

## FORM 8

### NOTICE OF PROPOSED PROSPECTUS OFFERING

Please complete the following:

Name of Listed Issuer: Sona Nanotech Inc. (the "Issuer").

Trading Symbol: SONA

Date: April 9, 2021

Is this an updating or amending Notice:  Yes  No

If yes provide date(s) of prior Notices: \_\_\_\_\_.

Issued and Outstanding Securities of Issuer Prior to Proposed Prospectus Offering:  
63,624,728 common shares.

Date of News Release Announcing Proposed Prospectus Offering: April [9], 2021.  
(or provide explanation if news release not disseminated yet and expected date or circumstances that are expected to trigger news release dissemination)

#### 1. Prospectus Offering

1. Description of securities to be issued:

(a) Class Common shares

(b) Number approximately 6,170,935 (calculated by dividing the quotient of \$10,000,000 by the volume weighted average price of the common shares on the CSE for the 5-day period ending April 8, 2021)

(c) Price per security N/A

(d) Voting rights one vote per common share

2. Provide details of the net proceeds to the Issuer as follows:

(a) Per security: N/A

(b) Aggregate proceeds: N/A

3. Provide description of any Warrants (or options) including:
- (a) Number N/A .
  - (b) Number of securities eligible to be purchased on exercise of Warrants (or options) N/A .
  - (c) Exercise price N/A .
  - (d) Expiry date N/A .
  - (e) Other significant terms N/A .

4. Provide the following information if debt securities are to be issued:
- (a) Aggregate principal amount N/A .
  - (b) Maturity date N/A .
  - (c) Interest rate N/A .
  - (d) Conversion terms N/A .
  - (e) Default provisions N/A .

5. Details of currently issued and outstanding shares of each class of shares of the Issuer:

63,624,728 common shares .

6. Describe any unusual particulars of the offering (i.e. tax “flow through” shares, special warrants, etc.).

The offering is an "at-the-market" offering as defined in NI 44-102 – Shelf Distributions. As such, the common shares will be distributed at market prices prevailing at the time of sale of the common shares. Pursuant to s. 9.2 of NI 44-102 – Shelf Distributions, the Issuer is exempt from the requirement to deliver a prospectus to purchasers of the common shares. Further, the offering is exempt from the purchasers' statutory rights of withdrawal and rights of action for non-delivery of prospectus .

7. Provide details of the use of the proceeds:

The Company intends to use the net proceeds of the offering, if any, principally for general corporate and working capital requirements, funding ongoing operations (including research and development), to repay indebtedness outstanding from time to time or for other corporate purposes.

Please refer to the "Use of Proceeds" heading in the prospectus supplement, attached hereto, for full details.

8. Provide particulars of any proceeds of the offering which are to be paid to Related Persons of the Issuer: N/A .
9. Provide details of the amounts and sources of any other funds that will be available to the Issuer prior to or concurrently with the completion of the offering: N/A .
10. Provide the following information for any agent's fee, commission, bonus or finder's fee, or other compensation paid or to be paid in connection with the offering (including warrants, options, etc.):
  - (a) Details of any dealer, agent, broker, finder or other person receiving compensation in connection with the offering (name, address, beneficial ownership where applicable):  
Canaccord Genuity Corp. (the "Agent")  
161 Bay Street, Suite 3000  
Toronto, Ontario M5J 2S1 .
  - (b) Cash 3.0% of the gross proceeds from any sale of common shares made under the offering .
  - (c) Securities N/A .
  - (d) Other N/A .
  - (e) Expiry date of any options, warrants etc. N/A .
  - (f) Exercise price of any options, warrants etc. N/A .
11. State whether the sales agent, broker, dealer, finder, or other person receiving compensation in connection with the offering is a Related Person of the Issuer with details of the relationship: The Agent is not a Related Person of the Issuer .
12. Provide details of the manner in which the securities being offered are to be distributed. Include details of agency agreements and sub-agency agreements outstanding or proposed to be made including any assignments or proposed assignments of any such agreements and any rights of first refusal on future offerings: The common shares to be issued under the offering will be issued pursuant to the Equity Distribution Agreement dated April [9], 2021 between the Issuer and the Agent. Please refer to the "Plan of

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Distribution" heading in the prospectus supplement, attached hereto, for full details.

13. Attach any term sheet, engagement letter or other document setting out terms, conditions or features of the proposed offering.

See attached the prospectus supplement of the Issuer dated April [9], 2021 as well as the Equity Distribution Agreement dated April 9, 2021.

## 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 on behalf of the Issuer.
2. As of the date hereof there 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 CNSX Policy 1).
4. All of the information in this Form 8 Notice of Proposed Prospectus Offering is true.

Dated April 9, 2021.

David Regan  
Name of Director or Senior  
Officer

"David Regan"  
Signature

Chief Executive Officer  
Official Capacity

**No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.**

*This prospectus supplement (the “**prospectus supplement**”), together with the short form base shelf prospectus dated March 31, 2021 to which it relates (the “**base shelf prospectus**” and, as supplemented by this prospectus supplement, the “**Prospectus**”), as amended or supplemented, and each document incorporated by reference into this prospectus supplement or the accompanying base shelf prospectus, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.*

*These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any state securities laws. Accordingly, the securities offered hereby may not be offered or sold within the United States of America or its territories or possessions or to “U.S. persons”, as defined in Regulation S under the U.S. Securities Act, (“U.S. Persons”) except in compliance with the registration requirements of the U.S. Securities Act and applicable state securities laws or under exemptions from those laws. This prospectus supplement does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States or to U.S. Persons. See “Plan of Distribution.”*

**Information has been incorporated by reference in this prospectus supplement and the accompanying base shelf prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Sona Nanotech Inc. at Suite 2001 – 1969 Upper Water Street, Halifax, Nova Scotia, B3J 3R7 (phone: (902) 442-7187) and are also available electronically at [www.sedar.com](http://www.sedar.com).

## PROSPECTUS SUPPLEMENT

To the short form base shelf prospectus dated March 31, 2021

New Issue

April 9, 2021



**Up to \$10,000,000  
Common Shares**

This Prospectus qualifies the distribution (the “**Offering**”) of common shares (“**Common Shares**”) of Sona Nanotech Inc. (“**Sona**” or the “**Company**”) having an aggregate sale price of up to \$10,000,000. See “**PLAN OF DISTRIBUTION**”.

The Common Shares of Sona are listed on the Canadian Securities Exchange (the “**CSE**”) under the symbol “**SONA**”. On April 8, 2021, the last trading day on the CSE before the filing of this prospectus supplement, the closing price of the Common Shares on the CSE was \$1.68. The Company has given notice to the CSE to list the Common Shares offered by this Prospectus on the CSE.

Sona has entered into an equity distribution agreement dated April 9, 2021 (the “**Distribution Agreement**”) with Canaccord Genuity Corp. (the “**Agent**”) pursuant to which Sona may distribute up to \$10,000,000 of Common Shares from time to time through the Agent, as agent, in accordance with the terms of the Distribution Agreement. Sales of Common Shares, if any, under this Prospectus are anticipated to be made in transactions that are deemed to be “at-the-market distributions” as defined in National Instrument 44-102 - *Shelf Distributions* (“**NI 44-102**”), including sales made directly on the CSE or on any other Canadian marketplaces on which the Common Shares trade. The Common Shares will be distributed at the market prices prevailing at the time of the sale. As a result, prices at which Common Shares are sold in the Offering may vary as between purchasers and during the period of any distribution. **There is no minimum amount of funds that must be raised under the Offering. This means that the Offering may terminate after only raising a small portion of the maximum Offering amount set out above, or none at all.** See “**PLAN OF DISTRIBUTION**”.

Sona will pay the Agent compensation for its services in acting as agent in connection with the sale of Common Shares pursuant to the Distribution Agreement of 3.0% of the gross proceeds from any sale of Common Shares pursuant to the Offering (the “**Commission**”).

The Agent may not, and no person or company acting jointly or in concert with the Agent may, in connection with the Offering, enter into any transaction that is intended to stabilize or maintain the market price of the Common Shares distributed under this Prospectus, including selling an aggregate number of Common Shares that would result in the Agent creating an over-allocation position in the Common Shares. See “*PLAN OF DISTRIBUTION*”.

**Investing in the Common Shares involves significant risks. Prospective investors should consider the risk factors described under “*Risk Factors*” in this prospectus supplement, the base shelf prospectus and in the Company’s annual information form dated February 26, 2021 for the year ended October 31, 2020 (the “AIF”) and the management’s discussion and analysis for the year ended October 31, 2020, incorporated by reference herein and which can be found on SEDAR at [www.sedar.com](http://www.sedar.com) before purchasing Common Shares.**

In the opinion of counsel, the Common Shares, if issued on the date hereof, generally would be qualified investments under the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the “Tax Act”) for certain tax-exempt trusts. See “*ELIGIBILITY FOR INVESTMENT*”.

**Owning the Common Shares may subject you to tax consequences. This prospectus supplement and the base shelf prospectus may not describe the tax consequences fully. You should consult your tax adviser prior to making any investment in the Common Shares.**

The Company’s corporate office and its registered and records office is located at Suite 2001 – 1969 Upper Water Street, Halifax, Nova Scotia, B3J 3R7 and its research and development office is located at 1 Research Drive, Bay 2, Dartmouth, Nova Scotia B2Y 4M9.

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### **ABOUT THIS PROSPECTUS SUPPLEMENT AND THE BASE SHELF PROSPECTUS**

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of the Common Shares that Sona is currently offering and also adds to and updates certain information contained in the base shelf prospectus. The second part is the accompanying base shelf prospectus, which gives more general information, some of which may apply to the Common Shares offered hereunder. This prospectus supplement is deemed to be incorporated by reference into the base shelf prospectus solely for the purposes of the Offering constituted by this prospectus supplement.

Purchasers should read this prospectus supplement along with the accompanying base shelf prospectus. Purchasers should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying base shelf prospectus. Sona and the Agent have not authorized any other person to provide purchasers with different information. If anyone provides purchasers with different or inconsistent information, purchasers should not rely on it. Purchasers should not assume that the information provided by this prospectus supplement or the accompanying base shelf prospectus (including the documents incorporated by reference herein and therein) is accurate as of any date other than as of their respective dates. Sona's business, financial condition, results of operations and accompanying prospects may have changed since those dates. The Common Shares are being offered only in jurisdictions in which offers and sales are permitted.

If the information varies between this prospectus supplement and the accompanying base shelf prospectus, the information in this prospectus supplement supersedes the information in the accompanying base shelf prospectus.

In this Prospectus, unless otherwise indicated or the context otherwise requires, the terms "Sona", the "Company", "we", "us", and "our" are used to refer to Sona Nanotech Inc. Capitalized terms used in this Prospectus that are not otherwise defined shall have the meanings ascribed to such terms in the Company's AIF, which is incorporated by reference herein.

### **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION**

This Prospectus (including the documents incorporated by reference herein) contains "forward-looking information" within the meaning of applicable securities laws, which may include, but is not limited to, the intended use of proceeds of the sale of Common Shares described under "*Use of Proceeds*" herein, statements with respect to future financial or operating performance of Sona, as well as the Company's current expectations, estimates, projections, assumptions and beliefs. Often, but not always, forward-looking information can be identified by the use of words such as "seeks", "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes", or variations (including negative variations of such words and phrases), or state that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur" or "be achieved", or the negative forms of any of these words and other similar expressions.

Forward-looking information in this Prospectus and the documents incorporated by reference herein includes, but is not limited to, comments regarding:

- the development plans for the Company's gold nanoparticle products and associated services, including its development of a saliva-based test and other rapid diagnostic tests and services, as well as the timing and costs thereof;
- the Company's business milestones and the anticipated timing thereof, including those described under "*USE OF PROCEEDS*" herein;
- the Company's business strategy;
- the Company's strategy for protecting its intellectual property;
- the Company's ability to obtain necessary funding on favorable terms or at all, and status as a going concern;
- the Company's plan and ability to secure revenues;
- the risk of competitors entering the market;
- the Company's ability to hire and retain skilled staff;
- the ability to obtain financing to fund future expenditure and capital requirements; and
- the impact of adoption of new accounting standards.

Although Sona believes that the plans, intentions and expectations reflected in this forward-looking information are reasonable, Sona cannot be certain that these plans, intentions or expectations will be achieved. Actual results, performance or achievements could differ materially from those contemplated, expressed or implied by the forward-looking information contained in this Prospectus. Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Sona to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, those factors discussed or referred to in the section entitled "*RISK FACTORS*" in this Prospectus and in the AIF of the Company incorporated by reference herein, and include, without limitation, risks related to: ability to obtain additional financing; not achieving required regulatory approvals for its products on a timely basis or at all; adverse changes in relevant laws or regulations; risks and uncertainties associated with product development; risks of not achieving production, costs of goods sold or other estimates; reliance on outside contractors to conduct certain activities; defects in or loss of intellectual property rights; loss of key personnel and our inability to attract and retain qualified personnel; political, economic and other uncertainties in the jurisdiction where we operate or conduct business activities; risks of obtaining and maintaining other necessary licenses, permits and approvals from various governmental authorities; risks related to compliance with environmental regulations and environmental hazards; fluctuations in foreign currency exchange rates; potential losses, liabilities and damages related to our business which are uninsured or uninsurable; competition with other companies; risks associated with litigation; volatility of global financial conditions; taxation, including changes in tax laws and interpretation of tax laws; as well as other risks, uncertainties and other factors beyond our ability to control.

Although Sona has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained or incorporated by reference herein is made as of the date of this Prospectus or the date of the document incorporated by reference herein based on the opinions and estimates of management at that time. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except as required by applicable securities laws.

### **CURRENCY PRESENTATION**

All dollar amounts set forth in this prospectus are expressed in Canadian dollars and referred to as "\$" unless otherwise specifically indicated.

## DOCUMENTS INCORPORATED BY REFERENCE

*Information has been incorporated by reference in this Prospectus from documents filed with the various securities commissions or similar regulatory authorities in Canada.* Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of the Company at Suite 2001 – 1969 Upper Water Street, Halifax, Nova Scotia, B3J 3R7 (phone: (902) 442-7187) and are also available electronically at [www.sedar.com](http://www.sedar.com). Information contained or featured on the Company's website shall not be deemed to be part of this Prospectus.

The following documents, filed by the Company with the securities commissions or similar regulatory authorities in each province and territory of Canada, are specifically incorporated by reference into, and form an integral part of, this Prospectus:

- (a) the AIF of the Company dated February 26, 2021 for the year ended October 31, 2020;
- (b) the audited financial statements of the Company for the years ended October 31, 2020 and 2019, together with the auditor's report thereon and notes thereto;
- (c) the management's discussion and analysis for the year ended October 31, 2020;
- (d) the unaudited financial statements of the Company for the three months ended January 31, 2021 and 2020, together with the notes thereto;
- (e) the management's discussion and analysis for the three months ended January 31, 2021;
- (f) the management information circular of the Company dated March 25, 2021 prepared in connection with the annual general meeting of shareholders of the Company to be held on April 29, 2021;
- (g) the material change report dated November 6, 2020 relating to its application to the United States Food and Drug Administration;
- (h) the material change report dated November 12, 2020 relating to the appointment of Mr. Mark Lievonen as a Director of the Company; and
- (i) the material change report dated December 2, 2020 relating to the withdrawal of its application for an Interim Order authorization from Health Canada.

**A reference herein to this Prospectus also means any and all documents incorporated by reference in this Prospectus. Any document of the type referred to above (excluding confidential material change reports), any business acquisition reports, the content of any news release disclosing financial information for a period more recent than the period for which financial statements are required and certain other disclosure documents as set forth in Item 11.1 of Form 44-101F1 of National Instrument 44-101 – *Short Form Prospectus Distributions* of the Canadian Securities Administrators filed by the Company with the securities commissions or similar regulatory authorities in Canada after the date of this Prospectus and prior to the termination of the Offering shall be deemed to be incorporated by reference in this Prospectus.**

**Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not constitute a part of this Prospectus, except as so modified or superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.**

**In addition, if the Company disseminates a news release in respect of previously undisclosed information that, in the Company’s determination, constitutes a “material fact” (as such term is defined under applicable Canadian securities laws), the Company will identify such news release as a “designated news release” for the purposes of the Prospectus in writing on the face page of the version of such news release that the Company files on SEDAR (any such news release, a “Designated News Release”), and each such Designated News Release shall be deemed to be incorporated by reference into this Prospectus only for the purposes of the Offering. These documents will be available through the internet on SEDAR, which can be accessed at [www.sedar.com](http://www.sedar.com).**

### **ELIGIBILITY FOR INVESTMENT**

In the opinion of Stewart McKelvey, counsel to the Company, and Blake, Cassels & Graydon LLP, counsel to the Agent, subject to the provisions of any particular plan, the Common Shares offered hereby, if issued on the date hereof, generally would be, as of the date hereof, “qualified investments” under the Tax Act for a trust governed by a registered retirement savings plan (“**RRSP**”), a registered retirement income fund (“**RRIF**”), a registered education savings plan (“**RESP**”), a deferred profit sharing plan, a registered disability savings plan (“**RDSP**”) or a tax free savings account (“**TFSA**”). Notwithstanding that the Common Shares may be qualified investments for a trust governed by an RRSP, RRIF, RESP, RDSP or a TFSA, the annuitant under an RRSP or RRIF, a subscriber of an RESP, or the holder of a TFSA or an RDSP, as the case may be, may be subject to a penalty tax if such Common Shares are a “prohibited investments” for the trust governed by the RRSP, RRIF, RESP, RDSP or TFSA, as the case may be, within the meaning of the Tax Act. The Common Shares will generally not be a “prohibited investment” provided that the annuitant under the RRSP or RRIF, a subscriber of the RESP, or the holder of the TFSA or the RDSP as the case may be, deals at arm’s length with the Company for purposes of the Tax Act and does not have a “significant interest” (as defined in the Tax Act) in the Company. In addition, the Common Shares will not be prohibited investments if such Common Shares are “excluded property” (as defined in the Tax Act) for a trust governed by an RRSP, RRIF, RESP, RDSP or a TFSA.

Prospective investors who intend to hold Common Shares in a trust governed by a RRSP, RRIF, RESP, RDSP, or TFSA are urged to consult their own tax advisors regarding their particular circumstances.

### **THE COMPANY**

The Company was amalgamated pursuant to the federal laws of Canada on August 8, 2018 under the name “Sona Nanotech Inc.”. The Company has an unlimited number of authorized Common Shares without par value issuable.

The registered and records office and corporate office of the Company are located Suite 2001 – 1969 Upper Water Street, Halifax, Nova Scotia, B3J 3R7. The research and development office is located at 1 Research Drive, Bay 2, Dartmouth, Nova Scotia, B2Y 4M9. The Company has no subsidiaries.

### **BUSINESS OF THE COMPANY**

The Company’s primary focus of business is to develop and commercialize novel nanoparticle technologies for sale to the global nanoparticles market. Sona is the manufacturer of the Gemini™ and Omni™ GNR product lines. The Company is the world’s first company to develop the ability to synthesize high volumes of gold nanorods (“**GNR**”) without the use of the toxic surfactant, cetyltrimethylammonium bromide. GNR products are ideally suited for in-vitro diagnostics test products, including lateral flow assays, enzyme-linked immunosorbent assays, flow through assays and lab analyzers. In addition, the Company’s gold nanorods have potential to be incorporated into disruptive emerging medical applications including targeted drug delivery, photothermal therapy and cell imaging. The Company had no sales revenue for or during its last three completed fiscal years.

For additional information on the business of the Company, please refer to the Company’s AIF under the heading “*Description of the Business*”.

## CONSOLIDATED CAPITALIZATION

Except as disclosed in this Prospectus, there have been no material changes in the share and loan capital of the Company, on a consolidated basis, since January 31, 2021, being the ending period of the Company's most recently filed financial statements. Further details are set out in the AIF under the heading "*Description of Share Capital*", or in the footnote 10 of the annual financial statements for the year ended October 31, 2020, incorporated by reference.

The following table sets forth the consolidated capitalization of the Company as at January 31, 2021 both before and after giving effect changes to the issued capital of the Company since January 31, 2021:

|                              | <u>As at January 31, 2021</u> | <u>As at January 31, 2021, after giving effect to material transactions since that date</u> |
|------------------------------|-------------------------------|---|
|                              | \$10,552,651                  | \$10,600,205  |
| Common Shares .....          | (63,568,478 Common Shares)    | (63,624,728 Common Shares) <sup>(1)</sup>   |
| Warrants .....               | 1,129,600                     | 1,129,600   |
| Options .....                | 4,550,000                     | 4,493,750 <sup>(1)</sup>  |
| Reserves .....               | Nil                           | Nil   |
| Shareholder Deficiency ..... | (\$1,798,720)                 | (\$1,142,029) <sup>(2)</sup>  |

Notes: 1) After giving effect to option exercises since January 31, 2021.

2) After updating for net changes in Common Shares and other equity items as outlined above.

As of the date of this Prospectus and as of March 31, 2021, the last business day of the Company's most recently completed fiscal month end prior to the date of this Prospectus, the Company had working capital deficits (excluding the current portion of long-term debt) of \$861,542 and \$810,058, respectively, and current asset balances of \$1,208,108 and \$1,262,322 respectively. Changes in working capital between these dates are due to payments made and liabilities incurred in the ordinary course of the Company's business.

## USE OF PROCEEDS

The Company has incurred substantial losses since its inception and has derived no revenue from operations, and consequently has negative cash flow from operations. The Company expects to use some or all of the net proceeds from the Offering to fund anticipated negative cash flow from operating activities in future periods.

The net proceeds from the Offering are not determinable in light of the nature of the distribution. The net proceeds of the Offering will represent the gross proceeds after deducting the applicable Commission payable to the Agent under the Distribution Agreement and the expenses of the distribution. The proceeds actually received by the Company will depend on the number of Common Shares actually sold and the sale price of such Common Shares. See "*PLAN OF DISTRIBUTION*".

The Company intends to use the net proceeds from the sale of Common Shares for general corporate and working capital requirements, including to fund ongoing research and development, operations and/or working capital requirements, to repay indebtedness outstanding from time to time or for other corporate purposes. However, management of the Company will have discretion with respect to the actual use of the net proceeds of the Offering.

Sona has recently completed a performance enhancement program for its COVID-19 test and has optimized it for use with saliva samples instead of nasopharyngeal swabs. Sona continues to work toward securing a clinical trial of its saliva-based rapid COVID-19 antigen test with a major Canadian medical institution. including approval from Health Canada's Investigational Testing Authority (ITA). Sona intends to use existing cash on hand to fund this trial, which Sona anticipates could have a total cost of approximately \$100,000 and is expected to deliver results within four to ten weeks of commencement, depending on prevalence of the disease at the time of the trial and resulting availability of a sufficient number of COVID-19-positive test subjects as are necessary to complete the

trial. If that trial is successful, Sona intends to commission the third-party analytical studies necessary for a submission to regulators. Sona expects to use a portion of the net proceeds of the Offering to fund these further studies, which Sona believes could cost between approximately \$350,000 and \$550,000. Further clinical studies may also be commenced to support claims for authorization of multiple configurations of the test, to include, but not limited to, the use of the test in asymptomatic populations and self-testing. Sona expects to use a portion of the net proceeds of the Offering to fund these further clinical studies, which Sona estimates could cost between approximately \$300,000 and \$500,000

Sona has also been developing a portfolio of other rapid tests and services over the past several years that are intended to leverage its proprietary technology and know-how in the development of lateral flow assays. It can take between 12-24 months to develop a typical rapid test which will therefore require additional funding to develop tests through to commercialization. Irrespective of the success of the clinical trial for the Company's COVID-19 saliva test, the Company intends to develop a rapid concussion test, among other potential applications. A portion of the net proceeds of the Offering is expected to be used to fund development of these tests. The development of a rapid concussion test is expected to cost between approximately \$1.0 and \$1.5 million and take 12-24 months to get to an optimized prototype. Also, as the demand for higher performing rapid tests continues, integrating tests with improved and novel reader technologies, which the Company intends to explore doing, is expected to provide a significant advantage to rapid test developers.

Longer term, research and development activities are planned to create opportunities to use the Company's unique and proprietary gold nanorod technology in 'in vivo' applications. Given this technology's unique properties and characteristics, areas in which gold nanorods could provide for innovative services and therapies include cell imaging, targeted drug delivery and tumor ablation.

| Milestone   | Anticipated Timing                        |
|---|---|
| Securing clinical trial for COVID-19 saliva test                              | April – June 2021                         |
| Clinical trial results for saliva test  | four to ten weeks from trial commencement |
| Results of analytical studies to support saliva test submission to regulators | Following trial conclusion                |
| European CE Mark designation and potential submissions to regulators          | Following analytical study results        |
| Development of prototypes of concussion and other tests                       | Mid to late 2022                          |

If completed, the Offering would constitute a material fact or material change for the Company.

The Company will require additional funding to complete further research and development work on its products. There is no assurance that such funds will be available on terms favourable to the Company. See "*Risk Factors*".

#### **PLAN OF DISTRIBUTION**

The Company has entered into the Distribution Agreement with the Agent under which the Company may issue and sell from time to time Common Shares through the Agent having an aggregate sale price of up to \$10,000,000 in each of the provinces and territories in Canada pursuant to placement notices delivered by the Company to the Agent from time to time in accordance with the terms of the Distribution Agreement. Sales of Common Shares, if any, will be made in transactions that are deemed to be "at-the-market distributions" as defined in NI 44-102, including sales made directly on the CSE or on any other Canadian marketplace on which the Common Shares are traded. Subject to the pricing parameters in a placement notice, the Common Shares will be distributed at the market prices prevailing at the time of the sale. As a result, prices may vary as between purchasers and during the period of distribution. We cannot predict the number of Common Shares that we may sell under the Distribution Agreement on the CSE or any other Canadian marketplace on which the Common Shares are traded, or if any Common Shares will be sold.

The Agent will offer the Common Shares subject to the terms and conditions of the Distribution Agreement from time to time as agreed upon by us and the Agent. Subject to the terms and conditions of the Distribution Agreement, the Agent will use its commercially reasonable efforts to sell, consistent with its normal trading and sales practices, applicable laws and the applicable rules of the CSE or any other applicable marketplace within the meaning of National Instrument 21-101 Marketplace Operation, on our behalf, such Common Shares up to the amount specified and otherwise in accordance with the parameters set forth in the applicable placement notice. The Company will instruct the Agent as to the number of Common Shares to be sold by the Agent from time to time by sending the Agent a placement notice that requests that the Agent sell up to a specified dollar amount or a specified number of Common Shares and specifies any parameters in accordance with which the Company requires that the Common Shares be sold. The parameters set forth in a placement notice may not conflict with the provisions of the Distribution Agreement. Sona may instruct the Agent not to sell Common Shares if the sales cannot be effected at or above the price designated by us in a particular placement notice. Under the Distribution Agreement, the Agent has no obligation to purchase as principal for its own account any Common Shares that we propose to sell pursuant to any placement notice delivered by us to the Agent. If we sell the Common Shares to the Agent as principal, we will enter into a separate agreement with the Agent and will describe that agreement in a separate prospectus supplement.

Either the Company or the Agent may suspend the Offering upon proper notice to the other party. The Company and the Agent each have the right, by giving written notice as specified in the Distribution Agreement, to terminate the Distribution Agreement in each party's sole discretion at any time.

The Company will pay the Agent the Commission as compensation for its services in acting as agent in connection with the sale of Common Shares pursuant to the terms of the Distribution Agreement. The remaining sales proceeds, after deducting any expenses payable by the Company and any transaction or filing fees imposed by any governmental, regulatory, or self-regulatory organization in connection with the sales, will equal the net proceeds to the Company from the sale of such Common Shares.

There is no minimum amount of funds that must be raised under the Offering. This means that the Offering may terminate after only raising a small portion of the maximum Offering amount set out herein, or none at all. An investor will not be entitled to a return of its investment if only a portion of the disclosed maximum Offering amount set out herein is in fact raised.

The Agent will provide written confirmation to the Company on the trading day immediately following the trading day on which the Agent has made sales of the Common Shares under the Distribution Agreement. Each confirmation will include the number of Common Shares sold on such day, the average price of the Common Shares sold on such day, the aggregate gross proceeds, the Commission payable by the Company to the Agent with respect to such sales and the net proceeds payable to the Company.

In each of its interim financial reports, annual financial statements and management's discussion and analysis filed on SEDAR, the Company will disclose the number and average price of the Common Shares distributed pursuant to this Prospectus, as well as the aggregate gross proceeds, Commission paid, and aggregate net proceeds with respect to sales during the interim or annual period, as applicable.

Settlement for sales of Common Shares will occur, unless the parties agree otherwise, on the second trading day on the applicable exchange following the date on which any sales were made (or on such earlier date as is then current industry practice for regular-way trading) in return for payment of the gross proceeds (less Commission) to us. There is no arrangement for funds to be received in an escrow, trust or similar arrangement. Sales of Common Shares will be settled through the facilities of CDS Clearing and Depository Services Inc. or by such other means as the Company and the Agent may agree upon.

In connection with the sales of Common Shares on the Company's behalf, the Agent may be deemed to be an "underwriter" within the meaning of applicable securities legislation, and the compensation paid to the Agent may be deemed to be underwriting commissions or discounts. The Company has agreed in the Distribution Agreement to provide indemnification and contribution to the Agent against or in respect of, among other things, certain civil liabilities, including liabilities under applicable securities legislation in Canada. In addition, pursuant to the terms of the Distribution Agreement, the Company has agreed to pay the reasonable expenses of the Agent in relation to the Distribution Agreement and ongoing services in connection therewith. The Agent and its affiliates will not engage in any transactions to stabilize or maintain the price of the Common Shares in connection with any offer or sales of

Common Shares pursuant to the Distribution Agreement, and neither the Agent nor any of its affiliates involved in the distribution and no person or company acting jointly or in concert with the Agent has over-allotted, or will over-allot Common Shares in connection with the distribution or effected, or will effect, any other transactions that are intended to stabilize or maintain the market price of the Common Shares.

Pursuant to the terms of the Distribution Agreement, the Company will compensate the Agent for its services in acting as agent in the sale of the Common Shares pursuant to the Offering in an amount equal to 3.0% of the gross proceeds from sales of the Common Shares made pursuant to the Offering. The total expenses related to the commencement of the Offering payable by the Company, excluding the Commission payable to the Agent under the Distribution Agreement, are estimated to be approximately \$250,000.

Pursuant to the Distribution Agreement, the Offering will terminate upon the earlier of (i) April 30, 2023, being the date the receipt issued for the base shelf prospectus ceases to be effective in accordance with applicable securities laws, (ii) the issuance and sale of all of the Common Shares subject to the Distribution Agreement, and (iii) the termination of the Distribution Agreement as permitted therein.

The Agent and its affiliates may in the future provide various investment banking, commercial banking and other financial services for the Company and its affiliates, for which services they may in the future receive customary fees.

The Common Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws. Accordingly, the Common Shares may not be offered or sold or delivered, directly or indirectly, in the United States except pursuant to an available exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. This prospectus supplement does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States or to, or for the account or benefit of, any U.S. Person.

A copy of the Distribution Agreement can be obtained under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

The following summary describes, as of the date hereof, the principal Canadian federal income tax considerations under the Tax Act, generally applicable to a holder who acquires, as beneficial owner, Common Shares pursuant to the Offering, and who, for the purposes of the Tax Act and at all relevant times, holds Common Shares as capital property and deals at arm's length and is not affiliated with the Company, the Agent and any subsequent purchaser of such securities. A holder who meets all of the foregoing requirements is referred to as a "**Holder**" herein, and this summary only addresses such Holders. Generally, Common Shares will be considered to be capital property to a Holder provided the Holder does not use or hold Common Shares in the course of carrying on a business of buying or selling securities and such Holder has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a Holder (i) that is a "financial institution", as defined in the Tax Act, for the purposes of the mark-to-market rules in the Tax Act, (ii) that is a "specified financial institution", as defined in the Tax Act, (iii) of an interest which is a "tax shelter investment" as defined in the Tax Act, (iv) that has elected to determine its "Canadian tax results", as defined in the Tax Act, in a currency other than the Canadian dollar, (v) that has entered into or will enter into a "derivative forward agreement" or a "synthetic disposition arrangement" with respect to the Common Shares, (vi) that receives dividends on Common Shares under or as part of a "dividend rental arrangement", as defined in the Tax Act. Any such holder should consult its own tax advisor with respect to an investment in Common Shares, (vii) that is exempt from tax under Part I of the Tax Act; or (viii) that is a corporation resident in Canada and is or becomes (or does not deal at arm's length for purposes of the Tax Act with a corporation resident in Canada that is or becomes), as part of a transaction or series of transactions or events that includes the acquisition of the Common Shares, controlled by a non-resident person or group of non-resident persons not dealing with each other at arm's length, for purposes of the "foreign affiliate dumping" rules in section 212.3 of the Tax Act. Such Holders should consult their own tax advisors with respect to the consequences of acquiring Common Shares.

This summary is based on the provisions of the Tax Act in force as of the date hereof, all specific proposals to amend the Tax Act that have been publicly and officially announced by or on behalf of the Minister of Finance



(Canada) prior to the date hereof (the “**Proposed Amendments**”) and counsel’s understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the “**CRA**”), published in writing by it prior to the date hereof and made publicly available. This summary assumes the Proposed Amendments will be enacted in the form proposed. However, no assurance can be given that the Proposed Amendments will be enacted in their current form, or at all.

**This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account or anticipate any changes in the law or any changes in the CRA’s administrative policies and assessing practices, whether by legislative, governmental or judicial action or decision, nor does it take into account or anticipate any other federal or any provincial, territorial or foreign tax considerations, which may differ materially from those described in this summary.**

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder, and no representations with respect to the income tax consequences to any particular Holder are made. The tax consequences of acquiring, holding, and disposing of Common Shares will vary according to the Holder’s particular circumstances. Consequently, Holders should consult their own tax advisors with respect to the tax consequences applicable to them, having regard to their own particular circumstances.**

### **Taxation of Resident Holders**

The following portion of this summary applies to Holders (as defined above) who, for the purposes of the Tax Act, are or are deemed to be resident in Canada at all relevant times (herein, “**Resident Holders**”) and this portion of the summary only addresses such Resident Holders. Certain Resident Holders who might not be considered to hold their Common Shares as capital property may, in certain circumstances, be entitled to have them and any other “Canadian security” (as defined in the Tax Act) be treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Resident Holders contemplating such election should consult their own tax advisors for advice as to whether it is available and, if available, whether it is advisable in their particular circumstances.

#### *Taxation of Dividends*

A Resident Holder will be required to include in computing income for a taxation year any dividends received, or deemed to be received, in the year by the Resident Holder on the Common Shares. In the case of a Resident Holder that is an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules normally applicable under the Tax Act to taxable dividends paid by “taxable Canadian corporations”, as defined in the Tax Act, including the enhanced gross-up and dividend tax credit provisions where the Company designates the dividend as an “eligible dividend”, within the meaning of the Tax Act, in accordance with the provisions of the Tax Act. There may be restrictions on the ability of the Company to designate any particular dividend as an “eligible dividend”.

A dividend received or deemed to be received by a Resident Holder that is a corporation must be included in computing its income but will generally be deductible in computing the corporation’s taxable income, subject to all of the rules and restrictions under the Tax Act in that regard. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received (or deemed to be received) by a Resident Holder that is a corporation as proceeds of disposition or a capital gain. A Resident Holder that is a “private corporation” or a “subject corporation” (each as defined in the Tax Act), generally will be liable to pay an additional tax (refundable under certain circumstances) under Part IV of the Tax Act on dividends received or deemed to be received on the Common Shares in a year to the extent such dividends are deductible in computing taxable income for the year.

A Resident Holder that is, throughout the relevant taxation year, a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional refundable tax on its “aggregate investment income” (as defined in the Tax Act), including any dividends or deemed dividends that are not deductible in computing the Resident Holder’s taxable income for the year.

#### *Disposition of Common Shares*

A Resident Holder who disposes, or is deemed to dispose, of a Common Share (other than in a disposition to the

Company that is not a sale in the open market in the manner in which shares would normally be purchased by any member of the public in an open market) generally will realize a capital gain (or capital loss) equal to the amount, if any, by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Resident Holder of such Common Shares, as the case may be, immediately before the disposition or deemed disposition. The cost to the Resident Holder of a Common Share acquired pursuant to this Offering will, at any particular time, be determined by averaging the cost of such share with the adjusted cost base of all Common Shares owned by the Resident Holder as capital property at that time, if any. The taxation of capital gains and losses is generally described below under the heading “Capital Gains and Capital Losses”.

#### *Capital Gains and Capital Losses*

Generally, a Resident Holder is required to include in computing income for a taxation year one-half of the amount of any capital gain (a “**taxable capital gain**”) realized by the Resident Holder in such taxation year. Subject to and in accordance with the rules contained in the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an “**allowable capital loss**”) realized in a particular taxation year against taxable capital gains realized by the Resident Holder in the year. Allowable capital losses in excess of taxable capital gains realized in a particular taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized by a Resident Holder that is a corporation on the disposition or deemed disposition of a Common Share may be reduced by the amount of any dividends received or deemed to have been received by such Resident Holder on such shares, to the extent and under the circumstances prescribed in the Tax Act. Similar rules may apply where a Resident Holder that is a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares, directly or indirectly, through a partnership or trust. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

A Resident Holder that is throughout the relevant taxation year a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional tax (refundable in certain circumstances) on its “aggregate investment income”, which is defined in the Tax Act to include amounts in respect of taxable capital gains. Such Resident Holders should consult their own tax advisors.

#### *Alternative Minimum Tax*

Capital gains realized and dividends received or deemed to be received by a Resident Holder that is an individual or a trust, other than certain specified trusts, may give rise to alternative minimum tax under the Tax Act. Resident Holders should consult their own tax advisors in this regard.

#### **Taxation of Non-Resident Holders**

The following portion of this summary is generally applicable to Holders who, for the purposes of the Tax Act and any applicable income tax treaty or convention, at all relevant times: (i) are neither resident nor deemed to be resident in Canada, and (ii) do not use or hold (and are not deemed to use or hold) Common Shares in the course of business carried on or deemed to be carried on in Canada. Holders who meet all of the foregoing requirements are referred to herein as “**Non-Resident Holders**”, and this portion of the summary only addresses such Non-Resident Holders. Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer carrying on business in Canada and elsewhere. Such Non-Resident Holders should consult their own tax advisors.

#### *Receipt of Dividends*

Dividends paid or credited or deemed to be paid or credited to a Non-Resident Holder by the Company will generally be subject to Canadian withholding tax at the rate of 25% of the gross amount of the dividend unless reduced by the terms of an applicable tax treaty or convention between Canada and the country in which the Non-Resident Holder is resident. For example, under the Canada-United States Income Tax Convention (1980), as amended (the “**Treaty**”), the rate of withholding tax on dividends paid or credited to a Non-Resident Holder who is resident in the U.S. for purposes of the Treaty and entitled to full benefits under the Treaty is generally reduced to

15%. Non-Resident Holders should consult their own tax advisors to determine their entitlement to relief under an applicable income tax treaty or convention.

#### *Disposition of Common Shares*

A Non-Resident Holder generally will not be subject to tax under the Tax Act in respect of any capital gain realized on the disposition or deemed disposition of a Common Share unless such Common Share constitutes or is deemed to constitute “taxable Canadian property” (as defined in the Tax Act) to the Non-Resident Holder at the time of disposition and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention.

Provided the Common Shares are listed on a “designated stock exchange”, as defined in the Tax Act (which currently includes the CSE) at the time of disposition, the Common Shares will generally not constitute taxable Canadian property of a Non-Resident Holder at that time, unless at any time during the 60-month period immediately preceding the disposition the following two conditions are satisfied concurrently: (i) (a) the Non-Resident Holder; (b) persons with whom the Non-Resident Holder did not deal at arm’s length; (c) partnerships in which the Non-Resident Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships; or (d) any combination of the persons and partnerships described in (a) through (c), owned 25% or more of the issued shares of any class or series of shares of the Company; and (ii) more than 50% of the fair market value of the Common Shares was derived directly or indirectly from one or any combination of: real or immovable property situated in Canada, “Canadian resource properties”, “timber resource properties” (each as defined in the Tax Act), and options in respect of, or interests in, or for civil law rights in, such properties. Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, the Common Shares may be deemed to be taxable Canadian property.

In cases where a Non-Resident Holder disposes, or is deemed to dispose, of a Common Share that is taxable Canadian property of that Non-Resident Holder, and the Non-Resident Holder is not entitled to relief under the Tax Act or pursuant to the terms of an applicable income tax treaty or convention, the consequences under the heading “CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS – Taxation of Resident Holders – *Capital Gains and Capital Losses*” will generally be applicable to such disposition. Non-Resident Holders who may hold Common Shares as taxable Canadian property should consult their own tax advisors.

### **DESCRIPTION OF SECURITIES BEING DISTRIBUTED**

#### **Authorized and Issued Share Capital**

The authorized share capital of the Company consists of an unlimited number of Common Shares without par value. As of the date of this Prospectus, 63,624,728 Common Shares were issued and outstanding as fully paid and non-assessable shares.

#### **Common Shares**

The holders of the Common Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Company and each Common Share confers the right to one vote in person or by proxy at all meetings of the shareholders of the Company. The holders of the Common Shares, subject to the prior rights, if any, of any other class of shares of the Company, are entitled to receive such dividends in any financial year as the board of directors of the Company may by resolution determine. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the holders of the Common Shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of the Company, the remaining property and assets of the Company. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

### **RISK FACTORS**

*An investment in the Common Shares should be considered highly speculative and investors may incur a loss on their investment. Investors should carefully review and consider all of the information disclosed in this Prospectus, including the documents incorporated by reference, and in particular, the risk factors set forth in the Company’s AIF relating to the Company, as well as the following additional risk factors.*

### ***Litigation Risks***

As described under "Litigation" in the base shelf prospectus and "Legal Proceedings and Regulatory Actions" in the AIF, claims against the Company have been filed in the United States District Court for the Central District of California and the Supreme Court of Nova Scotia. Although the Company believes these claims are without merit and intends to contest the claims and mount a vigorous defence, there can be no assurance that the Company will be successful in its defense due to the inherent uncertainty of the litigation process. Further, while the Company is not aware of any regulatory investigations or additional pending claims relating to the allegations made in the existing class action claims, the Company may be subject to additional class action suits, other litigation, or regulatory proceedings or actions arising from such matters in the future.

While the Company maintains insurance coverage with respect to litigation, an adverse decision in respect of existing claims against the Company could result in significant settlement amounts, damages or other penalties, which may exceed the limits of the Company's existing insurance coverage. Losses and liabilities arising from insufficient insurance coverage could have a material adverse effect on the Company's business, financial condition and results of operation, as well as the market price of the Common Shares. Additionally, legal fees and costs incurred in defending legal disputes can be substantial, even where such claims that have no merit. The Company has and will continue to incur expenses associated with its defense of the class action claims. There can be no assurance that the Company's existing insurance coverage will be sufficient to pay all of such costs, and any costs incurred in excess of insurance coverage may have a material adverse effect on the Company's financial condition.

In addition to the matters discussed above, the Company may be subject to regulatory investigations, civil claims, lawsuits and other proceedings in the ordinary course of its business, including securities law compliance, employee and customer claims, commercial disputes, landlord-tenant disputes, intellectual property issues and other matters. The results of any legal proceedings involving the Company cannot be predicted with certainty due to the uncertainty inherent in regulatory actions and litigation. There can be no assurance that any pending or future litigation, regulatory, agency or civil proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources. The nanotechnology life science industry is a new industry and the Company is a relatively new enterprise. It is therefore more difficult to predict the types of claims, proceedings and allegations and the quantum of costs related to such claims and proceedings and the direct and indirect effects of such allegations that the Company may face. Management is committed to conducting business in an ethical and responsible manner, which it believes will reduce the risk of legal disputes and allegations. However, if the Company is subject to legal disputes or negative allegations, there can be no assurances that these matters will not have a material adverse effect on the Company's business, financial condition or results of operations, or the market price of the Common Shares.

### ***COVID-19***

It is possible that developments related to the COVID-19 pandemic could have material adverse impacts on the Company's operations and financial condition, including loss of available labour, prolonged or temporary closures due to a COVID-19 outbreak, government orders that impact the operations of the Company's business. Since very early in 2020, the outbreak of 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. During this time, the Company has been constrained in its ability to pursue and secure partnerships, collaborations and clinical trials due to travel restrictions and quarantine requirements. In addition, the COVID-19 pandemic has had, and could continue to have, a negative impact on financial markets and economic conditions. 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. The duration and severity of the COVID-19 pandemic are not known at this time and these factors could have an unpredictable impact on our business, financial condition and operating results, which could be materially and adversely affected.

## **Risks Related to the Offering:**

### ***Loss of Investment***

An investment in the Common Shares is suitable only for those investors who are willing to risk a loss of some or all of their investment and who can afford to lose some or all of their investment.

### ***Negative Operative Cash Flow and Additional Funding will be Required***

The Company has reported negative cash flow from operations in its most recently completed financial year. The net proceeds of any offering under this Prospectus will be used to fund the Company's business activities and negative operating cash flow. The funds raised may not be sufficient to meet all of the Company's ongoing financial requirements relating to the research, development and commercialization of the Company's products. The Company will require additional financing from external sources, such as joint ventures, debt financing or equity financing, in order to meet such requirement. The success and the pricing of any such capital raising and/or debt financing will be dependent upon the prevailing market conditions at that time and upon the ability of a company with projects that are non-producing to attract significant amounts of debt and/or equity. There can be no assurance that such financing will be available to the Company or, if it is, that it will be offered on acceptable terms. If additional financing is raised through the issuance of equity or convertible debt securities of the Company, this may have a depressive effect on the price of the Company's securities and the interests of shareholders in the net assets of the Company will be diluted. Any failure by the Company to obtain required financing on acceptable terms could cause the Company to delay development and commercialization of its products and could have a material adverse effect on the Company's financial condition, results of operations and liquidity.

### ***Going Concern Risk***

Although the Company's financial statements have been prepared on a going concern basis, the Company estimates that it must raise additional capital before October 1, 2021 to fund its operations in order to continue as a going concern without significantly reducing its operations, including a significant reduction in its workforce and delay of product development activities.

Manning Elliott LLP, the Company's independent auditor for the fiscal year ended October 31, 2020, has included an explanatory paragraph in their opinion that accompanies the Company's audited consolidated financial statements as of and for the year ended October 31, 2020, indicating the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. See also Note 2 "Basis of Presentation and Going Concern" in the notes to the Company's audited consolidated financial statements as of and for the year ended October 31, 2020. If the Company is unable to improve its liquidity position, it may not be able to continue as a going concern. The Company's audited consolidated financial statements as of and for the year ended October 31, 2020 do not include any adjustments that might result if the Company is unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities other than in the normal course of business which could cause investors to suffer the loss of all or a substantial portion of their investment.

The Company anticipates that its current cash resources will only be sufficient to fund its activities and liability payment needs through October 1, 2021. In order to have sufficient cash to fund its operations beyond October 1, 2021, the Company will need to raise additional equity or debt capital by October 1, 2021, including through offerings under this Prospectus, in order to continue as a going concern and the Company cannot provide any assurance that it will be successful in doing so.

### ***Market Price of Common Shares***

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. The price of Common Shares is also likely to be significantly affected by changes in the financial condition or results of the Company's operations as reflected in its financial statements. If an active market for the Common Shares does not continue, the liquidity of an investor's investment may be limited and the price of the Common Shares may decline below the

price at which they were sold. If an active market does not continue, investors may lose their entire investment in the Common Shares. As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect the long-term value of the Company.

***Discretion in the Use of Net Proceeds***

The Company intends to use the net proceeds from the distribution of Securities hereunder as set forth under “*Use of Proceeds*”. The Company maintains broad discretion to spend the proceeds in ways that it deems most efficient. The application of the proceeds to various items may not necessarily enhance the value of the Common Shares. The failure to apply the net proceeds as set forth under “*Use of Proceeds*” could adversely affect the Company’s business and, consequently, could adversely affect the price of the Common Shares on the open market.

**PRIOR SALES**

**Common Shares**

The following table summarizes details of Common Shares issued by the Company during the 12-month period prior to the date of this Prospectus:

| <b>Month Issued</b> | <b>Number of Securities</b> | <b>Security</b> | <b>Price per Security (\$)</b> |
|---------------------|-----------------------------|-----------------|--------------------------------|
| March, 2021         | 12,500                      | Common Shares   | 0.35                           |
| March, 2021         | 25,000                      | Common Shares   | 0.60                           |
| February, 2021      | 18,750                      | Common Shares   | 0.35                           |
| January, 2021       | 18,750                      | Common Shares   | 0.60                           |
| January, 2021       | 18,750                      | Common Shares   | 0.35                           |
| December, 2020      | 2,259,200                   | Common Shares   | 1.00                           |
| October, 2020       | 7,500                       | Common Shares   | 0.35                           |
| September, 2020     | 17,500                      | Common Shares   | 0.60                           |
| August, 2020        | 35,000                      | Common Shares   | 0.35                           |
| July 2020           | 196,250                     | Common Shares   | 0.25                           |
| July 2020           | 25,000                      | Common Shares   | 0.35                           |
| June 2020           | 90,000                      | Common Shares   | 0.35                           |
| June 2020           | 122,500                     | Common Shares   | 0.20                           |
| April 2020          | 127,500                     | Common Shares   | 0.20                           |
| April 2020          | 400,000                     | Common Shares   | 0.25                           |

**Warrants**

The following table summarizes details of the warrants issued by the Company during the 12-month period prior to the date of this Prospectus:

| <b>Month Granted</b> | <b>Number of Securities</b> | <b>Security</b>         | <b>Exercise Price per Security (\$)</b> |
|----------------------|-----------------------------|-------------------------|---|
| December 2020        | 1,129,600                   | Warrants <sup>(1)</sup> | 1.25                                    |

<sup>(1)</sup> Warrants issued pursuant to the Company’s December 2020 private placement expire on December 16, 2022.

## Stock Options

The following table summarizes details of the stock options granted by the Company during the 12-month period prior to the date of this Prospectus:

| Month Granted   | Number of Securities | Security                     | Exercise Price per Security (\$) |
|-----------------|----------------------|------------------------------|----------------------------------|
| November, 2020  | 250,000              | Stock Options <sup>(1)</sup> | 3.36                             |
| October, 2020   | 200,000              | Stock Options <sup>(1)</sup> | 7.91                             |
| September, 2020 | 665,000              | Stock Options <sup>(1)</sup> | 6.57                             |
| July, 2020      | 1,000,000            | Stock Options <sup>(1)</sup> | 7.47                             |
| March, 2020     | 1,100,000            | Stock Options <sup>(1)</sup> | 0.60                             |

<sup>(1)</sup> Options granted pursuant to the Company's Stock Option Plan for five (5) years from the date of the grants.

## TRADING PRICE AND VOLUME

The outstanding Common Shares of the Company are listed and posted for trading on the CSE under the symbol "SONA". On April 13, 2020 the Common Shares also commenced trading on the OTCQB Venture Market in the United States under the symbol "SNANF". The following sets out the price range and volumes traded or quoted on all trading platforms on which the Common Shares are traded<sup>(1)</sup> on a monthly basis for each month for the 12-month period before the date of this Prospectus:

| Month                     | High (\$) | Low (\$) | Volume     |
|---------------------------|-----------|----------|------------|
| April 2021 <sup>(2)</sup> | 1.87      | 1.44     | 1,773,593  |
| March 2021                | 2.07      | 1.55     | 7,332,653  |
| February 2021             | 2.34      | 1.20     | 12,688,108 |
| January 2021              | 4.44      | 1.60     | 17,068,442 |
| December 2020             | 5.38      | 0.82     | 30,420,606 |
| November 2020             | 4.00      | 0.78     | 25,841,339 |
| October 2020              | 11.02     | 2.59     | 11,956,530 |
| September 2020            | 9.24      | 5.02     | 7,997,641  |
| August 2020               | 15.16     | 6.51     | 17,619,800 |
| July 2020                 | 16.18     | 3.21     | 19,290,605 |
| June 2020                 | 4.14      | 2.52     | 9,725,618  |
| May 2020                  | 2.89      | 1.06     | 13,727,772 |
| April 2020                | 2.68      | 1.09     | 19,394,445 |
| March 2020                | 1.39      | 0.46     | 27,083,627 |

<sup>(1)</sup> Trading information sourced from TSX InfoSuite and StockWatch.

<sup>(2)</sup> To April 8, 2021.

## LEGAL MATTERS AND INTERESTS OF EXPERTS

Certain legal matters related to the Offering will be passed upon on the Company's behalf by Stewart McKelvey, and on behalf of the Agent by Blake, Cassels & Graydon LLP. As of the date hereof, Stewart McKelvey, and its partners and associates, and Blake, Cassels & Graydon LLP, and its partners and associates, beneficially own, directly or indirectly, in their respective groups, less than 1% of any class of outstanding securities of the Company.

Except as disclosed above, no partner or associate, as applicable, of the afore-mentioned company and limited liability partnerships or persons indicated above are currently expected to be elected, appointed or employed as a director, officer or employee of the Company or any associate or affiliate of the Company.

The Company's auditors, Manning Elliott LLP are independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of British Columbia.

#### **AUDITORS, TRANSFER AGENT AND REGISTRAR**

The auditors of the Company are Manning Elliott LLP, Chartered Professional Accountants, of Vancouver, British Columbia, Canada.

The registrar and transfer agent of the Company is Computershare Investor Services Inc., of Montreal, Quebec, Canada.

#### **EXEMPTIVE RELIEF**

Pursuant to a decision of the Autorité des marchés financiers dated March 11, 2021, the Company was granted a permanent exemption from the requirement under section 40.1 of the Securities Act (Québec) to translate into French this Prospectus, as well as the documents incorporated by reference herein, and any prospectus supplement to be filed in relation to an "at-the-market distribution". This exemption is granted on the condition that if the Company offers securities to Québec purchasers other than in relation to an "at-the-market distribution", this Prospectus and the documents incorporated by reference herein and the prospectus supplement in respect of such offering be translated into French.

#### **PURCHASERS' STATUTORY RIGHTS**

Securities legislation in certain of the provinces and territories of Canada provides purchasers of securities with the right to withdraw from an agreement to purchase securities and with remedies for rescission or, in some jurisdictions, revisions of the price, or damages if the prospectus, prospectus supplement, and any amendment relating to securities purchased by a purchaser are not sent or delivered to the purchaser. However, purchasers of Common Shares distributed under an at-the-market distribution by the Company do not have the right to withdraw from an agreement to purchase the Common Shares and do not have remedies of rescission or, in some jurisdictions, revisions of the price, or damages for non-delivery of the prospectus, prospectus supplement, and any amendment relating to Common Shares purchased by such purchaser because the prospectus, prospectus supplement, and any amendment relating to the Common Shares purchased by such purchaser will not be sent or delivered, as permitted under Part 9 of NI 44-102.

Securities legislation in certain of the provinces and territories of Canada further provides purchasers with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus, prospectus supplement, and any amendment relating to securities purchased by a purchaser contains a misrepresentation. Those remedies must be exercised by the purchaser within the time limit prescribed by securities legislation. Any remedies under securities legislation that a purchaser of Common Shares distributed under an at-the-market distribution by the Company may have against the Company or its agents for rescission or, in some jurisdictions, revisions of the price, or damages if the prospectus, prospectus supplement, and any amendment relating to securities purchased by a purchaser contain a misrepresentation will remain unaffected by the non-delivery of the prospectus referred to above.

A purchaser should refer to applicable securities legislation of the purchaser's province for the particulars of these rights and should consult with a legal adviser.



**CERTIFICATE OF THE AGENT**

Dated: April 9, 2021

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, will, as of the date of a particular distribution of securities under the prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and the supplement as required by the securities legislation of each of the provinces and territories of Canada.

**CANACCORD GENUITY CORP.**

(Signed) "*Ron Sedran*"

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**Ron Sedran**  
**Managing Director**

*This short form base shelf prospectus has been filed under legislation in each of the provinces and territories of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities (except in respect of any sales pursuant to an at-the-market distribution, as contemplated in National Instrument 44-102 – Shelf Distributions (“NI 44-102” and each, an “at-the-market distribution”)).*

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form base shelf prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell these securities. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any state securities laws. Accordingly, the securities offered hereby may not be offered or sold within the United States of America or its territories or possessions or to “U.S. persons”, as defined in Regulation S under the U.S. Securities Act, (“U.S. Persons”) except in compliance with the registration requirements of the U.S. Securities Act and applicable state securities laws or under exemptions from those laws. This short form base shelf prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States or to U.S. Persons. See “Plan of Distribution.”*

*Information has been incorporated by reference in this short form base shelf prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Sona Nanotech Inc. at Suite 2001 – 1969 Upper Water Street, Halifax, Nova Scotia, B3J 3R7 (phone: (902) 442-7187) and are also available electronically at [www.sedar.com](http://www.sedar.com).*

## SHORT FORM BASE SHELF PROSPECTUS

New Issue and Secondary Offering

March 31, 2021



**\$20,000,000**  
**Common Shares**  
**Debt Securities**  
**Warrants**  
**Subscription Receipts**  
**Units**

Sona Nanotech Inc. (“**Sona**” or the “**Company**”) may from time to time offer (i) common shares of the Company (“**Common Shares**”); (ii) debt securities (“**Debt Securities**”), which may include Debt Securities convertible into or exchangeable for Common Shares and/or other securities of the Company; (iii) Common Share purchase warrants (“**Warrants**”); (iv) subscription receipts exchangeable for Common Shares, Debt Securities or Warrants (“**Subscription Receipts**”); and/or (v) securities comprised of more than one of Common Shares, Debt Securities, Warrants and/or Subscription Receipts offered together as a unit (each, a “**Unit**”), or any combination thereof, for an aggregate offering price of up to \$20,000,000 (or its equivalent, at the date of issue, in any other currency or currencies) during the 25-month period that this short form base shelf prospectus (this “**Prospectus**”), including any amendments hereto, remains valid. The Common Shares, Debt Securities, Warrants, Subscription Receipts and Units are referred to in this Prospectus as the “**Securities**”.

The specific terms of any offering of Securities will be set forth in a shelf prospectus supplement (a “**Prospectus Supplement**”) and may include, where applicable: (i) in the case of Common Shares, the number of Common Shares offered, the offering price or the manner of determination thereof (if offered on a fixed price basis), whether the Common Shares are being offered for cash or other consideration, and any other terms and any other specific terms; (ii) in the case of Debt Securities, the specific designation, aggregate principal amount, currency or currency unit for Debt Securities, maturity, interest rate provisions, authorized denominations, covenants, events of default, any terms for redemption, any exchange or conversion provisions, the initial offering price or the manner

of determination thereof (if offered on a non-fixed price basis), any terms for subordination of the Debt Securities to other indebtedness, whether the Debt Securities will be secured by any assets or guaranteed by any other person and any other specific terms; (iii) in the case of Warrants, the number of Warrants being offered, the offering price, the exercise price, the form and any other specific terms; (iv) in the case of Subscription Receipts, the number of Subscription Receipts being offered, the offering price, the procedures for the exchange of the Subscription Receipts for Common Shares, Debt Securities or Warrants and any other specific terms; and (v) in the case of Units, the number of Units being offered, the offering price, the terms of the Common Shares, Debt Securities, Subscription Receipts and/or Warrants underlying the Units, and any other specific terms. A Prospectus Supplement may include specific variable terms pertaining to the Securities that are not within the alternatives and parameters described in this Prospectus. An investor should read this Prospectus and any applicable Prospectus Supplement before investing in any Securities. This Prospectus may qualify an "at-the-market distribution", as defined in National Instrument 44-102 Shelf Distributions ("NI 44-102").

All shelf information permitted under applicable securities legislation to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will, except in respect of any sales pursuant to an "at-the-market distribution", be delivered to purchasers together with this Prospectus. Each Prospectus Supplement will be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains.

This Prospectus does not qualify for issuance Debt Securities, or Securities convertible or exchangeable into Debt Securities, in respect of which the payment of principal and/or interest may be determined, in whole or in part, by reference to one or more underlying interests including, for example, an equity or debt security, a statistical measure of economic or financial performance including, but not limited to, any currency, consumer price or mortgage index, or the price or value of one or more commodities, indices or other items, or any other item or formula, or any combination or basket of the foregoing items, other than as required to provide for an interest rate that is adjusted for inflation. For greater certainty, this Prospectus may qualify for issuance Debt Securities, or Securities convertible or exchangeable into Debt Securities, in respect of which the payment of principal and/or interest may be determined, in whole or in part, by reference to published rates of a central banking authority or one or more financial institutions, such as a prime rate or bankers' acceptance rate, or to recognized market benchmark interest rates such as CDOR (the Canadian Dollar Offered Rate) or LIBOR (the London Interbank Offered Rate), and/or that are convertible into or exchangeable for Common Shares.

The Common Shares of the Company are listed on the Canadian Securities Exchange (the "CSE") under the symbol "SONA". On March 30, 2021, the last trading day on the CSE before the filing of this Prospectus, the closing price of the Common Shares on the CSE was \$1.82. **Unless otherwise specified in the applicable Prospectus Supplement, the Debt Securities, Warrants, Subscription Receipts or Units may not be listed on any securities exchange and there may not be a market through which these Securities may be sold and purchasers may not be able to resell the Debt Securities, Warrants, Subscription Receipts or Units purchased under this Prospectus. This may affect the pricing of these Securities in the secondary market, the transparency and availability of trading prices, the liquidity of these Securities, and the extent of issuer regulation. See the risk factors in the Prospectus Supplement relating to the particular Debt Securities, Warrants, Subscription Receipts or Units.**

The Company may offer and sell Securities to or through underwriters or dealers purchasing as principals, and may also sell Securities directly to one or more purchasers or through dealers acting as agents. The Prospectus Supplement relating to a particular offering of Securities will identify each underwriter, dealer or agent, as the case may be, engaged in connection with the offering and sale of Securities, and will set forth the terms of the offering of such Securities, including the method of distribution of such Securities, the proceeds to the Company and any fees, discounts or other compensation payable to underwriters, dealers or agents and any other material terms of the plan of distribution. See "Plan of Distribution".

The Securities may be sold from time to time in one or more transactions at fixed prices or non-fixed prices, such as market prices prevailing at the time of sale (including, without limitation, sales of Common Shares deemed to be "at-the-market distributions", including sales made directly on the CSE or other existing trading markets for the Common Shares), prices related to such prevailing market prices or prices to be negotiated with purchasers, which prices may vary as between purchasers and during the period of distribution of the Securities.

Unless otherwise specified in the relevant Prospectus Supplement, in connection with any offering of Securities other than an "at-the-market distribution", the underwriters, dealers or agents may effect transactions that stabilize or maintain the market price of the Securities at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution".

No underwriter or dealer involved in an "at-the-market distribution" under this Prospectus, no affiliate of such an underwriter or dealer and no person or company acting jointly or in concert with such underwriter or dealer may, in connection with the distribution, enter into any transaction that is intended to stabilize or maintain the market price of the securities or securities of the same class as the securities distributed under this Prospectus, including selling an aggregate number or principal amount of securities that would result

in the underwriter creating an over-allocation position in the securities.

**Investing in the Securities involves significant risks. Prospective investors should consider the risk factors described under “Risk Factors” in this Prospectus and in the Company’s annual information form dated February 26, 2021 for the year ended October 31, 2020 (the “AIF”) and the management’s discussion and analysis for the year ended October 31, 2020, incorporated by reference herein and which can be found on SEDAR at [www.sedar.com](http://www.sedar.com) before purchasing Securities.**

The Company’s corporate office and its registered and records office is located at Suite 2001 – 1969 Upper Water Street, Halifax, Nova Scotia, B3J 3R7 and its research and development office is located at 1 Research Drive, Bay 2, Dartmouth, Nova Scotia B2Y 4M9.

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## GENERAL MATTERS

In this Prospectus, unless otherwise indicated or the context otherwise requires, the terms “Sona”, the “Company”, “we”, “us”, and “our” are used to refer to Sona Nanotech Inc. Capitalized terms used in this Prospectus that are not otherwise defined shall have the meanings ascribed to such terms in the Company’s AIF which is incorporated by reference herein.

### CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Prospectus (including the documents incorporated by reference herein) contains “forward-looking information” which may include, but is not limited to, the intended use of proceeds of the sale of Securities described under “Use of Proceeds” herein, statements with respect to future financial or operating performance of Sona, as well as the Company’s current expectations, estimates, projections, assumptions and beliefs. Often, but not always, forward-looking information can be identified by the use of words such as “seeks”, “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes”, or variations (including negative variations of such words and phrases), or state that certain actions, events or results “may”, “could”, “would”, “might”, or “will be taken”, “occur” or “be achieved”, or the negative forms of any of these words and other similar expressions.

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

- the development plans for the Company’s gold nanoparticle products and associated services, including its development of a saliva-based test and other rapid diagnostic tests and services;
- the Company’s business strategy;
- the Company’s strategy for protecting its intellectual property;
- the Company’s ability to obtain necessary funding on favorable terms or at all, and status as a going concern;
- the Company’s plan and ability to secure revenues;
- the risk of competitors entering the market;
- the Company’s ability to hire and retain skilled staff;
- the ability to obtain financing to fund future expenditure and capital requirements; and
- the impact of adoption of new accounting standards.

Although Sona believes that the plans, intentions and expectations reflected in this forward-looking information are reasonable, Sona cannot be certain that these plans, intentions or expectations will be achieved. Actual results, performance or achievements could differ materially from those contemplated, expressed or implied by the forward-looking information contained in this Prospectus. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Sona to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, those factors discussed or referred to in the section entitled “*Risk Factors*” in this Prospectus and in the AIF of the Company incorporated by reference herein, and include, without limitation, risks related to: ability to obtain additional financing; not achieving required regulatory approvals for its products on a timely basis or at all; adverse changes in relevant laws or regulations; risks and uncertainties associated with product development; risks of not achieving production, costs of goods sold or other estimates; reliance on outside contractors to conduct certain activities; defects in or loss of intellectual property rights; loss of key personnel and our inability to attract and retain qualified personnel; political, economic and other uncertainties in the jurisdiction where we operate or conduct business activities; risks of obtaining and maintaining other necessary licenses, permits and approvals from various governmental authorities; risks related to compliance with environmental regulations and environmental hazards; fluctuations in foreign currency exchange rates; potential losses, liabilities and damages related to our business which are uninsured or uninsurable; competition with other companies; risks associated with litigation; volatility of global financial conditions; taxation, including changes in tax laws and interpretation of tax laws; as well as other risks, uncertainties and other factors beyond our ability to control.

Although Sona has attempted to identify important factors that could cause actual actions, events or results to differ

materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained or incorporated by reference herein are made as of the date of this Prospectus or the date of the document incorporated by reference herein based on the opinions and estimates of management at that time. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements, except as required by applicable securities laws.

You should rely only on the information contained or incorporated by reference in this Prospectus. Sona has not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. Sona is not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. The information in this document may only be accurate as of the date on the front cover of this Prospectus.

### **CURRENCY PRESENTATION**

All dollar amounts set forth in this Prospectus are expressed in Canadian dollars and referred to as “\$” unless otherwise specifically indicated.

### **DOCUMENTS INCORPORATED BY REFERENCE**

*Information has been incorporated by reference in this Prospectus from documents filed with the various securities commissions or similar regulatory authorities in Canada.* Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of the Company at Suite 2001 – 1969 Upper Water Street, Halifax, Nova Scotia, B3J 3R7 (phone: (902) (442-7187) and are also available electronically at [www.sedar.com](http://www.sedar.com). Information contained or featured on the Company’s website shall not be deemed to be part of this Prospectus.

The following documents, filed by the Company with the securities commissions or similar regulatory authorities in each province and territory of Canada, are specifically incorporated by reference into, and form an integral part of, this Prospectus:

- (a) the AIF of the Company dated February 26, 2021 for the year ended October 31, 2020;
- (b) the audited financial statements of the Company for the years ended October 31, 2020 and 2019, together with the auditor’s report thereon and notes thereto;
- (c) the management’s discussion and analysis for the year ended October 31, 2020;
- (d) the management information circular of the Company dated March 25, 2020 prepared in connection with the annual general meeting of shareholders of the Company held on April 29, 2020;
- (e) the material change report dated November 6, 2020 relating to its application to the United States Food and Drug Administration;
- (f) the material change report dated November 12, 2020 relating to the appointment of Mr. Mark Lievonen as a Director of the Company; and
- (g) the material change report dated December 2, 2020 relating to the withdrawal of its application for an Interim Order authorization from Health Canada.

**A reference herein to this Prospectus also means any and all documents incorporated by reference in this Prospectus. Any document of the type referred to above (excluding confidential material change reports), any business acquisition reports, the content of any news release disclosing financial information for a period more recent than the period for which financial statements are required and certain other disclosure**

documents as set forth in Item 11.1 of Form 44-101F1 of National Instrument 44-101 – *Short Form Prospectus Distributions* of the Canadian Securities Administrators filed by the Company with the securities commissions or similar regulatory authorities in Canada after the date of this Prospectus and prior to the termination of the distribution shall be deemed to be incorporated by reference in this Prospectus.

Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not constitute a part of this Prospectus, except as so modified or superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

### MARKETING MATERIALS

Any “template version” of any “marketing materials” (each such term as defined in National Instrument 41-101 – *General Prospectus Requirements*) pertaining to a distribution of Securities, and filed by the Company after the date of the Prospectus Supplement for the distribution and before termination of the distribution of such Securities, will be deemed to be incorporated by reference in that Prospectus Supplement for the purposes of the distribution of Securities to which the Prospectus Supplement pertains.

### THE COMPANY

The Company was amalgamated pursuant to the federal laws of Canada on August 8, 2018 under the name “Sona Nanotech Inc.”. The Company has an unlimited number of authorized common shares without par value issuable.

The registered and records office and corporate office of the Company are located Suite 2001 – 1969 Upper water Street, Halifax, Nova Scotia, B3J 3R7. The research and development office is located at 1 Research Drive, Bay 2, Dartmouth, Nova Scotia, B2Y 4M9. The Company has no subsidiaries.

### BUSINESS OF THE COMPANY

The Company’s primary focus of business is to develop and commercialize novel nanoparticle technologies for sale to the global nanoparticles market. Sona is the manufacturer of the Gemini™ and Omni™ GNR product lines. The Company is the world’s first company to develop the ability to synthesize high volumes of gold nanorods (“GNR”) without the use of the toxic surfactant, cetyltrimethylammonium bromide. GNR products are ideally suited for in-vitro diagnostics test products, including lateral flow assays, enzyme-linked immunosorbent assays, flow through assays and lab analyzers. In addition, the Company’s gold nanorods have potential to be incorporated into disruptive emerging medical applications including targeted drug delivery, photothermal therapy and cell imaging. The Company had no sales revenue for during its last three completed fiscal years.

For additional information on the business of the Company, please refer to the Company’s AIF under the heading “*Description of the Business*”.

### Recent Corporate Developments

#### *Rapid Screening Test for Coronavirus*

On October 28, 2020, the Company received notice from the United States Food and Drug Administration (the “FDA”) that the Company’s request for an Emergency Use Authorization (“EUA”) for the marketing of its rapid, COVID-19 antigen test in the United States was “not a priority” and consequently such authorization would not be

issued at that 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 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 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 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.

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 declared its 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 has recently completed a performance enhancement program for its COVID-19 test and has optimized it for use with a saliva sample, rather than invasive nasal swabs, and the Company is now in the final stages of establishing a clinical trial for that test. If this trial is successful, it is the Company’s intention to immediately commission the third-party analytical studies necessary for regulatory submission in Canada, the U.S. and Europe.



The Company is also developing a portfolio of other rapid tests and services that are intended to leverage its proprietary technology and the know-how it has acquired in the development of lateral flow assays. Continuing the development of new lateral flow tests, such as a concussion test, to a commercialization stage may take between 12-36 months which would require the Company to seek additional financing.

Longer term, research and development activities are planned to create opportunities to use the Company's proprietary gold nanorod technology in 'in vivo' applications. Given this technology's unique non-toxicity, areas in which gold nanorods could provide for innovative therapies include targeted drug delivery and tumor ablation.

#### *Litigation*

Starting on December 17, 2020, several putative shareholder class action lawsuits have been filed in the United States District Court for the Central District of California. The complaints assert 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 suits allege that the Company made material misstatements regarding its rapid detection COVID-19 antigen test. The Company expects the cases, which are in their early stages, will be consolidated into a single action and a lead representative plaintiff appointed in the near future.

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. Please see "Risk Factors – Litigation Risks" in this Prospectus and "Risk Factors – Potential Litigation" in the AIF.

#### *Financing Activity*

In March 2021, the Company issued 37,500 common shares on the exercise of options priced at \$0.35 per share. In February 2021, the Company issued 18,750 common shares on the exercise of options priced at \$0.35 per share. 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 and one-half of a common share purchase 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.

In early November, the Company granted 250,000 incentive stock options under the Company's Stock Option Plan to a 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.

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.

#### *Board of Directors*

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 dollar 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 BIOTEC Canada 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 replaced Mr. Zephaniah Mbugua, who had served on the Company’s Board since August 2018.

### CONSOLIDATED CAPITALIZATION

Except as disclosed elsewhere in this Prospectus, there have been no material changes in the share and loan capital of the Company, on a consolidated basis, since October 31, 2020, being the ending period of the Company’s most recently filed financial statements. Further details are set out in the AIF under the heading “*Description of Share Capital*”, or in the footnote 10 of the annual financial statements for the year ended October 31, 2020, incorporated by reference.

The following table sets forth the consolidated capitalization of the Company has at October 31, 2020 both before and after giving effect changes to the issued capital of the Company since October 31, 2020:

|                              | <u>As at October 31, 2020</u> | <u>As at October 31, 2020, after giving effect to material transactions since that date</u> |
|------------------------------|-------------------------------|---|
|                              | \$8,847,446                   | \$10,600,205  |
| Common Shares .....          | (61,271,778 Common Shares)    | (63,624,728 Common Shares) <sup>(1)</sup>   |
| Warrants .....               | -                             | 1,129,600 <sup>(1)</sup>  |
| Options .....                | 4,337,500                     | 4,493,750 <sup>(2)</sup>  |
| Reserves .....               | Nil                           | Nil   |
| Shareholder Deficiency ..... | (\$3,435,465)                 | (\$1,142,029) <sup>(3)</sup>  |

Notes: 1) After giving effect to the December 2020 non-brokered private placement and option exercises since October 31, 2020.  
 2) After giving effect to option issuance and exercises since October 31, 2020.  
 3) After updating for net changes in common shares and other equity items as outlined above.

As of the date of this Prospectus and as of February 26, 2021, the last business day of the Company’s most recently completed fiscal month end prior to the date of this prospectus, the Company had working capital deficits (excluding the current portion of long-term debt) of \$810,058 and \$618,046, respectively, and current asset balances of \$1,262,322 and \$1,664,604 respectively. Changes in working capital between these dates are due to payments made and liabilities incurred in the ordinary course of the Company’s business.

### EARNINGS COVERAGE RATIOS

Earnings coverage ratios will be provided as required in the Prospectus Supplement with respect to the issuance of Debt Securities pursuant to this Prospectus.

### SELLING SECURITYHOLDERS

Securities may be sold under this Prospectus by way of secondary offering by or for the account of certain of the Company’s securityholders. In connection with any secondary offering, in respect of any selling securityholder that is resident outside of Canada, the Company will file a non-issuer’s submission to jurisdiction form on behalf of such selling securityholder with the corresponding Prospectus Supplement.

Any Prospectus Supplement that the Company files in connection with an offering of Securities by selling securityholders will include the following information:

- the names of the selling securityholders;

- the number or amount of Securities owned, controlled or directed of the class being distributed by each selling securityholder;
- the number or amount of Securities of the class being distributed for the account of each selling securityholder;
- the number or amount of Securities of any class to be owned, controlled or directed by the selling securityholders after the distribution and the percentage that number or amount represents of the total number of our outstanding Securities;
- whether the Securities are owned by the selling securityholders both of record and beneficially, of record only, or beneficially only; and
- all other information that is required to be included in the applicable Prospectus Supplement.

### **USE OF PROCEEDS**

The Company has incurred substantial losses since its inception and has derived no revenue from operations, and consequently has negative cash flow from operations. The Company expects to use some or all of the net proceeds from an offering of Securities to fund anticipated negative cash flow from operating activities in future periods. Specific information about our use of the net proceeds from an offering of Securities will be set forth in the Prospectus Supplement for that offering. The Company will not receive any proceeds from any sale of any Securities by selling securityholders.

The Company will require additional funding to complete further research and development work on its products. There is no assurance that such funds will be available on terms favourable to the Company. See “*Risk Factors*”.

### **PLAN OF DISTRIBUTION**

The Company may sell Securities: (a) through underwriters, dealers or agents purchasing as principal or acting as agent; (b) directly to one or more purchasers, including sales upon the exercise of conversion or exchange rights attaching to convertible or exchangeable securities held by the purchaser; or (c) through a combination of any of these methods of sale. Securities may be sold from time to time in one or more transactions at a fixed price or prices which may be changed, at market prices prevailing at the time of sale, at prices related to such prevailing market price or at prices to be negotiated with purchasers, either for cash or for other consideration. The sale of Common Shares may be effected from time to time on one or more transactions at non-fixed prices pursuant to transactions that are deemed to be an “at-the-market distribution”, including sales made directly on the CSE or other existing trading markets for the Common Shares, and as set forth in the Prospectus Supplement for such purpose.

The Prospectus Supplement relating to each offering of Securities will identify each underwriter, dealer or agent, as the case may be, and will also set forth the terms of that offering, including the purchase price of such Securities, the proceeds to the Company and any underwriters’, dealers’ or agents’ fees, commissions or other items constituting underwriters’ or agents’ compensation. Only underwriters, dealers or agents so named in the applicable Prospectus Supplement are deemed to be underwriters, dealers or agents, as the case may be, in connection with the Securities offered thereby.

In connection with the sale of Securities, underwriters, dealers or agents may receive compensation from the Company in the form of commissions, concessions or discounts. Any such commissions may be paid out of the general funds of the Company or the proceeds of the sale of the Securities.

Under agreements which may be entered into by the Company, underwriters, dealers and agents who participate in the distribution of Securities may be entitled to indemnification by the Company against certain liabilities, including liabilities under securities legislation, or to contribution with respect to payments which such underwriters or agents may be required to make in respect thereof.

In connection with any offering of Securities, other than an “at-the-market distribution”, the underwriters, dealers or

agents who participate in the distribution of Securities may over allot or effect transactions that stabilize or maintain the market price of the Securities at levels other than those which otherwise might prevail on the open market. Such transactions may be commenced, interrupted or discontinued at any time.

Sales of Common Shares under an “at-the-market distribution”, if any, will be made pursuant to an accompanying Prospectus Supplement. The volume and timing of any “at-the-market distribution” will be determined at the Company’s sole discretion. No underwriter of an “at-the-market distribution”, and no person or company acting jointly or in concert with an underwriter, may, in connection with the distribution, enter into any transaction that is intended to stabilize or maintain the market price of the securities or securities of the same class as the securities distributed under the Prospectus Supplement, including selling an aggregate number or principal amount of securities that would result in the underwriter creating an over-allocation position in the securities.

Unless stated to the contrary in any Prospectus Supplement, the Securities have not been and will not be registered under the 1933 Act or any U.S. state securities laws, and may not be offered, sold or delivered, directly or indirectly, to, or for the account or benefit of, persons in the United States or U.S. persons, except in transactions exempt from the registration requirements of the 1933 Act and applicable U.S. state securities laws. In addition, until 40 days after the commencement of an offering of Securities, an offer or sale of the Securities within the United States or to U.S. persons by any dealer, whether or not participating in the offering, may violate the registration requirements of the 1933 Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the 1933 Act. Terms used and not defined in this paragraph have the meanings ascribed thereto by Regulation S under the 1933 Act.

## **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

The applicable Prospectus Supplement may describe certain Canadian federal income tax considerations generally applicable to investors described therein of purchasing, holding and disposing of applicable Securities including, in the case of an investor who is not a resident of Canada, Canadian non-resident withholding tax considerations.

## **DESCRIPTION OF SECURITIES BEING DISTRIBUTED**

### **Authorized and Issued Share Capital**

The authorized share capital of the Company consists of an unlimited number of Common Shares without par value. As of the date of this Prospectus, 63,624,728 Common Shares were issued and outstanding as fully paid and non-assessable shares.

### **Common Shares**

The holders of the Common Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Company and each Common Share confers the right to one vote in person or by proxy at all meetings of the shareholders of the Company. The holders of the Common Shares, subject to the prior rights, if any, of any other class of shares of the Company, are entitled to receive such dividends in any financial year as the board of directors of the Company may by resolution determine. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the holders of the Common Shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of the Company, the remaining property and assets of the Company. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

### **Debt Securities**

The Debt Securities will be issued under one or more indentures, in each case between the Company and a trustee determined by the Company in accordance with applicable laws. The statements made below relating to any trust indenture and the Debt Securities to be issued thereunder are summaries of certain anticipated provisions thereof, are not complete and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable trust indenture. A copy of the trust indenture will be available on SEDAR at [www.sedar.com](http://www.sedar.com).

The Prospectus Supplement relating to any Debt Securities being offered will include specific terms relating to the

offering. These terms will include some or all of the following:

- the designation of the series of the Debt Securities, which will distinguish the series of the Debt Securities from all other series of Debt Securities;
- any limit upon the aggregate principal amount of the series of the Debt Securities that may be certified and delivered under a trust indenture or supplement to a trust indenture;
- the date or dates on which the principal and any premium of the series of the Debt Securities is payable;
- the rate or rates at which the series of the Debt Securities shall bear interest, if any, the date or dates from which such interest shall accrue, on which such interest shall be payable and on which a record, if any, shall be taken for the determination of holders to whom such interest shall be payable and/or the method or methods by which such rate or rates or date or dates shall be determined;
- the place or places where the principal of and any interest on the series of the Debt Securities shall be payable or where any series of the Debt Securities may be surrendered for registration of transfer or exchange;
- the right, if any, of the Company to redeem the series of the Debt Securities, in whole or in part, at its option and the period or periods within which, the price or prices at which and any terms and conditions upon which, the series of the Debt Securities may be so redeemed, pursuant to any sinking fund or otherwise;
- the obligation, if any, of the Company to redeem, purchase or repay the series of the Debt Securities pursuant to any mandatory redemption, sinking fund or analogous provisions or at the option of a holder thereof and the price or prices at which, the period or periods within which, the date or dates on which, and any terms and conditions upon which, the series of the Debt Securities shall be redeemed, purchased or repaid, in whole or in part, pursuant to such obligations;
- if other than denominations of \$1,000 and any integral multiple thereof, the denominations in which the series of the Debt Securities shall be issuable;
- any trustees, depositories, authenticating or paying agents, transfer agents or registrars or any other agent with respect to the series of the Debt Securities;
- any events of default or covenants with respect to the series of the Debt Securities;
- whether and under what circumstances the series of the Debt Securities will be convertible into or exchangeable for securities of the Company or any other person;
- the form and terms of the series of the Debt Securities, including, without limitation, if the series of the Debt Securities shall be in registered or unregistered form;
- if applicable, that the series of the Debt Securities shall be issuable in whole or in part as one or more global Debt Securities and, in such case, the depository or depositories for such global Debt Securities in whose name the global Debt Securities will be registered;
- if other than Canadian currency, the currency in which the series of the Debt Securities are issuable; and
- any other term of the series of the Debt Securities.

All Debt Securities of any one series shall be substantially identical, except as may otherwise be established pursuant to a resolution of the directors, in an officers' certificate, or in the trust indenture or supplement to the trust indenture for the Debt Securities. All Debt Securities of any one series need not be issued at the same time and may be issued from time to time.

If any Debt Securities are sold for any foreign currency or currency unit or if payments on the Debt Securities are payable in any currency or currency unit other than the Canadian dollar, the Prospectus Supplement will describe the restrictions, elections, tax consequences, specific terms and other information relating to those Debt Securities and the non-Canadian dollar currency or currency unit.

This Prospectus does not qualify for issuance Debt Securities in respect of which the payment of principal, premium and/or interest may be determined, in whole or in part, by reference to one or more underlying interests, including, for example, an equity or debt security, a statistical measure of economic or financial performance including, but not limited to, any currency, consumer price or mortgage index, or the price or value of one or more commodities, indices or other items, or any other item or formula, or any combination or basket of the foregoing items. For greater certainty, this Prospectus may qualify for issuance Debt Securities in respect of which the payment of principal, premium and/or interest may be determined, in whole or in part, by reference to published rates of a central banking authority or one or more financial institutions, such as a prime rate or a bankers' acceptance rate, or to recognized market benchmark interest rates.

The Debt Securities offered pursuant to this Prospectus and any Prospectus Supplement may be represented by instalment receipts, the particular terms and provisions of which will be described in the applicable Prospectus Supplement and set out in an instalment receipt and pledge agreement or similar agreement. Any such instalment receipt will evidence, among other things: (a) the fact that a first instalment payment has been made in respect of the Debt Securities represented thereby, and (b) the beneficial ownership of the Debt Securities represented by the instalment receipt, subject to a pledge of such Debt Securities securing the obligation to pay the balance outstanding under such Debt Securities on or prior to a certain date. A copy of any such instalment receipt and pledge agreement or similar agreement will be available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **Warrants**

This section describes the general terms that will apply to any Warrants that may be offered by the Company pursuant to this Prospectus.

Warrants may be offered separately or together with other Securities. The Company will not offer Warrants for sale separately to any member of the public in Canada unless the offering is in connection with and forms part of the consideration for an acquisition or merger transaction. See "*Purchasers' Statutory Rights*".

The particular terms of each issue of Warrants will be described in the related Prospectus Supplement. Such description will include, where applicable:

- the number of Warrants being offered and, if offered as a unit with another Security, the number of Warrants or a fraction of a Warrant being offered with such other Security;
- the Securities which are underlying the Warrants;
- the exercise price of the Warrants;
- the expiry date of the Warrants;
- the procedure for exercising Warrants into underlying Securities;
- the indenture trustee of the Warrants under the warrant indenture pursuant to which the Warrants are to be issued, if applicable;
- certain material Canadian tax consequences of owning the Warrants (if any); and

- any other material terms and conditions of the Warrants.

### **Subscription Receipts**

This section describes the general terms that will apply to any Subscription Receipts that may be offered by the Company pursuant to this Prospectus.

Subscription Receipts may be offered separately or together with other Securities. The following sets forth certain general terms and provisions of the Subscription Receipts offered under this Prospectus. The specific terms of the Subscription Receipts, and the extent to which the general terms described in this section apply to those Subscription Receipts, will be set forth in the applicable Prospectus Supplement. The Subscription Receipts will be issued under a subscription receipt agreement. The applicable Prospectus Supplement will include details of the subscription receipt agreement governing the Subscription Receipts being offered, including, where applicable:

- the number of Subscription Receipts being offered;
- the price at which the Subscription Receipts will be offered;
- the Securities into which Subscription Receipts are exchangeable;
- the procedures for the exchange of the Subscription Receipts into Securities;
- the number of Securities that may be exchanged upon exercise of each Subscription Receipt;
- the designation and terms of any other Securities with which the Subscription Receipts will be offered, if any, and the number of Subscription Receipts that will be offered with each Security;
- the material Canadian tax consequences of owning the Subscription Receipts (if any); and
- any other material terms and conditions of the Subscription Receipts.

An original purchaser of Subscription Receipts will have a contractual right of rescission against the Company, following the issuance of the underlying Common Shares or other Securities to such purchaser, upon the surrender or deemed surrender of the Subscription Receipts, to receive the amount paid for the Subscription Receipts in the event that this Prospectus (including any documents incorporated by reference) and any amendment thereto contains a misrepresentation or is not delivered to such purchaser, provided such remedy for rescission is exercised within 180 days.

### ***Units***

This section describes the general terms that will apply to any Units that may be offered by the Company pursuant to this Prospectus.

Units are a security comprised of more than one of the other Securities described in this Prospectus offered together as a "Unit". A Unit is typically issued so the holder thereof is also the holder of each Security included in the Unit. Thus, the holder of a Unit will have the rights and obligations of a holder of each Security comprising the Unit. The agreement, if any, under which a Unit is issued may provide that the Securities comprising the Unit may not be held or transferred separately at any time or at any time before a specified date.

The particular terms and provisions of Units offered by any Prospectus Supplement, and the extent to which the general terms and provisions described below may apply to them, will be described in the Prospectus Supplement filed in respect of such Units. This description will include, where applicable:

- the designation and terms of the Units and of the Securities comprising the Units, including whether and under what circumstances those Securities may be held or transferred separately;

- the number of Units offered;
- the price or prices, or manner of determining the price, if any, at which the Units will be issued;
- any provisions for the issuance, payment, settlement, transfer or exchange of the Units or of the Securities comprising the Units;
- whether the Units will be issued in registered or global form; and
- any other material terms and conditions of the Units.

## **RISK FACTORS**

*An investment in the Securities should be considered highly speculative and investors may incur a loss on their investment. Investors should carefully review and consider all of the information disclosed in this Prospectus, including the documents incorporated by reference, and in particular, the risk factors set forth in the Company's AIF relating to the Company, as well as the following additional risk factors.*

### ***Litigation Risks***

As described under "Litigation" above and "Legal Proceedings and Regulatory Actions" in the AIF, claims against the Company have been filed in the United States District Court for the Central District of California and the Supreme Court of Nova Scotia. Although the Company believes these claims are without merit and intends to contest the claims and mount a vigorous defence, there can be no assurance that the Company will be successful in its defense due to the inherent uncertainty of the litigation process. Further, while the Company is not aware of any regulatory investigations or additional pending claims relating to the allegations made in the existing class action claims, the Company may be subject to additional class action suits, other litigation, or regulatory proceedings or actions arising from such matters in the future.

While the Company maintains insurance coverage with respect to litigation, an adverse decision in respect of existing claims against the Company could result in significant settlement amounts, damages or other penalties, which may exceed the limits of the Company's existing insurance coverage. Losses and liabilities arising from insufficient insurance coverage could have a material adverse effect on the Company's business, financial condition and results of operation, as well as the market price of the Securities. Additionally, legal fees and costs incurred in defending legal disputes can be substantial, even where such claims that have no merit. The Company has and will continue to incur expenses associated with its defense of the class action claims. There can be no assurance that the Company's existing insurance coverage will be sufficient to pay all of such costs, and any costs incurred in excess of insurance coverage may have a material adverse effect on the Company's financial condition.

In addition to the matters discussed above, the Company may be subject to regulatory investigations, civil claims, lawsuits and other proceedings in the ordinary course of its business, including securities law compliance, employee and customer claims, commercial disputes, landlord-tenant disputes, intellectual property issues and other matters. The results of any legal proceedings involving the Company cannot be predicted with certainty due to the uncertainty inherent in regulatory actions and litigation. There can be no assurance that any pending or future litigation, regulatory, agency or civil proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources. The nanotechnology life science industry is a new industry and the Company is a relatively new enterprise. It is therefore more difficult to predict the types of claims, proceedings and allegations and the quantum of costs related to such claims and proceedings and the direct and indirect effects of such allegations that the Company may face. Management is committed to conducting business in an ethical and responsible manner, which it believes will reduce the risk of legal disputes and allegations. However, if the Company is subject to legal disputes or negative allegations, there can be no assurances that these matters will not have a material adverse effect on the Company's business, financial condition or results of operations, or the market price of the Securities.



## ***COVID-19***

It is possible that developments related to the COVID-19 pandemic could have material adverse impacts on the Company's operations and financial condition, including loss of available labour, prolonged or temporary closures due to a COVID-19 outbreak, government orders that impact the operations of the Company's business. Since very early in 2020, the outbreak of 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. During this time, the Company has been constrained in its ability to pursue and secure partnerships, collaborations and clinical trials due to travel restrictions and quarantine requirements. In addition, the COVID-19 pandemic has had, and could continue to have, a negative impact on financial markets and economic conditions. 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. The duration and severity of the COVID-19 pandemic are not known at this time and these factors could have an unpredictable impact on our business, financial condition and operating results, which could be materially and adversely affected.

### **Risks Related to the Offering:**

#### ***Loss of Investment***

An investment in the Securities is suitable only for those investors who are willing to risk a loss of some or all of their investment and who can afford to lose some or all of their investment.

#### ***Negative Operative Cash Flow and Additional Funding will be Required***

The Company has reported negative cash flow from operations in its most recently completed financial year. The net proceeds of any offering under this Prospectus will be used to fund the Company's business activities and negative operating cash flow. The funds raised may not be sufficient to meet all of the Company's ongoing financial requirements relating to the research, development and commercialization of the Company's products. The Company will require additional financing from external sources, such as joint ventures, debt financing or equity financing, in order to meet such requirement. The success and the pricing of any such capital raising and/or debt financing will be dependent upon the prevailing market conditions at that time and upon the ability of a company with projects that are non-producing to attract significant amounts of debt and/or equity. There can be no assurance that such financing will be available to the Company or, if it is, that it will be offered on acceptable terms. If additional financing is raised through the issuance of equity or convertible debt securities of the Company, this may have a depressive effect on the price of the Company's securities and the interests of shareholders in the net assets of the Company will be diluted. Any failure by the Company to obtain required financing on acceptable terms could cause the Company to delay development and commercialization of its products and could have a material adverse effect on the Company's financial condition, results of operations and liquidity.

#### ***Going Concern Risk***

Although the Company's financial statements have been prepared on a going concern basis, the Company estimates that it must raise additional capital before October 1, 2021 to fund its operations in order to continue as a going concern without significantly reducing its operations, including a significant reduction in its workforce and delay of product development activities.

Manning Elliott LLP, the Company's independent auditor for the fiscal year ended October 31, 2020, has included an explanatory paragraph in their opinion that accompanies the Company's audited consolidated financial statements as of and for the year ended October 31, 2020, indicating the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. See also Note 2 "Basis of Presentation and Going Concern in the notes to the Company's audited consolidated financial statements as of and for the year ended October 31, 2020. If the Company is unable to improve its liquidity position, it may not be able to continue as a going concern. The Company's audited consolidated financial statements as of and for the year ended October 31, 2020 do not include any adjustments that might result if the Company is unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities other than in the normal course of

business which could cause investors to suffer the loss of all or a substantial portion of their investment.

The Company anticipates that its current cash resources will only be sufficient to fund its activities and liability payment needs through October 1, 2021. In order to have sufficient cash to fund its operations beyond October 1, 2021, the Company will need to raise additional equity or debt capital by October 1, 2021, including through offerings under this Prospectus, in order to continue as a going concern and the Company cannot provide any assurance that it will be successful in doing so.

### ***No Market for the Securities***

There is currently no trading market for any Debt Securities, Subscription Receipts, Warrants or Units that may be offered. No assurance can be given that an active or liquid trading market for these securities will develop or be sustained. If an active or liquid market for these securities fails to develop or be sustained, the prices at which these securities trade may be adversely affected. Whether or not these securities will trade at lower prices depends on many factors, including liquidity of these securities, prevailing interest rates and the markets for similar securities, the market price of the Securities, general economic conditions and the Company's financial condition, historic financial performance and future prospects.

### ***Market Price of Common Shares***

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. The price of Common Shares is also likely to be significantly affected by changes in the financial condition or results of the Company's operations as reflected in its financial statements. If an active market for the Common Shares does not continue, the liquidity of an investor's investment may be limited and the price of the Common Shares may decline below the price at which they were sold. If an active market does not continue, investors may lose their entire investment in the Common Shares. As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect the long-term value of the Company.

### ***Discretion in the Use of Net Proceeds***

The Company intends to use the net proceeds from the distribution of Securities hereunder as set forth under "*Use of Proceeds*". The Company maintains broad discretion to spend the proceeds in ways that it deems most efficient. The application of the proceeds to various items may not necessarily enhance the value of the Common Shares. The failure to apply the net proceeds as set forth under "*Use of Proceeds*" could adversely affect the Company's business and, consequently, could adversely affect the price of the Common Shares on the open market.

## **PRIOR SALES**

### **Common Shares**

The following table summarizes details of Common Shares issued by the Company during the 12-month period prior to the date of this Prospectus:

| Month Issued    | Number of Securities | Security      | Price per Security (\$) |
|-----------------|----------------------|---------------|-------------------------|
| March, 2021     | 12,500               | Common Shares | 0.35                    |
| March, 2021     | 25,000               | Common Shares | 0.60                    |
| February, 2021  | 18,750               | Common Shares | 0.35                    |
| January, 2021   | 18,750               | Common Shares | 0.60                    |
| January, 2021   | 18,750               | Common Shares | 0.35                    |
| December, 2020  | 2,259,200            | Common Shares | 1.00                    |
| October, 2020   | 7,500                | Common Shares | 0.35                    |
| September, 2020 | 17,500               | Common Shares | 0.60                    |
| August, 2020    | 35,000               | Common Shares | 0.35                    |
| July 2020       | 196,250              | Common Shares | 0.25                    |
| July 2020       | 25,000               | Common Shares | 0.35                    |
| June 2020       | 90,000               | Common Shares | 0.35                    |
| June 2020       | 122,500              | Common Shares | 0.20                    |
| April 2020      | 127,500              | Common Shares | 0.20                    |
| April 2020      | 400,000              | Common Shares | 0.25                    |
| January 2020    | 2,520,270            | Common Shares | 0.20                    |
| July 2019       | 3,199,812            | Common Shares | 0.25                    |
| July 2019       | 867,677              | Common Shares | 0.158                   |
| June 2019       | 206,250              | Common Shares | 0.20                    |

### Warrants

The following table summarizes details of the warrants issued by the Company during the 12-month period prior to the date of this Prospectus:

| Month Granted | Number of Securities | Security               | Exercise Price per Security (\$) |
|---------------|----------------------|------------------------|----------------------------------|
| December 2020 | 1,129,600            | Warrant <sup>(1)</sup> | 1.25                             |

<sup>(1)</sup> Warrants issued pursuant to the Company's December 2020 private placement expire on December 16, 2022.

### Stock Options

The following table summarizes details of the stock options granted by the Company during the 12-month period prior to the date of this Prospectus:

| Month Granted   | Number of Securities | Security                     | Exercise Price per Security (\$) |
|-----------------|----------------------|------------------------------|----------------------------------|
| November, 2020  | 250,000              | Stock Options <sup>(1)</sup> | 3.36                             |
| October, 2020   | 200,000              | Stock Options <sup>(1)</sup> | 7.91                             |
| September, 2020 | 665,000              | Stock Options <sup>(1)</sup> | 6.57                             |
| July, 2020      | 1,000,000            | Stock Options <sup>(1)</sup> | 7.47                             |
| March, 2020     | 1,100,000            | Stock Options <sup>(1)</sup> | 0.60                             |

<sup>(1)</sup> Options granted pursuant to the Company's Stock Option Plan for five (5) years from the date of the grants.

## TRADING PRICE AND VOLUME

The outstanding Common Shares of the Company are listed and posted for trading on the CSE under the symbol “SONA”. On April 13, 2020 the Common Shares also commenced trading on the OTCQB Venture Market in the United States under the symbol “SNANF”. The following sets out the price range and volumes traded or quoted on all trading platforms on which the Common Shares are traded<sup>(1)</sup> on a monthly basis for each month for the 12-month period before the date of this Prospectus:

| Month                     | High (\$) | Low (\$) | Volume     |
|---------------------------|-----------|----------|------------|
| March 2021 <sup>(2)</sup> | 2.07      | 1.55     | 7,166,895  |
| February 2021             | 2.34      | 1.20     | 12,688,108 |
| January 2021              | 4.44      | 1.60     | 17,068,442 |
| December 2020             | 5.38      | 0.82     | 30,420,606 |
| November 2020             | 4.00      | 0.78     | 25,841,339 |
| October 2020              | 11.02     | 2.59     | 11,956,530 |
| September 2020            | 9.24      | 5.02     | 7,997,641  |
| August 2020               | 15.16     | 6.51     | 17,619,800 |
| July 2020                 | 16.18     | 3.21     | 19,290,605 |
| June 2020                 | 4.14      | 2.52     | 9,725,618  |
| May 2020                  | 2.89      | 1.06     | 13,727,772 |
| April 2020                | 2.68      | 1.09     | 19,394,445 |
| March 2020                | 1.39      | 0.46     | 27,083,627 |
| February 2020             | 2.32      | 0.12     | 5,059,181  |

<sup>(1)</sup> Trading information sourced from TSX InfoSuite and StockWatch.

<sup>(2)</sup> To March 30, 2021.

## LEGAL MATTERS AND INTERESTS OF EXPERTS

Unless otherwise specified in the Prospectus Supplement relating to the Securities, certain legal matters will be passed upon on our behalf by Stewart McKelvey with respect to matters of Canadian law. In addition, certain legal matters in connection with an offering and sale of Securities will be passed upon for any underwriters, dealers or agents by counsel to be designated at the time of such offering and sale by such underwriters, dealers or agents with respect to matters of Canadian and, if applicable, United States or other foreign law. As at the date hereof, the partners and associates of Stewart McKelvey, as a group, own less than 1% of the outstanding securities of the Company.

Except as disclosed above, no partner or associate, as applicable, of the afore-mentioned company and limited liability partnerships or persons indicated above are currently expected to be elected, appointed or employed as a director, officer or employee of the Company or any associate or affiliate of the Company.

The Company’s auditors, Manning Elliott LLP are independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of British Columbia.

## AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Company are Manning Elliott LLP, Chartered Professional Accountants, and Vancouver, British Columbia, Canada.

The registrar and transfer agent of the Company is Computershare Investor Services Inc., of Montreal, Quebec, Canada.

## **EXEMPTIVE RELIEF**

Pursuant to a decision of the Autorité des marchés financiers dated March 11, 2021, the Company was granted a permanent exemption from the requirement under section 40.1 of the Securities Act (Québec) to translate into French this Prospectus, as well as the documents incorporated by reference herein, and any Prospectus Supplement to be filed in relation to an “at-the-market distribution”. This exemption is granted on the condition that if the Company offers securities to Québec purchasers other than in relation to an “at-the-market distribution”, this Prospectus and the documents incorporated by reference herein and the Prospectus Supplement in respect of such offering be translated into French.

## **PURCHASERS' STATUTORY RIGHTS**

Securities legislation in certain of the provinces and territories of Canada provides purchasers of securities with the right to withdraw from an agreement to purchase securities and with remedies for rescission or, in some jurisdictions, revisions of the price, or damages if the prospectus, prospectus supplement, and any amendment relating to securities purchased by a purchaser are not sent or delivered to the purchaser. However, purchasers of Common Shares under an at-the-market distribution by the Company do not have the right to withdraw from an agreement to purchase the Common Shares and do not have remedies of rescission or, in some jurisdictions, revisions of the price, or damages for non-delivery of the prospectus, prospectus supplement, and any amendment relating to securities purchased by such purchaser because the prospectus, prospectus supplement, and any amendment relating to the securities purchased by such purchaser will not be sent or delivered, as permitted under Part 9 of NI 44-102.

Securities legislation in certain of the provinces and territories of Canada further provides purchasers with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus, prospectus supplement, and any amendment relating to securities purchased by a purchaser contains a misrepresentation. Those remedies must be exercised by the purchaser within the time limit prescribed by securities legislation.

Any remedies under securities legislation that a purchaser of Common Shares distributed under an at-the-market distribution by the Company may have against the Company or its agents for rescission or, in some jurisdictions, revisions of the price, or damages if the prospectus, prospectus supplement, and any amendment relating to securities purchased by a purchaser contain a misrepresentation will remain unaffected by the non-delivery of the prospectus referred to above.

A purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

In addition, original purchasers of convertible, exchangeable or exercisable Securities (unless the Securities are reasonably regarded by the Company as incidental to the applicable offering as a whole) will have a contractual right of rescission against the Company in respect of the conversion, exchange or exercise of the convertible, exchangeable or exercisable Security. The contractual right of rescission will be further described in any applicable Prospectus Supplement, but will, in general, entitle such original purchasers to receive the amount paid for the applicable convertible, exchangeable or exercisable Security (and any additional amount paid upon conversion, exchange or exercise) upon surrender of the underlying securities acquired thereby, in the event that this Prospectus (as supplemented or amended) contains a misrepresentation, provided that: (i) the conversion, exchange or exercise takes place within 180 days of the date of the purchase of the convertible, exchangeable or exercisable Security under this Prospectus; and (ii) the right of rescission is exercised within 180 days of the date of the purchase of the convertible, exchangeable or exercisable security under this Prospectus.

In an offering of convertible, exchangeable or exercisable Subscription Receipts, Warrants or convertible, exchangeable or exercisable Debt Securities (or Units comprised partly thereof), investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the Prospectus is limited, in certain provincial securities legislation, to the price at which convertible, exchangeable or exercisable Securities are offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces and territories, if the purchaser pays additional amounts upon the conversion, exchange or exercise of the Security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces and territories. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's

province for the particulars of this right of action for damages or consult with a legal advisor.

**CERTIFICATE OF THE COMPANY**

Dated: March 31, 2021

This short form prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of a particular distribution of securities under the prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement as required by the securities legislation of each of the provinces and territories of Canada.

(Signed) “David Regan”

DAVID REGAN  
Chief Executive Officer

(Signed) “Robert Randall”

ROBERT RANDALL  
Chief Financial Officer and Corporate Secretary

**ON BEHALF OF THE BOARD OF DIRECTORS**

(Signed) “James Megann”

JAMES MEGANN  
Director

(Signed) “Michael Gross”

MICHAEL GROSS  
Director

**CANACCORD'S ATM DISTRIBUTION PLAN  
EQUITY DISTRIBUTION AGREEMENT**

April 9, 2021

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

Attention: David Regan  
Chief Executive Officer

Dear Sirs/Mesdames:

**Re: Canaccord's ATM Distribution Plan**

Canaccord Genuity Corp. (the "**Agent**" or "**Canaccord**") understands that Sona Nanotech Inc. (the "**Corporation**") has filed a short form base shelf prospectus dated March 31, 2021 (the "**Base Shelf Prospectus**") with the securities regulatory authority in each of the Qualifying Jurisdictions (as defined herein) relating to the issue and sale of up to \$10,000,000 aggregate amount of securities of the Corporation, including the Offered Shares (as defined herein), and has received a final receipt pursuant to the Passport System (as defined herein) evidencing that a final receipt for the Base Shelf Prospectus has been issued, or deemed to have been issued, by the regulators in each of the Qualifying Jurisdictions. The Agent further understands that, in filing the Base Shelf Prospectus, the Corporation has selected the NSSC (as defined herein) as the principal regulator under Part 3 of NP 11-202 (as defined herein).

Pursuant to the terms and conditions hereof, the Agent confirms that it is prepared to act as the sole and exclusive agent of the Corporation to offer common shares of the Corporation ("**Common Shares**") having an aggregate offering price of up to \$10,000,000 of Common Shares in the capital of the Corporation (the "**Offered Shares**") for sale to the public from time to time under the Base Shelf Prospectus, as supplemented by a Prospectus Supplement (as defined herein), pursuant to "at-the-market distributions" within the meaning of NI 44-102 (as defined herein) during the period in which the Base Shelf Prospectus is effective, subject to earlier termination hereunder.

The following are the terms and conditions of this Agreement:

**1. DEFINITIONS AND INTERPRETATION**

1.1 Definitions. In this Agreement (including the Schedules hereto), unless the context otherwise requires:

"**Acquired Business**" means any entity or business (other than the Corporation) whose financial statements are included or incorporated by reference in the Prospectus;

"**Acquired Business Financial Statements**" means, collectively, the audited and any unaudited financial statements of any Acquired Business that are included or incorporated (or deemed to be incorporated) by reference in the Prospectus, together with the notes thereto and, in the case of audited financial statements, the auditor's report thereon;

"**Act**" means the *Securities Act* (Ontario);

"**affiliate**" has the meaning given thereto in NI 51-102;

"**Agent**" has the meaning given thereto in the first paragraph on the first page of this Agreement;



**"Agent's Fee"** has the meaning given thereto in Section 2.4;

**"Agent's Information"** means, in respect of the Prospectus, any statements contained therein relating solely to and furnished in writing to the Corporation by the Agent expressly for purposes of inclusion therein;

**"Agreement"** means and refers to this equity distribution agreement between the Corporation and the Agent resulting from the mutual execution and delivery of this agreement, and does not refer to any particular section, paragraph or other part of this equity distribution agreement;

**"Anti-Money Laundering Laws"** has the meaning given thereto in Section 1(xx) of Schedule C;

**"Assets and Properties"** with respect to any Person means all assets and properties of every kind, nature, character and description (whether real, personal or mixed, tangible or intangible, choate or inchoate, absolute, accrued, contingent, fixed or otherwise, and, in each case, wherever situated), including the goodwill related thereto, operated, owned, licensed or leased by or in the possession of such Person;

**"ATM Distribution"** means a distribution of Offered Shares that constitutes an "at-the-market distribution" within the meaning of NI 44-102;

**"Auditors"** means Manning Elliott LLP, being the current auditors of the Corporation, or any other auditors of the Corporation from time to time;

**"Authorized Representatives"** means, for a Party, the Designated Representatives of that Party who are identified in Schedule A hereto (as such Schedule A may be amended from time to time by any Party by notice to the other Party as provided herein, which amendment shall be effective upon all Parties mutually agreeing in writing to an amended and restated form of Schedule A) as being Authorized Representatives of that Party;

**"Base Shelf Prospectus"** has the meaning given thereto in the first paragraph on the first page of this Agreement;

**"Bringdown Certificate"** has the meaning given thereto in Section 9.3;

**"Business Acquisition Report"** has the meaning given thereto in NI 51-102;

**"Business Day"** means any day on which the CSE and chartered banks in Toronto, Ontario, are open for business;

**"Claims"** has the meaning given thereto in Section 1.1 of Schedule F;

**"Clinical Trials"** has the meaning given thereto in Section 1(ii) of Schedule C;

**"Common Shares"** has the meaning given thereto in the second paragraph on the first page of this Agreement;

**"Constating Documents"** means the Certificate and Articles of Amalgamation dated August 8, 2018, as amended from time to time, and the by-laws of the Corporation as filed on SEDAR on August 13, 2018;

**"Corporation"** has the meaning given thereto in the first paragraph on the first page of this Agreement;

**"Corporation Financial Statements"** means, collectively, the audited annual financial statements and unaudited interim financial statements of the Corporation that are filed on the Public Record and are included or incorporated (or deemed to be incorporated) by reference in the Prospectus, together with the notes thereto and, in the case of the audited annual financial statements, the auditor's report thereon;

**"Corporation's Counsel"** means Stewart McKelvey, Canadian counsel to the Corporation, and, where applicable, any other external counsel of the Corporation from time to time in any other jurisdiction where the Corporation has material operations;

**"CSE"** means the Canadian Securities Exchange;

**"Designated News Releases"** means a news release designated by the Corporation in respect of previously undisclosed information that, in the Corporation's determination, constitutes a material fact (as such term is defined in Securities Laws) and that is identified by the Corporation as a "designated news release" for the purposes of the Prospectus in writing on the face page of the version of such news release that is filed by the Corporation on SEDAR as contemplated by Section 5.5 of the Companion Policy to NI 44-102;

**"Designated Representatives"** means, for a Party, the individuals from that Party identified as such in Schedule A hereto (as such Schedule A may be amended from time to time by any Party by notice to the other Party as provided herein, which amendment shall be effective upon all Parties mutually agreeing in writing to an amended and restated form of Schedule A);

**"Directed Selling Efforts"** means "**directed selling efforts**" as defined in Regulation S and, without limiting the foregoing, but for greater clarity, means, subject to the exclusions from the definition of directed selling efforts contained in Regulation S, any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the Offered Shares and includes the placement of any advertisement in a publication with a general circulation in the United States that refers to the offering of any of the Offered Shares;

**"Eligible Issuer"** means an issuer which meets the criteria and has complied with the requirements of NI 44-101 so as to be qualified to offer securities by way of a short form prospectus under applicable Securities Laws;

**"Environmental Laws"** means all applicable Laws currently in existence in Canada and the United States (whether federal, provincial, state or municipal) relating to the protection and preservation of the environment, occupational health and safety, product safety, product liability or hazardous substances;

**"Filing Date"** means the date on which the Prospectus Supplement is first filed with the Qualifying Authorities in accordance with Section 9.1(d);

**"General Solicitation"** and **"General Advertising"** means "**general solicitation**" and "**general advertising**", respectively, as used in Rule 502(c) of Regulation D, including any advertisement, article, notice or other communications published in any newspaper, magazine or similar media or broadcast over the internet, radio or television, or any seminar or meeting whose attendees had been invited by general solicitation or general advertising or in any other manner involving a public offering within the meaning of Section 4(a)(2) of the U.S. Securities Act;

**"Governmental Body"** means any: (i) multinational, federal, provincial, state, municipal, local or other governmental or public authority, body, department, central bank, court, commission, board, bureau, agency or instrumentality, domestic or foreign; (ii) any subdivision or authority of any of the foregoing; or (iii) any quasi-governmental, self-regulatory organization or private body exercising

any regulatory, expropriation or taxing authority under or for the account of its members or any of the above, and includes the Qualifying Authorities and the Health Regulatory Authorities;

**"Health Regulatory Authority"** means the Governmental Bodies authorized under applicable Laws to protect and promote public through the regulation and supervision of medical products, including, without limitation, Health Canada, the United States Food and Drug Administration, the European Medicines Agency and similar regulatory agencies having jurisdiction over the Corporation or its activities;

**"IFRS"** means International Financial Reporting Standards;

**"IIROC"** means the Investment Industry Regulatory Organization of Canada;

**"Indemnified Party"** has the meaning given thereto in Section 1.1 of Schedule F;

**"Indemnifying Party"** has the meaning given thereto in Section 1.1 of Schedule F;

**"Initial Corporation Comfort Letter"** has the meaning given thereto in Section 9.2(b);

**"Initial Legal Opinions"** has the meaning given thereto in Section 9.2(a);

**"Intellectual Property"** means, for the relevant Person, all proprietary rights provided in law and at equity to all patents, patent rights, licenses, trademarks, copyrights, industrial designs, software, know-how (including trade secrets and other unpatented or unpatentable proprietary or confidential information, systems or procedures), concepts, information and other intellectual and industrial property of any kind or nature whatsoever (including applications for all of the foregoing and renewals, divisions, continuations, continuations-in-part, extensions and reissues, where applicable, relating thereto);

**"knowledge of the Corporation", "of which the Corporation is aware"** (or similar phrases) means the actual knowledge of the Chief Executive Officer or Chief Financial Officer of the Corporation, in each case after having made due and reasonable inquiries with respect to such facts or circumstances;

**"Law"** means any and all applicable laws, including all statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws or judgments, orders, decisions, rulings or awards of any Governmental Body, binding on or affecting the Person referred to in the context in which the word is used;

**"Leased Premises"** has the meaning given thereto in Section 1(ff) of Schedule C;

**"Marketplace"** means any recognized Canadian **"marketplace"** as that term is defined in NI 21-101 upon which the Common Shares are listed, quoted or otherwise traded in a Qualifying Jurisdiction;

**"Material Adverse Effect"** means a material adverse effect on: (i) the business, affairs, operations, condition (financial or otherwise), earnings, assets, liabilities (absolute, accrued, contingent or otherwise) or capital of the Corporation, whether or not arising in the ordinary course of business; (ii) the transactions contemplated by this Agreement; and (iii) the ability of the Corporation or the Agent to perform its obligations under this Agreement;

**"material change", "material fact"** and **"misrepresentation"** with respect to circumstances in which the Securities Laws of a particular jurisdiction are applicable, as each of such terms is defined under the Securities Laws of that jurisdiction, and if not so defined, or in circumstances in which the laws of no particular jurisdiction is applicable, as each of such term is defined under the Act;

"**Material Permits**" has the meaning given thereto in Section 1(gg) of Schedule C;

"**MI 11-102**" means Multilateral Instrument 11-102 – *Passport System*;

"**Net Proceeds**" has the meaning given thereto in Section 7.2;

"**NI 21-101**" means National Instrument 21-101 — *Marketplace Operation*;

"**NI 44-101**" means National Instrument 44-101 — *Short Form Prospectus Distributions*;

"**NI 44-102**" means National Instrument 44-102 — *Shelf Distributions*;

"**NI 51-102**" means National Instrument 51-102 — *Continuous Disclosure Obligations*;

"**No Trade Period**" has the meaning given thereto in Section 4.7;

"**NP 11-202**" means National Policy 11-202 — *Process for Prospectus Reviews in Multiple Jurisdictions*;

"**NSSC**" means the Nova Scotia Securities Commission;

"**Numus**" means Numus Financial Inc., together with its affiliates and subsidiaries;

"**OFAC**" means the Office of Foreign Assets Control of the U.S. Treasury Department;

"**Offered Shares**" has the meaning given thereto in the second paragraph on the first page of this Agreement;

"**Parties**" means the Corporation and the Agent, and "**Party**" means either of them;

"**Passport Procedures**" means the procedures described under MI 11-102 and NP 11-202;

"**Passport System**" means the system and procedures for the filing of prospectuses and related materials in one or more Canadian jurisdictions pursuant to MI 11-102 adopted by the Qualifying Authorities (other than the Ontario Securities Commission) and NP 11-202;

"**pending**" means, with respect to a Placement Notice for the period beginning on the issuance of the written notice contemplated by Section 4.1 and ending on the earlier of: (i) the issuance of the Placement Notice with respect to the intended or expected sale of Offered Shares relating to such written notice; and (ii) delivery of written notice from the Corporation to the Agent indicating that the Corporation no longer intends or expects to initiate the sale of such Offered Shares;

"**Person**" includes an individual, a corporation, a partnership, a trust, a trustee, a joint venture, a syndicate, a sole proprietorship, other bodies corporate, an unincorporated organization, a union, a regulatory body or any agency thereof, a government or any department or agency thereof and the heirs, executors, administrators or other legal representatives of an individual;

"**Placement**" means an issuance and sale of Offered Shares hereunder by the Corporation, acting through the Agent as its agent, pursuant to an ATM Distribution;

"**Placement Notice**" has the meaning given thereto in Section 4.1;

"**Placement Shares**" has the meaning given thereto in Section 4.1;

**"Placement Time"** means each time at which Placement Shares are sold pursuant to a Placement Notice;

**"Product Laws"** has the meaning given thereto in Section 1(hh) of Schedule C;

**"Prospectus"** means the Base Shelf Prospectus as supplemented by the Prospectus Supplement and any Supplementary Material;

**"Prospectus Supplement"** means the shelf prospectus supplement to be filed in accordance with NI 44-102 in respect of the distribution of the Offered Shares pursuant to the Shelf Procedures, the Passport Procedures and the provisions of this Agreement, and includes, from and after the Filing Date, any subsequent amendments thereto or amended, re-filed or amended and restated forms thereof;

**"Public Record"** means all information filed by or on behalf of the Corporation with the Qualifying Authorities (including the Base Shelf Prospectus and the Prospectus Supplement) after January 1, 2019 in compliance, or intended compliance, with any applicable Securities Laws;

**"Qualifying Authorities"** means, collectively, the securities commissions or similar securities regulatory authorities in the Qualifying Jurisdictions;

**"Qualifying Jurisdictions"** means, collectively, each of the provinces and territories of Canada;

**"Regulation D"** means Regulation D under the U.S. Securities Act;

**"Regulation S"** means Regulation S under the U.S. Securities Act;

**"Representation Date"** has the meaning given thereto in Section 9.3;

**"Sanctions"** has the meaning given thereto in Section 1(yy) of Schedule C;

**"Securities Laws"** means, collectively, the securities acts or similar statutes of each of the Qualifying Jurisdictions and the respective rules and regulations under such Laws, together with applicable published national, multilateral and local policy statements, instruments, notices and blanket orders of the Qualifying Jurisdictions, and all rules, by-laws and regulations governing the CSE;

**"SEDAR"** means the System for Electronic Data Analysis and Retrieval established under National Instrument 13-101 — *System for Electronic Document Analysis and Retrieval*;

**"Settlement Date"** has the meaning given thereto in Section 7.1;

**"Settlement Procedures"** means those procedures relating to the issuance and delivery of Placement Shares and the payment of the Net Proceeds from the sale of such Placement Shares on each Settlement Date as mutually agreed to in writing by the Parties from time to time during the term of this Agreement;

**"Shelf Procedures"** means the rules and procedures for shelf prospectuses established under NI 44-102;

**"Supplementary Material"** means, collectively: (i) any amendment (including both an amendment that does not fully restate the original text and an amendment and restatement) to the Base Shelf Prospectus, and any documents or information incorporated by reference in, the Base Shelf Prospectus, and to the extent that such document is deemed to be incorporated by reference in the Base Shelf Prospectus for the purposes of a distribution of Offered Shares contemplated

hereby; and (ii) all supplemental, additional or ancillary material, information, reports, applications, statements or documents related to the Base Shelf Prospectus or the Prospectus Supplement, including but not limited to all Designated News Releases which are incorporated by reference in the Prospectus, and which are filed from and after the Filing Date and which relate to transactions in Offered Shares as contemplated hereunder;

"**Tax Act**" means the *Income Tax Act* (Canada), as amended from time to time;

"**Taxes**" means all taxes (including income tax, capital tax, payroll taxes, employer health tax, workers' compensation payments, property taxes, custom and land transfer taxes), duties, royalties, levies, imposts, assessments, deductions, charges or withholdings and all liabilities with respect thereto including any penalty and interest payable with respect thereto;

"**Trading Day**" means any day on which securities are purchased and sold on the CSE;

"**Transfer Agent**" means Computershare Investor Services Inc. or other duly appointed transfer agent for the Common Shares from time to time;

"**U.S. Person**" means a "U.S. person" as defined in rule 902(k) of Regulation S; and

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended.

- 1.2 The division of this Agreement into sections, paragraphs and clauses and the provision of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to sections, paragraphs or clauses are to sections, paragraphs or clauses of this Agreement.
- 1.3 Words importing the singular number include the plural and vice versa; words importing gender shall include all genders.
- 1.4 References herein to any statute shall extend to and include orders-in-council, regulations or instruments passed under and pursuant to such statute, any amendment or re-enactment of such statute, orders-in-council, regulations or instruments, and any statute, orders-in-council, regulations or instruments substantially in replacement thereof. References herein to any statute, regulation, order-in-council or instrument shall include any amendments thereto from time to time.
- 1.5 Any reference herein to the Prospectus or to a matter being included or disclosed in the Prospectus shall be deemed to refer to and include the documents incorporated, or deemed under Securities Laws to be incorporated, by reference in the Prospectus as of the applicable date.
- 1.6 Wherever used herein, the word "**including**", when following any statement, term or list, is not to be construed as limiting the statement, term or list to the specific items or matters set forth immediately following such word or to similar items or matters, and shall be construed as "**including, without limitation**".
- 1.7 The words "**hereto**", "**herein**", "**hereby**", "**hereunder**", "**hereof**" and similar expressions mean and refer to this Agreement as a whole and not to any particular section, paragraph or other part of this Agreement.
- 1.8 Except as expressly set out in this Agreement, the computation of any period of time referred to in this Agreement shall exclude the first day and include the last day of such period. If the time limited for the performance or completion of any matter under this Agreement expires or falls on a day that is not a Business Day, the time so limited shall extend to the next following Business Day.

1.9 Appended hereto are the following schedules (which are incorporated into this Agreement by reference and are deemed to be a part hereof):

Schedule A – Designated Representatives and Authorized Representatives

Schedule B – Form of Placement Notice

Schedule C – Representations And Warranties

Schedule D – Form of Officer's Certificate

Schedule E – Matters to be Addressed in Legal Opinions

Schedule F – Indemnification and Contribution

## **2. APPOINTMENT OF AGENT**

2.1 The Corporation hereby appoints the Agent to act as its sole and exclusive agent with respect to the sale of the Offered Shares through the facilities of the CSE or any other Marketplace pursuant to an ATM Distribution as provided herein, and the Agent hereby accepts such appointment on the terms and conditions contained herein. Such appointment shall be on an exclusive basis during the term hereof, and the Corporation agrees that, during the term hereof, it will not appoint any other Person to act as the Corporation's agent with respect to sales of the Offered Shares through the facilities of the CSE or any other Marketplace by way of an ATM Distribution. Nothing contained herein shall otherwise prohibit or restrict the Corporation from issuing securities or raising money in any manner other than through an ATM Distribution.

2.2 The Corporation acknowledges and agrees that the Agent and its affiliates may, to the extent permitted under Securities Laws and the rules of the CSE and any other applicable Marketplace, purchase and sell securities of the Corporation for their own account while this Agreement is in effect, provided that: (a) the Corporation shall not be deemed to have authorized or consented to any such purchase or sale by the Agent or any of its affiliates; (b) the Agent shall not, and no Person acting jointly or in concert with the Agent shall, over-allot Offered Shares in connection with the distribution of Offered Shares under an ATM Distribution or effect any other transactions that are intended to stabilize or maintain the market price of the Offered Shares in connection with such distribution; and (c) the Agent and its affiliates shall not purchase and sell Offered Shares for their own account under an ATM Distribution in a manner which could directly or indirectly result in a sale with lower Net Proceeds to the Corporation than otherwise available through the CSE or any other Marketplace.

2.3 The Agent covenants and agrees that it will comply with all Laws (including Securities Laws) and requirements of the CSE and any other applicable Marketplace applicable to it and necessary to be complied with by the Agent in connection with the performance of its obligations hereunder. Neither the Agent nor any of its affiliates or any Person acting on their behalf will engage in any Directed Selling Efforts or in any form of General Solicitation or General Advertising in the United States with respect to the Offered Shares. The Agent covenants and agrees that it will not offer to sell or solicit an offer to buy any of the Offered Shares within the United States or to, or for the account or benefit of, any U.S. Person. The Corporation and the Agent agree that no "marketing materials" or "standard term sheet" (both within the meaning of National Instrument 41-101 – *General Prospectus Requirements*) shall be provided to any purchaser or prospective purchaser of Offered Shares in connection with a Placement or proposed Placement.

2.4 In consideration for its services hereunder, including the ancillary service of acting as financial advisor to the Corporation with respect to the terms of any sale of Offered Shares pursuant to an ATM Distribution hereunder, the Agent shall be entitled to receive, and the Corporation agrees to

pay, a fee equal to 3.0% of the gross proceeds from any sales of Offered Shares made hereunder (the "**Agent's Fee**").

### **3. PERIODIC OFFERING OF SECURITIES**

- 3.1 Pursuant to the terms and conditions hereof and from time to time during the term hereof, the Corporation may, acting through the Agent, as agent of the Corporation, issue and sell the Offered Shares through the facilities of the CSE or any other Marketplace in one or more transactions that constitute ATM Distributions.
- 3.2 The issuance and sale of the Offered Shares on the CSE or other Marketplace pursuant to ATM Distributions will be made pursuant to the Prospectus filed with the Qualifying Authorities.
- 3.3 The Corporation hereby consents to the use by the Agent of copies of the Prospectus in connection with the offering and sale to the public of the Offered Shares on the CSE or other Marketplace pursuant to ATM Distributions.

### **4. INITIATING A PLACEMENT**

- 4.1 The Corporation may, from time to time during the term of this Agreement, deliver to the Agent one or more notice(s) (a "**Placement Notice**") that: (a) requests that the Agent sell up to a specified dollar amount or a specified number of Offered Shares (the "**Placement Shares**") pursuant to the terms and conditions hereof; and (b) specifies any parameters in accordance with which the Corporation requires that the Placement Shares be sold (such as a minimum market price per Placement Share, the time period in which sales are to be made and/or specific dates on which the Placement Shares may not be sold). A Placement Notice shall also contain any updates as contemplated in Section 8.1.
- 4.2 The form of Placement Notice shall be in the form set out in Schedule B hereto, as may be amended in writing by the Parties from time to time during the term of this Agreement. From and after such agreement being made, all Placement Notices shall be delivered in the agreed form until such time as the Parties may agree in writing to an amended or replacement form.
- 4.3 A Placement Notice shall:
- (a) be signed by an Authorized Representative of the Corporation;
  - (b) be addressed and sent by electronic mail (or such other method mutually agreed to in writing by the Parties) to each Designated Representative of the Agent; and
  - (c) be effective upon receipt by the Agent unless and until the earliest of the following occurs: (i) the Agent advises the Corporation, by electronic mail (or such other method mutually agreed to in writing by the Parties) addressed and sent to each of the Designated Representatives of the Corporation, that it declines to accept the terms of sale set forth in the Placement Notice; (ii) the entire amount of the Placement Shares specified therein has been sold and all such sales have settled in accordance with the terms of sale set forth in the Placement Notice and the terms and conditions hereof; (iii) the Corporation or the Agent suspends the sale (or further sale, as applicable) of the Placement Shares in accordance with Section 6; (iv) the Agent receives from the Corporation a subsequent Placement Notice with parameters that expressly supersede those contained in the earlier dated Placement Notice; or (v) this Agreement has been terminated pursuant to Section 13.
- 4.4 On receiving a Placement Notice, an Authorized Representative of the Agent shall promptly acknowledge receipt thereof (or notify the Corporation that the Agent declines to accept the



Placement Notice pursuant to Section 4.3(c)(i) by signing the Placement Notice and returning a copy thereof to the Corporation by electronic mail (or such other method mutually agreed to in writing by the Parties) addressed and sent to each of the Designated Representatives of the Corporation. For all purposes hereof, and notwithstanding any other provision hereof, the Agent shall be deemed not to have received a Placement Notice unless receipt thereof shall have been so acknowledged by an Authorized Representative of the Agent.

- 4.5 The Parties acknowledge and agree that neither the Corporation nor the Agent shall have any obligation with respect to a Placement or any Placement Shares unless and until the Corporation delivers and the Agent acknowledges receipt of a Placement Notice pursuant to the terms set forth above, and then only upon the terms specified therein and herein.
- 4.6 A Placement Notice shall not contain any parameters that conflict with the provisions of this Agreement or that subject or purport to impose upon or subject the Agent to any obligations in addition to the Agent's obligations contained in this Agreement. In the event of a conflict between the terms of this Agreement and the terms of a Placement Notice with respect to an issuance and sale of Placement Shares, the terms of this Agreement shall prevail.
- 4.7 The Corporation covenants and agrees that:
- (a) each Placement Notice delivered by or on behalf of the Corporation to the Agent shall be deemed to be an affirmation that: (i) the representations and warranties made by the Corporation in this Agreement and in any certificates provided pursuant hereto are true and correct as at the time the Placement Notice is issued and all such representations and warranties shall be deemed to have been made as at such time, except only to the extent that any such representation and warranty is, by its express terms, limited to a specific date, or as otherwise updated and expressly disclosed in the Placement Notice; and (ii) the Corporation has complied with all covenants and agreements to be performed, and satisfied all conditions to be satisfied, by or on the part of the Corporation hereunder at or prior to the time the Placement Notice is issued; and
  - (b) during the time period in which the Corporation has knowledge of a "material change" or "material fact" with respect to the Corporation which has not been generally disclosed (the "**No Trade Period**"), the Corporation shall not issue a Placement Notice until such No Trade Period ends either through a change in circumstances or the filing of a material change report, a Designated News Release or any other Supplementary Material that discloses such "material change" or "material fact".

At any time while a Placement Notice is pending or effective (and not currently suspended), the Corporation shall promptly notify the Agent of the commencement of a No Trade Period and suspend any further sale of Placement Shares under the Placement Notice in accordance with Section 6.1 until the end of the No Trade Period.

- 4.8 The Corporation acknowledges and agrees that, in order to allow the Agent to conduct its "due diligence" investigations with respect to the Corporation as contemplated in Sections 9.1(j) and 9.1(k) in a timely and responsible manner, it will provide the Agent with at least five Business Days (or such lesser number of days as agreed to by the Parties) written notice of any intent or expectation on the part of the Corporation, to deliver a Placement Notice hereunder.

## 5. SALE OF PLACEMENT SHARES BY AGENT

- 5.1 Subject to the terms and conditions set forth herein, upon the Corporation's delivery and the Agent's acknowledgment of receipt of a Placement Notice, and unless the sale of the Placement Shares described therein has been declined by the Agent, suspended by the Corporation or the Agent (for as long as such suspension is in place) or otherwise terminated in accordance with the provisions

hereof, the Agent will, for the period(s) specified in the Placement Notice (subject to any No Trade Periods or other date specified in the Placement Notice on which Placement Shares may not be sold), use its commercially reasonable efforts, consistent with its normal trading and sales practices, and in compliance with all applicable Laws (including Securities Laws), all applicable IIROC dealer member rules and Universal Market Integrity Rules (including section 5.1 thereof), and the applicable rules of the CSE and any other applicable Marketplace, and upon the terms and conditions set forth in this Agreement and the Prospectus applicable to the Agent, to sell such Placement Shares up to the amount specified and otherwise in accordance with parameters set forth in the Placement Notice.

- 5.2 It is understood and agreed that the Agent shall act as the agent of the Corporation with respect to the sale of Offered Shares in accordance with the terms and conditions hereof, and is and will be under no obligation to purchase any such Offered Shares that may be offered for sale by the Corporation hereunder.
- 5.3 After consultation with the Corporation and subject to the terms of a Placement Notice, the Agent may sell the Placement Shares specified in the Placement Notice through the facilities of the CSE or any other Marketplace by any method permitted by Law and constituting an ATM Distribution, including sales made directly on the CSE through a dealer that is a registered member or participating organization of the CSE and sales made on any other Marketplace through a Marketplace participant.
- 5.4 The Agent will send by electronic mail (or such other method mutually agreed to in writing by the Parties) to the Designated Representatives of the Corporation, not later than 12:00 noon (Toronto time) on the Trading Day immediately following the Trading Day on which any sales of Placement Shares have been made hereunder, confirmation of the following information:
- (a) the number of Placement Shares sold on such day;
  - (b) the average price at which the Placement Shares were sold on such day;
  - (c) the aggregate gross proceeds from the sales of Placement Shares on such day;
  - (d) the total Agent's Fee payable in respect of such sales; and
  - (e) the Net Proceeds payable to the Corporation.
- 5.5 The Agent will deliver to the Corporation, for each fiscal quarter of the Corporation during which Offered Shares are sold through the Agent or distributed pursuant to this Agreement, and otherwise as reasonably requested by the Corporation to enable the Corporation to meet its quarterly reporting requirements under Securities Laws or any applicable requirements of the CSE or any other Marketplace, within three Business Days (or such lesser number of days as agreed to by the Parties) after the end of each fiscal quarter, a report stating the number of Offered Shares distributed pursuant to this Agreement during such fiscal quarter on the CSE or such other Marketplace together with such information as specified in Section 5.4 calculated on an aggregate quarterly basis. Unless Securities Laws or the applicable requirements of the CSE or such other Marketplace otherwise require, the Parties agree that the Agent's report referred to in this Section 5.5 shall state the aggregate number of Offered Shares issued on all Settlement Dates occurring during the fiscal quarter together with such information as specified in Section 5.4 on an aggregate quarterly basis.

## **6. SUSPENSION OF SALES**

- 6.1 At any time while a Placement Notice is pending or effective (and not suspended), the Corporation or the Agent may, and, upon commencement of a No Trade Period, the Corporation shall, by written

notice to the other Party addressed and sent by electronic mail (or such other method mutually agreed to in writing by the Parties) to its Designated Representatives, temporarily or indefinitely suspend any sale or further sale of Placement Shares under a Placement Notice, which notice shall be effective immediately, unless otherwise specified in the notice; provided, however, that any such suspension shall not affect any Party's obligations with respect to any Placement Shares sold hereunder prior to the receipt of such notice. Any such notice shall set out the duration of such suspension or provide that such suspension is indefinite until further notice is provided by such Party. For greater certainty: (a) in the event that the Agent is informed by the Corporation of the occurrence of one or more of the events described in Section 9.1(f), the Agent shall have the right to immediately suspend the sale of any Placement Shares; and (b) a Placement Notice may specify a period or periods during which Placement Shares may not be sold, and in such case, the sale of Placement Shares under such Placement Notice shall be suspended during any such periods identified, and the Placement Notice itself shall constitute notice of the suspension(s) as contemplated above.

- 6.2 Without limiting the generality of the foregoing, any sale of Placement Shares made but not yet settled before a notice of suspension is given pursuant to Section 6.1 shall be settled in accordance with the provisions of Section 7, and the obligations of the Parties with respect to settling any such sale shall not be affected by the suspension.
- 6.3 Any notice of suspension provided pursuant to Section 6.1, including the reason for such notice of suspension, will be kept strictly confidential by the Agent and its affiliates and any Person acting on its behalf, unless: (a) such information is or becomes generally available to the public other than as a result of a disclosure by the Agent in violation of this Agreement; (b) the disclosure of such information is expressly permitted, in writing, by the Corporation; or (c) the disclosure of such information is required by applicable Securities Laws to which the Agent is subject or by order of a Governmental Body and pursuant to which the Agent is required to disclose such information.

## 7. SETTLEMENT AND DELIVERY OF PLACEMENT SHARES

- 7.1 Settlement for any sale of Placement Shares on the CSE or any other Marketplace shall occur on the second Trading Day (or such earlier day as is then current industry practice for regular-way trading) following the date on which the sale is made (each such Trading Day being a "**Settlement Date**").
- 7.2 The amount of proceeds to be delivered to the Corporation on a Settlement Date (the "**Net Proceeds**"), payable against receipt by the Agent of the Placement Shares sold as provided herein, shall be equal to the aggregate sales price received by the Agent at which such Placement Shares were sold, less the Agent's Fee payable by the Corporation in respect of such sales.
- 7.3 On each Settlement Date, the Corporation will issue and deliver (or cause to be issued and delivered) to the Agent the Placement Shares sold by the Agent against delivery by the Agent to the Corporation of the Net Proceeds from the sale of such Placement Shares, all in accordance with the Settlement Procedures.
- 7.4 If the Corporation defaults in its obligation to issue and deliver the Placement Shares on a Settlement Date, the Corporation agrees that:
- (a) in the event the Agent has delivered to the Corporation the Net Proceeds from the sales of the Placement Shares on the applicable Settlement Date in accordance with the Settlement Procedures prior to the occurrence of such default, the Corporation will immediately return the full amount of such Net Proceeds to the Agent; and
  - (b) in the event that the Net Proceeds from sales of the Placement Shares are returned to the Agent pursuant to Section 7.4(a), provided that the Agent has delivered the Placement

Shares to purchasers thereof on the applicable Settlement Date by way of an alternative settlement method, the Corporation will use its commercially reasonable efforts to issue and deliver (or cause to be issued and delivered) to the Agent an equivalent number of Offered Shares equal to the Placement Shares promptly in accordance with the Settlement Procedures, and the Agent will promptly thereafter deliver to the Corporation the amount of the Net Proceeds from such sales less the amount of any costs incurred by the Agent arising out of or in connection with the late delivery of such Placement Shares (including, reasonable legal fees and expenses and any commission, discount or other compensation to which it would otherwise be entitled absent such default), together with reasonable particulars of any such costs, or, at the election of the Agent, such costs may be separately invoiced to the Corporation.

- 7.5 The Agent covenants and agrees to copy or otherwise include the Corporation on all correspondence between the Agent and the Transfer Agent, in connection with or arising from or relating to the settlement (electronic or otherwise) of any sale of Placement Shares hereunder, and further, shall be responsible for taking all actions required to be taken by it within the applicable time periods to ensure that all sales of Placement Shares hereunder are settled without default in accordance with existing industry practice for regular-way trading.

## **8. REPRESENTATIONS AND WARRANTIES OF THE CORPORATION**

- 8.1 The Corporation represents and warrants to, and covenants and agrees with, the Agent that each of the matters set forth in Schedule C are true and correct and shall be true and correct (except to the extent that any such representation is, by its express terms, limited to a specific date or, with respect to any such representation made or deemed to be made after the date hereof, as otherwise updated and expressly disclosed in a Placement Notice) as of: (a) the date of this Agreement; (b) the Filing Date; (c) each Representation Date on which a Bringdown Certificate is required to be delivered pursuant to Section 9.3; (d) each time a Placement Notice is delivered to the Agent or a suspended Placement Notice ceases to be suspended; (e) each Placement Time; and (f) each Settlement Date, and acknowledges that the Agent is relying upon these representations and warranties in connection with entering into this Agreement and performing its obligations hereunder.
- 8.2 Notwithstanding any other provision hereof, the Corporation acknowledges and agrees that all of its representations and warranties contained herein or in certificates delivered pursuant hereto shall survive, as of their respective dates, regardless of, and without mitigation, diminishment or restriction because of: (a) any investigation made by or on behalf of the Agent, the Agent's counsel or any directors, officers, employees, control persons, representatives or advisors of the Agent; (b) delivery and acceptance of the Placement Shares and payment therefor; or (c) any termination of this Agreement.

## **9. COVENANTS OF THE CORPORATION**

- 9.1 General. The Corporation covenants and agrees with the Agent that the Corporation will:
- (a) prior to the Filing Date, obtain an irrevocable written waiver from Numus, in form and substance satisfactory to the Agent, acting reasonably, in respect of Numus' first right of refusal to act as an agent to the Corporation in connection with the Offered Shares, as provided in the services agreement between the Corporation and Numus, and provide a copy of such written waiver to the Agent;
  - (b) as soon as practicable, use all commercially reasonable efforts to obtain and maintain for the period from the Filing Date until 25 months after the Filing Date, umbrella/excess liability insurance in excess to the Corporation's current insurance (or re-insurance) policies, covering all operations by or on behalf of the Corporation (including acts of its

directors and officers), with a minimum limit of \$5,000,000 per occurrence and \$10,000,000 aggregate;

- (c) prepare, and allow the Agent to participate in the preparation and approve the form of, the Prospectus Supplement and all other documentation required to be filed, delivered or disseminated under Securities Laws for any Placement of the Offered Shares;
- (d) file the Prospectus Supplement with the Qualifying Authorities in accordance with the Shelf Procedures and the Passport Procedures on or before the third Business Day following execution and delivery of this Agreement;
- (e) fulfill all legal and regulatory requirements (including pursuant to NI 44-102) to be fulfilled by the Corporation necessary to enable the Offered Shares to be offered for sale and distributed to the public through the facilities of the CSE or any other Marketplace pursuant to ATM Distributions through a dealer duly registered under the Securities Laws, such that the Offered Shares so distributed will not be subject to any restrictions on resale pursuant to Securities Laws (except where such restrictions apply because the holder is a "control person" within the meaning of Securities Laws or is restricted from trading Common Shares by virtue of having knowledge of material undisclosed information concerning the Corporation); provided, however, that if the fulfillment of any such requirements would (or would reasonably be expected to) result in the Agent becoming subject to additional responsibilities or liabilities, then the Corporation shall first consult with the Agent as to the particulars of its proposed conduct or course of action (it being acknowledged and agreed, however, that for greater certainty, except as otherwise provided herein the Corporation shall have no obligation to confer with the Agent as to the content of documents prepared and filed or disseminated pursuant to its ongoing continuous disclosure requirements under Securities Laws which includes those types of documents incorporated by reference in the Base Shelf Prospectus or Prospectus Supplement);
- (f) throughout any period during which a Placement Notice is pending or effective (and not suspended) and, if there is a period during which no Placement Notice is pending or effective or during which a Placement Notice is suspended, prior to the delivery of a new Placement Notice or a suspended Placement Notice ceasing to be suspended, promptly notify the Agent, in writing, with full particulars, of:
  - (i) any change (actual, contemplated or threatened) in the business, affairs, operations, assets, liabilities (contingent or otherwise) or capital of the Corporation;
  - (ii) any change in any fact covered by a statement (other than a statement furnished by or relating solely to the Agent) contained or referred to in the Prospectus (as the same exists at the time); or
  - (iii) any fact, event, matter or circumstance which has been discovered but has not been disclosed in the Prospectus;

which is, or may be, of such a nature as to render the Prospectus (as the same exists at the time) misleading or untrue in any material respect or which would result in the Prospectus (as the same exists at the time) containing a misrepresentation (including, for greater certainty, an omission to state a material fact that is required to be stated, or that is necessary to be stated in order for an included statement not to be misleading) or which would result in the Prospectus (as the same exists at the time) not complying with any of the Laws, regulations or policy statements of any Qualifying Authority or which would reasonably be expected to have a significant effect on the market price or value of the Common Shares. In addition, during such period, the Corporation shall in good faith discuss with the Agent and its counsel any change in circumstances (actual or anticipated) relating to the business, affairs, operations, assets, liabilities (contingent or otherwise) or

capital of the Corporation which is of such a nature that there is or could be reasonable doubt as to whether any notice need to be given to the Agent pursuant to this Section 9.1(f) and, in any event, prior to filing any Supplementary Material;

- (g) if there is a change or occurrence of a nature referred to in any of clauses (i) through (iii) of Section 9.1(f) or if it is otherwise necessary for any other reason to amend or supplement the Prospectus in order to comply with Securities Laws, promptly prepare and, subject to Section 9.1(h), file with the Qualifying Authorities such Supplementary Material as may be necessary to remedy the deficiency, occasioned by the change or occurrence or to otherwise comply with Securities Laws;
- (h) throughout any period during which a Placement Notice is pending or effective (and not suspended):
  - (i) give the Agent notice of its intention to file or prepare any Supplementary Material;
  - (ii) furnish the Agent with a copy of the Supplementary Material within a reasonable amount of time prior to the proposed filing of same;
  - (iii) unless the Supplementary Material is required to be filed pursuant to the Corporation's continuous disclosure requirements under Securities Laws (which includes those types of documents incorporated by reference or deemed to be incorporated by reference in the Base Shelf Prospectus or Prospectus Supplement), not file or use any Supplementary Material to which the Agent or counsel to the Agent reasonably objects; and
  - (iv) promptly advise the Agent of the filing of (and, if applicable, granting of a receipt for) the Supplementary Material, and furnish the Agent with true and complete copies thereof;
- (i) promptly furnish to the Agent copies of any statements, reports, circulars or other records or communications (including any such materials that constitute Supplementary Material) that the Corporation sends to its securityholders or may from time to time publish or publicly disseminate if same are not available to the public on SEDAR;
- (j) allow the Agent and its representatives to conduct all "due diligence" inquiries and investigations that the Agent may reasonably require, and to obtain satisfactory responses and results therefrom, in order for the Agent to fulfill its obligations as an "underwriter" within the meaning of Securities Laws and to enable the Agent to responsibly sign any certificate required to be signed by the Agent in the Prospectus Supplement;
- (k) without limiting the generality of Section 9.1(j) or the scope of the inquiries and investigations that the Agent may conduct for the purposes set forth therein, prior to the Filing Date and during each successive notice period referred to in Section 4.8 in connection with the proposed delivery of a Placement Notice and each time the Corporation is required to deliver a Bringdown Certificate pursuant to Section 9.3, the Corporation shall:
  - (i) provide or arrange for reasonable access by the Agent and its representatives to the management personnel, properties and records of the Corporation for the purposes of viewing, interviewing or reviewing the same; and
  - (ii) make available such of its senior officers as the Agent may reasonably request, and use its commercially reasonable efforts to make available representatives of the Auditors, and the auditors of any Acquired Business Financial Statements

included or incorporated by reference in the Prospectus, to answer any questions the Agent may have and to participate in one or more "due diligence" sessions;

- (l) comply with all Securities Laws so as to permit Placements as contemplated in this Agreement and the Prospectus Supplement;
- (m) throughout any period during which a Placement Notice is pending or effective, not take, directly or indirectly, any action designed to cause or result in, or that has constituted or might reasonably be expected to constitute, the stabilization, maintenance or manipulation of the price of the Common Shares;
- (n) file or deliver, within the time limits prescribed by and otherwise in accordance with Securities Laws, all statements, reports, circulars or other records required to be filed or delivered by the Corporation with or to any of the Qualifying Authorities pursuant to Securities Laws;
- (o) throughout any period during which a Placement Notice is pending or effective (and not suspended) and, if there is a period during which no Placement Notice is pending or effective or during which a Placement Notice is suspended, prior to the delivery of a new Placement Notice or a suspended Placement Notice ceasing to be suspended, promptly inform the Agent of:
  - (i) any request by a Qualifying Authority or any other Governmental Body for any Supplementary Material or any revision to any record forming part of the Public Record or for any additional information concerning this Agreement or the transactions contemplated hereby;
  - (ii) the issuance by any Qualifying Authority or other Governmental Body of any order, ruling or direction to cease, suspend or otherwise restrict the trading of the Common Shares or any other securities of the Corporation, or preventing, suspending or otherwise restricting the use of the Prospectus or any other prospectus or qualifying document relating to the distribution of the Offered Shares, or suspending the qualification of such Offered Shares for offering, distribution or resale in any jurisdiction, or of the initiation or, to the knowledge of the Corporation, threat of any proceeding for any such purpose; and
  - (iii) the receipt of any communication from any Qualifying Authority or other Governmental Body relating to the Prospectus, the Public Record or the distribution of the Offered Shares;
- (p) in the event of the issuance of any order, ruling or direction contemplated in Section 9.1(o) above, promptly use all commercially reasonable efforts to obtain the termination or withdrawal of such order, ruling or direction;
- (q) not purchase Common Shares, and not permit any of its affiliates or any Person acting on its behalf to purchase Common Shares, under a normal course issuer bid throughout: (i) any period during which a Placement Notice is pending or effective; and (ii) during the period beginning on the second Business Day immediately prior to the date on which any Placement Notice is delivered to the Agent hereunder and ending on the second Business Day immediately following the final Settlement Date with respect to the Offered Shares sold pursuant to such Placement Notice, without having first agreed with the Agent, acting reasonably, as to the appropriate adjustments, if any, to be made to the parameters set forth in such Placement Notice;

- (r) apply the Net Proceeds from the sale of the Offered Shares as set forth in the Prospectus under the heading "Use of Proceeds";
- (s) comply with all of the terms and conditions of its listing agreement with the CSE and any other applicable Marketplace and maintain the listing of the Common Shares in good standing on the CSE and each such other Marketplace or Marketplaces;
- (t) maintain a transfer agent for the Common Shares in accordance with the rules of the CSE and any other Marketplace (if applicable);
- (u) maintain its status as a reporting issuer in each of the Qualifying Jurisdictions not in default of the Securities Laws, in any material respect, of such Qualifying Jurisdictions;
- (v) comply with Ontario Securities Commission Rule 48-501 – *Trading During Distributions, Formal Bids and Share Exchange Transactions*;
- (w) not engage in, and not permit any of its affiliates or any Person acting on its behalf engage in any Directed Selling Efforts or in any form of General Solicitation or General Advertising in the United States with respect to the Offered Shares; and
- (x) ensure that the terms of any underwriting agreement, agency agreement or similar agreement relating to the distribution or sale of the securities of the Corporation that is executed after the date of this Agreement do not limit or restrict the Corporation's ability to issue or sell Placement Shares in accordance with the terms of this Agreement.

9.2 Initial Opinions, Comfort Letters and Other Materials. The Corporation shall deliver, or cause to be delivered, to the Agent, on the Filing Date, the following documents:

- (a) written opinions, addressed and in form and substance satisfactory to the Agent and the Agent's counsel, from the Corporation's Counsel in Canada, Stewart McKelvey, and from local counsel (only in respect of matters governed by the Laws of the Qualifying Jurisdictions where Stewart McKelvey is not qualified to practice law, determined by the Corporation and acceptable to the Agent, acting reasonably) concerning the matters set forth in Schedule E and as to such legal matters, including compliance with Securities Laws in any way connected with the issuance, sale and delivery of the Offered Shares, as the Agent may reasonably request, it being understood that in rendering such opinions Corporation's Counsel may rely on, as to relevant matters of fact, certificates of officers of the Corporation, public officials and agencies, and the Transfer Agent (the "**Initial Legal Opinions**");
- (b) a "long form comfort letter" from the Auditors (the "**Initial Corporation Comfort Letters**"), having a cut-off date of not more than two Business Days prior to the Filing Date, in form and substance satisfactory to the Agent and the Agent's counsel, acting reasonably:
  - (i) confirming that at all material times they were independent of the Corporation within the meaning of Securities Laws; and
  - (ii) expressing, as of such date, the conclusions and findings of such Auditors with respect to the financial information and other matters ordinarily covered by accountants' "long form comfort letters" to underwriters in connection with public offerings to the effect that such Auditors have carried out certain procedures performed for the purposes of comparing certain specified financial information and percentages appearing in the Prospectus (including, for greater certainty, the documents incorporated by reference therein) with indicated amounts in the



financial statements or accounting records of the Corporation, and have found such information and percentages to be in agreement;

- (c) an officer's certificate signed by the Chief Executive Officer and Chief Financial Officer of the Corporation addressed to the Agent and Agent's counsel and dated as of the Filing Date, in form and substance satisfactory to the Agent and the Agent's counsel, acting reasonably, certifying the following:
  - (i) the articles, by-laws and other constating documents of the Corporation;
  - (ii) all resolutions of the Corporation's directors relating to the ATM Distribution and the transactions and agreements contemplated herein; and
  - (iii) the incumbency and specimen signatures of the Corporation's signing officers,and attaching thereto certificates of status and/or compliance (or equivalent thereof) for the jurisdiction in which the Corporation is in existence, dated as close to the Filing Date as is reasonable;
- (d) copies of correspondence indicating that the Corporation has provided all necessary notices and filings in respect of the issuance of the Offered Shares, to be listed and posted for trading on the CSE;
- (e) a "reporting issuer" list (or equivalent thereof) indicating that the Corporation is a reporting issuer in each of the Qualifying Jurisdictions, is not in default in any material respect of any requirement under Securities Laws and is not on the list of defaulting issuers maintained by the Qualifying Authorities; and
- (f) a certificate from the Transfer Agent signed by an authorized officer confirming the appointment of the Transfer Agent as registrar and transfer agent for the Common Shares and the issued and outstanding share capital of the Corporation.

9.3 Bringdown Certificates. Without limiting Section 4.7, during the term of this Agreement,

- (a) each time the Corporation files:
  - (i) an amendment (including an amendment that does not fully restate the original text and an amendment and restatement) to the Base Shelf Prospectus;
  - (ii) a Business Acquisition Report or any other Acquired Business Financial Statements;
  - (iii) an annual information form, audited annual financial statements or annual management's discussion and analysis (or, in any case, any amendment thereto or an amended, re-filed or amended and restated form thereof); or
  - (iv) interim financial statements or interim management's discussion and analysis (or, in either case, any amendment thereto or an amended, re-filed or amended and restated form thereof); or
- (b) if requested by the Agent following the filing of a material change report, Designated News Release or other document incorporated or deemed to be incorporated by reference into the Prospectus,

(each date of filing of one or more of the documents referred to in Section 9.3(a) above and any time of a request pursuant to paragraph and Section 9.3(b) above being a "**Representation Date**"), the Corporation shall deliver to the Agent a certificate, in the form attached hereto as Schedule D (a "**Bringdown Certificate**"); provided, however, that the requirement to provide a Bringdown Certificate under this Section 9.3 shall be deemed to be waived for any Representation Date occurring at a time at which no Placement Notice is pending or effective (including where a Placement Notice is suspended), which waiver shall continue until the earlier to occur of the date the Corporation delivers a Placement Notice hereunder or the suspension of a Placement Notice ceases (which for such calendar quarter shall be considered to be a Representation Date) and the next occurring Representation Date.

- 9.4 Further Legal Opinions. Within three Trading Days after each Representation Date with respect to which the Corporation is obligated to deliver a Bringdown Certificate and for which no waiver is applicable pursuant to Section 9.3, the Corporation shall cause to be delivered to the Agent opinions similar to the Initial Legal Opinions, dated as of the Representation Date, from the Corporation's Counsel concerning the matters set forth in Schedule E (provided, however, that the Corporation's Counsel shall not be required to provide further legal opinions with respect to the matters described in paragraphs 3 to 13 of Schedule E).
- 9.5 Further Comfort Letters. Within three Trading Days after each Representation Date with respect to which the Corporation is obligated to deliver a Bringdown Certificate and for which no waiver is applicable pursuant to Section 9.3, the Corporation shall cause to be delivered to the Agent a "long form comfort letter" dated as of the Representation Date from the Auditors and, if applicable, a "long form comfort letter" from the auditors of each Acquired Business Financial Statements which are included or incorporated by reference in the Prospectus as at the Representation Date, having a cut-off date of not more than two Business Days prior to such date, in form and substance satisfactory to the Agent and the Agent's counsel, acting reasonably:
- (a) confirming that at all material times they were independent of the Corporation or the Acquired Business, as applicable, within the meaning of Securities Laws; and
  - (b) with respect to financial information concerning:
    - (i) the Corporation, other than in respect of Acquired Business Financial Statements, updating the Initial Corporation Comfort Letters with any information that would have been included in the Initial Corporation Comfort Letters had such initial letter been given as of such Representation Date and modified as necessary to contemplate any Supplementary Material (other than any Supplementary Material superseded by a subsequently filed document); and
    - (ii) an Acquired Business, expressing, as of such Representation Date, the conclusions and findings of such audit firm with respect to the financial information and other matters ordinarily covered by accountants' "long form comfort letters" to underwriters in connection with public offerings to the effect that such auditors have carried out certain procedures performed for the purposes of comparing certain specified financial information and percentages appearing in the Prospectus (including, for greater certainty, the documents incorporated by reference therein) with indicated amounts in the financial statements or accounting records of the Acquired Business, and have found such information and percentages to be in agreement.
- 9.6 Further Officer's Certificates. Within three Trading Days after each Representation Date with respect to which the Corporation is obligated to deliver a Bringdown Certificate and for which no waiver is applicable pursuant to Section 9.3, the Corporation shall cause to be delivered to the Agent an officer's certificate signed by the Chief Executive Officer and Chief Financial Officer of the Corporation addressed to the Agent and dated as of the Representation Date, in form and

substance satisfactory to the Agent and the Agent's counsel, acting reasonably, certifying and attaching thereto certificates of status and/or compliance (or equivalent thereof) for the jurisdiction in which the Corporation is in existence, each dated as close to the Representation Date as is reasonable.

- 9.7 Time of Further Deliveries. Notwithstanding Sections 9.3, 9.4, 9.5 and 9.6, if the Corporation decides to complete a Placement following a Representation Date in respect of which the waiver provided in Section 9.3 applied, then, prior to or concurrently with delivering the Placement Notice to the Agent or an existing Placement Notice ceasing to be suspended, the Corporation shall deliver or cause to be delivered to the Agent, as applicable, the Bringdown Certificate contemplated in Section 9.3, the legal opinions contemplated in Section 9.4, any "long form comfort letters" as contemplated in Section 9.5 and the officer's certificate contemplated in Section 9.6, in each case dated as of the date of the Placement Notice or the date the existing Placement Notice ceases to be suspended and otherwise substituting the date of the Placement Notice or the date the existing Placement Notice ceases to be suspended for the "Representation Date" as that term is used in Section 9.3.

## 10. EXPENSES

- 10.1 The Corporation agrees, whether or not the transactions contemplated hereunder are consummated or this Agreement is terminated in accordance with Section 13, to pay and be responsible for all expenses of or incidental to the performance of its obligations hereunder, including, but not limited to, expenses relating to:
- (a) the preparation, printing, filing and delivery of the Prospectus (including any Supplementary Material), including any filing fees payable to Qualifying Authorities or any other Governmental Bodies;
  - (b) the preparation, issuance and delivery of the Offered Shares;
  - (c) the printing and delivery of any documents required hereunder to be delivered to or as directed by the Agent;
  - (d) the fees, disbursements and expenses of counsel to the Corporation and of the Corporation's registrar and transfer agent, the Auditors (and any auditors of any Acquired Business Financial Statements) and other advisors;
  - (e) the reasonable fees (not to exceed \$150,000 (i) to and including the date of this Agreement, including disbursements of counsel to the Agent, and (ii) in the period thereafter during the term of this Agreement), and all other reasonable out-of-pocket expenses of the Agent in relation to the Agreement and ongoing services in connection with the matters and transactions contemplated by the Agreement; and
  - (f) the fees and expenses incurred in connection with the listing of the Offered Shares for trading on the CSE and any other Marketplace on which the Common Shares are listed or quoted.

## 11. CONDITIONS TO AGENT'S OBLIGATIONS

- 11.1 The obligations of the Agent hereunder with respect to any sale of Placement Shares (other than the obligations in Section 2.3) shall be subject to the completion by the Agent of ongoing "due diligence" reviews satisfactory to the Agent in its sole and reasonable judgment, and to the

continuing satisfaction (or waiver by the Agent, in its sole and unfettered discretion) of the following additional conditions:

- (a) the Prospectus Supplement shall have been filed with the Qualifying Authorities under the Shelf Procedures and the Passport Procedures in accordance with Section 9.1(d) and all requests for additional information on the part of the Qualifying Authorities shall have been complied with to the satisfaction of the Agent and the Agent's counsel, acting reasonably;
- (b) no Supplementary Material (other than documents incorporated by reference and required to be filed pursuant to NI 51-102) shall have been filed to which the Agent, acting reasonably, objects;
- (c) at the Placement Time and at the Settlement Date for such Placement Shares, no order, ruling or direction of any Qualifying Authority or other Governmental Body shall have been issued that has the effect of:
  - (i) ceasing, suspending or otherwise restricting the trading of such Placement Shares or any other securities of the Corporation;
  - (ii) preventing, suspending or otherwise restricting the use of the Prospectus or any other prospectus or qualifying document relating to the distribution of such Placement Shares; or
  - (iii) suspending the qualification of such Placement Shares for offering, distribution or resale in any jurisdiction, and no proceedings for any such purpose shall have been initiated, announced or threatened;
- (d) all representations and warranties of the Corporation contained herein and in any certificates delivered pursuant hereto shall be true and correct, with the same force and effect as if then made, except to the extent that any such representation and warranty is limited to a specified date, (or is updated as permitted by Section 4.7 or 9.3);
- (e) the Corporation shall have complied with all agreements and all conditions on its part theretofore to be performed or satisfied hereunder;
- (f) the Agent shall have received all documents required to be delivered or furnished to the Agent pursuant to Section 8.2, in each case on or before the date on which delivery of such document is required pursuant to this Agreement;
- (g) the Corporation shall have duly notified the CSE of the issuance of the Placement Shares and the CSE shall not have objected thereto or denied the listing thereof; and
- (h) the Corporation shall have delivered or caused to be delivered to the Agent and the Agent's counsel such other certificates or other documents as they may reasonably request for the purpose of enabling them to pass upon the issuance and sale of the Placement Shares as herein contemplated, or in order to evidence or confirm: (i) the accuracy of any of the representations or warranties contained herein; (ii) the fulfillment of any of the conditions contained herein; or (iii) the accuracy and completeness of any information contained in the Prospectus.

## **12. INDEMNIFICATION AND CONTRIBUTION**

The Parties acknowledge the provisions concerning indemnification and contribution set forth in Schedule F, which forms an integral part of this Agreement, and agree to the matters set forth therein.

### **13. TERMINATION**

- 13.1 The Agents or the Corporation may terminate this Agreement in their sole discretion, prior to the automatic termination of this Agreement pursuant to Section 13.3, upon one Trading Day's notice to the other Party as provided in Section 14; provided that, if the Corporation terminates this Agreement after the Agent confirms to the Corporation any sale of Placement Shares, the Corporation shall remain obligated to comply with the provisions of Section 7 with respect to such Placement Shares.
- 13.2 Any termination pursuant to Section 13.1 shall be without liability of any Party to any other Party, provided that no termination of this Agreement shall relieve any Party from liability for any breach by it of this Agreement that has occurred prior to the date of termination.
- 13.3 Unless earlier terminated pursuant to Section 13.1, this Agreement shall automatically terminate upon the earlier of the date on which:
- (a) the issuance and sale of all of the Offered Shares through the Agent on the terms and conditions set forth herein is completed; and
  - (b) the receipt issued for the Base Shelf Prospectus ceases to be effective in accordance with Securities Laws.
- 13.4 Notwithstanding any other provision hereof, but subject to the express provisions with respect to survival in such sections, the provisions of Section 8, Section 10, Section 12, Section 14 and Section 16 shall remain in full force and effect notwithstanding termination of this Agreement, and any mutual agreement to terminate shall be deemed to so provide.

### **14. NOTICES**

- 14.1 Unless otherwise provided herein, all notices or other communications required or permitted to be given by any Party to any other Party pursuant hereto shall be in writing and personally delivered or transmitted by facsimile or electronic mail addressed to the recipient as follows:

If to the Corporation, to:

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

Attention: David Regan  
Electronic Mail: david@sonanano.com

and with a copy to (which copy shall not constitute notice):

Stewart McKelvey  
Barristers & Solicitors  
Queen's Marque  
600-1741 Lower Water Street  
Halifax, N.S. B3J 0J2

Attention: Gavin Stuttard  
Facsimile No.: 902-444-1709  
Electronic Mail: gstuttard@stewartmckelvey.com

If to the Agent, to:

Canaccord Genuity Corp.  
161 Bay Street, Suite 3000  
Toronto, Ontario M5J 2S1

Attention: Ron Sedran, Managing Director, Equity Capital Markets  
Electronic Mail: rsedran@cgf.com

with a copy to the Agent's counsel (which copy shall not constitute notice):

Blake, Cassels & Graydon LLP  
855 – 2<sup>nd</sup> Street SW, Suite 3500  
Calgary, Alberta T2P 4J8

Attention: Chad Schneider  
Facsimile No.: 403-260-9700  
Electronic Mail: chad.schneider@blakes.com

or to such other address for delivery, facsimile number or electronic mail address as a Party may otherwise designate by giving notice to the other Parties as provided herein.

- 14.2 Any such notice or other communication delivered personally in accordance with Section 14.1 shall be deemed to have been given and received by the addressee: (a) when actually delivered, if so delivered during the addressee's normal business hours on any Business Day; or (b) at the commencement of the first Business Day following the actual time of delivery, if not so delivered on a Business Day or during the addressee's normal business hours.
- 14.3 Any such notice or other communication transmitted by facsimile or electronic mail in accordance with Section 14.1 shall be deemed to have been given and received by the addressee: (a) when transmitted by the transmitting Party, if so transmitted during the addressee's normal business hours on any Business Day; or (b) at the commencement of the first Business Day following the time of transmission, if not so transmitted on a Business Day or during the addressee's normal business hours; provided, however, that, in the case of a transmission by facsimile, the transmitting Party obtains and retains documentary confirmation from its telecommunications equipment that the transmission was successful and, in the case of a transmission by electronic mail, the addressee shall have confirmed receipt by return electronic mail transmission, which the Parties hereto agree to do so as soon as is reasonably practicable upon receipt of any notice or other communication by electronic mail.

## **15. SUCCESSORS AND ASSIGNS**

- 15.1 This Agreement shall enure to the benefit of and be binding upon the Corporation and the Agent and their respective successors and permitted assigns, and with respect to rights of indemnity and contribution as provided in Schedule F, the Indemnified Parties contemplated therein.
- 15.2 References herein to any of the Parties named in this Agreement shall be deemed to include the successors and permitted assigns of such Party.
- 15.3 Except as expressly provided in Schedule F, nothing in this Agreement (express or implied) is intended to confer upon any Person other than the Parties and their respective successors and permitted assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement.

15.4 No Party may assign its rights or obligations under this Agreement without the prior written consent of the other Party.

**16. GOVERNING LAW, ETC.**

16.1 This Agreement shall be governed by, and construed in accordance with, the Laws of the Province of Ontario applicable to contracts made and to be performed within the Province of Ontario.

16.2 For the purpose of all legal proceedings, this Agreement shall be deemed to have been performed in the Province of Ontario and the courts of the Province of Ontario shall have jurisdiction to entertain any action arising hereunder. Each Party hereby irrevocably submits to the exclusive jurisdiction of the courts of the Province of Ontario for the adjudication of any dispute arising hereunder or in connection herewith or with any transaction contemplated hereby, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper.

16.3 Each Party hereby irrevocably waives any right it may have to a trial by jury in respect of any claim based upon or arising out of this Agreement or any transaction contemplated hereby.

**17. RELATIONSHIP BETWEEN THE PARTIES**

17.1 The Corporation acknowledges and agrees that, subject to Section 2.2:

- (a) the Agent has been retained solely to act as firm underwriter (as that term is used in the Act), as agent and not as principal, in connection with the sale of the Offered Shares, and that no fiduciary relationship between the Corporation and the Agent has been created in respect of any of the transactions contemplated by this Agreement, irrespective of whether the Agent has advised or is advising the Corporation on other matters;
- (b) it is capable of evaluating and understanding and does understand and accept the terms, risks and conditions of the transactions contemplated by this Agreement;
- (c) it has been advised that the Agent and its affiliates are engaged in a broad range of transactions which may involve interests that differ from those of the Corporation, and that the Agent has no obligation to disclose such interests and transactions to the Corporation by virtue of any fiduciary relationship; and
- (d) it waives, to the fullest extent permitted by Law, any claims it may have against the Agent for breach of fiduciary duty or alleged breach of fiduciary duty, and agrees that the Agent shall not have liability (whether direct or indirect) to it in respect of any such claim or to any Person asserting a fiduciary duty claim on behalf of or in right of the Corporation, including securityholders, employees or creditors of the Corporation.

17.2 This Agreement is not intended to create, and shall not be construed or deemed to create, a partnership or joint venture between the Parties.

**18. FORCE MAJEURE**

18.1 No Party shall be liable to any of the others, or held in breach of this Agreement, if prevented, hindered or delayed in the performance or observance of any provision contained herein by reason of an act of a Force Majeure. Performance times under this Agreement shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section 18, subject in any case to Securities Laws.

18.2 For the purposes of this Agreement, "**Force Majeure**" shall mean an event, condition or circumstance (and the effect thereof including mechanical, electronic or communication interruptions, disruptions or failures resulting from any of the foregoing) that is not within the reasonable control of the Party claiming a Force Majeure and which, notwithstanding the exercise of commercially reasonable efforts to prevent such event, condition or circumstance or mitigate the effect thereof (which each Party hereby covenants to exercise), the Party claiming a Force Majeure is unable to prevent or mitigate the effect thereof, and which thus causes a delay or disruption in the performance of any obligation imposed on such Party hereunder. Subject to the foregoing, such events of Force Majeure shall include strikes, lock-outs, work stoppages, work slow-downs, industrial disturbances, storms, fires, floods, landslides, snowslides, earthquakes, explosions, lightning, tempest, accidents, epidemics, acts of war (whether declared or undeclared), threats of war, actions of terrorists, blockades, riots, insurrections, civil commotions, public demonstrations, revolution, sabotage or vandalism, acts of God, any Laws, rules, regulations, orders, directives, restraints or other actions issued, imposed or taken by any Governmental Body following the execution and delivery of this Agreement, and inability to obtain, maintain or renew or delay in obtaining, maintaining or renewing necessary permits or approvals (after using reasonable commercial efforts to do so) following the execution and delivery of this Agreement, or any cause similar to any of the foregoing, including, without limitation, a suspension or material limitation in trading in securities generally on the CSE or another Marketplace or a material disruption in securities settlement or clearance services in Canada; provided, however, that a Party's own lack of funds or other financial problems shall in no event constitute Force Majeure in respect of such Party.

## **19. GENERAL**

- 19.1 Except as required by Law or the policies of the CSE (which the Parties acknowledge will, among other things, require this Agreement to be filed on SEDAR and a press release regarding this Agreement to be issued and filed on SEDAR), no public announcement or press release concerning this Agreement or the subject matter hereof may be made by a Party without the prior consent and approval of the other Party, which consent and approval shall not be unreasonably withheld.
- 19.2 This Agreement (including all schedules attached hereto), any Placement Notices issued pursuant hereto and any Settlement Procedures agreed to by the Parties constitute the entire agreement between the Parties concerning the subject matter hereof, and supersede all other prior and contemporaneous agreements, understandings, negotiations and undertakings (both written and oral) between the Parties concerning the subject matter hereof.
- 19.3 No amendment to this Agreement shall be valid or binding unless set forth in writing and executed by the Parties. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the Party purporting to give the same and, unless otherwise provided, will be limited to the specific breach waived.
- 19.4 If any one or more of the provisions hereof, or the application thereof in any circumstance, is held invalid, illegal or unenforceable as determined by a court of competent jurisdiction, then such provision shall be given full force and effect to the fullest possible extent that it is valid, legal and enforceable, and the remainder of the provisions hereof shall be construed as if such invalid, illegal or unenforceable provision was not and had never been contained herein, but only to the extent that giving effect to such provision and the remainder of the terms and provisions hereof shall be in accordance with the intent of the Parties as reflected in this Agreement.
- 19.5 Without limiting Section 19.4, if one or more of the provisions hereof conflicts with any legal or regulatory requirement to which this Agreement and the relationship of the Parties hereunder are properly subject, then such legal or regulatory requirement shall prevail and the Parties shall forthwith meet and negotiate in good faith the manner in which this Agreement shall be deemed to be amended to the extent required to eliminate any such conflict.



- 19.6 The rights and remedies of the Parties hereunder are cumulative and are in addition to, and not in substitution for, any other rights and remedies available at law or in equity or otherwise. No single or partial exercise by a Party of any right or remedy precludes or otherwise affects the exercise of any other right or remedy to which that Party shall be entitled.
- 19.7 Each Party shall from time to time execute and deliver all such further documents and instruments and do all acts and things as any of the other Parties may reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.
- 19.8 Time shall be of the essence of this Agreement.
- 19.9 This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of an executed Agreement by one Party to the other may be made by facsimile or other electronic transmission.

If the foregoing correctly sets forth the understanding between the Corporation and the Agent, please confirm your acceptance and agreement by executing a copy of this Agreement in the space provided below for that purpose and delivering the same to the Agent, whereupon this Agreement shall constitute a binding agreement between the Corporation and the Agent.

*[Remainder of this page intentionally left blank]*

Yours truly,

**CANACCORD GENUITY CORP.**

By: "Ron Sedran"  
Name: Ron Sedran  
Title: Managing Director, Equity Capital Markets

THE FOREGOING IS ACCEPTED AND AGREED as of the date first above written.

**SONA NANOTECH INC.**

By: "David Regan"  
Name: David Regan  
Title: Chief Executive Officer

## SCHEDULE A

### DESIGNATED REPRESENTATIVES AND AUTHORIZED REPRESENTATIVES

---

The Designated Representatives and Authorized Representatives of the Corporation are as follows:

| Name and Office/Title                  | Email Address                     | Telephone Numbers | Authorized Representative? |
|--|-----------------------------------|-------------------|----------------------------|
| David Regan<br>Chief Executive Officer | david@sonanano.com                | ██████████        | Y                          |
| Rob Randall<br>Chief Financial Officer | rrandall@stockportexploration.com | ██████████        | Y                          |

The Designated Representatives and Authorized Representatives of the Agent are as follows:

| Name and Office/Title  | Email Address    | Telephone Numbers                              | Authorized Representative? |
|--|------------------|--|----------------------------|
| Darren Hunter<br>Global Head Canadian<br>Equity Trading      | DHunter@cgf.com  | Office: (416) 869-3327                         | Y                          |
| Ron Sedran<br>Managing Director,<br>Equity Capital Markets   | rsedran@cgf.com  | Office: (604) 869-3198                         | Y                          |
| Brad Delany<br>VP, Electronic Trading                        | BDelany@cgf.com  | Office: (416) 867-6118<br>Cell: (416) 464-4299 | N                          |
| Emily Jameson<br>Senior Associate,<br>Equity Capital Markets | EJameson@cgf.com | Office: (416) 869-7333<br>Cell: (647) 224-8280 | N                          |

**SCHEDULE B**

**FORM OF PLACEMENT NOTICE**

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FROM:           Sona Nanotech Inc., by [Name], [Title]

TO:             Canaccord Genuity Corp.  
                  Ron Sedran (rsedran@cgf.com)  
                  Emily Jameson (EJameson@cgf.com)  
                  Darren Hunter (DHunter@cgf.com)  
                  Brad Delany (BDelany@cgf.com)

DATE:           \_\_\_\_\_ , \_\_\_\_\_

SUBJECT:       Placement Notice No. \_\_\_\_\_

Reference is made herein to the Equity Distribution Agreement dated April 9, 2021 (the "**Equity Distribution Agreement**") between Sona Nanotech Inc. (the "**Corporation**") and Canaccord Genuity Corp. (the "**Agent**"). Unless otherwise defined herein, all capitalized terms referred to in this Placement Notice shall have the meanings attributed to them in the Equity Distribution Agreement.

**Trading Instructions**

Pursuant to the terms and subject to the conditions contained in the Equity Distribution Agreement, the undersigned hereby requests, as a duly appointed Authorized Representative of the Corporation, that the Agent sell Placement Shares, as agent of the Corporation, in accordance with the following trading instructions (if any of the following trading instructions are not applicable, specify "N/A"):

Maximum number of Placement Shares to be sold (A) \_\_\_\_\_

Total number of Common Shares outstanding on the date of this Placement Notice (B) \_\_\_\_\_

Maximum number of Placement Shares to be sold expressed as a percentage of the total number of Common Shares outstanding on the date of this Placement Notice ( $A \div B \times 100$ ) \_\_\_\_\_ %

Minimum price per Placement Share to be sold \$ \_\_\_\_\_

First permitted Trading Day of trading \_\_\_\_\_

Last permitted Trading Day of trading \_\_\_\_\_

Specific dates on which Placement Shares may not be sold:

---

Other trading instructions:

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### **Other Terms Applicable to this Placement Notice**

Upon receiving this Placement Notice, an Authorized Representative of the Agent will acknowledge receipt hereof by signing this Placement Notice and returning a copy hereof to the Corporation by electronic mail addressed and sent to the Designated Representatives of the Corporation or notify the Corporation that the Agent declines to accept the Placement Notice. For all purposes hereof, the Agent will be deemed not to have received this Placement Notice unless receipt hereof shall have been so acknowledged by an Authorized Representative of the Agent.

This Placement Notice is effective upon receipt by the Agent unless and until the earliest of the following occurs: (i) the Agent advises the Corporation, by electronic mail addressed and sent to the Designated Representatives of the Corporation, that it declines to accept the terms of sale set forth in this Placement Notice; (ii) the entire amount of the Placement Shares specified herein has been sold and all such sales have settled in accordance with the terms and conditions of the Equity Distribution Agreement; (iii) the Corporation or the Agent suspends the sale (or further sale, as applicable) of the Placement Shares in accordance with Section 6 of the Equity Distribution Agreement; (iv) the Agent receives from the Corporation a subsequent Placement Notice with parameters that expressly supersede those contained in this Placement Notice; or (v) the Equity Distribution Agreement has been terminated pursuant to Section 13 thereof.

This Placement Notice shall not contain any parameters that conflict with the provisions of the Equity Distribution Agreement or that subject or purport to impose upon or subject the Agent to any obligations in addition to the Agent's obligations contained in the Equity Distribution Agreement. In the event of a conflict between the terms of the Equity Distribution Agreement and the terms of this Placement Notice with respect to an issuance and sale of Placement Shares, the terms of the Equity Distribution Agreement shall prevail.

The Corporation covenants and agrees that the delivery of this Placement Notice by or on behalf of the Corporation to the Agent shall be deemed to be an affirmation that: (i) the representations and warranties made by the Corporation in the Equity Distribution Agreement and in any certificates provided pursuant thereto are true and correct as at the time this Placement Notice is issued, except only to the extent that any such representation and warranty is, by its express terms, limited to a specific date, or as expressly disclosed in Exhibit A to this Placement Notice; and (ii) the Corporation has complied with all covenants and agreements to be performed, and satisfied all conditions to be satisfied, by or on the part of the Corporation under the Equity Distribution Agreement at or prior to the time this Placement Notice is issued.

*[Remainder of this page intentionally left blank]*

**SONA NANOTECH INC.**

Per:

\_\_\_\_\_  
*Signature of Authorized Representative*

\_\_\_\_\_  
*Name of Authorized Representative (Please Print)*

\_\_\_\_\_  
*Title of Authorized Representative (Please Print)*

\_\_\_\_\_  
*E-mail Address of Authorized Representative (Please Print)*

\_\_\_\_\_  
*Direct Office Telephone Number (and extension, if applicable)*

\_\_\_\_\_  
*Telephone Number (Cell)*

[Signatures continued on next page]

Acknowledged this \_\_\_\_\_ day of \_\_\_\_\_ ,  
20\_\_\_ by Canaccord Genuity Corp.

Per:

\_\_\_\_\_  
*Signature of Authorized Representative*

\_\_\_\_\_  
*Name of Authorized Representative (Please Print)*

\_\_\_\_\_  
*Title of Authorized Representative (Please Print)*

\_\_\_\_\_  
*E-mail Address of Authorized Representative (Please Print)*

\_\_\_\_\_  
*Direct Office Telephone Number (and extension, if applicable)*

\_\_\_\_\_  
*Telephone Number (Cell)*

**Exhibit A to Placement Notice**

Exceptions to the representations and warranties made by the Corporation in the Equity Distribution Agreement and in any certificates provided pursuant thereto:

(The area below contains a series of horizontal lines for text entry.)



## SCHEDULE C

### REPRESENTATIONS AND WARRANTIES

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1. The Corporation represents and warrants to, and covenants with, the Agent (and acknowledges that the Agent is relying on such representations, warranties and covenants) as follows:
- (a) the Corporation: (i) is a corporation duly formed by amalgamation and validly existing under the *Canada Business Corporations Act*; (ii) has all requisite power, capacity and authority to carry on its business as now conducted in each of the jurisdictions it carries on business and to own, lease or operate its Assets and Properties and to offer, issue and sell the Offered Shares and neither the Corporation nor, to the knowledge of the Corporation, any other Person, has taken any steps or proceedings, voluntary or otherwise, requiring or authorizing the Corporation's dissolution or winding up; and (iii) has full corporate right, power and authority to execute this Agreement and to carry out its obligations hereunder and thereunder;
  - (b) the Corporation has no subsidiaries (as defined in the Act), nor does it own, directly or indirectly, any interests in any other joint ventures, corporations, partnerships or other entities (whether or not incorporated);
  - (c) this Agreement has been duly authorized by all necessary corporate action on the part of the Corporation and constitutes valid obligations of the Corporation legally binding upon the Corporation, enforceable in accordance with its terms, subject to the fact that enforceability may be affected by bankruptcy, insolvency, arrangement, liquidation, moratorium, reorganization or other similar laws of general application relating to or affecting the enforcement of creditors' rights generally, by general principles of equity, including the fact that equitable remedies (such as specific performance and injunctive relief) may only be awarded in the discretion of a court, applicable statutes of limitations and that the ability to sever unenforceable terms may be limited by applicable Law;
  - (d) the Corporation: (i) has conducted and is conducting its business in compliance with all applicable Laws of each jurisdiction in which its business is carried on, other than acts of non-compliance that individually or in the aggregate would not have a Material Adverse Effect, and, to the knowledge of the Corporation, there are no facts that would give rise to a notice of material non-compliance with any such applicable Laws; and (ii) is duly licensed, registered or qualified in all jurisdictions in which it owns, leases or operates its property or carries on business where such license, registration or qualification is necessary to enable its business to be carried on as it is now conducted and Assets and Properties to be owned, leased or operated, and all such material licenses, registrations or qualifications are valid and existing and in good standing;
  - (e) the Corporation is a reporting issuer in each of the Qualifying Jurisdictions, is not in default in any material respect of any requirement under Securities Laws and is not on the list of defaulting issuers maintained by the Qualifying Authorities;
  - (f) no approval, authorization, consent or other order of, and no filing, registration or recording with, any Governmental Body, any of the Qualifying Authorities or lenders to the Corporation is required of the Corporation in connection with the execution and delivery of, or with the performance by the Corporation of its obligations under this Agreement, except those which have been obtained or such customary post-Settlement Date notice filings with Qualifying Authorities and the CSE;

- (g) the execution and delivery of this Agreement, the performance by the Corporation of its obligations hereunder, including the offer, issue and sale of the Offered Shares, and the consummation of the transactions contemplated in this Agreement, do not and will not:
  - (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, whether after notice or lapse of time or both: (A) any statute, rule or regulation applicable to the Corporation, including applicable Securities Laws; (B) the Constating Documents or resolutions of the Corporation; (C) any material mortgage, note, indenture, contract, agreement, joint venture, partnership, instrument, lease or other document to which the Corporation is a party or by which it is bound; or (D) any judgment, decree or order binding the Corporation or its Assets and Properties; or
  - (ii) affect the rights, duties and obligations of any parties to any material indenture, agreement or instrument to which the Corporation is a party, nor give a party the right to terminate any such indenture, agreement or instrument by virtue of the application of terms, provisions or conditions in such indenture, agreement or instrument;
- (h) the Offered Shares have been duly authorized and validly allotted and reserved for issuance, and upon receipt by the Corporation of the consideration therefor, will be issued as fully paid and non-assessable Common Shares;
- (i) the Common Shares have the attributes and characteristics and conform in all material respects with the descriptions thereof contained in the Prospectus;
- (j) the Common Shares are listed and posted for trading on the CSE and the Corporation has taken no action designed to result in, or likely to have the effect of, delisting the Common Shares from the CSE, nor has the Corporation received any written notification that the CSE is contemplating terminating such listing and all necessary consents, approvals, authorizations have been obtained by the Corporation from the CSE to ensure that, subject to complying with the requirements of the CSE, the Offered Shares will be listed and posted for trading on the CSE upon their issuance;
- (k) (i) no default exists under and no event has occurred which, after notice or lapse of time or both, or otherwise, constitutes a default under or breach, by the Corporation or any other Person, of any material obligation, agreement, covenant or condition contained in any material contract to which the Corporation is a party, except for such default or event which has not had, and would not reasonably be expected to have, a Material Adverse Effect; and (ii) no order, ruling or determination having the effect of suspending the sale or ceasing the trading of the Offered Shares or any other security of the Corporation has been issued or made by any Qualifying Authority or stock exchange or any other regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or are pending or, to the knowledge of the Corporation, are contemplated or threatened by any such authority or under any applicable Securities Laws;
- (l) subsequent to the date as of which information is contained in the Prospectus, except as disclosed in the Prospectus, no Material Adverse Effect has occurred;
- (m) except as disclosed in the Prospectus, the Corporation is not currently party to any agreement in respect of: (i) the purchase of any material Assets and Properties or any interest therein or the sale, transfer or other disposition of any material Assets and Properties or any interest therein currently owned, directly or indirectly, by the Corporation (whether by asset sale, transfer of shares or otherwise); or (ii) the change of control of the Corporation (whether by sale, transfer of shares or sale of all or substantially all of the Assets and Properties of the Corporation or otherwise);

- (n) the Corporation Financial Statements: (i) have been prepared in accordance with IFRS consistently applied throughout the periods referred to therein; (ii) present fairly, in all material respects, the financial position (including the assets and liabilities, whether absolute, contingent or otherwise as required by IFRS) of the Corporation as at such dates and the results of its operations and its cash flows for the periods then ended and contain and reflect adequate provisions or allowance for all reasonably anticipated liabilities, expenses and losses of the Corporation in accordance with IFRS, and (iii) have been audited (in the case of the annual financial statements comprising the Corporation Financial Statements) or have been reviewed (in the case of the interim financial statements comprising the Corporation Financial Statements) by independent public accountants within the meaning of applicable Securities Laws and the rules of the Chartered Professional Accountants of Canada, and there has been no change in accounting policies or practices of the Corporation since October 31, 2020 except as disclosed in the Corporation Financial Statements. Except as set out in the Corporation Financial Statements or as incurred in the ordinary course of business since January 31, 2021, the Corporation does not have any material outstanding indebtedness or any liabilities or obligations, whether accrued, absolute, contingent or otherwise as of the date of the applicable financial statements;
- (o) there are no off-balance sheet transactions, arrangements, obligations (including contingent obligations) or other relationships of the Corporation with unconsolidated entities and there are no other material liabilities of the Corporation (absolute, accrued, contingent or otherwise), except as disclosed in the Corporation Financial Statements or incurred in the ordinary course of business since January 31, 2021;
- (p) the Corporation maintains a system of internal accounting controls sufficient to provide reasonable assurances that: (i) transactions are executed in accordance with management's general or specific authorization; and (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with IFRS and to maintain accountability for assets. The Corporation is in compliance with the certification requirements under National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* with respect to the Corporation's annual and interim filings with the Qualifying Authorities;
- (q) all Taxes due and payable by the Corporation have been paid, other than any immaterial amounts as may have failed to have been remitted when due. All tax returns, declarations, remittances and filings required to be filed by the Corporation have been filed with all appropriate Governmental Body and all such returns, declarations, remittances and filings are complete and accurate, in all material respects, and no material fact or facts have been omitted therefrom which would make any of them materially misleading. No examination of any tax return of the Corporation is currently in progress to the knowledge of Corporation and there are no material issues or disputes outstanding with any Governmental Body respecting any taxes that have been paid, or may be payable, by the Corporation. There are no agreements, waivers or other arrangements with any taxation authority providing for an extension of time for any assessment or reassessment of Taxes with respect to the Corporation;
- (r) the Corporation has not: (i) made an assignment in favour of its creditors nor a proposal in bankruptcy to its creditors or any class thereof, nor has any petition for a receiving order been presented in respect of the Corporation; or (ii) initiated proceedings with respect to a compromise or arrangement with its creditors or for the winding up, liquidation or dissolution of the Corporation. No receiver has been appointed in respect of the Corporation or any of its Assets and Properties and no execution or distress has been levied upon any of its Assets and Properties;

- (s) the Corporation has established adequate reserves on its books and records for the payment of all Taxes not yet due and payable and there are no liens for Taxes on the Assets and Properties of the Corporation (other than liens for Taxes that are not yet due and payable or that are being contested in good faith), and, to the knowledge of the Corporation, there are no audits pending of the tax returns of the Corporation (whether federal, state, provincial, local or foreign) and there are no claims which have been asserted relating to any such tax returns, in each case which would reasonably be expected to have a Material Adverse Effect;
- (t) Manning Elliot LLP are independent auditors with respect to the Corporation as required under Securities Laws and there has never been a "**disagreement**" or "**reportable event**" (within the respective meanings of NI 51-102) with Manning Elliot LLP or any former auditors of the Corporation;
- (u) the audit committee's responsibilities and composition comply with National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators, as such instrument applies to "**venture issuers**";
- (v) the authorized capital of the Corporation consists of an unlimited number of Common Shares without par value, of which 63,624,728 Common Shares are issued and outstanding as fully paid and non-assessable shares in the capital of the Corporation as of the date hereof;
- (w) other than options granted in the normal course since the date hereof under the Corporation's stock option plan and 1,129,600 Common Share purchase warrants issued in connection with the Corporation's December 2020 non-brokered private placement financing, no Person has any agreement, option, right or privilege (whether pre-emptive, contractual or otherwise) capable of becoming an agreement for the purchase, acquisition, subscription for or issue of any of the unissued Common Shares or other securities of the Corporation or any other security convertible into or exchangeable for any such shares or securities, or to require the Corporation to purchase, redeem or otherwise acquire any of the outstanding securities in the capital of the Corporation, except as disclosed in the Prospectus;
- (x) except as disclosed in the Prospectus, to the knowledge of the Corporation, no agreement is in force or effect which in any manner affects the voting or control of any of the securities of the Corporation;
- (y) except as disclosed in the Prospectus, no legal or governmental actions, suits, judgments, investigations or proceedings are pending to which the Corporation is, or to the knowledge of the Corporation, the directors, officers or employees of the Corporation are, a party or to which the Assets and Properties of the Corporation is subject and, to the knowledge of the Corporation, no such proceedings have been threatened against or are pending with respect to the Corporation or its Assets and Properties and the Corporation is not subject to any judgment, order, writ, injunction, decree or award of any Governmental Body, which, either individually or in the aggregate, could reasonably be considered to be material to the Corporation;
- (z) the Corporation is not in violation of its Constatng Documents;
- (aa) all material contracts to which the Corporation is a party are, to the knowledge of the Corporation, in full force and effect and are valid and enforceable by and against the Corporation in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally, and except as limited by the application of equitable principals when equitable remedies are sought, applicable statutes of limitations

and by the fact that the ability to sever unenforceable terms may be limited by applicable Laws, and the Corporation is not in material default or breach of any material contract;

- (bb) other than liens arising in the ordinary course of business, the Corporation owns or has the right to full use of all Assets and Properties owned or used in its business free and clear of any actual, pending or, to the knowledge of the Corporation, threatened claims, liens, charges, options, set-offs, free-carried interests, encumbrances, security interests or other interests whatsoever;
- (cc) to the knowledge of the Corporation, the Corporation owns or has obtained valid and enforceable licenses for, or other rights to use, the Intellectual Property material to its business as now carried on or proposed to be carried on, as set out in the Prospectus, and the Corporation is not a party to or bound by any contract or any other obligation whatsoever that limits or impairs its ability to sell, transfer, assign or convey, or that otherwise affects, such Intellectual Property. There is no pending action or proceeding, nor any action threatened in writing or proceeding, against any Person by the Corporation with respect to the use of the Intellectual Property material to its business, and there are no state of facts or circumstances which cast doubt on the validity or enforceability of such Intellectual Property. To the knowledge of the Corporation, the conduct of its business does not infringe upon the Intellectual Property rights of any other Person, and the Corporation has not received any claim or notice (written or otherwise) that the conduct of its business, including the use of the Intellectual Property, infringes upon or breaches any Intellectual Property rights of any other Person;
- (dd) to the knowledge of the Corporation, all applications for registration of any Intellectual Property by the Corporation are in good standing, are recorded in the name of the Corporation and have been filed in a timely manner in the appropriate offices to preserve the rights thereto and, in the case of a provisional application, all right, title and interest in and to the invention(s) disclosed in such application have been or prior to the applicable filing will be assigned in writing (without any express right to revoke such assignment) to the Corporation;
- (ee) to the knowledge of the Corporation, all registrations of Intellectual Property by the Corporation are in good standing and are recorded in the name of the Corporation in the appropriate offices to preserve the rights thereto. All such registrations have been filed, prosecuted and obtained in accordance with all applicable Laws and are currently in effect and in compliance with all applicable Laws. To the knowledge of the Corporation, no registration of material Intellectual Property by the Corporation has expired, become abandoned, been cancelled or expunged, been dedicated to the public, or has lapsed for failure to be renewed or maintained;
- (ff) with respect to each premises of the Corporation which is material to the business of the Corporation and which the Corporation occupies as tenant (each, a "**Leased Premises**"), the Corporation occupies such Leased Premises and has the exclusive right to occupy and use such Leased Premises and each of the leases pursuant to which the Corporation occupies such Leased Premises is, to the knowledge of the Corporation, in good standing and in full force and effect in all material respects under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made or proposed to be made of such property and buildings by the Corporation;
- (gg) (i) except as disclosed in the Prospectus, the Corporation possesses all licenses, permits, authorizations, certifications, consents and orders necessary for it to carry on business in each jurisdiction where such business is carried on that are material to the conduct of the business of the Corporation, including, but not limited to, licenses, permits and like authorizations from Health Regulatory Authorities (collectively, the "**Material Permits**"); (ii) each of the Material Permits are valid and subsisting and in good standing and none of the

Material Permits contains any term, provision, condition or limitation which has or would reasonably be expected to affect or restrict in a materially adverse manner the operation of the business of the Corporation, as now carried on or proposed to be carried on, as set out in the Prospectus; and (iii) the Corporation is not in breach of any such Material Permits or in default with respect to filings to be effected or conditions to be fulfilled in order to maintain such Material Permits in good standing;

- (hh) the Corporation: (i) is, and at all times has been, in compliance in all material respects with all statutes, rules and regulations applicable to the ownership, testing, development, manufacture, packaging, processing, use, distribution, storage, import, export or disposal of any product manufactured or distributed by the Corporation ("**Product Laws**"); and (ii) has not received any written notice of adverse finding, warning letter, untitled letter or other correspondence or written notice from any court or arbitrator or Health Regulatory Authority alleging or asserting material non-compliance with any Product Laws or any Material Permit required by Product Laws;
- (ii) the clinical, pre-clinical and other studies and tests conducted by or on behalf of or sponsored by the Corporation that are described or referred to in the Prospectus (collectively, the "**Clinical Trials**") were and, if still pending, are being conducted, in all material respects, in accordance with all applicable Laws, including applicable Laws administered by Health Regulatory Authorities. The descriptions of the results of the Clinical Trials described or referred to in the Prospectus are accurate and complete in all material respects and fairly present the published data derived from the Clinical Trials and the Corporation does not have knowledge of results of other studies or tests which are materially inconsistent with or otherwise call into question the Clinical Trial results described or referred to in the Prospectus. The Corporation has not received any notices or written correspondence from any Health Regulatory Authority with respect to any Clinical Trial requiring the termination or suspension of any such Clinical Trial;
- (jj) the Corporation has filed with the applicable Health Regulatory Authority all material applications, filings, declarations, listings, registrations, reports and submissions that are described or referred to in the Prospectus or are otherwise required to be so filed. All such filings were in compliance with applicable Laws when filed and no deficiencies have been asserted by any Health Regulatory Authority with respect to any such filings, declarations, listings, registrations, reports or submissions;
- (kk) the Corporation is not a party to or bound by any collective agreement and is not currently conducting negotiations with any labour union or employee association;
- (ll) the Corporation is in compliance in all material respects with all Laws respecting employment and employment practices, terms and conditions of employment, pay equity and wages and has not and is not engaged in any unfair labour practice;
- (mm) each employee benefit plan that is maintained, administered or contributed to by the Corporation for employees or former employees of the Corporation has been maintained in all material respects in compliance with its terms and applicable Laws. All material accruals for unpaid vacation pay, premiums for unemployment insurance, health premiums, federal, provincial or state pension plan premiums, accrued wages, salaries and commissions and employee benefit plan payments have been reflected in the books and records of the Corporation;
- (nn) no material labour dispute, disruption, grievance, arbitration or other conflict exists with the employees of the Corporation, or, to the knowledge of the Corporation, is imminent or threatened;

- (oo) to the knowledge of the Corporation, since November 1, 2019, none of the directors, officers or employees of the Corporation or any associate or affiliate of any of the foregoing, had or has any material interest, direct or indirect, in any transaction or any proposed transaction (including any loan made to or by any such Person) with the Corporation which materially affects, is material to or will materially affect the Corporation, except as disclosed in the Prospectus;
- (pp) the Corporation: (i) maintains appropriate insurance policies covering its Assets and Properties with responsible insurers, which are sufficient for all applicable requirements of applicable Law and in such amounts and against such risks as are customarily carried and insured against by comparable businesses, and all such insurance policies are in full force and effect; and (ii) is not in material default with respect to the payment of any premium or compliance with any of the provisions contained in such insurance policies and has not failed to give any notice or present any material claim under any such insurance policy in due and timely fashion. The Corporation has not received notice from any insurer regarding cancellation of such insurance policies;
- (qq) the minute books, share certificate books, registers of securityholders, registers of transfers and registers of directors and partners and any similar corporate records of the Corporation are complete and accurate in all material respects;
- (rr) other than as otherwise publicly announced, to its knowledge, the Corporation is not aware of any applicable Law or governmental position or change in applicable Law or change in governmental position which it anticipates may have a Material Adverse Effect;
- (ss) the Corporation: (i) is in compliance with any and all Environmental Laws; (ii) has complied in all respects with all reporting and monitoring requirements under all Environmental Laws; and (iii) has received all material permits, licenses or other approvals required under applicable Environmental Laws to conduct its business and is in compliance with all terms and conditions of any such permit, license or approval;
- (tt) except for the Agent, there is no Person acting or purporting to act at the request of the Corporation, who is entitled to any brokerage or finder's fee in connection with the transactions contemplated by this Agreement;
- (uu) except as disclosed in the Prospectus, since October 31, 2020, there has not been any material change in the business, affairs, operations, revenues, capital, properties, assets or liabilities (absolute, accrued, contingent or otherwise), condition (financial or otherwise) or results of operations of the Corporation which would have a Material Adverse Effect;
- (vv) neither the Corporation nor, to the best of the Corporation's knowledge, any employee or agent of the Corporation, has made any contribution or other payment to any official of, or candidate for, any federal, provincial, state or foreign office in violation of any Law or of the character required to be disclosed in the Prospectus;
- (ww) neither the Corporation nor, to the knowledge of the Corporation, any director, officer, agent, employee, affiliate or other Person acting on behalf of the Corporation has, in the course of its actions for, or on behalf of, the Corporation: (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses relating to political activity; (ii) made any direct or indirect unlawful payment to any domestic government official, "foreign official" (as defined in the U.S. Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (collectively, the "**FCPA**")) or government employee from corporate funds; (iii) violated or is in violation of any provision of the FCPA, the *Corruption of Foreign Public Officials Act* (Canada) or any other applicable anti-bribery statute or regulation; or (iv) made any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment to any domestic government official, foreign

official or government employee; and the Corporation and, to the knowledge of the Corporation, its affiliates have conducted their respective businesses, transactions, negotiations, discussions and dealings in compliance with applicable anti-bribery and anti-corruption statutes Laws and regulations applicable in any jurisdiction in which they are located or conducting business;

- (xx) the operations of the Corporation are, and have been conducted at all times, in compliance with applicable financial recordkeeping and reporting requirements of the *Currency and Foreign Transactions Reporting Act of 1970*, as amended, the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), the anti-money laundering Laws of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any Governmental Body to which they are subject (collectively, the "**Anti-Money Laundering Laws**") and no action, suit or proceeding by or before any Governmental Body or any arbitrator involving the Corporation with respect to the Anti-Money Laundering Laws is pending or, to the knowledge of the Corporation, threatened;
- (yy) neither the Corporation nor, to the knowledge of the Corporation, any director, officer, agent, employee, affiliate or Person acting on behalf of the Corporation is currently subject to any sanctions administered or enforced by the U.S. government (including, without limitation, the OFAC or the U.S. Department of State and including, without limitation, the designation as a "specially designated national" or "blocked person"), Canadian government (including the Office of the Superintendent of Financial Institutions (Canada) pursuant to the *Special Economic Measures Act* (Canada)), the United Nations Security Council, the European Union, Her Majesty's Treasury, or other relevant sanctions authority (collective, "**Sanctions**"); and the Corporation will not directly or indirectly use the proceeds under any ATM Distribution, or lend, contribute or otherwise make available such proceeds to any joint venture partner or other Person or entity, for the purpose of facilitating or financing the activities of or business with any Person, or in any country or territory, that currently is the subject to any Sanctions or in any other manner that will result in a violation by any Person (including any Person participating in the transaction whether as initial purchaser, advisor, investor or otherwise) of Sanctions;
- (zz) to the knowledge of the Corporation, the Corporation's information technology assets and equipment, computers, systems, networks, hardware, software, websites, applications, and databases (collectively "**IT Systems and Data**") are adequate for, and operate and perform in all material respects as required in connection with the operation of the business of the Corporation as currently conducted, free and clear of all material bugs, errors, defects, Trojan horses, time bombs, malware and other corruptants. The Corporation and the Subsidiaries have implemented and maintain commercially reasonable physical, technical and administrative controls, policies, procedures, and safeguards to maintain and protect their material confidential information and the integrity, continuous operation, redundancy and security of all IT Systems and Data used in connection with their businesses;
- (aaa) the documents incorporated or deemed to be incorporated by reference in the Prospectus, at the time they were or hereafter are filed with the Qualifying Authorities, complied and will comply in all material respects with the requirements of Securities Laws and, when read together with the other information in the Prospectus and at each Settlement Date, do not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The representations and warranties set forth in the immediately preceding sentence does not apply to statements in or omissions from such documents, made in reliance upon and in conformity with the information relating to the Agent furnished in writing to the Corporation by the Agent expressly for use therein;



- (bbb) the Corporation has not filed any confidential material change report which remains confidential as at the date hereof;
- (ccc) the Corporation has filed a current annual information form in the form prescribed by NI 51-102 in each of the Qualifying Jurisdictions prior to the date of this Agreement; the Corporation is as of the date hereof an Eligible Issuer in the Qualifying Jurisdictions and, on the dates of and upon filing of the Prospectus Supplement, will be an Eligible Issuer in the Qualifying Jurisdictions and there will be no documents required to be filed under the applicable Securities Laws of the Qualifying Jurisdictions in connection with any ATM Distribution of the Offered Shares that will not have been filed as required as at those respective dates;
- (ddd) the Corporation has filed all documents forming the Public Record on a timely basis, except for any failure to file on a timely basis which is not material. As of their respective dates, the documents forming the Public Record complied in all material respects with the requirements of the applicable Securities Laws of the Qualifying Jurisdictions, and none of the documents forming the Public Record, when filed, contained any misrepresentation or contained an untrue statement of a material fact, or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made, which has not been corrected by the filing on a public basis of a subsequent document which forms part of the Public Record;
- (eee) subject to the qualifications and limitations described under the heading "Eligibility for Investment" in the Prospectus Supplement, the Offered Shares will be qualified investments under the Tax Act and the regulations thereunder for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, deferred profit sharing plans, a registered disability savings plan and tax free savings accounts;
- (fff) the definitive form and terms of the certificate representing the Common Shares, if certificated, have been duly approved and adopted by the board of directors of the Corporation and the form and terms of the certificate representing the Common Shares do not and will not conflict with any applicable Laws or rules, by-laws and regulations of the CSE;
- (ggg) Computershare Investor Services Inc. has been duly appointed as the registrar and transfer agent for the Common Shares;
- (hhh) with respect to forward-looking information contained or incorporated by reference in the Prospectus: (i) the Corporation had a reasonable basis for the forward-looking information at the time the disclosure was made; (ii) all forward-looking information is identified as such, and all such documents caution users of forward-looking information that actual results may vary from the forward-looking information; (iii) all future-oriented financial information and each financial outlook: (A) presents fully, fairly and correctly in all material respects the then-expected results of the operations for the periods covered thereby; and (B) is based on assumptions that are reasonable in the circumstances; and (iv) is limited, in the Corporation's reasonable judgment, to a period for which the information in the future-oriented financial information or financial outlook can be reasonably estimated;
- (iii) the statistical, industry and market related data included in the Prospectus is derived from sources which the Corporation reasonably believes to be accurate, reasonable and reliable, and such data is consistent with the sources from which it was derived;
- (jjj) the Corporation has not completed or entered into an agreement to complete a "significant acquisition" nor is it proposing any "probable acquisitions" (as such terms are used in NI 44-101 and NI 51-102) that would require the inclusion of any additional financial

statements (in addition to the financial statements included in the Prospectus) or any pro forma financial statements pursuant to the Securities Laws of the Qualifying Jurisdictions, and for which a Business Acquisition Report has not been filed under NI 51-102;

- (kkk) the Corporation is a "foreign private issuer" (as defined in Rule 405 under the U.S. Securities Act);
- (lll) the Corporation is, and will at each Placement Time be, in compliance in all material respects with the policies of the CSE existing on the date hereof;
- (mmm) at the respective times of filing and at all times subsequent thereto during the distribution of the Offered Shares, the Base Shelf Prospectus and the Prospectus Supplement together with all Supplementary Material will comply in all material respects with the requirements of all applicable Securities Laws pursuant to which they have been filed and will provide full, true and plain disclosure of all material facts relating to the Offered Shares and will not contain any misrepresentation, provided that the foregoing shall not apply with respect to Agent's Information; and
- (nnn) any Acquired Business Financial Statements included in the Prospectus from time to time:
  - (i) have been prepared in accordance with IFRS (or other applicable permitted accounting principles) consistently applied throughout the periods referred to therein;
  - (ii) contain no misrepresentations;
  - (iii) are in compliance with the applicable requirements of Form 51-102F4 – *Business Acquisition Report* and National Instrument 52-107 – *Acceptable Accounting Principles and Auditing Standards*, and
  - (iv) have been audited (in the case of the annual financial statements) or have been reviewed (in the case of the interim financial statements) by independent public accountants or auditors within the meaning of applicable Securities Laws.

**SCHEDULE D**

**FORM OF OFFICER'S CERTIFICATE**

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TO: CANACCORD GENUITY CORP.

This certificate is delivered to you today pursuant to Section 9.3 of the Equity Distribution Agreement dated April 9, 2021 (the "**Equity Distribution Agreement**") between Sona Nanotech Inc. (the "**Corporation**") and Canaccord Genuity Corp.

The undersigned, being the duly appointed Chief Executive Officer and Chief Financial Officer, respectively, of the Corporation, hereby certify, for and on behalf of the Corporation and not in the respective personal capacities of the undersigned, that to the knowledge of the undersigned:

- (a) [except as set out in Exhibit A hereto,] the representations and warranties of the Corporation contained in the Equity Distribution Agreement are true and correct in all material respects (except for those that are qualified by materiality or Material Adverse Effect which shall be true and correct in all respects) on and as of the date hereof (except to the extent such representations and warranties speak as of a specific date or time in which case such as of that specific date or time only); and
- (b) the Corporation has complied with all covenants and agreements and satisfied all conditions on its part to be complied with or satisfied pursuant to the Equity Distribution Agreement at or prior to the date hereof.

DATED: \_\_\_\_\_

**SONA NANOTECH INC.**

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:



## SCHEDULE E

### **MATTERS TO BE ADDRESSED IN OPINION OF THE CORPORATION'S COUNSEL**

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The following are the matters to be addressed in the opinion of Stewart McKelvey, as Corporation's Counsel, to be delivered pursuant to Section 9.2(a) of the Agreement:

1. that the Corporation is a corporation validly existing and in good standing under the *Canada Business Corporations Act* and has all requisite corporate power and capacity to carry on its business as presently carried on and to own, lease and operate its properties and assets, as described in the Prospectus;
2. the attributes and characteristics of the Offered Shares conform in all material respects with the descriptions thereof in the Prospectus;
3. as to the authorized and issued capital of the Corporation;
4. the form of the definitive certificate representing the Common Shares has been duly approved and adopted by the Corporation and complies with the terms and conditions of the Constatting Documents, the *Canada Business Corporations Act* and the requirements of the CSE;
5. Computershare Investor Services Inc. has been duly appointed as the transfer agent and registrar for the Common Shares;
6. the Offered Shares have been duly authorized and validly allotted and reserved for issuance, and upon receipt by the Corporation of the consideration therefor, will be issued as fully paid and non-assessable Common Shares;
7. the Corporation has the necessary corporate power and capacity to certify and file the Base Shelf Prospectus and the Prospectus Supplement and all necessary corporate action has been taken by the Corporation to authorize the certification by it of the Base Shelf Prospectus and the Prospectus Supplement and the filing thereof, as the case may be, in each of the Qualifying Jurisdictions under the Securities Laws;
8. the Corporation has the necessary corporate power and capacity to execute and deliver this Agreement and to perform its obligations hereunder and to carry out the transactions contemplated hereby and by the Base Shelf Prospectus and Prospectus Supplement (including to sell the Offered Shares), as applicable, and this Agreement has been duly authorized, executed and delivered by or on behalf of the Corporation and is a legal, valid and binding obligation of the Corporation, enforceable against the Corporation in accordance with its terms (subject to reasonable opinion qualifications);
9. the execution and delivery by the Corporation of this Agreement, the fulfilment of the terms hereof by the Corporation, and the sale and delivery by the Corporation at the Placement Time of the Placement Shares do not and will not result in a breach of, and do not and will not create a state of facts which, after notice or lapse of time or both, will result in a breach of, and do not and will not conflict with, any statute, rule or regulation applicable to the Corporation or any terms, conditions or provisions of the Constatting Documents;
10. except such as have been made or obtained under the Securities Laws, no consent, approval, authorization or order of or filing, registration or qualification with any court, Governmental Body or regulatory authority is required, for the execution, delivery and performance by the Corporation this Agreement or the consummation by the Corporation of the transactions contemplated herein;

11. all necessary documents have been filed, all necessary proceedings have been taken all approvals, permits, consents and authorizations of the Securities Regulators have been obtained, in each case in each case by the Corporation under the Securities Laws of each of the Qualifying Jurisdictions to qualify the distribution of the Offered Shares in each of the Qualifying Jurisdictions through investment dealers who are duly and properly registered in the appropriate category of registration under applicable Securities Laws who have complied with the relevant provisions of such Securities Laws and the terms of their registration;
12. confirming the statements under the heading "Eligibility for Investment" in the Prospectus Supplement, subject to the qualifications, assumptions and limitations set out under such heading; and
13. the compliance with the Laws of the Province of Québec in connection with the purchase of Offered Shares by purchasers in such province.

## SCHEDULE F

### INDEMNIFICATION AND CONTRIBUTION

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#### 1. INDEMNIFICATION

- 1.1 Indemnification of Agent. The Corporation (the "**Indemnifying Party**") agrees to indemnify and hold harmless the Agent, the directors, officers, partners, employees and agents of the Agent and each Person, if any, who (i) controls the Agent within the meaning of the Act, or (ii) is controlled by or is under common control with the Agent (collectively, the "**Indemnified Parties**" and individually, an "**Indemnified Party**"), from and against any and all costs, charges, expenses, losses (other than losses of profit in connection with the distribution of the Offered Shares), claims, actions, suits, proceedings, damages or liabilities, joint or several (including, if settled in accordance with the terms hereof, the aggregate amount paid in reasonable settlement of any actions, suits, proceedings or claims) and the reasonable fees and disbursements and taxes of their counsel that may be incurred in advising with respect to and/or defending any action, suit, proceeding, investigation or claim that may be made or threatened against any Indemnified Party in enforcing this indemnity (collectively, the "**Claims**"), whether under the provisions of any statute or otherwise, and which are caused or incurred by or arise, directly or indirectly, by reason of:
- (a) any untrue statement or alleged untrue statement of a material fact contained in the Prospectus, or in any other material or document filed under any Securities Laws or delivered by or on behalf of the Corporation pursuant to this Agreement or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or any misrepresentation or alleged misrepresentation contained therein;
  - (b) any breach by the Corporation of any of its covenants or agreements contained in this Agreement including any default by the Corporation of its obligation to issue and deliver to the Agent any Placement Shares on the applicable Settlement Date in accordance with the Settlement Procedures;
  - (c) any inaccuracy or misrepresentation in any representation or warranty of the Corporation set forth in Schedule C of the Agreement or in any certificate of the Corporation delivered pursuant to this Agreement;
  - (d) the failure by the Corporation to comply with any applicable requirement of the Securities Laws in connection with the transactions contemplated by this Agreement; or
  - (e) any order or any inquiry, investigation or proceeding instituted, threatened or announced by any Governmental Body, based upon any untrue statement, omission or misrepresentation contained in the Prospectus, preventing or restricting the trading in or the sale or distribution of the Offered Shares;

provided, however, that the indemnity in this Section 1.1 shall not apply to Claims arising out of or based, directly or indirectly, on any untrue statement, omission or misrepresentation, or any alleged untrue statement, omission or misrepresentation, made in reliance upon and in conformity with written information relating to the Agent and furnished in writing to the Corporation by the Agent expressly for use in the Prospectus, or in any other material or document filed under any Securities Laws or delivered by or on behalf of the Agent pursuant to this Agreement, or in the event and to the extent that a court of competent jurisdiction in a final judgment from which no appeal can be made or a regulatory authority in a final ruling from which no appeal can be made shall determine that the Claim resulted from the fraud, willful misconduct or gross negligence of the Indemnified Party claiming indemnity (provided that for greater certainty, an Indemnified Party's failure to conduct such reasonable investigation so as to provide reasonable grounds for a belief that the

Prospectus contained no misrepresentation (or, colloquially, to permit the Indemnified Party to sustain a "due diligence defence" under Securities Laws) shall not, in and of itself, constitute "fraud", "willful misconduct" or "gross negligence" for purposes of this Section 1.1 or otherwise disentitle an Indemnified Party from claiming indemnification). This indemnity agreement shall be in addition to any liability that the Corporation might otherwise have.

- 1.2 Actions Against Parties; Notification. Each Indemnified Party shall give notice as promptly as reasonably practicable to the Indemnifying Party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify the Indemnifying Party shall not relieve such Indemnifying Party from any liability hereunder except to the extent it is actually prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. If any such action is brought against any Indemnified Party and it notifies the Indemnifying Party of its commencement, the Indemnifying Party shall be entitled to participate in and, to the extent that it elects by delivering written notice to the Indemnified Party promptly after receiving notice of the commencement of the action from the Indemnified Party, to assume the defense of the action, with counsel reasonably satisfactory to the Indemnified Party, and after notice from the Indemnifying Party to the Indemnified Party of its election to assume the defense, the Indemnifying Party shall not be liable to the Indemnified Party for any legal or other expenses except as provided below and except for the reasonable costs of investigation subsequently incurred by the Indemnified Party in connection with the defense. The Indemnified Party shall have the right to employ its own counsel in any such action, but the fees, expenses and other charges of such counsel shall be at the expense of such Indemnified Party unless (a) the employment of counsel by the Indemnified Party has been authorized in writing by the Indemnifying Party, (b) the Indemnified Party has reasonably concluded (based on advice of counsel to the Indemnified Party) that there may be legal defenses available to it or other Indemnified Parties that are different from or in addition to those available to the Indemnifying Party, (c) a conflict or potential conflict exists (based on written advice of counsel to the Indemnified Party) between the Indemnified Party and the Indemnifying Party (in which case the Indemnifying Party shall not have the right to direct the defense of such action on behalf of the Indemnified Party), or (d) the Indemnifying Party has not in fact employed counsel, reasonably satisfactory to the Indemnified Party, to assume the defense of such action within a reasonable time after receiving notice of the commencement of the action, in each of which cases the reasonable fees and expenses of counsel shall be at the expense of the Indemnifying Party. All such fees and expenses shall be reimbursed by the Indemnifying Party promptly as they are incurred. In no event shall the Indemnifying Party be liable for fees and expenses of more than one counsel (in addition to any local or special counsel) separate from their own counsel for all Indemnified Parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. Neither the Indemnifying Party nor any of the Indemnified Parties shall, without the prior written consent of the Indemnified Party and the Indemnified Parties, such consent not to be unreasonably withheld, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any Governmental Body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 1 or Section 2 of this Schedule F (whether or not the Indemnified Parties are actual or potential parties thereto), provided that the Indemnifying Party may consent to any such settlement, compromise or consent, without the consent of the Indemnified Parties, where such settlement, compromise or consent (y) includes an unconditional release of each Indemnified Party from all liability arising out of such litigation, investigation, proceeding or claim and (z) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any Indemnified Party.
- 1.3 If any legal proceedings shall be instituted against the Corporation or if any regulatory authority or stock exchange shall carry out an investigation of the Corporation and, in either case, any Indemnified Party is required to testify, or respond to procedures designed to discover information, in connection with or by reason of the services performed by the Agent hereunder, then the Indemnified Parties may employ their own legal counsel and the Corporation shall pay and reimburse the Indemnified Parties for the reasonable fees, charges and disbursements (on a full



indemnity basis) of such legal counsel, the other expenses reasonably incurred by the Indemnified Parties in connection with such proceedings or investigation and a fee at the normal per diem rate for any director, officer or employee of the Agent involved in the preparation for or attendance at such proceedings or investigation. However, the Corporation shall not, in connection with any such proceeding or separate but substantially similar or related proceedings arising out of the same general allegations or circumstances, be liable for the fees or expenses of more than one separate law firm in respect of all such Indemnified Parties.

## **2. CONTRIBUTION**

- 2.1 If the indemnification provided for in Section 1 above is for any reason unavailable to or insufficient to hold harmless an Indemnified Party in respect of any Claims referred to therein, then each Indemnifying Party in respect of which indemnity has been sought shall contribute to the aggregate amount of such Claims incurred by such Indemnified Party, as incurred, (a) in such proportion as is appropriate to reflect the relative benefits received by the Corporation on the one hand and the Agent on the other hand from the offering of the Offered Shares pursuant to this Agreement or (b) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (a) above but also the relative fault of the Corporation on the one hand and of the Agent on the other hand in connection with the statement, omission or misrepresentation or the matters referred to in Section 1.1(b) and Section 1.1(c) above, which resulted in such Claim, as well as any other relevant equitable considerations.
- 2.2 The relative benefits received by the Corporation on the one hand and the Agent on the other hand in connection with the offering of the Offered Shares pursuant to this Agreement shall be deemed to be in the same proportion as the total net proceeds from the sale of the Offered Shares pursuant to this Agreement (before deducting expenses) received by the Corporation bear to the total compensation (before deducting expenses) received by the Agent from the sale of the Offered Shares on behalf of the Corporation.
- 2.3 The relative fault of the Corporation on the one hand and the Agent on the other hand shall be determined by reference to, among other things, whether any untrue or alleged untrue statement of a material fact, omission or alleged omission to state a material fact or misrepresentation or alleged misrepresentation relates to information supplied or which ought to have been supplied by the Corporation or by the Agent and the Parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement, omission or misrepresentation.
- 2.4 The Corporation and the Agent agree that it would not be just and equitable if contribution pursuant to this Section 2 were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 2. The aggregate amount of the Claims incurred by an Indemnified Party and referred to above in this Section 2 shall be deemed to include any legal or other expenses reasonably incurred by such Indemnified Party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any Governmental Body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement, omission or alleged omission or misrepresentation or alleged misrepresentation. The rights to contribution provided in this Section 2 shall be in addition to and without prejudice to any other right to contribution which the Agent may have.
- 2.5 Notwithstanding the provision of this Section 2, the Agent shall not be required to contribute any amount in excess of the Agent's Fee received by it in respect of the sale of Offered Shares on behalf of the Corporation and no party who has been determined by a court of competent jurisdiction in a final judgment to have engaged in any fraud, fraudulent misrepresentation or gross negligence (provided that for greater certainty, the Agent's failure to conduct such reasonable investigation so as to provide reasonable grounds for a belief that the Prospectus contained no misrepresentation (or colloquially, to permit the Agent to sustain a "due diligence defence" under

Securities Laws) shall not, in and of itself, constitute "gross negligence" for purposes of this Section 2.5 or otherwise disentitle an Indemnified Party from claiming indemnification) shall be entitled to contribution any Person who has not been determined by a court of competent jurisdiction in a final judgment to have engaged in such fraud, fraudulent misrepresentation or gross negligence.

- 2.6 For purposes of this Section 2, each Person, if any, who controls the Agent and each affiliate of the Agent, and any directors, officers, partners, employees or agents of the Agent, shall have the same rights to contribution as the Agent, subject in each case to the provisions of this Section 2.
- 2.7 Any party entitled to contribution, promptly after receipt of notice of commencement of any action against such party in respect of which a claim for contribution may be made under this Section 2, will notify any such party or parties from whom contribution may be sought, but the omission to so notify will not relieve that party or parties from who contribution may be sought from any other obligation it or they may have under this Section 2 except to the extent that the failure to so notify such other party or parties actually prejudiced the substantive rights or defenses of the party or parties from whom contribution is sought. Except for a settlement entered into pursuant to Section 1.3 above, no party will be liable for contribution with respect to any action or claim settled without its written consent if such consent is required pursuant to Section 1.3 above.

### 3. THIRD PARTY BENEFICIARIES

- 3.1 It is the intention of the Parties hereto that the directors, officers, partners, employees and agents of the Agent and the affiliates of the Agent (the "**Agent Beneficiaries**") shall be entitled to the benefit of the covenants of the Corporation under Section 1 or Section 2 of this Schedule F, and for this purpose the Corporation hereby: (a) appoint the Agent, and the Agent hereby accepts such appointment, as trustee of the covenants of the Corporation under Section 1 or Section 2 for the benefit of the Agent Beneficiaries; and (b) acknowledges and agrees that the Agent shall be entitled to enforce such covenants on behalf of the Agent Beneficiaries notwithstanding that none of the Agent Beneficiaries is a direct party to this Agreement.