

***This Offering Memorandum (as defined herein) constitutes an offering of securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus or advertisement or a public offering of these securities.***

## **OFFERING MEMORANDUM**

August 17, 2018

### **OCM AUTO FINANCING FUND LTD.**

("OCM Fund" or the "Corporation")

2332 Whatcom Road, #16067,

Abbotsford, BC, V3G 0C6

Attention: L. Evan Baergen

Telephone: 604-940-8826; Fax: 1-888-739-9875

E-mail: [Evan@AxiomAdvisors.ca](mailto:Evan@AxiomAdvisors.ca)

Currently listed or quoted: No. **These securities do not trade on any exchange or market.**

Reporting issuer: No

SEDAR filer: No

### **The Offering**

Securities offered: Class "B" non-voting common shares (referred to herein as the "Class B Shares", or the "Shares")

Price per security: \$1.00

Minimum subscription: \$500 (500 Shares)

Minimum offering: \$75,000 (75,000 Shares)

Maximum offering: \$100,000 (100,000 Shares)

Payment terms: Payment by cheque of the aggregate subscription amount is to be made with the delivery of a duly executed and completed Subscription Agreement. **See Item 5.2 Subscription Procedure**

Proposed closing date(s): There may be more than one closing under this Offering which shall occur within a reasonable period of time upon the Corporation obtaining subscriptions from a minimum of 150 subscribers.

Income tax consequences: **There are important tax consequences to these securities. See Item 6 - Income Tax Consequences and Deferred Plan Eligibility.**

Selling agent: The Corporation may pay a cash commission or a finder's fee equal to up to 5% to Sales Agents (other than Officers and Directors of the Corporation) in accordance with Applicable Securities Legislation (as defined herein). See "Item 7 – Compensation Paid to Sellers and Finders".

### **Resale Restrictions**

You will be restricted from selling your securities for an indefinite period. See "Item 10 – Resale Restrictions".

### **Purchaser's Rights**

You have 2 business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the agreement. See "Item 11 – Purchasers' Rights".

***No securities regulatory authority has assessed the merits of these securities or reviewed this Offering Memorandum.***

***Any representation to the contrary is an offence. This is a risky investment. See "Item 8 – Risk Factors".***

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#### **NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Offering Memorandum contains forward-looking statements. These statements relate to future events or the Corporation's future performance. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "targeting", "intend", "could", "might", "continue", or the negative of these terms or other comparable terminology. These statements are only predictions. Undue reliance should not be placed on these forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur and may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The forward-looking statements contained in this Offering Memorandum are expressly qualified by this cautionary statement. The Corporation is not under any duty to update any of the forward-looking statements after the date of this Offering Memorandum to conform such statements to actual results or to changes in the Corporation's expectations except as otherwise required by applicable legislation.

## GLOSSARY OF TERMS

In this Offering Memorandum, unless the context otherwise requires, the following words and terms shall have the indicated meanings and grammatical variations of such words and terms shall have corresponding meanings:

**"Business Opportunity"** means the future business opportunity that the management team of the Corporation intends to pursue, which will involve the issuing of the Corporation's Securities.

**"CBCA"** means the Canada Business Corporations Act.

**"Class A Shares"** means the Class A voting common shares of the Corporation.

**"Class B Shares"** means the Class B non-voting common shares of the Corporation.

**"Corporation's Securities"** means collectively the Corporation's Class A Shares and Class B Shares together with any future classes of shares created by the Corporation together with any debt-based securities of the Corporation.

**"CRA"** means the Canada Revenue Agency.

**"Deferred Plan"** means an RRSP, RRIF, RESP or TFSA.

**"Maximum Offering"** means 100,000 Class B Shares offered by the Corporation pursuant to this Offering.

**"Minimum Offering"** means 75,000 Class B Shares offered by the Corporation pursuant to this Offering.

**"NI 45-106"** means National Instrument 45-106 Prospectus and Registration Exemptions.

**"Offering"** means the offering of Class B non-voting common shares pursuant to this Offering Memorandum.

**"Offering Memorandum"** means this offering memorandum dated August 17, 2018 as amended or supplemented.

**"Public Company Election"** means an election of the Corporation to become a "public corporation" as defined within the Tax Act.

**"Public Corporation"** means a corporation that is resident in Canada at the particular time:

- (a) if at that time a class of shares of the capital stock of the corporation is listed on a designated stock exchange in Canada;
- (b) if before that time it elected in prescribed manner by filing Form T2073 to be a public corporation, and it complied with prescribed conditions relating to the number of its shareholders, the dispersal of ownership of its shares and the public trading of its shares; and
- (c) unless it ceased to be a public corporation because of an election or designation before that particular time.

**"Regulations"** means the Tax Act regulations.

**"RESP"** means Registered Education Savings Plan as defined under the Tax Act.

**"RRIF"** means Registered Retirement Income Fund as defined under the Tax Act.

**"RRSP"** means Registered Retirement Savings Plan as defined under the Tax Act.

**"Shares"** means the Class B Shares.

**"Subscriber(s)"** means parties who subscribe for Class B Shares pursuant to this Offering.

**"Subscription Agreement"** means the subscription agreement to purchase Class B Shares in the form attached hereto as Schedule A.

**"Tax Act"** means the Income Tax Act (Canada) and the regulations relating thereto.

**"TFSA"** means a Tax-Free Savings Account as defined under the Tax Act.

In this Offering Memorandum, references to "dollars" and \$ are to the currency of Canada.

## ITEM 1 - USE OF AVAILABLE FUNDS

### 1.1 Available Funds

The following table discloses the funds available as a result of the Offering and such additional sources of funding required by the Corporation:

		Assuming Minimum Offering	Assuming Maximum Offering
A.	Amount to be raised from issuance of this Offering	\$75,000	\$100,000
B.	Selling commissions and fees <sup>(1)</sup>	\$0	\$0
C.	Estimated Offering costs	\$6,000	\$6,000
D.	Available funds: $D = A - (B + C)$	\$69,000	\$94,000
E.	Additional sources of funding required <sup>(2)</sup>	Nil	Nil
F.	Working Capital	Nil	Nil
G.	Total: $G = (D + E) - F$	\$69,000	\$94,000

(1) Selling commissions of 5% may be paid under this Offering, but the Corporation does not expect to pay any commissions. See Item 7 – Compensation Paid to Sellers and Finders

(2) The Corporation does not require additional funds from other sources to advance its present business objectives. The Corporation will require additional financing to meet its long-term business objectives of the Corporation. See Item 2.2 - Our Business.

### 1.2 Use of Available Funds

The following table provides a detailed breakdown of how the Corporation will use the available funds from this Offering in the 12 months ensuing from the date of this Offering Memorandum:

Description of intended use of available funds listed in order of priority	Assuming Minimum Offering	Assuming Maximum Offering
General Working Capital	\$69,000	\$94,000
Total	\$69,000	\$94,000

### 1.3 Reallocation

The Corporation intends to use the available funds as stated. The Corporation will reallocate funds only for sound business reasons.

## ITEM 2 - BUSINESS OF THE CORPORATION

### 2.1 Business Structure

The Corporation was incorporated pursuant to the CBCA on August 15, 2018. The Corporation's head and registered office is located at 1600, 333 - 7th Ave, SW, Calgary, AB, T2P 2Z1.

In the event that the Corporation is successful in raising funds from at least 150 individual Subscribers pursuant to this Offering Memorandum, with each such Subscriber purchasing 500 Shares under this Offering, the Corporation intends to make the Public Company Election with CRA using form T2073.

Upon the Corporation making the Public Company Election, the Corporation's Securities, which includes all classes of shares and debt-based securities of the Corporation, will be qualified investments for Deferred Plans. See Item 6 Income Tax Consequences and Deferred Plan Eligibility.

### 2.2 Our Business

The Corporation is in a start-up phase of development and has not carried out business prior to this Offering and has no development history. Since the date of incorporation, the Corporation has been engaged in the preparation for this Offering Memorandum, which has included, among other things, putting in place a management team, a board of directors, and retaining legal counsel.

Concurrent with the closing of this Offering, the management team intends to finalize a Business Opportunity that wishes to utilize the Corporation's status as a Public Corporation to raise additional funds from new investors in the Corporation's Securities and lend those funds to the new Business Opportunity. The management team will then have the option to proceed with a subsequent offering of the Corporation's Securities to the general public for the purpose of raising funds for the new Business Opportunity of the Corporation as determined by the management team.

New investors may use funds from Deferred Plans to invest in the Corporation's Securities as a result of the Corporation making the Public Company Election.

This Offering is a "blind pool" offering in that the management team of the Corporation has not yet finalized the new Business Opportunity.

The Corporation plans on paying dividends of at least \$575 to the Class B shareholders as soon as cash flow allows.

## **2.3 Development of Business**

The Corporation intends to close on the Minimum Offering amount and thereafter proceed to make the Public Company Election. Finalization of the Business Opportunity will occur once the Public Company Election has been made with CRA.

## **2.4 Long Term Objectives**

The Corporation's long-term objectives will consist of finalizing the Business Opportunity, raising additional funds from future investors in the Corporation's Securities for the Business Opportunity, and make a profit therein.

## **2.5 Short Term Objectives and How the Corporation Intends to Achieve Them**

The Corporation's short-term objectives are to raise up to \$100,000 from this Offering and make the Public Company Election.

The following outlines the Corporation's short-term objectives and the methods and costs associated with the achievement of these objectives:

What we must do and how we will do it	Target completion number of months to complete	Our cost to complete
Raise up to \$100,000 from this Offering	2 months	\$6,000
Make the Public Company Election	2 months	Nil

## **2.6 Insufficient Funds and Cash Reserves**

The funds raised pursuant to this Offering Memorandum will be sufficient to meet all of the Corporation's proposed short-term objectives. The management team will ultimately require additional financing to finalize the Business Opportunity and there is no assurance that additional financing will be available to the Corporation. As of the date of this Offering Memorandum and for the purposes of this Offering, the Corporation does not intend to hold any significant cash reserves other than amounts necessary to pay for all administration and operating expenses incurred by the Corporation in the conduct of its business.

## **2.7 Material Agreements**

As of the date this Offering Memorandum, the Corporation has not entered into any agreements that could be considered to be material to the Corporation or a prospective purchaser of the Shares being offered pursuant to this Offering.

# **ITEM 3 - DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL SHAREHOLDERS**

## **3.1 Compensation and Securities Held**

The following table provides specified information about each director, officer and promoter of the Corporation and each person who directly or indirectly beneficially owns or controls 10% or more of any class of voting securities of the Corporation (a "Principal Holder"). Where the Principal Holder is not an individual, the following table provides the name of any person that directly or indirectly, beneficially owns or controls more than 50% of the voting rights of the Principal Holder. The Corporation has not completed its first financial year and no compensation has been paid since its inception:

Name and municipality of principal residence	Position held	Compensation paid by the Corporation since inception and the compensation anticipated to be paid in current financial year	Number, type and percentage of securities of the Corporation held after completion of the Minimum Offering	Number, type and percentage of securities of the Corporation held after the completion of the Maximum Offering
Andrew Abraham	President and Director	Nil	4,500 Class A Shares (45%)	4,500 Class A Shares (45%)
Justin Fogarty	Director	Nil	1,375 Class A Shares (13.75%)	1,375 Class A Shares (13.75%)
Colin Keddy	Director	Nil	2,750 Class A Shares (27.5%)	2,750 Class A Shares (27.5%)
Doug McCartney	Director	Nil	1,375 Class A Shares (13.75%)	1,375 Class A Shares (13.75%)
L. Evan Baergen	Secretary	Nil	-	-

### 3.2 Management Experience

The following table discloses the principal occupations of the officers and directors of the Corporation over the past 5 years:

Name and municipality of principal residence	Management Experience
<b>Andrew Abraham</b> Ottawa, ON	Andrew Abraham is the Chief Executive Officer in the Ottawa office of Ottawa Capital Management Corporation. Andrew founded the company in 2013, with a full concentration of issuing and managing sub-prime automotive loans. He has extensive experience in unusual and innovative financing models as he is also a practicing accountant. Andrew is a graduate in Accounting and started his career in Accounting and Taxation working with Deloitte.
<b>Justin Fogarty</b> Toronto, ON	Justin Fogarty is the Chairman of Regent Law Professional Corporation which has offices in Toronto and Ottawa. Mr. Fogarty has been recognized as top counsel by American Lawyer, Chambers Global and as a top litigator by Martindale Hubbell International. In addition, Mr. Fogarty has been named as top Canadian lawyer in corporate governance by Global Law Experts. Mr. Fogarty is executive Vice President of Waygar Capital, which is the sub advisor of a \$500 million asset-based lending fund in Toronto. Mr. Fogarty is a past board member of the Canadian Bar Association, Insolvency Section and is the past co-chair of the International Bar Association's restructuring and insolvency subcommittee. Mr. Fogarty is past editor of the National Insolvency Review and founder of the 33 Signals Foundation, which significantly supports the men and women of the Canadian Forces. Mr. Fogarty is a member of the Advisory Board of the Conference of Defence Associations and is a past board member of the Canadian Defence College Foundation as well as co-chair of Princess Charity Operation Entrepreneur. In September 2016, he was appointed Honorary Lieutenant Colonel of the Toronto Scottish Regiment (Queen Elizabeth The Queen Mother's Own). Mr. Fogarty has a Masters of Laws from York University, Osgoode Law School (1999), a Bachelor of Laws from the University of Windsor (1984) and a Bachelor of Arts from the University of Ottawa (1981).
<b>Colin Keddy</b> Ottawa, ON	Colin Keddy has established his reputation as a leader in Canada's financial sector for more than 20 years. He specializes in developing customized, comprehensive wealth management strategies for high net worth families across Canada through his multifamily office, Synergy family office in Ottawa Canada. His expertise is in measuring the effective accumulation and distribution of Wealth. Colin serves both national and international clients from diverse industries, which includes executives and small to medium businesses from every sector. He is also a regular contributor of finance articles for two national publications. As a community-minded individual, Colin is active with Ottawa Innercity Ministries (OIM) which is an organization dedicated to promoting change in the areas of poverty, homelessness, and social justice in Ottawa.
<b>Doug McCartney</b> Calgary, AB	Doug McCartney is the Managing Partner of Burstall LLP. He advises national and international clients in a broad range of areas including mergers and acquisitions, corporate finance, and corporate restructuring. He and his firm have been internationally recognized in the areas of corporate finance and mergers and acquisitions. Doug is a private equity expert and has been involved in raising over \$2 billion in debt and equity for his clients across a variety of industries. In 2016 Doug and his firm were recognized with an award for the Corporate and Strategic deal of the year at the M&A Advisor Awards. Doug has served, or currently serves, as an officer or director of numerous public and private companies and private equity funds. Doug received his Juris Doctor from the University of Saskatchewan (1998) and his Bachelor of Arts from the University of Calgary (1995).
<b>L. Evan Baergen</b> Delta, BC	Evan has been active in a broad spectrum of enterprises encompassing various business sectors and in areas of technology. Evan has educational degrees in Electronic Engineering Technology (Northern Alberta Institute of Alberta), Bachelor of Business Administration (Simon Fraser University), and Information Technology Specialist (Canadian Institute of Chartered Accountants). Mr. Baergen is a Chartered Accountant and affiliated with Price Waterhouse. He has been active in senior management roles in a wide range of companies, including CEO of a Canadian public company, CEO and CFO of various US public companies, turn-arounds of private and public companies, implementation of leading-edge technology projects, and various advisory engagement roles Mr. Baergen has been active in mergers and acquisitions, divestitures as well as several start-ups. He has also served as a director of numerous public and private companies.

### 3.3 Penalties, Sanctions and Bankruptcy

There are no penalties or sanctions by any securities commission, stock exchange or governmental regulatory agency that have been in effect during the last ten (10) years against an executive officer, director or control person of the Corporation or against a Corporation of which any of the foregoing was an executive officer, director or control person. No declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets, has been in effect during the last ten (10) years with regard to those individuals or any companies of which any of those individuals was an executive officer, director or control person at that time.

## ITEM 4 - CAPITAL STRUCTURE

### 4.1 Share Capital

Description of security	Price per security	Number authorized to be issued	Number outstanding as at August 16, 2018	Number outstanding assuming completion of Minimum Offering	Number outstanding assuming completion of Maximum Offering
Class A Common Shares	\$0.01	Unlimited	10,000	10,000	10,000



Class B Common Shares	\$1.00	Unlimited	Nil	75,000	100,000
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### **Class A Common Shares and Class B Common Shares**

- (1) The Corporation is authorized to issue an unlimited number of Class A Common shares having attached thereto, as a class, the following, rights, privileges, restrictions and conditions:
  - (a) The right to notice of, to attend and to vote at any meeting of the shareholders of the Corporation;
  - (b) The right, subject to any preferential rights attaching to any other class or series of shares of the Corporation, to receive dividends as, when, and if declared on the Class A Common shares by the Corporation;
  - (c) Notwithstanding (b) and subject to any preferential rights attaching to any other class or series of shares of the Corporation, dividends may be paid on the Class B Common shares to the exclusion of any dividend or of a proportionate dividend on the Class A Common shares;
  - (d) Notwithstanding (b), no dividend may be declared or paid on the Class A Common shares if payment of the dividend would cause the realizable value of the Corporation's assets to be less than the aggregate of its liabilities and the amount required to redeem all shares of the Corporation then outstanding having attached thereto a redemption or retraction right; and
  - (e) The right, subject to any preferential rights attaching to any other class or series of shares of the Corporation, to share in the remaining property of the Corporation upon dissolution.
- (2) The Corporation is authorized to issue an unlimited number of Class B Common shares having attached thereto, as a class, the following rights, privileges, restrictions and conditions:
  - (a) No right to notice of, to attend, or to vote at meetings of the shareholders of the Corporation;
  - (b) The right, subject to any preferential rights attaching to any other class or series of shares of the Corporation, to receive dividends as, when, and if declared on the Class B Common shares by the Corporation;
  - (c) Notwithstanding (b) and subject to any preferential rights attaching to any other class or series of shares of the Corporation, dividends may be paid on the Class A Common shares to the exclusion of any dividend or of a proportionate dividend on the Class B Common shares;
  - (d) Notwithstanding (b), no dividend may be declared or paid on the Class B Common shares if payment of the dividend would cause the realizable value of the Corporation's assets to be less than the aggregate of its liabilities and the amount required to redeem all shares of the Corporation then outstanding having attached thereto a redemption or retraction right; and
  - (e) The right, subject to any preferential rights attaching to any other class or series of shares of the Corporation, to share in the remaining property of the Corporation upon dissolution.
- (3) The Corporation is authorized to issue an unlimited number of Preferred shares having attached thereto, as a class, the following rights, privileges, restrictions and conditions:
  - (a) The directors of the Corporation may, from time to time, issue the Preferred Shares in one or more series, each series to consist of such number of shares as may before issuance thereof, be determined by the directors;
  - (b) The directors of the Corporation may, by resolution (subject as hereinafter provided) fix before issuance, the designation, rights, privileges, restrictions and conditions to attach to the Preferred Shares of each series, including, without limiting the generality of the foregoing, the rate, form, entitlement and payment of preferential dividends, the redemption price, terms, procedures and conditions of redemption, if any, voting rights and conversion rights (if any) and any sinking fund, purchase fund or other provisions attaching to the Preferred Shares of such series; and provided however, that no shares of any series shall be issued until the directors have filed an amendment to the Articles with the Registrar of Corporations designating the applicable series and the rights, privileges, restrictions and conditions attaching to that series;
  - (c) If any cumulative dividends or amounts payable on return of capital in respect of a series of shares are not paid in full, the shares of all series shall participate ratably in respect of accumulated dividends and return of capital;
  - (d) The Preferred Shares shall be entitled to preference over the Common Shares of the Corporation and any other shares of the Corporation ranking junior to the Preferred Shares with respect to the payment of dividends, if any, and in the distribution of assets in the event of liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of

winding up its affairs, and may also be given such other preferences over the Common Shares of the Corporation and any other shares of the Corporation ranking junior to the Preferred Shares as may be fixed by the resolution of the directors of the Corporation as to the respective series authorized to be issued;

- (e) The Preferred Shares of each series shall rank on a parity with the Preferred Shares of every other series with respect to priority in the payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary exclusive of any conversion rights that may affect the aforesaid;
- (f) No dividends shall at any time be declared or paid on or set apart for payment on any shares of the Corporation ranking junior to the Preferred Shares unless all dividends, if any, up to and including the dividend payable for the last completed period for which such dividend shall be payable on each series of Preferred Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such declaration or payment or setting apart for payment on such shares of the Corporation ranking junior to the Preferred Shares nor shall the Corporation call for redemption or redeem or purchase for cancellation or reduce or otherwise pay off any of the Preferred Shares (less than the total amount then outstanding) or any shares of the Corporation ranking junior to the Preferred Shares unless all dividends up to and including the dividend payable, if any, for the last completed period for which such dividends shall be payable on each series of the Preferred Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such call for redemption, purchase, reduction or other payment;
- (g) Preferred Shares of any series may be purchased for cancellation or made subject to redemption by the Corporation out of capital pursuant to the provisions of the *Canada Business Corporations Act*, if the directors so provide in the resolution of the Board of Directors of the Corporation relating to the issuance of such Preferred Shares, and upon such other terms and conditions as may be specified in the designations, rights, privileges, restrictions and conditions attaching to the Preferred Shares of such series as set forth in the said resolution of the Board of Directors and the amendment to the Articles of the Corporation relating to the issuance of such series.
- (h) The holders of the Preferred Shares shall not, as such, be entitled as of right to subscribe for or purchase or receive any part of any issue of shares or bonds, debentures or other securities of the Corporation now or hereafter authorized; and
- (i) No class of shares may be created or rights and privileges increased to rank in parity or priority with the rights and privileges of the Preferred Shares including, without limiting the generality of the foregoing, the rights of the Preferred Shares to receive dividends or to return of capital, without the approval of the holders of the Preferred Shares as required under the *Canada Business Corporations Act*.

## 4.2 Long Term Debt

The Corporation presently has no long-term debt.

## 4.3 Prior Sales

Date of Issuance	Type of Security Issued	Number of Securities Issued	Price Per Security	Total Funds Received
August 15, 2018	Class A Common Shares	10,000	\$0.01	\$100

## ITEM 5 - SECURITIES OFFERED

### 5.1 Terms of Securities

The Corporation is offering Class B Shares for \$1.00 each. Subscribers must each subscribe for 500 Shares for a subscription amount of \$500. Subscribers may not subscribe for additional Shares.

There are special rights and restrictions attached to the Shares of the Corporation. A summary of certain of these rights and restrictions can be found in Item 4.1 Share Capital.

### 5.2 Subscription Procedure

#### a) Subscription Documents

Subscribers will be required to enter into a Subscription Agreement with the Corporation which will contain, among other things, representations, warranties and covenants by the Subscriber that it is duly authorized to purchase the Shares, that it is purchasing the Shares as principal and for investment and not with a view to resale and as to its corporate or other status to purchase the Shares and that the Corporation is relying on an exemption from the requirements to provide the Subscriber with a prospectus and, as a

consequence of acquiring the securities pursuant to this exemption, certain protections, rights and remedies provided by applicable securities laws, including statutory rights of rescission or damages, will not be available to the Subscriber.

Reference is made to the Subscription Agreement attached as Schedule A to this Offering Memorandum for the terms of these representations, warranties and covenants.

In order to subscribe for the Class B Shares, a Subscriber must complete, execute and deliver the following documentation to the Corporation at 2332 Whatcom Road, #16067 Abbotsford, BC, V3G 0C6;

1. One (1) completed and signed copy of the Subscription Agreement for Shares (including any schedules attached thereto); and
2. Cheque in an amount equal to \$500 (as set forth in the Subscription Agreement), payable to "OCM Auto Financing Fund Ltd.";
3. Two (2) completed and executed copies of the Risk Acknowledgment Form (Form 45-106F4) attached to the Subscription Agreement.

Subject to applicable securities laws and the Subscriber's two-day cancellation right, a subscription for Shares, evidenced by a duly completed Subscription Agreement delivered to the Corporation shall be irrevocable by the Subscriber. **See Item 11 Purchasers' Rights.**

Subscriptions for Shares will be received, subject to rejection and allotment, in whole or in part, and subject to the right of the Corporation to close the subscription books at any time, without notice. If a Subscription Agreement for Shares is not accepted, all subscription proceeds will be promptly returned to the Subscriber without interest.

The subscription funds will be held in trust until midnight of the second business day subsequent to the date that each Subscription Agreement is signed by a Subscriber.

It is expected that certificates representing the Shares will be available for delivery within a reasonable period of time after the relevant closing date(s).

#### **b) Distribution**

This Offering is subject to the exemptions from the prospectus requirements afforded by Section 2.9 of NI 45-106.

The exemption pursuant to Section 2.9 of NI 45-106 is available for distributions to investors purchasing as principals, who receive this Offering Memorandum prior to signing the Subscription Agreement and who sign Risk Acknowledgment Forms attached to the Subscription Agreement as Exhibit A and Exhibit B.

The foregoing exemptions relieve the Corporation from the provisions of the applicable securities laws of each of the Provinces and Territories of Canada, which otherwise would require the Corporation to file and obtain a receipt for a prospectus. Accordingly, prospective investors for Class B Shares will not receive the benefits associated with a subscription for securities issued pursuant to a filed prospectus, including the review of material by securities regulatory authorities.

The exemptions from the registration requirements contained in the applicable securities laws of each of Provinces and Territories allow the Corporation to offer the Shares for sale directly to Subscribers.

### **ITEM 6 - INCOME TAX CONSEQUENCES AND DEFERRED PLAN ELIGIBILITY**

You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you.

The following summary sets out the principal Canadian federal income tax considerations for holders of Shares resident in Canada. The income tax considerations will not be the same for all Subscriber of Shares but will vary depending on a number of factors, including the province in which the Subscriber resides or carries on business, whether the Shares acquired by the Subscriber will be characterized as capital property, whether the Subscriber is an individual, trust or partnership, the nature and amount of the Subscriber's income from other sources and whether the Subscriber holds the Shares in a Deferred Plan.

The following discussion of the income tax considerations of an investment in Shares is of a general nature only and is not intended to constitute an exhaustive analysis of such income tax considerations and should not be interpreted as legal or tax advice to any particular Subscriber. **Each prospective Subscriber should obtain independent tax advice as to both the federal and provincial income tax consequences of a subscription for Class B Shares.**

This summary is based upon the current understanding of the provisions of the Tax Act and outlines the Canadian federal income tax consequences of investing in Shares and is based on the following assumptions:

- (1) the Subscriber is an individual resident in Canada;
- (2) the Subscriber acquires Shares pursuant to the Offering Memorandum and holds the Shares as capital property for the purpose of earning a return on the investment; and

(3) the Subscriber deals at arm's length with the Corporation for purposes of the Tax Act.

The Tax Act and Regulations provide that a Canadian corporation may make an election to become a "public corporation" (as defined by the Tax Act) in circumstances where that corporation has no less than 150 shareholders of "equity shares" (as defined under the Tax Act), of a class that has been qualified for distribution to the public. None of the 150 shareholders may be "insiders" of the Corporation, each shareholder of the corporation must hold at least 100 shares of the corporation having an aggregate fair market value of not less than \$500 and insiders of the corporation may not hold more than 80% of the issued and outstanding shares of that class.

If the above conditions have been met, the Corporation plans to elect to be deemed a "public corporation" for purposes of the Tax Act elect by filing form T2073 with CRA, including provisions governing qualified investments for Deferred Plans.

Upon the Corporation making the aforementioned election, the Corporation's Securities will become eligible to be held in Deferred Plans pursuant to the Tax Act and Regulations.

The Shares will not be qualified investments for a Deferred Plan prior to the Corporation making the Public Company Election. However, as long as the Corporation meets the conditions in Regulation 4800 as above and files form T2073 to elect to be a "public corporation", and it further so elects in its return of income on or before the filing-due date for its first taxation year, the Corporation will be deemed to have been a public corporation from the beginning of that taxation year and consequently its shares will be qualified investments for Deferred Plans from that time on.

## **ITEM 7 - COMPENSATION PAID TO SELLERS AND FINDERS**

Where allowed by applicable securities legislation, the Corporation may retain any one of, or a combination of, the following parties: unrelated investment dealers, unrelated Exempt Market Dealers and/or their dealing representatives, parties related to the Corporation, employees and/or contractors of such parties, and the officers and directors of the Corporation to assist in the sale of the securities of the Corporation. When parties other than the officers and directors are retained, cash commissions of 5% may be paid from the proceeds of this Offering. It is the plan of the Corporation to have the officers and directors directly sell the Shares offered in this Offering Memorandum; however, if the Maximum Offering were all sold by parties to which a commission applied, the total commission would be \$5,000.

## **ITEM 8 - RISK FACTORS**

Purchase of Shares pursuant to this Offering should only be made after consulting with independent and qualified sources of investment and tax advice. An investment in the Shares at this time is highly speculative due to the stage of the Corporation's development and requirement to raise financing to carry out any long-term business plan of the Corporation.

An investment in Shares is appropriate only for investors who are prepared to invest money for a long period of time and who have the capacity to absorb a loss of some or all of their investment.

Subscribers must rely on the ability, expertise, judgement, discretion, integrity and good faith of the management of the Corporation. This Offering is suitable for investors who are willing to rely solely upon the management of the Corporation and who could afford a total loss of their investment.

In addition to the risks of purchasing the Shares in the Corporation found elsewhere within this Offering Memorandum are the following:

### **Investment Risk**

1. Subscribers under this Offering will not have the benefit of a review of this Offering Memorandum by any regulatory authorities.
2. The Corporation's long-term objectives may not be achieved by the management team.
3. There is no assurance or guarantee that Subscribers pursuant to this Offering will earn a return on their investment.
4. The Corporation will have a limited amount of working capital.
5. There can be no assurance that any additional funding, if needed, will be available on terms attractive to the Corporation, or at all.
6. An investment in the Shares is an illiquid investment. There is currently no market through which the Shares may be sold. The Corporation is not a "reporting issuer" in any jurisdiction, and a prospectus has not qualified the issuance of the Shares. Accordingly, Subscribers will be unable to sell the Shares, subject to some limited exceptions. **See Item 10 - Resale Restrictions.**
7. The Shares offered pursuant to this Offering are not insured against loss through the Canadian Deposit Insurance Corporation or any other insurance company or program.

8. The offering price of the Shares has been determined by the Corporation. The offering price is not an indication of the value of the Shares or that any of the Shares could be sold for an amount equal to the offering price or for any amount.
9. Subject to the CBCA, holders of Shares will have no right to vote on any matters affecting the Corporation, other than with respect to those matters specified by the CBCA. Exclusive authority and responsibility for controlling and managing the Corporation rests with management of the Corporation and those persons, consultants and advisors retained by management on behalf of the Corporation. Accordingly, investors should appreciate that they will be relying on the good faith, experience, expertise and ability of director and officer of the Corporation and other parties for the success of the business of the Corporation.
10. The Corporation's future business objectives are expected to be financed in all or part by the issuance of additional securities by the Corporation and this may result in dilution to a Subscriber, which dilution may be significant.
11. The Corporation was only recently incorporated, has not commenced commercial operations and has no significant assets. It has no history of earnings.
12. The Subscribers to the Shares of the Corporation will not be entitled to notice of or to vote for or against the selection of new management of the Corporation.
13. This Offering is a "blind pool" offering in that management team of the Corporation has not yet been finalized the long-term business of the Corporation.

### **Issuer Risk**

The Corporation has no operational history and no history of earnings. Accordingly, there is a limited operating history upon which to base an evaluation of the Corporation and its business and prospects. The Corporation is in the early stages of its business and therefore is subject to the risks associated with early stage companies, including start-up losses, uncertainty of revenues, markets and profitability, the need to raise additional funding, the evolving and unpredictable nature of the Corporation's business and the ability to identify, attract and retain qualified personnel. The Corporation's business prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stage of development. There can be no assurance that the Corporation will be successful in doing what it is required to do to overcome these risks. No assurance can be given that the Corporation's business activities will be successful.

### **ITEM 9 - REPORTING OBLIGATIONS AND SUBSEQUENT INFORMATION**

The Corporation is not a reporting issuer in any jurisdiction. It is therefore not required to disclose material changes which occur in its business and affairs, nor is it required to file with any securities regulatory authorities or provide security holders with interim financial statements.

The Corporation is required to place before the Class A shareholders of a Corporation before every annual meeting of the Corporation the audited financial statements of the Corporation and a notice on how the funds raised from this Offering were used. The Corporation shall, not less than 21 days before each annual meeting of the shareholders of the Corporation or before the signing a resolution in lieu of an annual general meeting, provide a copy of the financial statements of the Corporation to each Class A shareholder.

**Financial or other information provided to you by the Corporation in the future may not by itself be sufficient to assess the performance of your investment.**

### **ITEM 10 - RESALE RESTRICTIONS**

#### **10.1 General Statement**

The Shares will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the Shares unless you comply with an exemption from the prospectus and registration requirements under securities legislation. The Corporation does not intend to file a prospectus.

#### **10.2 Restricted Period**

Unless permitted under securities legislation, you cannot trade the Shares without an exemption before the date that is 4 months and a day after the date the Corporation becomes a reporting issuer in any province or territory of Canada. The Corporation does not intend to become a reporting issuer.

#### **10.3 Manitoba Resale Restrictions**

For trades in Manitoba, unless permitted under securities legislation, you must not trade your Shares without the prior written consent of the regulator in Manitoba unless: (a) the Company has filed a prospectus with the regulator in Manitoba with respect to the Shares you have purchased and the regulator in Manitoba has issued a receipt for that prospectus, or (b) you have held the Shares for at least

12 months. The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

## **ITEM 11 - PURCHASERS' RIGHTS**

If you purchase these Shares you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer. The following summaries of investors' legal rights are subject to the express provisions of the securities laws of the applicable province or territory in which they are resident, and reference is made thereto for the complete text of such provisions. The rights of action described below are in addition to and without derogation from any right or remedy available at law to the investor and are intended to correspond to the provisions of the relevant securities legislation and are subject to the defenses contained therein.

### **11.1. Two Day Cancellation Right**

You can cancel your agreement to purchase Shares. To do so, you must send a notice to the Company's head office by midnight on the second business day after you sign the agreement to buy Shares.

### **11.2. Statutory Rights of Action in the Event of a Misrepresentation**

For purposes of the following summaries, "misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is necessary in order to make a statement in this Offering Memorandum not misleading in light of the circumstances in which it was made. A "material fact" means a fact that significantly affects or would reasonably be expected to have a significant effect on, the market price or value of the Shares.

#### ***British Columbia***

If you are a resident of British Columbia, and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Company to rescind your agreement to buy these Shares, or
- (b) for damages against the Company, every person who was a director or acting in a similar capacity of the Company at the date of this Offering Memorandum and every other person who signed this Offering Memorandum.

This statutory right is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the Shares. Additionally, if you elect to exercise a right of rescission against the Company, you will have no right of action against the persons described in (b) above.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to rescind the agreement within 180 days after the date that you purchased the Shares. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after the day you purchased the Shares.

#### ***Alberta***

If you are a resident of Alberta, and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Company to rescind your agreement to buy these Shares, or
- (b) for damages against the Company, every person who was a director of the Company at the date of this Offering Memorandum and every other person who signed this Offering Memorandum.

This statutory right is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the Shares. Additionally, if you elect to exercise a right of rescission against the Company, you will have no right of action against the persons described in (b) above.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to rescind the agreement within 180 days after the date that you purchased the Shares. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after the day you purchased the Shares.

#### ***Saskatchewan***

If you are a resident of Saskatchewan and if there is a misrepresentation in this Offering Memorandum, or any amendment thereto, you have a statutory right to sue:

- (a) the Company to rescind your agreement to buy these Shares, or
- (b) for damages against the Company, every promoter and director of the Company as at the date of this Offering Memorandum, every person whose consent has been filed respecting the offering but only with respect to reports, opinions and statements made by that person, every other person who signed this Offering Memorandum and every person who sells securities on behalf of the Company under this Offering Memorandum. These statutory rights are available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the Shares. Additionally, if you elect to exercise a right of rescission against the Company, you will have no right of action against the persons described in (b) above.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to rescind the agreement within 180 days after the date that you purchased the Shares. You must commence your action for damages within the earlier of one year after you first had knowledge of the facts giving rise to the cause of action and six years after the day you purchased the Shares.

### **Manitoba**

If you are a resident of Manitoba, and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Company to rescind your agreement to buy these Shares; or
- (b) for damages against the Company, every person director of the Company at the date of this Offering Memorandum and every other person who signed this Offering Memorandum.

These statutory rights are available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the Shares. Additionally, if you elect to exercise a right of rescission against the Company, you will have no right of action against the persons described in (b) above.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to rescind the agreement within 180 days after the date that you purchased the Shares. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action or 2 years after the day you purchased the Shares.

### **Ontario**

If you are a resident of Ontario and if there is a misrepresentation in this Offering Memorandum, and you purchased the Shares offered by this Offering Memorandum during the period of distribution, you have, without regard to whether the purchaser relied on the misrepresentation, the following rights:

- (a) of action for damages against the Company, or
- (b) where you purchased the Shares from the Company, you may elect to exercise a right of rescission against the Company, in which case you have no right of action for damages against the Company.

The Company will not be held liable under this paragraph if you purchased the Shares with the knowledge of the misrepresentation. In an action for damages, the Company will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the Shares as a result of the misrepresentation relied upon and in no case will the amount recoverable under this paragraph exceed the price at which the Shares were sold to you.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the Shares. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after the day you purchased the Shares.

### **Quebec**

In addition to any other right or remedy available to you at law, if this Offering Memorandum is delivered to you as a resident of Quebec and contains a misrepresentation, you will have: (1) statutory rights under Quebec legislation; or (2) contractual rights in circumstances where the Quebec legislation does not provide such rights, as follows:

- (a) a right of action for damages against the Company, every director or officer of the Company, any expert whose opinion, containing a misrepresentation, appeared, with his consent, in this Offering Memorandum, the dealer (if any) under contract to the Company and any person who is required to sign the certificate of attestation in this Offering Memorandum, or
- (b) a right of action against the Company for rescission of the purchase contract or revision of the price at which Shares were sold to you.

However, there are various defences available to the persons or companies that you have a right to sue. Among other defences, no person or Company will be liable if it proves that:

- (a) you purchased the Shares with knowledge of the misrepresentation, or
- (b) in an action for damages, that they acted prudently and diligently (except in an action brought against the Company).

No action may be commenced to enforce such a right of action:

- (a) for rescission or revision of price more than three years after the date of the purchase, or
- (b) for damages later than three years after you first had knowledge of the facts giving rise to the cause of action, except on proof of tardy knowledge imputable to your negligence.

#### ***Nova Scotia***

If you are a resident of Nova Scotia and if there is a misrepresentation in this Offering Memorandum, or any amendment thereto, you have a statutory right to sue:

- (a) the Company to rescind your agreement to buy these Shares, or
- (b) for damages against the Company, every person who was a director of the Company at the date of this Offering Memorandum and every other person who signed this Offering Memorandum.

These statutory rights to sue are available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the Shares. Additionally, if you elect to exercise a right of rescission against the Company, you will have no right of action against the persons described in (b) above.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to rescind the agreement within 180 days after the date that you purchased the Shares. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after the day you purchased the Shares.

#### ***New Brunswick***

If you are a resident of New Brunswick and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Company or the seller to rescind your agreement to buy these Shares, or
- (b) for damages against the Company, every person who was a director of the Company at the date of this Offering Memorandum, every person who signed this Offering Memorandum.

The Company will not be held liable under this paragraph if you purchased the Shares with the knowledge of the misrepresentation. In an action for damages, the Company will not be liable for all or any portion of such damages that they prove do not represent the depreciation in value of the Shares as a result of the misrepresentation relied upon and in no case will the amount recoverable under this paragraph exceed the price at which the Shares were sold to you. Additionally, if you elect to exercise a right of rescission against the Company, you will have no right of action against the persons described in (b) above.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to rescind the agreement within 180 days after the date that you purchased the Shares. You must commence your action for damages within the earlier of one year after you first had knowledge of the facts giving rise to the cause of action and six years after the day you purchased the Shares.

#### ***Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Yukon or Nunavut***

If you are a resident of Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Yukon or Nunavut and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Company to rescind your agreement to buy these Shares, or
- (b) for damages against the Company, every person who was a director at the date of this Offering Memorandum and every other person who signed this Offering Memorandum.

These statutory rights are available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the Shares. Additionally, if you elect to exercise a right of rescission against the Company, you will have no right of action against the persons described in (b) above.



If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to rescind the agreement within 180 days after the date that you purchased the Shares. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action or 3 years after the day you purchased the Shares.

## **ITEM 12 - AUDITED FINANCIAL STATEMENTS**

OCM Auto Financing Fund Ltd.  
Financial Statements  
August 16, 2018

## **Independent Auditors' Report**

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To the Shareholder's of  
OCM Auto Financing Fund Ltd.

We have audited the accompanying financial statements of OCM Auto Financing Fund Ltd., which comprise the statement of financial position as at August 16, 2018, and the statements of comprehensive income, changes in equity and cash flows for the period from incorporation on August 15, 2018 to August 16, 2018, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of OCM Auto Financing Fund Ltd. as at August 16, 2018, and its financial performance, changes in equity and cash flows for the period from incorporation on August 15, 2018 to August 16, 2018 in accordance with International Financial Reporting Standards.

## Emphasis of Matter

We draw attention to Note 8 of the financial statements which outlines the offering that OCM Auto Financing Fund Ltd. is undertaking subsequent to period end which, if unsuccessful, could have a material effect on the entity's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

*Rice & Company L.L.P.*

CHARTERED PROFESSIONAL ACCOUNTANTS

Calgary, Canada  
September 20, 2018

**OCM Auto Financing Fund Ltd.**  
**Statement of Financial Position**  
**As at August 16, 2018**

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<b>Assets</b>	<b>Notes</b>
Current asset	
Cash	\$ <u>100</u>
Total assets	\$ <u>100</u>
<b>Liabilities &amp; Shareholders' Equity</b>	
Shareholders' capital	6     \$ <u>100</u>
Total liabilities and shareholders' equity	\$ <u>100</u>
General business description	1
Subsequent events	8

See accompanying notes to the financial statements.

These financial statements were approved by the Board of Directors of the Corporation on September 20, 2018.

\_\_\_\_\_  
(Signed "*Andrew Abraham*") \_\_\_\_\_, Director

\_\_\_\_\_  
(Signed "*Doug McCartney*") \_\_\_\_\_, Director

**OCM Auto Financing Fund Ltd.**

**Statement of Comprehensive Income**

**For the Period from Incorporation on August 15, 2018 to August 16, 2018**

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	Notes	
Total comprehensive income for the period	7	\$ <u><u>-</u></u>

See accompanying notes to the financial statements.

**OCM Auto Financing Fund Ltd.**

**Statement of Changes in Shareholders' Equity**

**For the Period from Incorporation on August 15, 2018 to August 16, 2018**

	Notes	Number of Shares	Share Capital Stated Value	Deficit	Total Equity
Common Shares issued	6.2	10,000	\$ 100	\$ -	\$ 100
Income for the period		-	-	-	-
<b>Balance at August 16, 2018</b>		10,000	\$ 100	\$ -	\$ 100

See accompanying notes to the financial statements.

**OCM Auto Financing Fund Ltd.**

**Statement of Cash Flows**

**For the Period from Incorporation on August 15, 2018 to August 16, 2018**

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**Cash provided by (used in):**

**Cash flows from financing activities**

Proceeds on issuance of share capital	\$ <u>100</u>
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<b>Net cash provided by financing activities</b>	<u>100</u>
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<b>Change in cash, end of period cash</b>	<u><u>\$ 100</u></u>
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See accompanying notes to the financial statements.



## **OCM Auto Financing Fund Ltd.**

### **Notes to the Financial Statements**

**Period from Incorporation on August 15, 2018 to August 16, 2018**

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#### **1. General business description**

OCM Auto Financing Fund Ltd. (the "Corporation") is a corporation incorporated under the Business Corporations Act (Alberta) on August 15, 2018.

The Corporation is in a start-up phase of development and has not carried out business prior to this Offering (Note 8) and has no development history. Since the date of incorporation, the Corporation has been engaged in the preparation for this Offering Memorandum, which has included, among other things, putting in place a management team, a board of directors, and retaining legal counsel.

Concurrent with the closing of this Offering, the management team intends to finalize a Business Opportunity that wishes to utilize the Corporation's status as a Public Corporation to raise additional funds from new investors in the Corporation's Securities and lend those funds to the new Business Opportunity.

New investors may use funds from Deferred Plans to invest in the Corporation's Securities as a result of the Corporation making the Public Company Election.

This Offering is a "blind pool" offering in that the management team of the Corporation has not yet finalized the new Business Opportunity.

The Corporation plans on paying dividends of at least \$575 to the Class B shareholders as soon as cash flow allows.

The proposed business of the Corporation involves a high degree of risk and there is no assurance that the Corporation will be able to raise the amount of funds to finance its activities as disclosed in note 8.

The address of the Corporation is 2332 Whatcom Road #16067, Abbotsford, British Columbia, V3G 0C6.

**OCM Auto Financing Fund Ltd.**

**Notes to the Financial Statements**

**Period from Incorporation on August 15, 2018 to August 16, 2018**

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**2. Basis of presentation**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements were authorized for issue by the Board of Directors of the Corporation on September 20, 2018.

**2.2 Basis of measurement**

The financial statements have been prepared on historical cost basis except for held for trading financial assets which are measured at fair value with changes in fair value recorded to earnings.

The methods used to measure fair values are discussed in note 4.

**2.3 Functional and presentation currency**

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

**2.4 Use of estimates and judgments**

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may vary from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

## OCM Auto Financing Fund Ltd.

### Notes to the Financial Statements

#### **Period from Incorporation on August 15, 2018 to August 16, 2018**

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Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is valuation of financial instruments (note 4).

### **3. Significant accounting policies**

#### **3.1 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### ***3.1.1 Financial assets***

##### **Financial assets at amortized cost**

Instruments can only be classified as financial assets at amortized cost if they are held with the objective to collect contractual cash flows and if the cash flows are solely payments of principal and interest on the principal amount. Financial assets at amortized cost are initially recognized at fair value plus any directly attributable transaction costs. Subsequently, these assets are measured at amortized cost using the effective interest method, less any impairment losses.

The Corporation does not presently hold any financial assets at amortized cost.

##### **Financial assets at fair value through comprehensive income**

Equity instruments that are not held-for-trading can be irrevocably designated to have their change in fair value recognized through comprehensive income instead of through profit or loss. This election can be made on individual instruments and is not required to be made for the entire class of instruments. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through comprehensive income are initially measured at fair value and changes therein are recognized in comprehensive income.

The Corporation does not presently hold any financial assets at fair value through comprehensive income.

## OCM Auto Financing Fund Ltd.

### Notes to the Financial Statements

**Period from Incorporation on August 15, 2018 to August 16, 2018**

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#### **Financial assets at fair value through profit or loss**

All financial assets except for those placed into one of the above categories are recorded at fair value through profit or loss. Additionally, assets that meet the requirements for financial assets at amortized costs can optionally be designated as financial assets at fair value through profit or loss. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are initially measured at fair value and changes therein are recognized in profit or loss.

Financial assets at fair value through profit or loss are comprised of cash.

#### *3.1.2 Financial liabilities*

##### **Financial liabilities at amortized cost**

All financial liabilities, except those designated as financial liabilities at fair value through profit or loss, are recorded at amortized cost. Financial liabilities at amortized cost are initially recognized at fair value plus any directly attributable transaction costs. Subsequently, these liabilities are measured at amortized cost using the effective interest method.

The Corporation does not have any financial liabilities.

Financial liabilities at fair value through profit or loss  
Certain financial liabilities that:

- i. contain embedded derivatives;
- ii. are part of a group of liabilities actively managed on a fair value basis; or
- iii. which would cause a measurement inconsistency if they were not accounted for at fair value, can optionally be designated as financial instruments at fair value through profit or loss. Financial liabilities at fair value through profit or loss are initially measured at fair value and changes therein are recognized in profit or loss. Such liabilities and the reason for the designation must be clearly disclosed in the financial statements.

The Corporation does not currently hold any financial liabilities at fair value through profit or loss.

**OCM Auto Financing Fund Ltd.**

**Notes to the Financial Statements**

**Period from Incorporation on August 15, 2018 to August 16, 2018**

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*3.1.3 Equity Instruments*

Common shares are classified as equity. Incremental costs directly attributable to the preferred shares are recognized as a deduction from equity, net of any tax effects.

*3.1.4 Impairment*

The carrying amounts of the Corporation's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its related cash generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value, less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money, and the risks specific to the asset or cash-generating unit. For the purpose of impairment testing, assets that cannot be individually tested are grouped together into the smallest group of assets that generates cash inflows or CGUs.

The Corporation's corporate assets do not generate separate cash inflows and are utilized by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

**3.2 Expense recognition**

Expenses are accounted for on the accrual basis.

## **OCM Auto Financing Fund Ltd.**

### **Notes to the Financial Statements**

**Period from Incorporation on August 15, 2018 to August 16, 2018**

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#### **3.3 Income taxes**

Income tax expense or recovery is comprised of current and deferred tax. Income tax expense or recovery flows through profit and loss except to the extent that it relates to items recognized in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, plus any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, including carry forward of non-capital losses, can be utilized.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they are related to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, where the intention is to settle current tax liabilities and asset on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is not probable that the related tax benefit will be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future profit will allow the deferred tax asset to be recovered.

## **OCM Auto Financing Fund Ltd.**

### **Notes to the Financial Statements**

**Period from Incorporation on August 15, 2018 to August 16, 2018**

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#### **3.4 Provisions and contingent liabilities**

Provisions and contingent liabilities are recognized when there is a present legal or constructive obligation arising as a result of a past event for which it is probable that an outflow of economic benefits will be required to settle the obligation and where a reliable estimate can be made of the amount of the obligation. Provisions and contingent liabilities are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

#### **3.5 Related party transactions**

All related party transactions must be disclosed in the financial statements which include the amount of the transactions, the amount of outstanding balances, including terms, provisions for doubtful debts related to outstanding balances and the expense recognized during the period in respect of bad or doubtful debts from related parties.

#### **3.6 Property, plant and equipment**

Property, plant and equipment will be stated at cost less accumulated depreciation and recognized impairment loss. Amortization will be charged so as to write off the cost of assets, other than land or properties under construction, over the estimated useful lives, using the declining balance method, at rates to be determined.

Assets held under finance leases will be depreciated over the expected lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss on the disposal or retirement of an asset will be determined as a difference between the sales proceeds and the carrying amount of the asset and is recognized in the income statement.

## **OCM Auto Financing Fund Ltd.**

### **Notes to the Financial Statements**

**Period from Incorporation on August 15, 2018 to August 16, 2018**

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#### **3.7 Revenue recognition**

Revenue will be recognized in the financial statements on an accrual basis.

#### **3.8 New accounting standards and interpretations**

On January 1, 2018, IFRS 9 “Financial Instruments”, which is the result of the first phase of the International Accounting Standards Board (“IASB”) project replaced IAS 39 “Financial Instruments: Recognition and measurement”. The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. Portions of the standard remain in development and the full impact of the standard on the Corporation’s financial statements will not be known until the project is complete.

### **4. Determination of fair values**

Certain of the Corporation’s accounting policies and disclosures require the determination of fair value for financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair values of cash approximates its carrying values due to their short term to maturity.

The significance of inputs used in making fair value measurements for assets and liabilities measured at fair value are examined and classified according to a fair value hierarchy. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly and are based on valuation models and techniques where the inputs are derived from quoted indices. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

Cash is measured at fair value based on a Level 1 designation.



## OCM Auto Financing Fund Ltd.

### Notes to the Financial Statements

**Period from Incorporation on August 15, 2018 to August 16, 2018**

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#### 5. Financial risk management

##### 5.1 Overview

The Corporation's planned operations will expose it to a variety of financial risks that arise as a result of its operating and financing activities:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Corporation's exposure to each of the above risks, the Corporation's objectives, policies and processes for measuring and managing risks, and the Corporation's management of capital.

The Corporation employs risk management strategies and policies to ensure that any exposure to risk is in compliance with the Corporation's business objectives and risk tolerance levels. While the Corporations have the overall responsibility for the establishment and oversight of the Corporation's risk management framework, management has the responsibility to administer and monitor these risks.

##### 5.2 Credit Risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The maximum exposure to credit risk at August 16, 2018 is as follows:

	Carrying amount
	<b>August 16, 2018</b>
Cash	\$ 100

Cash consists of cash bank balances. The Corporation manages the credit exposure related to cash by selecting financial institutions with high credit ratings. Given these credit ratings, management does not expect any counterparty to fail to meets its obligations.

## **OCM Auto Financing Fund Ltd.**

### **Notes to the Financial Statements**

**Period from Incorporation on August 15, 2018 to August 16, 2018**

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#### **5.3 Liquidity risk**

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they are due. The Corporation's approach to managing liquidity is to ensure it will have sufficient liquidity to meet its liabilities when due. The Corporation's ongoing liquidity will be impacted by various external events and conditions.

The Corporation did not have any financial liabilities at August 16, 2018.

#### **5.4 Market risk**

Market risk is the risk that changes in market prices, such as interest rates, will affect the Corporation's net income or the value of financial instruments. The objective of the Corporation is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns.

##### **Interest rate risk**

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. As the Corporation does not currently have any interest bearing debt, the Corporation is not exposed to interest rate risk.

The Corporation had no interest rate swaps or financial contracts in place as at or during the period ended August 16, 2018.

#### **5.5 Capital management**

The Corporation's capital management policy is to maintain a strong capital base that optimizes the Corporation's ability to grow, maintain investor and creditor confidence and to provide a platform to create value for its unitholders. The Corporation intends to maintain a flexible capital structure to maximize its ability to pursue additional investment opportunities, which considers the Corporation's early stage of development and the requirement to sustain future development of the business.

## OCM Auto Financing Fund Ltd.

### Notes to the Financial Statements

#### Period from Incorporation on August 15, 2018 to August 16, 2018

The Corporation will manage its capital structure and make changes to it in light of changes to economic conditions and the risk characteristics of the nature of the business. The Corporation considers its capital structure to include shareholders equity and working capital. In order to maintain or adjust the capital structure, the Corporation may from time to time issue shares, seek debt financing and adjust its capital spending to manage its current and projected capital structure.

The Corporation currently has no debt outstanding and it monitors capital based on its current working capital, projected cash flow from operations and anticipated capital expenditures.

The Corporation is not subject to externally imposed capital requirements.

## 6. Share capital

### 6.1 Authorized

As at August 16, 2018, the Corporation was authorized to issue the following:

Unlimited number of Class A voting common shares  
(Class A common shares)

Unlimited number of Class B non-voting common shares  
(Class B common shares)

### 6.2 Issued and outstanding

	2018	
	Number	Amount
Class A common shares	10,000	\$ 100

### 6.3 The Corporation was formed on August 15, 2018 and currently has 10,000 Class A common shares issued at \$0.01 per share.

**OCM Auto Financing Fund Ltd.**

**Notes to the Financial Statements**

**Period from Incorporation on August 15, 2018 to August 16, 2018**

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**7. Comprehensive income**

No revenue, personnel or general and administrative expenses were incurred during the period ended August 16, 2018.

**8. Subsequent events**

***Offering memorandum***

The Corporation has prepared an offering memorandum (the "offering"), for the offer of Class "B" non-voting commons shares ("Class B Shares" or "shares"), with an aggregate minimum of 75,000 shares at a price of \$1 per share for total gross proceeds of \$75,000 and a maximum of 100,000 shares at a price of \$1 per share for total gross proceeds of \$100,000.

Subscribers must each subscribe for 500 Shares for a subscription amount of \$500. Subscribers may not subscribe for additional Shares.

The Shares, as a class, have the following rights, privileges, restrictions and conditions:

- (a) No right to notice of, to attend, or to vote at meetings of the shareholders of the Corporation;
- (b) The right, subject to any preferential rights attaching to any other class or series of shares of the Corporation, to receive dividends as, when, and if declared on the Class B Common shares by the Corporation;
- (c) Notwithstanding (b) and subject to any preferential rights attaching to any other class or series of shares of the Corporation, dividends may be paid on the Class A Common shares to the exclusion of any dividend or of a proportionate dividend on the Class B Common shares;
- (d) Notwithstanding (b), no dividend may be declared or paid on the Class B Common shares if payment of the dividend would cause the realizable value of the Corporation's assets to be less than the aggregate of its liabilities and the amount required to redeem all shares of the Corporation then outstanding having attached thereto a redemption or retraction right; and
- (e) The right, subject to any preferential rights attaching to any other class or series of shares of the Corporation, to share in the remaining property of the Corporation upon dissolution.

**ITEM 13 - DATE AND CERTIFICATE**

**Dated: August 17, 2018**

**This Offering Memorandum does not contain a misrepresentation.**

**(Signed "*Andrew Abraham*")**  
Andrew Abraham, President

**ON BEHALF OF THE BOARD OF DIRECTORS OF OCM AUTO FINANCING FUND LTD.**

**(Signed "*Colin Keddy*")**  
Colin Keddy, Director

**(Signed "*Doug McCartney*")**  
Doug McCartney, Director

**OFFERING MEMORANDUM  
For  
OCM Auto Financing Fund Ltd.  
SUBSCRIPTION AGREEMENT  
FOR USE BY ALL SUBSCRIBERS**