FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: **SONA Nanotech Inc.** (“Sona” or “Issuer” or “Company”).

Trading Symbol: **SONA**

Number of Outstanding Listed Securities: **63,568,478**

Date: **February 5, 2021 *(for the month of January 2021)***

**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, subject to the approval of various regulatory boards including Health Canada and the FDA.*

*Sona is a research and development company that owns proprietary gold nanorod (“GNRs”) 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 GNRs 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 may be able to 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 may be able to 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.*

*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.*

1. 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 COVID-19 rapid detection antigen 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 The Native Antigen Company, Bond Digital Health, MRIGlobal and its Scientific Advisory Team.*

*In April 2020, Sona was awarded a $4.1 million grant from Canada’s Next Generation Manufacturing (“NGen”), Canada’s Advanced Manufacturing Supercluster, to develop and commercialize its rapid detection COVID-19 antigen test. This non-repayable grant has been used to accelerate the development of a COVID-19 antigen test with a view to deploying this COVID-19 virus-detecting, point-of-care test with Canadian and international medical authorities. NGen extended the expiry term of this project to November 15, 2020.*

*The Supercluster funding is pursuant to a $50 million initiative led by NGen to support companies as they prepare to produce critically needed technologies, equipment, and medical products to aid in the fight against COVID-19. As at November 30, 2020, the Company has received funding of $3.5 million and incurred expenditures of $3.9 million*

*NGen has played 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 GNRs 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 has also helped to bring other Canadian suppliers and partners to the Company’s efforts.*

*NGen leads Canada’s Advanced Manufacturing Supercluster, managing $230 million in funding from the Government of Canada to leverage Canada’s manufacturing and technology strengths to build world-leading advanced manufacturing capabilities. There is no more important priority for manufacturers across Canada today than to respond to COVID-19. NGen is targeting enhanced funding for companies that can scale-up production of critical supplies in response to the COVID-19 crisis and secure their supply chains given the likelihood of future global disruptions.*

1. 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.

*Rapid Screening Test for Coronavirus*

*Sona has deployed its proprietary nanotechnology in the development of a rapid screening test for the current coronavirus, COVID-19 and has developed a quick-response lateral flow test to screen patients for the COVID-19 virus. There are currently very few lateral flow antigen tests 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 has integrated its technology in 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.*

*The Sona COVID-19 test directly detects the COVID-19 virus, confirming active infection. Competitors are developing alternative COVID-19 rapid response tests and 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, the serological tests that are NOT specific to a COVID-19 infection can 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 positives.*

*As many countries prepare for a re-opening of their economies, there is growing consensus that an increase in testing will be required to keep economies open while still protecting the population. Sona’s rapid COVID-19 antigen test is a device designed to be used at point-of-care to detect the presence of the SARS-Cov2 virus in a patient within 15 minutes which could make it a critical component of testing protocols being considered by governments as they devise plans to relax social distancing measures. The Company’s test will not require either specialized equipment or lab-based professionals to interpret its test results.*

*The Sona rapid detection COVID-19 antigen test could be ideal for use in a variety of scenarios for diagnostic, screening and assurance testing - such as:*

* *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.*

*Validation Results for COVID-19 Antigen Test*

*In May 2020, the Company engaged MRIGlobal, a leading applied scientific research organization, to provide analytical and clinical validation studies for Sona’s COVID-19 rapid detection, point-of-care, antigen test which has been used for submission to Health Canada for an Interim Order (“IO”) and the FDA for an Emergency Use Authorization (“EUA”). MRIGlobal has three ISO 9001, CLIA certified, and FDA compliant BSL-3 laboratories located throughout the United States and works with government and corporate clients from around the world.*

*The project work occurred in MRIGlobal’s Kansas City laboratories and assessed Sona’s test using live SARS-CoV-2 virus following its past, successful internal evaluation using gamma irradiated COVID-19 virus. The EUA studies followed the FDA’s guidance for antigen testing, including assessments for sensitivity, specificity, cross-reactivity, and interfering substances using patient samples and contrived (live viral culture) samples. The results of this assessment was included as part of the Company’s regulatory submissions to Health Canada for an IO and the FDA for an EUA.*

*MRIGlobal, using live COVID-19 viral cultures, determined the test to have a Limit of Detection (“LOD”) of 2.1 x 102 TCID50 which corresponds to an ability to detect the virus in patients with ‘low’ viral loads in 15 minutes, as compared to RT-PCR testing which typically takes 24-48 hours to detect the virus. LOD is the minimum amount of target microorganisms that can be reliably detected under optimal conditions and is an essential step in determining the sensitivity of any assay. Current studies show positive COVID-19 patients presenting symptoms have viral loads in the 104 – 106 range.*

*In-house validation studies were also conducted to assess potential clinical performance of the test using 30 nasopharyngeal samples from healthy individuals who were presumed negative for COVID-19. Results from the study generated a specificity of 96% (29/30) and a sensitivity of 96% (28/29) and a Limit of Detection (“LOD”) of 2.1 x 102 TCID50. All specimen samples tested generated negative results, except for one, generating the above result of 96% specificity. To generate the sensitivity data, the remnants of each negative sample were spiked with gamma irradiated COVID-19 virus and the tests rerun to determine the positive results, generating the above result of 96% sensitivity.*

*As the pandemic continues and the understanding of COVID-19 improves, regulators have placed greater emphasis on clinical, ‘in-field’ evaluations of rapid tests at the point of care to ensure they can be deployed with confidence. Following consultation with MRIGlobal and the FDA, Sona entered into an independent clinical, in-field evaluation study (“CES”) to generate the data to support its analytical and clinical data as part of the submission it has made to Health Canada for an interim order (“IO”) and the FDA for emergency use authorization (“EUA”). In-field collection of a minimum of 30 confirmed negative and 30 confirmed positive specimens and the associated data analysis was completed. The Company engaged the King Fahd Research Center lab at King Abdulaziz University within SaudiVax, a life sciences joint venture between PnuVax Inc. of the United States and UYC Inc. of Saudi Arabia, to deliver the results of the study.*

*In late August, from its CES, the Company announced that its rapid detection COVID-19 antigen test achieved a sensitivity of 84.6% and a specificity of 90.0%. The CES collected 99 clinical patient samples, which included 39 positive samples and 60 negative samples, as determined by RT-PCR testing. The data from this study was used to support the Company’s analytical and clinical data as part of the submission it has made to Health Canada for an IO and the FDA for an EUA approval for its rapid detection COVID-19 antigen test.*

*On October 28, 2020, the Company received notice from the FDA that the Company’s request for an EUA for the marketing of its rapid, COVID-19 antigen test in the United States “is not a priority” and consequently such authorization will not be issued at this time. The FDA cited current EUA request prioritization criteria as including “the public health need for the product”* *and did not comment on the performance of the Sona test.*

*On November 25, 2020, the Company withdrew its application for an Interim Order authorization (“IO”) from Health Canada for the marketing of its rapid, COVID-19 antigen test based on feedback from Health Canada and to obtain more clinical data to augment its submission. The Company remains committed to working with regulators to provide additional information and analysis on its test and to re-submitting its application as quickly as possible.*

*The Company continues to work with several potential partners to secure an additional clinical trial to support other potential regulatory submissions. Any trial would require a sponsoring institution, a principal investigator, a study protocol, relevant medical ethics review board approval and Health Canada Investigational Testing Division approval. In advance of any such additional clinical trial, the Company continues to optimize its saliva-based prototype of its rapid, COVID-19 antigen test.*

*In addition to continuing to pursue approval of the Company’s rapid COVID-19 antigen test, which uses a nasal pharyngeal swab, the Company continues to validate the next evolution of its rapid COVID-19 antigen test which aims to use saliva samples, building on its existing technology, providing for less invasive sample collection. The saliva test would use the existing Sona lateral flow cassette. The Company intends to seek a large-scale trial specifically for its saliva-based test. This test would require a separate submission to regulators for approval to be used as a medical diagnostic device.*

*The Company cautions that its rapid detection COVID-19 antigen test is not yet approved by Health Canada and Sona will update the market as appropriate. The Company is not making any express or implied claims that its product has the ability to eliminate, cure or contain the COVID-19 virus (or SARS-2 Coronavirus) at this time.*

*Sona recommends that users consult the CDC Interim Guidance for Antigen Testing for SARS-CoV-2:* <https://www.cdc.gov/coronavirus/2019-ncov/lab/resources/antigen-tests-guidelines.html>

*Sona has sold tests to Canadian companies under ‘research use only’ labelling. These tests are being evaluated as a screening tool for the identification of COVID-19 amongst employees. Potential programs envision having employees that test positive with the Sona rapid test designated ‘presumed positive’, removed from congested work environments and referred to medical professionals for confirmatory testing. This process would allow employers to remove affected staff from the workplace, reduce potential spread and help businesses remain open in pandemic conditions. The Company believes that screening individuals in congested environments, whether they be mining operations, airports or long-term care facilities is the best use case for Sona’s rapid test and that this added testing tool can play an important role in Canada’s response to Covid-19. These tests were manufactured in the Company’s in-house manufacturing facility.*

*The Company appointed Obelis S.A as its Authorized Representative in the European Union, to complete the CE Marking process for its In-Vitro Diagnostic Devices. Obelis, a regulatory and compliance consulting service provider operating since 1988, certified both under ISO 9001 & 13485, has successfully helped more than 3,000 manufacturers in over 60 countries to introduce their products to the European market. As part of the CE Marking compliance process, the Company worked with Obelis, to compile its technical documentation to serve as evidence of conformity with the CE Marking requirements, and with Sona’s contract manufacturer to complete its technology transfer batch production runs.*

*On December 31, 2020, Sona was granted CE Mark status for its rapid, COVID-19 antigen test. The CE Mark declares the conformity of the Sona test with EU regulations and allows Sona to commercialize its test throughout Europe and potentially other territories in which the CE Mark is recognized.*

*The Company intends to begin selling its test as a screening tool for organizations wishing to screen individuals in high-risk congregate settings in which testing could quickly identify persons with a SARS-CoV-2 infection to inform infection prevention and control measures to reduce risk of transmission. Individuals who have symptoms of COVID-19 or who have had close contact with someone with confirmed COVID-19 should be considered as candidates for screening. As a rapid screening test, all results should be assessed in the context of the local prevalence of the virus and considered ‘presumed’ positive or negative until confirmed by a physician.*

*With its CE Mark secured, the Company is now able to take firm orders in territories accepting a CE Mark and make corresponding manufacturing commitments from its contract manufacturer in the United Kingdom. The Company is currently also in the process of technology transfer to a second manufacturer, in North America. The Company will report quarterly on sales volumes and will update the market as material developments occur.*

*Other Lateral Flow Tests*

*The Company’s product portfolio of other proprietary lateral flow tests will continue upon regulatory approval and commercialization of the Company’s rapid detection COVID-19 antigen test. These other tests leverage the Company’s proprietary GNRs technology’s highly sensitive ability to detect various biomarkers in the Pico gram range.*

*Sona’s Concussion Test*

*An estimated 10 million concussions occur each year globally, with 2.9 million/year in the US alone, including 837,000 incidents involving children. For its next rapid-response test R&D project, leveraging the Company’s proprietary GNRs technology, Sona’s concussion test is ready to enter the prototype development stage. Industry standard timelines for such a test to reach commercialization is estimated at 12-24 months, subject to regulatory approvals.*

*The Sona concussion test seeks to detect the presence of Glial fibrillary acidic protein (“GFAP”), a biological marker associated with concussions, typically released into the blood stream within minutes of an impact to the head. GFAP appears at trace amounts within minutes following a head impact, and the ability of Sona’s proprietary GNRs technology to detect biomarkers at very low levels is ideally suited for such a test.  GFAP has been approved by the FDA as an effective indicator that may indicate a patient has suffered a concussion. Sona expects this test will be in the form of a lateral-flow assay, similar to its rapid detection COVID-19 antigen test and will be designed to be administered in-field within a few minutes of a causality event, without the need for laboratory equipment or medical expertise.*

*The Company has engaged Bonham/Wills & Associates (“Bonham/Wills”), a leading sports consulting firm, to assist in securing test development sponsorship partners for Sona’s concussion test. Bonham/Wills is tasked with identifying partners to participate in the development of a prototype and eventual field validation for a test for mild-traumatic brain injury, commonly referred to as concussion.  Partners will be asked to support on-going test development, optimization, validation, and field studies with a view to obtaining regulatory approval around the globe.*

1. 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*

1. 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.

*Manufacturing*

*The Company continues its manufacturing scale-up activities, having run multiple pilot production batches with a contract manufacturing organization and the Company is currently also in the process of technology transfer to a second manufacturer, in North America.*

1. 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*

1. 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*

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

*Not applicable*

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

*Sona filed an International (PCT) Patent Application on November 2, 2018, with a priority date of November 4, 2017, to protect their core gold nanorod technology. Patent protection is now being pursued in Australia, Canada, China, Europe, India, Japan, Korea, and US based on the International (PCT) Patent Application. Upon issuance, the patents are expected to expire no earlier than November 2038 and will provide patent protection for Sona's gold nanorod technology.*

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

*In August 2020, the Company hired a VP of Supply Chain. 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.*

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

*Not applicable.*

1. 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.

*On December 17, 2020, a putative shareholder class action lawsuit was filed in the United States District Court for the Central District of California. The complaint asserts claims under Sections 10(b) and 20 of the Securities Exchange Act of 1934 on behalf of a putative class of investors who purchased or otherwise acquired stock of the Company in US transactions between July 2, 2020 and November 25, 2020. The suit alleges that the Company made material misstatements regarding its rapid detection COVID-19 antigen test. The case is in its early stages.*

*On December 18, 2020, a Notice of Action and Statement of Claim was filed in the Supreme Court of Nova Scotia. The Statement of Claim purports to assert claims on behalf of a class of persons or entities who purchased stock of the Company based on similar allegations of material misrepresentations and omissions as alleged in the US action. The case is in its early stages.*

*The Company believes these claims are without merit and intends to contest the claims and mount a vigorous defence.*

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

*Not applicable.*

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

*In January 2021, the Company issued 18,750 common shares on the exercise of options priced at $0.35 per share and 18,750 common shares on the exercise of warrants priced at $0.60 per share.*

*In December 2020, the Company closed its non-brokered private placement with the issuance of 2,259,200 units at $1.00 per unit. Each unit consists of one common share of Sona (a "Common Share") and one-half of a Common Share purchase warrant (each whole Common Share purchase warrant, a "Warrant"). Each Warrant is exercisable to purchase one additional Common Share of Sona at a price of $1.25 per Common Share for a period of 24 months from the closing date of the Financing (the "Closing Date").*

*In early November, the Company granted 250,000 incentive stock options under the Company's Stock Option Plan to the new Director, Mark Lievonen. Each option is exercisable into one common share at a price of $3.36 per share and will vest at the rate of 25% every six months. The options will expire five years from the date of grant.*

*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”.*

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

*In August 2020, a related party - Numus Financial Inc. provided a working capital loan in the amount of $300,000. This loan was increased to $500,000 in October 2020 and $600,000 in November 2020. This loan bears interest at bank prime plus 1% and is repayable on demand. There is also a 2% lender fee.*

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

*In early November Mr. J. Mark Lievonen, C.M., was appointed to the Company's Board of Directors. Mr. Lievonen is the former President of Sanofi Pasteur Limited, the Canadian vaccine division of Sanofi. Under his leadership, Sanofi Pasteur became a billion ndollar enterprise in Canada, manufacturing over 50 million doses of vaccines for both domestic and international markets. Mr. Lievonen spearheaded a cancer vaccine program and supported the launch of a five-component pertussis vaccine, which is widely used to this day. He has also served on a number of public and not-for-profit boards and industry organizations including as Chair of BIOTECanada and Rx&D (now Innovative Medicines Canada).*

*Currently, Mr. Lievonen is the Co-Chair of the Government of Canada’s COVID-19 Vaccine Task Force, a Director of OncoQuest Pharmaceuticals Inc., Biome Grow Inc., and the Gairdner Foundation. He holds a BBA in accounting and a MBA in finance and marketing from the Schulich School of Business, York University, and is a FCPA.*

*Mr. Lievonen is replacing Mr. Zephaniah Mbugua, who has served on the Company's Board since August 2018.*

*In July 2020, Mr. David Regan was appointed CEO of the company. Mr. Regan has served as a strategic advisor to the Company for the past four months and will continue to work closely with founding CEO Darren Rowles who will assume the role of President and Chief Scientific Officer. Mr. Regan brings to the position more than 15 years of experience with capital markets, mergers & acquisitions, and international business, having served as an officer and director of public companies, and previously as a management consultant in both New York and London.*

1. 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.*

*As many countries prepare for a re-opening of their economies, there is growing consensus that an increase in testing will be required to keep economies open while still protecting the population. Sona’s rapid COVID-19 antigen test is a device designed to be used at point-of-care to detect the presence of the SARS-Cov2 virus in a patient within 15 minutes which could make it a critical component of testing protocols being considered by governments as they devise plans to relax social distancing measures. The Company’s test will not require either specialized equipment or lab-based professionals to interpret its test results.*

**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: February 5, 2021.

 Name of Director or Senior Officer

 Rob Randall

 (Signed) *Rob Randall*
CFO & Corporate Secretary

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| ***Issuer Details***Name of IssuerSONA Nanotech Inc. | For Month EndJanuary, 2021 | Date of ReportYY/MM/DD2021/02/05 |
| Issuer Address1 Research Drive, Bay 2 |
| City/Province/Postal CodeDartmouth, Nova Scotia, Canada, B2Y4M9 | Issuer Fax No.(902) 491-4281 | Issuer Telephone No.(902) 442-0653 |
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