle the applicable Awards in Shares. RSUs and DSUs are entitled to accumulate dividends until they vest, if applicable. 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 Amended and Restated Stock Option Plan

In 2009, the Company established the AutoCanada Option Plan ("Prior Option Plan"), which was amended and restated on November 9, 2022 (the "Amended and Restated Option Plan"). Further information on the changes made to the Prior Option Plan and a summary of the Amended and Restated Option Plan are below.

Changes to the Prior Option Plan

The Amended and Restated Option Plan contains a number of changes to the Prior Option Plan, which had not previously been amended since it was established in 2009. The changes contained in the Amended and Restated Option Plan consist of certain changes that require Shareholder approval to take effect pursuant to the policies of the Toronto Stock Exchange ("TSX"). A number of other changes were also made that do not require Shareholder approval and took effect on November 9, 2022 upon approval of the Board.

The only changes that require Shareholder approval to take effect are contained in Section 3.8 of the Amended and Restated Option Plan and (i) provide the Board with discretion to approve further changes to the provisions of the Amended and Restated Option Plan relating to transferability of options ("Options") solely for normal estate settlement purposes and (ii) otherwise limit the circumstances in which the Board can amend the Amended and Restated Option Plan without Shareholder approval (the "Option Plan Amendments Requiring Approval").

In particular, the Amended and Restated Option Plan makes clear that the Board cannot amend it to (i) reduce the exercise price of Options, (ii) extend the exercise period of Options, (iii) allow the participation by non-employee directors, or (iv) amend the amendment provision, in each case without Shareholder approval.

The additional changes to the Amended and Restated Option Plan that were made, and which do not require Shareholder approval, include the addition of a cashless exercise feature (described below) in lieu of the prior cash surrender feature, the removal of the ability to grant Options to non-employee directors, as well as certain related drafting changes to reflect the substance of the amendments. In addition, in order to reflect the implementation of the Clawback Policy described under "Clawback Policy" on page 28, certain amendments to the form of grant agreement under the Amended and Restated Option Plan were also made.

Summary of the Amended and Restated Option Plan

Pursuant to the Amended and Restated Option Plan, AutoCanada may issue up to and including 10% of its issued and outstanding Shares on the grant date (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 exceed 10% of the total number of Shares then outstanding at the time of grant 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 Amended and Restated 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 Amended and Restated Option Plan, the Board shall make all necessary or desirable determinations regarding the granting of Options to our officers, employees and consultants ("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 Amended and Restated 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 (i) 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 or (ii) the Board exercises its discretion under the Clawback Policy, described under the "Clawback Policy" on page 30, by cancelling or adjusting the number of Options. If the cessation of office, 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 Amended and Restated Option Plan provides Participants with a cashless exercise right in lieu of requiring Participants to pay the exercise price in cash in order to exercise each vested and exercisable Option. A Participant may choose to surrender to the Company unexercised Options that are vested and receive an amount of shares equal to (i) the "in-the-money" amount of the Option, less any amounts required by any taxing authority to be withheld for taxes of any kind as a consequence of the cashless exercise, divided by (ii) the market price of one Share determined as of the date of delivery of the written notice referred to in applicable Option agreement.

A Participant who proceeds with a cashless exercise as set out above may instead elect to pay to the Company the applicable withholding taxes in connection with a Cashless Exercise.

The Board may in its discretion amend the Amended and Restated Option Plan and may amend the terms and conditions of Options granted pursuant to the Amended and Restated Option Plan, without Shareholder approval. Without limiting the generality of the foregoing and assuming the Option Plan Amendments Requiring Approval are approved by the Shareholders, the Board may amend the Amended and Restated Option Plan without Shareholder approval if the amendment:

- is for the purpose of curing any ambiguity, error or omission in the Amended and Restated Option Plan or to correct or supplement any provision of the Amended and Restated Option Plan that is inconsistent with any other provision of the Amended and Restated 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 Amended and Restated Option Plan respecting administration and eligibility for participation under the Amended and Restated Option Plan (other than an amendment that would allow the participation in the Amended and Restated Option Plan by non-employee directors of the Company);

- changes the terms and conditions on which Options may be granted pursuant to the Amended and Restated Option Plan including the provisions relating to vesting provisions and the period during which an Option may be exercised or changes the provisions on transferability of Options for normal estate settlement purposes;
- changes the termination provisions of an Option or the Amended and Restated 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 Amended and Restated Option Plan; or
- is an amendment to the Amended and Restated Option Plan of a “housekeeping nature”;

provided that the amendment does not, without Shareholder approval, (i) change the number of Shares issuable under the Amended and Restated Option Plan, (ii) add any form of financial assistance by the Company for the exercise of any Option, (iii) change the class of eligible Participants to the Amended and Restated Option Plan which would have the potential of broadening or increasing participation by insiders of the Company or allowing participation in the Amended and Restated Option Plan by non-employee directors, (iv) reduce the exercise price of Options granted pursuant to the Amended and Restated Option Plan, (v) extend the period during which an Option may be exercised pursuant to the Amended and Restated Option Plan, (vi) permit Options to be transferred or assigned other than for normal estate settlement purposes, or (vii) amend the amendment provisions of the Amended and Restated Option Plan.

One-time grants of Options were made in 2018 to Messrs. Antony and Hong, in 2019 to Mr. Borys, in 2021 to various Vice-Presidents, and in 2022 to Mr. Lalani, the incoming Chief Financial Officer of the Company. 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:

	2022 Burn rate ⁽¹⁾	2021 Burn rate ⁽¹⁾	2020 Burn rate ⁽¹⁾
Stock Option Plan	0.38%	1.26%	0.37%

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

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

Executive Share Ownership

We require certain of our executives, namely our Executive Chair, our President, Canadian Operations, our Chief Financial Officer and our Chief Strategy Officer & General Counsel, to own equity in AutoCanada so they have a vested interest in our future success and to align their interests with our shareholders. Executive share ownership guidelines increase by level of executive. Executives must meet their minimum requirement within five years of being appointed to their position and it is expected that they maintain compliance while in the position. AutoCanada common shares held, directly or indirectly, and any DSUs or RSUs held are considered part of the total equity ownership by an executive. All of the named executives meet their share ownership requirement, except for Mr. Thorpe, who recently joined in the Company in 2022. We assess compliance annually, using the ownership level on December 31, multiplied by the average closing price of the Company's shares on the TSX for the 20 trading days preceding and including December 31. The table below shows the share ownership details for each executive for which the share ownership guidelines apply as at December 31, 2022. We used their annual base salary as at December 31, 2022 and \$25.34, the average closing price of the Company's shares on the TSX for the 20 trading days preceding and including December 31, 2022, to determine compliance as of December 31, 2022 and the market value of their shareholdings.

Name	Share ownership guideline ⁽¹⁾	Annual base salary	Common shares held	DSUs / RSUs Outstanding	Total equity ownership	Market value of equity ownership	Meets ownership guideline ⁽¹⁾	Ownership year requirement	
Paul Antony	5.0 x \$1,000,000		714,800	706	715,506	\$ 18,130,922	Yes	18.1 x	—
Mike Borys	3.0 x \$ 450,000		27,070	57,272	84,342	\$ 2,137,226	Yes	4.7 x	—
Peter Hong	3.0 x \$ 700,000		22,694	89,092	111,786	\$ 2,832,657	Yes	4.0 x	—
Jeff Thorpe	3.0 x \$ 775,000		—	—	—	\$ —	—	x	2027

(1) As a multiple of annual base salary

The Governance and Compensation Committee may determine that an executive who does not comply with the share ownership guidelines should not receive future awards under the LTIP.

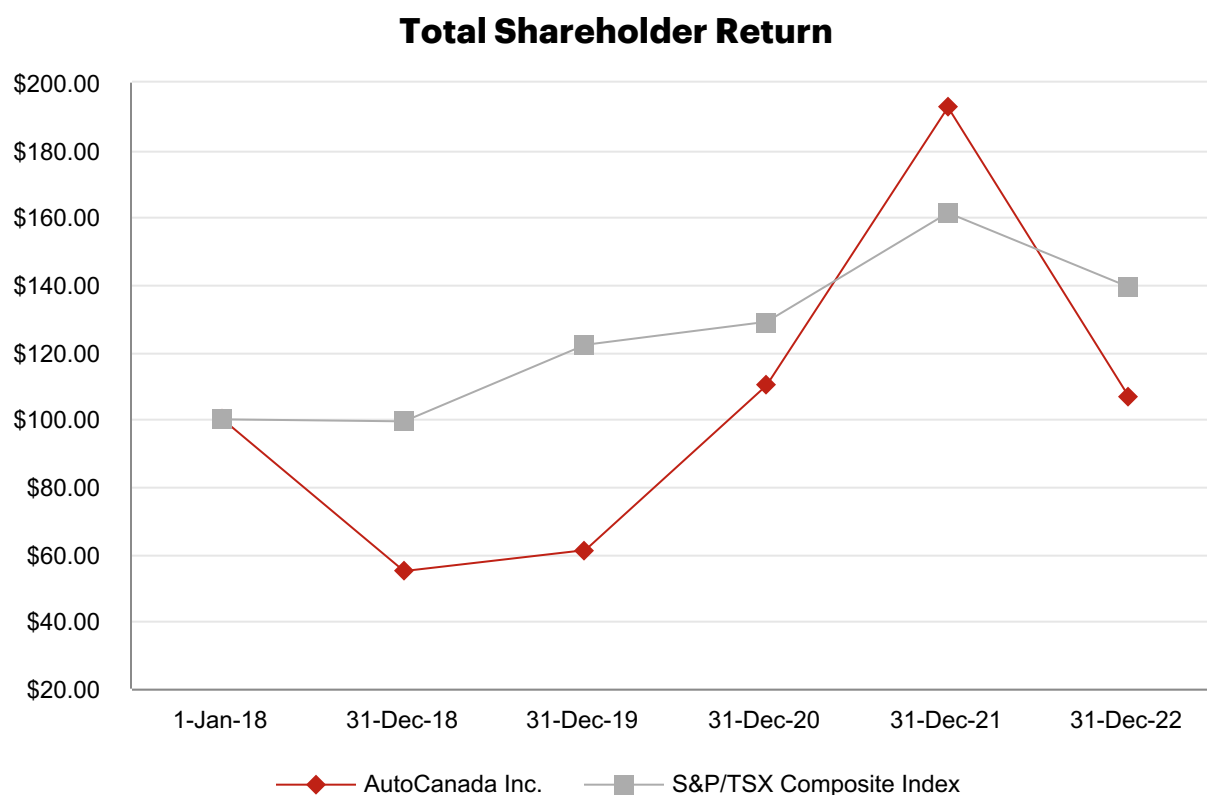
The Governance and Compensation Committee has the discretion to enforce the share ownership guidelines on a case-by-case basis. The Governance and Compensation Committee will evaluate whether waivers or exceptions from the share ownership guidelines should be made in the case of any executive who, due to their unique personal circumstances, would incur a hardship by complying with the share ownership guidelines.

Clawback Policy

In support of the Company's pay-for-performance compensation practices, the Company has adopted a clawback policy applicable to incentive compensation paid, awarded or granted to executive officers in the event of a restatement of the financial statements of the Company or in connection with misconduct (the "Clawback Policy"). The Clawback Policy also gives the Board discretion to claw back share-based compensation from any participant in any of the Company's equity-based compensation arrangements to the extent that such participant has engaged in misconduct. The Clawback Policy has a three year look-back period and applies to incentive compensation paid, awarded or granted following the adoption of the Clawback Policy.

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, 2018 to the end of the most recently completed financial year on December 31, 2022 for \$100 invested in Shares with the cumulative total return from the S&P/TSX Composite Index (Total Return).



<i>Performance Graph Values</i>	1-Jan-18	31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21	31-Dec-22
AutoCanada Inc.	\$100.00	\$54.93	\$61.16	\$110.12	\$192.69	\$106.51
S&P/TSX Composite Index	\$100.00	\$99.40	\$122.14	\$128.98	\$161.34	\$139.25

<i>Actual Values</i>	1-Jan-18	31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21	31-Dec-22
AutoCanada Inc.	\$22.64	\$11.35	\$12.39	\$23.61	\$42.70	\$23.31
S&P/TSX Composite Index	\$16,209.13	\$14,322.86	\$17,063.43	\$17,433.36	\$21,222.84	\$19,384.92

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 ⁽⁵⁾ (\$)	Option-Based Awards ⁽⁶⁾ (\$)	Non-Equity Compensation			Total Comp. (\$)
					Short-Term Incentive Plans (\$)	Long-Term Incentive Plans (\$)	All Other Comp. ^{(7) (8)} (\$)	
Paul Antony ^{(4) (8)} Executive Chair	2022	1,000,000	—	—	—	—	412,383	1,412,383
	2021	1,000,000	—	—	—	—	241,542	1,241,542
	2020	450,000	—	—	—	—	445,249	895,249
Mike Borys ⁽²⁾ Chief Financial Officer	2022	450,000	225,000	—	212,370	—	28,872	916,242
	2021	450,000	225,012	—	540,000	—	36,881	1,251,893
	2020	450,000	225,129	—	360,000	—	132,524	1,167,653
Peter Hong Chief Strategy Officer & General Counsel	2022	700,000	350,000	—	560,000	—	19,191	1,629,191
	2021	700,000	350,003	—	840,000	—	21,692	1,911,695
	2020	700,000	350,194	—	560,000	—	35,565	1,645,759
Jeff Thorpe ⁽¹⁾ President Canadian Operations	2022	528,699	—	4,482,000	528,699	—	383,289	5,922,687
	2021	—	—	—	—	—	—	—
	2020	—	—	—	—	—	—	—
Jim Douvas ⁽³⁾ Vice President U.S. Operations	2022	936,936	—	—	3,227,224	—	15,459	4,179,619
	2021	732,955	—	240,804	3,172,000	—	19,431	4,165,190
	2020	—	—	—	—	—	—	—

(1) Mr. Thorpe was appointed President, Canadian Operations effective April 26, 2022.

(2) Mr. Borys was appointed Chief Financial Officer effective August 12, 2019. On November 10, 2022, the Company announced the planned retirement of Mr. Borys from the role of Chief Financial Officer during the first quarter of 2023. The Company announced the appointment of Mr. Lalani as the new Chief Financial Officer in the first quarter of 2023. On February 27, 2023, Mr. Borys retired from the role of Chief Financial Officer.

(3) Mr. Douvas was appointed Vice President, U.S. Operations effective March 8, 2021.

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

(5) Includes RSUs granted under the Share Unit Plan. The fair value of the RSUs at grant date 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.

(6) The fair value of Option-Based Awards 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 Option-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 signing bonus and moving expenses in certain cases.

(8) With respect to Mr. Antony, includes changes in the fair value of the 15% partnership interest in the partnership created to operate the Company's Used Digital Retail Division issued on December 1, 2020.

The table below summarizes the Share-Based Awards 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⁾ (#)	Market Value of AutoCanada Inc. Shares⁽¹⁾ (\$)	Share-Based Awards (\$)
Paul Antony	2022	N/A	—	—	—
	2021	N/A	—	—	—
	2020	N/A	—	—	—
Mike Borys	2022	16-Mar-22	7,392	30.44	225,000
	2021	16-Mar-21	6,587	34.16	225,012
	2020	26-Mar-20	43,294	5.20	225,129
Peter Hong	2022	16-Mar-22	11,499	30.44	350,000
	2021	16-Mar-21	10,246	34.16	350,003
	2020	26-Mar-20	67,345	5.20	350,194
Jeff Thorpe	2022	N/A	—	—	—
	2021	N/A	—	—	—
	2020	N/A	—	—	—
Jim Douvas	2022	N/A	—	—	—
	2021	N/A	—	—	—
	2020	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 to each of Mr. Borys and Mr. Hong in 2020, 2021, and 2022 vest on a schedule of 20% on December 31 of the year of grant, 20% on December 31 of the second year after the year of grant, and 60% on December 31 of the third year after the year of grant.

The table below summarizes the Option-Based Awards granted under both the Stock Option Plan and the Phantom Stock Option Plan to the NEOs in the last three fiscal years.

NEO	Fiscal Year Of Award	Grant Date	Option-Based Awards Granted (#)	Fair Value of Option-Based Award per unit⁽¹⁾ (\$)	Option-Based Awards (\$)
Paul Antony	2022	N/A	—	—	—
	2021	N/A	—	—	—
	2020	N/A	—	—	—
Mike Borys	2022	N/A	—	—	—
	2021	N/A	—	—	—
	2020	N/A	—	—	—
Peter Hong	2022	N/A	—	—	—
	2021	N/A	—	—	—
	2020	N/A	—	—	—
Jeff Thorpe	2022	22-Aug-22	300,000 ⁽²⁾	14.94	4,482,000
	2021	N/A	—	—	—
	2020	N/A	—	—	—
Jim Douvas	2022	N/A	—	—	—
	2021	8-Mar-21	25,000 ⁽³⁾	9.63	240,750
	2020	N/A	—	—	—

(1) The fair value of Option-Based Awards 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) SARs granted under the Phantom Stock Option Plan. Exercise price of \$31.26, with a term of 6 years, with 20% vesting on the third anniversary of grant, 30% vesting on the later of (a) the third anniversary 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, 20% on the fourth anniversary of grant, and 30% on the later of (a) the fourth anniversary 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.

(3) Includes SARs granted under the Phantom Stock Option Plan. Exercise price of \$31.86, with a term of 5 years and vesting 1/3 on each of the first, second and third anniversaries of the date of the grant.

Incentive Plan Awards

Outstanding Option-Based Awards and Share-Based Awards

The following table sets forth information in respect of all Option-Based Awards and Share-Based Awards outstanding at the end of the financial year ended December 31, 2022 to the NEOs.

NEO	Option-Based Awards				Share-Based Awards		
	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 ⁽²⁾	1,000,000	10.05	August 14, 2028	13,260,000	—	—	16,457
Mike Borys	100,000	9.72	August 14, 2024	1,359,000	9,867	230,000	1,105,034
Peter Hong	500,000	10.05	August 14, 2028	6,630,000	15,347	357,739	1,718,949
Jeff Thorpe	300,000	31.26	August 22, 2028	—	—	—	—
Jim Douvas	25,000	31.86	March 8, 2026	—	—	—	—

(1) Market value for RSUs is calculated based on the closing price of the Shares on the TSX on December 31, 2022 of \$23.31 per share.

(2) Mr. Antony held 706 DSUs that were granted prior to his appointment as Executive Chair.

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, 2022 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	—	—	—
Mike Borys	777,016	670,652	212,370
Peter Hong	—	1,043,262	560,000
Jeff Thorpe	—	—	528,699
Jim Douvas ⁽¹⁾	194,242	—	3,227,224

(1) Non-equity incentive plan compensation earned by Mr. Douvas in the year was \$2,476,000 USD.

The STIP awards to Messrs. Borys and Hong for 2022 were based on the assessment by the Governance and Compensation Committee and the Board of Directors of the financial performance of the Company and the achievement of strategic objectives during 2022. After the fiscal year is completed, management reviews the Company's financial results and, where appropriate, presents to the Governance and Compensation Committee matters affecting earnings that were not part of the budget and that may require adjustment. The financial performance of each of the Canadian Operations and the U.S. Operations is assessed against established performance targets. The assessment of individual performance is based on the achievement of established individual strategic objectives that are aligned with the Company's business strategy. Based on these assessments, Messrs. Borys and Hong are assigned an individual performance multiplier by the Governance and Compensation Committee. The individual performance multiplier is applied to the established target STIP award. The STIP award to Mr. Thorpe for 2022 was guaranteed not to be less than 100% of Mr. Thorpe's *pro rata* annual base salary for 2022. For future years, Mr. Thorpe's STIP will be based on a target of 100% of annual base salary and will be based on criteria approved by the Board, on recommendations of the Governance and Compensation Committee. The LTIP awards, in the form of RSU awards, to Messrs. Borys and Hong for 2022 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 following the grant of the limited partnership interest, 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.

Jeff Thorpe, President Canadian Operations. The employment agreement with Mr. Thorpe is for an indefinite term. The employment agreement provides that in the event we terminate the employment of Mr. Thorpe without cause, Mr. Thorpe will be entitled to a lump sum payment equal to two times the aggregate of annual base salary plus two times the STIP target amount plus the pro-rated STIP target amount for the year of termination. In the event of termination without cause or resignation for good reason in connection with a change of control of the Company, Mr. Thorpe will be entitled to a lump sum payment equal to \$10,000,000 if the change in control occurs during the first year of employment and thereafter two times the annual base salary plus two times the STIP target amount and the pro-rated STIP target amount for the year of termination, and the time-based vesting of all share-based 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 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.

Jim Douvas, Vice President, US Operations. The employment agreement with Mr. Douvas is for an initial term of 5 years, commencing on March 8, 2021 and ending on March 7, 2026. The employment agreement provides that in the event we terminate the employment of Mr. Douvas without cause during the first year of employment, Mr. Douvas will be entitled to a defined lump sum payment. In the event we terminate the employment of Mr. Douvas without cause during the second year of employment, Mr. Douvas will be entitled to a lump sum payment based on the financial results of the US segment. Subsequent to the second year of employment and prior to the end date of the employment agreement, a termination without cause will result in a defined lump sum payment. A pro-rated STIP amount would also be included with the lump sum payments.

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, 2022. The amounts shown in the table are calculated based on positions held, and the terms applicable, as at December 31, 2022.

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⁾	—	—	—	—	—	—
Total	—	2,000,000	2,000,000	—	—	—
Mike Borys						
Lump-sum Payment	—	1,620,000	1,620,000	—	—	—
Accelerated RSU Vesting ⁽¹⁾	—	230,000	230,000	—	—	230,000
Stock options ⁽²⁾	—	—	—	—	—	—
Total	—	1,850,000	1,850,000	—	—	230,000
Peter Hong						
Lump-sum Payment	—	3,220,000	3,220,000	—	—	—
Accelerated RSU Vesting ⁽¹⁾	—	357,739	357,739	—	—	357,739
Stock options ⁽²⁾	—	—	—	—	—	—
Total	—	3,577,739	3,577,739	—	—	357,739
Jeff Thorpe						
Lump-sum Payment ⁽⁴⁾	—	3,100,000	10,000,000	—	—	—
SARs ⁽⁵⁾	—	—	—	—	—	—
Total	—	3,100,000	10,000,000	—	—	—
Jim Douvas						
Lump-sum Payment	—	1,000,000	—	—	—	—
SARs ⁽⁶⁾	—	—	—	—	—	—
Total	—	1,000,000	—	—	—	—

(1) The Share Unit 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 termination without cause, retirement, resignation or death or disability. The employment agreements for Messrs. Antony, 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, 2022 of \$23.31 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.

(4) The employment agreement for Mr. Thorpe provides that if a change of control occurs prior to April 26, 2023, Mr. Thorpe is entitled to a lump sum payment of \$10,000,000. If a change of control occurs after April 26, 2023, Mr. Thorpe is entitled to a lump sum payment equal to two times the annual base salary plus two times the STIP target amount and the pro-rated STIP target amount for the year of termination, and the time-based vesting of all share-based awards will accelerate.

(5) The employment agreement for Mr. Thorpe provides that the time based vesting of of equity based incentive awards will be partially accelerated on a pro rata basis, based on the period from the grant of the options to the date of termination compared to the applicable time-based vesting period.

(6) The employment agreement for Mr. Douvas provides that if the employee ceases to be employed, any then vested SARs will be exercisable for 30 days and all unexercised SARs will terminate on such 30th day.

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 cash retainer fee, an annual fee for serving as Lead Director or chair of a committee, and an annual equity retainer fee, all as set forth in the following table:

Position/Description	Compensation per Director	Frequency
Board Director Cash Retainer Fee	\$80,000	per year
Lead Independent Director	\$30,000	per year
Committee Chair	\$20,000	per year
Equity Retainer	\$100,000	per year

The equity retainer is paid in the form of DSUs. Each Director may also elect to receive up to 100% of their cash retainer in the form of DSUs. The Board believes that providing Directors with an equity retainer in the form of DSUs, coupled with the option to receive up to 100% of their cash fees in the form of DSUs, with DSUs not being redeemable until retirement or death, promotes alignment with the interests of AutoCanada's shareholders. An *ad hoc* committee of the Board was also formed in June 2022, comprised of four independent directors, Stephen Green, Barry James, Rhonda English and Lee Matheson, each of whom was paid a one-time retainer of \$10,000 for his or her membership.

The compensation of Directors was changed in November 2021. Recognizing that the Director compensation package had remained unchanged since 2016 and no peer benchmark analysis had been undertaken in the past five years, the Governance and Compensation Committee requested that a director compensation benchmarking review be conducted in January 2021, with the results of such peer benchmark having been presented and discussed at a number of subsequent meetings of the committee. The following factors were taken into consideration by the Governance and Compensation Committee: (i) contributions, responsibilities, risks and time commitment of the Independent Directors, (ii) compensation alignment with shareholder interests; (iii) compensation provided by comparative companies; and (iv) simplicity. Following a unanimous recommendation from the Governance and Compensation Committee to the Board, the Board approved the following new compensation to Independent Directors as set out in the table above with effect as of November 9, 2021.

The cash and equity retainers are paid on a quarterly basis with the number of DSUs to be issued based on the volume weighted average trading price per common share on the TSX for the immediately preceding five trading days.

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 the Company's 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, 2022 was \$1,192,077. 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, 2022 was \$9,655.

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 both 2018 and 2021 (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 50% 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 the 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 days 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 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, 2022.

Name	Cash Fees earned	Share-based awards	Option-based awards	Non-equity incentive plan compensation	All other compensation	Total Compensation
Dennis DesRosiers	— \$	180,500	—	—	— \$	180,500
Rhonda English	— \$	128,187	—	—	— \$	128,187
Stephen Green	— \$	230,198	—	—	— \$	230,198
Barry James	\$ 110,000	\$ 100,000	—	—	— \$	210,000
Maryann Keller ⁽¹⁾	— \$	73,192	—	—	— \$	73,192
Lee Matheson	— \$	190,000	—	—	— \$	190,000
Elias Olmeta	— \$	180,000	—	—	— \$	180,000

(1) Maryann Keller retired from the Board on May 5, 2022.

Director Share Ownership

We require our directors to own equity in AutoCanada so they have vested interest in our future success. Directors must own three times their annual retainer in AutoCanada equity within five years of joining the Board. Directors can count their common shares and/or DSUs toward meeting the guideline. Our newer director – Ms. Rhonda English – is building her equity ownership as shown in the table that follows.

The table shows each director's equity ownership as of December 31, 2022. It does not include Mr. Antony because he is required to meet our share ownership requirements for executives (see page 28).

Name	Share ownership guideline ⁽¹⁾	Annual Retainer Fees	Common shares held	DSUs Outstanding	Total equity ownership	Market value of equity ownership ⁽²⁾	Meets ownership guideline	Ownership year requirement
Dennis DesRosiers	3.0x	\$180,000	27,600	31,128	58,728	\$ 1,488,168	Yes 8.3 x	—
Rhonda English	3.0x	\$180,000	1,350	4,807	6,157	\$ 156,018	— 0.9 x	2027
Stephen Green	3.0x	\$180,000	—	40,399	40,399	\$ 1,023,711	Yes 5.7 x	—
Barry James	3.0x	\$180,000	19,417	18,809	38,226	\$ 968,647	Yes 5.4 x	—
Lee Matheson	3.0x	\$180,000	15,000	10,806	25,806	\$ 653,924	Yes 3.6 x	—
Elias Olmeta	3.0x	\$180,000	—	33,778	33,778	\$ 855,935	Yes 4.8 x	—

(1) As a multiple of the annual retainer fees.

(2) Market value is based on the average closing price of AutoCanada's shares on the Toronto Stock Exchange for the 20 trading days preceding and including December 31, 2022.

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, 2022 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 unexercised share based awards	Market value of unexercised share-based awards⁽¹⁾	Market value of vested share-based awards not paid out or distributed
Dennis DesRosiers	31,128	\$725,594	N/A
Rhonda English	4,807	\$112,051	N/A
Stephen Green	40,399	\$941,701	N/A
Barry James	18,809	\$438,438	N/A
Lee Matheson	10,806	\$251,888	N/A
Elias Olmeta	33,778	\$787,365	N/A

(1) Value is calculated based on the closing price of the Shares on the TSX on December 31, 2022 of \$23.31 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, 2022 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, 2022:

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)	1,996,544	8.48%	\$14.48	358,570	1.52 %	2,355,114	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	1,996,544	8.48%	\$14.48	358,570	1.52 %	2,355,114	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, 2022 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, 2022 and 2021, and the Company's annual management's discussion and analysis of financial condition and results of operations for fiscal 2022.

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 20, 2023

APPENDIX A – Statement of Corporate Governance Practices

The Board considers good governance to be central to the effective and efficient operation of AutoCanada and its subsidiaries. We are committed to reviewing and adapting our governance practices in order to meet the changing needs and to ensure compliance with the regulatory requirements of AutoCanada, and its subsidiaries. Set out below is a discussion on the current composition of the Board and the current governance practices of AutoCanada.

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT OR TOPIC	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, Dennis DesRosiers, Rhonda English, Stephen Green, Barry James, Lee Matheson and Elias Olmeta are independent Directors based on the definition of independence in National Instrument 52-110 – <i>Audit Committees</i> . If following the Meeting, the nominees proposed by the Company are elected, Dennis DesRosiers, Rhonda English, Stephen Green, Barry James, Lee Matheson and Elias Olmeta will 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 is not independent, as independence is defined in National Instrument 52-110 – <i>Audit Committees</i> , as he is an officer 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 Circular and if, following the Meeting, 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 currently six of the seven Directors are independent Directors, and if, following the Meeting, the nominees proposed by the Company are elected, six of the seven 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 border="1" data-bbox="831 1339 1498 1623"> <thead> <tr> <th data-bbox="831 1339 1156 1371">Director</th> <th data-bbox="1156 1339 1498 1371">Name of Reporting Issuer</th> </tr> </thead> <tbody> <tr> <td data-bbox="831 1371 1156 1409">Paul Antony</td> <td data-bbox="1156 1371 1498 1409">None</td> </tr> <tr> <td data-bbox="831 1409 1156 1446">Dennis DesRosiers</td> <td data-bbox="1156 1409 1498 1446">None</td> </tr> <tr> <td data-bbox="831 1446 1156 1484">Rhonda English</td> <td data-bbox="1156 1446 1498 1484">None</td> </tr> <tr> <td data-bbox="831 1484 1156 1522">Stephen Green</td> <td data-bbox="1156 1484 1498 1522">None</td> </tr> <tr> <td data-bbox="831 1522 1156 1560">Barry James</td> <td data-bbox="1156 1522 1498 1560">Corus Entertainment Inc.</td> </tr> <tr> <td data-bbox="831 1560 1156 1598">Lee Matheson</td> <td data-bbox="1156 1560 1498 1598">Optiva Inc.</td> </tr> <tr> <td data-bbox="831 1598 1156 1623">Elias Olmeta</td> <td data-bbox="1156 1598 1498 1623">None</td> </tr> </tbody> </table>	Director	Name of Reporting Issuer	Paul Antony	None	Dennis DesRosiers	None	Rhonda English	None	Stephen Green	None	Barry James	Corus Entertainment Inc.	Lee Matheson	Optiva Inc.	Elias Olmeta	None
Director	Name of Reporting Issuer																
Paul Antony	None																
Dennis DesRosiers	None																
Rhonda English	None																
Stephen Green	None																
Barry James	Corus Entertainment Inc.																
Lee Matheson	Optiva Inc.																
Elias Olmeta	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 quarterly meetings and at such other times as may be considered necessary by the independent directors at which members of management are not in attendance. In addition, at each meeting of the full Board and its committees, 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 OR TOPIC	OUR CORPORATE GOVERNANCE PRACTICES
<p>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.</p>	<p>Paul Antony is the Executive Chair and is not independent. Accordingly, Stephen Green, who is independent, is currently the Lead Director of the Board. The Lead Director's roles and responsibilities are outlined in the Company's Lead Director Position Description. The Chair of each of the Board's committees, the Audit Committee and the Governance and Compensation Committee, are each independent Directors; Barry James is the Chair of the Audit Committee and Stephen Green is the Chair of the Governance and Compensation Committee.</p>
<p>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.</p>	<p>Meeting attendance is disclosed for each Director under "Information Concerning Director Nominees" above.</p>
<p>2. Board Mandate</p>	
<p>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.</p>	<p>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".</p>
<p>3. Position Descriptions</p>	
<p>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>	<p>A written position description is included in the Company's Lead Director Position Description. No written position descriptions for chairs of the Company's 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>
<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.</p>	<p>The Board has developed terms of reference for the Executive Chair, which include a written position description for the Executive Chair.</p>
<p>4. Orientation and Continuing Education</p>	
<p>a. Briefly describe what measures the Board takes to orient new directors regarding</p> <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 other relevant information.</p> <p>The members of senior management review with the Board at each meeting the nature and operations of the Company's business.</p>

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT OR TOPIC	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>The Board is comprised of highly qualified Directors with extensive experience and knowledge. All of the Directors are seasoned business executives, directors or professionals with considerable experience. The Governance and Compensation Committee continually monitors the composition of the Board to ensure Directors collectively possess all of the necessary skills to enable the Board to fulfill its duties. 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 2022 that focused on performance, strategy and opportunities for the business. These presentations included an environmental, social and governance review, corporate governance updates, regulatory developments, and 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.</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 recommendations 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 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 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 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 OR TOPIC	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>As of August 2022, the Board, on recommendation of the Audit Committee, adopted a formal Related Party Transactions Policy and amended the mandate of the Audit Committee to include oversight of related party transactions. In accordance with its mandate, the Audit Committee reviews all proposed related party transactions that are not in the ordinary course and are not dealt with by a special committee of independent Directors pursuant to securities law and, if appropriate, recommends those transactions to the Board for approval.</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 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 dealerships are required to certify that they have read the code of conduct. The Board monitors compliance with the code of conduct and 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. In March 2023, the Board in furtherance of supporting a culture of ethical business conduct, the Company adopted a clawback policy applicable to incentive compensation paid, awarded or granted to executive officers in the event of a restatement of the financial statements of the Company or in connection with misconduct (the "Clawback Policy"). The Clawback Policy also gives the Board discretion to claw back share-based compensation from any participant in any of the Company's equity-based compensation arrangements to the extent that such participant has engaged in misconduct. The Clawback Policy has a three year look-back period and applies to incentive compensation paid, awarded or granted following the adoption of the Clawback Policy.</p>

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES
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 a 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 as of the date hereof composed of three independent directors. 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>
<p>c. If the Board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.</p>	<p>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.</p>
7. Director Term Limits	
<p>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.</p>	<p>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.</p>

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES
8. Policies Regarding the Representation of Designated Groups on the Board	
<p>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>	<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, and 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>
<p>b. Disclose the following in respect of the Diversity Policy:</p> <ol 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. 	<p>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 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.</p>
<p>c. Disclose 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.</p>	<p>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 important criteria that is considered, along with a candidate's skills and experience, and both of "gender diversity" and "race/ethnic diversity" are distinctly included in the Board's skills, experience and attributes matrix.</p>

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES
9. Policies Regarding the Representation of Designated Groups in Executive Officer Appointments	
<p>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.</p>	<p>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.</p>
10. Targets Regarding the Representation of Designated Groups on the Board and in Executive Officer Positions	
<p>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.</p>	<p>The Board has not set specific targets as to the number of designated group board members it will maintain. Additionally, the Company has not adopted specific targets regarding the representation of designated groups in executive officer positions of the Company. The Company believes that consideration of a potential Director nominee and 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. Nonetheless, in the selection process for new Director nominees, the Governance and Compensation Committee, is placing additional weight in 2023 in actively recruiting one or more additional female directors.</p>
11. Number of Designated Groups on the Board and in Executive Officer Positions	
<p>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>	<p>The Company currently has: (i) one female director, Rhonda English, which represents 14.5% 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 14.5% of total directors and 16.5% of independent directors. The Company does not have any directors who identify as Aboriginal peoples or persons with disabilities.</p>
<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>	<p>The Company currently has one executive officer who identifies as a visible minority, Peter Hong, which represents 25% of executive officers. Following the appointment of Mr. Azim Lalani as the Chief Financial Officer of the Company, expected in the first quarter of 2023, 50% of executive officers will identify as a visible minorities. The Company does not currently have any executive officers who identify as women, Aboriginal peoples, or persons with disabilities.</p>

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES
12. Compensation	
<p>a. Describe the process by which the Board determines the compensation for the issuer’s directors and officers.</p>	<p>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, which was discussed and considered at a number of Governance and Compensation Committee meetings. In November 2021, the Board, following a unanimous recommendation of the Governance and Compensation Committee approved changes to independent director compensation considering such factors as (i) contributions, responsibilities, risks and time commitment of the independent directors, (ii) compensation alignment with shareholders interests, (iii) compensation provided by comparative companies and (iv) simplicity.</p> <p>Compensation for the Executive Chair, the President, Canadian Operations, the Chief Financial Officer, the Chief Strategy Officer & General Counsel and other key officers or executives of AutoCanada is to be approved by the Board, taking into consideration any recommendations by the Governance and Compensation Committee.</p>
<p>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.</p>	<p>The Governance and Compensation Committee is composed entirely of independent directors.</p>
<p>c. If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.</p>	<p>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.</p>
13. Other Board Committees	
<p>If the Board has standing committees other than the audit, governance and compensation and nominating committees, identify the committees and describe their function.</p>	<p>The Board does not maintain any other standing committees.</p>

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 2022, the Board undertook its annual recurring formal assessment process developed and designed by the Governance and Compensation Committee, consisting of the completion by each Director a written board assessment, questionnaire, and a written director self-evaluation questionnaire 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 and were compared against prior year results. The Governance and Compensation Committee 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 will be developed 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>
15. Environmental, Social and Governance	
<p>Disclose the Board's role with respect to environmental, social and governance oversight.</p>	<p>The Governance and Compensation Committee reviews, monitors, reports, and where appropriate, provides recommendations to the Board on environmental, social and governance ("ESG") policies and practices. AutoCanada is in the process of formalizing its ESG vision, strategy and goals. To this end, in December 2022, AutoCanada retained an ESG consultant to assist in the conduct of an ESG benchmarking and review by gauging the key issues raised by prominent global standards, rating agencies and our peers; surveying and interviewing subject matter experts across AutoCanada; and engaging with the Company's executive leadership to establish a strategic roadmap that is aligned with our future ESG vision, strategy and goals.</p>

APPENDIX B – Amended and Restated Stock Option Plan

PART 1 – INTRODUCTION

1.1 Purpose

The purpose of the Plan is to secure for AutoCanada Inc. (the “**Corporation**”) and its shareholders the benefits of incentives inherent in share ownership by, amongst others, management, employees and consultants of the Corporation and the Subsidiaries who, in the judgment of the Board, will contribute to the Corporation’s future growth and success. It is generally recognized that a stock option plan of the nature provided for herein aids in retaining and encouraging persons who are considered potential key contributors to the success of the Corporation, by providing to them the opportunity to acquire a proprietary interest in the Corporation.

1.2 Definitions

Whenever used herein, the following words and expressions shall have the following meanings, namely:

- a. “**Affiliate**” of any Person means a Person who would be an affiliated entity of such first mentioned Person for purposes of the *Canada Business Corporations Act*;
- b. “**Black-Out Period**” has the meaning ascribed thereto in Section 2.5(b);
- c. “**Board**” means the board of directors of the Corporation as it may be constituted from time to time;
- d. “**Cashless Exercise**” has the meaning ascribed thereto in Section 2.7(a);
- e. “**Corporation**” has the meaning ascribed thereto in Section 1.1;
- f. “**Exchange**” means The Toronto Stock Exchange;
- g. “**Exercise Price**” has the meaning ascribed thereto in Section 2.3;
- h. “**Insider**” of the Corporation or a Subsidiary, as applicable, means:
 - i. an insider as defined in the *Securities Act* (Ontario), other than a person who falls within that definition solely by the virtue of being a director or senior officer of a subsidiary of the Corporation; and
 - ii. an associate (as such term is defined in the *Securities Act* (Ontario)) of any person who is an insider by virtue of subparagraph (i);
- i. “**Market Price**” means the closing price of the Shares on the Exchange on the last trading day preceding the day of grant, if the Shares are then listed for trading on the Exchange. In the event that the Shares are listed for trading on the Exchange and no trades of the Shares have taken place on the Exchange on any trading day within a five-day period immediately preceding the date of grant, the Board may, in its sole discretion, select as the “Market Price” per Share the weighted average trading price of the Shares on the Exchange over the last five trading days on which the Shares traded on the Exchange immediately preceding the date of the grant, or in the event that any of these five trading days fall in a black-out period (as imposed pursuant to the policies of the Corporation, if any), “closing price” shall mean the last closing price of the Shares on the Exchange immediately preceding the date of grant;
- j. “**Non-Employee Director**” means a director of the Corporation who is not also a Service Provider of the Corporation or one of its Subsidiaries;
- k. “**Option**” means an option granted under the terms of the Plan;
- l. “**Option Agreement**” has the meaning ascribed thereto in Section 2.4;
- m. “**Option Period**” means the period during which an Option may be exercised;
- n. “**Optionee**” or “**Participant**” means a Service Provider to whom an Option has been granted under the terms of the Plan;

- o. “**Person**” means an individual, body corporate, partnership, joint venture, limited liability company or trust and the heirs, beneficiaries, executors, legal representatives or administrators of an individual;
- p. “**Plan**” means the plan established and operated pursuant to the terms hereof;
- q. “**Service Provider**” means:
 - i. an employee or officer of the Corporation or of any of its Subsidiaries; and
 - ii. any other person or company engaged to provide ongoing management or consulting services for the Corporation or for any entity controlled by the Corporation;
- r. “**Shareholder**” means a holder of Shares;
- s. “**Shares**” means common shares in the capital of the Corporation; and
- t. “**Subsidiary**” means a subsidiary as described in the Securities Act (Ontario) and includes entities controlled, directly or indirectly, by the Corporation.

PART 2 – STOCK OPTION PLAN

2.1 Participation

Options shall be granted only to Service Providers.

2.2 Determination of Option Recipients

The Board shall make all necessary or desirable determinations regarding the granting of Options to Service Providers and may take into consideration the present and potential contributions of a particular Service Provider to the success of the Corporation, the recommendations of the Board and of the board of directors of any Subsidiary, and any other factors which it may deem proper and relevant.

2.3 Price

The exercise price of each Option (the “**Exercise Price**”) shall be determined from time to time by the Board but, in any event, shall not be lower than the Market Price.

2.4 Grant of Options

The Board may at any time authorize the granting of Options to such Service Providers as it may select for the number of Shares that it shall designate, subject to the provisions of the Plan.

Each Option granted to a Service Provider shall be evidenced by an agreement (an “**Option Agreement**”) with terms and conditions consistent with the Plan and as approved by the Board (or the President of the Corporation, if duly authorized by the Board), which terms and conditions need not be the same in each case and may be changed from time to time. Until such time as the Board (or the President of the Corporation if so authorized), shall otherwise determine, and subject to the provisions of Section 3.8 hereof, the form of Option Agreement adopted for use hereunder shall be that which is attached hereto as Schedule A.

2.5 Terms of Options

The Option Period shall be of such length as is determined by the Board but in any event shall not be less than one year and shall not exceed ten years from the date such Option is granted, and may also be reduced with respect to any such Option as provided herein covering termination of employment or death of the Optionee.

Subject to the other terms and conditions of this Plan, and unless otherwise specified by the Board, or the President of the Corporation, if duly authorized by the Board, Options may be exercised as follows:

- a. the Optionee may exercise his or her rights as to 1/3 of the Shares under option or any lesser part thereof after each of the first, second and third anniversaries of the grant of the Option; and
- b. notwithstanding anything else in the Plan, where the Option expires or is deemed to expire during a period of time imposed by the Corporation upon certain designated persons during which period those persons may not trade in any securities of the Corporation (a “Black-Out Period”) or within ten business days from the date that any Black-Out Period ends, the Option shall not be deemed to expire until the day that is ten business days from the last day of the Black-Out Period.

Any Options remaining unexercised after they become eligible for exercise may be exercised in whole or in part at any time during the remainder of the Option Period.

Except as set forth in Sections 2.9 and 2.10, no Option may be exercised by the following Service Providers unless the Option has vested and the Optionee is, at the time of such exercise:

- a. in the case of an employee or consultant, in the employ or under contract of the Corporation or a Subsidiary and shall have been continuously so employed or contracted since the grant of his or her Option, but absence or leave, having the approval of the Corporation, shall not be considered an interruption of employment for any purpose of the Plan; or
- b. in the case of an officer, an officer of the Corporation or a Subsidiary and shall have been an officer continuously since the grant of his or her Option.

2.6 Exercise of Option

The exercise of any Option will be contingent upon receipt by the Corporation of payment (in cash, certified cheque or in any other manner as is acceptable to the Corporation) of the full Exercise Price for the Shares being purchased. No Optionee or his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any Shares subject to an Option, unless and until certificates for such Shares are issued to them under the terms of the Plan.

2.7 Cashless Exercise

- a. In lieu of paying the aggregate full Exercise Price to purchase Shares as set forth in Section 2.6, the Optionee may elect to receive, without payment of cash or other consideration except to the extent the Optionee elects to make a cash payment in accordance with Section 2.7(b), upon surrender of the applicable portion of the then vested and exercisable Option to the Corporation, a number of Shares determined in accordance with the following formula (a "**Cashless Exercise**"):

$$A = (B \times (C - D) - E) / C,$$

where:

A = the number of Shares to be issued to the Optionee pursuant to this Section 2.7;

B = the number of Shares otherwise issuable upon the exercise of the Option or portion of the Option being exercised;

C = the Market Price of one Share determined as of the date of delivery of the written notice referred to in applicable Option Agreement;

D = the Exercise Price; and

E = any amounts required by any taxing authority to be withheld for taxes of any kind as a consequence of the Cashless Exercise.

- b. The Optionee may elect to pay to the Corporation the applicable withholding taxes in connection with a Cashless Exercise by: (i) instructing the Corporation to withhold such amount from the Optionee's pay in a manner mutually acceptable to the Optionee and the Corporation or (ii) cash, certified cheque or in any other manner as is acceptable to the Corporation, in which case "E" above shall be deemed to be nil for the purpose of determining the number of Shares to be issued to the Optionee pursuant to this Section 2.7
- c. For greater certainty, upon the Cashless Exercise of an Option (or portion thereof), the total number of Shares that may be issued pursuant to the exercise of Options under the Plan, as set forth in Section 3.1(b), shall be deemed to have been exercised for purposes of this Plan but, for certainty, only the number of Shares actually issued pursuant to this Section 2.7 will be added to the issued and outstanding Shares of the Corporation.

2.8 Lapsed Option

If Options are surrendered, terminated or expire without being exercised in whole or in part, new Options may be granted covering the Shares not purchased under such lapsed Options to the extent permitted by the Exchange.

2.9 Effect of Termination of Employment or Death

- a. If an Optionee shall die while employed or contracted by or while an officer of the Corporation or a Subsidiary, as applicable, any vested Option held by him or her at the date of death shall be exercisable only by the

person or persons to whom the Optionee's rights under the Option shall pass by the Optionee's will or the laws of descent and distribution. All such Options shall be exercisable only for a period of 120 days, unless extended by the Board to a maximum of one year in total, after the date of death or prior to the expiration of the Option Period in respect thereof, whichever is sooner.

- b. If an Optionee ceases to be employed or contracted by or be an officer of the Corporation or a Subsidiary, as applicable, for cause, no Option held by such Optionee may be exercised following the date on which such Optionee ceases to be so employed or contracted or ceases to be an officer, as the case may be.
- c. If an Optionee ceases to be employed or contracted by or be an officer of the Corporation or a Subsidiary, as applicable, for any reason other than cause or death, any vested Option held by such Optionee at the effective date thereof shall be exercisable only for a period of 120 days after the date on which the Optionee ceases to be employed or contracted by or to be an officer of the Corporation or a Subsidiary, as applicable, (and not at the expiry date of any period of reasonable notice) or prior to the expiration of the Option Period in respect thereof, whichever is sooner.
- d. If an Optionee who is a consultant ceases to be retained by the Corporation or any Subsidiary by virtue of a breach of the consulting agreement or the expiry thereof, or such retainer is otherwise terminated (other than for reasons set forth in Sections 2.9(a), (b) or (c) above), no Option held by such consultant may be exercised following such breach, expiry or termination, as the case may be.

2.10 Change of Control

For purposes of this Section, "**Change in Control**" means:

- a. any Merger and Acquisition Transaction in which voting securities of the Corporation possessing more than thirty-five percent (35%) of the total combined voting power of the Corporation's outstanding securities are to be transferred to a Person or related group of Persons different from the Person(s) holding those securities immediately prior to such transaction and the composition of the Board following such transaction is to be such that members of the Board prior to the transaction constitute less than fifty percent (50%) of the Board following the transaction;
- b. any Merger or Acquisition Transaction, directly or indirectly, by any Person or related group of Persons involving a change in the beneficial ownership of voting securities of the Corporation possessing more than fifty percent (50%) of the total combined voting power of the Corporation's outstanding securities;
- c. any acquisition, directly or indirectly, by a Person or related group of Persons of the right to appoint a majority of the Board or otherwise directly or indirectly control the management, affairs and business of the Corporation;
- d. any Merger or Acquisition Transaction involving the disposition, directly or indirectly, of all or substantially all of the assets of the Corporation; and
- e. a complete liquidation, dissolution or winding-up of the Corporation,

provided however, that a Change in Control shall not be deemed to have occurred if such Change in Control results solely from the issuance, in connection with a bona fide financing or series of financings by the Corporation or any of its Affiliates, of voting securities of the Corporation or any of its Affiliates or any rights to acquire voting securities of the Corporations or any of its Affiliates which are convertible into voting securities.

For the purposes of this Section, "**Merger and Acquisition Transaction**" means: (i) any merger or consolidation; (ii) any acquisition; (iii) any amalgamation; (iv) any offer for Shares which if successful would entitle the offeror to acquire all of the voting securities of the Fund; or (v) any arrangement or other scheme of reorganization.

In the event of a Merger and Acquisition Transaction resulting in a Change in Control or proposed Merger and Acquisition Transaction which could result in a Change in Control, the Board, at its option, may do any of the following:

- a. the Board may, in a fair and equitable manner, determine the manner in which all unexercised option rights granted under this Plan will be treated including, without limitation, terminating the Options, with or without consideration, requiring the acceleration of the time for the exercise of such rights by the Participants, the time for the fulfillment of any conditions or restrictions on such exercise, and the time for the expiry of such rights; or
- b. the Board or any Person which is or would be the successor to the Corporation or which may issue securities in exchange for Shares upon the Merger and Acquisition Transaction becoming effective may offer any Participant the opportunity to obtain a new or replacement option over any securities into which the Shares are changed or are convertible or exchangeable into, on a basis proportionate to the number of Shares under Option and the Exercise Price of the Options (and otherwise substantially upon the terms of the Option being

replaced, or upon terms no less favourable to the Participant including, without limitation, terms with respect to the periods during which the Option may be exercised and expiry dates); and in such event, the Participant shall, if he or she accepts such offer, be deemed to have released his Option over the Shares and such Option shall be deemed to have lapsed and be cancelled; or

- c. the Board may exchange for or convert into any other security or any other property or cash, any Option that is still capable of being exercised, upon giving to the Participant to whom such Option has been granted at least 30 days written notice of its intention to exchange or convert such Option, and during such period of notice, the Option, to the extent it has not been exercised, may be exercised by the Participant without regard to any vesting conditions attached thereto; and on the expiry of such period of notice, the unexercised portion of the Option shall lapse and be cancelled.

Section 2.11 and this Section 2.10 are intended to be permissive and may be utilized independently or successively in combination or otherwise, and nothing therein contained shall be construed as limiting or affecting the ability of the Board to deal with Options in any other manner. All determinations by the Board under Section 2.11 and this Section 2.10 will be final, binding and conclusive for all purposes.

2.11 Adjustment in Shares Subject to Plan

If there is any change in the Shares through a consolidation, subdivision or reclassification of Shares, or otherwise, the number of Shares available under the Plan, the Shares subject to any Option, and the Exercise Price thereof shall be adjusted appropriately by the Board and such adjustment shall be effective and binding for all purposes of the Plan.

2.12 Approval

The terms of the Options granted from time to time hereunder, and the Optionees to whom are granted, are subject to the Exchange accepting notice of such terms and proposed Optionees (if such acceptance is required by the Exchange).

PART 3 – GENERAL

3.1 Number of Shares and Limitations

- a. If any option granted under the Plan shall terminate, expire, be exercised, be surrendered (including in accordance with Section 2.7) or be cancelled, new options may thereafter be granted, effectively resulting in a re-loading of the number of Options available to grant under the Plan, subject to applicable regulatory requirements.
- b. The aggregate number of Shares that may be available for issuance under the Plan shall not exceed 10% of the total number of Shares outstanding (on a non-diluted basis) at the time of grant.
- c. The aggregate number of Shares issuable to Insiders at any time pursuant to Options or any other security based compensation arrangements shall not exceed 10% of the total number of Shares then outstanding.
- d. The issuance of Shares to Insiders pursuant to Options or any other security based compensation arrangements shall not exceed or result in the issuance to such Insiders within a one-year period of more than 10% of the total number of Shares outstanding.
- e. The aggregate number of Shares reserved for issuance to any one person pursuant to Options or any other security based compensation arrangements granted to such person shall not exceed 5% of the total number of Shares then outstanding.
- f. The issuance of Shares to any one Insider and such Insider's associates pursuant to Options or any other security based compensation arrangements within a one-year period shall not exceed 5% of the total number of Shares outstanding.
- g. For the purposes of determining the number of Shares outstanding at any particular time, the rules of the Exchange, as they relate to share compensation plans, shall govern.

3.2 Transferability

All benefits, rights and options accruing to any Participant in accordance with the terms and conditions of the Plan shall not transferable unless specifically provided herein. During the lifetime of a Participant, all benefits, rights and Options may only be exercised by the Participant, except as provided for under Section 2.9 hereof.

3.3 Employment

Nothing contained in the Plan shall confer upon any Participant any right with respect to employment or continuance of employment with the Corporation or any Subsidiary, or interfere in any way with the right of the Corporation or any Subsidiary to terminate the Participant's employment at any time. Participation in the Plan by a Participant is voluntary.

3.4 Record Keeping

The Corporation shall maintain a register in which shall be recorded:

- a. the name and address of each Participant; and
- b. the number of Options granted to a Participant and the number of Options outstanding.

3.5 Necessary Approvals

If the Shares are listed for trading on the Exchange, the Plan shall be effective only upon the receipt of any required approvals of the Exchange.

The obligation of the Corporation to sell and deliver Shares in accordance with the Plan is subject to the approval of the Exchange and any regulatory authority having jurisdiction which may be required in connection with the authorization, issuance or sale of such Shares by the Corporation. If any Shares cannot be issued to any Participant for any reason including, without limitation, the failure to obtain such approval, then the obligation of the Corporation to issue such Shares shall terminate and any consideration paid to the Corporation shall be returned to the Participant.

3.6 Administration of the Plan

The Board is authorized to interpret the Plan from time to time and to adopt, amend and rescind rules for carrying out the Plan. The interpretation and construction of any provision of the Plan by the Board shall be final and conclusive. Administration of the Plan is the responsibility of the appropriate officers of the Corporation, and the Corporation shall pay all costs in respect thereof.

3.7 Income Taxes

As a condition of and prior to participation in the Plan, a Participant shall be deemed to have authorized the Corporation to withhold from any remuneration otherwise payable to such Participant any amounts required by any taxing authority to be withheld for taxes of any kind as a consequence of such participation in the Plan.

3.8 Amendments to the Plan and the Option Agreement

The Board may at any time or from time to time, in its sole and absolute discretion and without Shareholder approval, amend, suspend, terminate or discontinue the Plan and may amend the terms and conditions of Options granted pursuant to the Plan, subject to any required approval of any regulatory authority or stock exchange. Without limiting the generality of the foregoing, but subject to any required regulatory approval of any regulatory authority or stock exchange, the Board may at any time alter, amend or vary the Plan without the approval of the Shareholders of the Corporation if the alteration, amendment or variance:

- a. is for the purpose of curing any ambiguity, error or omission in the Plan or to correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan;
- b. is necessary to comply with applicable law or the requirements of any stock exchange on which the Shares of the Corporation are listed;
- c. is an amendment to the Plan respecting administration and eligibility for participation under the Plan (other than an amendment that would allow the participation in the Plan by Non-Employee Directors of the Corporation);
- d. changes the terms and conditions on which Options may be granted pursuant to the Plan including the provisions relating to vesting provisions and Option Period or changes the provisions on transferability of Options for normal estate settlement purposes;
- e. changes the termination provisions of an Option or the Plan which does not entail an extension beyond the original expiry date;
- f. 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 Plan; or

- g. is an amendment to the Plan of a “housekeeping nature”, provided that in the case of any alteration, amendment or variance referred to in paragraphs (a) to (g) of this Section 3.8, the alteration, amendment or variance does not:
- h. amend the number of Shares issuable under the Plan;
- i. add any form of financial assistance by the Corporation for the exercise of any Option;
- j. change the class of eligible participants to the Plan which would have the potential of broadening or increasing participation by Insiders of the Corporation or a Subsidiary or allowing participation in the Plan by Non-Employee Directors;
- k. reduce the Exercise Price of Options granted pursuant to the Plan;
- l. extend the Option Period of Options granted pursuant to the Plan;
- m. permit Options to be transferred or assigned other than for normal estate settlement purposes or
- n. amend this Section 3.8.

For greater certainty, any alteration, amendment or variance referred to in paragraphs (h) to (n) of this Section 3.8 will require Shareholder approval. Without limiting the generality of the foregoing, but subject to any required regulatory approval of any regulatory authority or stock exchange, the Board may amend the Exercise Price, the option period (which in no event shall exceed ten years from the date of grant) and the termination provisions of Options granted pursuant to the Plan, without Shareholder approval, provided that if the Board proposes to reduce the Exercise Price or extend the Option Period of Options, such amendments will require Shareholder approval.

3.9 No Representation or Warranty

Neither the Corporation nor any Subsidiary makes any representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Plan.

3.10 Governing Law

Except as otherwise set forth herein, the Plan shall be governed by the laws of the Province of Alberta excluding any conflicts of law, rule or principle which might refer such construction to the laws of another jurisdiction.

3.11 Interpretation

Words used herein importing the singular number include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders.

3.12 Compliance with Applicable Law, etc.

If any provision of the Plan or any agreement entered into pursuant to the Plan contravenes any law or any order, policy, bylaw or regulation of the Exchange or any regulatory body having authority over the Corporation or the Plan then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

**Schedule A to APPENDIX B
(AMENDED AND RESTATED OPTION PLAN)**

**AUTOCANADA INC.
OPTION AGREEMENT**

THIS AGREEMENT made as of the _____ day of _____, _____.

BETWEEN:

_____, of the City of _____,
in the Province of _____
(herein referred to as the "**Optionee**")

- and -

AUTOCANADA INC., a corporation existing under the laws of
Canada (herein referred to as the "**Corporation**")

WHEREAS the Corporation has established an amended and restated stock option plan (hereinafter referred to as the "**Plan**") for the granting of options to acquire Shares of the Corporation, a copy of which has been provided to the Optionee;

AND WHEREAS the Optionee is a Service Provider (as defined in the Plan);

AND WHEREAS the Board has authorized the granting to the Optionee pursuant to the Plan of an option to purchase Shares in the authorized unissued capital of the Corporation in the number, at the time, at and for the price and upon the other terms and conditions hereinafter contained;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the mutual covenants and premises herein set forth, and for other good and valuable consideration (the receipt whereof is hereby acknowledged by the Corporation), the parties hereto agree as follows:

**ARTICLE 1
DEFINITIONS AND INTERPRETATION**

- 1.1 In this Agreement, the following words and expressions, shall have the following meanings:
- a. "**Board**" means the board of directors of the Corporation as it may be constituted from time to time;
 - b. "**Expiration Date**" shall mean _____;
 - c. "**Option**" means the option to purchase Shares granted to the Optionee pursuant to this Agreement, and includes any portion of that option;
 - d. "**Option Shares**" means the Shares the Optionee is entitled to purchase under this Agreement; and
 - e. "**Share**" means a **[common share]** in the capital of the Corporation as constituted on the date hereof.

Any terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the Plan.

**ARTICLE 2
GRANT OF OPTION**

- 2.1 The Corporation hereby grants to the Optionee, subject to the terms and conditions hereinafter set out,
- 2.2 The Option is granted in accordance with and subject to the terms and conditions of the Plan.
- 2.3 The Option to purchase the Option Shares granted hereby may be exercised in accordance with the terms hereof and the Plan until the Expiration Date, as follows the Optionee may exercise his or her rights as to 1/3 of the Shares under option or lesser part thereof after each of the first, second and third anniversaries of the grant of the Option.
- Any Options remaining unexercised after they become eligible for exercise may be exercised in whole or in part at any time during the remainder of the Option Period.
- 2.4 Subject to sooner termination in accordance with the terms of the Plan, the Option shall expire and terminate upon the Expiration Date as to such of the Option Shares in respect of which the Option has not then been exercised.

**ARTICLE 3
RESERVATION OF SHARES**

- 3.1 The Corporation shall at all times during the term of this Agreement, keep available a sufficient number of unissued Shares in its authorized capital equal to those of the Option Shares which have not been issued.

**ARTICLE 4
ASSIGNMENT AND ENUREMENT**

- 4.1 The Option is personal to the Optionee and non-assignable and neither this Agreement nor any rights hereunder shall be transferable or assignable by the Optionee except as expressly permitted under the terms of the Plan.
- 4.2 This agreement shall enure to the benefit and be binding upon the parties hereto and their permitted successors and assigns.

**ARTICLE 5
EXERCISE OF THE OPTION**

- 5.1 Subject to the terms of the Plan, the Option may be exercised by the Optionee by delivery of written notice of such exercise and, if applicable, by tendering therewith payment for the Exercise Price of the Option Shares to be purchased in cash or by certified cheque to the Corporation at its principal office in Edmonton, Alberta, or at such other place or in such other manner as may be directed by notice in writing from the Corporation to the Optionee from time to time. Such notice shall state the number of Option Shares with respect to which the Option is then being exercised. The Option shall be deemed for all purposes to have been exercised to the extent stated in such notice upon delivery of the notice and a tender of payment in full for the Option Shares being purchased notwithstanding any delay in the issuance and delivery of the certificate(s) for the Shares so purchased. The Corporation shall, within a reasonable period of time, cause to be issued the Shares so purchased in the name of the Optionee and cause to be delivered the certificate(s) therefor to the Optionee.

**ARTICLE 6
RIGHTS OF THE OPTIONEE PRIOR TO THE EXERCISE DATE**

- 6.1 The Option herein granted shall not entitle the Optionee to any right whatsoever as a Shareholder of the Corporation with respect to any Shares subject to the Option until it has been exercised and the Option Shares thereby purchased have been issued as fully paid and non-assessable.
- 6.2 Nothing contained in this Agreement or done pursuant hereto shall obligate the Optionee to purchase and/or pay for any Option Shares except those Option Shares in respect of which the Optionee has validly exercised this Option.

**ARTICLE 7
REGULATORY APPROVAL**

- 7.1 Notwithstanding anything to the contrary in this Agreement, the Optionee hereby agrees that he will not exercise the Option, and that the Corporation is not obliged to issue any Shares hereunder, if the exercise of the Option or the issuance of the Shares constitutes a violation by the Optionee or the Corporation of any provision of any law or regulation or of any order, regulation, policy or rule of any governmental authority, regulatory body or stock exchange. Any determination in this connection made by the Board shall be final, binding and conclusive.
- 7.2 The Corporation shall in no event be obliged, by any act of the Optionee or otherwise, to issue, register or qualify for resale any securities issuable upon exercise of the Option pursuant to a prospectus or similar document or to take any other affirmative action in order to cause the exercise of the Option or the issue or resale of the Shares issuable pursuant thereto to comply with any law or regulation or any order, regulation, policy or rule of any governmental authority, regulatory body or stock exchange; provided that, if applicable, the Corporation shall notify The Toronto Stock Exchange and other appropriate regulatory bodies in Canada of the existence of the Option and any exercise thereof.

**ARTICLE 8
ACKNOWLEDGMENTS AND FURTHER ASSURANCES**

- 8.1 By executing this Agreement, the Optionee hereby confirms and acknowledges that the Optionee: (a) has been provided with a copy of the Plan as in effect on the date to this Agreement and has read the Plan prior to executing this Agreement; (b) has been given adequate opportunity to review and discuss this Agreement and the transactions contemplated hereby with legal counsel or other advisors; (c) has not been induced to enter into this Agreement or acquire any Options by expectation of employment or continued employment with the Corporation; (d) fully understand his rights and obligations under this Agreement and is executing this Agreement voluntarily; and (e) is bound by all of the terms and conditions of this Agreement and the Plan.
- 8.2 Notwithstanding any provision of the Plan or any other provision of this Agreement, the Optionee hereby acknowledges and agrees that in addition to the circumstances referred to above and in the Plan pursuant to which the Optionee's Options may be cancelled or terminated, the Optionee's right to Options or to receive Shares or payment in respect thereof may be impacted by a number of factors, including but not limited to: (a) the termination of the Plan by the Corporation; or (b) a clawback made in accordance with the Corporation's Clawback Policy. For greater certainty, the Optionee confirms and acknowledges that the Optionee has: (i) reviewed and fully understands the implications of the Plan, including Sections 2.7 through 2.11, inclusive, and the Corporation's Clawback Policy and (ii) been given adequate opportunity to review and discuss such provisions of the Plan and the Corporation's Clawback Policy with the Corporation, independent legal counsel and any other applicable advisors.
- 8.3 The parties hereto covenant that they shall from time to time and at all times hereafter do and perform all such acts and things and execute all such deeds, documents and writings as may be required to give effect to the true intent of this Agreement.

**ARTICLE 9
INTERPRETATION AND GENERAL**

- 9.1 It is understood and agreed by the parties hereto that questions may arise as to the interpretation, construction or enforcement of this Agreement or the Plan and the parties are desirous of having the Board determine any such question or interpretation, construction or enforcement. It is therefore understood and agreed by and between the parties hereto that any question arising under the terms of this Agreement or the Plan as to interpretation, construction or enforcement shall be referred to the Board and their majority decision shall be final and binding on both of the parties hereto.
- 9.2 Neither the Corporation, any Subsidiary, nor their respective directors or officers, shall be liable to the Optionee or to the Optionee's personal representative by reason of any loss or anticipated loss of economic benefit by reason of any action or event, whether or not concurred in by them, which has the effect of curtailing or abrogating the benefits which have accrued or might have accrued to the Optionee hereunder, including, without limitation, the voluntary or involuntary winding up of the Corporation, the sale of all or substantially all of its assets, the delisting of the Shares from public trading, or any decline in the value of the Shares for any reason whatsoever.

- 9.3 The payment of all income taxes or other taxes or assessments in the nature of taxes levied upon the Optionee as a result of the granting or exercise of the Option shall be solely the responsibility of, and for the account of, the Optionee.
- 9.4 In this Agreement, words importing the singular number include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders.
- 9.5 This agreement, including any schedules annexed hereto, constitutes the entire agreement between the parties hereto and there are no oral statements, representations, warranties, undertakings or agreements between the parties modifying the provisions of this Agreement. No supplement, amendment, modification, waiver or termination of this Agreement shall be binding unless executed in writing by the parties hereto.
- 9.6 Time is of the essence of this Agreement.

**ARTICLE 10
GOVERNING LAW**

- 10.1 Except as otherwise set forth in the Plan, this Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the Province of Alberta excluding any conflicts of law, rule or principle which might refer such construction to the laws of another jurisdiction.
- 10.2 Each of the parties hereto hereby irrevocably attorns to the jurisdiction of the courts of the Province of Alberta and the Supreme Court of Canada.

**ARTICLE 11
NOTICES**

- 11.1 Any notice to be given pursuant to the provisions hereof is conclusively deemed to have been given and received by a party hereto and to be effective on the day on which it is delivered to such party at the addresses set forth below (or at such other address that such party shall supply to the other parties in writing) or if sent by mail, on the fifth business day after the day on which mailed, addressed to such party at said address:

If to the Optionee, at:

If to the Corporation, at:

AutoCanada Inc.
200, 15505 Yellowhead Trail
Edmonton, AB T5V 1E5

Attention: Peter Hong

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

SIGNED, SEALED AND DELIVERED)
in the presence of)

Witness

Optionee

AUTOCANADA INC.

Per:

Authorized Signatory

APPENDIX C – 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 C
(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.

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