Sona Nanotech Inc.
Management Discussion and Analysis
Nine-months ended July 31, 2025

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 unaudited condensed interim consolidated financial statements (the "Financial Statements") of Sona for the nine-month period ended July 31, 2025 and the audited consolidated financial statements for the year ended October 31, 2024, 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 September 29, 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 pre-clinical studies, including the current efficacy study at Dalhousie University;
- the prospects for translating preclinical study results into successful clinical studies;
- the Company's ability to secure relevant and sufficient data from clinical studies to satisfy regulators;
- 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 in March 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, in August 2018. The Company submitted its final listing application to the CSE in September 2018, and commenced trading in October 2018 under the trading symbol "SONA". Effective in April 2020, the Company's common shares were approved for trading on the OTCQB Marketplace under the trading symbol "SNANF".

In early 2023, Sona acquired Siva Therapeutics, Inc. ("Siva"), the developer of Targeted Hyperthermia Therapy™ photo thermal therapy for cancer tumors using Sona's uniquely biocompatible gold nanorods. Sona acquired the issued and outstanding common shares of Siva for total consideration to Siva's shareholders by issuing 15,107,457 common shares ($2,865,600) ("Sona Shares").

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 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 ("CMO"). 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, 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 6) 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 ("GNRs") 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 and European 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 GNRs production. The absence of CTAB in Sona's proprietary manufacturing process may confer on Sona GNRs an advantage over other GNRs 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, GNRs 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 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 a systematic immune response to eliminate both treated and distant, untreated metastases. The Company conducts ongoing R&D associated with the Company's GNR manufacturing, and potential future applications of its proprietary GNR platform technology.

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 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. 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 final 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.

Study Shows Absence of Endotoxins in Gold Nanorods

In mid-May 2025, Sona announced the successful completion of bacterial endotoxin testing ("BET") on Sona's uniquely biocompatible GNRs using the Limulus Amebocyte Lysate ("LAL") method at a leading global provider of laboratory testing and expert advisory services for MedTech and pharmaceutical companies based in the US. Testing followed Good Laboratory Practise ("GLP") standards and complied with USP <85>, EP 2.6.14, and JP 4.01 guidelines. All samples passed with endotoxin levels below detection limits and Positive Product Controls ("PPC") confirmed test validity with recovery values ranging from 98% to 130%, indicating no assay interference.

These results clear another hurdle for Sona as it moved towards our pending first-in-human early feasibility study. This study, at a GLP accredited laboratory in the U.S., was conducted on the same batch of Sona's uniquely biocompatible gold nanorods used in our first human study

Successful Completion of FDA-Required Toxicity Study

In late May 2025, Sona received positive results from a required preclinical safety study evaluating for toxicity issues when animals are injected with its proprietary GNRs. The study was conducted by a Food and Drug Administration ("FDA") GLP compliant contract research organization, CBSET, Inc. The study evaluated the safety, tolerability, and tissue distribution of Sona's nanoparticles in three cohorts of twenty rats each at different dosage levels following intravenous administration.

Sona's uniquely biocompatible GNRs demonstrated a favourable safety profile, with tissue distribution consistent with nanoparticle pharmacokinetics and no evidence of acute or systemic toxicity.

The study indicates Sona's gold nanorods were well tolerated, with no signs of acute or systemic toxicity at 100 times the relative dose level expected to be administered in humans with Sona's THT cancer therapy for melanoma. The tissue distribution profile was consistent with known nanoparticle pharmacokinetics. These results support the continued development for nanomedical applications in general and for Sona's novel, developing cancer therapy. Given this safety profile, clinicians have reason to be excited about the prospects for this therapy as a less harmful potential alternative to immunotherapy drugs that can help patients but have toxicity issues with associated side effects.

This study represents a critical milestone in the Company's translational development pathway and is an FDA prerequisite to initiating full human clinical trials. As a GLP study, the results will be reported to the FDA and the Company plans to continue to follow the FDA's recommendations for its full safety study program to qualify for the investigational device exemption required for broader human studies.

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.

In follow-up data to the preliminary Study, again using an industry-standard, immunotherapy resistant, CT-26 colon cancer model, Sona's THT cancer treatment was 100% effective in activating a strong, effective immune system response. In these experiments, animals treated with a PD-1 checkpoint inhibitor, a standard of care immunotherapy, experienced no benefit with tumors growing similarly to tumors in the control group of untreated animals. However, in a new, second cohort of eight animals first treated with Sona's THT and then treated with a PD-1 inhibitor, 100% of animals responded demonstrating near complete arrest in tumor growth in the majority of animals.

Sona's THT cancer treatment appears to be a difference maker in inhibiting the growth of this notoriously difficult-to-treat cancer. THT's ability to cause the expression of new antigens causes the immune system to engage, which permits immunotherapies to work better, making THT a powerful potential immunotherapy in its own right.

Colon cancers in humans are typically immunogenically 'cold' tumors as 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 study 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 US. 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.

Clinical Study for First-in-Human Early Feasibility Study of THT Cancer Therapy

The Company has entered into a clinical study agreement for an early feasibility study of its THT. Sona has engaged Bradford Hill Investigacion Clinica ("Bradford Hill") in Santiago, Chile for a study of Sona's THT treatment with advanced melanoma. Bradford Hill has extensive experience in conducting clinical trials in melanoma for tier-one global pharmaceutical companies.

As an early feasibility study, the primary data to be gathered from this study is for the safety and tolerability of THT in human subjects. The Study will allow Sona to assess preliminary efficacy as determined by whether each patient's immune system is engaged by Sona's THT treatment. Indicators of success will include findings of tumor cell death in tumors treated with THT and evidence of associated enhanced immunity in these patients.

In late June, Sona received ethics committee approval to proceed with the study and in early July the Company announced that it had achieved a first dosing in the early Feasibility Study.

The study is designed to assess THT's safety, tolerability, and preliminary efficacy as measured by tumor growth inhibition and the extent to which it causes immune system engagement with the cancer. The study includes two treatments of Sona's THT, one week apart, for patients with advanced melanoma who are, or have been on, standard of care immunotherapy protocols but have failed to respond or progressed during treatment. The study is anticipated to generate an initial read out of results this summer, with final results expected in the fall.

Technology will be evaluated for:

- Ease of setting up and preparation for the treatment
- Ease of administration of GNR's in a variety of different tumors
- Reproducibility in the clinical setting, i.e. the ability to train others to use the technology
- Resource requirements, i.e. what additional resources are required in the clinical setting
- Time required to administer the treatment in the clinical setting

Participants will be evaluated for:

- Tolerability to the treatment itself
- Adverse events during and following treatment
- Clinical response, i.e. did the tumor change in any way after treatment
- Pathological immune response, i.e. histological evidence of immune activation in the tumor that is directly relatable to the treatment itself.

Sona's unique therapy aims to modify tumors making them more visible to the immune system with a view to enabling an elimination of the cancer. As with any new technology, we are required to demonstrate that we can safely and feasibly deliver the treatment in the clinical setting. Sona has smartly designed this inaugural study to also provide us with some key, first ever reported, insights into its effect in human cancer. Success in this study will enable us to proceed to our next planned study that will more critically evaluate the biological effects and clinical outcomes of this exciting technology.

Sona believes that its THT cancer treatment may provide benefits over current standard of care immunotherapy treatments alone which have shown limited response rates and can have undesirable side effects.

In July, Sona initiated a first dosing of a patient in its early feasibility study of its THT cancer treatment. This first dosing of our THT is a milestone achieved through the culmination of years of research, toil and many preclinical studies. Sona plans to follow this critical first clinical step quickly with a second, more expansive human trial following further engagement with regulators. Sona expects the learnings from this initial study to help inform on THT's potential for complementing the treatment of other cancer types.

In late August, Sona provided an update on the first-in-human EFS of its THT cancer treatment with late-stage melanoma patients. The treatment and follow-up assessments of the first cohort of patients have been completed and treatment on the second cohort of patients has been approved. Sona's Chief Medical Officer has completed his second visit to Santiago to oversee further treatments.

Sona is pleased with the progress of our EFS, which has provided rich learnings in the real-world application our THT therapy in humans. Bradford Hill has treated a variety of melanoma tumor types in the first cohort and have encountered no significant adverse health events in patients.

In late July, Sona also received Nova Scotia Health Research Ethics Board ("REB") approval to conduct its proposed pilot human clinical trial study (the "Pilot Study") of its THT cancer treatment with late-stage melanoma patients. Sona's THT Pilot Study is being planned as a multi-centre clinical trial for 30-40 patients and is subject to, amongst other things, securing medical device Investigational Testing Authorization ("ITA") from Health Canada.

Sona is already laying the foundation for the next steps necessary to get our THT cancer treatment into clinics. With ethics approval to conduct a Pilot Study in Canada, we now look forward to the possibility of a study of our therapy with up to 40 patients suffering from late-stage melanoma, subject to regulatory approval.

Sona's THT Pilot Study will be designed to incorporate various learnings from its current EFS and to help further evaluate the safety and preliminary efficacy of Sona's THT with a larger pool of patients. The information developed from a Pilot Study would inform the design of a larger randomized potential 'pivotal' clinical study which would be subject to regulatory approval.

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.

Research collaboration with BioVaxys Technology Corp.

In May 2025, Sona entered into a Research Agreement with BioVaxys Technology Corp. to collaborate on the development of new cancer therapeutics based on BioVaxys' DPX™ Immune Educating Platform ("DPX") in combination with Sona's THT.

The collaboration between BioVaxys and Sona will evaluate the immune stimulatory properties of DPX (without an antigen cargo) administered together with THT, as a characteristic of DPX is that it helps prime the innate immune system which in turn can activate and strengthen the adaptive immune response. The collaboration will also evaluate the combination use of THT together with a DPX formulation as a carrier for novel neoantigens expressed on the surface of tumor cells following immunotherapy, such as with THT. Neoantigens are unique proteins that are not present in healthy tissues that arise from changes in cancer cells and play a crucial role in stimulating anti-tumor immune response. Immunotherapy such as THT can trigger these tumor cell changes and the expression of neoantigens, so packaging a tumor neoantigen in DPX for presentation to the immune system is anticipated to accelerate THT's efficacy.

Looking beyond our approaching first-in-human Early Feasibility Study for our THT cancer therapy, Sona continues to conduct research to build our pipeline of programs to fully exploit the potential of our GNR technology platform. We believe that DPX, with its immune stimulating properties and antigen presentation capabilities, could be an ideal carrier for the neo-antigens that Sona's THT enables, thereby accelerating THT's efficacy.

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.

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:

	Jul 31, 2023	Apr 30, 2025	Jan 31, 2025	Oct 31, 2024	Jul 31, 2024	Apr 30, 2024	Jan 31, 2024	Oct 31, 2023
	$	$	$	$	**$**	$	$	$
Income (expenses)	**(711,162)**	(684,911)	(724,714)	(503,176)	**(533,194)**	(602,713)	(558,851)	(733,759)
Other income (expenses)	**(188,872)**	(193,551)	(193,549)	91,509	**(197,577)**	(199,824)	(200,131)	2,356
Net income (loss) for the quarter	**(900,034)**	(878,462)	(918,263)	(411,667)	**(730,771)**	(802,537)	(758,982)	(731,403)
Income (loss) per share – basic & diluted	**(0.01)**	(0.01)	(0.01)	(0.004)	**(0.01)**	(0.01)	(0.01)	(0.01)

Results of Operations for the nine-months ended July 31, 2025 and 2024

The Company reported a net loss for the nine-month period ended July 31, 2025 of $2,696,759 or $0.02 per share, as compared to a net loss of $2,292,290, or $0.02 per share, for the nine-month period ended July 31, 2024. The increase in net loss was primarily due to increased research and development expenses.

Expenses

During the current period, the Company incurred expenses of $2,120,787, an increase from $1,694,758 incurred in the comparable period due primarily to the increase in research and development costs. In the current period, The Company recorded an increase of $403,506 in research and development expenses associated with external work performed on the THT project and its first-in-human clinical study. Travel expenses increased $10,928 in the current period as a result of travel to Chile associated with the first-in-human clinical study. In the period ended July 31, 2025, there was $6,931 (2024 - $4,096) received from the IRAP contribution. The Company had an increase in professional and consulting fees of $36,495 from the comparable period. Professional and consulting costs increased from the comparable period due to increased costs associated with consultants, partially offset by reduced audit related expenses.

Administrative expenses decreased to $76,637 from $119,983 in the comparable period. The decrease in administrative expenses was primarily due to reduced insurance costs. Securities and regulatory costs increased $10,408 from the comparable period as a result of additional press releases updating the progress on the first-in-human study. Rent of $24,820 (2024 – $24,873) includes office facilities provided by Numus Financial Inc ("Numus"). The Company has not recently acquired any new capital assets. As a result, depreciation expense has decreased from $13,976 in the comparable period to $nil in the current period. The Company reduced its efforts on sales and marketing related to the THT project, incurring costs of $37,368 in the current period as compared to $84,974 in the comparable period.

In the period ended July 31, 2025, the Company recorded stock-based compensation of $376,554 (2024 - $272,291). The Company granted stock options during the period ended July 31, 2025 and 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 April 2025, the Company granted 2,135,000 options with an exercise price of $0.30 to directors, officers, employees and consultants. The fair value of these options was $447,076. 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 loss of $4,327 during the period ended July 31, 2025 (2024 –$634). The foreign exchange gains/losses were incurred on the settlement of the Company's foreign currency accounts payable due to changes in the Canadian/US dollar exchange rate.

Other income and expenses
During the periods ended July 31, 2025 and 2024, the Company also recorded amortization expense of $540,000 for the amortization of the THT project intangible assets acquired with the Siva Transaction.

During the period ended July 31, 2025, the Company recorded accreted interest of $41,580 (2024 - $59,499) on the ACOA loans. In the period ended July 31, 2025, the Company recorded a loss of $500 on the value of its investments (2024 –$1,000). The Company recorded scientific research and experimental development credits of $6,108 on its eligible research and development activities.

During the period ended July 31, 2025, the Company has recorded the expiry of 1,632,000 fully vested options which resulted in a reduction of $1,030,365 to contributed surplus with a corresponding reduction of the deficit. In 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.

Results of Operations for the quarter ended July 31, 2025 and 2024

The Company reported a net loss for the quarter ended July 31, 2025 of $900,034 or $0.01 per share, as compared to a net loss of $730,771, or $0.01 per share, for the quarter ended July 31, 2024. The increase in net loss was primarily due to increased research and development expenses.

Expenses
During the current quarter, the Company incurred expenses of $711,162, an increase from $533,194 incurred in the comparable quarter primarily due to an increase in research and development costs associated with its first-in-human clinical study. The Company recorded an increase of $159,647 in research and development expenses is associated with work performed on the first-in-human clinical study associated with the THT project. Travel expenses increased $11,994 in the current quarter as a result of travel to Chile associated with the first-in-human clinical study. The Company had an increase in professional and consulting fees of $30,337 from the comparable quarter. This increase resulted from an increase in patent related legal expenses.

Administrative expenses decreased in the current quarter to $24,385 from $37,540 in the comparable quarter. The decrease in administrative expenses was primarily due to reduced insurance costs. Securities and regulatory costs increased during the current quarter by $13,965 as a result of an increased number of press releases associated with updates on the progress of the first-in-human clinical study. Rent of $8,119 (2024 – $8,635) includes office facilities provided by Numus Financial Inc ("Numus"). The Company has not recently acquired any new capital assets. As a result, depreciation expense has decreased from $4,293 in the comparable quarter to $nil in the current quarter. The Company reduced its efforts on sales and marketing related to the THT project, incurring costs of $20,706 (2024 - $41,573) in the current quarter.

In the quarter ended July 31, 2025, the Company recorded stock-based compensation of $158,343 (2024 - $120,846). The Company granted stock options during period ended July 31, 2025 and 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.

The Company recorded a foreign exchange loss of $1,071 during the quarter ended July 31, 2025 (2024 – $1,587). 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 quarters ended July 31, 2025 and 2024, the Company also recorded amortization expense of $180,000 for the amortization of the THT project intangible assets acquired with the Siva Transaction.

During the quarter ended July 31, 2025, the Company recorded accreted interest of $14,480 (2024 - $20,544) on the ACOA loans. The Company recorded scientific research and experimental development credits of $6,108 on its eligible research and development activities.

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 July 31, 2025, Sona had a cash balance of $387,043, compared to cash of $1,854,518 at October 31, 2024.

The Company had a working capital deficit of $439,344 at July 31, 2025 as compared to working capital of $1,152,781 at October 31, 2024. The decrease in working capital is primarily due to the settlement of outstanding accounts payables.

During the period ended July 31, 2025, Sona used cash of $1,620,906 to fund operating activities, including its continued THT research activities. The Company received government assistance of $6,931 (2024 - $4,096) for its research and development projects. The Company received $146,500 in gross proceeds relating to the exercise of warrants associated with previously completed private placement financings.

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

The Company has employment agreements with the CEO 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.

As at July 31, 2025, 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.

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 July 31, 2025, the Company had 112,540,361 common shares outstanding. As of September 29, 2025, the Company had 113,005,361 common shares outstanding as the result of warrant exercises.

As of July 31, 2025, the Company had 7,265,000 stock options outstanding with and average exercise price of $0.47 per common share and with varying expiry dates. As of September 29, 2025, the Company had 7,240,000 stock options outstanding as the result of options expiring unexercised.

As of July 31, 2025, the Company had 3,037,875 common share purchase warrants outstanding pursuant to the 2023 and 2024 financings. The warrants are exercisable at a weighted average exercise price of $0.29 per share and have varying expiry dates. As of September 29, 2025, the Company had 2,572,875 common shares purchase warrants outstanding as the result of warrant exercises.

RELATED PARTY TRANSACTIONS

During the period ended July 31, 2025, the Company incurred costs for controller services from a related party, Numus, a company controlled by significant shareholders, including one director of Sona, in the amount of $22,500 (July 31, 2024 - $22,500), digital media services of $11,850 (July 31, 2024 - $40,000) and incurred rent and administrative costs from Numus in the amount of $7,650 (July 31, 2024 – $7,650).

As at July 31, 2025, the amount owing to Numus, related to accounts payable and was $92,737 (October 31, 2024 - $60,475). As at July 31, 2025, the amount owing to Randall Consulting Inc. (“RCI”), a company controlled by an officer of Sona, was $7,032 (October 31, 2024 - $29,835). 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. 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 February 2025, Numus Capital Corp. exercised 820,000 finder warrants issued pursuant to the February 2023 financing. The warrants had an exercise price of $0.10 per share resulting in proceeds of $82,000.

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 period ended July 31, 2025 the Company granted 1,855,000 incentive stock options in accordance with the Company’s stock option plan to directors and officers of the Company. The options issued have an exercise price of $0.30 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, 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.

Compensation awarded to key management during the period ended July 31, 2025 was $709,172, including $381,166 in salaries and fees earned, and $328,006 in share-based compensation expense (2024 - $408,441 in salaries and fees earned, and $234,217 in share-based compensation expense). The Company's key management includes the directors, CEO, CFO 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.

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.

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.

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.

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.

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.

Clinical Study and Trial Outcomes

The Company's ability to deliver future growth depends on the successful advancement of our product candidates, such as THT, through clinical study and trial development. THT is in a first in human clinical study, a critical stage where outcomes are uncertain. Clinical studies and trials are inherently risky and may be delayed or fail for reasons beyond our control, such as challenges in recruiting or retaining patients, unexpected safety or efficacy issues, regulatory changes or requests for additional studies, and supply chain or manufacturing disruptions.

A failure or delay in the clinical study or trial(s) being conducted or planned by the Company could significantly impact Sona's financial results by delaying potential revenue generation or leading to impairment of assets.

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.

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.

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 July 31, 2025, 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 July 31, 2025, 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 period ended July 31, 2025 or the year ended October 31, 2024, 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 July 31, 2025.

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.