

Sona Nanotech Enters into a Manufacturing Service Agreement and a Sale Letter of Intent Agreement for 2mm Tests

Halifax, Nova Scotia--(Newsfile Corp. - March 30, 2020) - Sona Nanotech Inc. (CSE: SONA), (OTC Pink: SNANF) (the "Company") entered into service and supply agreements with a contract manufacturing organization (CMO) in Europe for the manufacture of its Covid-19 virus-detecting, rapid-response test. The Company also entered into a letter of intent agreement with an international distributor representing the health authority of a G20 country for the purchase of 2,000,000 test kits. The Company cautions that its test is still in development but expects to complete a functional prototype and confirm third party validation tests in the near future. R&D work is being done in Germany and Scotland, with consortium partners, and at the Company's lab in Dartmouth, Nova Scotia where qualified laboratory technicians are working with samples of the virus' antigen and antibodies, under the supervision of the Company's Chief Technology Officer, Head of R&D, and President and CEO. The Company expects to benefit from the regulatory relief offered by the FDA to expedite the availability of diagnostics associated with the Covid-19 disease, subject to certain conditions.

The manufacturing service and supply agreements are firm commitments requiring the Company to fund the manufacturing set-up and transfer its test technology for the purposes only of test kit manufacturing. The Company has applied for funding from the Canadian federal government for the advanced development of a test prototype and to accelerate manufacturing scale-up. Actual manufacturing is not expected to commence until firm orders with deposits have been secured.

The letter of intent for a sale is an expression of interest between the parties to supply 2,000,000 of the Company's tests at a price to be agreed in good faith following validation of the test and confirmation of manufacturing economics.

The Company is working with a consortium of international and Canadian partners to develop a functional prototype for an antigen detecting, rapid-response, lateral flow test that is expected to provide in-field test results in minutes, without the use of specialized laboratory equipment or technicians. The consortium includes GE Healthcare Life Sciences, The Native Antigen Company, AffinityImmuno, Bond Digital Health and scientific advisors Fiona Marshall and Sandy Morrison.

Sona Nanotech's technical work was recently cited in Nature's Biotechnology Journal, available here: <https://www.nature.com/articles/d41587-020-00010-2>

Sona's Covid-19 test will offer a unique advantage over many other point-of-care tests as it detects the presence of the Covid-19 virus. Recently, many serological lateral flow tests, which are designed to identify IgM and IgG antibodies present post-infection, have been announced. Serological tests are susceptible to producing false positive and false negative results if a patient is suffering from any one of a variety of unrelated infections (i.e. ear or tooth infection, regular flu, etc.). Sona's test is being developed to indicate a positive result only when the Covid-19 virus is present, allowing for direct and clear interpretation. (For more information on the unique advantages of Sona Covid-19 test over serological tests, see our previous new release dated March 12, 2020).

The Company's management, scientific and board representatives include significant experience in lateral flow test development, commercialization and medicine. Please see the Company's website for more information on the team: www.sonanano.com

The Company is also pleased to announce that it has retained Kin Communications Inc. ("Kin") to provide communications services to the Company. Kin is assisting the Company in increasing public awareness by managing the Company's corporate communications, marketing endeavors, and ongoing engagement with shareholders, finance professionals, and media. Terms of the agreement include fees of \$10,000 per month for an initial term of 12 months and will be granted 200,000 options at a price to be determined at a later date.

Sona will provide further updates on its rapid-response Covid-19 test as warranted. The Company expects to enter into further manufacturing agreements for other regions and further sale letters of intent.

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Contact:

Sona Nanotech Inc.
David Regan
Strategic Advisor
+1.902.448.1416



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