

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ SEE ATTACHED STATEMENT

Blank lines for listing applicable Internal Revenue Code sections.

18 Can any resulting loss be recognized? ▶ SEE ATTACHED STATEMENT

Blank lines for providing information regarding resulting loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ SEE ATTACHED STATEMENT

Blank lines for providing other information necessary to implement the adjustment.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶ Allan Hartley Date ▶ 1/14/2020
Print your name ▶ Allan Hartley Title ▶ Ceo

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	DANIEL LUNDENBERG	<i>Daniel Lundenberg</i>	01/14/2020		P00177600
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Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054

Bay Talent Group Inc.

Attachment to Form 8937
Report of Organizational Actions Affecting Basis of Securities

The information provided below is pursuant to the requirements of section 6045B of the Internal Revenue Code, as amended. The information includes a summary of the tax law that can be used to determine the basis of the common shares for the US shareholders of Bay Talent Group as result of the share consolidations (the "Consolidation") and amalgamation (the "Amalgamation") as described in the Qualifying Transaction (the "Transaction") that closed on dated December 17, 2019.

The information provided below does not constitute tax advice and does not describe all the consequences of the Transaction for its shareholders. The information is illustrative only, and provided to shareholders and tax advisors for purposes of establishing their own tax position. Shareholders are urged to consult their tax advisors regarding the tax consequences of the Transaction.

Item 14 - Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action

On December 17, 2019 (date of the action), Bay Talent Group Inc. (formerly Danacore Industries Inc.) (the "Company") announced it completed its previously announced Transaction. Pursuant to the Transaction, and after giving effect to the share Consolidation for the Company and Bay Talent Group Inc. ("BTG"), the Company effected a three-cornered Amalgamation whereby the Company's wholly owned subsidiary, Danacore Acquisition Corp., amalgamated with BTG under the Ontario Business Corporations Act and BTG became a wholly-owned subsidiary of the Company. As a result of the Amalgamation the holders of all outstanding BTG common shares exchanged such shares for common shares of the Company on a one-for-one basis. The Transaction is described in full in the Filing Notice dated November 26, 2019, which is available at www.SEDAR.com.

Item 15 - Describe the quantitative effect of the organizational action on the basis of the security in the hands of a US taxpayer as an adjustment per share or as a percentage of old basis

The Transaction required both the Company and BTG to consolidate their share capital prior to completing the Amalgamation. For shareholders of the Company, every two (2) common shares issued and outstanding were converted to one (1) common share of the Company. For shareholders of BTG, every 1.3 common shares issued and outstanding was converted to (1) common share of BTG. The shareholders for both the Company and BTG should allocate the aggregate tax basis in their shares held immediately prior to the Consolidation among the shares received after the Consolidation.

The Company is taking the position that the Amalgamation should qualify as a reorganization under Section 368(a) of the Internal Revenue Code. As a result, no gain should be recognized for US federal income tax purposes. The aggregate tax basis in the Company shares that the US shareholders of BTG received should equal each shareholder's aggregate tax basis in the BTG shares surrendered. However, if it is determined that the passive foreign investment company ("PFIC") rules apply, US shareholders could recognize gain and the basis of shares received would be increased by any gain that is recognized.

Item 16 - Describe the calculation of the change in basis and the data that support the calculation, such as the market values of securities and the valuation dates

Shareholders of both the Company and BTG must allocate the aggregate tax basis in their shares held immediately prior to the consolidation among the shares held immediately after the consolidation. As a result, the basis of the shareholders' investment remains unchanged. However, the "per share" basis will be changed based on the proportion of the Consolidation. Since no fractional shares were issued, the aggregate tax basis of the Company common stock held by the shareholders immediately after the Consolidation could be less than the pre-Consolidation aggregate tax basis by an amount equal to the aggregate tax basis allocated to the fractional shares.

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As a result of the Amalgamation, the aggregate tax basis for the Company common shares received by the US shareholders of BTG should equal the basis of the BTG shares surrendered as long as the Transaction qualifies as a reorganization under 368(a) of the Internal Revenue Code. However, if it is determined that the PFIC rules apply, US shareholders could recognize gain and the basis should be increased by any gain that is recognized.

Item 17 - List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based

IRC Sections 354, 358, 368, 1221, and 1291 to 1298

Item 18 - Can any resulting loss be recognized?

The Company is taking the view that the Consolidation for both the Company and BTG should be treated as recapitalizations for US federal income tax purposes. Therefore, US shareholders should not recognize any loss for US federal income tax purposes upon the conversion of the pre-consolidated stock to post-consolidated stock.

The Company is taking the view that the Amalgamation should qualify as a tax-deferred "reorganization" for US federal income tax purposes. Therefore, no loss should be recognized by the shareholders as a result of the amalgamation.

If the Transaction is deemed taxable, the fair market value of the Company on December 23, 2019 is estimated to be CA \$0.45 per share.

Item 19 - Provide any other information necessary to implement the adjustment, such as the reportable tax year

In general, the reportable year of the Transaction is 2019.