ANNUAL REPORT

FOR THE FISCAL YEAR ENDED
OCTOBER 31, 2024
(unless otherwise expressly stated)

Sona Nanotech Inc.
Suite 2001 – 1969 Upper Water Street
Halifax, Nova Scotia
B3J 3R7

February 26, 2025

This page intentionally left blank

Sona Nanotech Inc.
Management Discussion and Analysis
Year ended October 31, 2024

This Management Discussion and Analysis ("MD&A") provides a review of the performance of Sona Nanotech Inc. ("Sona" or the "Company") and should be read in conjunction with the audited annual consolidated financial statements (the "Financial Statements") of Sona for the year ended October 31, 2024 and 2023, which have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB")

The information presented in this MD&A is as of February 26, 2025. The reporting currency and functional currency for Sona is the Canadian dollar. All of the financial information presented herein is expressed in Canadian dollars, unless otherwise stated. This MD&A contains "forward-looking statements" that are subject to risk factors set out in a cautionary note contained herein. The reader is cautioned not to place undue reliance on forward-looking statements.

FORWARD-LOOKING STATEMENTS AND INFORMATION

This MD&A contains "forward-looking information", as such term is defined in applicable Canadian securities legislation. Forward-looking information is necessarily based on a number of estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies. All statements other than statements which are reporting results as well as statements of historical fact set forth or incorporated herein by reference, are forward looking information that may involve a number of known and unknown risks, uncertainties and other factors, many of which are beyond Sona's ability to control or predict. Forward-looking information can be identified by the use of words such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "intends", "continue", or the negative of such terms, or other comparable terminology.

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

- the Company's business strategy;
- the development plans for the Company's gold nanoparticle products, lateral flow assay rapid tests, cancer therapy and associated services;
- the successful integration of Siva Therapeutics and the securing of animal and human clinical studies, or developing the envisioned therapy;
- the benefits to accrue to the Company from the acquisition of Siva Therapeutics and the future development of Siva's Targeted Hyperthermia Therapy;
- the Company's preclinical studies, including the current efficacy study at Dalhousie University;
- the prospects for translating preclinical study results into successful clinical studies;the Company's strategy for protecting its intellectual property;
- the Company's ability to obtain necessary funding on favorable terms or at all;
- 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 report. Disclosure of important factors that could cause actual results to differ materially from Sona's plans, intentions or expectations is included in this report under the heading *Risks and Uncertainties*.

Forward-looking information inherently involves risks and uncertainties that could cause actual results to differ materially from the forward-looking information. Factors that could cause or contribute to such differences include, but are not limited to, unexpected changes in business and economic conditions, including the global financial and

capital markets; changes in interest and currency exchange rates; changes in operating revenues and costs; political or economic instability, either globally or in the countries in which Sona operates; local and community impacts and issues; labour disputes; environmental costs and risks; competitive factors; availability of external financing at reasonable rates or at all; and the other risk factors discussed in this MD&A under the heading *Risks and Uncertainties*. Many of these factors are beyond Sona's ability to control or predict. These factors are not intended to represent a complete list of the general or specific factors that may affect Sona. Sona may note additional factors elsewhere in this MD&A. All forward-looking statements and information speak only as of the date made. All subsequent written and oral forward-looking statements attributable to Sona, or persons acting on Sona's behalf, are expressly qualified in their entirety by these cautionary statements. Readers are cautioned not to put undue reliance on forward-looking information due to the inherent uncertainty therein. Sona disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise.

COMPANY OVERVIEW

Sona Nanotech Inc. and Sona Nanotech Ltd. ("Sona Nanotech"), a private company involved in the nanotechnology Life Sciences industry, entered into a definitive agreement dated March 22, 2018, to amalgamate the two companies to form Sona Nanotech Inc. The Boards of Directors of the Company and Sona Nanotech each unanimously approved the terms of the Amalgamation. The Company's corporate office is located at 2001–1969 Upper Water Street, Halifax, Nova Scotia, 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, N.S., Canada, B2Y 4M9.

The amalgamation of its predecessor companies to form "Sona Nanotech Inc." as a federally amalgamated corporation was completed, with shareholder approval, effective August 8, 2018. The Company submitted its final listing application to the CSE on September 28, 2018, and commenced trading on October 4, 2018 under the trading symbol "SONA". Effective April 8, 2020, the Company's common shares were approved for trading on the OTCQB Marketplace under the trading symbol "SNANF".

Operational Overview and Patents

Sona is a nano technology Life Sciences firm that has developed two proprietary methods for the manufacture of rod-shaped gold nanoparticles. The principal business carried out and intended to be continued by Sona is the research and development of its proprietary technology for use in advanced biomedical applications and multiplex diagnostic testing platforms.. Sona's gold nanorod particles are uniquely manufactured without the use of CTAB (cetyltrimethylammonium bromide), eliminating the toxicity risks associated with the use of other gold nanorod technologies in medical applications. It is expected that Sona's gold nano technologies may be adapted for use in applications as a safe and effective delivery system for multiple medical treatments, subject to, among other factors, the approval of various regulatory boards.

Sona filed an International (PCT) Patent Application on November 2, 2018, with a priority date of November 4, 2017, to protect its core gold nanorod technology. In October 2024, the Company was issued U.S. Patent No. 12117447 by the U.S. Patent and Trademark Office to the Company, entitled, "Metal Nanoparticles and Methods of Making Same". This patent covers the Company's proprietary process for manufacturing gold nanorods without the use of the toxic substance, cetyltrimethylammonium bromide ("CTAB"), which typically carries significant cytotoxic and genotoxic risks. In May 2023, the Company received its territorial patent grant for its proprietary, toxin-free gold nanorod manufacturing process with a registration in South Korea. Patent applications for other markets are pending. Patent protection continues to be pursued in Canada, China and Europe based on the International (PCT) Patent Application. Upon issuance, the patents are expected to expire no earlier than November 2038 and will provide patent protection for Sona's gold nanorod technology.

The Company has also filed three provisional patent applications in the U.S. regarding a gold nanorod conjugation concept for targeted drug delivery, combination therapies for treating cancer and for an endoscope with optical fibre and thermal sensor for photothermal therapy. The Company intends to convert the filings to international patent applications and/or regular patent applications in various countries, including the U.S., over the next year.

Officer and Director Appointments

In May 2024, the Company named Dr. Carman Giacomantonio, MD, MSc., FRCSC, the Company's Chief Medical Officer. Dr. Giacomantonio is a practicing Surgical Oncologist at the QEII Health Sciences Centre and a Professor of Surgery at Dalhousie University. Dr. Giacomantonio leads a productive translational research group at Dalhousie and has successfully initiated two clinical trials in cancer immunotherapy. He is widely published in the field of cancer immunobiology and immunotherapy research, and a recognized innovator in the field of intra-tumoral cancer immunotherapy. Dr. Giacomantonio previously served on Sona's Advisory Board and is the Principal Investigator for Sona's pre-clinical studies using Sona's gold nanorods in its targeted hyperthermia therapy for triple negative breast cancer and melanoma.

In October 2024, Mr. Wayne Myles, KC, FIIC, joined the Board of Directors. An active investor and entrepreneur, Mr. Myles has served as lead counsel and strategic business advisor on more than 100 domestic and international acquisitions and sales, financings, government and regulatory affairs and licensing mandates. He has significant and diverse experience as a director of public and private companies. He also has been recognized with numerous professional achievements, distinctions and awards, including being named as one of 'Canada's Top 25 Most Influential Lawyers' by Canadian Lawyer Magazine.

BUSINESS OBJECTIVE

Business Focus

Since its acquisition of Siva Therapeutics, Inc. (see page 8), the Company has shifted its resource focus towards its targeted hyperthermia therapy ("THT") and away from the development of its Rapid Diagnostic tests. In late fiscal 2023, the Company engaged the Giacomantonio Immuno-Oncology Research Group (see page 5) to undertake an innovative research initiative to evaluate the efficacy of Sona's THT technology in the fight against various cancers. In early calendar 2024, the Company further de-emphasized activities in its Rapid Diagnostics Division with a focus on minimizing expenses and working to seek third-party partners in the continued development of its Bovine TB and Concussion Tests (collectively the "Tests").

While the Company continues to incur some time with the allocation of fixed salary costs to the ongoing development of these Tests, it has incurred only minimal third-party expenses. The Company also attempted to offer its rapid diagnostic test development services to third parties. Providing this service would leverage the laboratory-based work on Sona's proprietary development business and was expected to be performed on a 'fee for service' basis. However, the Company has not been successful in developing this line of business.

With the growing success and opportunities associated with its cancer research, the Company has decided to shelve the work in its Rapid Diagnostics Division. While it will still entertain any third party offers to participate with the continued development of these Tests, the Company will prioritize resources towards the use of its proprietary gold nanorod technology in developing treatments for cancer.

Sona's Gold Nanorod Technology

Sona is currently focused on pursuing the development of a pre-clinical nanomedical therapy for the treatment of cancer using its proprietary and biocompatible gold nanorods ("GNR") leveraging on its core manufacturing technology for these uniquely biocompatible GNRs, scientific experience, accumulated study data and laboratory.

Sona has applied for and been granted patent protection in in the United States and South Korea with Canadian, European and China approvals pending on its technology for the manufacture of GNRs that offers several functional performance advantages over other particles currently in the market, such as:

- Sona GNRs are manufactured without the use of CTAB, a known toxin, that is typically used in GNR production. The absence of CTAB in Sona's proprietary manufacturing process may confer on Sona GNR's an advantage over other GNR in terms of their biocompatibility which may be important for various developing in vivo medical applications of GNRs.
- Sona GNRs are designed to maximize the ability to detect bio markers in low concentration levels, essentially meaning Sona tests may be able to detect a condition earlier than many other particles.

- Sona GNRs can be manufactured in various sizes which allow multiple colour test lines to be generated, providing a simple differentiation between test and control results, whereas competitive spherical gold nanoparticles can only present as a red line.

Advanced Biomedical Applications

For its GNR IP advancement strategic priority, Sona is undertaking an R&D program to enhance its understanding of its proprietary biocompatible, GNR manufacturing technology with the goal of identifying the most promising advanced biomedical applications for it to pursue. To accomplish this, Sona plans to partner with leaders in the bioengineering and nanotechnology fields to conduct a series of experiments and studies to better understand the effects of using its GNRs in medical therapies to gain insights into which would be best to pursue.

This is an important priority given that Sona's biocompatible GNRs address the primary concern in the development and adoption of medical therapies involving the use of GNRs within the body, or 'in vivo'. That concern is for the toxicity associated with the preparation of other GNRs, and potential negative health impacts. Continuing to strengthen Sona's IP is a key element in its ambition for the leadership position for its GNRs for *in vivo* medical applications. Sona's current focus for an advanced biomedical applications is the use of its GNR technology in its THT therapy which aims to shrink cancerous tumors for certain solid cancers and in so doing trigger an immune response that helps to inhibit the growth of other tumors as well as for R&D associated with the Company's GNR manufacturing technology, scientific experience, and laboratory asset.

Nanotechnology Characterization Laboratory Assessment of Gold Nanorods

In February 2023, the Company received the results of an independent assessment of its proprietary gold nanorod nanoparticles from the National Cancer Institute's Nanotechnology Characterization Laboratory ("NCL"). The assessment included analyses of three batches of Sona's materials for microbial contamination, endotoxin levels, Beta-glucan, physiochemical characterization, and polyethylene glycol ("PEG") concentrations.

The analyses determined that endotoxins and microbial contamination were "undetectable" based on both turbidity and chromogenic limulus amebocyte lysate ("LAL") assays and the NCL's endotoxin limit. While beta-glucan levels varied across the samples, they were all within limits of what is normally present in the blood from dietary sources. Also, no free PEG was detected in any of the three batches of materials provided.

The results of the NCL's characterization of Sona's biocompatible gold nanorod nanoparticles indicate that they are expected to be compatible for use in vivo with Sona's THT, as ruling out the material presence of endotoxins was key to enabling our further work together towards preparations for clinical trials.

In April 2023, the Company received the second set of results of an independent assessment of its proprietary gold nanorod nanoparticles from the NCL. The assessment included analyses of two additional batches of Sona's GNRs for consistency of physiochemical characterization and microbial contamination and endotoxin levels. The assessment also found "no significant differences between the two lots by DLS (dynamic light scattering) hydrodynamic size, zeta potential, or gold concentration".

In early June 2023, the Company received the third set of results of an independent assessment of its proprietary gold nanorod nanoparticles from the NCL. In addition to running similar assessments to those that have been previously announced for contamination and endotoxin levels, this assessment included an analysis of the surfactant residue present following the chemical reaction necessary for the manufacture of Sona's proprietary gold nanorods. The assessment shows that the continued improvements in Sona's manufacturing process for GNRs have resulted in a significant reduction in free surfactant levels in nanorod dispersions, with the average dropping from 230.7 ug/mL in prior assessed batches to 34.6 ug/mL in the batches following the process changes.

In March 2024, the Company received its final report from the NCL of its polymer-coated GNRs, which included a third assessment of material from Sona, bringing the number of batches of Sona material validated by the NCL to a total of seven. The most recent assessment found improved physical uniformity (with all three batches measuring within 2.1 nanometers in length of each other) and greater purity when compared to past batches. These improvements have been achieved via certain manufacturing process improvements developed with the support of the NCL, and which, in addition to improving purity, may result in reduced costs of scaled manufacturing. This final report also confirmed that the data between all lots of the material that have been assessed are in general agreement.

The studies conducted by NCL included endotoxin testing, hydrodynamic size by DLS, size and shape distribution by TEM, zeta potential, total gold concentration by inductively coupled plasma mass spectrometry (ICP-MS), total and free PEG and total surfactant concentration using RP-HPLC-CAD, and total gold concentration using ICP-MS. Sona was one of six commercial and academic collaborators to present its research at the NCL's 20th anniversary "Advancing Medical Applications of Cancer Nanotechnology" symposium in November 2024.

The NCL was established by the National Cancer Institute ("NCI") to accelerate the progress of nanomedicine by providing preclinical characterization and safety testing of nanoparticles. The NCL is a collaborative effort between NCI, the U.S. Food and Drug Administration ("FDA"), and the National Institute of Standards and Technology ("NIST"). It is anticipated that the NCL report could be used in a future potential regulatory application for an investigational device exemption ("IDE") to support the biocompatibility of Sona's GNRs.

Research Initiative with the Giacomantonio Immuno-Oncology Research Group

Sona has engaged the Giacomantonio Immuno-Oncology Research Group (the "Research Group") to undertake an innovative research initiative to evaluate the efficacy of Sona's THT technology in not only attenuating the development of breast and melanoma tumor models in mice but also in facilitating systemic immune responses (the "Study"). The Study posits that the combined utilization of Sona's GNRs via its THT, alongside precise immune modulation, will result in elevated immune activation and anti-tumor responses within the mouse models of triple negative breast cancer, and melanoma.

This innovative study goes significantly beyond our current plans for THT applications to explore the potentially synergistic effect of its use with certain immunotherapy treatments for cancer. Sona aims to harness the tremendous potential of immunotherapy, leveraging its biocompatible GNRs as a pivotal, catalytic element. This effort marks the beginning of Sona delivering on the 'mountain of data' we committed to developing in support of our planned regulatory submissions for human clinical trial approvals.

The Research Group is exploring two distinct yet interrelated biological processes with the potential to unlock the elusive Holy Grail of intra-tumoral cancer immunotherapies, known as the Abscopal Effect. The first avenue capitalizes on the kinetic excitation of gold nanorods, capable of inducing localized tumor destruction. This process exposes potent tumor neo-antigens, which can then be strategically mobilized to immune-responsive sites. Concurrently, the second dimension of the research delves into the profound impact of intralesional immunomodulation in the context of both local and systemic THT.

To facilitate the Study, the Company and the Research Group have entered into a Research Agreement under which the experiments will be conducted. The experiments explore immune reprogramming by tumor antigen transfer as well as tumor response and immune modulation in subcutaneous tumor models following treatment with various immunotherapeutic interventions. The Company will cover up to a maximum of $80,000, which is approximately 40% of the Study's anticipated cost, which will include in-kind contributions from the Company and its laboratory.

The Study assesses the THT efficacy of using Sona's GNRs for their combined effect both in generating targeted hyperthermia in tumors exposed to near infrared light and as an immune modulator locally and in distant, untreated tumors. This portion of the study continues to look for elevated immune activation and anti-tumor responses within the mouse models of breast cancer and melanoma, using THT alone and in combination with selected immunological agents commonly used in current cancer treatment protocols.

The initial assessment documented that in cohorts of seven animals, 7/7 of treated triple negative breast cancer mouse tumors bearing Sona's GNRs responded with an average reduction in tumor volume of 80% following a single treatment with near infrared light in comparison with untreated 'control' tumors.

In early April 2024, the Company was provided with data from the Study that indicates the response in a pre-clinical triple negative breast cancer model treated with the combination of Sona's THT and interleukin-2 ("IL-2"), a standard immunotherapy, is statistically significantly superior to results observed from treatment with either agent individually or the control group. This second phase of the Study has documented that, in a cohort of six animals, 6/6 of treated triple negative breast cancer, the most aggressive and therapy resistant form, mouse tumors bearing Sona's GNRs and IL-2 responded to the combination therapy, resulting in a flattening of the tumor growth curves. The generation of hyperthermia involved exposing tumors previously injected intratumorally with Sona's GNRs and IL-2 to a single dose of near infrared light.

In late April 2024, the Company received further results which confirm that the previously reported tumor volume reduction was due to activation of a tumor specific systemic immune response. This data relates to the follow-up biomarker analysis performed on the previously reported cohort of animals that showed a statistically significant synergistic effect in the shrinking of both treated and untreated tumors in animals bearing multiple tumors after treatment with the combination of Sona's THT and IL-2.

The fluorescence-activated cell sorting ("FACS") analysis of the tumor infiltrating cells looking at two panels of 12 biomarkers demonstrated a statistically significant cytotoxic T-cell infiltrate in both treated tumors and the untreated (contralateral) tumors, confirming a systemic immune response, consistent with an abscopal effect, in the treated mice treated with the combined Sona's THT and IL-2 therapy that is not seen in the other groups. Also notable is the fact that cytotoxic T-cells in treated tumors express significantly more immune checkpoint indicating potential for additional benefits.

The Study consisted of 26 mice bearing multiple triple negative breast cancer tumors, including a control group of six, seven given IL-2 only, and seven given THT only, as well as the cohort of six mice that were administered the combination of the generation of THT followed by intratumoral injections with IL-2.

In late June 2024, further results indicate that Sona's THT achieved similar responses in a preclinical melanoma model. THT effectively treated melanoma tumors in all animals when administered on its own. Further, when THT was combined with doses of IL-2, a synergistic effect was shown whereby greater treatment response, measured by tumor volume reduction, was achieved in comparison to either approach alone.

This second cancer model portion of the Study has documented that, in a cohort of seven animals, 7/7 of treated melanoma cancer mouse tumors bearing Sona's GNRs and IL-2 responded to the combination therapy, resulting in a flattening of the tumor growth curves. The generation of hyperthermia involved exposing tumors previously injected intratumorally with Sona's GNRs and IL-2 to a single dose of near infrared light. When a cohort of three mice were administered only Sona's THT but with a second dose of near infrared light, a pronounced reduction in tumor size was demonstrated.

Sona is encouraged by the strength of the results of its THT alone and when combined with a standard cancer immunotherapy, this time in a B16 murine melanoma model, where this combination therapy significantly outperformed either approach on its own, suggesting a true synergistic effect.

Demonstrating the efficacy of Sona's THT in a second type of solid cancer in our preclinical efficacy study highlights the potential for Sona's THT to be applied to multiple solid cancer types in humans. The initial indication in humans is intended to be for late stage, irresectable melanoma – a type of cancer for which few current therapies have any effect - so these most recent data are important and very encouraging to Sona's efforts to get its therapy into the clinic.

A detailed biomarker analysis of the pre-clinical melanoma study indicates that, beyond shrinking tumors on its own, Sona's THT also stimulates the innate immune system to target and eliminate untreated (contralateral) tumors when combined with a standard immunotherapeutic drug, IL-2. With two separate murine cancer models completed, it appears that Sona's THT causes cancer specific proteins (cancer antigens) to become visible to the immune system. This in turn causes novel, innate immune responses ultimately enabling development of cancer-specific immunity. This is essentially the goal of all current immunotherapy research and treatment strategies. When combined with a standard of care IL-2, the resultant immunity in our models was strong enough to generate an immune response in remote (contralateral) tumors.

Following treatment with Sona's THT for melanoma in mice, an analysis of key metrics of immune memory showed that remote tumors could not be established in mice with primary tumors previously treated with Sona's gold nanorod-based THT therapy when combined with standard IL-2. Furthermore, an examination of the upregulation of inflammatory gene expression for 17 genes for both Sona's 4T1 (triple negative breast cancer) and B16 (melanoma) models showed a strong pattern of expression enhancement, a further indication of the success Sona's THT had in effectuating a fundamental change to the innate immune system.

Seeing the gene expression data which supports the longevity of the new immunity achieved together with the observation that new cancer tumors did not take in the treated mice in this preclinical study, gives hope that Sona's

THT could be used with immunotherapeutic drugs to treat cancer effectively and reduce the likelihood of recurrences.

Building on its success in melanoma and breast cancer studies, the Company's third preclinical efficacy study was conducted in an immunologically 'cold' colorectal cancer model ("CT26"), a model that represents the majority of human colon cancers, which do not typically respond to current standard of care immunotherapies.

In this preliminary study, whereas no mice that were given standard immunotherapy alone showed any response, 100% of mice in the THT treatment group responded to the same immunotherapy with 50% (4 out of 8) of those tumors eliminated within 12 days of treatment. The further preclinical evidence presented in compelling data gives the Company greater confidence as to Sona's THT's ability to prime non-responding tumors, thereby enhancing immunotherapy's ability to respond.

Preliminary detailed cellular analysis of THT-treated tumors revealed increased immune cell infiltration into the tumor microenvironment with elevated expression of PD-1 receptors on both CD4+ T-helper cells and CD8+ cytotoxic T cells. The elevated expression of PD-1 and heightened immune cell activation further supports the notion that THT primes the tumor microenvironment for enhanced responsiveness to standard checkpoint blocking immunotherapies. The immunotherapy used in this study was a PD-1 checkpoint inhibitor as it is the predominantly prescribed treatment for cancer. Research is ongoing in this model and will be subjected to peer review.

Colon cancers in humans are typically immunogenically 'cold' tumors in that they are highly resistant to current leading immunotherapies. As such, Sona's success in eliminating these difficult preclinical tumors is profound and provides evidence of our ability to convert these cold tumors into ones that will respond to immunotherapies.

The Company is currently working with a contract research organization specializing in medical device clinical trials to secure a site for the Company's previously announced intention to deliver a first-in-human early feasibility study ("EFS") in 2025. The Company has developed its clinical trial protocol and THT system administration instructions package and related documents for clinical application.

The Company has also completed pilot safety and biocompatibility feasibility studies conducted by a global contract research organization ("CRO") and a preclinical, GLP-compliant translational research institute, respectively, in the United States. Both preclinical studies provided initial data which determine that the Company's proprietary and uniquely biocompatible GNRs are non-toxic, safe and the GNRs clear the body efficiently. Based on the success of these two studies, the Company has commissioned a full dose-escalation study which is required to inform and support the study protocol for a first-in-human early feasibility study ("EFS") being pursued by the Company.

The Company has received guidance on its pre-clinical study plan from both the FDA and its EXCITE International panel of senior physicians and payor organization representatives in the United States. Our initial indication will target the thousands of people who suffer from late-stage, unresectable melanoma for which no other therapy has worked.

Frontiers in Immunology Journal

The complete findings from our pre-clinical breast cancer and melanoma efficacy studies have been published in the peer-reviewed scientific journal, Frontiers in Immunology ("Frontiers"). The published manuscript titled, "Targeted Intra-tumoral Hyperthermia with Uniquely Biocompatible Gold Nanorods Induces a Strong Immunogenic Cell Death in Two Immunogenically 'Cold' Tumors" is available online on the Company's website and in print in the January 2025 issue of Frontiers – Cancer Immunology and Immunotherapy. Frontiers is a leading journal in its field, publishing rigorously peer-reviewed research across basic, translational and clinical immunology. Publication in Frontiers elevates our findings to an international level, giving us new audience with other leading cancer research laboratories and potential industry partners.

Sona's proprietary, innovative technology uses the Company's patented, biocompatible GNRs to deliver precision, targeted, non-destructive hyperthermia therapy directly to cancers, thereby alleviating the systemic toxicity associated with most other cancer therapies. In this study, Sona's team confirmed that its therapy causes cancer-specific cell death that activates a strong immune response by the body's immune system. In our studies, we have shown in industry standard, pre-clinical cancer models that Sona's THT can eliminate cancers by converting them from 'cold', immune unresponsive tumors, into 'hot' immunogenic tumors. Of critical importance in Sona's

publication is the evidence that the 'novel immunity' generated by Sona's THT is observed in cancers that are known to be completely resistant to modern immunotherapies.

EXCITE International Partnership

Sona has partnered with EXCITE International ("EXCITE"), a global network of senior specialist physicians, payors, health systems, and end-users, to help guide the development of Sona's THT. Through this partnership with EXCITE, Sona will gain access to EXCITE's global network to help it align pre-clinical and clinical trial design and regulatory strategy with the interests of specialist practitioner and potential payor groups.

The work to be completed by EXCITE, which is a not-for-profit entity made up of a global network of senior medical practitioners and payors, will include an Early Technology Review and multiple panel discussions to be facilitated among content area experts to gain feedback on Sona's proposed therapy and commercialization strategy. The EXCITE panel is expected to be made up of senior medical practitioners from top-tier hospitals and universities in the US and Canada.

EXCITE will put Sona's THT in front of leading oncologists and medical coverage insurance providers to give the Company early feedback to help ensure that the therapy being developed is done in a way such that what is delivered is what patients, practitioners and payors will value, prescribe and pay for, respectively. EXCITE is known for attracting leading physicians and representatives from payor organizations, and Sona looks forward to working with these individuals to gain their guidance over the next few months with the aim to de-risk our approach and speed our time to market.

EXCITE offers early direct engagement with experts and payers through early technology review, protocol development, and clinical trial execution. This allows companies to anticipate and meet the downstream expectations of these important stakeholders. EXCITE is selective in only taking on potentially impactful technologies that offer improved patient outcomes and/or health system efficiencies.

The Company also met with a group of leading surgeons and payer representatives in the U.S. as part of its second EXCITE International panel discussion. That roundtable evaluation and discussion, together with its recent pre-submission meeting with the FDA, provided important feedback and guidance to the Company on the development and validation path for its THT cancer therapy.

This roundtable session with its panel of surgeons from leading U.S. academic medical centres and medical payment organizations provided the Company with invaluable counsel on considerations for both the 'indications for use' for Sona's THT and the research data that may be required to secure payment codes from payers. This guidance, together with recent feedback received from the FDA, gives us confidence in the appropriateness of our research study pathway and the likelihood of acceptance by physicians and healthcare institutions of our cancer treatment. The Company continues to develop the data on the safety and efficacy of its therapy to support an eventual regulatory submission with its current study at Dalhousie University.

Acquisition of Siva Therapeutics, Inc.

On January 23, 2023, Sona entered a binding agreement (the "Definitive Agreement") to acquire Siva Therapeutics, Inc. ("Siva"), the developer of Targeted Hyperthermia Therapy™ ("THT") photo thermal therapy for cancer tumors using Sona's uniquely biocompatible gold nanorods (the "Transaction"). Siva holds two patents supporting the in vivo delivery of a thermal therapy, which is being designed to have multiple beneficial effects on tumors, including being more selective than chemotherapy, less destructive than radiation, and without the risks of surgical treatment. Under the Definitive Agreement, Sona agreed to acquire all of the issued and outstanding common shares of Siva with total consideration to the Siva shareholders of US $2.0 million in Sona shares (the "Transaction 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"). Results were not achieved for these additional milestones. Therefor the performance shares will not be issued.

Siva Therapeutics is an Austin, Texas based company established in 2010 that is in the pre-clinical phase of developing THT and the SivaLum™ infrared light device that forms part of its THT. Siva has benefited from over US $2.8 million in investment and grant value, in addition to founder contributions.

Siva has completed five safety and efficacy studies, including for melanoma in mice and the Nanotechnology Characterization Laboratory (NCL, https://ncl.cancer.gov/) program. Siva's management team has over 50 years of combined life sciences and medical device experience with a track record of prior successful market introductions. Combining with the Siva team, given their traction in developing a practical and powerful therapy that leverages the key attributes of Sona's GNRs to potentially improve the lives of people living with cancer. This Transaction provides for tremendous alignment of interests for the success of the further THT trials.

Pursuant to the Definitive Agreement, the Company acquired all of the issued and outstanding common shares of Siva in exchange for the Transaction Shares, to be issued at a deemed value equal to the greater of: (i) the volume weighted average price (the "VWAP") for the Company's common shares for the ten (10) trading days immediately preceding the fifth business day preceding the Closing Date, and (ii) the maximum allowed discounted price allowed under the policies of the Canadian Securities Exchange (the "Exchange").

On 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 C$0.1824 per share, or 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.

All Transaction Shares issued to two of Siva's founders were subject to voluntary pooling restrictions with the Company, in respect of 90% of the Transaction Shares of the President of Siva, and 70% of the Transaction Shares of the Vice-President, Legal Affairs of Siva, pursuant to which 20% of the original number of their respective Transaction Shares will become available for sale every six (6) months until fully released.

Financing

In September 2024, the Company completed private placement financings for aggregate gross proceeds of $3,143,750 (the "Financings") by issuance of 12,575,000 common shares at an offering price of $0.25 per share.

In connection with the private placements, Sona paid the Numus Capital Corp. (the "Finder") cash commissions of $180,563 and issued 722,250 non-transferable share purchase warrants (the "Finder Warrants"). Each Finder Warrant entitles the holder to acquire one Share at an exercise price of $0.25 for a period of 24 months from the closing date of the private placements. The Finder is a related party to Sona, a director of Sona being indirectly a principal shareholder of the Finder as well as a director and officer of the Finder.

Sona's Interest in Legacy Crescent Lake Lithium Property Sold to Midex Resources

In May 2023, Antler Gold Inc. ("Antler") entered 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 C$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 the Company has not yet received its final Share Consideration. An additional gain on sale of this Property will be recorded upon receipt of the Midex shares which will be subject to certain resale restrictions and escrow conditions.

SELECTED ANNUAL FINANCIAL INFORMATION

	Year ended October 31, 2024	Year ended October 31, 2023	Year ended October 31, 2022
	$	**$**	$
Expenses	**(2,197,934)**	**(2,241,323)**	**(3,141,426)**
Other income (expenses)	**(506,023)**	**(258,352)**	**780,022**
Comprehensive loss for the year	**(2,703,957)**	**(2,499,675)**	**(2,361,404)**
Loss per common share	**(0.03)**	**(0.03)**	**(0.03)**
Cash dividends per common share	**-**	**-**	**-**
Total assets	**1,854,518**	**2,748,250**	**520,772**
Current liabilities	**842,303**	**1,058,602**	**420,161**
Long-term liabilities	**394,671**	**527,681**	**608,467**
Shareholders' equity (deficiency)	**2,509,110**	**1,161,967**	**(507,856)**

SELECTED QUARTERLY FINANCIAL INFORMATION

The following table sets out selected financial information and highlights for the last eight quarters:

	Oct 31, 2024	Jul 31, 2024	Apr 30, 2024	Jan 31, 2024	**Oct 31, 2023**	Jul 31, 2023	Apr 30, 2023	Jan 31, 2023
	$	$	$	$	**$**	$	$	$
Income (expenses)	**(503,176)**	(533,194)	(602,713)	(558,851)	**(733,759)**	(688,609)	(444,655)	(374,300)
Other income (expenses)	**91,509**	(197,577)	(199,824)	(200,131)	**2,356**	(154,895)	(83,774)	(22,039)
Net income (loss) for the quarter	**(411,667)**	(730,771)	(802,537)	(758,982)	**(731,403)**	(843,504)	(528,429)	(396,339)
Income (loss) per share – basic & diluted	**(0.004)**	(0.01)	(0.01)	(0.01)	**(0.01)**	(0.01)	(0.01)	(0.01)

Results of Operations for the years ended October 31, 2024 and 2023

The Company reported a net loss for the year ended October 31, 2024 of $2,703,957 or $0.03 per share, as compared to a net loss of $2,499,675, or $0.03 per share, for the prior year. The increase in net loss was primarily due to the amortization of the Siva intangible assets.

Expenses

During the current year, the Company incurred expenses of $2,197,934, a small increase from $2,241,323 incurred in the prior year due primarily to the increase in salaries and wage expense offset by a decrease in research and development costs. In the current period, The Company recorded a decrease of $177,351 in research and development expenses associated with external work performed on the THT project performed in the comparable year. The decrease in external research and development was offset by increased internal research work performed internally. The Company incurred an increase in salary and benefits of $190,530 resulting from additional costs from the Company's CMO, the Siva Founder and the end of salary recoveries from the NRC's IRAP program. In the period ended October 31, 2024, there was $4,096 (2023 - $188,975) received from the IRAP contribution. The Company had a decrease in professional and consulting fees of $47,575 from the comparable period. Professional and consulting costs in the comparable period were higher as the result of legal costs associated with the Siva acquisition.

Sona administrative expenses decreased slightly to $176,713 from $178,933 in the comparable year. Securities and regulatory costs remained flat during the current year. Management service fees of $nil (2023 – $44,000) and rent of $10,200 (2023 – $28,900) relate to consulting services and office facilities provided by Numus Financial Inc ("Numus"). The decrease in management service fees and office rental are the result of revisions to the Services Agreement with Numus. The Company has not recently acquired any new capital assets. As a result, depreciation expense has decreased from $36,761 in the prior year to $13,976 in the current year. The Company incurred reduced travel costs of $14,759 as compared to $21,177 in the prior year. The Company increased its efforts on sales and marketing related to the THT project, incurring costs of $95,520 (2023 - $50,747) in the current year.

In the year ended October 31, 2024, the Company recorded stock-based compensation of $350,350 (2023 - $293,100). The Company granted stock options during the years ended October 31, 2024, and 2023, to officers, directors, employees, and consultants. Stock options are valued using the Black-Scholes option valuation model at

the date of grant and the Company amortizes the value of its stock options over the corresponding vesting period of 25% every six months and based on certain performance criteria. In March 2023, the Company granted 1,225,000 options with an exercise price of $0.17 to directors, officers, and a consultant. The fair value of these options was $190,192. In July 2023, the Company granted 900,000 options with an exercise price of $0.25 to directors, officers, employees, and consultants. The fair value of these options was $205,957. In March 2024, the Company granted 1,195,000 options with an exercise price of $0.31 to directors, officers, and a consultant. The fair value of these options was $260,383. In May 2024, the Company granted 750,000 options with an exercise price of $0.32 to an officer. The fair value of these options was $162,695. In October 2024, the Company granted 25,000 options with an exercise price of $0.30 to a consultant. The fair value of these options was $4,719.

The Company recorded a foreign exchange gain of $4,132 during the year ended October 31, 2024 (2023 – loss of $13,130). The foreign exchange was incurred on the Company's foreign currency accounts payable due to changes in the Canadian/US dollar exchange rate.

Other income and expenses

During the year ended October 31, 2024, the Company also recorded amortization expense of $720,000 (2023 - $420,000) for the amortization of the THT project intangible assets acquired with the Siva Transaction.

During the year ended October 31, 2024, the Company recorded accreted interest of $49,594 (2023 - $68,347) on the ACOA loans. In the year ended October 31, 2024, the Company recorded a recovery of $182,604 (2023 – $149,133) relating to the fair value adjustment on the repayable government loans (the "ACOA loans). The face value of the ACOA loans was $978,332 in 2024 and 2023.

In the year ended October 31, 2024, the Company recorded a loss of $2,000 on the value of its investments (2023 – $3,000). The Company recorded scientific research and experimental development credits of $82,967 (2023 - $41,223) on its eligible research and development activities.

In the year ended October 31, 2023, Company also recorded a gain on the sale of a legacy asset in the amount of $42,639 (see Midex commentary above).

During the year ended October 31, 2024, the Company has recorded the expiry of 702,500 fully vested options which resulted in a reduction of $206,066 to contributed surplus with a corresponding reduction of the deficit. In the year ended October 31, 2023, the Company recorded the cancelation or expiry of 588,250 fully vested options which resulted in a reduction of $1,759,365 to contributed surplus with a corresponding reduction of the deficit.

LIQUIDITY AND CAPITAL RESOURCES

Sona's liquidity depends on existing cash reserves, supplemented as necessary by government loans and grants, and equity and/or debt financings. As of October 31, 2024, Sona had a cash balance of $1,854,518, compared to cash of $109,382 at October 31, 2023.

The Company had a working capital of $1,152,781 at October 31, 2024 as compared to working capital deficiency of $795,328 at October 31, 2023. The increase in working capital is primarily due to net proceeds from the private placement completed in September 2024.

During the period ended October 31, 2024, Sona used cash of $1,754,737 to fund operating activities, including its continued THT research activities. The Company received net proceeds of $3,700,750 from the private placements completed during the current period and also received government assistance of $4,096 (2023 - $188,975) for its research and development projects.

Sona's business to date has been the research and development of its gold nanoparticle products. Sona has not derived any revenue from operations and therefore has and continues to rely primarily on funding through the form of repayable government loans and debt, non-repayable government grants and proceeds from the issuance of common shares. There can be no assurance that such sources of funding will continue to be available to the Company on acceptable terms or at all.

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 and government funding. As these variables change, it may necessitate the need for the Company to issue equity or obtain debt financing.

The Company is currently pursuing additional financing alternatives. However, there can be no assurance that the required 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. Sona expects to record losses until such time as it further develops its gold nanorod products and secures necessary regulatory approvals and customers. See the *Risks and Uncertainties* section of this MD&A and note 2, *Basis of presentation and going concern,* of the audited financial statements for the year ended October 31, 2024 for additional details.

COMMITMENTS AND CONTINGENCIES

The Company has employment agreements with the CEO, CSO and Head of Diagnostics which provide 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 October 31, 2024, the Company has a Services Agreement with Numus Financial Inc. See the *Related Party Transactions* section of this MD&A for further details on the agreement.

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.

In July of 2022, the Supreme Court of Nova Scotia held a hearing to determine if there was a probable likelihood of success for the plaintiffs if the court were to certify their class action suit. On August 28, 2024, the Supreme Court of Nova Scotia issued its decision in the lawsuit in favour of Sona dismissing the motion for leave and certification of the class claims. While the plaintiff initially appealed this decision, this appeal has been discontinued and the plaintiff has provided a full and final release.

OFF-BALANCE SHEET ARRANGEMENTS

Sona has no off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to Sona.

OUTSTANDING SHARE INFORMATION

The Company has authorized an unlimited number of common shares without par value. As of October 31, 2024 the Company had 111,720,361 common shares outstanding. Subsequent to October 31, 2024, the Company issued 820,000 shares upon the exercise of finder warrants associated with the February 2023 financing and as at February 26, 2025, the Company had 112,540,361 common shares outstanding.

As of October 31, 2024 the Company had 6,762,000 stock options outstanding with and average exercise price of $0.53 per common share and with varying expiry dates. Subsequent to October 31, 2024, 875,000 outstanding options expired, unexercised. As at February 26, 2025, the Company has 5,887,000 stock options outstanding with an average exercise price of $0.57 per common share and varying expiry dates.

As of October 31, 2024, the Company had 3,857,875 common share purchase warrants outstanding pursuant to the 2023 and 2024 financings. The warrants are exercisable at a weighted average exercise price of $0.25 per share and have varying expiry dates. Subsequent to October 31, 2024, 820,000 finder share purchase warrants pursuant to the February 2023 private placement were exercised. As at February 26, 2025, the Company had 3,037,875 common share purchase warrants outstanding.

RELATED PARTY TRANSACTIONS

During the year ended October 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 (2023 - $44,000), controller services of $30,000 (2023 - $30,000), digital media services of $48,000 (2023 - $32,000) and incurred rent and administrative costs from Numus in the amount of $10,200 (2023 - $28,900). In January 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 October 31, 2024, the amount owing to Numus, related to accounts payable and was $60,475 (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 $2,550, 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 Finder for the February 24, 2024 financing. As compensation for its services, the Finder 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 Finder for the December 4, 2023 financing. As compensation for its services, the Finder 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.

In connection with the September 2024 private placements, Numus Capital Corp. acted as Finder (the “Finder”). As compensation for its services, the Finder received cash commissions of $180,563 and issued 722,250 Finder Warrants. Each Finder Warrant entitles the holder to acquire one Share at an exercise price of $0.25 for a period of 24 months from the closing date of the private placements.

During the year ended October 31, 2024 the Company granted 1,510,000 incentive stock options in accordance with the Company’s stock option plan to directors and officers of the Company. 760,000 of the options issued have an exercise price of $0.31 per share and 750,000 have an exercise price of $0.32 per share. The options will vest at the rate of 25% every six months and will expire five years from the date of issuance.

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 October 31, 2024, the amount owing to Randall Consulting Inc. (“RCI”), a company controlled by an officer of Sona, was $29,835 (2023 - $31,826), the amount owing to a director of the Company was $38,750 (2023 - $38,750) and the amount owing to an officer of the Company was $65,940 (2023 - $nil) These amounts are non-interest bearing, unsecured and are payable on demand.

Compensation awarded to key management during the year ended October 31, 2024 was $849,334, including $558,366 in salaries and fees earned, and $290,978 in share-based compensation expense (2023 - $517,361 in salaries and fees earned, and $282,131 in share-based compensation expense). The Company’s key management includes the directors, CEO, CFO, CSO and the CMO.

RISKS AND UNCERTAINTIES

Limited Operating History and Continuing Losses

The Company has a limited operating history and its business is subject to all of the risks inherent in the establishment of a new business enterprise. The Company's likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with establishing a new life sciences company.

The Company has incurred substantial losses since its inception and has derived no revenue from operations. The Company may not achieve profitability in the foreseeable future, if at all. Sona expects to incur net losses and negative cash flows due in part to increasing research and development expenses, marketing expenses and hiring additional personnel. As a result, Sona will need to generate significant revenues in order to achieve and maintain profitability. Sona may not be able to generate these revenues or achieve profitability in the future. Even if Sona does achieve profitability, it may not be able to sustain or increase profitability.

Additional Funding Requirements

The Company will require additional financing in order to carry out its research and development and commercialization activities. Failure to obtain such financing on a timely basis could cause the Company to delay or indefinitely postpone further research and development of its projects, with the possible loss of intellectual property rights, curtail or terminate its operations, or miss certain acquisition opportunities. If the Company is not successful in generating significant revenues, or if future revenues decrease as a result of lower product margins or otherwise, it will affect the Company's ability to raise the necessary capital to replace its financial resources or to maintain its research and development activities and fund production of its products. If the Company's cash flow from operations is not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or be available on favorable terms. The Company may issue securities on less than favorable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of equity securities or securities convertible into Common Shares would result in dilution, possibly substantial, to present and prospective holders of Common Shares.

Dilution through Raising Capital

Raising additional capital may cause dilution to existing shareholders, restrict operations or require the Company to relinquish rights to its products. Until such time, if ever, as the Company can generate substantial product revenues, the Company expects to finance the cash needs through a combination of equity offerings, debt financings, government or other third-party funding, marketing and distribution arrangements and other collaborations, strategic alliances and licensing arrangements. Currently, the Company does not have any committed external source of funds. The Company will require substantial funding to complete the ongoing and planned research and development activities and to fund operating expenses and other activities. To the extent that the Company raises additional capital through the sale of equity or convertible debt securities, the shareholder's ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the shareholders rights as a stockholder. Debt financing, if available, may involve agreements that include covenants limiting or restricting the Company's ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If the Company raises additional funds through government or other third-party funding, marketing and distribution arrangements or other collaborations, strategic alliances or licensing arrangements with third parties, the Company may have to relinquish valuable rights to its products, future revenue streams, research programs or to grant licenses on terms that may not be favorable.

Intellectual Property Rights and Infringement

Sona has pending applications for patents outstanding. The Company intends to continue to seek patent protection for, or maintain as trade secrets, all of its commercially promising nanotechnology platforms and technologies. The Company's success depends, in part, on our and our collaborative partners' ability to obtain and maintain patent protection for products and product candidates, maintain trade secret protection and operate without infringing the proprietary rights of third parties. Without patent and other similar protection, other companies could offer substantially identical products without incurring sizeable development costs which could diminish our ability to recover expenses of and realize profits on our developed products. If our pending patent applications are not approved, or if we are unable to obtain patents for additional developed technologies, the future protection for our technologies will remain uncertain. Furthermore, third parties may independently develop similar or alternative

technologies, duplicate some or all of our technologies, design around our patent pending technologies or challenge our patents when issued. Such third parties may have filed patent applications, or hold issued patents, relating to products or processes competitive with those we are developing or otherwise restricting our ability to do business in a particular area. If we are unable to obtain patents or otherwise protect our trade secrets or other intellectual property and operate without infringing on the proprietary rights of others, our business, financial condition and results of operations could be materially adversely affected.

Third parties may claim we have infringed their patents, trademarks, copyrights or other rights. We may be unsuccessful in defending against such claims, which could result in the inability to protect our intellectual property rights or liability in the form of substantial damages, fines or other penalties such as injunctions precluding our manufacture, importation or sales of products. The resolution of a claim could also require us to change how we do business or enter into burdensome royalty or license agreements; provided, however, we may not be able to obtain the necessary licenses on acceptable terms, or at all. Insurance coverage may be denied or may not be adequate to cover every claim that third parties could assert against us. Even unsuccessful claims could result in significant legal fees and other expenses, diversion of management's time and disruptions in our business. Any of these claims could also harm our reputation. Any of the foregoing may have a material adverse effect upon our business and financial condition.

Medical Device Regulation

Medical devices and tests require approval of regulatory authorities, including Health Canada in Canada and the FDA in the U.S., before it can be sold for other than research purposes in those jurisdictions. The approval process can be lengthy and require significant data collection and conduct of clinical trials, which can involve significant costs. There can be no assurance that the Company would be successful in completing the clinical trials necessary to support its regulatory approval applications on a timely basis or at all. If the Company is successful in collecting the required data, and the data supports the performance at satisfactory levels, there is still no assurance that approvals from Health Canada of the FDA will be granted on a timely basis or at all. In addition to reviewing clinical trial results and third-party analytical studies, regulators may request additional studies/experiments or conduct their own clinical and analytical studies over which the Company may have no control. Also, regulatory requirements for device and test approvals may change over time given the evolving medical environment and view on societal needs and what is in the public interest. Without regulatory approvals, the Company cannot make sales in these markets, and any delay in obtaining approvals may adversely affect the Company's ability to compete with other medical devices and tests available in these markets, which may adversely affect its business and operating results.

Litigation

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 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.

Competition

The life sciences business in general is intensely competitive in all of its phases and we compete with many companies possessing greater financial and technical resources.

Competition in the life sciences business in general is primarily for the following: securing intellectual property rights; technical expertise to find, develop, and manage such intellectual properties; labour to develop and produce products; and capital for the purpose of funding such projects. Many competitors not only conduct research and development, but also conduct product development and production operations on a world-wide basis. Such competition may result in us being unable to: acquire desired intellectual properties; recruit or retain qualified employees; or obtain the capital necessary to fund our operations and develop our intellectual properties. Existing or future discoveries in the life sciences industry could make our project technically obsolete or may otherwise materially adversely affect our prospects for success in the future. Furthermore, increased competition could result in increased costs and lower prices for our products which, in turn, could reduce profitability. Consequently, our revenues, operations and financial condition could be materially adversely affected.

Confidentiality of its Trade Secrets

If the Company is unable to protect the confidentiality of its trade secrets, the Company's business and competitive position would be harmed, the Company's business and competitive position would be harmed. In addition to seeking patents for some of the Company's products, it also relies on trade secrets, including unpatented know-how, technology and other proprietary information, to maintain its competitive position. The Company seeks to protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements with internal and external parties who have access to them. Despite these efforts, any of these parties may breach the agreements and disclose the Company's proprietary information, including its trade secrets, and the Company may not be able to obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming, and the outcome is unpredictable. In addition, courts in certain jurisdictions are less willing or unwilling to protect trade secrets. If any of the Company's trade secrets were to be lawfully obtained or independently developed by a competitor, it would have no right to prevent them from using that information to compete with the Company and its competitive position would be harmed.

Current Research and Development

The Company's investment in its current research and development efforts may not provide a sufficient, timely return. The development of Sona's gold nanorod particles is a costly, complex and time-consuming process and the investment in Sona's product development often involves a long wait until a return is achieved on such an investment. Sona is making, and will continue to make, significant investments in product research and development. Investments in new equipment, technology and processes are inherently speculative. Commercial success depends on many factors, including the products and services developed through Sona's research and development efforts, sufficient support from its strategic partners and effective distribution and marketing. These expenditures may adversely affect Sona's operating results if they are not offset by revenue increases.

Sona believes that it must continue to dedicate a significant amount of resources to its research and development efforts in order to maintain its competitive position. However, significant revenues from the products may not be achieved for a number of years, if at all. Moreover, the gold nanorod products may not be profitable, and even if they are profitable, operating margins for the gold nanorod products may not be as high as projected.

Management of Internal Resources During Periods of Company Growth

Sona must continue to manage its internal resources during periods of company growth or its operating results could be adversely affected. Sona's growth, coupled with the rapid evolution of its markets, may place significant strains on Sona's administrative and operational resources and increased demands on its internal systems, procedures and controls. Sona's administrative infrastructure, systems, procedures and controls may not adequately support its operations. In addition, Sona's management may not be able to achieve the rapid, effective execution of the product and business initiatives necessary to successfully implement Sona's operational and competitive strategy. If Sona is unable to manage growth effectively, its operating results will likely suffer which may, in turn, adversely affect its business.

Development and Sales and Marketing Capabilities

The Company expects to expand its development and sales and marketing capabilities, and as a result, the Company may encounter difficulties in managing its growth, which could disrupt the Company's operations. The Company expects to experience significant growth in the number of its employees and the scope of its operations, particularly in the areas of development and sales and marketing. To manage the Company's anticipated future growth, it must continue to implement and improve its managerial, operational and financial systems, expand its facilities and continue to recruit and train additional qualified personnel.

Due to the Company's limited financial resources, the Company may not be able to effectively manage the expansion of its operations or recruit and train additional qualified personnel. The physical expansion of the Company's operations may lead to significant costs and may divert its management and business development resources. Any inability to manage growth could delay the execution of the Company's business plans or disrupt the Company's operations.

Commercializing its Products

If the Company is unable to establish sales and marketing capabilities or enter into agreements with third parties to sell and market its product, the Company may not be successful in commercializing its products. The Company does not have a sales or marketing infrastructure in place. To achieve commercial success for any of its products that would be approved in the future, the Company must either develop a sales and marketing organization or outsource these functions to third parties. If the Company does not establish sales and marketing capabilities successfully, either on its own or in collaboration with third parties, it will not be successful in commercializing its product candidates.

Debt Obligations

Sona has, and may continue to have and incur, a significant amount of indebtedness, including substantial interest free loans from the Atlantic Canada Opportunities Agency, to be recovered from annual repayments between 3% to 5% of gross product revenues. As a result of challenging economic or other conditions affecting the Company, we may incur greater levels of indebtedness than currently exist. The amount of indebtedness that we currently have and which we may incur in the future could have a material adverse effect on our business, results of operations or financial condition, for example, by (i) limiting our ability to obtain additional financing, (ii) requiring us to dedicate a substantial portion of our cash flow generated from operations to payments on our indebtedness, thereby reducing the funds available for other purposes, (iii) making us more vulnerable to economic downturns, and (iv) limiting our flexibility in planning for, or reacting to, competitive pressures or changes in our business environment. Our ability to make scheduled payments under our indebtedness will depend on, among other things, our future operating performance and our ability to refinance our indebtedness, if necessary. In addition, as we incur indebtedness which bears interest at fluctuating interest rates, to the extent that these interest rates increase, our interest expense will increase. There can be no assurance that we will be able to generate sufficient cash from our operations to pay our debts and other financing obligations. Each of these factors is, to a large extent, subject to economic, financial, competitive, regulatory, operational and other factors, many of which are beyond our control.

New Products and Lack of any Manufacturing Facilities

Because our present operations are in the research and development stage, we have no manufacturing facilities for any new products which we may develop for commercial sale, and the design, development and establishment of such facilities will entail significant costs and risks at all stages for the future commercialization of such products. The development and introduction of new products requires substantial research, development and marketing expenditures, which we may be unable to recoup if such products do not gain widespread market acceptance or if the market for such products does not develop as expected. Efforts to accelerate our innovation capabilities may exacerbate risks associated with innovation. If we are unsuccessful in meeting our objectives with respect to our proposed products, our financial condition, reputation and results of operations could be harmed. There can be no assurance that we can successfully produce and bring to market for sale any new products at a commercially profitable level. The new products of our competitors may beat our products to market, be more potent or effective, have more features or be less expensive than our products. They may obtain better market acceptance than our products or render our products obsolete. If we do not introduce new products to meet the changing needs and tastes of consumers in a timely manner and more effectively than our competitors, we may experience declining sales, which could have an adverse effect on our operating results.

Political, Regulatory and Other Similar Risks

Political or legal changes within Canada, and to the extent that our operations may extend beyond Canada, foreign political or legal changes, including changes in regulatory oversight and approvals, public protests and blockades, may adversely affect or ability to produce, market, transport or sell our proposed new products.

Failure to comply with or changes to applicable laws, regulations, and permitting requirements in respect of health and safety, consumer protection, or environmental matters, may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on our business, financial condition and results of operations.

Cyber Security Incidents and Privacy Breaches

Cyber security incidents and privacy breaches could result in important remediation costs, increased cyber security costs, litigation and reputational harm. Cyber security incidents can result from deliberate attacks or unintentional events. Cyber-attacks and security breaches could include unauthorized attempts to access, disable, improperly modify or degrade the Company's information, systems and networks, the introduction of computer viruses and other malicious codes and fraudulent "phishing" emails that seek to misappropriate data and information or install malware onto users' computers. Cyber-attacks in particular vary in technique and sources, are persistent, frequently change and are increasingly more targeted and difficult to detect and prevent against.

Disruptions due to cyber security incidents could adversely affect the Company's business. In particular, a cyber security incident could result in the loss or corruption of data from the Company's research and development activities, which may cause significant delays to some or all of the Company's research and development. Also, the Company's trade secrets, including unpatented know-how and other proprietary information could be disclosed to competitors further to a breach, which would harm the Company's business and competitive position. If the Company is unable to protect the confidentiality of its trade secrets, the Company's business and competitive position would be harmed.

Impact of Laws

The Company operates offices in Canada and plans to offer its products in Canada, the United States, Europe and eventually in other countries. Sona is and will be subject to a variety of laws in Canada, the United States and abroad, including laws regarding consumer protection, privacy, intellectual property, taxation and content suitability, distribution and antitrust, that are continuously evolving and developing. The scope, enforcement and interpretation of the laws that are or may be applicable to Sona are often uncertain and may be conflicting, particularly laws outside of Canada and the United States. It is also likely that as business grows and evolves to a greater number of countries, Sona will become subject to laws and regulations in additional jurisdictions. Compliance with applicable laws or regulations could be very difficult or liability could arise under these laws or regulations due to amendments to or evolving interpretation and enforcement of such laws and regulations. As a result, Sona could be directly harmed and may be forced to implement new measures to reduce the exposure to this liability. This may require substantial resources to be expended or a modification of its products and services, which would harm the business, financial condition and results of operations of Sona.

Availability of Supplies, Transportation Providers, and Skilled Labour

Profitability is affected by the market prices and availability of supplies and commodities that we use or consume for our operations and new products, which are sourced from a limited number of suppliers. Prices for commodities used or which may be used in our business, like gold, electricity, steel, concrete, and chemicals can be volatile, and changes can be material, occur over short periods of time and be affected by factors beyond our control. Our operations depend on suppliers to meet those needs. We do not have long term contracts with our suppliers. We rely upon and will rely upon independent third-party transportation providers for substantially all of our product shipments. Our use of outside delivery services for shipments is subject to risks, including increases in fuel prices, which would increase our shipping costs (freight and delivery), labour disruptions, inclement weather and shipment delays.

Higher worldwide demand for critical supplies and skilled labour could affect our ability to acquire them and lead to delays in delivery and unanticipated cost increases, which could have an effect on our operating costs, capital expenditures and production schedules.

Additionally, we will be relying on certain key third-party suppliers and contractors for equipment, raw materials and services used in, and the provision of services necessary for our business activities. As a result, our operations will be subject to a number of risks, some of which are outside of our control, including negotiating agreements with suppliers and contractors on acceptable terms, the inability to replace a supplier or contractor and its equipment, raw materials or services in the event that either party terminates the agreement, interruption of operations or increased costs in the event that a supplier or contractor ceases its business due to insolvency or other unforeseen events, and failure of a supplier or contractor to perform under its agreement with us or to support our future demand. The occurrence of one or more of these risks could have a material adverse effect on our business, results of operations and financial condition.

Environmental Regulation

Our business activities are subject to environmental regulation pursuant to a variety of international conventions and federal, provincial, and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases, or emissions of various substances produced in association which may result from our business operations. The legislation also requires that facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable health and safety regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of hazardous substances or other pollutants into the air, soil or water may give rise to liabilities to governments (both foreign and domestic), and third parties and may require us to incur costs to remedy such discharge. No assurance can be given that environmental laws will not result in a curtailment of production, or a material increase in the costs of production, research and development activities or otherwise adversely affect our financial condition, results of operations or prospects.

The Company believes it is in substantial compliance with all material environmental laws and regulations which currently apply to its current activities. Failure to comply with applicable laws, regulations and permitting requirements in the future may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions, and may result in civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of nanotechnology life sciences companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or costs, or require abandonment or delays in developments of new projects.

Reliance on Key Employees

The success of the Company's operations will be largely dependent upon the performance of our key officers, employees and consultants. Developing new lateral flow testing devices depend largely on the scientific and technical skills of the personnel involved. Failure to retain key personnel or to attract or retain additional key individuals with necessary skills could have a materially adverse impact upon our success. We do not have any key man insurance policies with respect to any of our directors, officers or key employees and have no current plans to do so.

In assessing the risk of an investment in the Company's Common Shares, potential investors should realize that they are relying on the experience, judgment, discretion, integrity and good faith of the management of the Company. An investment in our Common Shares is suitable only for those investors who are willing to risk a loss of their entire investment and who can afford to lose their entire investment.

Conflict of Interest of Management
Certain of the Company's directors and officers also serve as directors, officers and/or advisors of and to other companies involved in scientific research and development. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. We expect that any decision made by any of such directors and officers relating to the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and its shareholders, but there can be no assurance in this regard. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest.

Availability of Equipment and Access Restrictions
Scientific research and development and bio-technology companies rely heavily on the availability and access to required scientific or technical resources and related equipment in the particular fields of study. Demand for such scientific or technical resources or limitations on the supply of equipment or access restrictions may affect the availability of such scientific or technical resources and related equipment to the Company and may delay its business activities.

Uninsured or Uninsurable Risks
Although we maintain insurance to protect against certain risks in such amounts as we consider to be reasonable, our insurance will not cover all the potential risks associated with our operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. It is not always possible to obtain insurance against all risks and we may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as loss of title to our intellectual properties, acts of war, labour interruptions, natural disasters, environmental pollution, or other hazards as a result of our research and development or future production may not be generally available to us or on acceptable terms. Losses from these events may cause us to incur significant costs that could have a material adverse effect upon our financial performance and results of operations.

Volatility of Current Global Economic or Financial Conditions
Current global economic or financial conditions have been subject to continued volatility. Trade wars, import tariffs, Brexit, public protests, rising consumer debt levels, epidemics, pandemics, or outbreaks of new infectious disease or viruses (including most recently, COVID-19), and the risk of sovereign debt defaults in many countries have caused and continue to cause significant uncertainties in the markets. Although the Company takes appropriate measures and safeguards to protect its staff from infection, these events can result in volatility and disruption to global supply chains, operations, transportation, and mobility of people, which are beyond the control of the Company, and which could adversely affect the availability of components, supplies and materials, labour, interest rates, credit ratings, credit risk, inflation, business operations, financial markets, exchange rates, and other factors material to the Company.

Foreign Currency Risk
The Company conducts business with entities located in foreign jurisdictions, such as the United Kingdom and the United States of America. As a result, fluctuations in currency exchange rates could significantly affect our business, financial condition, results of operations and liquidity.

Potential Volatility of Market Price of Shares
Securities traded on the CSE have, from time to time, experienced significant price and volume fluctuations unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the market price of the Common Shares. In addition, the market price of the Shares is likely to be highly volatile. Factors such as metals prices, the average volume of shares traded, announcements by competitors, variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Company, general economic conditions, cost estimates, results of research and development, production or operating results due to mechanical failure, labour unrest, legislative changes, and other events and factors outside of the Company's control.

The Company is unable to predict whether substantial amounts of its Shares will be sold in the open market. Any sales of substantial amounts of Shares in the public market, or the perception that such sales might occur, could materially and adversely affect the market price of the Shares.

Securities or Industry Analysts Reports

The trading market for the Shares will depend in part on the research and reports that securities or industry analysts may publish about us or our business. We currently have no research coverage by securities and industry analysts. If any analysts who may cover us in the future downgrade the Shares or publish inaccurate or unfavorable research about our business, our trading price may decline. If one or more of these analysts later ceases coverage of us or fails to publish reports on us regularly, demand for the Shares could decrease, which could cause our trading price and volume to decline.

Shareholders have Limited Control

Shareholders have limited control over changes in our policies and operations, which increases the uncertainty and risks of an investment in our Company. Our Board of Directors determines major policies, including policies regarding financing, growth, debt capitalization and any future dividends to Shareholders. Generally, our Board of Directors may amend or revise these and other policies without a vote of the Shareholders. Shareholders will only have a right to vote, as a class, as may be required by applicable corporate and securities legislation. Our Board of Director's broad discretion in setting policies and the limited ability of Shareholders to exert control over those policies increases the uncertainty and risks of an investment in our Company.

Financial Reporting and Other Disclosure Requirements

We are subject to reporting and other obligations under applicable Canadian securities laws and rules of any stock exchange on which the Shares are listed, including National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*. These reporting and other obligations place significant demands on our management, administrative, operational and accounting resources. If we are unable to accomplish any such necessary objectives in a timely and effective manner, our ability to comply with our financial reporting obligations and other rules applicable to reporting issuers could be impaired. Moreover, any failure to maintain effective internal controls could cause us to fail to satisfy our reporting obligations or result in material misstatements in our financial statements. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results could be materially adversely affected which could also cause investors to lose confidence in our reported financial information, which could result in a reduction in the trading price of the Shares.

Internal Controls and Procedures

We do not expect that our disclosure controls and procedures and internal controls over financial reporting will prevent all error or fraud. A control system, no matter how well-designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within an organization are detected. The inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

Disclosure controls and procedures have been designed by the Company to ensure that financial information disclosed by the Company in the MD&A and in the unaudited financial statements of the Company is properly recorded, processed, summarized and reported to its officers and the Board of Directors. The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") believe such controls and procedures as at October 31, 2024, are effective in providing reasonable assurance that material items requiring disclosure are identified and reported in a timely manner.

Internal Control Over Financial Reporting

The Company's management, with the participation of its CEO and CFO, has designed, established and is maintaining a system of internal control over financial reporting. Under the supervision of the CFO, as at October 31, 2024, the Company's internal control over financial reporting is a process designed to provide reasonable assurance that the financial information prepared by the Company for external purposes is reliable and has been recorded, processed and reported in an accurate and timely manner and in accordance with IFRS. The Company's controls include policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the audited financial statements.

There were no changes in the Company's internal control over financial reporting during the year ended October 31, 2024 or 2023, that materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

The Company's management, including the CEO and CFO, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

ACCOUNTING POLICIES

The Company's significant accounting policies are disclosed in note 3, *Summary of Accounting Policies*, of the audited annual financial statements for the year ended October 31, 2024. Sona has identified certain accounting policies that it believes are most critical in understanding the judgments that are involved in producing the financial statements and the estimates made that could impact results of the operations, which are discussed below.

Government assistance

Non-repayable government assistance is recorded in the period earned as other income or netted against expenses. Repayable government loans are recorded initially at fair value, with the difference between book value and fair value recorded as other income.

Financial instrument

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument. Financial assets and financial liabilities are initially measured at fair value. Financial assets are classified into one of the following specified categories: amortized cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVOCI"). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities classified as FVTPL) are added to, or deducted from, the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in the statement of loss and comprehensive loss.

The Company's financial instruments are classified and subsequently measured as follows:

Financial instrument	IFRS 9
Cash	FVTPL
Amounts receivable	Amortized cost
Marketable securities	FVTPL
Accounts payable	Amortized cost
Long-term debt	Amortized cost

Financial Assets

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortized cost using the effective interest method. Financial assets classified as FVOCI are recognized initially at fair values plus transaction costs and are subsequently carried at fair value, with changes in the fair value recorded in other comprehensive income. The fair value measurements are based on level 1 inputs, being quoted prices in active markets for identical instruments.

Impairment of financial assets at amortized cost

The Company recognizes an allowance using the Expected Credit Losses ("ECL") model on financial assets classified as amortized cost. The Company has elected to use the simplified approach for measuring ECL by using a lifetime expected loss allowance for all accounts receivable. Under this model, impairment provisions are based on credit risk characteristics and days past due. When there is no reasonable expectation of collection, financial assets classified as amortized cost are written off. Indications of credit risk arise based on failure to pay and other factors. Should objective events occur after an impairment loss is recognized, a reversal of impairment is recognized in the statement of loss and comprehensive loss.

Financial Liabilities

Financial liabilities are classified as and are measured at amortized cost subsequent to initial measurement at fair value.

Offsetting financial instruments

Financial assets and financial liabilities are offset, and the net amount reported on the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

ACCOUNTING ESTIMATES

The preparation of the audited annual financial statements in conformity with IFRS requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about significant accounting judgments and estimates in applying accounting policies that have the most significant impact on the amounts recognized in the audited financial statements are outlined below.

Amortization and useful life of intangible assets

The Company's intangible asset consists of value allocated to the targeted hyperthermia therapy ("THT") recognized as a component of the Siva transaction. Amortization of the THT intangible involves estimates of the useful life of the THT intangible asset. Judgment is required by management in assessing the future useful life of the intangible. Management estimates the expected term over which the Company will receive benefits from the THT project to be four-years. A change in this estimate would have a significant impact on the carrying value of the intangible asset and the amortization and expenses recognized in the consolidated statements of loss and comprehensive loss.

Recoverability of asset carrying values

At each statement of financial position reporting date, the Company assesses its equipment and intangible assets for impairment if there are events or changes in circumstances that indicate that carrying values may not be recoverable. Determination as to whether and how much an asset may be impaired involves Management's judgment. Management considers both internal and external information to determine whether there is an indicator of impairment at the financial reporting date and accordingly, whether impairment testing is required.

The information Management considers in assessing whether there is an indicator(s) of impairment includes, but is not limited to market and economic conditions, results of research and development activities and the Company's market capitalization. No indicators of impairment relating to equipment or intangible assets were noted by Management as of October 31, 2024.

Calculation of initial fair value and carrying amount of long-term debt
The initial fair value of the Atlantic Canada Opportunities Agency ("ACOA") loans is determined by using a discounted cash flow analysis for the loans, which requires a number of assumptions. The difference between the face value and the initial fair value of the ACOA loans is recorded in the statement of loss and comprehensive loss as government assistance. The carrying amount of the ACOA loans requires management to adjust the long-term debt to reflect actual and revised estimated cash flows whenever revised cash flow estimates are made or new information related to market conditions is made available. Management recalculates the carrying amount by computing the present value of the estimated future cash flows at the original effective interest rate. Any adjustments are recognized in the statement of loss and comprehensive loss as accreted interest and adjustments after initial recognition.

The significant assumptions used in determining the discounted cash flows include estimating the amount and timing of future revenue for the Company and the discount rate. As the ACOA loans are repayable based on a percentage of gross revenue, if any, the determination of the amount and timing of future revenue significantly impacts the initial fair value of the loans, as well as the carrying value of the ACOA loans at each reporting date. The Company is researching and developing its nanorod technology products; accordingly, determination of the amount and timing of revenue, if any, requires significant judgment by management. If the Company expected no future revenues, no repayments would be required on the ACOA loans and the amounts recorded for the ACOA loans on the statement of financial position would be $nil. The discount rate determined on initial recognition of the ACOA loans is used to determine the present value of estimated future cash flows expected to be required to settle the debt. In determining the appropriate discount rates, the Company considered the interest rates of similar long-term debt arrangements, with similar terms. The ACOA loan is repayable based on a percentage of gross revenue, if any; accordingly, finding financing arrangements with similar terms is difficult and management was required to use significant judgment in determining the appropriate discount rates. Management used a discount rate of 14.33% to discount the ACOA loan.

Share-based payments
The Company makes certain estimates and assumptions when calculating the estimated fair values of stock options granted and warrants issued. The significant assumptions used include estimates of expected volatility, expected life, expected dividend rate and expected risk-free rate of return. Changes in these assumptions may result in a material change to the expense recorded for grants of stock options and the issuance of warrants.

Deferred income taxes
The Company is periodically required to estimate the tax base of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the audited financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period of changes.

Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives. Levels of future taxable income are affected by, among other things, the market price for commodities, production costs, quantities of proven and probable reserves, interest rates, and foreign currency exchange rates.

OTHER INFORMATION

Additional information regarding the Company is available on the Company's website at www.sonanano.com and under the Company's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR+") website, www.sedarplus.ca.

This page intentionally left blank

Consolidated Financial Statements of

SONA NANOTECH Inc.

For the years ended October 31, 2024 and 2023

(Expressed in Canadian Dollars)

February 26, 2025

Management's Report

The accompanying audited consolidated financial statements of **Sona Nanotech Inc.** (the "Company") have been prepared by the Company's management. The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") and contain estimates based on management's judgment. Internal control systems are maintained by management to provide reasonable assurances that assets are safeguarded and financial information is reliable.

The Board of Directors of the Company is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements and the accompanying management discussion and analysis. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board of Directors and a majority of its members are independent directors. It meets with the Company's management and auditors and reviews internal control and financial reporting matters to ensure that management is properly discharging its responsibilities before submitting the consolidated financial statements to the Board of Directors for approval.

Manning Elliott LLP, appointed as the Company's auditors by the shareholders, has examined these consolidated financial statements and their report follows.

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

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

manning elliott

17th floor, 1030 West Georgia St., Vancouver, BC, Canada V6E 2Y3

Tel: 604. 714. 3600 **Fax:** 604. 714. 3669 **Web:** manningelliott.com

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Sona Nanotech Inc.

Opinion

We have audited the consolidated financial statements of Sona Nanotech, Inc. and its subsidiaries (the "Company") which comprise:

- the consolidated statements of financial position as at October 31, 2024 and 2023;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at October 31, 2024 and 2023, and its consolidated financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the accompanying consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended October 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the Company's Management Discussion and Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are, therefore, the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Artem Valeev.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
February 26, 2025

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

	October 31, 2024	October 31, 2023
	$	$
Assets		
Current assets		
Cash and cash equivalents	**1,854,518**	109,382
Amounts receivable and other (note 5)	**136,566**	147,892
Marketable securities	**4,000**	6,000
	1,995,084	263,274
Equipment, net (note 7)	**-**	13,976
Intangible assets, net (note 4)	**1,751,000**	2,471,000
Total Assets	**3,746,084**	2,748,250
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (notes 9 and 16)	**842,303**	1,058,602
Long-term debt (note 10)	**394,671**	527,681
	1,236,974	1,586,283
Shareholders' Equity		
Common stock	**21,990,553**	18,668,333
Warrants	**474,101**	95,571
Contributed surplus	**2,789,487**	2,645,203
Deficit	**(22,745,031)**	(20,247,140)
	2,509,110	1,161,967
Total Liabilities and Shareholders' Equity	**3,746,084**	2,748,250

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

Approved on behalf of the Board of Directors on February 26, 2025.

"Mark Lievonen"
Director

"*Jim Megann*"
Director

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

Sona Nanotech Inc.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended October 31, 2024 and 2023
Expressed in Canadian dollars

	2024 **$**	2023 $
Expenses		
Salaries and benefits (note 8 & 15)	**979,445**	966,511
Research and development costs	**277,947**	455,298
Professional and consulting fees (note 16)	**187,769**	235,344
Administrative	**176,713**	178,933
Securities and regulatory	**76,916**	77,206
Management services (note 16)	**-**	44,000
Depreciation expense (note 7)	**13,976**	36,761
Travel	**14,759**	29,177
Rent and related costs (note 16)	**32,767**	50,091
Sales and marketing	**95,520**	50,747
Foreign exchange (gain) loss	**(4,132)**	13,130
Share-based compensation	**350,350**	293,100
Recovery of project expenses (note 8)	**(4,096)**	(188,975)
	(2,197,934)	(2,241,323)
Other income (expenses)		
Amortization of intangible assets (note 4)	**(720,000)**	(420,000)
Repayable government loans fair value adjustment (note 10)	**182,604**	149,133
Accreted interest, repayable government loans (note 10)	**(49,594)**	(68,347)
Unrealized loss on available-for-sale securities	**(2,000)**	(3,000)
Scientific research and experimental development credits	**82,967**	41,223
Gain on sale of legacy asset (note 6)	**-**	42,639
	(506,023)	(258,352)
Net loss and comprehensive loss for the year	**(2,703,957)**	(2,499,675)
Loss per share – basic and diluted	**(0.03)**	(0.03)
Weighted-average number of common shares outstanding - basic and diluted	**100,517,697**	85,752,186

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

Sona Nanotech Inc.
Consolidated Statements of Changes in Equity
For the years ended October 31, 2024 and 2023
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 year	-	-	-	-	(2,499,675)	(2,499,675)
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)
Finder warrants (note 11)	-	(95,571)	95,571	-	-	-
Shares issued pursuant to Siva acquisition (note 11)	15,107,457	2,865,600	-	-	-	2,865,600
Share-based compensation expense	-	-	-	293,100	-	293,100
Stock option cancellation (note 12)	-	-	-	(1,759,365)	1,759,365	-
Warrant expiry (note 13)	-	572,174	(572,174)	-	-	-
Balance, October 31, 2023	**95,095,361**	**18,668,333**	**95,571**	**2,645,203**	**(20,247,140)**	**1,161,967**
Net loss and comprehensive loss for the year	-	-	-	-	(2,703,957)	(2,703,957)
Units issued pursuant to private placement financing (note 11)	4,050,000	603,040	206,960	-	-	810,000
Unit issuance costs (note 11)		(69,000)	-	-	-	(69,000)
Finder warrants (note 11)	-	(46,333)	46,333		-	-
Shares issued pursuant to private placement financings (note 11)	12,575,000	3,143,750	-	-	-	3,143,750
Share issuance costs (note 11)	-	(184,000)	-	-	-	(184,000)
Finder warrants (note 11)	-	(125,237)	125,237	-	-	-
Share-based compensation expense	-	-	-	350,350	-	350,350
Stock option expiry (note 12)	-	-	-	(206,066)	206,066	-
Balance, October 31, 2024	**111,720,361**	**21,990,553**	**474,101**	**2,789,487**	**(22,745,031)**	**2,509,110**

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

Sona Nanotech Inc.
Consolidated Statements of Changes in Cash Flows
For the years ended October 31, 2024 and 2023
Expressed in Canadian dollars

	2024	2023
	$	$
Operating activities		
Net loss for the year	**(2,703,957)**	(2,499,675)
Changes to loss not involving cash:		
Amortization (note 4)	**720,000**	420,000
Depreciation (note 7)	**13,976**	36,761
Recovery of project costs (note 8)	**(4,096)**	(188,975)
Accreted interest on repayable government loans (note 10)	**49,594**	68,347
Repayable government loans fair value adjustment (note 10)	**(182,604)**	(149,133)
Share-based compensation (note 12)	**350,350**	293,100
Unrealized loss on available-for-sale securities	**2,000**	3,000
	(1,754,737)	(2,016,575)
Decrease in amounts receivable and other	**11,326**	157,722
Increase (decrease) in accounts payable and accrued liabilities	**(216,299)**	598,398
	(1,959,710)	(1,260,455)
Investing activities		
Cash acquired on acquisition of Siva Therapeutics (note 4)	**-**	14,644
Financing activities		
Government funding received (note 8)	**4,096**	188,975
Proceeds received upon private placement financing, net of costs (note 11)	**3,700,750**	1,010,797
	3,704,846	1,199,773
Change in cash during the year	**1,745,136**	(46,038)
Cash, beginning of the year	**109,382**	155,420
Cash, end of the year	**1,854,518**	109,382

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 IFRS Accounting 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 $22,745,031 as at October 31, 2024 (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 year ended October 31, 2024, the Company incurred a net loss of $2,703,957 (2023 - $2,499,675). The Company has negative cash flow from operations and as at October 31, 2024, the Company has a working capital of $1,152,781 (2023 – deficiency of $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 ACCOUNTING POLICIES

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

In February 2021, the IASB issued amendments to IAS 1 "Presentation of Financial Statements" to require companies to disclose their "material" accounting policy information rather than their "significant" accounting policies. Effective January 1, 2023, the Company adopted these amendments which did not result in any changes in the disclosure of the Company's accounting policies.

a) Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with IFRS as issued by IASB. The Board of Directors approved these consolidated financial statements for issue on February 26, 2025.

b) Accounting judgments and estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about significant accounting judgments and estimates in applying accounting policies that have the most significant impact on the amounts recognized in the consolidated financial statements are outlined below.

Amortization and useful life of intangible assets
The Company's intangible asset consists of value allocated to the targeted hyperthermia therapy ("THT") recognized as a component of the Siva transaction (note 4). Amortization of the THT intangible involves estimates of the useful life of the THT intangible asset. Judgment is required by management in assessing the future useful life of the intangible. Management estimates the expected term over which the Company will receive benefits from the THT project to be four-years from the date of acquisition. A change in this estimate would have a significant impact on the carrying value of the intangible asset and the amortization and expenses recognized in the consolidated statements of loss and comprehensive loss.

Recoverability of asset carrying values
At each statement of financial position reporting date, the Company assesses its equipment and intangible assets for impairment if there are events or changes in circumstances that indicate that carrying values may not be recoverable. Determination as to whether and how much an asset may be impaired involves Management's judgment. Management considers both internal and external information to determine whether there is an indicator of impairment at the financial reporting date and accordingly, whether impairment testing is required.

The information Management considers in assessing whether there is an indicator(s) of impairment includes, but is not limited to market and economic conditions, results of research and development activities and the Company's market capitalization. No indicators of impairment relating to equipment or intangible assets were noted by Management as of October 31, 2024.

Calculation of initial fair value and carrying amount of long-term debt
The initial fair value of the Atlantic Canada Opportunities Agency ("ACOA") loans is determined by using a discounted cash flow analysis for the loans, which requires a number of assumptions. Any differences between the face value and the fair value of the ACOA loans is recorded in the statement of loss and comprehensive loss as other income or expense. The carrying amount of the ACOA loans requires management to adjust the long-term debt to reflect actual and revised estimated cash flows whenever revised cash flow estimates are made or new information related to market conditions is made available. Management recalculates the carrying amount by computing the present value of the estimated future cash flows at the original effective interest rate. Any adjustments are recognized in the statement of loss as accreted interest and adjustments after initial recognition.

The significant assumptions used in determining the discounted cash flows include estimating the amount and timing of future revenue for the Company and the discount rate. As the ACOA loans are repayable based on a percentage of gross revenue, if any, the determination of the amount and timing of future revenue significantly impacts the initial fair value of the loans, as well as the carrying value of the ACOA loans at each reporting date.

The Company is researching and developing its gold nanorod technology products; accordingly, determination of the amount and timing of revenue, if any, requires significant judgment by management. If the Company expected no future revenues, no repayments would be required on the ACOA loans and the amounts recorded for the ACOA loans on the statement of financial position would be $nil. The discount rate determined on initial recognition of the ACOA loans is used to determine the present value of estimated future cash flows expected to be required to settle the debt. In determining the appropriate discount rates, the Company considered the interest rates of similar long-term debt arrangements, with similar terms. The ACOA loan is repayable based on a percentage of gross revenue, if any; accordingly, finding financing arrangements with similar terms is difficult and management was required to use significant judgment in determining the appropriate discount rates. Management used a discount rate of 14.33% to discount the ACOA loan.

If the discount rate used in determining the carrying value at the reporting date of all ACOA loans had been determined to be higher or lower by 1.0% (resulting in discount rates ranging from 13.33% to 15.33%) the carrying value of the long-term debt at October 31, 2024 would be an estimated $23,450 higher or $21,850 lower, respectively. If timing of forecasted revenue was increased by 1 or 2 years, the carrying value of the long-term debt at October 31, 2024 would be decreased an estimated $50,000 and $93,000 respectively.

Share-based payments
The Company makes certain estimates and assumptions when calculating the estimated fair values of stock options granted and warrants issued. The significant assumptions used include estimates of expected volatility, expected life, expected dividend rate and expected risk-free rate of return. Changes in these assumptions may result in a material change to the expense recorded for grants of stock options and the issuance of warrants.

Deferred income taxes
The Company is periodically required to estimate the tax base of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the consolidated financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period of changes.

Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives. Levels of future taxable income are affected by, among other things, the market price for commodities, production costs, quantities of proven and probable reserves, interest rates, and foreign currency exchange rates.

c) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument. Financial assets and financial liabilities are initially measured at fair value. Financial assets are classified into one of the following specified categories: amortized cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVOCI"). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities classified as FVTPL) are added to, or deducted from, the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in the statement of loss and comprehensive loss.

The Company's financial instruments are classified and subsequently measured as follows:

Financial instrument	**IFRS 9**
Cash	FVTPL
Amounts receivable	Amortized cost
Marketable securities	FVTPL
Accounts payable	Amortized cost
Long-term debt	Amortized cost

Financial Assets
Subsequent to initial recognition, financial assets are classified and measured at amortized cost using the effective interest method.

Financial assets classified as FVOCI are recognized initially at fair values plus transaction costs and are subsequently carried at fair value, with changes in the fair value recorded in other comprehensive income. The fair value measurements are based on level 1 inputs, being quoted prices in active markets for identical instruments.

Impairment of financial assets at amortized cost
The Company recognizes an allowance using the Expected Credit Losses ("ECL") model on financial assets classified as amortized cost. The Company has elected to use the simplified approach for measuring ECL by using a lifetime expected loss allowance for all accounts receivable. Under this model, impairment provisions are based on credit risk characteristics and days past due. When there is no reasonable expectation of collection, financial assets classified as amortized cost are written off. Indications of credit risk arise based on failure to pay and other factors. Should objective events occur after an impairment loss is recognized, a reversal of impairment is recognized in the statement of loss and comprehensive loss.

Financial Liabilities
Financial liabilities are classified as and are measured at amortized cost subsequent to initial measurement at fair value.

Offsetting financial instruments
Financial assets and financial liabilities are offset and the net amount reported on the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

d) Cash and cash equivalents

Cash and cash equivalents is comprised of cash held in current operating bank and credit union accounts and fixed income securities.

e) Equipment

Equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises the purchase price and any directly attributable costs of bringing the asset to the working condition and location of its intended use.

All other costs, such as repairs and maintenance, are charged to the statements of loss and comprehensive loss during the period in which they are incurred.

The estimated useful lives, residual values and depreciation method are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis. The Company depreciates the cost of equipment over their estimated useful lives at the following rates:

Office equipment	30% per annum
Laboratory equipment	20% per annum
Furniture and fixtures	20% per annum

The gain or loss arising on the disposal or retirement of an item of equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statements of loss and comprehensive loss.

f) Intangible assets

Expenditures on research activities undertaken with the prospect of gaining new technical knowledge and understanding is recognized in the consolidated statements of loss and comprehensive loss as an expense as incurred.

The intangible asset consists of value allocated to the targeted hyperthermia therapy ("THT") recognized as a component of the Siva transaction (note 4). The intangible asset is amortized based on the cost of the asset with amortization charged to the consolidated statements of loss and comprehensive loss on a straight-line basis over the four-year estimated life of the THT project from the date of acquisition. The estimated project life and amortization rate are reviewed annually.

g) Government assistance

Repayable government loans are recorded initially at fair value, with the difference between book value and fair value recorded as other income or other expense. During year ended October 31, 2024, the Company recorded $182,604 (2023 – $149,133) as other income relating to the revaluation of the ACOA loan (note 10).

h) Research and development tax credits

Refundable investment tax credits relating to scientific research and experimental development expenditures are recorded in the accounts in the fiscal period in which the qualifying expenditures are incurred provided there is reasonable assurance that the tax credits will be realized. Refundable investment tax credits, in connection with research and development activities, are accounted for as other income. Amounts recorded for refundable investment tax credits are calculated based on the expected eligibility and tax treatment of qualifying scientific research and experimental development expenditures recorded in the Company's consolidated financial statements.

i) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on the fair value of goods or services rendered unless the goods or services rendered cannot be measured reliably, then the goods or services are valued indirectly based on the fair value of the common shares issued.

Depending on the terms and conditions of each financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are accounted for using the relative fair value method, whereby the value of the warrants is allocated in proportion to their relative fair values when considering the fair value of the common shares that were concurrently issued. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payments.

j) Share-based payments

The Company has a share-based compensation plan. Awards of options under this plan are expensed based on the estimated fair value of the options at the grant date, with a corresponding credit to contributed surplus in shareholders' equity. Fair value is estimated using the Black-Scholes pricing model. If the options are subject to a vesting period, the estimated fair value is recognized over this period on a graded vesting basis, based on the Company's estimate of the share options that will eventually vest.

Equity-settled share-based payment transactions with parties other than employees and those providing similar services are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the estimated fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Cash consideration received on exercise of options is credited to share capital together with the amounts originally recorded as share-based compensation related to the exercised options.

k) Income taxes

Current income taxes
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on taxable income for the year. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Income tax is recognized in the statements of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity. Current income tax relating to items recognized directly in equity is recognized in the statements of changes in equity and not in the statements of loss and comprehensive loss.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. The Company recognizes interest and penalties, if any, related to uncertain tax positions in income tax expense.

Deferred income taxes
Deferred income taxes are calculated using the liability method on temporary differences between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses, can be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted, or substantively enacted, at the reporting date. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognized outside of profit or loss is recognized outside of profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive loss or directly in equity.

l) Loss per share

Loss per share is calculated based on the weighted average number of shares outstanding during the year. The Company follows the treasury method of calculating diluted earnings per share. This method assumes that any proceeds from the exercise of stock options and other dilutive instruments would be used to purchase common shares at the average market price during the year. Diluted loss per share is equal to loss per share since the exercise of all options and warrants is anti-dilutive.

m) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material. There were no material provisions recorded within the consolidated financial statements as at October 31, 2024.

n) Foreign currency translation

Foreign currency transactions are translated as follows: (i) monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at the exchange rate prevailing at the statement of financial position date; and (ii) non-monetary assets and liabilities denominated in foreign currencies and measured in terms of historic costs are translated using exchange rates at the transaction dates.

o) Related party transactions

Unless otherwise disclosed herein, all transactions with related parties are in the normal course of business and are measured at the exchange amount (note 16).

p) Lease obligations and right of use assets

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the lease commencement date, a lease obligation is recognized at the present value of future lease payments, typically using the applicable incremental borrowing rate. A corresponding right-of-use asset is recognized at the amount of the lease obligation. Lease payments are applied against the lease obligation and interest expense is recognized on the lease obligation using the effective interest rate method. Depreciation is recognized on the right-of-use asset on a straight-line basis over the lease term. Sona assesses the right-of-use asset for impairment when such indicators exist. Sona does not recognize leases for short-term leases with a lease term less than 12 months or less, or leases for low-value assets.

q) Business combination and asset acquisitions

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed at the date of exchange.

There is an option to apply a concentration test that permits a simplified assessment of whether an acquired set of activities and assets is in fact a business. The optional concentration test is met if substantially all the fair value of the assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. An entity may make such an election separately for each transaction. If the concentration test is met, the set of activities and assets is determined not to be a business, the transaction will be accounted for as an asset acquisition.

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"). Results were not achieved for these additional milestones. Therefore the performance shares will not be issued.

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

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 from the date of acquisition.

	October 31, 2024	**October 31, 2023**
	$	$
Cost	2,891,000	2,891,000
Accumulated amortization	(1,140,000)	(420,000)
Carrying Value	**1,751,000**	**2,471,000**

5. AMOUNTS RECEIVABLE AND OTHER

	October 31, 2024	**October 31, 2023**
	$	$
Amounts receivable from the government	97,214	54,492
Prepaid expenses and other	39,352	93,400
	136,566	**147,892**

Expressed in Canadian dollars

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"). During the year ended October 31, 2023, the Company 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 may be recorded upon receipt of the Midex shares which will be subject to certain resale restrictions and escrow conditions.

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 October 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	-	13,976	-	13,976
As at October 31, 2024	**11,633**	**300,547**	**13,144**	**325,324**
Carrying amount				
Balance, October 31, 2023	**-**	**13,976**	**-**	**13,976**
Balance, October 31, 2024	**-**	**-**	**-**	**-**

Expressed in Canadian dollars

8. GOVERNMENT ASSISTANCE

During the year ended October 31, 2024 the Company incurred eligible expense recoveries of $4,096 under the Industrial Research Assistance Program ("IRAP") of Canada (2023 - $188,975).

During the year ended October 31, 2024, the Company incurred expenses which are eligible for reimbursement as an investment tax credit under the Scientific Research and Experimental Development ("SR&ED") tax incentive program. For the year ended October 31, 2024 a SR&ED tax credit of $80,000 (2023 - $42,967) was recorded.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	October 31, 2024	October 31, 2023
	$	$
Trade accounts payable and accrued liabilities	647,303	900,809
Amounts payable to related parties (note 16)	195,000	157,793
	842,303	**1,058,602**

10. LONG-TERM DEBT

	October 31, 2024	October 31, 2023
	$	$
Atlantic Canada Opportunities Agency ("ACOA")		
Long-term portion	**394,671**	**527,681**
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 year ended October 31, 2024 the Company recorded $49,594 of accretion expense (2023 - $68,347), relating to the ACOA loans.

Debt continuity	2024	2023
	$	$
Balance – beginning of year	527,681	608,467
Repayable government loans fair value adjustment	(182,604)	(149,133)
Accreted interest on repayable government loans	49,594	68,347
Balance – end of year	**394,671**	**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 "Finder") (note 16) to act as Finder for the financing. As compensation for its services, the Finder received a cash fee of $82,000 and 820,000 Finder 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 Finder 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.

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 2,025,000 common share purchase warrants was $206,960. Directors and officers of the Company subscribed for 175,000 units pursuant to the financing.

Sona entered into an agreement with a Numus Capital Corp. (the "Finder") (note 16) to act as exclusive finder for the financing. As compensation for its services, the Finder received a cash fee of $58,125 and 290,625 Finder 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 Finder 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.

In September 2024, the Company completed private placement financings for aggregate gross proceeds of $3,143,750. The Company issued 12,575,000 shares at $0.25 per share. Sona entered into an agreement with a Numus Capital Corp. (the "Finder") (note 16) to act as exclusive finder for the financing. As compensation for its services, the Finder received aggregate cash fees of $180,563 and 722,250 Finder Warrants. Each warrant is exercisable to purchase one common share of the Company at a price of $0.25 per share for a period of 24 months from the closing date of the private placements. The Company has recorded a value of $125,237 for the Finder Warrants issued which has been calculated using the Black Scholes option pricing model. An Officer of the Company subscribed for 400,000 shares pursuant to the financing.

Expressed in Canadian dollars

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 October 31, 2024, 4,199,920 common shares of the Company are subject to an escrow agreement pursuant to the terms of the Siva transaction. As at September 22, 2024, 60% of the escrowed shares have been released with the remaining escrowed shares being released at rate of 2,099,961 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 October 31, 2024, 4,432,536 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:

	Year Ended October 31, 2024	Year Ended October 31, 2023
Risk-free interest rate	3.57%	3.40%
Expected life	3 years	5 years
Expected volatility	116%	150%
Expected dividend per share	0.0%	0.0%
Exercise price	0.31	$0.20
Forfeiture Rate	0.0%	0.0%

The following table reconciles the stock option activity during the years ended October 31, 2024 and 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**	**0.58**
Issued	1,970,000	0.31
Expired	(702,500)	0.35
Balance, October 31, 2024	**6,762,000**	**0.53**

During the year ended October 31, 2024, certain outstanding stock options were cancelled or expired unexercised. As a result of these cancellations and expiries, the Company reclassified stock-based compensation expense of $206,066 (2023 - $1,759,365) for these options, which was previously recorded as contributed surplus, to deficit.

Expressed in Canadian dollars

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

Expiry date	Remaining contractual life (in years)	Number of options outstanding	Number of options exercisable	Exercise price	Black-Scholes option value of options outstanding
		#	#	$	$
March 17, 2025	0.4	955,000	955,000	0.60	520,430
July 7, 2025	0.7	52,000	52,000	7.47	352,380
September 24, 2025	0.9	25,000	25,000	6.57	148,529
November 2, 2025	1.0	250,000	250,000	3.36	762,118
September 28, 2026	1.9	335,000	335,000	0.30	88,127
November 11, 2026	2.0	800,000	800,000	0.44	320,182
January 4, 2027	2.2	250,000	250,000	0.45	90,400
March 28, 2028	3.4	1,225,000	918,750	0.17	190,192
July 11, 2028	3.7	900,000	300,000	0.25	145,957
March 1, 2029	4.3	1,195,000	298,750	0.31	260,383
May 21, 2029	4.8	750,000	-	0.32	162,695
October 9, 2029	4.9	25,000	-	0.30	4,719
		6,762,000	**4,184,500**		

13. WARRANTS

The following table reconciles the warrant activity during the years ended October 31, 2024 and 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	3,037,875	0.29
Balance, October 31, 2024	**3,857,875**	**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 of $572,174 which had been previously allocated to warrants to share capital.

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

Subsequent to October 31, 2024, 820,000 finder warrants were exercised with an exercise price of $0.10 per share for proceeds of $82,000.

During the year ended October 31, 2024, the Company issued 1,012,875 finder warrants and 2,025,000 share warrants pursuant to the private placements completed. 2,315,625 of the finder and share warrants are exercisable at $0.30 and expire on December 4, 2025. 722,250 of the finder warrants are exercisable at $0.25 and expire on September 23, 2026.

Expressed in Canadian dollars

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 are as follows:

	Year Ended October 31, 2024	Year ended October 31, 2023
Risk-free interest rate	4.06%	4.20%
Expected life	2 years	2 years
Expected volatility	142%	150%
Expected dividend per share	0.0%	0.0%
Weighted-average exercise price	$0.29	$0.10

14. INCOME TAXES

The provision for income taxes reported differs from the amounts computed by applying the applicable income tax rates to the net loss before tax provision due to the following:

	2024	2023
	$	$
Loss before income taxes	2,703,957	2,449,675
Statutory rate	29.0%	29.0%
Tax recovery at statutory rate	(784,148)	(724,906)
Decrease (increase) of losses and deductible temporary differences not recognized in current and prior years	(694,282)	(512,242)
Permanent differences and other	(89,866)	(212,664)
Income tax recovery	-	-

	2024	2023
	$	$
Deferred income tax assets		
Losses carried forward	3,757,682	3,190,579
Capital assets	32,077	28,024
Share issuance costs	203,631	80,505
	3,993,390	3,299,108
Deferred income tax liabilities	-	-
	3,993,390	3,299,108
Unrecognized deferred income tax assets	(3,993,390)	(3,299,108)
Net deferred income tax assets	-	-

Expressed in Canadian dollars

Non-capital losses
As at October 31, 2024, the Company had approximately $13.0 million in losses available to reduce future taxable income for Canadian income tax purposes and $0.3 million in losses to reduce taxable income for US income tax purposes. The benefit of these losses has not been recorded in the accounts as realization is not considered probable. The US losses can be carried forward indefinitely and the Canadian losses may be claimed no later than:

		$
During the year ended	2033	450
	2034	25,485
	2035	533,456
	2036	388,884
	2037	463,779
	2038	854,053
	2039	1,276,295
	2040	2,914,173
	2041	2,074,691
	2042	781,133
	2043	1,689,597
	2044	1,955,528
		12,957,523

15. KEY MANAGEMENT COMPENSATION

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

	2024	**2023**
	$	$
Salaries and consulting fees earned	558,366	517,361
Share-based compensation expense	290,978	282,131
	849,334	**799,492**

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 year ended October 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 (2023 – $44,000), controller services of $30,000 (2023 - $30,000), digital media services of $48,000 (2023 - $32,000) and incurred rent and administrative costs from Numus in the amount of $10,200 (2023 – $28,900). Effective January 1, 2022, the monthly service fee was reduced from $19,000 to $4,000 per month which ended effective September 30, 2023.

As at October 31, 2024, the amount owing to Numus, related to accounts payable and was $60,475 (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 $2,550, 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 Finder on all financings conducted by Sona.

Numus Capital Corp. is a non-arm's length party and acted as Finder for the February 24, 2023 financing. As compensation for its services, the Finder received a cash fee of $82,000 and 820,000 finder 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 Finder for the December 4, 2023 financing. As compensation for its services, the Finder received a cash fee of $58,125 and 290,625 finder 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.

In connection with the September 2024 private placements, Numus Capital Corp. acted as Finder (the "Finder"). As compensation for its services, the Finder received cash commissions of $180,563 and issued 722,250 Finder Warrants. Each Finder Warrant entitles the holder to acquire one Share at an exercise price of $0.25 for a period of 24 months from the closing date of the private placements.

During the year ended October 31, 2024 the Company granted 1,510,000 incentive stock options in accordance with the Company's stock option plan to directors and officers of the Company. 760,000 of the options issued have an exercise price of $0.31 per share and 750,000 have an exercise price of $0.32 per share. The options will vest at the rate of 25% every six months and will expire five years from the date of issuance.

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 October 31, 2024, the amount owing to Randall Consulting Inc. ("RCI"), a company controlled by an officer of Sona, was $29,835 (2023 - $31,826), the amount owing to a director of the Company was $38,750 (2023 - $38,750) and the amount owing to an officer of the Company was $65,940 (2023 - $nil) 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 October 31, 2024 was approximately $2.5 million (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.

Expressed in Canadian dollars

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 and accounts payable.

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.

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 October 31, 2024:

	Within 1 year	2-3 years	4-5 years	Over 5 years	Total
	$	$	$	$	$
Accounts payable	842,303	-	-	-	842,303
Long-term debt (note 10)	-	63,000	194,000	721,332	978,332
	842,303	**63,000**	**194,000**	**721,332**	**1,820,635**

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 year ended October 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 an impact on net loss and comprehensive loss by $100,140 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 October 31, 2024 and 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 year.

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

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 allegations of material misrepresentations and omissions relating to its rapid detection Covid-19 antigen test. The Company believes the action is without merit and has contested the claim and mounted a vigorous defence.

In July of 2022, the Supreme Court of Nova Scotia held a hearing to determine if there was a probable likelihood of success for the plaintiffs if the court were to certify their class action suit. On August 28, 2024, the Supreme Court of Nova Scotia issued its decision in the lawsuit in favour of Sona dismissing the motion for leave and certification of the class claims. While the plaintiff initially appealed this decision, this appeal has been discontinued and the plaintiff has provided a full and final release. The Nova Scotia Supreme Court subsequently issued a Consent Dismissal Order in relation to the remaining personal claim of the Plaintiff.