SONA NANOTECH INC.

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

and

MANAGEMENT INFORMATION CIRCULAR

1969 Upper Water Street, Suite 2001
Halifax, Nova Scotia, B3J 3R7

April 25, 2019
2:00 p.m. Halifax Local Time

Circular dated March 25, 2019

SONA NANOTECH INC.

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE is hereby given that the Annual General and Special Meeting (the "**Meeting**") of the shareholders of Sona Nanotech Inc. (the "**Company**") will be held at the office of the Company, 1969 Upper Water Street, Suite 2001, in the City of Halifax on Tuesday, April 25, 2019 at 2:00 p.m. (Atlantic Time) for the following purposes:

i. to **receive** and consider the consolidated financial statements of the Company for the fiscal year ended October 31, 2018, together with the report of the auditors thereon;

ii. to **fix** the number of directors at five (5) and **elect** directors of the Company for the forthcoming year;

iii. to re-**appoint** as auditors for the forthcoming year, Manning Elliott LLP, Chartered Professional Accountants, and authorize the directors to set the remuneration of the auditors;

iv. to **confirm and approve** the Company's revised Stock Option Plan (the "**Plan**") as more particularly described in the accompanying Information Circular; and

v. to **transact** such other business as may properly be brought before the Meeting and any adjournment(s) or postponements(s) thereof.

The Company's Board of Directors has fixed the close of business on March 25, 2019 as the record date for determining shareholders entitled to receive notice of, and to vote at, the Meeting and any postponement or adjournment of the Meeting.

A form of proxy solicited by the management of the Company in respect of the Meeting is enclosed herewith.

Shareholders who are unable to be present at the Meeting are requested to sign the enclosed form of proxy and return it in the envelope provided for that purpose. To be effective, the form of proxy must be received at the offices of Computershare Investor Services Inc. ("**Computershare**"), 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, by not later than 2:00 p.m. (Atlantic Time) on April 23, 2019 or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays or holidays, preceding the time of such adjourned Meeting, or in either case by such later date and time as the Board may determine in its sole discretion. The accompanying Information Circular provides additional information relating to the matters to be dealt with at the Meeting.

DATED at the City of Halifax, in the Province of Nova Scotia, this 25th day of March, 2019.

BY ORDER OF THE BOARD OF DIRECTORS,

Signed: *"Darren Rowles"*

Darren Rowles,
President and CEO

SONA NANOTECH INC.

1969 Upper Water Street, Suite 2001
Halifax, Nova Scotia, B3J 3R7

MANAGEMENT INFORMATION CIRCULAR

as at March 25, 2019 unless otherwise noted

GENERAL VOTING AND PROXY INFORMATION

Solicitation of Proxies

This Information Circular (the "Circular") is furnished in connection with the solicitation by the management of Sona Nanotech Inc. ("Sona" or the "Company") of proxies to be used at the Annual General and Special Meeting of Shareholders of the Company (the "Meeting"), and any adjournment thereof, to be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting. Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally, electronically or by telephone by directors, officers, employees or consultants of the Company. Arrangements will also be made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy solicitation material to the beneficial owners of common shares of the Company pursuant to the requirements of National Instrument 54-101, *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"). All costs of solicitation by management will be borne by the Company.

The Canadian securities regulators have adopted new rules under NI 54-101, which permit the use of notice-and-access for proxy solicitation, instead of the traditional physical delivery of material. This new process provides the option to post meeting related materials, including management information circulars, as well as annual financial statements, and related management's discussion and analysis, on a website in addition to SEDAR. Under notice-and-access, such meeting related materials will be available for viewing for up to one (1) year from the date of posting, and a paper copy of the material can be requested at any time during this period. The Company is not relying on the notice-and-access provisions of NI 54-101 to send proxy related materials to registered shareholders or beneficial owners of common shares in connection with the Meeting.

Appointment and Revocation of Proxies

General

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Shareholders may be "**Registered Shareholders"** or **"Non-Registered Shareholders".** If common shares of the Company are registered in the name of an intermediary and not registered in the Shareholder's name, they are said to be owned by a "Non-Registered Shareholder". An intermediary is usually a bank, trust company, securities dealer or broker, or a clearing agency in which an intermediary participates. The instructions provided below set forth the different procedures for voting common shares at the Meeting to be followed by Registered Shareholders and Non-Registered Shareholders.

The persons named in the enclosed form of proxy are officers and directors of the Company. **Each Shareholder has the right to appoint a person or company (who need not be a Shareholder) to attend and act for him at the Meeting other than the persons designated in the enclosed form of proxy.** Shareholders who have given a proxy also have the right to revoke it insofar as it has not been exercised. The right to appoint an alternate proxyholder and the right to revoke a proxy may be exercised by following the procedures set out below under "*Registered Shareholders*" or "*Non-Registered Shareholders*", as applicable.

If any Shareholder receives more than one proxy or voting instruction form, it is because that Shareholder's shares are registered in more than one form. In such cases, Shareholders should sign and submit all proxies or voting instruction forms received by them in accordance with the instructions provided.

Registered Shareholders

Registered Shareholders have two methods by which they can vote their common shares at the Meeting, namely in person or by proxy. To assure representation at the Meeting, Registered Shareholders are encouraged to return the proxy included with this Circular. Voting by proxy will not prevent a Registered Shareholder from voting in person if they attend the Meeting and duly revoke their previously granted proxy but will ensure that their vote is counted if they are unable to attend the Meeting. Registered Shareholders who do not plan to attend the Meeting or do not wish to vote in person can vote by proxy.

Completed forms of proxy must be deposited at the office of the Company's registrar and transfer agent, Computershare Investor Services Inc. ("Computershare"), 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

Any Registered Shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a Registered Shareholder, his attorney authorized in writing or, if the Registered Shareholder is a corporation, a corporation under its corporate seal or by an officer or attorney thereof duly authorized, may revoke a proxy by instrument in writing, including a proxy bearing a later date. The instrument revoking the proxy must be deposited at the registered office of the Company, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting or an adjournment thereof.

Non-Registered Shareholders

Non-Registered Shareholders who have not objected to their intermediary disclosing certain ownership information about themselves to the Corporation are referred to as "**NOBOs**". Non-Registered Shareholders who have objected to their intermediary disclosing the ownership information about themselves to the Corporation are referred to as "**OBOs**".

Pursuant to NI 54-101 of the Canadian Securities Administrators, the Company has distributed copies of proxy-related materials in connection with this Meeting (including this Information Circular) directly to NOBOs and indirectly to OBOs.

The Company will not be paying for intermediaries to deliver to OBOs (who have not otherwise waived their right to receive proxy-related materials) copies of the proxy-related materials and related documents. Accordingly, an OBO will not receive copies of the proxy-related materials and related documents unless the OBO's intermediary assumes the costs of delivery.

Meeting Materials Received by OBOs from Intermediaries

OBOs who receive Meeting Materials will typically be given the ability to provide voting instructions in one of two ways:

i. Usually, an OBO will be given a Voting Instruction Form ("**VIF**") which must be completed and signed by the OBO in accordance with the instructions provided by the intermediary. In this case, the mechanisms described above for Registered Shareholders cannot be used and the instructions provided by the intermediary must be followed. Typically, the proxy authorization form will consist of a one-page pre-printed form. Sometimes, instead of the one-page pre-printed form, the proxy

authorization form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label containing a bar-code and other information. In order for the form of proxy to validly constitute a proxy authorization form, the OBO must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and return it to the intermediary or its service company in accordance with the instructions of the intermediary or its service company.

ii. Occasionally, an OBO may be given a proxy that has already been signed by the intermediary. This form of proxy is restricted to the number of common shares owned by the OBO but is otherwise not completed. This form of proxy does not need to be signed by the OBO but must be completed by the OBO and returned to Computershare in the manner described above for Registered Shareholders.

The purpose of these procedures is to allow OBOs to direct the proxy voting of the common shares that they own but that are not registered in their name. **Should an OBO who receives either a form of proxy or a VIF wish to attend and vote at the Meeting in person (or have another person attend and vote on their behalf), the OBO should strike out the names of the persons designated on the enclosed form of proxy and insert the OBO's name (or the name of his or her alternate appointee) in the blank space provided for that purpose or, in the case of a VIF, follow the corresponding instructions provided by the intermediary.** In either case, OBOs who received Meeting Materials from their intermediary should carefully follow the instructions provided by the intermediary.

Only Registered Shareholders have the right to revoke a proxy. Non-Registered Shareholders who wish to change their vote must, at least seven days before the Meeting, arrange for their respective nominees to revoke the proxy on their behalf. To exercise the right to revoke a proxy, an OBO who has completed a proxy (or a VIF, as applicable) should carefully follow the instructions provided by the intermediary.

Proxies returned by intermediaries as "non-votes" because the intermediary has not received instructions from the OBO with respect to the voting of certain shares or, under applicable stock exchange or other rules, the intermediary does not have the discretion to vote those shares on one or more of the matters that come before the Meeting, will be treated as not entitled to vote on any such matter and will not be counted as having been voted in respect of any such matter. Common shares represented by such "non-votes" will, however, be counted in determining whether there is a quorum.

Meeting Materials Received by NOBOs from the Company

As permitted under NI 54-101, the Company has used a NOBO list to send the Meeting Materials directly to the NOBOs whose names appear on that list. If you are a NOBO and the Company's transfer agent, Computershare, has sent these materials directly to you, your name and address and information about your holdings of common shares have been obtained from the intermediary holding such shares on your behalf in accordance with applicable securities regulatory requirements.

As a result, any NOBO of the Company can expect to receive a scannable VIF from Computershare. Please complete and return the VIF to Computershare in the envelope provided. In addition, telephone voting and internet voting are available as further described in the VIF. Instructions in respect of the procedure for telephone and internet voting can be found in the VIF. Computershare will tabulate the results of the VIFs received from the Company's NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs received by Computershare.

By choosing to send these materials to you directly, the Company (and not the intermediary holding common shares on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. The intermediary holding common shares on your behalf has

appointed you as the proxyholder of such shares, and therefore you can provide your voting instructions by completing the proxy included with this Circular in the same way as a Registered Shareholder. Please refer to the information under the heading "*Registered Shareholders*" for a description of the procedure to return a proxy, your right to appoint another person or company to attend the meeting, and your right to revoke the proxy.

Although a Non-Registered Shareholder may not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of his or her broker, a Non-Registered Shareholder may attend the Meeting as proxyholder for the Registered Shareholder and vote the common shares in that capacity. Non-Registered Shareholders who wish to attend the Meeting and indirectly vote their common shares as proxyholder for the Registered Shareholder should enter their own names in the blank space on the form of proxy provided to them and return the same in accordance with the instructions provided.

Exercise of Proxies

Where a choice is specified, the common shares represented by proxy will be voted for, withheld from voting or voted against, as directed by the Shareholders, on any poll or ballot that may be called. **Where no choice is specified, the proxy will confer discretionary authority and will be voted in favour of all matters referred to on the form of proxy. The proxy also confers discretionary authority on the persons designated in the proxy to vote for, withhold from voting, or vote against amendments or variations to the matters identified in the Notice of Meeting and with respect to other matters not specifically mentioned in the Notice of Meeting but which may properly come before the Meeting.**

Management has no present knowledge of any amendments or variations to matters identified in the Notice of Meeting or any business that will be presented at the Meeting other than that referred to in the Notice of Meeting. However, if any other matters properly come before the Meeting, it is the intention of the person named in the enclosed instrument appointing proxy to vote in accordance with the recommendations of the management of the Company.

Voting Shares and Principal Holders Thereof

The Company is authorized to issue an unlimited number of common shares without nominal or par value (the "Shares"). As at the date of this Information Circular, there are 53,456,519 common shares issued and outstanding, each of which carries the right to one vote at meetings of the Shareholders. Persons who are Registered Shareholders at the close of business on March 25, 2019 are entitled to receive notice of and vote at the Meeting and will be entitled to one vote for each share held.

To the knowledge of the directors and executive officers of the Company, the following Shareholder beneficially owns directly or indirectly or exercises control or direction over greater than 10% of the common shares of the Company as of the date of this Information Circular:

Name and place of business	Number of Common Shares held	Percentage
Wade K. Dawe	5,472,827 (1)	10.2%

(1) 787,202 Common Shares are owned by Mr. Dawe; 4,685,625 are owned indirectly.

The by-laws of the Company provide that two persons present and entitled to vote at the Meeting constitute a quorum for the Meeting.

In order to approve a motion proposed at the Meeting, a majority of greater than 50% of the votes cast will be required (an "**ordinary resolution**"), unless the motion requires a "**special resolution**" in which case a majority of 66 2/3% of the votes cast will be required.

PARTICULARS OF MATTERS TO BE ACTED UPON

TO THE KNOWLEDGE OF THE COMPANY'S DIRECTORS, THE ONLY MATTERS TO BE PLACED BEFORE THE MEETING ARE THOSE REFERRED TO IN THE NOTICE OF MEETING ACCOMPANYING THIS INFORMATION CIRCULAR. HOWEVER, SHOULD ANY OTHER MATTERS PROPERLY COME BEFORE THE MEETING, THE SHARES REPRESENTED BY THE PROXY SOLICITED HEREBY WILL BE VOTED ON SUCH MATTERS IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSONS VOTING THE SHARES REPRESENTED BY THE PROXY.

Additional detail regarding each of the matters to be acted upon at the Meeting is set forth below.

I. Financial Statements

The audited financial statements of the Company for the financial year ended October 31, 2018 (the "**Financial Statements**"), together with the Auditors' Report thereon, will be presented to the shareholders at the Meeting. The Financial Statements, together with the Auditors' Report thereon, are being mailed to the shareholders of record on the Company's supplemental mailing list separately.

II. Appointment of Auditors

Management proposes the appointment of Manning Elliott, LLP, Chartered Professional Accountants, as Auditors of the Company for the ensuing year and that the directors be authorized to set the remuneration of the Auditors. Manning Elliott LLP have been the Company's Auditors since October 23, 2017.

In the absence of instructions to the contrary the shares represented by proxy will be voted in favour of a resolution to appoint Manning Elliott LLP, Chartered Professional Accountants, as Auditors of the Company for the ensuing year, at a remuneration to be fixed by the Board of Directors, unless the Shareholder has specified in the Shareholder's proxy that the Shareholder's common shares are to be withheld from voting on the appointment of auditors.

III. Election of Directors

The board of directors of the Company (the "**Board**" or the "**Board of Directors**") currently consists of five (5) directors, all of whom are elected annually. The term of office for each of the present directors of the Company expires at the Meeting. It is proposed that the number of directors for the ensuing year be fixed at five (5) subject to such increases as may be permitted by the law. At the Meeting, the Shareholders will be asked to consider and, if thought fit, approve an ordinary resolution fixing the number of directors to be elected at the Meeting at five (5).

It is proposed that the persons named as nominees hereunder will be nominated at the Meeting. Mr. Daniel Whittaker, Mr. Zephaniah Mbugua and Mr. Robert McKay are presently directors of the Company and will all stand for re-election. In addition, Mr. Wade K. Dawe and Dr. Michael Gross will also stand for election. Directors will hold office until the next annual meeting of shareholders or until such director's office is vacated prior to such time.

The Company's Board of Directors has adopted a majority voting policy in director elections that will apply at any meeting of shareholders where an uncontested election of directors is held. Pursuant to this policy, if the number of proxy votes withheld for a particular director nominee is greater than the votes for such director, the director nominee will be required to submit his or her resignation to the Chairman of the Board promptly following the applicable shareholders' meeting. Following receipt of the resignation, the Company's Board will consider whether or not to accept the offer of resignation. In considering whether or not to accept the resignation, the Board will consider all factors deemed relevant by its members. The

Board will be expected to accept the resignation except in situations where the considerations would warrant the applicable director to continue to serve on the Board. The Board will publicly disclose its final decision within 90 days following the Meeting. A director who tenders his or her resignation pursuant to this policy will not participate in any meeting of the Board at which the resignation is considered.

Proxies received appointing directors of the Company will be voted FOR the election of the nominees named in the table below, unless the shareholder has specified in the proxy that the common shares are to be withheld from voting in respect thereof. Management does not contemplate that any of the nominees will be unable to serve as a director but, if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion.

The following table states the names of all of the persons currently elected and the persons proposed for election as directors, their principal occupation, the date on which each became a director of the Company and the number of shares of the Company beneficially owned, directly or indirectly, or over which control or direction is exercised by each of them as at March 25, 2019:

Name, Province or State of Residence and Position with the Company [1]	Principal Occupation	Director Since	Common Shares [2]
Wade K. Dawe Nova Scotia Director	Chairman and Chief Executive Officer of Numus Financial Inc. and the President of Brigus Capital Inc.	Nominee	5,472,827
Michael Gross Nova Scotia Director	Professor of Orthopaedic surgery at Dalhousie University	Nominee	672,279
Zephaniah Mbugua Kenya Director	Chairman, TransCentury, a Kenyan investment company	February 2013	305,691
Robert McKay [3][5] Ontario Director	Entrepreneur, Ontario, Canada	January 2013	866,707
Daniel Whittaker [4] Nova Scotia Director	President and CEO, Chairman and Director of Antler Gold Inc.	August 2018	2,282,620

1) The information as to Province or State of residence and principal occupation, not being within the knowledge of the Company, has been furnished by the respective nominees.
2) Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, based upon information furnished to the Company by respective nominees individually.
3) Chairman of the Company's Audit Committee.
4) Member of the Company's Audit Committee.
5) Member of the Company's Compensation Committee.

As at the date hereof, the directors and executive officers of the Company as a group owned beneficially, directly or indirectly, controlled or exercised direction over, 9,600,124 common shares representing approximately 18.0% of the outstanding common shares.

The following are brief profiles of the current and proposed directors of the Company and person proposed to be nominated as directors of the Company:

Wade K. Dawe – Nominee
Mr. Dawe is an accomplished entrepreneur, financier and investor based in Halifax, Nova Scotia. During his career, he has completed deals valued in excess of $1 billion, and he has founded or co-founded a number of successful companies, both public and private. Mr. Dawe is the Chairman and CEO of Numus Financial Inc. and President of Brigus Capital Inc. In addition, Mr. Dawe is CEO and a Board Member of Torrent Capital Ltd., and serves as Chairman of the Board for Pivot Technology Solutions Inc.

Mr. Dawe holds a Bachelor of Commerce degree from Memorial University (MUN), where he sits on the Advisory Board to the Faculty of Business Administration. His philanthropic activities include establishing and personally funding the annual James R. Pearcey Entrepreneurial Scholarship at MUN, and he recently funded DC Makes, a new entrepreneurship-based program at the Discovery Centre in Halifax, Nova Scotia. Mr. Dawe, originally from Newfoundland, is also a member of the Young Presidents' Organization (YPO), and is a fellow of the Creative Destruction Lab (CDL) in Halifax, Nova Scotia.

Michael Gross – Nominee
Dr. Gross has extensive capital markets experience, having served as either an executive or as a director with a number of venture stage companies. Dr. Gross was a founder of Linear Gold, Linear Metals and stayed through the development of the company to Brigus Gold before its sale to Primero. He is now a board member of Fortune Bay. He is currently the Chair of the Board of Boomerswork, a startup company working to provide a platform of benefits for Boomers as they transition from work to retirement.

Dr. Gross has been a Professor of Orthopaedic surgery for over 40 years, he has consulted extensively in design of prostheses and implantation techniques with the Orthopaedic manufacturing industry. Dr. Gross is also the founder of a startup company specializing in post-surgical discharge out patient management, for which he has recently received independent investment funding. He received his degree in medicine from the University of Newcastle Upon Tyne in England. He obtained a Fellowship in Surgery in London and a Canadian Fellowship in Orthopaedic Surgery in 1981. Dr. Gross has completed the Rotman Directorship program and is a member of the Institute of Directors. He is the Medical Director of the Regional Tissue bank which is ISO certified.

Zephaniah Mbugua – Director
Mr. Mbugua is a resident of Nairobi, Kenya and is a former Chairman of TransCentury, a leading Kenyan investment company traded on the Nairobi Securities Exchange. Mr. Mbugua is also a founder and currently the Chief Executive Officer of Abcon Group of Companies, a diversified group of companies involved in chemicals and the manufacturing of breakfast cereals. He is also a director of Proctor & Allan EA Ltd., Flashcom Ltd. and Zeniki Investment Ltd. Mr. Mbugua has a BSc in Chemistry and Mathematics from Makerere University.

Robert McKay – Director
Mr. McKay is an accomplished entrepreneur having successfully owned and operated businesses in the hospitality industry for over 25 years. Mr. McKay is currently the president of two private companies that have commercial and residential property interests in Northern and Southern Ontario and in Cabo San Lucas, Mexico. Mr. McKay received a Bachelor of Arts Degree (Economics) from the University of Western Ontario and currently resides in Espanola, Ontario.

Daniel Whittaker – Chairman
Mr. Whittaker is the Chairman, President and Chief Executive Officer of Antler Gold Inc. He has held senior positions in the mineral industry for the last 20 years. Prior to his work with Antler Gold Inc., Mr. Whittaker was a founder of GoGold Resources Inc., a mineral exploration, development and production company. Mr. Whittaker held senior management positions with GoGold from January 2008 to January 2016 and also served as a director of GoGold from inception to January 2013. He founded Ucore Rare Metals Inc. in 2006 and served as an officer and director to March 2008.
Mr. Whittaker holds a Bachelor of Arts in Economics Degree and a Masters of Business Administration from the Richard Ivey School of Business at the University of Western Ontario. He also has held the Chartered Financial Analyst designation from the CFA Institute since 1995.

Corporate Cease Trade Orders or Bankruptcies

To the knowledge of the Company, no director or proposed director of the Company is or has been, in the last ten years, a director or executive officer of an issuer that, while that person was acting in that capacity,

i. was the subject of a cease trade order or similar order or an order that denied the issuer access to any exemption under Canadian securities legislation, for a period of more than 30 consecutive days;

ii. was subject to an event that resulted, after that person ceased to be a director or executive officer, in the issuer being the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under Canadian securities legislation for a period of more than 30 consecutive days; or

iii. within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Individual Bankruptcies

To the knowledge of the Company, in the last ten years, no director or proposed director has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or proposed director.

Penalties or Sanctions

To the knowledge of the Company, no proposed director of the Company has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

IV. Approval of Incentive Stock Option Plan

Shareholders are being asked to confirm re-approval of the Company's Stock Option Plan, as outlined under "Securities Authorized for Issuance under Equity Compensation Plans" and accepted by the CSE upon the Company's listing with the Exchange. The Plan was originally designed to comply with the policies of the TSX Venture Exchange (the "TSX-V" or the "Exchange") and has now been updated to comply with the policies of the CSE.

The Sona Nanotech Inc. Stock Option Plan is a "rolling" or "evergreen" plan pursuant to which 10% of the issued and outstanding common shares of the Company on the date of option grant are reserved for issuance upon the exercise of stock options. For further details regarding the Stock Option Plan, see "Securities Authorized for Issuance under Equity Compensation Plans".

Whether or not the resolution is approved, all stock options currently outstanding under the Stock Option Plan will remain in effect in accordance with their terms. If the resolution is not approved, any currently unallocated options, rights or entitlements under the Stock Option Plan will no longer be available for grant, and previously granted options will not be available for reallocation if they are cancelled prior to exercise.

Accordingly, at the Meeting, the disinterested shareholders of the Company (i.e., shareholders who are not insiders or their associates) will be asked to pass the following ordinary resolution:

"WHEREAS

i. The Board of Directors of the Company adopted a Stock Option Plan, which reserves for issuance pursuant to stock options a maximum number of common shares of the Company equal to 10% of the aggregate issued and outstanding common shares on the date of grant;

BE IT RESOLVED THAT:

i. The Stock Option Plan is hereby ratified and confirmed; and

ii. Any officer or director of the Company be and is hereby authorized for and on behalf of the Company to execute and deliver all documents and instruments, and to take all such other actions as such officer or director may deem necessary or desirable to implement the foregoing resolution and the matters authorized hereby, such determinations to be conclusively evidenced by the execution and delivery of such documents and other instruments and the taking of any such action."

The Board of Directors has determined that the approval of the Stock Option Plan is in the best interests of the Company and its shareholders. **The Board of Directors recommends that the disinterested shareholders vote FOR the adoption of the resolution set forth herein. Unless contrary instructions are indicated on the form of proxy, the persons designated in the accompanying form of proxy intend to vote FOR the approval of the Stock Option Plan.**

COMPENSATION DISCUSSION AND ANALYSIS

The following discussion and analysis set out Sona's philosophy and objectives in determining executive compensation and explains how its policies and practices implement that philosophy. All dollar amounts in this Circular are expressed in Canadian dollars unless otherwise indicated.

Overview

The Compensation Committee of the Board of Directors consists of three directors appointed to review the compensation of the Company's officers and to make recommendations to the Board of Directors regarding base salary, bonuses, stock option awards and other benefits of Named Executive Officers, as well as negotiating services and employment agreements on behalf of the Company. The Compensation Committee in 2018 consisted of James Megann (Committee Chair), Robert McKay and A. Neil Smith. Information on the Company's Compensation Committee and the skills and experience of its members in making decisions with respect to compensation policies and practices of the Company can be found in "Corporate Governance Practices - Board Committees – The Compensation Committee" in this Circular.

The objective of the Company's executive compensation program is to ensure that executive compensation is fair and reasonable, rewards management performance and is sufficient to attract and retain experienced and talented executives. The Company's executive compensation program is designed to recognize the fundamental value added to the Company by having a motivated and committed management team whose short, medium and long-term objectives are aligned with those of shareholders. In determining executive compensation, the Company's Compensation Committee bears in mind the relatively small size of the Company, the financial resources of the Company and the size of the executive team. The Company's Compensation Committee relies on general discussion and informal comparisons to similar exploration and development stage companies, while giving consideration to the experience, qualifications and performance of the executive, in determining executive compensation.

The Company's executive compensation is typically comprised of three primary components:

i. base salary;
ii. a short-term incentive plan, which includes the potential for cash bonuses; and
iii. a long-term incentive plan, which consists of grants of stock options.

The base salary of each executive is reviewed and evaluated by the Company's Compensation Committee annually based on the philosophy, objectives and criteria outlined above.

A short-term incentive award, if any, in the form of a cash bonus, may be awarded to an executive each year, as determined by the Company's Compensation Committee, based on the philosophy, objectives and criteria outlined above, with some use of formal objectives.

With respect to long-term incentives, each year an executive may be awarded stock options. The amount of the long-term incentive shall be determined by the Compensation Committee and recommended to the Board of Directors, based on the philosophy, objectives and criteria outlined above, taking into account previous stock option grants.

The Compensation Committee has discretion in determining both short-term incentive awards and the grant of stock options.

The Company has not engaged compensation advisors in the past and has no immediate plans to engage compensation advisors.

Summary Compensation Table

Securities legislation requires the disclosure of compensation received by each "Named Executive Officer" of the Company for the three most recently completed financial years. "Named Executive Officer" is defined by the legislation to mean (i) each of Chief Executive Officer and Chief Financial Officer of the Company, (ii) each of the Company's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year and whose total compensation exceeds $150,000, and (iii) any additional individual for whom disclosure would have been provided under (ii) but for the fact that the individual was not serving as an executive officer of the Company at the end of the most recently completed financial year-end of the Company.

The following table sets forth a summary of all compensation for the last three fiscal years for each of the Named Executive Officers as of October 31:

Name and principal position	Year	Salary ($)	Share-based awards ($)	Option-based awards ($)[1]	Non-equity incentive plan compensation ($)		All other compensation ($)	Total compensation ($)
					Annual incentive plans	Long-term incentive plans		
Darren Rowles [2]	2018	34,891	-	-	-	-	-	34,891
CEO	2017	-	-	-	-	-	-	-
	2016	-	-	-	-	-	-	-
Robert Randall [3]	2018	66,000	-	11,443	-	-	-	77,443
CFO	2017	34,000	-	-	-	-	-	34,000
	2016	34,000	-	4,000	-	-	-	38,000
James Megann [4]	2018	45,000	-	14,666	-	-	1,815	61,481
Former CEO	2017	60,000	-	-	-	-	1,920	61,920
	2016	150,000	-	6,000	-	-	1,850	157,850

1) These values reflect the estimated grant date fair value of options granted that will be recognized as compensation expense by the Company for financial reporting purposes, as determined in accordance with International Financial Report Standards ("IFRS"). The estimated fair value of options is calculated using the Black-Scholes Option Pricing Model.
2) Mr. Rowles became the President and CEO on August 8, 2018 in connection with the completion of the Amalgamation.
3) The CFO services are provided by Randal Consulting Inc. ("RCI")
4) Mr. Megann was the CEO of the Company until August 8. 2018 on the completion of the Amalgamation with Sona Nanotech Ltd. and provided services through John St. Capital Inc.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Current Stock Option Plan (compliant with CSE policies)

The Company's current Stock Option Plan (the "**Plan**") was approved by the shareholders of the Company at the Company's Annual and Special General Meeting held on April 26, 2018. The Plan was originally designed to comply with the policies of the TSX Venture Exchange (the "**TSX-V**") and accepted by the Canadian Securities Exchange (the "**CSE**") upon listing CSE and the Plan has now been updated to comply with the policies of the CSE. The Company is seeking re-approval of the Plan by the shareholders.

The purpose of the Plan is to attract and retain directors, officers, employees and consultants of, and service providers to, the Company and to align their interests with shareholders by allowing them to directly participate in an increase in per share value created for the Company's shareholders.

Eligible participants under the Plan include directors, officers, consultants, and employees of the Company or its subsidiaries, and employees of a person or company that provides management services to the Company or its subsidiaries. Options under the Plan are typically granted in such numbers as reflect the level of responsibility of the particular optionee and his or her contribution to the business and activities of the Company. The Plan further provides that the exercise price at which shares may be issued thereunder cannot be less than the current market price at the time of grant, being the closing sale price per share for board lots of the Company shares on the CSE on the immediately preceding day and the said exercise price of any options so granted cannot be reduced without shareholder approval. Options granted under the Plan typically have five year terms and are typically made cumulatively exercisable by the optionee as to a proportionate part of the aggregate number of shares subject to the options over specified time periods, such being dependent on the length of service and the level of responsibility the particular optionee has with the Company as at the time of the grant. In no event can the term of any option granted under the Plan exceed five years. The existing plan provides that each option is subject to a minimum 24-month vesting schedule, with each option grant vesting in increments of 25% each six-month period.

In the event of a liquidation, dissolution, re-organization, merger, consolidation, or upon sale of substantially all of the property or more than eighty (80%) of the then outstanding shares of the Company to another company, all unvested options thereupon will immediately vest and may become exercisable by the optionee prior to consummation of the event that results in the termination of the Plan. Options are assignable only in limited circumstances, such as to an optionee's corporation controlled by such optionee. Subject to compliance with applicable requirements of the CSE, optionees may elect to hold options granted to them in an incorporated entity, wholly owned by them, and such entity shall be bound by the Plan in the same manner as if the options were held by the optionee. Vested options terminate within 30 days of the termination of an optionee's employment with the Company (subject to the earlier expiry of the options in the normal course) unless such termination is a result of death, in which case termination occurs upon the expiry of 12 months from the occurrence of the optionee's death (subject to the earlier expiry of the options in the normal course). Unvested options terminate immediately upon termination of an optionee's employment with the Company. Options issued pursuant to the Plan cannot be converted to SARs.

Under the terms of the Plan, "insider" shall have the meaning ascribed to it within security regulations., and:

i. the number of securities issuable to insiders, at any time, under all security-based compensation arrangements, cannot exceed 10% of issued and outstanding common shares;

ii. the number of securities issued to insiders, within any one-year period, under all security-based compensation arrangements, cannot exceed 10% of issued and outstanding common shares;

iii. the aggregate number of shares reserved for issuance under the Plan to any one person shall not exceed 5% of the issued and outstanding common shares;

iv. the aggregate number of shares issued to any one insider (including associates of that insider) within any 12-month period, pursuant to the exercise of options granted under the Plan, shall not exceed 5% of the issued and outstanding common shares;

v. the number of options granted to any one consultant in any 12-month period shall not exceed 2% of the issued and outstanding common shares;

vi. the aggregate number of options granted to all persons employed to provide investor relation activities shall not exceed 2% of the issued and outstanding shares of the Corporation in any 12-month period;

vii. the Company does not have the ability to modify the Plan by adding a cashless exercise feature; and

viii. Disinterested Shareholder Approval (as defined in the Plan) must be obtained for any reduction in the exercise price of the option if the optionee is an insider of the Company at the time of the proposed amendment.

Subject to applicable approval of the Exchange, the Board may, at any time, suspend or terminate the Plan. Under the Plan, the Board has the authority to make the following amendments or revisions to the terms of the Plan without requiring the consent of shareholders or the CSE:

i. minor amendments or changes of a "housekeeping" nature;

ii. changing the terms and conditions governing options under the Plan, including with respect to the option period unless the option is held by an insider (provided that the period during which an option is exercisable does not exceed 10 years from the date the option is granted), vesting period, exercise method and frequency and assignability of an option;

iii. a change to the termination provisions of an option issued pursuant to the Plan which does not entail an extension beyond the original expiry date, including determining that any of the provisions of the Plan concerning the effect of termination of the optionee's employment or consulting agreement or cessation of the optionee's directorship, shall not apply for any reason acceptable to the Board;

iv. changing the terms and conditions of any financial assistance which may be provided by the Company to optionees to facilitate the purchase of common shares under the Plan, or adding or removing any provisions for such financial assistance; and

v. delegating any or all of the powers of the Board to administer the Plan to any committee of the Board or senior officer of the Company.

The following table summarizes relevant information as of October 31, 2018 with respect to compensation plans under which equity securities are authorized for issuance:

Plan Category	**Number of shares to be issued upon exercise of outstanding options**	**Weighted-average exercise price of outstanding options**	**Number of securities remaining available for future issuance under equity compensation plans [(2)]**
Equity compensation plans approved by shareholders [(1)]	900,000	$0.21	4,445,652
Equity compensation plans not approved by shareholders	nil	N/A	N/A

1) The Sona Nanotech Inc. Stock Option Plan
2) Based on 10% of the Company's issued and outstanding shares as at October 31, 2018, being 53,456,519.

As at March 25, 2019, 2,310,000 common shares, being 4.3% of the 53,456,519 currently issued common shares of the Company, were issuable pursuant to unexercised options granted to such date. Options to purchase a further 3,035,652 common shares, being 5.7% of the currently issued common shares of the Company, remained grantable as at such date under the Plan.

Outstanding Stock Option Awards – Named Executive Officers

The following table sets forth the details in respect of outstanding stock options granted to each Named Executive Officer as of October 31, 2018. The value of the unexercised in-the-money options as at October 31, 2018 has been determined based on the excess of the closing price per common share of the common shares on the CSE over the exercise price of such options.

	Option-based awards				
Name and principal position	**Number of securities underlying options at the time of grant (#)**	**Number of securities underlying unexercised options (#)**	**Percentage of class (%)[(1)]**	**Option exercise price ($)**	**Option expiration date**
Darren Rowles, CEO	nil	nil	N/A	N/A	N/A
Robert Randall, CFO	50,000 50,000	50,000 50,000	5.6% 5.6%	0.28 0.20	Sept 11, 2019 July 11, 2021

1) As a percentage of the 900,000 stock options outstanding at October 31, 2018.

Incentive Plan Awards – Value Vested or Earned during the Most Recently Completed Financial Year

The following table sets forth the value of the stock option awards that vested for each Named Executive Officer in 2018, as well as the non-equity incentive plan compensation earned during the financial year ended October 31, 2018:

Name and principal position	**Option-based awards – value vested during the year ($) [(1) (2)(3)]**	**Non-equity incentive plan compensation – value earned during the year ($)**
Darren Rowles, CEO	nil	nil
Robert Randall, CFO	2,000	nil

1) Value vested is calculated as the dollar value that would have been realized had the option been exercised on the date that it vested less the related exercise price multiplied by the number of vesting options.
2) Based on October 31, 2018 closing share price on the CSE of $0.24 per share.
3) Certain stock option awards that vested for each Named Executive Officer in 2018 had exercise prices that were above or equal to the market value of the common shares at the time of vesting, and therefore had no reportable value.

EQUITY COMPENSATION PLAN INFORMATION

Options Re-pricings

The Company did not re-price any options during the financial year ended October 31, 2018, other than the automatic re-pricing which occurred by reason of the Company's share consolidation upon its amalgamation.

Long-Term Incentive Plan and Pension Plans

The Company does not have a long-term incentive plan or pension plan for directors or executive officers, other than the Company's Stock Option Plan.

Termination of Employment, Change in Responsibilities and Employment Contracts

As of August 8, 2018, Mr. Darren Rowles became the Company's President and Chief Executive Officer. Pursuant to his employment contract, Mr. Rowles is entitled to an annual salary of $150,000, payable monthly. Should a change in control event occur for the Company, Mr. Rowles may elect to terminated his employment with Sona, in which event the Company would be required to pay Mr. Rowles receive lump sum payments equal to six months of his then current base salary during the first two years of employment and 12 months of his then current base salary following the two year anniversary of the agreement.

Effective July 1, 2012, the Company entered into a consulting agreement (the "Consulting Agreement") with Randall Consulting Inc., pursuant to which Mr. Randall serves the Company as Chief Financial Officer and Corporate Secretary. Mr. Randall is paid a daily rate for the provision of these services. The Consulting Agreement with Mr. Randall can be terminated by either the Company or Mr. Randall without penalty, subject to 30 days notice.

Certain employees of Numus Financial Inc. ("Numus"), a private company owned by a director and a significant shareholder of the Company, provides management services to the Company pursuant to a Management Services Agreement between the Company and Numus. If the Agreement is cancelled by the Company, a break fee of eighteen months of remuneration, being $342,000, will be payable to Numus, in addition to the service fees applicable for the 90 day notice period. If the Financial Controller services are cancelled by the Company, a break fee of six months of remuneration, being $15,000, will be payable to Numus, in addition to the Financial Controller services fee applicable for the 90 day notice period. If the Office Services are cancelled by the Company with six months' notice to Numus, a break fee of six months of remuneration, being $15,300, will be payable to Numus.

In addition, Numus shall have a first right of refusal to act as an advisor on a Sona transaction for a fee of 1.25% of the value of the transaction and Numus, or its subsidiary, shall have a first right of refusal to act as an agent on all financings conducted by Sona.

Approach to Risk

The Board is aware that compensation practices can have unintended risk consequences. The Compensation Committee reviews the Company's compensation policies to identify any practice that might encourage an employee to expose the Company to unacceptable risk. At the present time, the Compensation Committee is satisfied that the current executive compensation program does not encourage the executives to expose the business to inappropriate risk. The Board takes a conservative approach to executive compensation rewarding individuals for the success of the Company once that success has been demonstrated and incenting them to continue that success through the grant of long-term incentive awards.

Hedging Policy

No Named Executive Officer or Director has purchased any financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive Officer or Director, notwithstanding that there is no policy prohibiting such purchase as of the date of this Circular.

Compensation of Directors

For the year ended October 31, 2018, current and proposed non-employee directors were not compensated by cash-based director fees. The compensation for current and proposed non-employee directors in 2018 was option-based, issued in accordance with the Company's Stock Option Plan.

The Company is eligible to grant stock options to directors under the Company's Plan. During the year ended October 31, 2018, no stock options were issued to non-employee directors of the Company.

As of October 31, 2018, non-employee current and proposed directors of the Company held the following options:

Name	Number of stock options held
Wade K. Dawe	137,500
Michael Gross	nil
Zephaniah Mbugua	112,500
Robert McKay	125,000
James Megann	125,000
A. Neil Smith	nil
Daniel Whittaker	nil

The directors are indemnified by the Company against all costs, charges and expenses reasonably incurred by such director in respect of any action or proceeding to which such director is made a party by reason of being a director of the Company, subject to the limitations in respect thereof contained in the *Canada Business Corporations Act*.

Directors are reimbursed for their out-of-pocket expenses incurred in attending directors' and committee meetings.

The following table summarizes the compensation earned, awarded or granted to each of the non-employee directors of the Company for the year ended October 31, 2018:

Name	Fees earned ($) [1]	Share-based awards ($)	Option-based awards ($) [2]	Non-equity incentive plan compensation ($)	All other compensation ($)	Total ($)
Wade K. Dawe	nil	nil	15,785	nil	nil	15,785
Michael Gross	nil	nil	nil	nil	nil	nil
Zephaniah Mbugua	nil	nil	14,087	nil	nil	14,087
Robert McKay	nil	nil	14,087	nil	nil	14,087
James Megann	nil	nil	14,666	nil	nil	14,666
A. Neil Smith	nil	nil	nil	nil	nil	nil
Daniel Whittaker	nil	nil	nil	nil	nil	nil

1) No cash-based compensation was earned by the directors during the year ended October 31, 2018.
2) This column reflects the estimated grant date fair value of options granted during the year that will be recognized as compensation expense by the Company for financial reporting purposes, as determined in accordance with IFRS. The estimated fair value of options is calculated using the Black-Scholes Option Pricing Model.

Outstanding Stock Option Awards – Directors

The following table sets forth the details in respect of outstanding stock options granted to each of the non-employee directors as of October 31, 2018. The value of the unexercised in-the-money options as at October 31, 2018 has been determined based on the excess of the closing price of the common shares on the CSE per common share over the exercise price of such options.

	Option-based awards				
Name and principal position	**Number of securities underlying options at the time of grant (#)**	**Number of securities underlying unexercised options (#)**	**Percentage of class (%)[(1)]**	**Option exercise price ($)**	**Option expiration date**
Wade K. Dawe	62,500 75,000	62,500 75,000	6.9% 8.3%	0.20 0.20	June 5, 2019 July 11, 2021
Michael Gross	nil	nil	N/A	N/A	N/A
Zephaniah Mbugua	62,500 50,000	62,500 50,000	6.9% 5.6%	0.20 0.20	June 5, 2019 July 11, 2021
Robert McKay	62,500 62,500	62,500 62,500	6.9% 6.9%	0.20 0.20	June 5, 2019 July 11, 2021
James Megann	50,000 75,000	50,000 75,000	5.6% 8.3%	0.20 0.20	June 5, 2019 July 11, 2021
A. Neil Smith	nil	nil	N/A	N/A	N/A
Daniel Whittaker	nil	nil	N/A	N/A	N/A

1) As a percentage of the 900,000 stock options outstanding at October 31, 2018.
2) Based on October 31, 2018 closing share price on the CSE of $0.24 per share.

Incentive Plan Awards – Value Vested or Earned During the Year – Directors

The following table sets forth the value of the incentive stock option-based awards that vested for each current and proposed non-employee director in 2018, as well as the non-equity incentive plan compensation earned during the financial year ended October 31, 2018:

Name	**Option-based awards – value vested during the year ($) [(1) (2)]**	**Non-equity incentive plan compensation – value earned during the year ($)**
Wade K. Dawe	5,500	nil
Michael Gross	nil	nil
Zephaniah Mbugua	4,500	nil
Robert McKay	5,000	nil
James Megann	5,000	nil
A. Neil Smith	nil	nil
Daniel Whittaker	nil	nil

1) Value vested is calculated as the dollar value that would have been realized had the option been exercised on the date that it vested less the related exercise price multiplied by the number of vesting options.
2) Based on October 31, 2018 closing share price on the CSE of $0.24 per share.

CORPORATE GOVERNANCE PRACTICES

Set out below is a description of certain corporate governance practices of the Company, as required by National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

Board of Directors

The majority of the members of the Board are independent directors. Multilateral Instrument 52-110 *Audit Committees* ("MI 52-110") of the Canadian Securities Administrators sets out the standard for director independence. Under MI 52-110, a director is independent if he or she has no direct or indirect material relationship with the Company. Under MI 52-110, a material relationship is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment. MI 52-110 also sets out certain situations where a director will automatically be considered to have a material relationship with the Company. Applying the definition set out in MI 52-110, three of the four members of the Board are independent.

The Board relies on senior outside legal counsel to provide advice and consultation on current and anticipated matters of corporate governance. The independent directors will meet in-camera, from time to time, with the Company's outside legal counsel participating by invitation, when deemed appropriate by the independent directors. At the present time, the Board believes that the knowledge, experience and qualifications of its independent directors are sufficient to ensure that the Board can function independently of management and discharge its responsibilities.

During the year ended October 31, 2018, there were three meetings of the Company's Board of Directors and all Directors attended.

Currently, the following current and proposed directors serve on the Boards of Directors of other public companies, as listed below:

Director	**Public Company Board Member**
Wade K. Dawe	Fortune Bay Corp., Torrent Capital Ltd. and Pivot Technology Solutions, Inc.
Michael Gross	Fortune Bay Corp.
Zephaniah Mbugua	TransCentury (Nairobi Securities Exchange)
Robert McKay	N/A
James Megann	Torrent Capital Ltd and Antler Gold Inc.
A. Neil Smith	N/A
Daniel Whittaker	Antler Gold Inc. and Battery Road Capital Corp.

Board Mandate

The Board of the Company has no specific mandate, its powers being all-encompassing. Responsibilities not delegated to senior management or to a committee of the Board remain those of the full Board. The Board does not believe that it is appropriate for it to be involved in the day-to-day management and functioning of the Company. It expects that senior management will be responsible for the effective management of the Company, subject to the Board's stewardship responsibilities. Given the Board's overall stewardship responsibilities, the Board expects management of the Company to meet the following key objectives:

i. review on an ongoing basis the Company's near-term and long-term strategic plans and their implementation in all key areas of the Company's activities in light of, among other things, evolving industry and market conditions and with a view to maximizing shareholder value;

ii. report, in a comprehensive, accurate and timely fashion, on the business and affairs of the Company generally, and on any specific matters that management considers to be of material or significant consequence for the Company and its shareholders and other stakeholders;

iii. take timely action and make all appropriate decisions with respect to the Company's operations in accordance with all applicable legal and other requirements or obligations and within the framework of the corporate policies in effect and implement appropriate policies, procedures and processes to assure the highest level of conduct and integrity of the Company's management and of its employees; and

iv. conduct a comprehensive annual budgeting process and monitor closely the Company's financial and operating performance in conjunction with the annual business plan and budget approved by the Board.

Position Descriptions

The Board has not developed written position descriptions for the Chair and the Chair of each Board Committee, nor has the Board developed a written position description for the CEO. The Board believes that formulating such position descriptions is generally more appropriate for companies of significantly

larger size and complexity than the Company and which may have significantly larger boards of directors. With respect to management's responsibilities, generally, any matters of material substance to the Company are submitted to the Board for, and are subject to, its approval. Such matters include those matters which must by law be approved by the Board (such as share issuances) and other matters of material significance to the Company, including any debt or equity financings, investments, acquisitions and divestitures, and the incurring material expenditures or legal commitments. The Board and/or its Audit Committee also reviews and approves the Company's major communications with shareholders and the public including the annual report (and financial statements contained therein), quarterly financial statements and management discussion and analysis to shareholders, the annual Information Circular, and the Annual Information Form. The specific corporate objectives which the CEO is responsible for meeting (aside from the overall objective of enhancing shareholder value) are, in the Company's case, typically related to the advancement, growth, management and financing of the Company and its exploration projects and matters ancillary thereto.

Orientation and Continuing Education

The Board does not provide an orientation or education program for Board members, as it believes that such programs are generally more appropriate for companies of significantly larger size and complexity than the Company and which may have significantly larger boards of directors. The Company's Board members have considerable industry and public company experience and rely on this experience and their backgrounds in business to best determine how to maintain and enhance their skills.

Ethical Business Conduct

The Company has adopted a Code of Business Conduct and Ethics (the "**Code**") to which all directors, officers and employees of the Company must adhere. The Code is a comprehensive set of expectations, obligations and responsibilities relating to ethical conduct, corporate reporting, conflicts of interests and compliance with legal and regulatory obligations and with the Company's policies, including its environmental, health and safety, non-discrimination and other policies. A copy of the Code may be examined and/or obtained by accessing the Company's website at www.Sona .com.

Under the Code, directors, officers and employees are required to promptly report any problems or concerns and any actual or potential violation of the Code to their supervisor. The Board monitors compliance with the Code by requiring management to advise it of any reports received regarding violations of the Code. The Company also requires, as at December 31st of each year, confirmation that all senior employees of the Company have acted in compliance with the Code throughout the relevant period and that to the best of their knowledge, all other employees and representatives of the Company have also acted in compliance with the Code.

The Company also has a Whistleblower Protection Policy which sets out the procedures for the receipt and treatment of complaints or concerns received by the Company regarding any impropriety or inaccuracy in respect of its financial statement disclosure or regarding its accounting procedures or practices, internal accounting controls, auditing matters or any violations of the Code. The policy includes provision for the submission or reporting by employees (including officers) of the Company or others, on a confidential and anonymous basis, of any such complaints or concerns to the Chairman of the Audit Committee. Complaints or concerns are investigated by the Audit Committee or by persons designated by the Audit Committee.

In respect of any transactions or agreements involving the Company and in respect of which a director of the Company has a material interest or a conflict or potential conflict of interest, that director, in order that the members of the Board exercise independent judgment in respect thereto, is required to disclose such to the Board prior to any such transaction or agreement being considered by the Board and is not permitted to vote on any Board resolution with respect thereto. Should any officer similarly have any such material interest or conflict or potential conflict of interest, such officer must similarly disclose such to the Board.

Nomination of Directors

The Board does not have a nominating committee.

The Company reviews the composite of its Board on a periodic basis, including Board assessments based on contributions, experience, geography, gender, and independence. The Company does not have a mandatory retirement policy or term limit policy for members of the Board. The Company considers it important to retain directors with significant business experience in the industry, and therefore Sona's practice is to not set term limits for its directors. Individual directors are invited to propose new nominees to the Board having regard to the Company's business strategy and the current composition of the Board.

Board Committees

The Board currently has two committees: (i) the Audit Committee and (ii) the Compensation Committee. All such committees report directly to the Board. From time-to-time, based on need, ad hoc committees of the Board may also be appointed.

The Audit Committee

The Audit Committee is currently composed of three directors, being Robert McKay (Chair), Daniel Whittaker and James Megann. The majority of the Company's Audit Committee members are considered to be independent directors. All such members are "financially literate", as such term is used in MI 52-110 (i.e. having the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the relevant entity's financial statements). The Audit Committee operates under a written charter.

The Audit Committee meets with the Company's CFO and financial management personnel and/or its independent auditors at least four times a year, and at least once every quarter, to review and assist, as part of its Terms of Reference, the Board in its oversight responsibilities relating to, among other matters, the quality and integrity of the Company's financial statements and MD&A, the accounting and financial reporting principles and procedures of the Company and the adequacy of the Company's system of internal controls. The Audit Committee meets with the Company's independent auditors at least once per year without the presence of management and as well communicates directly with such auditors as circumstances warrant. The Audit Committee reviews, among other things, the Company's financial reporting practices and procedures, the Company's annual and quarterly financial statements and MD&A prior to their issuance to shareholders and filing with regulatory agencies, actual and prospective changes in significant accounting policies and their effect, the planned scope of examinations by the Company's independent auditors and their findings and recommendations and the scope of audit and non-audit services provided by the independent auditors. It also recommends to the Board the independent auditors to be proposed to the shareholders for appointment at the Company's annual meeting and approves the remuneration of such auditors.

During the year-ended October 31, 2018, there were three meetings of the Company's Audit Committee and one in-camera meeting was held with the Company's auditors. The Audit Committee members were present at all Audit Committee meetings held during the year.

In response to recent regulatory initiatives in the United States and Canada, the Audit Committee has also reviewed the Company's use of its independent auditors for non-audit services. In 2018, the Company incurred fees from said auditors totaling $29,500 for audit and audit-related services. The Audit Committee believes that the extent to which the Company uses its independent auditors for non-audit services is not significant and accordingly does not affect their independence.

The Compensation Committee

The Compensation Committee is currently composed of three directors, being Jim Megann (Chair) Robert McKay, and A. Neil Smith. The Compensation Committee is responsible for making recommendations to the Board with respect to the remuneration of the CEO and the other senior executives of the Company, all as described under "Compensation Discussion and Analysis". In addition, the Compensation Committee advises the Board on all other employee benefit plans, the Plan and directors' compensation.

Each of the Compensation Committee members is a senior executive with extensive business experience and acumen. The Committee has the skills and experience that permit it to make decisions on the suitability of the Company's compensation policies and practices. The Committee draws on its expertise in balancing the Company's need to retain and motivate the best available talent with shareholder, regulatory, and public concerns over executive pay. The Committee has a proven ability to work effectively with the CEO in setting appropriate levels of executive compensation based on the Company's financial resources and scope of operations.

The Compensation Committee did not meet during the year-ended October 31, 2018 and has met once since the end of the year.

Assessments

Board effectiveness is assessed by the Board as a whole, considering the operation of the Board committees, the adequacy of information provided to directors, the quality of communication between the Board and management and the historic growth and performance of the Company. The Board believes that this informal assessment has permitted the Board to operate effectively.

Gender Diversity

The Company has a formal policy related to diversity, including gender, age, ethnicity, disability, and geographical background, on the Board and on the management team. The Board is aware of the benefit of diversity on the Board and within the management team of the Company. The Board takes gender diversity into consideration during the recruitment and selection process of the Board and management positions.

The Company ensures there is a diverse Board, with a sufficient number of directors, to encourage a variety of opinions and insights on matters which come before the Board, while at the same time limiting its membership to a number of directors that facilitates effective and efficient decision-making. Recommendations concerning director appointments are based on merit and performance. Diversity is taken into consideration and is considered advantageous as it relates to qualifications, insights and experiences.

In the recruitment for new directors or officers, the Board considers the level of female representation and diversity on the Board and in management positions. This is one of several factors used in its search process. This will be achieved through continuously monitoring the level of female representation on the Board and in management positions and, where appropriate, recruiting qualified female candidates as part of the Company's overall recruitment and selection process to fill Board or management positions.

The Board has not adopted targets regarding the representation of women on the Board and in executive officer positions due to the small size of the Company, the small number of employees, and the need to consider a balance of criteria in each individual appointment. It is important that each appointment to the Board or in executive officer positions be made based on the merits of the individual and the need of the Company at that point in time. In addition, targets based on one specific criteria such as gender could limit the Board's ability to ensure that the overall composition of the Board or management of the Company meets the needs of the Company.

Currently, none (0%) of the executive officers of the Company are female, and none (0%) of the five directors are female.

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS TO THE COMPANY

No director or senior officer of the Company, proposed management nominee for election as a director of the Company or associate or affiliate of any such director, senior officer or proposed nominee is or has been indebted to the Company or any of its subsidiaries at any time during the Company's last completed financial year, other than routine indebtedness.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

On February 25, 2015, the Company completed a $295,000 bridge loan financing from various directors and other private investors of the Company by the issuance of 12% unsecured convertible promissory notes (the "Notes"). The Notes were issued at an interest rate of 12% per annum, payable quarterly commencing August 25, 2015, and will be repayable by the Company on or before the maturity date of September 29, 2019. The principal amount of the Notes is convertible into common shares of the Company at the election of the holder at the rate of $0.05 of principal converted per share (the "Conversion Price"). If the Notes are not repaid within three days of the maturity date, they will be automatically converted into common shares of the Company at the Conversion Price. Effective October 20, 2015, certain terms of the Notes were revised to meet the requirements of the TSX-V, and interest on the notes was revised to 15%. If interest is not paid each quarter, any accrued interest can be converted, at the option of the holder, into shares at $0.05 or the five-day Volume Weighted-Average Price ("VWAP") preceding the date of conversion, whichever is higher.

During the year-ended October 31, 2015, the Company was provided an operating line of credit of up to $250,000 by a company owned by a director and a Technical Consultant of Sona. Interest on the operating line of credit is payable monthly at prime plus 1%. As at October 31, 2016, the balance of the line of credit outstanding was $211,468, plus accrued interest payable of $1,307. The Company has repaid the balance of the line of credit, including all outstanding interest, and the balance of the line of credit outstanding as of the date of this report is $nil.

Other than as set forth in this Information Circular, no director or senior officer of the Company at any time since the beginning of the Company's last financial year, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of any of the foregoing, has any material interest, directly or indirectly, by way of beneficial ownership of securities or otherwise, in any transaction since the commencement of the Company's most recently completed financial year or in a proposed transaction which has materially affected or would materially affect the Company.

ANY OTHER MATTERS

Management of the Company knows of no matters to come before the meeting other than those referred to in the Notice of Meeting accompanying this Information Circular. However, if any other matters properly come before the meeting, it is the intention of the persons named in the form of proxy accompanying this Information Circular to vote the same in accordance with their best judgment of such matters.

ADDITIONAL INFORMATION

Additional information regarding the Company is available on SEDAR at www.sedar.com and on the Company's website at www.sona .com. Financial information regarding the Company is provided in the Company's Consolidated Financial Statements and Management Discussion and Analysis ("MD&A"), mailed to those shareholders who requested such information. The Company's Consolidated Financial Statements and MD&A for the year-ended October 31, 2018, together with the auditor's report thereon, and this Circular may be obtained from the Secretary of the Company upon request.

DIRECTORS' APPROVAL

The Board of Directors has approved the contents of this Circular and has authorized it to be sent to shareholders.

DATED at Halifax this 25th day of March 2019.

Signed "*Daniel Whittaker* "
Daniel Whittaker, Chairman

Signed *"Robert McKay"*
Robert McKay, Director

SONA NANOTECH INC.
(the "Company")

STOCK OPTION PLAN

1. PURPOSE OF THE PLAN

The Company hereby establishes a stock option plan for Directors, officers, employees, and Consultants, (as such terms are defined below) of the Company and its subsidiaries (collectively, "**Eligible Persons**"), to be known as the "Stock Option Plan" (the "**Plan**"). The purpose of the Plan is to give to Eligible Persons, as additional compensation, the opportunity to participate in the success of the Company by granting to such individuals options.

2. DEFINITIONS

In this Plan, the following terms shall have the following meanings:

2.1. "**Associate**" has the meaning ascribed thereto in the Securities Act.

2.2. "**Board**" means the Board of Directors of the Company.

2.3. "**Change of Control**" means the acquisition by any person or by any person and all Joint Actors, whether directly or indirectly, of voting securities (as defined in the Securities Act) of the Company, which, when added to all other voting securities of the Company at the time held by such person or by such person and a Joint Actor, totals for the first time not less than fifty percent (50%) of the outstanding voting securities of the Company or the votes attached to those securities are sufficient, if exercised, to elect a majority of the Board of the Company.

2.4. "**Company**" means Sona Nanotech Inc. and its successors.

2.5. "**Consultant**" means a person providing consulting services to the Company or any of its subsidiaries.

2.6. "**Consultant Corporation**" means for an individual Consultant, a corporation or partnership of which the individual is an employee, shareholder or partner.

2.7. "**CSE Policies**" means the policies included in the Canadian Securities Exchange Policies and Forms and "**CSE Policy**" means any one of them.

2.8. "**Director**" means a director of the Company or any of its subsidiaries.

2.9. "**Disability**" means any disability with respect to an Optionee which the Board, in its sole and unfettered discretion, considers likely to prevent permanently the Optionee from:

i. being employed or engaged by the Company, its subsidiaries or another employer, in a position the same as or similar to that in which he was last employed or engaged by the Company or its subsidiaries; or

ii. acting as a director or officer of the Company or its subsidiaries.

2.10. "**Eligible Persons**" has the meaning given to that term in section 1 hereof.

2.11. "**Exchange**" means the Canadian Securities Exchange and, if applicable, any other stock exchange on which the Shares are listed.

2.12. "**Expiry Date**" means the date set by the Board under subsection 3.1 of the Plan, as the last date on which an Option may be exercised.

2.13. "**Grant Date**" means the date specified in the Option Agreement as the date on which an Option is granted.

2.14. "**Insider**" means an "**Insider**" as defined in the British Columbia Securities Act.

2.15. "**Joint Actor**" has the meaning defined in National Instrument 62-103, The Early Warning System and Related Take-Over Bid and Insider Reporting Issues.

2.16. "**Management Company Employee**" means an individual employed by a Person providing management services to the Issuer, which are required for the ongoing successful operation of the business enterprise of the Issuer.

2.17. "**Option**" means an option to purchase Shares granted pursuant to this Plan.

2.18. "**Option Agreement**" means an agreement, in the form attached hereto as Exhibit "A", whereby the Company grants to an Optionee an Option.

2.19. "**Optionee**" means each of Eligible Persons granted an Option pursuant to this Plan and their heirs, executors and administrators.

2.20. "**Option Price**" means the price per Share specified in an Option Agreement, adjusted from time to time in accordance with the provisions of section 5.

2.21. "**Option Shares**" means the aggregate number of Shares which an Optionee may purchase under an Option.

2.22. "**Shares**" means the common shares in the capital of the Company as constituted on the Grant Date provided that, in the event of any adjustment pursuant to section 5; "**Shares**" shall thereafter mean the shares or other property resulting from the events giving rise to the adjustment.

2.23. "**Securities Act**" means the Securities Act, R.S.B.C. 1996, c.418, as amended, as at the date hereof.

2.24. "**Unissued Option Shares**" means the number of Shares which have, at a particular time, been reserved for issuance upon the exercise of an Option, but which have not been issued, as adjusted from time to time in accordance with the provisions of section 5, such adjustments to be cumulative.

2.25. "**Vested**" means that an Option has become exercisable in respect of a number of Option Shares by the Optionee pursuant to the terms of the Option Agreement.

3. GRANT OF OPTIONS

3.1. Option Terms

The Board may from time to time authorize the allocation and issue of Options to specific Eligible Persons of the Company and its subsidiaries. The Option Price under each Option shall be determined by the Board at the time the Option is granted, but, in the event the Shares are traded on the Exchange, the Option Price shall not be lower than the greater of the closing market prices of the Shares on (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the stock options. The Expiry Date for each Option shall be set by the Board at the time of issue of the Option and shall not be more than ten years after the Grant Date. Options shall not be assignable (or transferable) by the Optionee. Both the Company and the Optionee are responsible for ensuring and confirming that the Optionee is a *bona fide* Eligible Person.

3.2. Limits on Shares Issuable on Exercise of Options

The Plan is a 10% rolling plan and the total number of Shares issuable upon exercise of Options under the Plan cannot exceed 10% of the Company's issued and outstanding Shares on the date on which an Option is granted, less Shares reserved for issuance on exercise of Options then outstanding under the Plan.

The Plan is also subject to the following restrictions:

(a) The Company must not grant an Option to a director, employee, consultant, or consultant company (the "**Service Provider**") in any 12-month period that exceeds 5% of the outstanding Shares of the Company, unless the Company has obtained approval by a majority of the votes cast by all shareholders of the Company at the shareholders' meeting excluding votes attached to Shares beneficially owned by Insiders of the Company and their Associates ("**Disinterested Shareholder Approval**").

(b) The aggregate number of Options granted to a Service Provider conducting investor relations activities in any 12 month period must not exceed 1% of the outstanding Shares calculated at the date of the grant, without prior regulatory approval.

(c) The Company must not grant an Option to a Consultant in any 12 month period that exceeds 1% of the outstanding Shares calculated at the date of the grant of the Option.

(d) The aggregate number of Shares reserved for issuance under Options granted to Insiders must not exceed 10% of the outstanding Shares (if the Plan is amended to reserve for issuance more than 10% of the outstanding Shares) unless the Company has obtained Disinterested Shareholder Approval to do so.

(e) The number of Shares issued to Insiders upon exercise of Options in any 12 month period must not exceed 10% of the outstanding Shares (if the Plan is amended to reserve for issuance more than 10% of the outstanding Shares) unless the Company has obtained Disinterested Shareholder Approval to do so.

(f) The issuance to any one Optionee within a 12 month period of a number of Shares must not exceed 5% of outstanding Shares unless the Company has obtained Disinterested Shareholder Approval to do so.

(g) The exercise price of an Option previously granted to an Insider must not be reduced, unless the Company has obtained Disinterested Shareholder Approval to do so.

(h) The Company may implement such procedures and conditions as the Board deems appropriate with respect to withholding and remitting taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law.

3.3. Material Terms of the Plan

3.3.1. The following is a summary of the material terms of the Plan:

(a) persons who are Service Providers to the Company or its Affiliates, or who are providing services to the Company or its Affiliates, are eligible to receive grants of Options under the Plan;

(b) all Options granted under the Plan expire on a date not later than 10 years after the issuance of such Options. However, should the expiry date for an Option fall within a trading Blackout Period the expiry date will be extended as provided in Section 4.10;

(c) for Options granted to Service Providers, the Company must ensure that the proposed Optionee is a bona fide Service Provider of the Company or its Affiliates;

(d) an Option granted to any Service Provider will expire within 90 days (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the Optionee at any time prior to expiry of the Option), after the date the Optionee ceases to be employed by or provide services to the Company, but only to the extent that such Option was vested at the date the Optionee ceased to be so employed by or to provide services to the Company;

(e) if an Optionee dies, any vested Option held by him or her at the date of death will become exercisable by the Optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such Option;

(f) in the case of an Optionee being dismissed from employment or service for cause, such Optionee's Options, whether or not vested at the date of dismissal, will immediately terminate without right to exercise same;

(g) the exercise price of each Option will be set by the Board at the time the Option is granted; however, the Option Price shall not be lower than the greater of the closing market prices of the Shares on (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the stock options;

(h) vesting of Options shall be at the discretion of the Board, and will generally be subject to: (i) the Service Provider remaining employed by or continuing to provide services to the Company or its Affiliates, as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Company or its Affiliates during the vesting period; or (ii) the Service Provider remaining as a director of the Company or its Affiliates during the vesting period;

(i) in the event of a take-over bid being made to the shareholders generally, immediately upon receipt of the notice of the take-over bid, the Company shall notify each Optionee currently holding any Options, of the full particulars of the take-over bid, and all outstanding Options may, notwithstanding the vesting

terms contained in the Plan or any vesting requirements subject to regulatory approval; and

(j) the Board reserves the right in its absolute discretion to amend, suspend, terminate or discontinue the Plan with respect to all Shares reserved under the Plan in respect of Options which have not yet been granted.

3.3.2. Under the Plan, the Board may do the following, without obtaining shareholder approval:

(a) amend the Plan to correct typographical, grammatical or clerical errors;

(b) if permitted by the CSE Policies, change the vesting provisions of an Option granted under the Plan, if applicable;

(c) if permitted by the CSE Policies, change the termination provision of an Option granted under the Plan if it does not entail an extension beyond the original expiry date of such Option;

(d) make such amendments to the Plan as are necessary or desirable to reflect changes to securities laws applicable to the Company;

(e) make such amendments as may otherwise be permitted by regulatory authorities;

(f) if the Company becomes listed or quoted on a stock exchange or stock market senior to the Exchange, make such amendments as may be required by the policies of such senior stock exchange or stock market; and

(g) amend the Plan to reduce the benefits that may be granted to Service Providers.

3.4. Option Agreements

Each Option shall be confirmed by the execution of an Option Agreement. Each Optionee shall have the option to purchase from the Company the Option Shares at the time and in the manner set out in the Plan and in the Option Agreement applicable to that Optionee. For stock options to Employees, Consultants, Consultant Company or Management Company Employees, each of the Company and the Optionee is representing herein and in the applicable Option Agreement that the Optionee is a bona fide Employee, Consultant, Consultant Company or Management Company Employee, as the case may be, of the Company or its subsidiary. The execution of an Option Agreement shall constitute conclusive evidence that it has been completed in compliance with this Plan.

4. EXERCISE OF OPTION

4.1. When Options May be Exercised

Subject to subsections 4.3 and 4.4, an Option shall be granted as fully Vested on the Grant Date, and may be exercised to purchase any number of Shares up to the number of Unissued Option Shares at any time after the Grant Date, provided that this Plan has been previously approved by the shareholders of the Company, where such prior approval is required by the CSE Policies, up to 4:00 p.m. local time on the Expiry Date and shall not be exercisable thereafter.

4.2. Manner of Exercise

The Option shall be exercisable by delivering to the Company a notice specifying the number of Shares in respect of which the Option is exercised together with payment in full of the Option Price for each such Share and full payment of applicable income taxes. Upon notice and payment there will be binding contract for the issue of the Shares in respect of which the Option is exercised, upon and subject to the provisions of the Plan. Delivery of the Optionee's certified cheque or bank draft payable to the Company in the amount of the Option Price shall constitute payment of the Option Price unless the certified cheque is not honoured upon presentation for any reason, in which case the Option shall not have been validly exercised.

4.3. Vesting of Option Shares

An Option shall be granted hereunder as fully Vested, unless a vesting schedule is imposed by the Board as a condition of the grant on the Grant Date.

4.4. Termination of Employment

An Optionee ceases to be an Eligible Person, and his or her Option shall be exercisable as follows:

4.4.1. Death or Disability

Upon an Optionee's death or Disability or, in the case of an Optionee that is a company, the death or Disability of the person who provides management or consulting services to the Company or to any entity controlled by the Company, the Optionee shall cease to be an Eligible Person and the Option then held by the Optionee shall be exercisable to acquire Vested Unissued Option Shares at any time up to but not after the earlier of:

(i) 365 days after the date of death or Disability; and

(ii) the Expiry Date.

4.4.2. Termination For Cause

If the employment of an Optionee, or in the case of a Management Company Employee or a Consultant Company, the contract of the Optionee's employer, is terminated by the Company for cause, as that term is interpreted by the courts of the jurisdiction in which the Optionee, or, in the case of a Management Company Employee or a Consultant Company, of the Optionee's employer, is employed or engaged; the Optionee shall cease to be an Eligible Person and any outstanding Option held by such Optionee on the date of such termination shall be cancelled as of that date.

4.4.3. Early Retirement, Voluntary Resignation or Termination Other than For Cause

4.4.3.1. If the Optionee resigns or retires from his or her employment with the Company or, in the case of a Management Company Employee or a Consultant Company, the Optionee's employer voluntarily terminates its contract with the Company, the Optionee shall cease to be an Eligible Person and the Option then held by the Optionee shall be exercisable to acquire Vested Unissued Option Shares at any time up to but not after the earlier of the Expiry Date and the date which is 30 days after the effective date of the termination, resignation or retirements of the Optionee or, in the case of a Management Company Employee or a Consultant Company, as applicable.

4.4.3.2. If the Optionee's employment or, in the case of a Management Company Employee or a Consultant Company, the Optionee's employer's contract, is terminated by the Company other than for cause, the Optionee shall cease to be an Eligible Person and the Option then

held by the Optionee shall be exercisable to acquire Vested Unissued Option Shares at any time up to the Expiry Date or, if earlier, the later of (i) the date which is 30 days after the date notice of termination is given to the Optionee or, in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, .or (ii) the end of the minimum notice period required by statute, if applicable.

4.5. Effect of a Take-Over Bid

If a *bona fide* offer (an "**Offer**") for Shares is made to the Optionee or to shareholders of the Company generally or to a class of shareholders which includes the Optionee, which Offer, if accepted in whole or in part, would result in the offeror becoming a control person of the Company, within the meaning of subsection 1(1) of the *Securities Act*, the Company shall, immediately upon receipt of notice of the Offer, notify each Optionee of full particulars of the Offer, whereupon the Option Shares subject to such Option may be exercised in whole or in part by the Optionee so as to permit the Optionee to tender the Option Shares received upon such exercise, pursuant to the Offer. However, if:

(a) the Offer is not completed within the time specified therein; or

(b) all of the Option Shares tendered by the Optionee pursuant to the Offer are not taken up or paid for by the offeror in respect thereof,

then the Option Shares received upon such exercise, or in the case of clause (b) above, the Option Shares that are not taken up and paid for, may be returned by the Optionee to the Company and reinstated as authorized but unissued Shares and with respect to such returned Option Shares, the Option shall be reinstated as if it had not been exercised. If any Option Shares are returned to the Company under this subsection 4.5, the Company shall immediately refund the exercise price to the Optionee for such Option Shares.

4.6. Acceleration of Expiry Date

If at any time when an Option granted under the Plan remains unexercised with respect to any Unissued Option Shares, an Offer is made by an offeror, the Directors may, upon notifying each Optionee of full particulars of the Offer, declare all Option Shares issuable upon the exercise of Options granted under the Plan, are Vested (subject to the proviso below), and declare that the Expiry Date for the exercise of all unexercised Options granted under the Plan is accelerated so that all Options will either be exercised or will expire prior to the date upon which Shares must be tendered pursuant to the Offer. The Directors shall give each Optionee as much notice as possible of the acceleration of the Options under this section, except that not less than 5 business days and not more than 35 days notice is required.

4.7. Effect of a Change of Control

If a Change of Control occurs, all Option Shares subject to each outstanding Option may be exercised in whole or in part by the Optionee.

4.8. Exclusion From Severance Allowance, Retirement Allowance or Termination Settlement

The provisions of this Plan provide the complete entitlement of the Optionee upon termination of his or her employment or, in the case of a Management Company Employee or a Consultant Company Employee, the termination of the Optionee's employer’s contract, with the Company or any subsidiary of the Company, for any reason, including without or without cause, whether under contract, statute or common law. Except as expressly provided for herein, the Optionee shall have no right or entitlement to Option Shares, or damages in lieu thereof regardless of any notice, severance or termination period or package the Optionee or, in the case of a Management Company Employee or a Consultant Company Employee, the Optionee’s employer, may be otherwise entitled.

4.9. Shares Not Acquired or Exercised

Any Unissued Option Shares not acquired by an Optionee under an Option which has expired, and any Option Shares acquired by an Optionee under an Option when exercised, may be made the subject of a further Option granted pursuant to the provisions of the Plan.

4.10. Extension of Term During Trading Black Out

In the event the Expiry Date of an Option falls on a date during a trading black out period that has been self imposed by the Company (the "**Blackout Period**"), the Expiry Date of the Option will be extended to the 10th business day following the date that the self imposed trading black out period is lifted by the Company. For greater certainty, the Expiry Date of an Option will not be extended in the event a cease trade order is issued by a securities regulatory authority against the Company or an Optionee.

5. ADJUSTMENT OF OPTION PRICE AND NUMBER OF OPTION SHARES

5.1. Share Reorganization

Whenever the Company issues Shares to all or substantially all holders of Shares by way of a stock dividend or other distribution, or subdivides all outstanding Shares into a greater number of Shares, or combines or consolidates all outstanding Shares into a lesser number of Shares (each of such events being herein called a "**Share Reorganization**") then effective immediately after the record date for such dividend or other distribution or the effective date of such subdivision, combination or consolidation, for each Option:

(a) the Option Price will be adjusted to a price per Share which is the product of:

(i) the Option Price in effect immediately before that effective date or record date; and

(ii) a fraction, the numerator of which is the total number of Shares outstanding on that effective date or record date before giving effect to the Share Reorganization, and the denominator of which is the total number of Shares that are or would be outstanding immediately after such effective date or record date after giving effect to the Share Reorganization; and

(b) the number of Unissued Option Shares will be adjusted by multiplying (i) the number of Unissued Option Shares immediately before such effective date or record date by (ii) a fraction which is the reciprocal of the fraction described in subparagraph (a)(ii).

5.2. Special Distribution

Subject to the prior approval of the Exchange, whenever the Company issues by way of a dividend or otherwise distributes to all or substantially all holders of Shares:

(a) shares of the Company, other than the Shares;

(b) evidences of indebtedness;

(c) any cash or other assets, excluding cash dividends (other than cash dividends which the Board of Directors of the Company has determined to be outside the normal course); or

(d) rights, options or warrants,

then to the extent that such dividend or distribution does not constitute a Share Reorganization (any of such non-excluded events being herein called a "**Special Distribution**"), and effective immediately after the record date at which holders of Shares are determined for purposes of the Special Distribution, for each Option the Option Price will be reduced, and the number of Unissued Option Shares will be correspondingly increased,

by such amount, if any, as is determined by the Board in its sole and unfettered discretion to be appropriate in order to properly reflect any diminution in value of the Option Shares as a result of such Special Distribution.

5.3. Corporate Organization

Whenever there is:

(a) a reclassification of outstanding Shares, a change of Shares into other shares or securities, or any other capital reorganization of the Company, other than as described in subsections 5.1 or 5.2;

(b) a consolidation, merger or amalgamation of the Company with or into another corporation resulting in a reclassification of outstanding Shares into other shares or securities or a change of Shares into other shares or securities; or

(c) a transaction whereby all or substantially all of the Company's undertaking and assets become the property of another corporation,

(any such event being herein called a "**Corporate Reorganization**") the Optionee will have an option to purchase (at the times, for the consideration, and subject to the terms and conditions set out in the Plan) and will accept on the exercise of such option, in lieu of the Unissued Option Shares which he would otherwise have been entitled to purchase, the kind and amount of shares or other securities or property that he would have been entitled to receive as a result of the Corporate Reorganization if, on the effective date thereof, he had been the holder of all Unissued Option Shares or if appropriate, as otherwise determined by the Directors.

5.4. Determination of Option Price and Number of Unissued Option Shares

If any questions arise at any time with respect to the Option Price or number of Unissued Option Shares deliverable upon exercise of an Option following a Share Reorganization, Special Distribution or Corporate Reorganization, such questions shall be conclusively determined by the Company's auditor, or, if they decline to so act, any other firm of Chartered Professional Accountants in Vancouver, British Columbia, that the Directors may designate and who will have access to all appropriate records and such determination will be binding upon the Company and all Optionees.

5.5. Regulatory Approval

Any adjustment to the Option Price or the number of Unissued Option Shares purchasable under the Plan pursuant to the operation of any one of subsection 5.1, 5.2 or 5.3 is subject to the approval of the Exchange where required pursuant to their policies, and compliance with the applicable securities rules or regulations of any other governmental authority having jurisdiction.

6. MISCELLANEOUS

6.1. Right to Employment

Neither this Plan nor any of the provisions hereof shall confer upon any Optionee any right with respect to employment or continued employment with the Company or any subsidiary of the Company or interfere in any way with the right of the Company or any subsidiary of the Company to terminate such employment.

6.2. Necessary Approvals

The Plan shall be effective immediately upon the approval of the Board of Directors of the Company, where the Company is a non-reporting issuer. If the Company is a reporting issuer whose Shares are listed on any Exchange, then the Plan shall be effective only upon the approval of the shareholders of the Company given by way of Disinterested Shareholder Approval in the case of a new Plan, and the written acceptance of the Plan

by the Exchange where such prior approval is required by the policies of the Exchange. Any Options granted under this Plan before such approval shall only be exercised upon the receipt of such approval, where it is required by the policies of the Exchange. Each year thereafter, the Plan must also be adopted or ratified annually by way of Disinterested Shareholder Approval, where such annual adoption is required by the policies of the Exchange. The obligation of the Company to sell and deliver Shares in accordance with the Plan is subject to compliance with the policies of the Exchange and applicable securities rules or regulations of any governmental authority having jurisdiction. If any Shares cannot be issued to any Optionee for any reason, including, without limitation, the failure to comply with such policies, rules or regulations, then the obligation of the Company to issue such Shares shall terminate and any Option Price paid by an Optionee to the Company shall be immediately refunded to the Optionee by the Company.

6.3. Administration of the Plan

The Directors shall, without limitation, have full and final authority in their discretion, but subject to the express provisions of the Plan, to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations deemed necessary or advisable in respect of the Plan. Except as set forth in subsection 5.4, the interpretation and construction of any provision of the Plan by the Directors shall be final and conclusive. Administration of the Plan shall be the responsibility of the appropriate officers of the Company and all costs in respect thereof shall be paid by the Company.

6.4. Income Taxes

As a condition of participation in the Plan, any Optionee shall on request authorize the Company in writing to withhold from any remuneration otherwise payable to him or her any amounts required by any taxing authority to be withheld for taxes and contributions of any kind as a consequence of his or her participation in the Plan.

6.5. Amendments to the Plan

The Directors may from time to time, subject to applicable law and to the prior approval, if required, of the Exchange or any other regulatory body having authority over the Company or the Plan, suspend, terminate or discontinue the Plan at any time, or amend or revise the terms of the Plan or of any Option granted under the Plan (if permitted by the CSE Policies) and the Option Agreement relating thereto, provided that no such amendment, revision, suspension, termination or discontinuance shall in any manner adversely affect any option previously granted to an Optionee under the Plan without the consent of that Optionee. Any amendments to the Plan or options granted to Insiders (if permitted by the CSE Policies) thereunder will be subject to the approval of the shareholders, where such approval is required by the policies of the Exchange.

6.6. Form of Notice

A notice given to the Company shall be in writing, signed by the Optionee and delivered to the head business office of the Company.

6.7. No Representation or Warranty

The Company makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Plan.

6.8. Compliance with Applicable Law

If any provision of the Plan or any Option Agreement contravenes any law or any order, policy, by-law or regulation of any regulatory body or Exchange having authority over the Company or the Plan, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

6.9. No Assignment

No Optionee may assign any of his or her rights under the Plan or any Option granted thereunder.

6.10. Rights of Optionees

An Optionee shall have no rights whatsoever as a shareholder of the Company in respect of any of the Unissued Option Shares (including, without limitation, voting rights or any right to receive dividends, warrants or rights under any rights offering).

6.11. Conflict

In the event of any conflict between the provisions of this Plan and an Option Agreement, the provisions of this Plan shall govern.

6.12. Governing Law

The Plan and each Option Agreement issued pursuant to the Plan shall be governed by the laws of the Province of British Columbia.

6.13. Time of Essence

Time is of the essence of this Plan and of each Option Agreement. No extension of time will be deemed to be or to operate as a waiver of the essentiality of time.

6.14. Entire Agreement

This Plan and the Option Agreement sets out the entire agreement between the Company and the Optionees relative to the subject matter hereof and supersedes all prior agreements, undertakings and understandings, whether oral or written.

EXHIBIT "A"

SONA NANOTECH INC.

STOCK OPTION PLAN

OPTION AGREEMENT

This Option Agreement is entered into between Sona Nanotech Inc. (the "**Company**") and the Optionee named below pursuant to the Company's Plan (the "**Plan**"), a copy of which is attached hereto, and confirms that:

1. On ■, 20■ (the "**Grant Date**"), ■, (the "**Optionee**") was granted the option (the "**Option**") to purchase ■ common shares (the "**Option Shares**") of the Company, for the price (the "**Option Price**") of $■ per Option Share.

2. The Option terminates on ■, 20■ (the "**Expiry Date**").

3. The Option shall vest as follows: ■.

4. To exercise the Option, the Optionee must deliver a written notice, signed by the Optionee, specifying the number of Option Shares the Optionee wishes to acquire, together with a certified cheque or bank draft payable to the Company for the aggregate Option Price, to the Company.

5. When exercised, the Company will forthwith calculate all applicable Canadian government withholding taxes of the Optionee, and Canada or Quebec (if applicable) Pension Plan contributions, and the Optionee agrees to remit to the Company such taxes and contributions to the Company, which will be remitted by the Company to Canada Revenue Agency and reflected on any annual statement of remuneration issued by the Company.

6. By signing this Option Agreement, the Optionee acknowledges and consents to the disclosure of Personal Information[1] by the Company to the Canadian Securities Exchange (the "**Exchange**") pursuant to the Exchange Form 11 – *Notice of Proposed Stock Option Grant or Amendment*, which the Company is required to file in connection with this Option grant.

By signing this Option Agreement, the Optionee acknowledges that the Optionee has read and understands the Plan and agrees to the terms and conditions of the Plan and this Option Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Option Agreement as of the ■ day of ■, 20■.

SONA NANOTECH INC.

Per:

_____ _____

OPTIONEE Authorized Signatory

[1] Where "Personal Information" means any information about the Optionee, and includes the information contained in the tables, as applicable, found in Form 11 – *Notice of Proposed Stock Option Grant or Amendment.*