Unaudited Condensed Interim Consolidated Financial Statements of

SONA NANOTECH Inc.

For the quarters ended January 31, 2024 and 2023

(Expressed in Canadian Dollars)

March 28, 2024

Management's Report

The accompanying unaudited condensed interim consolidated financial statements of Sona Nanotech Inc. are the responsibility of management and have been approved by the Board of Directors. The unaudited condensed interim consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). The unaudited condensed interim consolidated financial statements include certain amounts and assumptions that are based on management's best estimates and have been derived with careful judgment.

In fulfilling its responsibilities, management has developed and maintains a system of internal accounting controls. These controls are designed to provide reasonable assurance that the financial records are reliable for the preparation of the financial statements. The Audit Committee of the Board of Directors reviewed and approved the Company's unaudited condensed interim consolidated financial statements and recommended their approval by the Board of Directors.

These unaudited condensed interim consolidated financial statements have not been reviewed by the external auditors of the Company.

(signed) *"David Regan"*
Chief Executive Officer
Halifax, Canada

(signed) *"Robert Randall"*
Chief Financial Officer
Halifax, Canada

Sona Nanotech Inc.
Unaudited Condensed Interim Consolidated Statements of Financial Position
As at January 31, 2024 and October 31, 2023
Expressed in Canadian dollars

	January 31, 2024	October 31, 2023
	$	$
Assets		
Current assets		
Cash and cash equivalents	**145,895**	109,382
Amounts receivable and other (note 5)	**112,803**	147,892
Marketable securities	**5,000**	6,000
	263,698	263,274
Equipment, net (note 7)	**8,111**	13,976
Intangible assets, net (note 4)	**2,291,000**	2,471,000
Total Assets	**2,562,809**	2,748,250
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (notes 9 and 16)	**790,777**	1,058,602
Long-term debt (note 10)	**546,812**	527,681
	1,337,589	1,586,283
Shareholders' Equity		
Common stock	**19,156,040**	18,668,333
Warrants	**348,864**	95,571
Contributed surplus	**2,540,383**	2,645,203
Deficit	**(20,820,067)**	(20,247,140)
	1,225,220	1,161,967
Total Liabilities and Shareholders' Equity	**2,562,809**	2,748,250

Basis of presentation and going concern (note 2)
Commitments and contingencies (note 18)
Subsequent events (note 19)

Approved on behalf of the Board of Directors on March 28, 2024.

"Mark Lievonen"
Director

"*Jim Megann*"
Director

The accompanying notes are an integral part of these consolidated financial statements.

Sona Nanotech Inc.
Unaudited Condensed Consolidated Statements of Loss and Comprehensive Loss
For the three-months ended January 31, 2024 and 2023
Expressed in Canadian dollars

	Three-months ended January 31, 2024	Three-months ended January 31, 2023
	$	$
Expenses		
Salaries and benefits (note 8 & 15)	**243,915**	187,230
Research and development costs	**92,483**	11,967
Professional and consulting fees (note 16)	**55,264**	61,901
Administrative	**42,747**	38,760
Securities and regulatory	**13,720**	14,473
Management services (note 16)	**-**	12,000
Depreciation expense (note 7)	**5,865**	11,615
Travel (note 8)	**3,661**	7,073
Rent and related costs (note 16)	**8,119**	12,912
Sales and marketing	**20,746**	-
Foreign exchange gain	**(8,904)**	(315)
Share-based compensation	**81,235**	55,791
Recovery of project expenses (note 8)	**-**	(39,107)
	(558,851)	(374,300)
Other income (expenses)		
Amortization of intangible assets (note 4)	**(180,000)**	-
Accreted interest on repayable government loans (note 10)	**(19,131)**	(22,039)
Unrealized loss on available-for-sale securities	**(1,000)**	-
	(200,131)	(22,039)
Net loss and comprehensive loss for the period	**(758,982)**	(396,339)
Loss per share – basic and diluted	**(0.01)**	(0.01)
Weighted-average number of common shares outstanding - basic and diluted	**98,100,252**	68,987,904

The accompanying notes are an integral part of these consolidated financial statements.

Sona Nanotech Inc.
Unaudited Condensed Interim Consolidated Statements of Changes in Equity (Deficiency)
For the three-months ended January31, 2024 and 2022
Expressed in Canadian dollars

	Number of Common Shares	Common Shares	Warrants	Contributed Surplus	Deficit	Total
		$	$	$	$	$
Balance, November 1, 2022	**68,987,904**	**14,315,332**	**572,174**	**4,111,468**	**(19,506,830)**	**(507,856)**
Net loss and comprehensive loss for the period	-	-	-	-	(396,339)	(396,339)
Share-based compensation expense	-	-	-	55,791	-	55,791
Stock option cancellation (note 12)	-	-	-	(1,759,365)	1,759,365	-
Warrant expiry (note 13)	-	572,174	(572,174)	-	-	-
Balance, January 31, 2023	**68,987,904**	**14,887,506**	**-**	**2,407,894**	**(18,143,804)**	**(848,404)**
Net loss and comprehensive loss for the period					**(2,103,336)**	**(2,103,336)**
Shares issued pursuant to private placement financing (note 11)	11,000,000	1,100,000	-	-	-	1,100,000
Share issuance costs (note 11)	-	(89,202)	-	-	-	(89,202)
Broker warrants (note 11)	-	(95,571)	95,571	-	-	-
Shares issued pursuant to Siva acquisition (note 4 and 11)	15,107,457	2,865,600	-	-	-	2,865,600
Share-based compensation expense	**-**	**-**	**-**	**237,309**	**-**	**237,309**
Balance, October 31, 2022	**95,095,361**	**18,668,333**	**95,571**	**2,645,203**	**(20,247,140)**	**1,161,967**
Net loss and comprehensive loss for the period	-	-	-	-	(758,985)	(758,982)
Units issued pursuant to private placement financing (note 11)	4,050,000	603,040	206,960	-	-	810,000
Share issuance costs (note 11)	-	(69,000)	-	-	-	(69,000)
Broker warrants (note 11)	-	(46,333)	46,333	-	-	-
Share-based compensation expense	-	-	-	81,235	-	81,235
Stock option expiry (note 12)	-	-	-	(186,055)	186,055	-
Balance, January 31, 2024	**99,145,361**	**19,156,040**	**348,864**	**2,540,383**	**(20,820,067)**	**1,225,220**

The accompanying notes are an integral part of these consolidated financial statements.

Sona Nanotech Inc.
Unaudited Condensed Interim Consolidated Statements of Changes in Cash Flows
For the three-months ended January 31, 2024 and 2023
Expressed in Canadian dollars

	Three-months ended January 31, 2024	Three-months ended January 31 2023
	$	$
Operating activities		
Net loss for the period	**(758,982)**	(396,339)
Changes to loss not involving cash:		
Depreciation (note 7)	**5,865**	11,615
Amortization (note 4)	**180,000**	-
Unrealized (gain) loss on available-for-sale securities	**1,000**	-
Accreted interest on repayable government loans (note 10)	**19,131**	22,038
Share-based compensation (note 12)	**81,235**	55,791
Recovery of project costs (note 8)	**-**	(39,107)
	(471,751)	(388,502)
Decrease (increase) in amounts receivable and other	**35,089**	173,465
(Decrease) increase in accounts payable and accrued liabilities	**(267,825)**	74,645
	(704,487)	(97,892)
Financing activities		
Project funding received (note 8)	**-**	39,107
Proceeds received upon private placement financing, net of costs (note 11)	**741,000**	-
	741,000	39,107
Change in cash during the period	**36,513**	(58,785)
Cash, beginning of the period	**109,382**	155,420
Cash, end of the period	**145,895**	96,635

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS

Sona Nanotech Inc. ("Sona" and "the Company") is a company involved in the nanotechnology life sciences industry. The Company's corporate office is located at Suite 2001, 1969 Upper Water Street, Halifax, Nova Scotia, Canada, B3J 3R7 and its registered office is located at Nova Centre – South Tower 1500 – 1625 Grafton Street, Halifax, N.S., Canada, B3J 0E8. The research and development office is located at 1 Research Drive, Bay 2, Dartmouth, NS, B2Y 4M9.

The Company is listed on the Canadian Securities Exchange ("CSE") and trades under the symbol "SONA". Effective April 2020, the Company's common shares were approved for trading on the OTCQB Marketplace under the trading symbol "SNANF".

On March 23, 2023, the Company completed a share exchange agreement with Siva Therapeutics, Inc. ("Siva") whereby Sona acquired 100% of the issued and outstanding common shares for Siva (note 4). Siva is a company involved in the development of targeted hyperthermia therapy for cancer treatment. The corporate and registered office of Siva is located at # 21 5401 E Dakota Avenue, Denver, Colorado, USA 80246.

2. BASIS OF PRESENTATION AND GOING CONCERN

Basis of presentation
These consolidated financial statements have been prepared under a historical cost basis except for certain financial instruments recorded at fair value. All amounts are expressed in Canadian dollars, unless otherwise noted.

Basis of consolidation
The consolidated financial statements of the Company and all its subsidiaries have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements include assets, liabilities and results of operations of the Company, including the following subsidiary:

Subsidiary	Principal Activity	Country of incorporation
Siva Therapeutics, Inc.	Research and development	United States

The Company consolidates the wholly owned subsidiary on the basis that it controls the subsidiary through its ability to govern their financial and operating policies. All intercompany transactions and balances have been eliminated on consolidation of the accounts.

Functional and Presentation Currency
The presentation currency of these consolidated financial statements is the Canadian dollar ("CAD"). The functional currency of the Company is the Canadian dollar. The functional currency of Siva Therapeutics is the U.S dollar ("USD").

Going concern
The Company's operations have been financed through the sale of common shares, issuance of debt and government funding. The Company has incurred significant operating losses since inception and has an accumulated deficit of $20,820,067 as at January 31, 2024 (October 31, 2023 – $20,247,140).

These consolidated financial statements have been prepared on a going-concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. For the three-month period ended January 31, 2024, the Company incurred a net loss of $758,982 (October 31, 2023 - $2,499,675). The Company has negative cash flow from operations and as at January 31, 2024, the Company has a working capital deficiency of $527,079 (October 31, 2023 - $795,328).

In addition to its working capital requirements, the Company must secure sufficient funding to further develop its gold nanorod products and to fund its general operating costs. Such circumstances create material uncertainties that may cast significant doubt as to the ability of the Company to continue as a going concern. Management is evaluating alternatives to secure additional financing so that the Company can continue to operate as a going concern. However, there can be no assurance that these initiatives will be successful or sufficient.

The Company's ability to continue as a going concern is dependent upon its ability to fund its working capital and operating requirements and eventually to generate positive cash flows from operations. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported revenues and expenses and statement of financial position classifications that would be necessary were the going concern assumption determined to be inappropriate and these adjustments could be material.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

a) Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Board of Directors approved these consolidated financial statements for issue on March 28, 2024.

The unaudited condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Board of Directors approved these financial statements for issue on March 28, 2024.

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"), as issued by the IASB. Accordingly, certain information normally included in annual financial statements prepared in accordance with IFRS, as issued by the IASB, have been omitted or condensed. The unaudited condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended October 31, 2023.

The policies applied in these unaudited condensed interim financial statements are based on the IFRS as of March 28, 2024, the date the Board of Directors approved the financial statements. Any subsequent changes to IFRS that are given effect in the Company's financial statements for the year ended October 31, 2023 could result in the restatement of these unaudited condensed interim financial statements.

These financial statements have been prepared using the same policies and methods of computation as the audited financial statements of the Company for the year ended October 31, 2023. Refer to note 3, Significant Accounting Policies, of the Company's audited financial statements for the year ended October 31, 2023 for information on the accounting policies, significant accounting estimates and judgements, and new accounting standards not yet effective.

These unaudited condensed interim financial statements are presented in Canadian dollars, the Company's functional currency, and have been prepared on the historical costs basis.

Expressed in Canadian dollars

4. ACQUISTION OF SIVA THERAPEUTICS

On January 26, 2023, Sona entered a binding agreement (the "Definitive Agreement") to acquire Siva Therapeutics, Inc. ("Siva"), (the "Transaction"). Under the Definitive Agreement, Sona agreed to acquire all the issued and outstanding common shares of Siva with total consideration to the Siva shareholders of US$2.0 million in Sona shares at the date of closing (the "Closing Date"), plus up to an additional US$6.65 million in Sona shares over multiple instalments conditional on Siva's future achievement of specific performance milestones by January 31, 2025 (the "Performance Shares").

Effective March 22, 2023, the Company closed the Transaction issuing 15,107,457 common shares in the Company to the shareholders of Siva, which were issued at the ten-day volume weighted average price for $0.1824 per share, or $2,755,600 (US$2.0 million) in total. On the date of closing the Company's share price was $0.19 per common share, resulting in total consideration paid of $2,865,600.

Sona assessed the Transaction with Siva using the optional concentration test to determine if it had acquired a business. In applying the concentration test it was determined that the assets of Siva did not constitute a business and therefore the acquisition of Siva was accounted for as an asset acquisition.

Allocation of the purchase price is summarized in the table below;

Net Assets Acquired	**$**
Cash	14,644
less: Accounts payable and accruals	(40,044)
Net liabilities assumed	(25,400)
THT project - Intangible assets acquired	2,891,000
	2,865,600

As additional consideration, Sona may issue additional Performance Shares to the shareholders of Siva in up to four instalments for up to an additional US$6.65 million in Sona common shares, upon Siva achieving four milestones (each a "Milestone")

Results were not achieved by the deadline for the first and second of the initial four Milestones. There are two Milestones for an additional US$5.25 million in Sona common shares remaining:

- Upon achieving results from a large animal study of THT therapy for colorectal cancer tumors that support an US Food and Drug Administration Investigational Device Exemption for human study, by no later than thirteen months from the closing date, a further US$2,700,000; and
- Upon obtaining positive results from the first cohort of a "first in human" clinical study for THT therapy, and a notice of allowance for a patent for the infrared light device to protect THT for colorectal cancer, by no later than January 31, 2025, a final US$2,550,000.

Each of these Milestone payments of Performance Shares will be converted into Canadian dollars on the fifth business day preceding the issue date and will be payable in Sona's common shares at a deemed value equal to the greater of: (i) the VWAP on the fifth business day preceding their issue date, and (ii) the maximum allowed discounted price under the policies of the Exchange based on the closing price of the Sona Shares on the last trading day preceding the announcement of the completion of the Milestone; and provided further that the deemed value must not be less than $0.50 and $0.75 per share for the first and second remaining Milestones, respectively. As of the reporting date the fair value of the potential remaining Milestone payments could not be reliably determined.

Expressed in Canadian dollars

The following table summarizes information relating to the carrying value of intangible assets which are being amortized over the estimated useful life of the THT project which is currently estimated to be four years.

	January 31, 2024
	$
Cost	2,891,000
Accumulated amortization	(600,000)
Carrying Value	**2,291,000**

5. AMOUNTS RECEIVABLE AND OTHER

	January 31, 2024	**October 31, 2023**
	$	$
Amounts receivable from the government	59,110	54,492
Prepaid expenses and other	53,693	93,400
	112,803	**147,892**

6. MIDEX TRANSACTION

In May 2023, Antler Gold Inc. (“Antler”) entered into an agreement (“Midex Agreement” or “Transaction”) for the sale of its 100% interest in the Crescent Lake lithium property located in Ontario, Canada (“Property”) to an arm’s length party Midex Resources Ltd. (“Midex”).

The Property was acquired by Antler from Sona in May 2019 pursuant to a property acquisition agreement (“2019 Agreement”). Under the 2019 Agreement, Sona is entitled to receive 50% of the consideration received by Antler for the Property, net of Antler’s aggregate expenses related to the marketing, selling, upkeep and maintenance of the Property (“Antler’s Expenses”) incurred by Antler since May 2019.

Under the Midex Agreement, Antler has agreed to sell the Property to Midex in consideration of $125,000 in cash (the “Cash Consideration”) and the issuance of common shares of Midex (“Midex Shares”) representing 12% of the issued and outstanding capital of Midex, subject to certain adjustments (the “Share Consideration”).

The Company has received $42,639 for its share of the cash consideration less Antler’s Expenses which has been recorded as a gain on the sale of a legacy asset.

Midex will register 50% of the Share Consideration in the name of Sona. Each of Antler and Sona entered into an investor rights agreement with Midex in relation to the Midex Shares. Midex has not completed its go-public transaction and Sona has not yet received its final Share Consideration. An additional gain on sale of this legacy asset will be recorded upon receipt of the Midex shares which will be subject to certain resale restrictions and escrow conditions.

Expressed in Canadian dollars

7. EQUIPMENT

	Office Equipment	Laboratory Equipment	Furniture and Fixtures	Total
Cost	$	$	$	$
As at November 1, 2022	**11,633**	**300,547**	**13,144**	**325,324**
Additions	-	-	-	-
As at October 31, 2023	**11,633**	**300,547**	**13,144**	**325,324**
Additions	-	-	-	-
As at January 31, 2024	**11,633**	**300,547**	**13,144**	**325,324**
Accumulated depreciation				
As at November 1, 2022	**11,633**	**252,187**	**10,767**	**274,587**
Depreciation charge	-	34,384	2,377	36,761
As at October 31, 2023	**11,633**	**286,571**	**13,144**	**311,348**
Depreciation charge	-	5,865	-	5,865
As at January 31, 2024	**11,633**	**292,436**	**13,144**	**317,213**
Carrying amount				
Balance, October 31, 2023	**-**	**13,976**	**-**	**13,976**
Balance, January 31, 2024	**-**	**8,111**	**-**	**8,111**

8. GOVERNMENT GRANT

During the period ended January 31, 2024 the Company did not incur eligible expense recoveries under the Industrial Research Assistance Program ("IRAP") of Canada (January 31, 2023 - $39,107).

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	January 31, 2024	October 31, 2023
	$	$
Trade accounts payable and accrued liabilities	632,984	900,809
Amounts payable to related parties (note 16)	157,793	157,793
	790,777	**1,058,602**

10. LONG-TERM DEBT

	Period ended January 31, 2024	Year ended October 31, 2023
	$	$
Atlantic Canada Opportunities Agency ("ACOA")		
Long-term portion	**546,812**	**608,467**
Face Value ACOA Loans	**978,332**	**978,332**

The Company has two interest free loans with ACOA under the Business Development Program. There is no fixed term to the loans and repayments are to be made based on 3% and 5% of annual gross product revenue. The carrying amount of the loans is determined by computing the present value of the estimated future cash flows. During the period ended January 31, 2024 the Company recorded $17,922 of accretion expense (2023 - $22,039), relating to the ACOA loans.

Expressed in Canadian dollars

Debt continuity	Quarter ended January 31, 2024	Year ended October 31, 2023
	$	$
Balance – beginning of period	527,681	608,467
Repayable government loans fair value adjustment	-	(149,133)
Accreted interest on repayable government loans	19,131	68,347
Balance – end of period	**546,812**	**527,681**

11. SHARE CAPITAL

a) Common shares

Authorized share capital of the Company consists of an unlimited number of fully paid common shares without par value.

Private Placement Financing
On February 24, 2023, the Company completed a private placement financing for aggregate gross proceeds of $1,100,000. The Company issued 11,000,000 shares at $0.10 per share. Sona entered into an agreement with a registered dealer Numus Capital Corp. (the “Agent”) (note 16) to act as placement agent for the financing. Pursuant to the terms of the agreement Sona agreed to pay a cash fee equal to 8% of proceeds raised from investors introduced by the placement agent and to issue compensation warrants entitling the placement agent to purchase a number of common shares as is equal 8.0% of the common shares sold to investors introduced by the placement agent. As compensation for its services, the Agent received a cash fee of $82,000 and 820,000 broker warrants, being equal to 8.0% of the units sold, other than to insiders. Each warrant is exercisable to purchase one common share of the Company at a price of $0.10 per share for a period of 24 months from the closing date of the private placement. The Company has recorded a value of $95,571 for the broker warrants issued which has been calculated using the Black Scholes option pricing model. Directors and officers of the Company subscribed for 750,000 shares pursuant to the financing.

Total costs associated with the private placement, consisting primarily of commissions, professional and regulatory fees, were $89,202 and were recorded as share issuance costs. All securities issued pursuant to the private placement were subject to a four-month hold period in accordance with securities legislation.

On December 4, 2023, the Company completed a private placement financing for aggregate gross proceeds of $810,000. The Company issued 4,050,000 units at $0.20 per unit, with each unit comprised of one common share and one-half common share purchase warrant. Each whole warrant is exercisable into one common share of the Company at an exercise price of $0.30 per common share for a period of 24 months from the closing date. The value allocated to the common shares issued was $603,040, and the value allocated to the common share purchase warrants was $206,960. Directors and officers of the Company subscribed for 175,000 units pursuant to the financing. All securities issued pursuant to the private placement were subject to a four-month hold period in accordance with securities legislation.

Expressed in Canadian dollars

Sona entered into an agreement with a registered dealer Numus Capital Corp. to act as placement agent for the financing. Pursuant to the terms of the agreement Sona agreed to pay a cash fee equal to 7.5% of proceeds raised from investors introduced by the placement agent and to issue compensation warrants entitling the placement agent to purchase a number of common shares as is equal 7.5% of the common shares sold to investors introduced by the placement agent. As compensation for its services, the Agent received a cash fee of $58,125 and 290,625 broker warrants, being equal to 7.5% of the units sold, other than to insiders. Each warrant is exercisable to purchase one common share of the Company at a price of $0.30 per share for a period of 24 months from the closing date of the private placement. The Company has recorded a value of $46,333 for the broker warrants issued which has been calculated using the Black Scholes option pricing model.

Total costs associated with the private placements, consisting primarily of professional and regulatory fees, were $9,515. The Company allocated $7,073 to the costs of issuing the common shares, for net proceeds to the Company of $1,672,379. The remaining $2,442 were allocated to costs of issuing the warrants, for net proceeds to the Company of $577,306.

Siva Acquisition
As described in note 4, on March 22, 2023, the Company issued 15,107,457 common shares in the Company to the shareholders of Siva, which were issued at the ten-day volume weighted average price of $0.1824 per share, or $2,755,600 (US $2.0 million) in total. On the date of issuance the Company's share price was $0.19 per common share, resulting in total consideration paid of $2,865,600.

Escrowed Shares
As at January 31, 2024, 8,399,842 common shares of the Company are subject to an escrow agreement pursuant to the terms of the Siva transaction. As at September 22, 2023, 30% of the escrowed shares have been released with the remaining escrowed shares being released at rate of 20% every six months thereafter.

12. STOCK OPTIONS

The Company has adopted a stock option plan, providing the Board of Directors with the discretion to issue an equivalent number of options of up to 10% of the issued and outstanding share capital of the Company. Stock options are granted with an exercise price of not less than the closing share price the date preceding the date of grant. As at January 31, 2024, 5,122,536 remain available for grant under the terms of the stock option plan.

The estimated fair value of options recognized has been estimated at the grant date using the Black-Scholes option pricing model. Option pricing models require the input of highly subjective assumptions, including the expected volatility. Changes in the assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable estimate of the fair value of the Company's stock options.

The following are the weighted-average assumptions used in calculating the value of the stock options granted during the year ended October 31, 2023:

	October 31, 2023
Risk-free interest rate	3.40%
Expected life	5 years
Expected volatility	150%
Expected dividend per share	0.0%
Exercise price	$0.20
Forfeiture Rate	0.0%

Expressed in Canadian dollars

The following table reconciles the stock option activity during the period ended January 31, 2024 and year ended October 31, 2023:

	Number of options	Weighted-average exercise price
	#	$
Balance, November 1, 2022	**3,957,750**	**1.20**
Issued	2,125,000	0.20
Cancelled / Expired	(588,250)	3.33
Balance, October 31, 2023	**5,494,500**	**1.20**
Expired	(702,500)	0.35
Balance, January 31, 2024	**4,792,000**	**0.62**

During the year ended October 31, 2023, the Company cancelled certain outstanding stock options. As a result of these cancellations, the Company reclassified stock-based compensation expense for cancelled options, which was previously recorded as contributed surplus, to deficit.

During the period ended January 31, 2024, 702,500 options expired unexercised. As a result of the expiry, the Company reclassified stock-based compensation expense for the expired options, which was previously recorded as contributed surplus, to deficit.

The following table summarizes information relating to outstanding and exercisable stock options as at January 31, 2024:

Expiry date	Weighted-average remaining contractual life (in years)	Number of options outstanding	Number of options exercisable	Weighted-average exercise price	Black-Scholes option value of options outstanding
		#	#	$	$
March 17, 2025	1.1	955,000	955,000	0.60	529,285
July 7, 2025	1.4	52,000	52,000	7.47	352,380
September 24, 2025	1.6	25,000	25,000	6.57	148,529
November 2, 2025	1.8	250,000	250,000	3.36	762,118
September 28, 2026	2.7	335,000	335,000	0.30	88,127
November 11, 2026	2.8	800,000	600,000	0.44	320,182
January 4, 2027	2.9	250,000	250,000	0.45	90,400
March 28, 2028	4.2	1,225,000	306,250	0.17	190,192
July 11, 2028	4.4	900,000	225,000-	0.25	205,957
		4,792,000	**3,198,250**		

Expressed in Canadian dollars

13. WARRANTS

The following table reconciles the warrant activity during the period ended January 31, 2024 and the year ended October 31, 2023

	Number of warrants	Weighted-average exercise price
	#	$
Balance, October 31, 2022	1,119,600	1.25
Expired	(1,119,600)	1.25
Issued	820,000	0.10
Balance, October 31, 2023	820,000	0.10
Issued	2,315,625	0.30
Balance, January 31, 2024	**3,135,625**	**0.25**

During the year ended October 31, 2023, the remaining outstanding warrants issued pursuant to the private placement completed on December 15, 2020, expired unexercised. The Company has reclassified amounts, which had been previously allocated to warrants to share capital.

During the year ended October 31, 2023, the Company issued 820,000 broker warrants pursuant to the private placement completed on February 24, 2023. The warrants are exercisable at $0.10 and expire on February 24, 2025.

During the period ended January 31, 2024, the Company issued 290,625 broker warrants and 2,025,000 share warrants pursuant to the private placement completed on December 4, 2023. Both the broker and share warrants are exercisable at $0.30 and expire on Dec 4, 2027.

The fair value of the warrants issued has been estimated at the grant date using the Black-Scholes option pricing model. The weighted-average assumptions used in the pricing model for the period ended January 31, 2024 and the year ended October 31, 2023 are as follows:

	January 31, 2024	October 31, 2023
Risk-free interest rate	4.38%	4.20%
Expected life	2 years	2 years
Expected volatility	150%	150%
Expected dividend per share	0.0%	0.0%
Weighted-average exercise price	$0.30	$0.10

14. INCOME TAXES

Please refer to Note 14 in the Company's annual financial statements for the year ended October 31, 2023, for income tax disclosures.

15. KEY MANAGEMENT COMPENSATION

Key management includes the Company's directors, Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), and the Chief Scientific Officer ("CSO"). Compensation awarded to key management for the three months ended January 31, 2024 and 2023 is summarized as follows:

	2024	2023
	$	$
Salaries and consulting fees earned	130,307	115,475
Share-based compensation expense	75,952	55,120
	206,259	**170,595**

16. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

During the period ended January 31, 2024, the Company incurred costs for service fees from a related party, Numus, a company controlled by significant shareholders, including one director of Sona, in the amount of $nil (quarter ended January 31, 2023 – $12,000), controller services of $7,500 (quarter ended January 31, 2023- $7,500), digital media services of $12,000 (quarter ended January 31, 2023 - $nil) and incurred rent and administrative costs from Numus in the amount of $2,550 (quarter ended January 31, 2023 – $7,650). Effective January 1, 2022, the monthly service fee was reduced from $19,000 to $4,000 per month. The service fee of $4,000 per month ended effective September 30, 2023.

As at January 31, 2024, the amount owing to Numus, related to accounts payable and was $94,460 (Oct 31, 2023 - $87,217). These amounts are non-interest bearing, unsecured and are payable on demand.

As outlined in the Services Agreement between Numus and the Company, if the financial controller services are cancelled by the Company, a break fee of 45 days of remuneration, being $3,750, will be payable to Numus, in addition to the financial controller services fee applicable for the 90-day notice period. If the Office services are cancelled by the Company without notice to Numus, a break fee of three months of remuneration, being $7,650, will be payable to Numus.

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

Numus Capital Corp. is a non-arm's length party and acted as an agent for the February 24, 2023 financing. As compensation for its services, the Agent received a cash fee of $82,000 and 820,000 broker warrants, being equal to 8.0% of the units sold, other than to insiders. Each warrant is exercisable to purchase one common share of the Company at a price of $0.10 per share for a period of 24 months from the closing date of the private placement.

Numus Capital Corp. acted as an agent for the December 4, 2023 financing. As compensation for its services, the Agent received a cash fee of $58,125 and 290,625 broker warrants, being equal to 7.5% of the units sold, other than to insiders. Each warrant is exercisable to purchase one common share of the Company at a price of $0.30 per share for a period of 24 months from the closing date of the private placement.

During the year ended October 31, 2023 the Company granted 2,000,000 incentive stock options in accordance with the Company’s stock option plan to directors and officers of the Company. 1,175,000 of the options issued have an exercise price of $0.17 per share and 825,000 have an exercise price of $0.25 per share. 300,000 of the $0.25 per share options will vest subject to performance conditions and the remaining options will vest at the rate of 25% every six months. The options will expire five years from the date of issuance.

As at January 31, 2024, the amount owing to Randall Consulting Inc. (“RCI”), a company controlled by an officer of Sona, was $31,826 (October 31, 2023 - $31,826). As at January 31, 2024 and October 31, 2023, an amount of $38,750 was also owing to a director of the Company. These amounts are non-interest bearing, unsecured and are payable on demand.

17. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Capital Management

The Company's capital structure consists of share capital, warrants, contributed surplus and deficit, which at January 31, 2024 was approximately $1.2 million (October 31, 2023 - $1.2 million). The Company's objective when managing capital is to maintain adequate levels of funding to support the research and development of its nanorod technology products, Targeted Hyperthermia Therapy™ and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing and government funding. Future financings are dependent on market conditions, and there can be no assurance the Company will be able to raise funds in the future. There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

b) Fair Values of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The carrying amounts reported in the statement of financial position for cash, amounts receivable, marketable securities, accounts payable, and long-term debt and accrued interest approximate their fair values based on the immediate or short-term maturities of these financial instruments.

c) Financial Risk Management Objectives

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, currency risk and interest rate risk. Where material, these risks are reviewed and monitored.

d) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date.

Cash is held with a reputable bank in Canada. The long-term credit rating of the bank, as determined by Standard and Poor's, was A+.

e) Liquidity Risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they become due. The Company has a planning and budgeting process to monitor operating cash requirements, including amounts projected for capital expenditures, which are adjusted as input variables change. These variables include, but are not limited to, the ability of the Company to generate revenue from current and prospective customers, general and administrative requirements of the Company and the availability of capital markets. As these variables change, liquidity risks may necessitate the need for the Company to issue equity or obtain debt financing. Refer to note 2 for further details related to the ability of the Company to continue as a going concern.

The Company is currently pursuing financing alternatives and there can be no assurance that additional future financings will be available on acceptable terms or at all. If the Company is unable to obtain additional financing when required, the Company may have to substantially reduce or eliminate planned expenditures.

Accounts payables are paid in the normal course of business generally according to their terms.

Expressed in Canadian dollars

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table summarizes the remaining contractual maturities of the Company's financial liabilities as at January 31, 2024:

	Within 1 year	2-3 years	4-5 years	Over 5 years	Total
	$	$	$	$	$
Accounts payable	790,777	-	-	-	790,777
Long-term debt	-	546,812	-	-	546,812
	790,777	**546,812**	**-**	**-**	**1,337,589**

f) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk exposure arises from the Company entering into transactions which are denominated in currencies other than its functional currency.

For the period ended January 31, 2024, the sensitivity of the Company's net loss and comprehensive loss due to changes in the exchange rate between the Canadian dollar and foreign currencies (primarily the United States dollar) would have impact net loss and comprehensive loss by $52,865 for a 5% increase or decrease in the Canadian dollar.

g) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates.

An immaterial amount of interest rate exposure exists in respect of cash balances, and the long-term debt on the statement of financial position. The long-term debt interest rates are at a nil rate and the interest on the cash balances is insignificant. As a result, the Company is not exposed to material cash flow interest rate risk on its cash balances.

h) Fair Value Measurements Recognized in the Statement of Financial Position

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

At January 31, 2024 and October 31, 2023, the Company's cash and marketable securities were measured and recognized on the statement of financial position at fair value. The fair value was based on level 1 inputs. There were no transfers between levels during the period.

18. COMMITMENTS AND CONTINGENCIES

The Company has employment agreements with the CEO, CSO and the Head of Diagnostics which provides that, should a change in control event occur, as defined in the employment agreements, the CEO will receive a lump sum payment of up to 24 months of his then current base salary based on the value of the Company as of the date of the change of control, and the Head of Diagnostics will receive a lump sum payment of 24 months of his then current base salary as of the date of the change of control. The CSO will receive a lump sum payment of 12 months of his then current base salary as of the date of the change of control.

As at January 31, 2024, the Company has a Services Agreement with Numus. See note 16 for further details.

On December 17, 2020, a putative shareholder class action lawsuit was filed in the United States District Court for the Central District of California ("US Court"). The complaint asserted claims against the Company 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 "US action"). The suit alleges that the Company made material misstatements regarding its rapid detection Covid-19 antigen test. On October 28, 2021 the US Court issued and order granting the Company's motion to dismiss and granted leave to the plaintiff to file an amended complaint within 14 days. During November, the plaintiffs filed an amended complaint which the Company refuted with a motion to dismiss the amended action. On March 18, 2022, US Court granted the Company's motion to dismiss without leave to amend and has entered a final judgement of the dismissal with prejudice. The deadline for the plaintiffs filing an appeal has passed with no appeal filed.

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 (the "Canadian action") 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 the remaining Canadian action is without merit and intends to contest the claim and mount a vigorous defence.

19. SUBSEQUENT EVENTS

Subsequent to January 31, 2024, the Company granted 1,195,000 incentive stock options in accordance with the Company's stock option plan of which 810,000 have been granted to Directors and Officers of the Company. Each option is exercisable into one common share at a price of $0.31 per share and will vest at the rate of 25% every six months. The options will expire five years from the date of grant. All other terms and conditions of the options are in accordance with the terms of the Company's Stock Option Plan.