

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

*This prospectus supplement (the “**prospectus supplement**”), together with the short form base shelf prospectus dated March 31, 2021 to which it relates (the “**base shelf prospectus**” and, as supplemented by this prospectus supplement, the “**Prospectus**”), as amended or supplemented, and each document incorporated by reference into this prospectus supplement or the accompanying base shelf prospectus, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.*

These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any state securities laws. Accordingly, the securities offered hereby may not be offered or sold within the United States of America or its territories or possessions or to “U.S. persons”, as defined in Regulation S under the U.S. Securities Act, (“U.S. Persons”) except in compliance with the registration requirements of the U.S. Securities Act and applicable state securities laws or under exemptions from those laws. This prospectus supplement does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States or to U.S. Persons. See “Plan of Distribution.”

Information has been incorporated by reference in this prospectus supplement and the accompanying base shelf prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Sona Nanotech Inc. at Suite 2001 – 1969 Upper Water Street, Halifax, Nova Scotia, B3J 3R7 (phone: (902) 442-7187) and are also available electronically at www.sedar.com.

PROSPECTUS SUPPLEMENT

To the short form base shelf prospectus dated March 31, 2021

New Issue

April 9, 2021



**Up to \$10,000,000
Common Shares**

This Prospectus qualifies the distribution (the “**Offering**”) of common shares (“**Common Shares**”) of Sona Nanotech Inc. (“**Sona**” or the “**Company**”) having an aggregate sale price of up to \$10,000,000. See “**PLAN OF DISTRIBUTION**”.

The Common Shares of Sona are listed on the Canadian Securities Exchange (the “**CSE**”) under the symbol “**SONA**”. On April 8, 2021, the last trading day on the CSE before the filing of this prospectus supplement, the closing price of the Common Shares on the CSE was \$1.68. The Company has given notice to the CSE to list the Common Shares offered by this Prospectus on the CSE.

Sona has entered into an equity distribution agreement dated April 9, 2021 (the “**Distribution Agreement**”) with Canaccord Genuity Corp. (the “**Agent**”) pursuant to which Sona may distribute up to \$10,000,000 of Common Shares from time to time through the Agent, as agent, in accordance with the terms of the Distribution Agreement. Sales of Common Shares, if any, under this Prospectus are anticipated to be made in transactions that are deemed to be “at-the-market distributions” as defined in National Instrument 44-102 - *Shelf Distributions* (“**NI 44-102**”), including sales made directly on the CSE or on any other Canadian marketplaces on which the Common Shares trade. The Common Shares will be distributed at the market prices prevailing at the time of the sale. As a result, prices at which Common Shares are sold in the Offering may vary as between purchasers and during the period of any distribution. **There is no minimum amount of funds that must be raised under the Offering. This means that the Offering may terminate after only raising a small portion of the maximum Offering amount set out above, or none at all.** See “**PLAN OF DISTRIBUTION**”.

Sona will pay the Agent compensation for its services in acting as agent in connection with the sale of Common Shares pursuant to the Distribution Agreement of 3.0% of the gross proceeds from any sale of Common Shares pursuant to the Offering (the “**Commission**”).

The Agent may not, and no person or company acting jointly or in concert with the Agent may, in connection with the Offering, enter into any transaction that is intended to stabilize or maintain the market price of the Common Shares distributed under this Prospectus, including selling an aggregate number of Common Shares that would result in the Agent creating an over-allocation position in the Common Shares. See “*PLAN OF DISTRIBUTION*”.

Investing in the Common Shares involves significant risks. Prospective investors should consider the risk factors described under “*Risk Factors*” in this prospectus supplement, the base shelf prospectus and in the Company’s annual information form dated February 26, 2021 for the year ended October 31, 2020 (the “AIF”) and the management’s discussion and analysis for the year ended October 31, 2020, incorporated by reference herein and which can be found on SEDAR at www.sedar.com before purchasing Common Shares.

In the opinion of counsel, the Common Shares, if issued on the date hereof, generally would be qualified investments under the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the “Tax Act”) for certain tax-exempt trusts. See “*ELIGIBILITY FOR INVESTMENT*”.

Owning the Common Shares may subject you to tax consequences. This prospectus supplement and the base shelf prospectus may not describe the tax consequences fully. You should consult your tax adviser prior to making any investment in the Common Shares.

The Company’s corporate office and its registered and records office is located at Suite 2001 – 1969 Upper Water Street, Halifax, Nova Scotia, B3J 3R7 and its research and development office is located at 1 Research Drive, Bay 2, Dartmouth, Nova Scotia B2Y 4M9.

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ABOUT THIS PROSPECTUS SUPPLEMENT AND THE BASE SHELF PROSPECTUS

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of the Common Shares that Sona is currently offering and also adds to and updates certain information contained in the base shelf prospectus. The second part is the accompanying base shelf prospectus, which gives more general information, some of which may apply to the Common Shares offered hereunder. This prospectus supplement is deemed to be incorporated by reference into the base shelf prospectus solely for the purposes of the Offering constituted by this prospectus supplement.

Purchasers should read this prospectus supplement along with the accompanying base shelf prospectus. Purchasers should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying base shelf prospectus. Sona and the Agent have not authorized any other person to provide purchasers with different information. If anyone provides purchasers with different or inconsistent information, purchasers should not rely on it. Purchasers should not assume that the information provided by this prospectus supplement or the accompanying base shelf prospectus (including the documents incorporated by reference herein and therein) is accurate as of any date other than as of their respective dates. Sona's business, financial condition, results of operations and accompanying prospects may have changed since those dates. The Common Shares are being offered only in jurisdictions in which offers and sales are permitted.

If the information varies between this prospectus supplement and the accompanying base shelf prospectus, the information in this prospectus supplement supersedes the information in the accompanying base shelf prospectus.

In this Prospectus, unless otherwise indicated or the context otherwise requires, the terms "Sona", the "Company", "we", "us", and "our" are used to refer to Sona Nanotech Inc. Capitalized terms used in this Prospectus that are not otherwise defined shall have the meanings ascribed to such terms in the Company's AIF, which is incorporated by reference herein.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Prospectus (including the documents incorporated by reference herein) contains "forward-looking information" within the meaning of applicable securities laws, which may include, but is not limited to, the intended use of proceeds of the sale of Common Shares described under "*Use of Proceeds*" herein, statements with respect to future financial or operating performance of Sona, as well as the Company's current expectations, estimates, projections, assumptions and beliefs. Often, but not always, forward-looking information can be identified by the use of words such as "seeks", "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes", or variations (including negative variations of such words and phrases), or state that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur" or "be achieved", or the negative forms of any of these words and other similar expressions.

Forward-looking information in this Prospectus and the documents incorporated by reference herein includes, but is not limited to, comments regarding:

- the development plans for the Company's gold nanoparticle products and associated services, including its development of a saliva-based test and other rapid diagnostic tests and services, as well as the timing and costs thereof;
- the Company's business milestones and the anticipated timing thereof, including those described under "USE OF PROCEEDS" herein;
- the Company's business strategy;
- the Company's strategy for protecting its intellectual property;
- the Company's ability to obtain necessary funding on favorable terms or at all, and status as a going concern;
- the Company's plan and ability to secure revenues;
- the risk of competitors entering the market;
- the Company's ability to hire and retain skilled staff;
- the ability to obtain financing to fund future expenditure and capital requirements; and
- the impact of adoption of new accounting standards.

Although Sona believes that the plans, intentions and expectations reflected in this forward-looking information are reasonable, Sona cannot be certain that these plans, intentions or expectations will be achieved. Actual results, performance or achievements could differ materially from those contemplated, expressed or implied by the forward-looking information contained in this Prospectus. Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Sona to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, those factors discussed or referred to in the section entitled "RISK FACTORS" in this Prospectus and in the AIF of the Company incorporated by reference herein, and include, without limitation, risks related to: ability to obtain additional financing; not achieving required regulatory approvals for its products on a timely basis or at all; adverse changes in relevant laws or regulations; risks and uncertainties associated with product development; risks of not achieving production, costs of goods sold or other estimates; reliance on outside contractors to conduct certain activities; defects in or loss of intellectual property rights; loss of key personnel and our inability to attract and retain qualified personnel; political, economic and other uncertainties in the jurisdiction where we operate or conduct business activities; risks of obtaining and maintaining other necessary licenses, permits and approvals from various governmental authorities; risks related to compliance with environmental regulations and environmental hazards; fluctuations in foreign currency exchange rates; potential losses, liabilities and damages related to our business which are uninsured or uninsurable; competition with other companies; risks associated with litigation; volatility of global financial conditions; taxation, including changes in tax laws and interpretation of tax laws; as well as other risks, uncertainties and other factors beyond our ability to control.

Although Sona has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained or incorporated by reference herein is made as of the date of this Prospectus or the date of the document incorporated by reference herein based on the opinions and estimates of management at that time. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except as required by applicable securities laws.

CURRENCY PRESENTATION

All dollar amounts set forth in this prospectus are expressed in Canadian dollars and referred to as "\$" unless otherwise specifically indicated.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with the various securities commissions or similar regulatory authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of the Company at Suite 2001 – 1969 Upper Water Street, Halifax, Nova Scotia, B3J 3R7 (phone: (902) 442-7187) and are also available electronically at www.sedar.com. Information contained or featured on the Company's website shall not be deemed to be part of this Prospectus.

The following documents, filed by the Company with the securities commissions or similar regulatory authorities in each province and territory of Canada, are specifically incorporated by reference into, and form an integral part of, this Prospectus:

- (a) the AIF of the Company dated February 26, 2021 for the year ended October 31, 2020;
- (b) the audited financial statements of the Company for the years ended October 31, 2020 and 2019, together with the auditor's report thereon and notes thereto;
- (c) the management's discussion and analysis for the year ended October 31, 2020;
- (d) the unaudited financial statements of the Company for the three months ended January 31, 2021 and 2020, together with the notes thereto;
- (e) the management's discussion and analysis for the three months ended January 31, 2021;
- (f) the management information circular of the Company dated March 25, 2021 prepared in connection with the annual general meeting of shareholders of the Company to be held on April 29, 2021;
- (g) the material change report dated November 6, 2020 relating to its application to the United States Food and Drug Administration;
- (h) the material change report dated November 12, 2020 relating to the appointment of Mr. Mark Lievonen as a Director of the Company; and
- (i) the material change report dated December 2, 2020 relating to the withdrawal of its application for an Interim Order authorization from Health Canada.

A reference herein to this Prospectus also means any and all documents incorporated by reference in this Prospectus. Any document of the type referred to above (excluding confidential material change reports), any business acquisition reports, the content of any news release disclosing financial information for a period more recent than the period for which financial statements are required and certain other disclosure documents as set forth in Item 11.1 of Form 44-101F1 of National Instrument 44-101 – *Short Form Prospectus Distributions* of the Canadian Securities Administrators filed by the Company with the securities commissions or similar regulatory authorities in Canada after the date of this Prospectus and prior to the termination of the Offering shall be deemed to be incorporated by reference in this Prospectus.

Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not constitute a part of this Prospectus, except as so modified or superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

In addition, if the Company disseminates a news release in respect of previously undisclosed information that, in the Company’s determination, constitutes a “material fact” (as such term is defined under applicable Canadian securities laws), the Company will identify such news release as a “designated news release” for the purposes of the Prospectus in writing on the face page of the version of such news release that the Company files on SEDAR (any such news release, a “Designated News Release”), and each such Designated News Release shall be deemed to be incorporated by reference into this Prospectus only for the purposes of the Offering. These documents will be available through the internet on SEDAR, which can be accessed at www.sedar.com.

ELIGIBILITY FOR INVESTMENT

In the opinion of Stewart McKelvey, counsel to the Company, and Blake, Cassels & Graydon LLP, counsel to the Agent, subject to the provisions of any particular plan, the Common Shares offered hereby, if issued on the date hereof, generally would be, as of the date hereof, “qualified investments” under the Tax Act for a trust governed by a registered retirement savings plan (“**RRSP**”), a registered retirement income fund (“**RRIF**”), a registered education savings plan (“**RESP**”), a deferred profit sharing plan, a registered disability savings plan (“**RDSP**”) or a tax free savings account (“**TFSA**”). Notwithstanding that the Common Shares may be qualified investments for a trust governed by an RRSP, RRIF, RESP, RDSP or a TFSA, the annuitant under an RRSP or RRIF, a subscriber of an RESP, or the holder of a TFSA or an RDSP, as the case may be, may be subject to a penalty tax if such Common Shares are a “prohibited investments” for the trust governed by the RRSP, RRIF, RESP, RDSP or TFSA, as the case may be, within the meaning of the Tax Act. The Common Shares will generally not be a “prohibited investment” provided that the annuitant under the RRSP or RRIF, a subscriber of the RESP, or the holder of the TFSA or the RDSP as the case may be, deals at arm’s length with the Company for purposes of the Tax Act and does not have a “significant interest” (as defined in the Tax Act) in the Company. In addition, the Common Shares will not be prohibited investments if such Common Shares are “excluded property” (as defined in the Tax Act) for a trust governed by an RRSP, RRIF, RESP, RDSP or a TFSA.

Prospective investors who intend to hold Common Shares in a trust governed by a RRSP, RRIF, RESP, RDSP, or TFSA are urged to consult their own tax advisors regarding their particular circumstances.

THE COMPANY

The Company was amalgamated pursuant to the federal laws of Canada on August 8, 2018 under the name “Sona Nanotech Inc.”. The Company has an unlimited number of authorized Common Shares without par value issuable.

The registered and records office and corporate office of the Company are located Suite 2001 – 1969 Upper Water Street, Halifax, Nova Scotia, B3J 3R7. The research and development office is located at 1 Research Drive, Bay 2, Dartmouth, Nova Scotia, B2Y 4M9. The Company has no subsidiaries.

BUSINESS OF THE COMPANY

The Company’s primary focus of business is to develop and commercialize novel nanoparticle technologies for sale to the global nanoparticles market. Sona is the manufacturer of the Gemini™ and Omni™ GNR product lines. The Company is the world’s first company to develop the ability to synthesize high volumes of gold nanorods (“**GNR**”) without the use of the toxic surfactant, cetyltrimethylammonium bromide. GNR products are ideally suited for in-vitro diagnostics test products, including lateral flow assays, enzyme-linked immunosorbent assays, flow through assays and lab analyzers. In addition, the Company’s gold nanorods have potential to be incorporated into disruptive emerging medical applications including targeted drug delivery, photothermal therapy and cell imaging. The Company had no sales revenue for or during its last three completed fiscal years.

For additional information on the business of the Company, please refer to the Company’s AIF under the heading “*Description of the Business*”.

CONSOLIDATED CAPITALIZATION

Except as disclosed in this Prospectus, there have been no material changes in the share and loan capital of the Company, on a consolidated basis, since January 31, 2021, being the ending period of the Company's most recently filed financial statements. Further details are set out in the AIF under the heading "*Description of Share Capital*", or in the footnote 10 of the annual financial statements for the year ended October 31, 2020, incorporated by reference.

The following table sets forth the consolidated capitalization of the Company as at January 31, 2021 both before and after giving effect changes to the issued capital of the Company since January 31, 2021:

	<u>As at January 31, 2021</u>	<u>As at January 31, 2021, after giving effect to material transactions since that date</u>
	\$10,552,651	\$10,600,205
Common Shares	(63,568,478 Common Shares)	(63,624,728 Common Shares) ⁽¹⁾
Warrants	1,129,600	1,129,600
Options	4,550,000	4,493,750 ⁽¹⁾
Reserves	Nil	Nil
Shareholder Deficiency	(\$1,798,720)	(\$1,142,029) ⁽²⁾

Notes: 1) After giving effect to option exercises since January 31, 2021.

2) After updating for net changes in Common Shares and other equity items as outlined above.

As of the date of this Prospectus and as of March 31, 2021, the last business day of the Company's most recently completed fiscal month end prior to the date of this Prospectus, the Company had working capital deficits (excluding the current portion of long-term debt) of \$861,542 and \$810,058, respectively, and current asset balances of \$1,208,108 and \$1,262,322 respectively. Changes in working capital between these dates are due to payments made and liabilities incurred in the ordinary course of the Company's business.

USE OF PROCEEDS

The Company has incurred substantial losses since its inception and has derived no revenue from operations, and consequently has negative cash flow from operations. The Company expects to use some or all of the net proceeds from the Offering to fund anticipated negative cash flow from operating activities in future periods.

The net proceeds from the Offering are not determinable in light of the nature of the distribution. The net proceeds of the Offering will represent the gross proceeds after deducting the applicable Commission payable to the Agent under the Distribution Agreement and the expenses of the distribution. The proceeds actually received by the Company will depend on the number of Common Shares actually sold and the sale price of such Common Shares. See "*PLAN OF DISTRIBUTION*".

The Company intends to use the net proceeds from the sale of Common Shares for general corporate and working capital requirements, including to fund ongoing research and development, operations and/or working capital requirements, to repay indebtedness outstanding from time to time or for other corporate purposes. However, management of the Company will have discretion with respect to the actual use of the net proceeds of the Offering.

Sona has recently completed a performance enhancement program for its COVID-19 test and has optimized it for use with saliva samples instead of nasopharyngeal swabs. Sona continues to work toward securing a clinical trial of its saliva-based rapid COVID-19 antigen test with a major Canadian medical institution. including approval from Health Canada's Investigational Testing Authority (ITA). Sona intends to use existing cash on hand to fund this trial, which Sona anticipates could have a total cost of approximately \$100,000 and is expected to deliver results within four to ten weeks of commencement, depending on prevalence of the disease at the time of the trial and resulting availability of a sufficient number of COVID-19-positive test subjects as are necessary to complete the

trial. If that trial is successful, Sona intends to commission the third-party analytical studies necessary for a submission to regulators. Sona expects to use a portion of the net proceeds of the Offering to fund these further studies, which Sona believes could cost between approximately \$350,000 and \$550,000. Further clinical studies may also be commenced to support claims for authorization of multiple configurations of the test, to include, but not limited to, the use of the test in asymptomatic populations and self-testing. Sona expects to use a portion of the net proceeds of the Offering to fund these further clinical studies, which Sona estimates could cost between approximately \$300,000 and \$500,000

Sona has also been developing a portfolio of other rapid tests and services over the past several years that are intended to leverage its proprietary technology and know-how in the development of lateral flow assays. It can take between 12-24 months to develop a typical rapid test which will therefore require additional funding to develop tests through to commercialization. Irrespective of the success of the clinical trial for the Company's COVID-19 saliva test, the Company intends to develop a rapid concussion test, among other potential applications. A portion of the net proceeds of the Offering is expected to be used to fund development of these tests. The development of a rapid concussion test is expected to cost between approximately \$1.0 and \$1.5 million and take 12-24 months to get to an optimized prototype. Also, as the demand for higher performing rapid tests continues, integrating tests with improved and novel reader technologies, which the Company intends to explore doing, is expected to provide a significant advantage to rapid test developers.

Longer term, research and development activities are planned to create opportunities to use the Company's unique and proprietary gold nanorod technology in 'in vivo' applications. Given this technology's unique properties and characteristics, areas in which gold nanorods could provide for innovative services and therapies include cell imaging, targeted drug delivery and tumor ablation.

Milestone	Anticipated Timing
Securing clinical trial for COVID-19 saliva test	April – June 2021
Clinical trial results for saliva test	four to ten weeks from trial commencement
Results of analytical studies to support saliva test submission to regulators	Following trial conclusion
European CE Mark designation and potential submissions to regulators	Following analytical study results
Development of prototypes of concussion and other tests	Mid to late 2022

If completed, the Offering would constitute a material fact or material change for the Company.

The Company will require additional funding to complete further research and development work on its products. There is no assurance that such funds will be available on terms favourable to the Company. See "*Risk Factors*".

PLAN OF DISTRIBUTION

The Company has entered into the Distribution Agreement with the Agent under which the Company may issue and sell from time to time Common Shares through the Agent having an aggregate sale price of up to \$10,000,000 in each of the provinces and territories in Canada pursuant to placement notices delivered by the Company to the Agent from time to time in accordance with the terms of the Distribution Agreement. Sales of Common Shares, if any, will be made in transactions that are deemed to be "at-the-market distributions" as defined in NI 44-102, including sales made directly on the CSE or on any other Canadian marketplace on which the Common Shares are traded. Subject to the pricing parameters in a placement notice, the Common Shares will be distributed at the market prices prevailing at the time of the sale. As a result, prices may vary as between purchasers and during the period of distribution. We cannot predict the number of Common Shares that we may sell under the Distribution Agreement on the CSE or any other Canadian marketplace on which the Common Shares are traded, or if any Common Shares will be sold.

The Agent will offer the Common Shares subject to the terms and conditions of the Distribution Agreement from time to time as agreed upon by us and the Agent. Subject to the terms and conditions of the Distribution Agreement, the Agent will use its commercially reasonable efforts to sell, consistent with its normal trading and sales practices, applicable laws and the applicable rules of the CSE or any other applicable marketplace within the meaning of National Instrument 21-101 Marketplace Operation, on our behalf, such Common Shares up to the amount specified and otherwise in accordance with the parameters set forth in the applicable placement notice. The Company will instruct the Agent as to the number of Common Shares to be sold by the Agent from time to time by sending the Agent a placement notice that requests that the Agent sell up to a specified dollar amount or a specified number of Common Shares and specifies any parameters in accordance with which the Company requires that the Common Shares be sold. The parameters set forth in a placement notice may not conflict with the provisions of the Distribution Agreement. Sona may instruct the Agent not to sell Common Shares if the sales cannot be effected at or above the price designated by us in a particular placement notice. Under the Distribution Agreement, the Agent has no obligation to purchase as principal for its own account any Common Shares that we propose to sell pursuant to any placement notice delivered by us to the Agent. If we sell the Common Shares to the Agent as principal, we will enter into a separate agreement with the Agent and will describe that agreement in a separate prospectus supplement.

Either the Company or the Agent may suspend the Offering upon proper notice to the other party. The Company and the Agent each have the right, by giving written notice as specified in the Distribution Agreement, to terminate the Distribution Agreement in each party's sole discretion at any time.

The Company will pay the Agent the Commission as compensation for its services in acting as agent in connection with the sale of Common Shares pursuant to the terms of the Distribution Agreement. The remaining sales proceeds, after deducting any expenses payable by the Company and any transaction or filing fees imposed by any governmental, regulatory, or self-regulatory organization in connection with the sales, will equal the net proceeds to the Company from the sale of such Common Shares.

There is no minimum amount of funds that must be raised under the Offering. This means that the Offering may terminate after only raising a small portion of the maximum Offering amount set out herein, or none at all. An investor will not be entitled to a return of its investment if only a portion of the disclosed maximum Offering amount set out herein is in fact raised.

The Agent will provide written confirmation to the Company on the trading day immediately following the trading day on which the Agent has made sales of the Common Shares under the Distribution Agreement. Each confirmation will include the number of Common Shares sold on such day, the average price of the Common Shares sold on such day, the aggregate gross proceeds, the Commission payable by the Company to the Agent with respect to such sales and the net proceeds payable to the Company.

In each of its interim financial reports, annual financial statements and management's discussion and analysis filed on SEDAR, the Company will disclose the number and average price of the Common Shares distributed pursuant to this Prospectus, as well as the aggregate gross proceeds, Commission paid, and aggregate net proceeds with respect to sales during the interim or annual period, as applicable.

Settlement for sales of Common Shares will occur, unless the parties agree otherwise, on the second trading day on the applicable exchange following the date on which any sales were made (or on such earlier date as is then current industry practice for regular-way trading) in return for payment of the gross proceeds (less Commission) to us. There is no arrangement for funds to be received in an escrow, trust or similar arrangement. Sales of Common Shares will be settled through the facilities of CDS Clearing and Depository Services Inc. or by such other means as the Company and the Agent may agree upon.

In connection with the sales of Common Shares on the Company's behalf, the Agent may be deemed to be an "underwriter" within the meaning of applicable securities legislation, and the compensation paid to the Agent may be deemed to be underwriting commissions or discounts. The Company has agreed in the Distribution Agreement to provide indemnification and contribution to the Agent against or in respect of, among other things, certain civil liabilities, including liabilities under applicable securities legislation in Canada. In addition, pursuant to the terms of the Distribution Agreement, the Company has agreed to pay the reasonable expenses of the Agent in relation to the Distribution Agreement and ongoing services in connection therewith. The Agent and its affiliates will not engage in any transactions to stabilize or maintain the price of the Common Shares in connection with any offer or sales of

Common Shares pursuant to the Distribution Agreement, and neither the Agent nor any of its affiliates involved in the distribution and no person or company acting jointly or in concert with the Agent has over-allotted, or will over-allot Common Shares in connection with the distribution or effected, or will effect, any other transactions that are intended to stabilize or maintain the market price of the Common Shares.

Pursuant to the terms of the Distribution Agreement, the Company will compensate the Agent for its services in acting as agent in the sale of the Common Shares pursuant to the Offering in an amount equal to 3.0% of the gross proceeds from sales of the Common Shares made pursuant to the Offering. The total expenses related to the commencement of the Offering payable by the Company, excluding the Commission payable to the Agent under the Distribution Agreement, are estimated to be approximately \$250,000.

Pursuant to the Distribution Agreement, the Offering will terminate upon the earlier of (i) April 30, 2023, being the date the receipt issued for the base shelf prospectus ceases to be effective in accordance with applicable securities laws, (ii) the issuance and sale of all of the Common Shares subject to the Distribution Agreement, and (iii) the termination of the Distribution Agreement as permitted therein.

The Agent and its affiliates may in the future provide various investment banking, commercial banking and other financial services for the Company and its affiliates, for which services they may in the future receive customary fees.

The Common Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws. Accordingly, the Common Shares may not be offered or sold or delivered, directly or indirectly, in the United States except pursuant to an available exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. This prospectus supplement does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States or to, or for the account or benefit of, any U.S. Person.

A copy of the Distribution Agreement can be obtained under the Company's profile on SEDAR at www.sedar.com.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following summary describes, as of the date hereof, the principal Canadian federal income tax considerations under the Tax Act, generally applicable to a holder who acquires, as beneficial owner, Common Shares pursuant to the Offering, and who, for the purposes of the Tax Act and at all relevant times, holds Common Shares as capital property and deals at arm's length and is not affiliated with the Company, the Agent and any subsequent purchaser of such securities. A holder who meets all of the foregoing requirements is referred to as a "**Holder**" herein, and this summary only addresses such Holders. Generally, Common Shares will be considered to be capital property to a Holder provided the Holder does not use or hold Common Shares in the course of carrying on a business of buying or selling securities and such Holder has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a Holder (i) that is a "financial institution", as defined in the Tax Act, for the purposes of the mark-to-market rules in the Tax Act, (ii) that is a "specified financial institution", as defined in the Tax Act, (iii) of an interest which is a "tax shelter investment" as defined in the Tax Act, (iv) that has elected to determine its "Canadian tax results", as defined in the Tax Act, in a currency other than the Canadian dollar, (v) that has entered into or will enter into a "derivative forward agreement" or a "synthetic disposition arrangement" with respect to the Common Shares, (vi) that receives dividends on Common Shares under or as part of a "dividend rental arrangement", as defined in the Tax Act. Any such holder should consult its own tax advisor with respect to an investment in Common Shares, (vii) that is exempt from tax under Part I of the Tax Act; or (viii) that is a corporation resident in Canada and is or becomes (or does not deal at arm's length for purposes of the Tax Act with a corporation resident in Canada that is or becomes), as part of a transaction or series of transactions or events that includes the acquisition of the Common Shares, controlled by a non-resident person or group of non-resident persons not dealing with each other at arm's length, for purposes of the "foreign affiliate dumping" rules in section 212.3 of the Tax Act. Such Holders should consult their own tax advisors with respect to the consequences of acquiring Common Shares.

This summary is based on the provisions of the Tax Act in force as of the date hereof, all specific proposals to amend the Tax Act that have been publicly and officially announced by or on behalf of the Minister of Finance

(Canada) prior to the date hereof (the “**Proposed Amendments**”) and counsel’s understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the “**CRA**”), published in writing by it prior to the date hereof and made publicly available. This summary assumes the Proposed Amendments will be enacted in the form proposed. However, no assurance can be given that the Proposed Amendments will be enacted in their current form, or at all.

This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account or anticipate any changes in the law or any changes in the CRA’s administrative policies and assessing practices, whether by legislative, governmental or judicial action or decision, nor does it take into account or anticipate any other federal or any provincial, territorial or foreign tax considerations, which may differ materially from those described in this summary.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder, and no representations with respect to the income tax consequences to any particular Holder are made. The tax consequences of acquiring, holding, and disposing of Common Shares will vary according to the Holder’s particular circumstances. Consequently, Holders should consult their own tax advisors with respect to the tax consequences applicable to them, having regard to their own particular circumstances.

Taxation of Resident Holders

The following portion of this summary applies to Holders (as defined above) who, for the purposes of the Tax Act, are or are deemed to be resident in Canada at all relevant times (herein, “**Resident Holders**”) and this portion of the summary only addresses such Resident Holders. Certain Resident Holders who might not be considered to hold their Common Shares as capital property may, in certain circumstances, be entitled to have them and any other “Canadian security” (as defined in the Tax Act) be treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Resident Holders contemplating such election should consult their own tax advisors for advice as to whether it is available and, if available, whether it is advisable in their particular circumstances.

Taxation of Dividends

A Resident Holder will be required to include in computing income for a taxation year any dividends received, or deemed to be received, in the year by the Resident Holder on the Common Shares. In the case of a Resident Holder that is an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules normally applicable under the Tax Act to taxable dividends paid by “taxable Canadian corporations”, as defined in the Tax Act, including the enhanced gross-up and dividend tax credit provisions where the Company designates the dividend as an “eligible dividend”, within the meaning of the Tax Act, in accordance with the provisions of the Tax Act. There may be restrictions on the ability of the Company to designate any particular dividend as an “eligible dividend”.

A dividend received or deemed to be received by a Resident Holder that is a corporation must be included in computing its income but will generally be deductible in computing the corporation’s taxable income, subject to all of the rules and restrictions under the Tax Act in that regard. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received (or deemed to be received) by a Resident Holder that is a corporation as proceeds of disposition or a capital gain. A Resident Holder that is a “private corporation” or a “subject corporation” (each as defined in the Tax Act), generally will be liable to pay an additional tax (refundable under certain circumstances) under Part IV of the Tax Act on dividends received or deemed to be received on the Common Shares in a year to the extent such dividends are deductible in computing taxable income for the year.

A Resident Holder that is, throughout the relevant taxation year, a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional refundable tax on its “aggregate investment income” (as defined in the Tax Act), including any dividends or deemed dividends that are not deductible in computing the Resident Holder’s taxable income for the year.

Disposition of Common Shares

A Resident Holder who disposes, or is deemed to dispose, of a Common Share (other than in a disposition to the

Company that is not a sale in the open market in the manner in which shares would normally be purchased by any member of the public in an open market) generally will realize a capital gain (or capital loss) equal to the amount, if any, by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Resident Holder of such Common Shares, as the case may be, immediately before the disposition or deemed disposition. The cost to the Resident Holder of a Common Share acquired pursuant to this Offering will, at any particular time, be determined by averaging the cost of such share with the adjusted cost base of all Common Shares owned by the Resident Holder as capital property at that time, if any. The taxation of capital gains and losses is generally described below under the heading “Capital Gains and Capital Losses”.

Capital Gains and Capital Losses

Generally, a Resident Holder is required to include in computing income for a taxation year one-half of the amount of any capital gain (a “**taxable capital gain**”) realized by the Resident Holder in such taxation year. Subject to and in accordance with the rules contained in the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an “**allowable capital loss**”) realized in a particular taxation year against taxable capital gains realized by the Resident Holder in the year. Allowable capital losses in excess of taxable capital gains realized in a particular taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized by a Resident Holder that is a corporation on the disposition or deemed disposition of a Common Share may be reduced by the amount of any dividends received or deemed to have been received by such Resident Holder on such shares, to the extent and under the circumstances prescribed in the Tax Act. Similar rules may apply where a Resident Holder that is a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares, directly or indirectly, through a partnership or trust. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

A Resident Holder that is throughout the relevant taxation year a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional tax (refundable in certain circumstances) on its “aggregate investment income”, which is defined in the Tax Act to include amounts in respect of taxable capital gains. Such Resident Holders should consult their own tax advisors.

Alternative Minimum Tax

Capital gains realized and dividends received or deemed to be received by a Resident Holder that is an individual or a trust, other than certain specified trusts, may give rise to alternative minimum tax under the Tax Act. Resident Holders should consult their own tax advisors in this regard.

Taxation of Non-Resident Holders

The following portion of this summary is generally applicable to Holders who, for the purposes of the Tax Act and any applicable income tax treaty or convention, at all relevant times: (i) are neither resident nor deemed to be resident in Canada, and (ii) do not use or hold (and are not deemed to use or hold) Common Shares in the course of business carried on or deemed to be carried on in Canada. Holders who meet all of the foregoing requirements are referred to herein as “**Non-Resident Holders**”, and this portion of the summary only addresses such Non-Resident Holders. Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer carrying on business in Canada and elsewhere. Such Non-Resident Holders should consult their own tax advisors.

Receipt of Dividends

Dividends paid or credited or deemed to be paid or credited to a Non-Resident Holder by the Company will generally be subject to Canadian withholding tax at the rate of 25% of the gross amount of the dividend unless reduced by the terms of an applicable tax treaty or convention between Canada and the country in which the Non-Resident Holder is resident. For example, under the Canada-United States Income Tax Convention (1980), as amended (the “**Treaty**”), the rate of withholding tax on dividends paid or credited to a Non-Resident Holder who is resident in the U.S. for purposes of the Treaty and entitled to full benefits under the Treaty is generally reduced to

15%. Non-Resident Holders should consult their own tax advisors to determine their entitlement to relief under an applicable income tax treaty or convention.

Disposition of Common Shares

A Non-Resident Holder generally will not be subject to tax under the Tax Act in respect of any capital gain realized on the disposition or deemed disposition of a Common Share unless such Common Share constitutes or is deemed to constitute “taxable Canadian property” (as defined in the Tax Act) to the Non-Resident Holder at the time of disposition and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention.

Provided the Common Shares are listed on a “designated stock exchange”, as defined in the Tax Act (which currently includes the CSE) at the time of disposition, the Common Shares will generally not constitute taxable Canadian property of a Non-Resident Holder at that time, unless at any time during the 60-month period immediately preceding the disposition the following two conditions are satisfied concurrently: (i) (a) the Non-Resident Holder; (b) persons with whom the Non-Resident Holder did not deal at arm’s length; (c) partnerships in which the Non-Resident Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships; or (d) any combination of the persons and partnerships described in (a) through (c), owned 25% or more of the issued shares of any class or series of shares of the Company; and (ii) more than 50% of the fair market value of the Common Shares was derived directly or indirectly from one or any combination of: real or immovable property situated in Canada, “Canadian resource properties”, “timber resource properties” (each as defined in the Tax Act), and options in respect of, or interests in, or for civil law rights in, such properties. Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, the Common Shares may be deemed to be taxable Canadian property.

In cases where a Non-Resident Holder disposes, or is deemed to dispose, of a Common Share that is taxable Canadian property of that Non-Resident Holder, and the Non-Resident Holder is not entitled to relief under the Tax Act or pursuant to the terms of an applicable income tax treaty or convention, the consequences under the heading “CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS – Taxation of Resident Holders – *Capital Gains and Capital Losses*” will generally be applicable to such disposition. Non-Resident Holders who may hold Common Shares as taxable Canadian property should consult their own tax advisors.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

Authorized and Issued Share Capital

The authorized share capital of the Company consists of an unlimited number of Common Shares without par value. As of the date of this Prospectus, 63,624,728 Common Shares were issued and outstanding as fully paid and non-assessable shares.

Common Shares

The holders of the Common Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Company and each Common Share confers the right to one vote in person or by proxy at all meetings of the shareholders of the Company. The holders of the Common Shares, subject to the prior rights, if any, of any other class of shares of the Company, are entitled to receive such dividends in any financial year as the board of directors of the Company may by resolution determine. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the holders of the Common Shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of the Company, the remaining property and assets of the Company. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

RISK FACTORS

An investment in the Common Shares should be considered highly speculative and investors may incur a loss on their investment. Investors should carefully review and consider all of the information disclosed in this Prospectus, including the documents incorporated by reference, and in particular, the risk factors set forth in the Company’s AIF relating to the Company, as well as the following additional risk factors.

Litigation Risks

As described under "Litigation" in the base shelf prospectus and "Legal Proceedings and Regulatory Actions" in the AIF, claims against the Company have been filed in the United States District Court for the Central District of California and the Supreme Court of Nova Scotia. Although the Company believes these claims are without merit and intends to contest the claims and mount a vigorous defence, there can be no assurance that the Company will be successful in its defense due to the inherent uncertainty of the litigation process. Further, while the Company is not aware of any regulatory investigations or additional pending claims relating to the allegations made in the existing class action claims, the Company may be subject to additional class action suits, other litigation, or regulatory proceedings or actions arising from such matters in the future.

While the Company maintains insurance coverage with respect to litigation, an adverse decision in respect of existing claims against the Company could result in significant settlement amounts, damages or other penalties, which may exceed the limits of the Company's existing insurance coverage. Losses and liabilities arising from insufficient insurance coverage could have a material adverse effect on the Company's business, financial condition and results of operation, as well as the market price of the Common Shares. Additionally, legal fees and costs incurred in defending legal disputes can be substantial, even where such claims that have no merit. The Company has and will continue to incur expenses associated with its defense of the class action claims. There can be no assurance that the Company's existing insurance coverage will be sufficient to pay all of such costs, and any costs incurred in excess of insurance coverage may have a material adverse effect on the Company's financial condition.

In addition to the matters discussed above, the Company may be subject to regulatory investigations, civil claims, lawsuits and other proceedings in the ordinary course of its business, including securities law compliance, employee and customer claims, commercial disputes, landlord-tenant disputes, intellectual property issues and other matters. The results of any legal proceedings involving the Company cannot be predicted with certainty due to the uncertainty inherent in regulatory actions and litigation. There can be no assurance that any pending or future litigation, regulatory, agency or civil proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources. The nanotechnology life science industry is a new industry and the Company is a relatively new enterprise. It is therefore more difficult to predict the types of claims, proceedings and allegations and the quantum of costs related to such claims and proceedings and the direct and indirect effects of such allegations that the Company may face. Management is committed to conducting business in an ethical and responsible manner, which it believes will reduce the risk of legal disputes and allegations. However, if the Company is subject to legal disputes or negative allegations, there can be no assurances that these matters will not have a material adverse effect on the Company's business, financial condition or results of operations, or the market price of the Common Shares.

COVID-19

It is possible that developments related to the COVID-19 pandemic could have material adverse impacts on the Company's operations and financial condition, including loss of available labour, prolonged or temporary closures due to a COVID-19 outbreak, government orders that impact the operations of the Company's business. Since very early in 2020, the outbreak of COVID-19 has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. During this time, the Company has been constrained in its ability to pursue and secure partnerships, collaborations and clinical trials due to travel restrictions and quarantine requirements. In addition, the COVID-19 pandemic has had, and could continue to have, a negative impact on financial markets and economic conditions. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. The duration and severity of the COVID-19 pandemic are not known at this time and these factors could have an unpredictable impact on our business, financial condition and operating results, which could be materially and adversely affected.

Risks Related to the Offering:

Loss of Investment

An investment in the Common Shares is suitable only for those investors who are willing to risk a loss of some or all of their investment and who can afford to lose some or all of their investment.

Negative Operative Cash Flow and Additional Funding will be Required

The Company has reported negative cash flow from operations in its most recently completed financial year. The net proceeds of any offering under this Prospectus will be used to fund the Company's business activities and negative operating cash flow. The funds raised may not be sufficient to meet all of the Company's ongoing financial requirements relating to the research, development and commercialization of the Company's products. The Company will require additional financing from external sources, such as joint ventures, debt financing or equity financing, in order to meet such requirement. The success and the pricing of any such capital raising and/or debt financing will be dependent upon the prevailing market conditions at that time and upon the ability of a company with projects that are non-producing to attract significant amounts of debt and/or equity. There can be no assurance that such financing will be available to the Company or, if it is, that it will be offered on acceptable terms. If additional financing is raised through the issuance of equity or convertible debt securities of the Company, this may have a depressive effect on the price of the Company's securities and the interests of shareholders in the net assets of the Company will be diluted. Any failure by the Company to obtain required financing on acceptable terms could cause the Company to delay development and commercialization of its products and could have a material adverse effect on the Company's financial condition, results of operations and liquidity.

Going Concern Risk

Although the Company's financial statements have been prepared on a going concern basis, the Company estimates that it must raise additional capital before October 1, 2021 to fund its operations in order to continue as a going concern without significantly reducing its operations, including a significant reduction in its workforce and delay of product development activities.

Manning Elliott LLP, the Company's independent auditor for the fiscal year ended October 31, 2020, has included an explanatory paragraph in their opinion that accompanies the Company's audited consolidated financial statements as of and for the year ended October 31, 2020, indicating the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. See also Note 2 "Basis of Presentation and Going Concern" in the notes to the Company's audited consolidated financial statements as of and for the year ended October 31, 2020. If the Company is unable to improve its liquidity position, it may not be able to continue as a going concern. The Company's audited consolidated financial statements as of and for the year ended October 31, 2020 do not include any adjustments that might result if the Company is unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities other than in the normal course of business which could cause investors to suffer the loss of all or a substantial portion of their investment.

The Company anticipates that its current cash resources will only be sufficient to fund its activities and liability payment needs through October 1, 2021. In order to have sufficient cash to fund its operations beyond October 1, 2021, the Company will need to raise additional equity or debt capital by October 1, 2021, including through offerings under this Prospectus, in order to continue as a going concern and the Company cannot provide any assurance that it will be successful in doing so.

Market Price of Common Shares

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. The price of Common Shares is also likely to be significantly affected by changes in the financial condition or results of the Company's operations as reflected in its financial statements. If an active market for the Common Shares does not continue, the liquidity of an investor's investment may be limited and the price of the Common Shares may decline below the

price at which they were sold. If an active market does not continue, investors may lose their entire investment in the Common Shares. As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect the long-term value of the Company.

Discretion in the Use of Net Proceeds

The Company intends to use the net proceeds from the distribution of Securities hereunder as set forth under “*Use of Proceeds*”. The Company maintains broad discretion to spend the proceeds in ways that it deems most efficient. The application of the proceeds to various items may not necessarily enhance the value of the Common Shares. The failure to apply the net proceeds as set forth under “*Use of Proceeds*” could adversely affect the Company’s business and, consequently, could adversely affect the price of the Common Shares on the open market.

PRIOR SALES

Common Shares

The following table summarizes details of Common Shares issued by the Company during the 12-month period prior to the date of this Prospectus:

Month Issued	Number of Securities	Security	Price per Security (\$)
March, 2021	12,500	Common Shares	0.35
March, 2021	25,000	Common Shares	0.60
February, 2021	18,750	Common Shares	0.35
January, 2021	18,750	Common Shares	0.60
January, 2021	18,750	Common Shares	0.35
December, 2020	2,259,200	Common Shares	1.00
October, 2020	7,500	Common Shares	0.35
September, 2020	17,500	Common Shares	0.60
August, 2020	35,000	Common Shares	0.35
July 2020	196,250	Common Shares	0.25
July 2020	25,000	Common Shares	0.35
June 2020	90,000	Common Shares	0.35
June 2020	122,500	Common Shares	0.20
April 2020	127,500	Common Shares	0.20
April 2020	400,000	Common Shares	0.25

Warrants

The following table summarizes details of the warrants issued by the Company during the 12-month period prior to the date of this Prospectus:

Month Granted	Number of Securities	Security	Exercise Price per Security (\$)
December 2020	1,129,600	Warrants ⁽¹⁾	1.25

⁽¹⁾ Warrants issued pursuant to the Company’s December 2020 private placement expire on December 16, 2022.

Stock Options

The following table summarizes details of the stock options granted by the Company during the 12-month period prior to the date of this Prospectus:

Month Granted	Number of Securities	Security	Exercise Price per Security (\$)
November, 2020	250,000	Stock Options ⁽¹⁾	3.36
October, 2020	200,000	Stock Options ⁽¹⁾	7.91
September, 2020	665,000	Stock Options ⁽¹⁾	6.57
July, 2020	1,000,000	Stock Options ⁽¹⁾	7.47
March, 2020	1,100,000	Stock Options ⁽¹⁾	0.60

⁽¹⁾ Options granted pursuant to the Company's Stock Option Plan for five (5) years from the date of the grants.

TRADING PRICE AND VOLUME

The outstanding Common Shares of the Company are listed and posted for trading on the CSE under the symbol "SONA". On April 13, 2020 the Common Shares also commenced trading on the OTCQB Venture Market in the United States under the symbol "SNANF". The following sets out the price range and volumes traded or quoted on all trading platforms on which the Common Shares are traded⁽¹⁾ on a monthly basis for each month for the 12-month period before the date of this Prospectus:

Month	High (\$)	Low (\$)	Volume
April 2021 ⁽²⁾	1.87	1.44	1,773,593
March 2021	2.07	1.55	7,332,653
February 2021	2.34	1.20	12,688,108
January 2021	4.44	1.60	17,068,442
December 2020	5.38	0.82	30,420,606
November 2020	4.00	0.78	25,841,339
October 2020	11.02	2.59	11,956,530
September 2020	9.24	5.02	7,997,641
August 2020	15.16	6.51	17,619,800
July 2020	16.18	3.21	19,290,605
June 2020	4.14	2.52	9,725,618
May 2020	2.89	1.06	13,727,772
April 2020	2.68	1.09	19,394,445
March 2020	1.39	0.46	27,083,627

⁽¹⁾ Trading information sourced from TSX InfoSuite and StockWatch.

⁽²⁾ To April 8, 2021.

LEGAL MATTERS AND INTERESTS OF EXPERTS

Certain legal matters related to the Offering will be passed upon on the Company's behalf by Stewart McKelvey, and on behalf of the Agent by Blake, Cassels & Graydon LLP. As of the date hereof, Stewart McKelvey, and its partners and associates, and Blake, Cassels & Graydon LLP, and its partners and associates, beneficially own, directly or indirectly, in their respective groups, less than 1% of any class of outstanding securities of the Company.

Except as disclosed above, no partner or associate, as applicable, of the afore-mentioned company and limited liability partnerships or persons indicated above are currently expected to be elected, appointed or employed as a director, officer or employee of the Company or any associate or affiliate of the Company.

The Company's auditors, Manning Elliott LLP are independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of British Columbia.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Company are Manning Elliott LLP, Chartered Professional Accountants, of Vancouver, British Columbia, Canada.

The registrar and transfer agent of the Company is Computershare Investor Services Inc., of Montreal, Quebec, Canada.

EXEMPTIVE RELIEF

Pursuant to a decision of the Autorité des marchés financiers dated March 11, 2021, the Company was granted a permanent exemption from the requirement under section 40.1 of the Securities Act (Québec) to translate into French this Prospectus, as well as the documents incorporated by reference herein, and any prospectus supplement to be filed in relation to an "at-the-market distribution". This exemption is granted on the condition that if the Company offers securities to Québec purchasers other than in relation to an "at-the-market distribution", this Prospectus and the documents incorporated by reference herein and the prospectus supplement in respect of such offering be translated into French.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces and territories of Canada provides purchasers of securities with the right to withdraw from an agreement to purchase securities and with remedies for rescission or, in some jurisdictions, revisions of the price, or damages if the prospectus, prospectus supplement, and any amendment relating to securities purchased by a purchaser are not sent or delivered to the purchaser. However, purchasers of Common Shares distributed under an at-the-market distribution by the Company do not have the right to withdraw from an agreement to purchase the Common Shares and do not have remedies of rescission or, in some jurisdictions, revisions of the price, or damages for non-delivery of the prospectus, prospectus supplement, and any amendment relating to Common Shares purchased by such purchaser because the prospectus, prospectus supplement, and any amendment relating to the Common Shares purchased by such purchaser will not be sent or delivered, as permitted under Part 9 of NI 44-102.

Securities legislation in certain of the provinces and territories of Canada further provides purchasers with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus, prospectus supplement, and any amendment relating to securities purchased by a purchaser contains a misrepresentation. Those remedies must be exercised by the purchaser within the time limit prescribed by securities legislation. Any remedies under securities legislation that a purchaser of Common Shares distributed under an at-the-market distribution by the Company may have against the Company or its agents for rescission or, in some jurisdictions, revisions of the price, or damages if the prospectus, prospectus supplement, and any amendment relating to securities purchased by a purchaser contain a misrepresentation will remain unaffected by the non-delivery of the prospectus referred to above.

A purchaser should refer to applicable securities legislation of the purchaser's province for the particulars of these rights and should consult with a legal adviser.

CERTIFICATE OF THE AGENT

Dated: April 9, 2021

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, will, as of the date of a particular distribution of securities under the prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and the supplement as required by the securities legislation of each of the provinces and territories of Canada.

CANACCORD GENUITY CORP.

(Signed) "*Ron Sedran*"

Ron Sedran
Managing Director

This short form base shelf prospectus has been filed under legislation in each of the provinces and territories of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities (except in respect of any sales pursuant to an at-the-market distribution, as contemplated in National Instrument 44-102 – Shelf Distributions (“NI 44-102” and each, an “at-the-market distribution”)).

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form base shelf prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell these securities. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any state securities laws. Accordingly, the securities offered hereby may not be offered or sold within the United States of America or its territories or possessions or to “U.S. persons”, as defined in Regulation S under the U.S. Securities Act, (“U.S. Persons”) except in compliance with the registration requirements of the U.S. Securities Act and applicable state securities laws or under exemptions from those laws. This short form base shelf prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States or to U.S. Persons. See “Plan of Distribution.”

Information has been incorporated by reference in this short form base shelf prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Sona Nanotech Inc. at Suite 2001 – 1969 Upper Water Street, Halifax, Nova Scotia, B3J 3R7 (phone: (902) 442-7187) and are also available electronically at www.sedar.com.

SHORT FORM BASE SHELF PROSPECTUS

New Issue and Secondary Offering

March 31, 2021



\$20,000,000
Common Shares
Debt Securities
Warrants
Subscription Receipts
Units

Sona Nanotech Inc. (“**Sona**” or the “**Company**”) may from time to time offer (i) common shares of the Company (“**Common Shares**”); (ii) debt securities (“**Debt Securities**”), which may include Debt Securities convertible into or exchangeable for Common Shares and/or other securities of the Company; (iii) Common Share purchase warrants (“**Warrants**”); (iv) subscription receipts exchangeable for Common Shares, Debt Securities or Warrants (“**Subscription Receipts**”); and/or (v) securities comprised of more than one of Common Shares, Debt Securities, Warrants and/or Subscription Receipts offered together as a unit (each, a “**Unit**”), or any combination thereof, for an aggregate offering price of up to \$20,000,000 (or its equivalent, at the date of issue, in any other currency or currencies) during the 25-month period that this short form base shelf prospectus (this “**Prospectus**”), including any amendments hereto, remains valid. The Common Shares, Debt Securities, Warrants, Subscription Receipts and Units are referred to in this Prospectus as the “**Securities**”.

The specific terms of any offering of Securities will be set forth in a shelf prospectus supplement (a “**Prospectus Supplement**”) and may include, where applicable: (i) in the case of Common Shares, the number of Common Shares offered, the offering price or the manner of determination thereof (if offered on a fixed price basis), whether the Common Shares are being offered for cash or other consideration, and any other terms and any other specific terms; (ii) in the case of Debt Securities, the specific designation, aggregate principal amount, currency or currency unit for Debt Securities, maturity, interest rate provisions, authorized denominations, covenants, events of default, any terms for redemption, any exchange or conversion provisions, the initial offering price or the manner

of determination thereof (if offered on a non-fixed price basis), any terms for subordination of the Debt Securities to other indebtedness, whether the Debt Securities will be secured by any assets or guaranteed by any other person and any other specific terms; (iii) in the case of Warrants, the number of Warrants being offered, the offering price, the exercise price, the form and any other specific terms; (iv) in the case of Subscription Receipts, the number of Subscription Receipts being offered, the offering price, the procedures for the exchange of the Subscription Receipts for Common Shares, Debt Securities or Warrants and any other specific terms; and (v) in the case of Units, the number of Units being offered, the offering price, the terms of the Common Shares, Debt Securities, Subscription Receipts and/or Warrants underlying the Units, and any other specific terms. A Prospectus Supplement may include specific variable terms pertaining to the Securities that are not within the alternatives and parameters described in this Prospectus. An investor should read this Prospectus and any applicable Prospectus Supplement before investing in any Securities. This Prospectus may qualify an "at-the-market distribution", as defined in National Instrument 44-102 Shelf Distributions ("NI 44-102").

All shelf information permitted under applicable securities legislation to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will, except in respect of any sales pursuant to an "at-the-market distribution", be delivered to purchasers together with this Prospectus. Each Prospectus Supplement will be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains.

This Prospectus does not qualify for issuance Debt Securities, or Securities convertible or exchangeable into Debt Securities, in respect of which the payment of principal and/or interest may be determined, in whole or in part, by reference to one or more underlying interests including, for example, an equity or debt security, a statistical measure of economic or financial performance including, but not limited to, any currency, consumer price or mortgage index, or the price or value of one or more commodities, indices or other items, or any other item or formula, or any combination or basket of the foregoing items, other than as required to provide for an interest rate that is adjusted for inflation. For greater certainty, this Prospectus may qualify for issuance Debt Securities, or Securities convertible or exchangeable into Debt Securities, in respect of which the payment of principal and/or interest may be determined, in whole or in part, by reference to published rates of a central banking authority or one or more financial institutions, such as a prime rate or bankers' acceptance rate, or to recognized market benchmark interest rates such as CDOR (the Canadian Dollar Offered Rate) or LIBOR (the London Interbank Offered Rate), and/or that are convertible into or exchangeable for Common Shares.

The Common Shares of the Company are listed on the Canadian Securities Exchange (the "CSE") under the symbol "SONA". On March 30, 2021, the last trading day on the CSE before the filing of this Prospectus, the closing price of the Common Shares on the CSE was \$1.82. **Unless otherwise specified in the applicable Prospectus Supplement, the Debt Securities, Warrants, Subscription Receipts or Units may not be listed on any securities exchange and there may not be a market through which these Securities may be sold and purchasers may not be able to resell the Debt Securities, Warrants, Subscription Receipts or Units purchased under this Prospectus. This may affect the pricing of these Securities in the secondary market, the transparency and availability of trading prices, the liquidity of these Securities, and the extent of issuer regulation. See the risk factors in the Prospectus Supplement relating to the particular Debt Securities, Warrants, Subscription Receipts or Units.**

The Company may offer and sell Securities to or through underwriters or dealers purchasing as principals, and may also sell Securities directly to one or more purchasers or through dealers acting as agents. The Prospectus Supplement relating to a particular offering of Securities will identify each underwriter, dealer or agent, as the case may be, engaged in connection with the offering and sale of Securities, and will set forth the terms of the offering of such Securities, including the method of distribution of such Securities, the proceeds to the Company and any fees, discounts or other compensation payable to underwriters, dealers or agents and any other material terms of the plan of distribution. See "Plan of Distribution".

The Securities may be sold from time to time in one or more transactions at fixed prices or non-fixed prices, such as market prices prevailing at the time of sale (including, without limitation, sales of Common Shares deemed to be "at-the-market distributions", including sales made directly on the CSE or other existing trading markets for the Common Shares), prices related to such prevailing market prices or prices to be negotiated with purchasers, which prices may vary as between purchasers and during the period of distribution of the Securities.

Unless otherwise specified in the relevant Prospectus Supplement, in connection with any offering of Securities other than an "at-the-market distribution", the underwriters, dealers or agents may effect transactions that stabilize or maintain the market price of the Securities at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution".

No underwriter or dealer involved in an "at-the-market distribution" under this Prospectus, no affiliate of such an underwriter or dealer and no person or company acting jointly or in concert with such underwriter or dealer may, in connection with the distribution, enter into any transaction that is intended to stabilize or maintain the market price of the securities or securities of the same class as the securities distributed under this Prospectus, including selling an aggregate number or principal amount of securities that would result

in the underwriter creating an over-allocation position in the securities.

Investing in the Securities involves significant risks. Prospective investors should consider the risk factors described under “Risk Factors” in this Prospectus and in the Company’s annual information form dated February 26, 2021 for the year ended October 31, 2020 (the “AIF”) and the management’s discussion and analysis for the year ended October 31, 2020, incorporated by reference herein and which can be found on SEDAR at www.sedar.com before purchasing Securities.

The Company’s corporate office and its registered and records office is located at Suite 2001 – 1969 Upper Water Street, Halifax, Nova Scotia, B3J 3R7 and its research and development office is located at 1 Research Drive, Bay 2, Dartmouth, Nova Scotia B2Y 4M9.

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GENERAL MATTERS

In this Prospectus, unless otherwise indicated or the context otherwise requires, the terms “Sona”, the “Company”, “we”, “us”, and “our” are used to refer to Sona Nanotech Inc. Capitalized terms used in this Prospectus that are not otherwise defined shall have the meanings ascribed to such terms in the Company’s AIF which is incorporated by reference herein.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Prospectus (including the documents incorporated by reference herein) contains “forward-looking information” which may include, but is not limited to, the intended use of proceeds of the sale of Securities described under “Use of Proceeds” herein, statements with respect to future financial or operating performance of Sona, as well as the Company’s current expectations, estimates, projections, assumptions and beliefs. Often, but not always, forward-looking information can be identified by the use of words such as “seeks”, “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes”, or variations (including negative variations of such words and phrases), or state that certain actions, events or results “may”, “could”, “would”, “might”, or “will be taken”, “occur” or “be achieved”, or the negative forms of any of these words and other similar expressions.

This information includes, but is not limited to, comments regarding:

- the development plans for the Company’s gold nanoparticle products and associated services, including its development of a saliva-based test and other rapid diagnostic tests and services;
- the Company’s business strategy;
- the Company’s strategy for protecting its intellectual property;
- the Company’s ability to obtain necessary funding on favorable terms or at all, and status as a going concern;
- the Company’s plan and ability to secure revenues;
- the risk of competitors entering the market;
- the Company’s ability to hire and retain skilled staff;
- the ability to obtain financing to fund future expenditure and capital requirements; and
- the impact of adoption of new accounting standards.

Although Sona believes that the plans, intentions and expectations reflected in this forward-looking information are reasonable, Sona cannot be certain that these plans, intentions or expectations will be achieved. Actual results, performance or achievements could differ materially from those contemplated, expressed or implied by the forward-looking information contained in this Prospectus. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Sona to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, those factors discussed or referred to in the section entitled “*Risk Factors*” in this Prospectus and in the AIF of the Company incorporated by reference herein, and include, without limitation, risks related to: ability to obtain additional financing; not achieving required regulatory approvals for its products on a timely basis or at all; adverse changes in relevant laws or regulations; risks and uncertainties associated with product development; risks of not achieving production, costs of goods sold or other estimates; reliance on outside contractors to conduct certain activities; defects in or loss of intellectual property rights; loss of key personnel and our inability to attract and retain qualified personnel; political, economic and other uncertainties in the jurisdiction where we operate or conduct business activities; risks of obtaining and maintaining other necessary licenses, permits and approvals from various governmental authorities; risks related to compliance with environmental regulations and environmental hazards; fluctuations in foreign currency exchange rates; potential losses, liabilities and damages related to our business which are uninsured or uninsurable; competition with other companies; risks associated with litigation; volatility of global financial conditions; taxation, including changes in tax laws and interpretation of tax laws; as well as other risks, uncertainties and other factors beyond our ability to control.

Although Sona has attempted to identify important factors that could cause actual actions, events or results to differ

materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained or incorporated by reference herein are made as of the date of this Prospectus or the date of the document incorporated by reference herein based on the opinions and estimates of management at that time. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements, except as required by applicable securities laws.

You should rely only on the information contained or incorporated by reference in this Prospectus. Sona has not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. Sona is not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. The information in this document may only be accurate as of the date on the front cover of this Prospectus.

CURRENCY PRESENTATION

All dollar amounts set forth in this Prospectus are expressed in Canadian dollars and referred to as “\$” unless otherwise specifically indicated.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with the various securities commissions or similar regulatory authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of the Company at Suite 2001 – 1969 Upper Water Street, Halifax, Nova Scotia, B3J 3R7 (phone: (902) (442-7187) and are also available electronically at www.sedar.com. Information contained or featured on the Company’s website shall not be deemed to be part of this Prospectus.

The following documents, filed by the Company with the securities commissions or similar regulatory authorities in each province and territory of Canada, are specifically incorporated by reference into, and form an integral part of, this Prospectus:

- (a) the AIF of the Company dated February 26, 2021 for the year ended October 31, 2020;
- (b) the audited financial statements of the Company for the years ended October 31, 2020 and 2019, together with the auditor’s report thereon and notes thereto;
- (c) the management’s discussion and analysis for the year ended October 31, 2020;
- (d) the management information circular of the Company dated March 25, 2020 prepared in connection with the annual general meeting of shareholders of the Company held on April 29, 2020;
- (e) the material change report dated November 6, 2020 relating to its application to the United States Food and Drug Administration;
- (f) the material change report dated November 12, 2020 relating to the appointment of Mr. Mark Lievonen as a Director of the Company; and
- (g) the material change report dated December 2, 2020 relating to the withdrawal of its application for an Interim Order authorization from Health Canada.

A reference herein to this Prospectus also means any and all documents incorporated by reference in this Prospectus. Any document of the type referred to above (excluding confidential material change reports), any business acquisition reports, the content of any news release disclosing financial information for a period more recent than the period for which financial statements are required and certain other disclosure

documents as set forth in Item 11.1 of Form 44-101F1 of National Instrument 44-101 – *Short Form Prospectus Distributions* of the Canadian Securities Administrators filed by the Company with the securities commissions or similar regulatory authorities in Canada after the date of this Prospectus and prior to the termination of the distribution shall be deemed to be incorporated by reference in this Prospectus.

Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not constitute a part of this Prospectus, except as so modified or superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

MARKETING MATERIALS

Any “template version” of any “marketing materials” (each such term as defined in National Instrument 41-101 – *General Prospectus Requirements*) pertaining to a distribution of Securities, and filed by the Company after the date of the Prospectus Supplement for the distribution and before termination of the distribution of such Securities, will be deemed to be incorporated by reference in that Prospectus Supplement for the purposes of the distribution of Securities to which the Prospectus Supplement pertains.

THE COMPANY

The Company was amalgamated pursuant to the federal laws of Canada on August 8, 2018 under the name “Sona Nanotech Inc.”. The Company has an unlimited number of authorized common shares without par value issuable.

The registered and records office and corporate office of the Company are located Suite 2001 – 1969 Upper water Street, Halifax, Nova Scotia, B3J 3R7. The research and development office is located at 1 Research Drive, Bay 2, Dartmouth, Nova Scotia, B2Y 4M9. The Company has no subsidiaries.

BUSINESS OF THE COMPANY

The Company’s primary focus of business is to develop and commercialize novel nanoparticle technologies for sale to the global nanoparticles market. Sona is the manufacturer of the Gemini™ and Omni™ GNR product lines. The Company is the world’s first company to develop the ability to synthesize high volumes of gold nanorods (“GNR”) without the use of the toxic surfactant, cetyltrimethylammonium bromide. GNR products are ideally suited for in-vitro diagnostics test products, including lateral flow assays, enzyme-linked immunosorbent assays, flow through assays and lab analyzers. In addition, the Company’s gold nanorods have potential to be incorporated into disruptive emerging medical applications including targeted drug delivery, photothermal therapy and cell imaging. The Company had no sales revenue for during its last three completed fiscal years.

For additional information on the business of the Company, please refer to the Company’s AIF under the heading “*Description of the Business*”.

Recent Corporate Developments

Rapid Screening Test for Coronavirus

On October 28, 2020, the Company received notice from the United States Food and Drug Administration (the “FDA”) that the Company’s request for an Emergency Use Authorization (“EUA”) for the marketing of its rapid, COVID-19 antigen test in the United States was “not a priority” and consequently such authorization would not be

issued at that time. The FDA cited current EUA request prioritization criteria as including “the public health need for the product” and did not comment on the performance of the Sona test.

On November 25, 2020, the Company withdrew its application for an Interim Order authorization from Health Canada for the marketing of its rapid, COVID-19 antigen test based on feedback from Health Canada and to obtain more clinical data to augment its submission.

The Company continues to work with several potential partners to secure an additional clinical trial to support other potential regulatory submissions. Any trial would require a sponsoring institution, a principal investigator, a study protocol, relevant medical ethics review board approval and Health Canada Investigational Testing Division approval.

In addition to continuing to pursue approval of the Company’s rapid COVID-19 antigen test, which uses a nasal pharyngeal swab, the Company continues to validate the next evolution of its rapid COVID-19 antigen test which aims to use saliva samples, building on its existing technology, providing for less invasive sample collection. The saliva test would use the existing Sona lateral flow cassette. The Company intends to seek a large-scale trial specifically for its saliva-based test. This test would require a separate submission to regulators for approval to be used as a medical diagnostic device.

Sona has sold tests to Canadian companies under ‘research use only’ labelling. These tests are being evaluated as a screening tool for the identification of COVID-19 amongst employees. Potential programs envision having employees that test positive with the Sona rapid test designated ‘presumed positive’, removed from congested work environments and referred to medical professionals for confirmatory testing. This process would allow employers to remove affected staff from the workplace, reduce potential spread and help businesses remain open in pandemic conditions. The Company believes that screening individuals in congested environments, whether they be mining operations, airports or long-term care facilities is the best use case for Sona’s rapid test and that this added testing tool can play an important role in Canada’s response to COVID-19. These tests were manufactured in the Company’s in-house manufacturing facility.

The Company appointed Obelis S.A as its Authorized Representative in the European Union, to complete the CE Marking process for its In-Vitro Diagnostic Devices. Obelis, a regulatory and compliance consulting service provider operating since 1988, certified both under ISO 9001 & 13485, has successfully helped more than 3,000 manufacturers in over 60 countries to introduce their products to the European market. As part of the CE Marking compliance process, the Company worked with Obelis, to compile its technical documentation to serve as evidence of conformity with the CE Marking requirements, and with Sona’s contract manufacturer to complete its technology transfer batch production runs.

On December 31, 2020, Sona declared its CE Mark status for its rapid, COVID-19 antigen test. The CE Mark declares the conformity of the Sona test with EU regulations and allows Sona to commercialize its test throughout Europe and potentially other territories in which the CE Mark is recognized.

The Company intends to begin selling its test as a screening tool for organizations wishing to screen individuals in high-risk congregate settings in which testing could quickly identify persons with a SARS-CoV-2 infection to inform infection prevention and control measures to reduce risk of transmission. Individuals who have symptoms of COVID-19 or who have had close contact with someone with confirmed COVID-19 should be considered as candidates for screening. As a rapid screening test, all results should be assessed in the context of the local prevalence of the virus and considered ‘presumed’ positive or negative until confirmed by a physician.

With its CE Mark secured, the Company is now able to take firm orders in territories accepting a CE Mark and make corresponding manufacturing commitments from its contract manufacturer in the United Kingdom. The Company is currently also in the process of technology transfer to a second manufacturer in North America.

The Company has recently completed a performance enhancement program for its COVID-19 test and has optimized it for use with a saliva sample, rather than invasive nasal swabs, and the Company is now in the final stages of establishing a clinical trial for that test. If this trial is successful, it is the Company’s intention to immediately commission the third-party analytical studies necessary for regulatory submission in Canada, the U.S. and Europe.

The Company is also developing a portfolio of other rapid tests and services that are intended to leverage its proprietary technology and the know-how it has acquired in the development of lateral flow assays. Continuing the development of new lateral flow tests, such as a concussion test, to a commercialization stage may take between 12-36 months which would require the Company to seek additional financing.

Longer term, research and development activities are planned to create opportunities to use the Company's proprietary gold nanorod technology in 'in vivo' applications. Given this technology's unique non-toxicity, areas in which gold nanorods could provide for innovative therapies include targeted drug delivery and tumor ablation.

Litigation

Starting on December 17, 2020, several putative shareholder class action lawsuits have been filed in the United States District Court for the Central District of California. The complaints assert claims under Sections 10(b) and 20 of the Securities Exchange Act of 1934 on behalf of a putative class of investors who purchased or otherwise acquired stock of the Company in US transactions between July 2, 2020 and November 25, 2020. The suits allege that the Company made material misstatements regarding its rapid detection COVID-19 antigen test. The Company expects the cases, which are in their early stages, will be consolidated into a single action and a lead representative plaintiff appointed in the near future.

On December 18, 2020, a Notice of Action and Statement of Claim was filed in the Supreme Court of Nova Scotia. The Statement of Claim purports to assert claims on behalf of a class of persons or entities who purchased stock of the Company based on similar allegations of material misrepresentations and omissions as alleged in the US action. The case is in its early stages.

The Company believes these claims are without merit and intends to contest the claims and mount a vigorous defence. Please see "Risk Factors – Litigation Risks" in this Prospectus and "Risk Factors – Potential Litigation" in the AIF.

Financing Activity

In March 2021, the Company issued 37,500 common shares on the exercise of options priced at \$0.35 per share. In February 2021, the Company issued 18,750 common shares on the exercise of options priced at \$0.35 per share. In January 2021, the Company issued 18,750 common shares on the exercise of options priced at \$0.35 per share and 18,750 common shares on the exercise of warrants priced at \$0.60 per share.

In December 2020, the Company closed its non-brokered private placement with the issuance of 2,259,200 units at \$1.00 per unit. Each unit consists of one common share of Sona and one-half of a common share purchase warrant. Each warrant is exercisable to purchase one additional common share of Sona at a price of \$1.25 per common share for a period of 24 months from the closing date of the financing.

In early November, the Company granted 250,000 incentive stock options under the Company's Stock Option Plan to a new Director, Mark Lievonen. Each option is exercisable into one common share at a price of \$3.36 per share and will vest at the rate of 25% every six months. The options will expire five years from the date of grant.

In August 2020, a related party – Numus Financial Inc. provided a working capital loan in the amount of \$300,000. This loan was increased to \$500,000 in October 2020 and \$600,000 in November 2020. This loan bears interest at bank prime plus 1% and is repayable on demand. There is also a 2% lender fee.

Board of Directors

In early November Mr. J. Mark Lievonen, C.M., was appointed to the Company's Board of Directors. Mr. Lievonen is the former President of Sanofi Pasteur Limited, the Canadian vaccine division of Sanofi. Under his leadership, Sanofi Pasteur became a billion dollar enterprise in Canada, manufacturing over 50 million doses of vaccines for both domestic and international markets. Mr. Lievonen spearheaded a cancer vaccine program and supported the launch of a five-component pertussis vaccine, which is widely used to this day. He has also served on a number of public and not-for-profit boards and industry organizations including as Chair of BIOTECANADA and Rx&D (now Innovative Medicines Canada).

Currently, Mr. Lievonen is the Co-Chair of the Government of Canada’s COVID-19 Vaccine Task Force, a Director of OncoQuest Pharmaceuticals Inc., Biome Grow Inc., and the Gairdner Foundation. He holds a BBA in accounting and a MBA in finance and marketing from the Schulich School of Business, York University, and is a FCPA.

Mr. Lievonen replaced Mr. Zephaniah Mbugua, who had served on the Company’s Board since August 2018.

CONSOLIDATED CAPITALIZATION

Except as disclosed elsewhere in this Prospectus, there have been no material changes in the share and loan capital of the Company, on a consolidated basis, since October 31, 2020, being the ending period of the Company’s most recently filed financial statements. Further details are set out in the AIF under the heading “*Description of Share Capital*”, or in the footnote 10 of the annual financial statements for the year ended October 31, 2020, incorporated by reference.

The following table sets forth the consolidated capitalization of the Company has at October 31, 2020 both before and after giving effect changes to the issued capital of the Company since October 31, 2020:

	<u>As at October 31, 2020</u>	<u>As at October 31, 2020, after giving effect to material transactions since that date</u>
	\$8,847,446	\$10,600,205
Common Shares	(61,271,778 Common Shares)	(63,624,728 Common Shares) ⁽¹⁾
Warrants	-	1,129,600 ⁽¹⁾
Options	4,337,500	4,493,750 ⁽²⁾
Reserves	Nil	Nil
Shareholder Deficiency	(\$3,435,465)	(\$1,142,029) ⁽³⁾

Notes: 1) After giving effect to the December 2020 non-brokered private placement and option exercises since October 31, 2020.
 2) After giving effect to option issuance and exercises since October 31, 2020.
 3) After updating for net changes in common shares and other equity items as outlined above.

As of the date of this Prospectus and as of February 26, 2021, the last business day of the Company’s most recently completed fiscal month end prior to the date of this prospectus, the Company had working capital deficits (excluding the current portion of long-term debt) of \$810,058 and \$618,046, respectively, and current asset balances of \$1,262,322 and \$1,664,604 respectively. Changes in working capital between these dates are due to payments made and liabilities incurred in the ordinary course of the Company’s business.

EARNINGS COVERAGE RATIOS

Earnings coverage ratios will be provided as required in the Prospectus Supplement with respect to the issuance of Debt Securities pursuant to this Prospectus.

SELLING SECURITYHOLDERS

Securities may be sold under this Prospectus by way of secondary offering by or for the account of certain of the Company’s securityholders. In connection with any secondary offering, in respect of any selling securityholder that is resident outside of Canada, the Company will file a non-issuer’s submission to jurisdiction form on behalf of such selling securityholder with the corresponding Prospectus Supplement.

Any Prospectus Supplement that the Company files in connection with an offering of Securities by selling securityholders will include the following information:

- the names of the selling securityholders;

- the number or amount of Securities owned, controlled or directed of the class being distributed by each selling securityholder;
- the number or amount of Securities of the class being distributed for the account of each selling securityholder;
- the number or amount of Securities of any class to be owned, controlled or directed by the selling securityholders after the distribution and the percentage that number or amount represents of the total number of our outstanding Securities;
- whether the Securities are owned by the selling securityholders both of record and beneficially, of record only, or beneficially only; and
- all other information that is required to be included in the applicable Prospectus Supplement.

USE OF PROCEEDS

The Company has incurred substantial losses since its inception and has derived no revenue from operations, and consequently has negative cash flow from operations. The Company expects to use some or all of the net proceeds from an offering of Securities to fund anticipated negative cash flow from operating activities in future periods. Specific information about our use of the net proceeds from an offering of Securities will be set forth in the Prospectus Supplement for that offering. The Company will not receive any proceeds from any sale of any Securities by selling securityholders.

The Company will require additional funding to complete further research and development work on its products. There is no assurance that such funds will be available on terms favourable to the Company. See “*Risk Factors*”.

PLAN OF DISTRIBUTION

The Company may sell Securities: (a) through underwriters, dealers or agents purchasing as principal or acting as agent; (b) directly to one or more purchasers, including sales upon the exercise of conversion or exchange rights attaching to convertible or exchangeable securities held by the purchaser; or (c) through a combination of any of these methods of sale. Securities may be sold from time to time in one or more transactions at a fixed price or prices which may be changed, at market prices prevailing at the time of sale, at prices related to such prevailing market price or at prices to be negotiated with purchasers, either for cash or for other consideration. The sale of Common Shares may be effected from time to time on one or more transactions at non-fixed prices pursuant to transactions that are deemed to be an “at-the-market distribution”, including sales made directly on the CSE or other existing trading markets for the Common Shares, and as set forth in the Prospectus Supplement for such purpose.

The Prospectus Supplement relating to each offering of Securities will identify each underwriter, dealer or agent, as the case may be, and will also set forth the terms of that offering, including the purchase price of such Securities, the proceeds to the Company and any underwriters’, dealers’ or agents’ fees, commissions or other items constituting underwriters’ or agents’ compensation. Only underwriters, dealers or agents so named in the applicable Prospectus Supplement are deemed to be underwriters, dealers or agents, as the case may be, in connection with the Securities offered thereby.

In connection with the sale of Securities, underwriters, dealers or agents may receive compensation from the Company in the form of commissions, concessions or discounts. Any such commissions may be paid out of the general funds of the Company or the proceeds of the sale of the Securities.

Under agreements which may be entered into by the Company, underwriters, dealers and agents who participate in the distribution of Securities may be entitled to indemnification by the Company against certain liabilities, including liabilities under securities legislation, or to contribution with respect to payments which such underwriters or agents may be required to make in respect thereof.

In connection with any offering of Securities, other than an “at-the-market distribution”, the underwriters, dealers or

agents who participate in the distribution of Securities may over allot or effect transactions that stabilize or maintain the market price of the Securities at levels other than those which otherwise might prevail on the open market. Such transactions may be commenced, interrupted or discontinued at any time.

Sales of Common Shares under an “at-the-market distribution”, if any, will be made pursuant to an accompanying Prospectus Supplement. The volume and timing of any “at-the-market distribution” will be determined at the Company’s sole discretion. No underwriter of an “at-the-market distribution”, and no person or company acting jointly or in concert with an underwriter, may, in connection with the distribution, enter into any transaction that is intended to stabilize or maintain the market price of the securities or securities of the same class as the securities distributed under the Prospectus Supplement, including selling an aggregate number or principal amount of securities that would result in the underwriter creating an over-allocation position in the securities.

Unless stated to the contrary in any Prospectus Supplement, the Securities have not been and will not be registered under the 1933 Act or any U.S. state securities laws, and may not be offered, sold or delivered, directly or indirectly, to, or for the account or benefit of, persons in the United States or U.S. persons, except in transactions exempt from the registration requirements of the 1933 Act and applicable U.S. state securities laws. In addition, until 40 days after the commencement of an offering of Securities, an offer or sale of the Securities within the United States or to U.S. persons by any dealer, whether or not participating in the offering, may violate the registration requirements of the 1933 Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the 1933 Act. Terms used and not defined in this paragraph have the meanings ascribed thereto by Regulation S under the 1933 Act.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The applicable Prospectus Supplement may describe certain Canadian federal income tax considerations generally applicable to investors described therein of purchasing, holding and disposing of applicable Securities including, in the case of an investor who is not a resident of Canada, Canadian non-resident withholding tax considerations.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

Authorized and Issued Share Capital

The authorized share capital of the Company consists of an unlimited number of Common Shares without par value. As of the date of this Prospectus, 63,624,728 Common Shares were issued and outstanding as fully paid and non-assessable shares.

Common Shares

The holders of the Common Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Company and each Common Share confers the right to one vote in person or by proxy at all meetings of the shareholders of the Company. The holders of the Common Shares, subject to the prior rights, if any, of any other class of shares of the Company, are entitled to receive such dividends in any financial year as the board of directors of the Company may by resolution determine. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the holders of the Common Shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of the Company, the remaining property and assets of the Company. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

Debt Securities

The Debt Securities will be issued under one or more indentures, in each case between the Company and a trustee determined by the Company in accordance with applicable laws. The statements made below relating to any trust indenture and the Debt Securities to be issued thereunder are summaries of certain anticipated provisions thereof, are not complete and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable trust indenture. A copy of the trust indenture will be available on SEDAR at www.sedar.com.

The Prospectus Supplement relating to any Debt Securities being offered will include specific terms relating to the

offering. These terms will include some or all of the following:

- the designation of the series of the Debt Securities, which will distinguish the series of the Debt Securities from all other series of Debt Securities;
- any limit upon the aggregate principal amount of the series of the Debt Securities that may be certified and delivered under a trust indenture or supplement to a trust indenture;
- the date or dates on which the principal and any premium of the series of the Debt Securities is payable;
- the rate or rates at which the series of the Debt Securities shall bear interest, if any, the date or dates from which such interest shall accrue, on which such interest shall be payable and on which a record, if any, shall be taken for the determination of holders to whom such interest shall be payable and/or the method or methods by which such rate or rates or date or dates shall be determined;
- the place or places where the principal of and any interest on the series of the Debt Securities shall be payable or where any series of the Debt Securities may be surrendered for registration of transfer or exchange;
- the right, if any, of the Company to redeem the series of the Debt Securities, in whole or in part, at its option and the period or periods within which, the price or prices at which and any terms and conditions upon which, the series of the Debt Securities may be so redeemed, pursuant to any sinking fund or otherwise;
- the obligation, if any, of the Company to redeem, purchase or repay the series of the Debt Securities pursuant to any mandatory redemption, sinking fund or analogous provisions or at the option of a holder thereof and the price or prices at which, the period or periods within which, the date or dates on which, and any terms and conditions upon which, the series of the Debt Securities shall be redeemed, purchased or repaid, in whole or in part, pursuant to such obligations;
- if other than denominations of \$1,000 and any integral multiple thereof, the denominations in which the series of the Debt Securities shall be issuable;
- any trustees, depositories, authenticating or paying agents, transfer agents or registrars or any other agent with respect to the series of the Debt Securities;
- any events of default or covenants with respect to the series of the Debt Securities;
- whether and under what circumstances the series of the Debt Securities will be convertible into or exchangeable for securities of the Company or any other person;
- the form and terms of the series of the Debt Securities, including, without limitation, if the series of the Debt Securities shall be in registered or unregistered form;
- if applicable, that the series of the Debt Securities shall be issuable in whole or in part as one or more global Debt Securities and, in such case, the depository or depositories for such global Debt Securities in whose name the global Debt Securities will be registered;
- if other than Canadian currency, the currency in which the series of the Debt Securities are issuable; and
- any other term of the series of the Debt Securities.

All Debt Securities of any one series shall be substantially identical, except as may otherwise be established pursuant to a resolution of the directors, in an officers' certificate, or in the trust indenture or supplement to the trust indenture for the Debt Securities. All Debt Securities of any one series need not be issued at the same time and may be issued from time to time.

If any Debt Securities are sold for any foreign currency or currency unit or if payments on the Debt Securities are payable in any currency or currency unit other than the Canadian dollar, the Prospectus Supplement will describe the restrictions, elections, tax consequences, specific terms and other information relating to those Debt Securities and the non-Canadian dollar currency or currency unit.

This Prospectus does not qualify for issuance Debt Securities in respect of which the payment of principal, premium and/or interest may be determined, in whole or in part, by reference to one or more underlying interests, including, for example, an equity or debt security, a statistical measure of economic or financial performance including, but not limited to, any currency, consumer price or mortgage index, or the price or value of one or more commodities, indices or other items, or any other item or formula, or any combination or basket of the foregoing items. For greater certainty, this Prospectus may qualify for issuance Debt Securities in respect of which the payment of principal, premium and/or interest may be determined, in whole or in part, by reference to published rates of a central banking authority or one or more financial institutions, such as a prime rate or a bankers' acceptance rate, or to recognized market benchmark interest rates.

The Debt Securities offered pursuant to this Prospectus and any Prospectus Supplement may be represented by instalment receipts, the particular terms and provisions of which will be described in the applicable Prospectus Supplement and set out in an instalment receipt and pledge agreement or similar agreement. Any such instalment receipt will evidence, among other things: (a) the fact that a first instalment payment has been made in respect of the Debt Securities represented thereby, and (b) the beneficial ownership of the Debt Securities represented by the instalment receipt, subject to a pledge of such Debt Securities securing the obligation to pay the balance outstanding under such Debt Securities on or prior to a certain date. A copy of any such instalment receipt and pledge agreement or similar agreement will be available on SEDAR at www.sedar.com.

Warrants

This section describes the general terms that will apply to any Warrants that may be offered by the Company pursuant to this Prospectus.

Warrants may be offered separately or together with other Securities. The Company will not offer Warrants for sale separately to any member of the public in Canada unless the offering is in connection with and forms part of the consideration for an acquisition or merger transaction. See "*Purchasers' Statutory Rights*".

The particular terms of each issue of Warrants will be described in the related Prospectus Supplement. Such description will include, where applicable:

- the number of Warrants being offered and, if offered as a unit with another Security, the number of Warrants or a fraction of a Warrant being offered with such other Security;
- the Securities which are underlying the Warrants;
- the exercise price of the Warrants;
- the expiry date of the Warrants;
- the procedure for exercising Warrants into underlying Securities;
- the indenture trustee of the Warrants under the warrant indenture pursuant to which the Warrants are to be issued, if applicable;
- certain material Canadian tax consequences of owning the Warrants (if any); and

- any other material terms and conditions of the Warrants.

Subscription Receipts

This section describes the general terms that will apply to any Subscription Receipts that may be offered by the Company pursuant to this Prospectus.

Subscription Receipts may be offered separately or together with other Securities. The following sets forth certain general terms and provisions of the Subscription Receipts offered under this Prospectus. The specific terms of the Subscription Receipts, and the extent to which the general terms described in this section apply to those Subscription Receipts, will be set forth in the applicable Prospectus Supplement. The Subscription Receipts will be issued under a subscription receipt agreement. The applicable Prospectus Supplement will include details of the subscription receipt agreement governing the Subscription Receipts being offered, including, where applicable:

- the number of Subscription Receipts being offered;
- the price at which the Subscription Receipts will be offered;
- the Securities into which Subscription Receipts are exchangeable;
- the procedures for the exchange of the Subscription Receipts into Securities;
- the number of Securities that may be exchanged upon exercise of each Subscription Receipt;
- the designation and terms of any other Securities with which the Subscription Receipts will be offered, if any, and the number of Subscription Receipts that will be offered with each Security;
- the material Canadian tax consequences of owning the Subscription Receipts (if any); and
- any other material terms and conditions of the Subscription Receipts.

An original purchaser of Subscription Receipts will have a contractual right of rescission against the Company, following the issuance of the underlying Common Shares or other Securities to such purchaser, upon the surrender or deemed surrender of the Subscription Receipts, to receive the amount paid for the Subscription Receipts in the event that this Prospectus (including any documents incorporated by reference) and any amendment thereto contains a misrepresentation or is not delivered to such purchaser, provided such remedy for rescission is exercised within 180 days.

Units

This section describes the general terms that will apply to any Units that may be offered by the Company pursuant to this Prospectus.

Units are a security comprised of more than one of the other Securities described in this Prospectus offered together as a "Unit". A Unit is typically issued so the holder thereof is also the holder of each Security included in the Unit. Thus, the holder of a Unit will have the rights and obligations of a holder of each Security comprising the Unit. The agreement, if any, under which a Unit is issued may provide that the Securities comprising the Unit may not be held or transferred separately at any time or at any time before a specified date.

The particular terms and provisions of Units offered by any Prospectus Supplement, and the extent to which the general terms and provisions described below may apply to them, will be described in the Prospectus Supplement filed in respect of such Units. This description will include, where applicable:

- the designation and terms of the Units and of the Securities comprising the Units, including whether and under what circumstances those Securities may be held or transferred separately;

- the number of Units offered;
- the price or prices, or manner of determining the price, if any, at which the Units will be issued;
- any provisions for the issuance, payment, settlement, transfer or exchange of the Units or of the Securities comprising the Units;
- whether the Units will be issued in registered or global form; and
- any other material terms and conditions of the Units.

RISK FACTORS

An investment in the Securities should be considered highly speculative and investors may incur a loss on their investment. Investors should carefully review and consider all of the information disclosed in this Prospectus, including the documents incorporated by reference, and in particular, the risk factors set forth in the Company's AIF relating to the Company, as well as the following additional risk factors.

Litigation Risks

As described under "Litigation" above and "Legal Proceedings and Regulatory Actions" in the AIF, claims against the Company have been filed in the United States District Court for the Central District of California and the Supreme Court of Nova Scotia. Although the Company believes these claims are without merit and intends to contest the claims and mount a vigorous defence, there can be no assurance that the Company will be successful in its defense due to the inherent uncertainty of the litigation process. Further, while the Company is not aware of any regulatory investigations or additional pending claims relating to the allegations made in the existing class action claims, the Company may be subject to additional class action suits, other litigation, or regulatory proceedings or actions arising from such matters in the future.

While the Company maintains insurance coverage with respect to litigation, an adverse decision in respect of existing claims against the Company could result in significant settlement amounts, damages or other penalties, which may exceed the limits of the Company's existing insurance coverage. Losses and liabilities arising from insufficient insurance coverage could have a material adverse effect on the Company's business, financial condition and results of operation, as well as the market price of the Securities. Additionally, legal fees and costs incurred in defending legal disputes can be substantial, even where such claims that have no merit. The Company has and will continue to incur expenses associated with its defense of the class action claims. There can be no assurance that the Company's existing insurance coverage will be sufficient to pay all of such costs, and any costs incurred in excess of insurance coverage may have a material adverse effect on the Company's financial condition.

In addition to the matters discussed above, the Company may be subject to regulatory investigations, civil claims, lawsuits and other proceedings in the ordinary course of its business, including securities law compliance, employee and customer claims, commercial disputes, landlord-tenant disputes, intellectual property issues and other matters. The results of any legal proceedings involving the Company cannot be predicted with certainty due to the uncertainty inherent in regulatory actions and litigation. There can be no assurance that any pending or future litigation, regulatory, agency or civil proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources. The nanotechnology life science industry is a new industry and the Company is a relatively new enterprise. It is therefore more difficult to predict the types of claims, proceedings and allegations and the quantum of costs related to such claims and proceedings and the direct and indirect effects of such allegations that the Company may face. Management is committed to conducting business in an ethical and responsible manner, which it believes will reduce the risk of legal disputes and allegations. However, if the Company is subject to legal disputes or negative allegations, there can be no assurances that these matters will not have a material adverse effect on the Company's business, financial condition or results of operations, or the market price of the Securities.

COVID-19

It is possible that developments related to the COVID-19 pandemic could have material adverse impacts on the Company's operations and financial condition, including loss of available labour, prolonged or temporary closures due to a COVID-19 outbreak, government orders that impact the operations of the Company's business. Since very early in 2020, the outbreak of COVID-19 has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. During this time, the Company has been constrained in its ability to pursue and secure partnerships, collaborations and clinical trials due to travel restrictions and quarantine requirements. In addition, the COVID-19 pandemic has had, and could continue to have, a negative impact on financial markets and economic conditions. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. The duration and severity of the COVID-19 pandemic are not known at this time and these factors could have an unpredictable impact on our business, financial condition and operating results, which could be materially and adversely affected.

Risks Related to the Offering:

Loss of Investment

An investment in the Securities is suitable only for those investors who are willing to risk a loss of some or all of their investment and who can afford to lose some or all of their investment.

Negative Operative Cash Flow and Additional Funding will be Required

The Company has reported negative cash flow from operations in its most recently completed financial year. The net proceeds of any offering under this Prospectus will be used to fund the Company's business activities and negative operating cash flow. The funds raised may not be sufficient to meet all of the Company's ongoing financial requirements relating to the research, development and commercialization of the Company's products. The Company will require additional financing from external sources, such as joint ventures, debt financing or equity financing, in order to meet such requirement. The success and the pricing of any such capital raising and/or debt financing will be dependent upon the prevailing market conditions at that time and upon the ability of a company with projects that are non-producing to attract significant amounts of debt and/or equity. There can be no assurance that such financing will be available to the Company or, if it is, that it will be offered on acceptable terms. If additional financing is raised through the issuance of equity or convertible debt securities of the Company, this may have a depressive effect on the price of the Company's securities and the interests of shareholders in the net assets of the Company will be diluted. Any failure by the Company to obtain required financing on acceptable terms could cause the Company to delay development and commercialization of its products and could have a material adverse effect on the Company's financial condition, results of operations and liquidity.

Going Concern Risk

Although the Company's financial statements have been prepared on a going concern basis, the Company estimates that it must raise additional capital before October 1, 2021 to fund its operations in order to continue as a going concern without significantly reducing its operations, including a significant reduction in its workforce and delay of product development activities.

Manning Elliott LLP, the Company's independent auditor for the fiscal year ended October 31, 2020, has included an explanatory paragraph in their opinion that accompanies the Company's audited consolidated financial statements as of and for the year ended October 31, 2020, indicating the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. See also Note 2 "Basis of Presentation and Going Concern in the notes to the Company's audited consolidated financial statements as of and for the year ended October 31, 2020. If the Company is unable to improve its liquidity position, it may not be able to continue as a going concern. The Company's audited consolidated financial statements as of and for the year ended October 31, 2020 do not include any adjustments that might result if the Company is unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities other than in the normal course of

business which could cause investors to suffer the loss of all or a substantial portion of their investment.

The Company anticipates that its current cash resources will only be sufficient to fund its activities and liability payment needs through October 1, 2021. In order to have sufficient cash to fund its operations beyond October 1, 2021, the Company will need to raise additional equity or debt capital by October 1, 2021, including through offerings under this Prospectus, in order to continue as a going concern and the Company cannot provide any assurance that it will be successful in doing so.

No Market for the Securities

There is currently no trading market for any Debt Securities, Subscription Receipts, Warrants or Units that may be offered. No assurance can be given that an active or liquid trading market for these securities will develop or be sustained. If an active or liquid market for these securities fails to develop or be sustained, the prices at which these securities trade may be adversely affected. Whether or not these securities will trade at lower prices depends on many factors, including liquidity of these securities, prevailing interest rates and the markets for similar securities, the market price of the Securities, general economic conditions and the Company's financial condition, historic financial performance and future prospects.

Market Price of Common Shares

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. The price of Common Shares is also likely to be significantly affected by changes in the financial condition or results of the Company's operations as reflected in its financial statements. If an active market for the Common Shares does not continue, the liquidity of an investor's investment may be limited and the price of the Common Shares may decline below the price at which they were sold. If an active market does not continue, investors may lose their entire investment in the Common Shares. As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect the long-term value of the Company.

Discretion in the Use of Net Proceeds

The Company intends to use the net proceeds from the distribution of Securities hereunder as set forth under "*Use of Proceeds*". The Company maintains broad discretion to spend the proceeds in ways that it deems most efficient. The application of the proceeds to various items may not necessarily enhance the value of the Common Shares. The failure to apply the net proceeds as set forth under "*Use of Proceeds*" could adversely affect the Company's business and, consequently, could adversely affect the price of the Common Shares on the open market.

PRIOR SALES

Common Shares

The following table summarizes details of Common Shares issued by the Company during the 12-month period prior to the date of this Prospectus:

Month Issued	Number of Securities	Security	Price per Security (\$)
March, 2021	12,500	Common Shares	0.35
March, 2021	25,000	Common Shares	0.60
February, 2021	18,750	Common Shares	0.35
January, 2021	18,750	Common Shares	0.60
January, 2021	18,750	Common Shares	0.35
December, 2020	2,259,200	Common Shares	1.00
October, 2020	7,500	Common Shares	0.35
September, 2020	17,500	Common Shares	0.60
August, 2020	35,000	Common Shares	0.35
July 2020	196,250	Common Shares	0.25
July 2020	25,000	Common Shares	0.35
June 2020	90,000	Common Shares	0.35
June 2020	122,500	Common Shares	0.20
April 2020	127,500	Common Shares	0.20
April 2020	400,000	Common Shares	0.25
January 2020	2,520,270	Common Shares	0.20
July 2019	3,199,812	Common Shares	0.25
July 2019	867,677	Common Shares	0.158
June 2019	206,250	Common Shares	0.20

Warrants

The following table summarizes details of the warrants issued by the Company during the 12-month period prior to the date of this Prospectus:

Month Granted	Number of Securities	Security	Exercise Price per Security (\$)
December 2020	1,129,600	Warrant ⁽¹⁾	1.25

⁽¹⁾ Warrants issued pursuant to the Company's December 2020 private placement expire on December 16, 2022.

Stock Options

The following table summarizes details of the stock options granted by the Company during the 12-month period prior to the date of this Prospectus:

Month Granted	Number of Securities	Security	Exercise Price per Security (\$)
November, 2020	250,000	Stock Options ⁽¹⁾	3.36
October, 2020	200,000	Stock Options ⁽¹⁾	7.91
September, 2020	665,000	Stock Options ⁽¹⁾	6.57
July, 2020	1,000,000	Stock Options ⁽¹⁾	7.47
March, 2020	1,100,000	Stock Options ⁽¹⁾	0.60

⁽¹⁾ Options granted pursuant to the Company's Stock Option Plan for five (5) years from the date of the grants.

TRADING PRICE AND VOLUME

The outstanding Common Shares of the Company are listed and posted for trading on the CSE under the symbol “SONA”. On April 13, 2020 the Common Shares also commenced trading on the OTCQB Venture Market in the United States under the symbol “SNANF”. The following sets out the price range and volumes traded or quoted on all trading platforms on which the Common Shares are traded⁽¹⁾ on a monthly basis for each month for the 12-month period before the date of this Prospectus:

Month	High (\$)	Low (\$)	Volume
March 2021 ⁽²⁾	2.07	1.55	7,166,895
February 2021	2.34	1.20	12,688,108
January 2021	4.44	1.60	17,068,442
December 2020	5.38	0.82	30,420,606
November 2020	4.00	0.78	25,841,339
October 2020	11.02	2.59	11,956,530
September 2020	9.24	5.02	7,997,641
August 2020	15.16	6.51	17,619,800
July 2020	16.18	3.21	19,290,605
June 2020	4.14	2.52	9,725,618
May 2020	2.89	1.06	13,727,772
April 2020	2.68	1.09	19,394,445
March 2020	1.39	0.46	27,083,627
February 2020	2.32	0.12	5,059,181

⁽¹⁾ Trading information sourced from TSX InfoSuite and StockWatch.

⁽²⁾ To March 30, 2021.

LEGAL MATTERS AND INTERESTS OF EXPERTS

Unless otherwise specified in the Prospectus Supplement relating to the Securities, certain legal matters will be passed upon on our behalf by Stewart McKelvey with respect to matters of Canadian law. In addition, certain legal matters in connection with an offering and sale of Securities will be passed upon for any underwriters, dealers or agents by counsel to be designated at the time of such offering and sale by such underwriters, dealers or agents with respect to matters of Canadian and, if applicable, United States or other foreign law. As at the date hereof, the partners and associates of Stewart McKelvey, as a group, own less than 1% of the outstanding securities of the Company.

Except as disclosed above, no partner or associate, as applicable, of the afore-mentioned company and limited liability partnerships or persons indicated above are currently expected to be elected, appointed or employed as a director, officer or employee of the Company or any associate or affiliate of the Company.

The Company’s auditors, Manning Elliott LLP are independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of British Columbia.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Company are Manning Elliott LLP, Chartered Professional Accountants, and Vancouver, British Columbia, Canada.

The registrar and transfer agent of the Company is Computershare Investor Services Inc., of Montreal, Quebec, Canada.

EXEMPTIVE RELIEF

Pursuant to a decision of the Autorité des marchés financiers dated March 11, 2021, the Company was granted a permanent exemption from the requirement under section 40.1 of the Securities Act (Québec) to translate into French this Prospectus, as well as the documents incorporated by reference herein, and any Prospectus Supplement to be filed in relation to an “at-the-market distribution”. This exemption is granted on the condition that if the Company offers securities to Québec purchasers other than in relation to an “at-the-market distribution”, this Prospectus and the documents incorporated by reference herein and the Prospectus Supplement in respect of such offering be translated into French.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces and territories of Canada provides purchasers of securities with the right to withdraw from an agreement to purchase securities and with remedies for rescission or, in some jurisdictions, revisions of the price, or damages if the prospectus, prospectus supplement, and any amendment relating to securities purchased by a purchaser are not sent or delivered to the purchaser. However, purchasers of Common Shares under an at-the-market distribution by the Company do not have the right to withdraw from an agreement to purchase the Common Shares and do not have remedies of rescission or, in some jurisdictions, revisions of the price, or damages for non-delivery of the prospectus, prospectus supplement, and any amendment relating to securities purchased by such purchaser because the prospectus, prospectus supplement, and any amendment relating to the securities purchased by such purchaser will not be sent or delivered, as permitted under Part 9 of NI 44-102.

Securities legislation in certain of the provinces and territories of Canada further provides purchasers with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus, prospectus supplement, and any amendment relating to securities purchased by a purchaser contains a misrepresentation. Those remedies must be exercised by the purchaser within the time limit prescribed by securities legislation.

Any remedies under securities legislation that a purchaser of Common Shares distributed under an at-the-market distribution by the Company may have against the Company or its agents for rescission or, in some jurisdictions, revisions of the price, or damages if the prospectus, prospectus supplement, and any amendment relating to securities purchased by a purchaser contain a misrepresentation will remain unaffected by the non-delivery of the prospectus referred to above.

A purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

In addition, original purchasers of convertible, exchangeable or exercisable Securities (unless the Securities are reasonably regarded by the Company as incidental to the applicable offering as a whole) will have a contractual right of rescission against the Company in respect of the conversion, exchange or exercise of the convertible, exchangeable or exercisable Security. The contractual right of rescission will be further described in any applicable Prospectus Supplement, but will, in general, entitle such original purchasers to receive the amount paid for the applicable convertible, exchangeable or exercisable Security (and any additional amount paid upon conversion, exchange or exercise) upon surrender of the underlying securities acquired thereby, in the event that this Prospectus (as supplemented or amended) contains a misrepresentation, provided that: (i) the conversion, exchange or exercise takes place within 180 days of the date of the purchase of the convertible, exchangeable or exercisable Security under this Prospectus; and (ii) the right of rescission is exercised within 180 days of the date of the purchase of the convertible, exchangeable or exercisable security under this Prospectus.

In an offering of convertible, exchangeable or exercisable Subscription Receipts, Warrants or convertible, exchangeable or exercisable Debt Securities (or Units comprised partly thereof), investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the Prospectus is limited, in certain provincial securities legislation, to the price at which convertible, exchangeable or exercisable Securities are offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces and territories, if the purchaser pays additional amounts upon the conversion, exchange or exercise of the Security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces and territories. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's

province for the particulars of this right of action for damages or consult with a legal advisor.

CERTIFICATE OF THE COMPANY

Dated: March 31, 2021

This short form prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of a particular distribution of securities under the prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement as required by the securities legislation of each of the provinces and territories of Canada.

(Signed) “David Regan”

DAVID REGAN
Chief Executive Officer

(Signed) “Robert Randall”

ROBERT RANDALL
Chief Financial Officer and Corporate Secretary

ON BEHALF OF THE BOARD OF DIRECTORS

(Signed) “James Megann”

JAMES MEGANN
Director

(Signed) “Michael Gross”

MICHAEL GROSS
Director