FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: **SONA Nanotech Inc.** ("Sona" or "Issuer").

Trading Symbol: **SONA**

Number of Outstanding Listed Securities: **60,778,028**

Date: **May 7, 2020** ***(for the month of April 2020)***

Report on Business

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

   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 multiplex diagnostic testing platforms that will improve performance over existing tests in the market.

   Sona's gold nanorod particles are CTAB (cetyltrimethylammonium) free, eliminating the toxicity risks associate 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, pending the approval of various regulatory boards including Health Canada and the FDA.

2. Provide a general overview and discussion of the activities of management.

   The Company is working with a consortium of international and Canadian partners to develop a functional prototype for an antigen detecting, rapid-response, lateral flow test that is expected to provide in-field test results in minutes, without the use of specialized laboratory equipment or technicians. The consortium includes GE Healthcare Life Sciences, The Native Antigen Company, AffinityImmuno, Bond Digital Health and its Scientific Advisory Team.

   On March 31, 2020, the Company was awarded a $4.1 million grant from NGen, Canada's Advanced Manufacturing Supercluster, to develop and commercialize its Covid-19 rapid-response antigen test. This non-repayable grant will be used to accelerate the development of a prototype and scale manufacturing capabilities with a view to deploying this Covid-19 virus-detecting, point-of-care test with Canadian medical authorities as soon as possible.

   The Supercluster funding is pursuant to a $50 million initiative led by NGen and announced by Prime Minister Trudeau. The initiative will support companies as they prepare to produce critically needed technologies, equipment, and medical products to aid in the fight against COVID-19.

   NGen will play a valuable role in project funding, enabling the acceleration of the development, and enhancing the scope of the Company's project to deploy its proprietary gold nanorod technology towards a credible, easy to use, rapid response, point-of-care

Covid-19 test that can be used to reduce the strain on testing laboratories and enhance the capacity of health care systems. NGen's involvement also helped to bring to bear other Canadian suppliers and partners to the Company's efforts.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

Sona is a research and development company that owns proprietary gold nanorod technology that can be used in a variety of lateral flow applications, specifically rapid diagnostic testing devices. In a lateral flow tests, particles such as Sona's gold nanorods (GNR) are used to bind to biological materials and carry them along a test strip, producing a positive or negative result. Sona holds a global patent (pending) on the manufacture of GNRs that offers several functional performance advantages over other particles currently in the market, such as:

- *Sona GNRs are designed to maximize the ability to detect bio markers in low concentration levels, essentially meaning Sona tests often detect a condition earlier than many other particles.*
- *Sona GNRs typically move though lateral flow test membranes at a faster pace than other particles types, meaning the Sona test can produce results faster than many other lateral flow tests.*
- *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.*

Over the past year, Sona has identified a number of test applications in the marketplace that would benefit from the introduction of Sona GNR technology. Specifically, Sona believes its technology would produce a more rapid and accurate response than the tests currently used in the marketplace. Sona expects to announce progress on 2-3 of its new tests during 2020.

Activity will continue with third party companies looking at generating their own next generation of assays and are keen to integrate Sona's nanotechnology into their new and existing tests. By utilizing Sona's gold nanorods in their existing products, firms will be able to transform their platforms by incorporating modern diagnostic techniques with broad applications across multiple diagnostic segments, ranging from human health conditions, antimicrobial resistance, animal health, and infectious diseases.

Rapid Screening Test for Coronavirus

Sona is deploying its proprietary nanotechnology in the development of a rapid screening test for the current coronavirus, "Covid-19". Sona is developing a quick-response lateral flow test to screen patients for the Covid-19 virus. There is currently no lateral flow test specific to the Covid-19 strain of the coronavirus, which was first detected in Wuhan, Hubei Province, China and continues to spread across the globe. Sona will integrate its proprietary nanorod technology into a disposable lateral flow test platform (similar to pregnancy tests that can be administered without skilled technicians or additional laboratory equipment) for use as a screening tool to help triage individuals.

Development work on Sona's new test to measure the Covid-19 virus is underway in 3 separate labs in Canada, the UK and Germany. The Company has an ongoing, open dialogue with regulators to ensure the Sona's test is being developed within the

parameters regulators have outlined. This approach will allow Sona to be eligible for FDA review through their Emergency Use Authorisation (EUA) pathway and a fast-track to market.

Sona is currently in discussion with contract manufactures, OEM manufactures, field testing partners, as well as sales and distribution partners and expects to provide more detail on its path to market in the near future. From a test development perspective, Sona expects to have a working prototype for the Covid-19 rapid response test within weeks.

The spread of Covid-19 appears to be accelerating on a global basis. Sona's covid-19 rapid response test is designed for use as an on-site screening tool for front line tests to:

- *stream-line efforts of the medical community;*
- *avoid unnecessary quarantine; and*
- *to screen individuals entering closed environments such as cruise ships, planes, tradeshows, factories, schools, universities or large gathering events such as concerts and sporting events.*

All lateral flow tests are designed to identify the presence of a biological marker. These markers are either direct or indirect markers for a condition, such as a viral infection. An example of an indirect test would be a pregnancy test which doesn't test for biological material from a fetus, but rather detects a hormone (hCG) released by a mother when she is pregnant. An example of a direct test would be testing for HIV infection that detects the presence of the HIV virus itself.

The Sona Covid-19 test currently in development will directly detect the Covid-19 virus, confirming active infection which we believe will result in the most accurate rapid response test available. Some competitors are developing alternative Covid-19 rapid response tests (serological assays) that detect increased levels of IgM and IgG antibodies (immune markers) in a patient sample. Patients infected with Covid-19 may produce increased levels of these markers, however, tests that are NOT specific to a Covid-19 infection will likely cross-react if a person is suffering from a recent infection (e.g. food poisoning, ear infection) or has an underlying health condition, leading to an incorrect result (false positive and false negatives). Patients most vulnerable to the COVID-19 virus include the elderly or those with underlying health conditions. The use of serological tests on this patient group is risky due to their susceptibility to common infections. A false negative may produce unintended outcomes that could result in a delayed patient intervention and treatment. Further, the use of alcohol, recreational drugs and certain medications can also interfere with test results, increasing the likelihood of false negatives.

Sona has secured an agreement with The Native Antigen Company ("Native") to supply biologics for its Covid-19 Coronavirus rapid screening test. Native, based in Oxford, UK, is a leading supplier of native and recombinant viral and bacterial antigens, antibodies and immunoassays, alongside custom and contract services. Their infectious disease reagents are widely adopted by pharmaceutical, in-vitro diagnostics and vaccine manufacturers, as well as leading edge academic groups focusing on cutting edge research. Native is one of the first recognized suppliers to release biological materials for use in diagnostic tests specific to the Covid-19 strain of the coronavirus.

Antigens specific to this strain of Coronavirus have been produced at Native's Oxford facility using their proprietary mammalian, VirtuE expression system. This system can introduce protein folding and post-translational modifications to recombinant proteins, which are essential for full biological and antigenic activity. The Covid-19 strain differs from existing coronavirus strains such as SARS or MERS, due to the spike, membrane and envelope proteins present on the surface of the virus. Consequently, current

commercial sources of biological materials associated with SARS and MERS would not be ideal for use in a diagnostic or screening test. They would not be specific to Covid-19 and would therefore result in poor overall test performance and a high likelihood of mis-diagnosed patients.

When complete, the Sona Covid-19 rapid screening test could be ideal for use in a variety of scenarios, such as:

- *An in-home test and monitoring;*
- *To identify if patients require further testing or treatment in a clinical setting;*
- *To verify if patients are ready for release from quarantine; and*
- *To screen individuals prior to entering closed public venues such as cruise ships and airplanes.*

Other Lateral Flow Tests

The Company's product portfolio of other proprietary lateral flow tests will continue upon completion and commercialization of the Company's Covid-19 antigen test. These other tests leverage the Company's proprietary gold nanorod technology's highly sensitive ability to detect various biomarkers in the Pico gram range.

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

Not applicable

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

General Electric Healthcare Life Sciences Partnership

On March 4, 2020, Sona and GE Healthcare Life Sciences announced that they will jointly complete test development of the Sona Covid-19 Coronavirus rapid response lateral flow test and will use GE Healthcare Life Sciences' Fast Flow High Performance Membrane (FFHP) in production of the test. Sona will retain all commercial rights to the resulting test. The companies will work in parallel to complete the test prior to field testing. GE Healthcare Life Sciences will support Sona through their studies as they work to get their rapid-response Covid-19 lateral flow test introduced into markets as quickly as possible.

Manufacturing Service Agreements

The Company entered into service and supply agreements with a contract manufacturing organization (CMO) in Europe for the manufacture of its Covid-19 virus-detecting, rapid-response test. The Company cautions that its test is still in development but expects to complete a functional prototype and confirm third party validation tests in the near future. The manufacturing service and supply agreements are firm commitments requiring the Company to fund the manufacturing set-up and transfer its test technology for the purposes only of test kit manufacturing.

The Company also signed a second memorandum of understanding to manufacture its test with a contract manufacturer. The agreement with a North American based manufacturer will simplify the supply chain and provide added capacity to the existing agreement with its European based supplier.

R&D work is being done in Germany and Scotland, with consortium partners, and at the Company's lab in Dartmouth, Nova Scotia where qualified laboratory technicians are working with samples of the virus' antigen and antibodies, under the supervision of the Company's Chief Technology Officer, Head of R&D, and President and CEO. The Company expects to benefit from the regulatory relief offered by the FDA to expedite the availability of diagnostics associated with the Covid-19 disease, subject to certain conditions.

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

   Not applicable

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

   Not applicable

8. Describe the acquisition of new customers or loss of customers.

   The Company entered into a letter of intent agreement with an international distributor representing the health authority of a G20 country for the purchase of 2,000,000 test kits. The Company also accepted pre-orders for an additional 1,250,000 of the Company's antigen detecting, rapid-response test.

   These letters of intent for a sale represent an expression of interest between the parties to supply the Company's tests at a price to be agreed in good faith following validation of the test and confirmation of manufacturing economics.

   The Company cautions that its test is still in development but expects to complete a functional prototype and confirm third party validation tests in the near future.

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trademarks.

   Not applicable.

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

    During the month of April 2020, the Company hired an additional Senior Scientist, two Lab technicians, a Supply Chain Analyst, and a Business Development Analyst.

11. Report on any labour disputes and resolutions of those disputes if applicable.

    Not applicable.

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

    Not applicable.

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

Not applicable.

14. Provide details of any securities issued and options or warrants granted.

The Company secured approval for its common shares to trade on the OTCQB Marketplace under the symbol "SNANF" at the opening of trading on April 13, 2020. The Company continues to trade on the Canadian Securities Exchange under "SONA".

On April 19, 2020, the Company issued 400,000 common shares on the exercise of warrants priced at $0.25 per share. The Company has 196,250 outstanding warrants with an exercise price of $0.25 per share and expiring on September 28, 2020.

On April 3, 2020, the Company issued 127,500 common shares on the exercise of options priced at $0.20 per share.

On March 17, 2020, the Company granted 1,100,000 incentive stock options granted 1,100,000 incentive stock options under the Company's Stock Option Plan of which 540,000 have been granted to Directors and Officers. Each option is exercisable into one common share at a price of $0.60 per share and will vest at the rate of 25% every six months. The options will expire five years from the date of grant.

On January 13, 2020, the Company converted notes payable of $295,000 and accrued interest of $209,054 with the issuance of 2,520,270 common shares at a deemed price of $0.20 per share.

15. Provide details of any loans to or by Related Persons.

Not applicable.

16. Provide details of any changes in directors, officers or committee members.

In December 2019, Jim Megann has been appointed as a director of the company. Mr. Megann is a former director of the Company and is currently the Managing Director of Numus Financial. Numus Financial has been an investor in Sona Nanotech since 2014.

Mr. Megann is replacing Mr. Wade Dawe, who has served on the Company's Board since April 2019. Mr. Dawe, the Chief Executive Officer of Numus Financial, will focus on other board commitments, but will remain a trusted advisor to Sona Nanotech.

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

Since very early in 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and conditions of the Company in future periods.

Certificate of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.

2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in Policy 1).

4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: May 7, 2020.

Name of Director or Senior Officer

Rob Randall

(Signed) *Rob Randall*
CFO & Corporate Secretary

Issuer Details Name of Issuer **SONA Nanotech Inc.**	For Month End **April, 2020**	Date of Report YY/MM/DD 2020/05/07
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