

*Consolidated Financial Statements of*

**SONA NANOTECH Inc.**

For the years ended October 31, 2025 and 2024

(Expressed in Canadian Dollars)

February 25, 2026

## **Management's Report**

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

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

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

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

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

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

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**INDEPENDENT AUDITORS' REPORT**

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To the Shareholders and Directors of Sona Nanotech Inc.

**Opinion**

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

- the consolidated statements of financial position as at October 31, 2025 and 2024;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity (deficiency) for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at October 31, 2025 and 2024, and its consolidated financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

**Basis for Opinion**

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

**Independence**

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

**Material Uncertainty Related to Going Concern**

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended October 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

**Other Information**

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

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

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

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

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are, therefore, the

key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

*Manning Elliott LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS  
Vancouver, British Columbia  
February 25, 2026

**Sona Nanotech Inc.**  
**Consolidated Statements of Financial Position**  
**As at October 31, 2025 and October 31, 2024**  
*Expressed in Canadian dollars*

	October 31, 2025	October 31, 2024
	\$	\$
<b>Assets</b>		
Current assets		
Cash and cash equivalents	121,955	1,854,518
Amounts receivable and other (note 5)	172,636	136,566
Marketable securities	4,000	4,000
	<u>298,591</u>	1,995,084
Intangible assets, net (note 4 and 6)	<u>1,031,000</u>	1,751,000
<b>Total Assets</b>	<u><b>1,329,591</b></u>	<u>3,746,084</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (notes 8 and 15)	1,060,629	842,303
Long-term debt (note 9)	<u>307,740</u>	394,671
	<u><b>1,368,369</b></u>	1,236,974
<b>Shareholders' Equity (Deficiency)</b>		
Common stock	22,355,149	21,990,553
Warrants	331,005	474,101
Contributed surplus	1,329,432	2,789,487
Deficit	<u>(24,054,364)</u>	<u>(22,745,031)</u>
	<u><b>(38,778)</b></u>	2,509,110
<b>Total Liabilities and Shareholders' Equity (Deficiency)</b>	<u><b>1,329,591</b></u>	<u>3,746,084</u>

Basis of presentation and going concern (note 2)  
Subsequent events (note 12)  
Commitments (note 17)

Approved on behalf of the Board of Directors on February 25, 2026.

"Mark Lievonen"  
Director

"Jim Megann"  
Director

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

**Sona Nanotech Inc.**  
**Consolidated Statements of Loss and Comprehensive Loss**  
**For the years ended October 31, 2025 and 2024**  
*Expressed in Canadian dollars*

	2025	2024
	\$	\$
<b>Expenses</b>		
Salaries and benefits (note 8 & 14)	898,944	979,445
Research and development costs	846,952	277,947
Professional and consulting fees (note 15)	181,977	187,769
Administrative	107,776	176,713
Securities and regulatory	85,055	76,916
Depreciation expense (note 6)	-	13,976
Travel	38,788	14,759
Rent and related costs (note 15)	33,615	32,767
Sales and marketing	48,220	95,520
Foreign exchange (gain) loss	8,031	(4,132)
Share-based compensation (note 14 & 15)	480,957	350,350
Recovery of project expenses (note 7)	(6,931)	(4,096)
	<u>(2,723,384)</u>	<u>(2,197,934)</u>
<b>Other income (expenses)</b>		
Amortization of intangible assets (note 4)	(720,000)	(720,000)
Repayable government loans present value adjustment (note 9)	125,503	182,604
Accreted interest, repayable government loans (note 9)	(38,572)	(49,594)
Unrealized loss on available-for-sale securities	-	(2,000)
Scientific research and experimental development credits (note 7)	106,108	82,967
	<u>(526,961)</u>	<u>(506,023)</u>
<b>Net loss and comprehensive loss for the year</b>	<u>(3,250,345)</u>	<u>(2,703,957)</u>
Loss per share – basic and diluted	<u>(0.03)</u>	<u>(0.03)</u>
Weighted-average number of common shares outstanding - basic and diluted	<u>112,372,463</u>	<u>100,517,697</u>

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**Sona Nanotech Inc.**  
**Consolidated Statements of Changes in Equity (Deficiency)**  
**For the years ended October 31, 2025 and 2024**  
*Expressed in Canadian dollars*

	Number of Common Shares	Common Shares	Warrants	Contributed Surplus	Deficit	Total
		\$	\$	\$	\$	\$
<b>Balance, November 1, 2023</b>	<b>95,095,361</b>	<b>18,668,333</b>	<b>95,571</b>	<b>2,645,203</b>	<b>(20,247,140)</b>	<b>1,161,967</b>
Net loss and comprehensive loss for the year	-	-	-	-	(2,703,957)	(2,703,957)
Units issued pursuant to private placement financing (note 10)	4,050,000	603,040	206,960	-	-	810,000
Unit issuance costs (note 10)	-	(69,000)	-	-	-	(69,000)
Finder warrants (note 10)	-	(46,333)	46,333	-	-	-
Shares issued pursuant to private placement financings (note 10)	12,575,000	3,143,750	-	-	-	3,143,750
Share issuance costs (note 10)	-	(184,000)	-	-	-	(184,000)
Finder warrants (note 10)	-	(125,237)	125,237	-	-	-
Share-based compensation expense	-	-	-	350,350	-	350,350
Stock option expiry (note 11)	-	-	-	(206,066)	206,066	-
<b>Balance, October 31, 2024</b>	<b>111,720,361</b>	<b>21,990,553</b>	<b>474,101</b>	<b>2,789,487</b>	<b>(22,745,031)</b>	<b>2,509,110</b>
Net loss and comprehensive loss for the year	-	-	-	-	(3,250,345)	(3,250,345)
Shares issued upon exercise of Finder warrants (note 15)	820,000	177,571	(95,571)	-	-	82,000
Shares issued upon exercise of Share warrants (note 10 and 12)	465,000	187,025	(47,525)	-	-	139,500
Share-based compensation expense	-	-	-	480,957	-	480,957
Stock option expiry (note 12)	-	-	-	(1,941,012)	1,941,012	-
Share cancellation (note 10)	(118,233)	-	-	-	-	-
<b>Balance, October 31, 2025</b>	<b>112,887,128</b>	<b>22,355,149</b>	<b>331,005</b>	<b>1,329,432</b>	<b>(24,054,364)</b>	<b>(38,778)</b>

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

**Sona Nanotech Inc.**  
**Consolidated Statements of Cash Flows**  
**For the years ended October 31, 2025 and 2024**  
*Expressed in Canadian dollars*

	2025 \$	2024 \$
<b>Operating activities</b>		
Net loss for the year	<b>(3,250,345)</b>	(2,703,957)
Changes to loss not involving cash:		
Amortization (note 4)	<b>720,000</b>	720,000
Depreciation (note 6)	-	13,976
Recovery of project costs (note 7)	<b>(6,931)</b>	(4,096)
Accreted interest on repayable government loans (note 9)	<b>38,572</b>	49,594
Repayable government loans present value adjustment (note 9)	<b>(125,503)</b>	(182,604)
Share-based compensation (note 11)	<b>480,957</b>	350,350
Unrealized loss on available-for-sale securities	-	2,000
	<b>(2,143,250)</b>	(1,754,737)
(Increase) decrease in amounts receivable and other	<b>(36,070)</b>	11,326
Increase (decrease) in accounts payable and accrued liabilities	<b>218,326</b>	(216,299)
	<b>(1,960,994)</b>	(1,959,710)
<b>Financing activities</b>		
Government funding received (note 7)	<b>6,931</b>	4,096
Proceeds received upon exercise of finder warrants	<b>82,000</b>	-
Proceeds received upon exercise of share warrants	<b>139,500</b>	-
Proceeds received upon private placement financing, net of costs (note 11)	-	3,700,750
	<b>228,431</b>	3,704,846
Change in cash during the year	<b>(1,732,563)</b>	1,745,136
Cash, beginning of the year	<b>1,854,518</b>	109,382
Cash, end of the year	<b>121,955</b>	1,854,518

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

**Sona Nanotech Inc.**  
**Notes to the Consolidated Financial Statements**  
**For the years ended October 31, 2025 and 2024**  
*Expressed in Canadian dollars*

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**1. NATURE OF OPERATIONS**

Sona Nanotech Inc. (“Sona” and “the Company”) is a company involved in the nanotechnology life sciences industry. The Company’s corporate office is located at Suite 2001, 1969 Upper Water Street, Halifax, Nova Scotia, Canada, B3J 3R7 and its registered office is located at Nova Centre – South Tower 1500 – 1625 Grafton Street, Halifax, N.S., Canada, B3J 0E8. The research and development office is located at 1344 Summer Street, Halifax, N.S., Canada, B3H 0A8.

The Company is listed on the Canadian Securities Exchange (“CSE”) and trades under the symbol “SONA”. Effective April 2020, the Company’s common shares were approved for trading on the OTCQB Marketplace under the trading symbol “SNANF”. On March 23, 2023, the Company completed a share exchange agreement with Siva Therapeutics, Inc. (“Siva”) whereby Sona acquired 100% of the issued and outstanding common shares for Siva (note 4).

**2. BASIS OF PRESENTATION AND GOING CONCERN**

*Basis of presentation*

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

*Basis of consolidation*

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

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

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

*Functional and Presentation Currency*

The presentation currency of these consolidated financial statements is the Canadian dollar (“CAD”). The functional currency of the Company is the Canadian dollar. The functional currency of Siva Therapeutics is the U.S dollar (“USD”).

*Going concern*

The Company’s operations have been financed through the sale of common shares, issuance of debt and government funding. The Company has incurred significant operating losses since inception and has an accumulated deficit of \$24,054,364 as at October 31, 2025 (2024 – \$22,745,031).

These consolidated financial statements have been prepared on a going-concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. For the year ended October 31, 2025, the Company incurred a net loss of \$3,250,345 (2024 - \$2,703,957). The Company has negative cash flow from operations and as at October 31, 2025, the Company has a working capital deficiency of \$762,037 (2024 – working capital of \$1,152,781).

**Sona Nanotech Inc.**  
**Notes to the Consolidated Financial Statements**  
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*Expressed in Canadian dollars*

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

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

### **3. SUMMARY OF ACCOUNTING POLICIES**

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

#### **a) Statement of compliance**

The consolidated financial statements of the Company have been prepared in accordance with IFRS as issued by IASB. The Board of Directors approved these consolidated financial statements for issue on February 25, 2026.

#### **b) Accounting standards issued, not yet effective**

##### *Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments*

In May 2024, the IASB issued amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures relating to the classification and measurement of financial instruments and related disclosures. The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with early adoption permitted.

The amendments clarify the assessment of contractual cash flow characteristics of financial assets, the timing of derecognition of financial assets settled through electronic payment systems and introduce additional disclosure requirements. The amendments are not expected to have a material impact on the measurement of the Company's financial assets; however, additional disclosures may be required relating to the classification and characteristics of certain financial instruments upon adoption.

##### *IFRS 18 – Presentation and Disclosure in Financial Statements*

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces certain requirements of IAS 1 Presentation of Financial Statements. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted.

IFRS 18 introduces new requirements for the presentation of the statement of profit or loss, including defined categories and subtotals, enhanced guidance on aggregation and disaggregation of information, and new disclosure requirements for management-defined performance measures. The Company expects that adoption of IFRS 18 will result in changes to the presentation of the statement of profit or loss and related note disclosures, particularly with respect to the classification of income and expenses between operating, investing and financing activities, but is not expected to affect the Company's financial position or total profit or loss.

**Sona Nanotech Inc.**  
**Notes to the Consolidated Financial Statements**  
**For the years ended October 31, 2025 and 2024**  
*Expressed in Canadian dollars*

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**c) Accounting judgments and estimates**

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

*Amortization and useful life of intangible assets*

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

*Recoverability of asset carrying values*

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

The information management considers in assessing whether there is an indicator(s) of impairment includes, but is not limited to market and economic conditions, results of research and development activities and the Company's market capitalization. No indicators of impairment relating to equipment or intangible assets were noted by management as of October 31, 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. Any differences between the face value and the fair value of the ACOA loans is recorded in the statement of loss and comprehensive loss as other income or expense. The carrying amount of the ACOA loans requires management to adjust the long-term debt to reflect actual and revised estimated cash flows whenever revised cash flow estimates are made or new information related to market conditions is made available. Management recalculates the carrying amount by computing the present value of the estimated future cash flows at the original effective interest rate. Any adjustments are recognized in the statement of loss as accreted interest and adjustments after initial recognition.

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

**Sona Nanotech Inc.**  
**Notes to the Consolidated Financial Statements**  
**For the years ended October 31, 2025 and 2024**  
*Expressed in Canadian dollars*

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

If the discount rate used in determining the carrying value at the reporting date of all ACOA loans had been determined to be higher or lower by 1.0% (resulting in discount rates ranging from 13.33% to 15.33%) the carrying value of the long-term debt at October 31, 2025 would be an estimated \$23,480 higher or \$21,540 lower, respectively. If timing of forecasted revenue was increased by 1 or 2 years, the carrying value of the long-term debt at October 31, 2025 would be decreased an estimated \$39,000 and \$73,000 respectively.

*Share-based payments*

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

*Deferred income taxes*

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

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

**Sona Nanotech Inc.**  
**Notes to the Consolidated Financial Statements**  
**For the years ended October 31, 2025 and 2024**  
*Expressed in Canadian dollars*

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**d) Financial Instruments**

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

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

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

Financial Assets

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

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

*Impairment of financial assets at amortized cost*

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

Financial Liabilities

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

Offsetting financial instruments

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

**e) Cash and cash equivalents**

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

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**f) Equipment**

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

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

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

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

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

**g) Intangible assets**

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

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

**h) Government assistance**

Repayable government loans are recorded initially at fair value, with the difference between book value and fair value recorded as other income or other expense. During year ended October 31, 2025, the Company recorded \$125,503 (2024 – \$182,604) as other income relating to the revaluation of the ACOA loan (note 9).

**i) Research and development tax credits**

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

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**j) Share capital**

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

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

**k) Share-based payments**

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

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

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

**l) Income taxes**

*Current income taxes*

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

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

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

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*Deferred income taxes*

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

**m) Loss per share**

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

**n) Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material. There were no material provisions recorded within the consolidated financial statements as at October 31, 2025.

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**o) Foreign currency translation**

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

**p) Related party transactions**

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

**q) Lease obligations and right of use assets**

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

**r) Business combination and asset acquisitions**

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

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

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**4. INTANGIBLE ASSET**

In early 2023, Sona acquired Siva Therapeutics, Inc. (“Siva”), the developer of Targeted Hyperthermia Therapy™ (“THT”) 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”).

Sona assessed the Transaction with Siva using the optional concentration test to determine if it had acquired a business. In applying the concentration test it was determined that the assets of Siva did not constitute a business and therefore the acquisition of Siva was accounted for as an asset acquisition. This resulted in the recognition of the Siva intangible asset in the amount of \$2,891,000.

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

	<b>October 31, 2025</b>	<b>October 31, 2024</b>
	\$	\$
Cost	2,891,000	2,891,000
Accumulated amortization	(1,860,000)	(1,140,000)
Carrying Value	<b>1,031,000</b>	<b>1,751,000</b>

**5. AMOUNTS RECEIVABLE AND OTHER**

	<b>October 31, 2025</b>	<b>October 31, 2024</b>
	\$	\$
Amounts receivable from the government	105,048	97,214
Prepaid expenses and other	67,588	39,352
	<b>172,636</b>	<b>136,566</b>

**6. EQUIPMENT**

	<b>Office Equipment</b>	<b>Laboratory Equipment</b>	<b>Furniture and Fixtures</b>	<b>Total</b>
<b>Cost</b>	\$	\$	\$	\$
As at November 1, 2023	<b>11,633</b>	<b>300,547</b>	<b>13,144</b>	<b>325,324</b>
Additions	-	-	-	-
As at October 31, 2024	<b>11,633</b>	<b>300,547</b>	<b>13,144</b>	<b>325,324</b>
Additions	-	-	-	-
As at October 31, 2025	<b>11,633</b>	<b>300,547</b>	<b>13,144</b>	<b>325,324</b>
<b>Accumulated depreciation</b>				
As at November 1, 2023	<b>11,633</b>	<b>286,571</b>	<b>13,144</b>	<b>311,348</b>
Depreciation charge	-	13,976	-	13,976
As at October 31, 2024	<b>11,633</b>	<b>300,547</b>	<b>13,144</b>	<b>325,324</b>
Depreciation charge	-	-	-	-
As at October 31, 2025	<b>11,633</b>	<b>300,547</b>	<b>13,144</b>	<b>325,324</b>
<b>Carrying amount</b>				
Balance, October 31, 2024	-	-	-	-
Balance, October 31, 2025	-	-	-	-

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**7. GOVERNMENT ASSISTANCE**

During the year ended October 31, 2025 the Company incurred eligible expense recoveries of \$6,931 under the Industrial Research Assistance Program (“IRAP”) of Canada (2024 - \$4,096).

During the year ended October 31, 2025, the Company incurred expenses which are eligible for reimbursement as an investment tax credit under the Scientific Research and Experimental Development (“SR&ED”) tax incentive program. For the year ended October 31, 2025 a SR&ED tax credit of \$100,000 (2024 - \$80,000) was recorded.

**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>October 31, 2025</b>	<b>October 31, 2024</b>
	\$	\$
Trade accounts payable and accrued liabilities	906,931	647,303
Amounts payable to related parties (note 16)	153,698	195,000
	<b>1,060,629</b>	<b>842,303</b>

**9. LONG-TERM DEBT**

	<b>October 31, 2025</b>	<b>October 31, 2024</b>
	\$	\$
<b>Atlantic Canada Opportunities Agency (“ACOA”)</b>		
Long-term portion	<b>307,740</b>	<b>394,671</b>
<b>Face Value ACOA Loans</b>	<b>978,332</b>	<b>978,332</b>

The Company has two interest free loans with ACOA under the Business Development Program. There is no fixed term to the loans and repayments are to be made based on 3% and 5% of annual gross product revenue. The carrying amount of the loans is determined by computing the present value of the estimated future cash flows. During the year ended October 31, 2025 the Company recorded \$38,572 of accretion expense (2024 - \$49,594), relating to the ACOA loans.

<i>Debt continuity</i>	<b>2025</b>	<b>2024</b>
	\$	\$
Balance – beginning of year	394,671	527,681
Repayable government loans present value adjustment	(125,503)	(182,604)
Accreted interest on repayable government loans	38,572	49,594
Balance – end of year	<b>307,740</b>	<b>394,671</b>

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**10. SHARE CAPITAL**

**a) Common shares**

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

Share Cancellation

In 2018, under the Company's Plan of Arrangement and for a period of six years, all shareholders of the predecessor companies were entitled to convert the former share certificates of the predecessor companies to shares of the new company Sona Nanotech Inc. With the expiry of the six years, each share certificate of the former companies shall cease to represent a right or claim to receive shares of the new company. In October 2025, the Company initiated the cancellation of these conversion rights and as a result, 118,233 shares have been cancelled.

Private Placement Financing

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

On December 4, 2023, the Company completed a private placement financing for aggregate gross proceeds of \$810,000. The Company issued 4,050,000 units at \$0.20 per unit, with each unit comprised of one common share and one-half common share purchase warrant. Each whole warrant is exercisable into one common share of the Company at an exercise price of \$0.30 per common share for a period of 24 months from the closing date. The value allocated to the common shares issued was \$603,040, and the value allocated to the 2,025,000 common share purchase warrants was \$206,960. Directors and officers of the Company subscribed for 175,000 units pursuant to the financing.

Sona entered into an agreement with a Numus Capital Corp. (the "Finder") (note 16) to act as exclusive finder for the financing. As compensation for its services, the Finder received a cash fee of \$58,125 and 290,625 Finder Warrants, being equal to 7.5% of the units sold, other than to insiders. Each warrant is exercisable to purchase one common share of the Company at a price of \$0.30 per share for a period of 24 months from the closing date of the private placement. The Company has recorded a value of \$46,333 for the Finder Warrants issued which has been calculated using the Black Scholes pricing model.

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

Warrant Exercise

In February 2025, 820,000 finder warrants were exercised with an exercise price of \$0.10 per share for proceeds of \$82,000.

In July 2025, 215,000 warrants were exercised with an exercise price of \$0.30 per share for proceeds of \$64,500.

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**11. STOCK OPTIONS**

The Company has adopted a stock option plan, providing the Board of Directors with the discretion to issue an equivalent number of options of up to 10% of the issued and outstanding share capital of the Company. Stock options are granted with an exercise price of not less than the closing share price the date preceding the date of grant. As at October 31, 2025, 4,298,713 remain available for grant under the terms of the stock option plan.

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

The following are the weighted-average assumptions used in calculating the value of the stock options granted:

	<b>Year Ended</b> <b>October 31, 2025</b>	<b>Year Ended</b> <b>October 31, 2024</b>
Risk-free interest rate	2.48%	3.57%
Expected life	3 years	3 years
Expected volatility	118%	116%
Expected dividend per share	0.0%	0.0%
Exercise price	0.30	0.31
Forfeiture Rate	0.0%	0.0%

The following table reconciles the stock option activity during the years ended October 31, 2025 and 2024:

	<b>Number of</b> <b>options</b>	<b>Weighted-average</b> <b>exercise price</b>
	#	\$
Balance, October 31, 2023	<b>5,494,500</b>	<b>0.58</b>
Issued	1,970,000	0.31
Expired	(702,500)	0.35
Balance, October 31, 2024	<b>6,762,000</b>	<b>0.53</b>
Expired	(1,907,000)	1.12
Issued	2,135,000	0.30
Balance, October 31, 2025	<b>6,990,000</b>	<b>0.30</b>

During the year ended October 31, 2025, 1,907,000 outstanding stock options were cancelled or expired unexercised. As a result of these cancellations and expiries, the Company reclassified stock-based compensation expense of \$1,941,012 (2024 - \$206,066) for these options, which was previously recorded as contributed surplus, to deficit.

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The following table summarizes information relating to outstanding and exercisable stock options as at October 31, 2025:

<b>Expiry date</b>	<b>Remaining contractual life (in years)</b>	<b>Number of options outstanding</b>	<b>Number of options exercisable</b>	<b>Exercise price</b>	<b>Black-Scholes option value of options outstanding</b>
		#	#	\$	\$
September 28, 2026	0.9	35,000	35,000	0.30	9,207
November 11, 2026	1.0	700,000	700,000	0.44	280,159
January 4, 2027	1.2	250,000	250,000	0.45	90,400
March 28, 2028	2.4	1,050,000	1,050,000	0.17	163,022
July 11, 2028	2.7	850,000	550,000	0.25	194,515
March 1, 2029	3.3	1,195,000	896,250	0.31	260,383
May 21, 2029	3.6	750,000	375,000	0.32	162,695
October 9, 2029	3.9	25,000	12,500	0.30	4,719
April 30, 2030	4.5	2,135,000	533,750	0.30	442,105
		<b>6,990,000</b>	<b>4,402,500</b>		

**12. WARRANTS**

The following table reconciles the warrant activity during the years ended October 31, 2025 and 2024

	<b>Number of warrants</b>	<b>Weighted-average exercise price</b>
	#	\$
Balance, October 31, 2023	<b>820,000</b>	<b>0.10</b>
Issued	3,037,875	0.29
Balance, October 31, 2024	<b>3,857,875</b>	<b>0.25</b>
Exercised	(1,285,000)	0.14
Balance, October 31, 2025	<b>2,572,875</b>	<b>0.29</b>

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

During the year ended October 31, 2025, 820,000 finder warrants were exercised with an exercise price of \$0.10 per share for proceeds of \$82,000. Additionally, 465,000 share warrants were exercised with an exercise price of \$0.30 per share for proceeds of \$ 139,500.

Subsequent to October 31, 2025, 1,488,125, share warrants were exercised with an exercise price of \$0.30 per share for proceeds of \$446,438. A Director of the Company exercised 25,000 of the share warrants. Additionally, 362,500 share warrants expired unexercised.

The fair value of the warrants issued has been estimated at the grant date using the Black-Scholes option pricing model. The weighted-average assumptions used in the pricing are as follows:

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

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**13. INCOME TAXES**

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

	<b>2025</b>	<b>2024</b>
	\$	\$
Loss before income taxes	3,250,345	2,703,957
Statutory rate	29.0%	29.0%
Tax recovery at statutory rate	(942,600)	(784,148)
Decrease (increase) of losses and deductible temporary differences not recognized in current and prior years	(569,218)	(550,973)
Permanent differences and other	(373,382)	(233,175)
Income tax recovery	-	-
	<b>2025</b>	<b>2024</b>
	\$	\$
Deferred income tax assets		
Losses carried forward	4,296,686	3,667,707
Capital assets	25,649	32,077
Share issuance costs	96,963	150,297
	4,419,298	3,850,080
Deferred income tax liabilities	-	-
	4,419,298	3,850,080
Unrecognized deferred income tax assets	(4,419,298)	(3,850,080)
Net deferred income tax assets	-	-

*Non-capital losses*

As at October 31, 2025, the Company had approximately \$14.8 million in losses available to reduce future taxable income for Canadian income tax purposes and \$0.3 million in losses to reduce taxable income for US income tax purposes. The benefit of these losses has not been recorded in the accounts as realization is not considered probable. The US losses can be carried forward indefinitely and the Canadian losses may be claimed no later than:

		\$
During the year ended	2033	450
	2034	25,485
	2035	533,456
	2036	388,884
	2037	463,779
	2038	854,053
	2039	1,276,295
	2040	2,914,173
	2041	2,074,691
	2042	781,133
	2043	1,689,597
	2044	1,645,269
	2045	2,168,895
		<u>14,816,160</u>

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**14. KEY MANAGEMENT COMPENSATION**

Key management includes the Company’s directors, Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”), Chief Scientific Officer (“CSO”) and the Chief Medical Officer (“CMO”). Compensation awarded to key management for the years ended October 31, 2025 and 2024 is summarized as follows:

	<b>2025</b>	<b>2024</b>
	\$	\$
Salaries and consulting fees earned	489,790	558,366
Share-based compensation expense	404,248	290,978
	<b>894,038</b>	<b>849,334</b>

**15. RELATED PARTY TRANSACTIONS**

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

During the year ended October 31, 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 \$30,000 (2024 - \$30,000), digital media services of \$17,850 (2024 - \$48,000) and incurred rent and administrative costs from Numus in the amount of \$10,200 (2024 – \$10,200).

As at October 31, 2025, the amount owing to Numus, related to accounts payable and was \$111,057 (2024 - \$60,475). As at October 31, 2025, the amount owing to Randall Consulting Inc. (“RCI”), a company controlled by an officer of Sona, was \$8,978 (2024 - \$29,835). As at October 31, 2025 the amount owing to an officer of Sona was \$22,163 (2024 - \$65,940). 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 the Finder on all financings conducted by Sona.

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

On February 28, 2025, Numus Capital Corp exercised 820,000 finder warrants issued pursuant to the February 24, 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.

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During the year ended October 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.

**16. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

**a) Capital Management**

The Company's capital structure consists of share capital, warrants, contributed surplus and deficit, which at October 31, 2025 was a deficit of approximately \$0.1 million (2024 – equity of approximately \$2.5 million). The Company's objective when managing capital is to maintain adequate levels of funding to support the research and development of its nanorod technology products, Targeted Hyperthermia Therapy™ and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing and government funding. Future financings are dependent on market conditions, and there can be no assurance the Company will be able to raise funds in the future. There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

**b) Fair Values of Financial Instruments**

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

The carrying amounts reported in the statement of financial position for long term debts are based on the present values of future projected cash flows relating to the repayment of the debts (note 9).

**c) Financial Risk Management Objectives**

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

**d) Credit Risk**

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

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

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**e) Liquidity Risk**

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

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

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

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table summarizes the remaining contractual maturities of the Company's financial liabilities as at October 31, 2025:

	<b>Within 1 year</b>	<b>2-3 years</b>	<b>4-5 years</b>	<b>Over 5 years</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Accounts payable	1,060,629	-	-	-	1,060,629
Long-term debt (note 9)	-	2,500	34,200	941,612	978,332
	<b>1,060,629</b>	<b>2,500</b>	<b>34,200</b>	<b>941,612</b>	<b>2,038,961</b>

**f) Currency Risk**

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

For the year ended October 31, 2025, the sensitivity of the Company's net loss and comprehensive loss due to changes in the exchange rate between the Canadian dollar and foreign currencies (primarily the United States dollar) would have an impact on net loss and comprehensive loss by \$66,587 for a 5% increase or decrease in the Canadian dollar.

**g) Interest Rate Risk**

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

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

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

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

At October 31, 2025 and 2024, the Company's cash and marketable securities were measured and recognized on the statement of financial position at fair value on a recurring basis. The fair value was based on level 1 inputs. There were no transfers between levels during the year.

**17. COMMITMENTS**

The Company has an employment agreement with the CEO which provides that, should a change in control event occur, as defined in the employment agreement, 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.

As at October 31, 2025, the Company has a Services Agreement with Numus. See note 15 for further details.