

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

1 Issuer's name <b>Orca Gold Inc. (formerly Canaco Resources Inc.)</b>		2 Issuer's employer identification number (EIN)	
3 Name of contact for additional information <b>Alessandro Bitelli</b>	4 Telephone No. of contact <b>604 6897842</b>	5 Email address of contact <b>alessandrobitelli@namdo.com</b>	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact <b>Suite 2000-885 West Georgia Street</b>		7 City, town, or post office, state, and Zip code of contact <b>Vancouver, BC V6C 3E8 Canada</b>	
8 Date of action <b>April 4, 2013</b>		9 Classification and description <b>Common stock</b>	
10 CUSIP number <b>68558</b>	11 Serial number(s)	12 Ticker symbol <b>ORG TSX Venture Exchange</b>	13 Account number(s)

**Part II Organizational Action** Attach additional statements if needed. See back of form for additional questions.

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 ▶ The organizational action was Canaco Resources Inc. distribution of the common shares of East Africa Metals Inc. (CUSIP number 270410) to all existing shareholders of Canaco (now Orca Gold Inc.) As a result of the arrangement and distribution of common shares, shareholders of Orca Gold Inc. ("Orca") continued to hold their common shares and received one East Africa Metals Inc. ("East Africa") common share for every common share that they held at the effective date. No partial shares were issued and as a result, there were 201,917,638 common shares of East Africa issued to the shareholders of Orca. The transaction was effected on April 4, 2013. Immediately after the distribution was completed Orca and East Africa each completed a share consolidation of three old for one new share, or 67,305,898 common shares after the reverse consolidation. No partial shares were issued and as a result, there were 67,305,898 common shares for each of Orca and East Africa. Canaco Resources Inc. ("Canaco") changed its name after the completion of the plan of arrangement. New management of Orca was appointed after April 4, 2013. References to Canaco are for events prior to April 4, 2013, and to Orca refer to the current company.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ Based upon Orca's belief that it is a passive foreign investment company ("PFIC"), the organizational action resulted in a reduction in the basis of Orca common shares for those Orca shareholders that timely and validly made "qualified electing fund" ("QEF") or "mark-to-market" ("MTM") elections with respect to their Orca common shares. The reduction in the basis for each share was calculated using the net assets of Orca as of March 31, 2013, as shown in the attached schedule. The reduction in basis is 36.06%.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ See the attached schedule for the calculations as at March 31, 2013, supported by the Company's condensed interim consolidated financial statements for the nine months ended March 31, 2013, which will be filed on the Company's website on or before May 31, 2013. The website is www.orcagold.com.

**Part II Organizational Action** (continued)

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

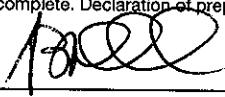
Code Section 1291(d) provides that the PFIC "excess distribution" regime does not apply to persons that have made a timely and valid QEF or MTM election. Canaco had no earnings and profits, as determined for U.S. purposes, as of its year ended June 30, 2012, which was the most recent fiscal year end of the company, or earnings and profits in its nine months ended March 31, 2013, which was immediately before the distribution date of April 4, 2013. As a result, under Code Section 301, the distribution of East Africa shares to Orca shareholders who timely and validly made QEF or MTM elections with respect to their Orca shares should have caused a reduction in basis of the Orca shares equal to the fair market value of the East Africa shares received with respect thereto; however, such reduction shall not reduce any shareholder's basis below zero.

18 Can any resulting loss be recognized? ▶ **No.**

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ \_\_\_\_\_

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 ▶  Date ▶ May 17/2013

Print your name ▶ **Alessandro Bitelli** Title ▶ **Chief Financial Officer**

**Paid Preparer Use Only**

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	

**ORCA GOLD INC.****Schedule to IRS Form 8937**

(financial data at March 31, 2013)

Assets of Canaco Resources Inc.	\$	96,095,412	
Liabilities of Canaco Resources Inc.		(2,253,573)	
Net Assets of Canaco Resources Inc.	\$	<u>93,841,839</u>	

Before 3:1 Reverse Consolidation:

Number of outstanding shares		<u>201,917,638</u>	
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Per share value	\$	<u>0.4648</u>	
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## Allocation of net asset value per share to:

East Africa Metals Inc.	\$	0.1676	<b>36.06%</b>
Orca Gold Inc.		0.2972	63.94%
	\$	<u>0.4648</u>	

After 3:1 reverse consolidation on April 4, 2013

Number of shares outstanding		<u>67,305,898</u>	
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	\$	<u>1.3943</u>	
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## Allocation of net share value per share to:

East Africa Metals Inc.	\$	0.5028	<b>36.06%</b>
Orca Gold Inc.		0.8915	63.94%
	\$	<u>1.3943</u>	