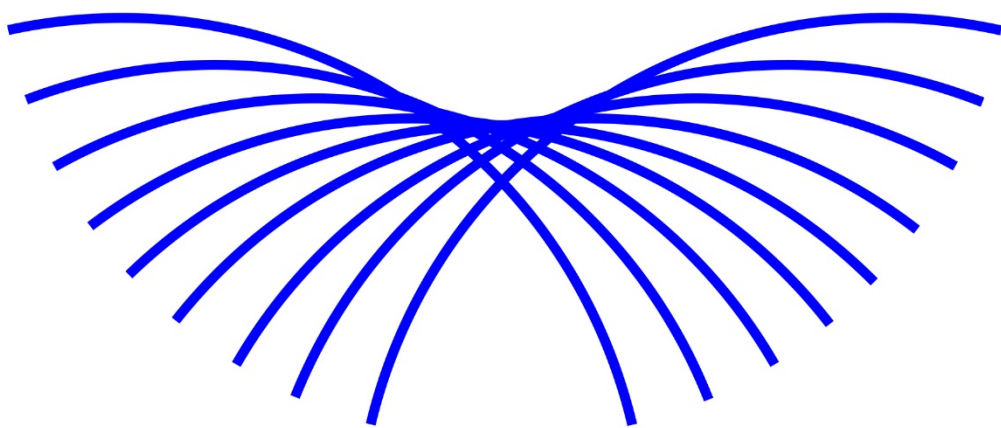


2020

Quarterly Report



WHITEHAWK

Quarterly Activities Report for the Period Ended
March 31, 2020

WHITEHAWK LIMITED (ASX: WHK OR "THE COMPANY"), THE FIRST GLOBAL ONLINE CYBER SECURITY EXCHANGE ENABLING BUSINESSES OF ALL SIZES TO TAKE SMART ACTION AGAINST CYBERCRIME, IS PLEASED TO PROVIDE AN UPDATE ON ITS PROGRESS FOR THE FIRST QUARTER 2020.

HIGHLIGHTS

- Collected US\$561K relating to sales receipt from customers, US\$263K of which is a renewable SaaS subscription.
- Accrued revenues for the 1st quarter 2020 are US\$516K, a US\$183K increase over the US\$333K in revenue for the 4th quarter 2019.
- Reduced cash burn from fourth quarter 2019 to first quarter 2020.
- Automation of product lines has resulted in increased gross margins.
- WhiteHawk finishes the quarter with a strong cash position of US\$1.5M and a strong pipeline of sales contracts.
- A new comprehensive task has been scoped for 2nd QTR 2020 based upon a current contract in place with U.S. Department of Homeland Security (DHS) CISA, as sub-contractor to Guidehouse (formerly PWC Federal).
- The WhiteHawk Cyber Risk Program including: Continuous Cyber Risk Monitoring, Prioritization, quarterly Scorecards and Validation via Real Time Red-Team has been expanded from 3 business groups to 8 business groups, being executed in partnership with Global Consulting Company, as announced to the ASX April 15, 2020.
- Received and finalizing sole source U.S. Federal Government Request for Proposal (RFP) for Cyber Risk Radar across 150 Suppliers and options for additional 150 suppliers a year for a base year and 4 option years (delayed from 2019).
- Moving forward with 2 strategic Sontiq/WhiteHawk Small Business Suite offerings via Managed Service Providers and Financial Institutions to 4,000 to 140,000 SME current customers, as an annual subscription service.
- Have showcased live demos of the WhiteHawk Cyber Risk Radar for current Top 12 US Defence Industrial Base (DIB) Company customer, to four U.S. Federal Government Departments and Agencies, proposing a proof of value kick-off 2nd QTR 2020.
- Terry Roberts participated as speaker and panel moderator in 3 virtual Subject Matter Expert forums (Cybersecurity TV, AFCEA, GovCon) focused on the new U.S. Federal Government comprehensive cybersecurity policies for all Department of Defense (DoD) 330,000+ contractors, suppliers and vendors called Cybersecurity Maturity Model Certification (CMMC) 2020 implementation, reaching over 5,000 potential customers.
- COVID-19 Status:
 - Cybercrime and fraud attacks have dramatically increased across all SME businesses – further pressurizing all current customers
 - Minimal impact to productivity across the team (both business lines and development team). Entire team effectively working remotely

- No impact to the WhiteHawk Team's ability to seamlessly execute on current customer contracts, online and virtual services
- Some sales delays (45-60 days) to follow-on engagement on 3 of 4 US DIB Company Cyber Risk Radar proposals in various stages of scoping and refinement and to some Sontiq/WHK Business Suite engagements.
- In order to enable consistent and effective focus on current pipeline of Federal Government and Defense Industrial Base (DIB) customers, contracts and opportunities, have brought in Senior Sales Consultant with a breadth of customer connections and 18 years of successful sales experience.

UPDATES FROM THE QUARTER

Continue to Execute on Cyber Risk Radar Annual Subscription Contract with Top 12 U.S. DIB Company for 150 Suppliers and Vendors

Contract Summary

- Comprehensive program for 150 vendors has been implemented as a scalable, repeatable and effective approach for monitoring, prioritizing and mitigating DIB Supplier business and cyber risks.
- This program builds upon the lessons learned from two smaller contracts, for a total of over US\$700K, incorporating a flexible Tiered approach to Digital Age risk identification and mitigation
- WhiteHawk providing online platform Software as a Service (SaaS), an annual recurring subscription augmented by consulting risk services.

Progress for the Quarter

- Business and Cyber Risk Monitoring for 30 Tier 1 Suppliers, with quarterly Cyber Risk Scorecards
- Cyber Risk Monitoring for 35 Tier 2 Suppliers and quarterly Cyber Risk Scorecards
- Providing initial impact of COVID-19 analytics to some key suppliers
- Provided live demonstrations of Cyber Risk Radar platform to U.S. Federal Government Supply Chain Cyber Risk Leads.

New Cyber Risk Program contract with major U.S. Manufacturer via Global Consulting Partner

Contract Summary

- Cyber Risk Program is tailored and delivered to the Chief Information Officer (CIO), Executive Team, Chief Executive Officer (CEO), and Board of Directors (BoD)
- This independent risk assessment subscription for 8 Business Groups includes: Cyber Risk Continuous Monitoring and Prioritisation; Quarterly Executive Level Scorecards and Reporting; and Bi-Annual Risk Validation by Real-Time Red Team Assessment.

Progress for the Quarter

- Completed Cyber Risk Monitoring and Scorecards for 3 Business Groups.
- Initial scoping and Cyber Risk Monitoring for additional 5 Business Groups.
- Planning and coordination for real-time red team initial assessment in 2nd QTR 2020.

Contract with U.S. Federal Department of Homeland Security (DHS) Cybersecurity and Infrastructure Security Agency (CISA) Prime Guidehouse (formerly PWC Federal):

WhiteHawk commenced sub-contractor role under the prime contractor, to provide cybersecurity marketplace architecture and development work which was scoped initially in 2019 and was to begin in January 2020 but was delayed and is now commencing in April 2020.

Contract Summary

- WhiteHawk is a sub-contractor on a contract won by the prime contractor. The contract is for 7 years (1 year with 6 option years)
- WhiteHawk's development project is scoped to be between US\$150K to US\$300K annually.

Contract Progress during the quarter

- Cybersecurity online marketplace has been scoped, architected and mapped to customer initial requirements for phase 1 completion in 2020 and phase 2 in 2021. Due to project kick-off delays, initial invoice is April 2020.

Execution on 2nd Contract with U.S. Federal Government Department CIO:

Contract Summary

- WhiteHawk's sub-contract length is 5 years (1 year with 4 option years)
- First Cyber Risk Policy and strategy project assigned in August 2019 following completion of government initiation and ramp up phase
- Revenues commenced in August 2019.
- First full year (12 Month) revenue to WhiteHawk is expected to be between US\$300K to US\$600K and is subject to final scoping by the prime contractor and customer.

Contract Progress during the quarter

- Cyber Risk Policy and strategy projects being executed.

Execution on 1st Contract with U.S. Federal Government Department CIO under prime contractor:

Contract Summary

- WhiteHawk's sub-contract length is 5 years (1 year with 4 option years) and includes Cyber Subject Matter Expertise and Cyber Risk Solutions
- Contract execution has been in ramp up phase until now with first meaningful tasks assigned and executed. First 6 months revenue reflected the ramp up phase only, totalling US\$45K in 2019.

Contract Progress during the quarter

- First Cyber Risk Policy and strategy project completed.
- Second and third Cyber Risk Policy and strategy projects were scoped but were delayed due to customer changes in priorities.
- New tasking requirements for 2020 currently under discussion.

Cyber Risk Radar Contract Concluded with U.S. Financial Institution

Contract Summary

- 3-month contract extension signed December 2019 ended April 07, 2020
- No winner announced for Open Request for Proposals for a long-term Vendor Risk Management Program was released and responded to 15 March 2019
- Managed Service Level Agreement remains in place until September 2020

Contract Progress during the quarter

- 50 updated Cyber Risk Scorecards were delivered on each Vendor
- Impact of COVID-19 supplier analytics and program lessons learned briefing

OUTLOOK

Taking into account the impact of the Global Pandemic on the dramatic growth of cybercrime and fraud on our current and potential customers, WhiteHawk is doubling down on the more economically resilient Sectors of the U.S. Federal Government and the U.S. Defense Industrial Base for the rest of 2020:

- 1) The continued sale of Cyber Risk Radars across the supply chains of U.S. Department of Defense Services and Agencies.
- 2) In light of new Federal Contractor Cybersecurity Regulatory policies (in particular the Cybersecurity Maturity Model Certification – CMMC), focus on our WhiteHawk online Company Customer Cyber Risk Journey, as an efficient path for Federal & Defense Industrial Base (DIB) Contractors to achieve CMMC in 2020 and beyond.
- 3) Recently responded to quick turn CMMC Advisory Board (AB) Continuous Monitoring RFP, to phase in across the 330,000 DIB contractors.
- 4) Position our Cyber Risk Program as an enabler for DIB Prime (large) Companies to achieve CMMC level 5 in 2020 and beyond.
- 5) Our integration with the Sontiq Business Suite SaaS service as an effective means for SME's to mitigate the cyber risks during the Pandemic.

All of the above directly aligns with our original priorities for 2020:

1. Kick off Phase 1 of the Sontiq/EZShield/WhiteHawk SMB SaaS services to one of two Tier 1 Financial Institutions (currently in advanced discussions) across their respective business customers. Thereby scaling our online services to thousands of SMB's or Family Offices in 2020.

2. In sync with the new U.S. Federal Government CMMC 2020 policies, advance the 4 mature Cyber Risk Radar proposal conversations with Top Tier Defense Industrial Base Companies, delivering 1-2 new contracts early in 2020.
3. Drive, work and deliver major task on 3rd U.S. Government contracts in 2020, and fully execute on others as Primes allow.

WhiteHawk online platform, SaaS and virtual consulting services remain powerful cyber risk mitigation product lines that can be tailored and implemented for any government or industry customer globally.

WhiteHawk revenues remain consistent, with the Company recording revenue in each of the last 8 months. Revenue increased by US\$183K in the first quarter of 2020 over the fourth quarter of 2019. First quarter 2020 revenue was US\$516K as compared to US\$333K for fourth quarter of 2019. Annual 2019 revenue was US\$1M, up from US\$0.5M for the full year 2018, as reported in Annual Report to the ASX on 27th of March 2020. All figures above are based on the accrual method of accounting.

WhiteHawk continues to ensure a lean approach to expenses, further reducing cash burn to US\$227K in first quarter 2020, down from US\$447K for fourth quarter 2019.

WhiteHawk continued the advancement and automation of our product lines driven by customer feedback, lessons learned and continued work with our strategic partners to lower per unit cost. The Company has been able to improve gross margins on the Cyber Risk Radar, Cyber Risk Program, Cyber Risk Scorecard and Sontiq/WhiteHawk SMB Suite.

The Quarterly Report for the period ended March 31, 2020 follows.

DISCLOSURE STATEMENT

The Additional Information to Appendix 4C quarterly report ("the Additional Information") is given in summary form and does not purport to be complete. The Additional Information including financial information, should not be considered as a financial projection, advice or a recommendation to any particular or potential investors in relation to subscribing for securities in WhiteHawk. Before acting on any information readers should consider the appropriateness of the information having regard to these matters, any relevant offer document and in particular, readers should seek independent financial advice. All securities involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments and, in international transactions, currency risk. The Additional Information may include statements regarding the Company's intent, belief or current expectations with respect to our businesses and operations, market conditions, revenues, market penetration, and results of operations. Readers are cautioned not to place undue reliance on these statements. WhiteHawk does not undertake any obligation to publicly release the result of any revisions to these statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events. While due care has been used in the preparation of the Additional Information, actual results may vary in a materially positive or negative manner and are subject to uncertainty and contingencies outside WhiteHawk's control.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

WhiteHawk Limited

ABN

97 620 459 823

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 months) \$US'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	561	561
1.2	Payments for		
	(a) research and development	(188)	(188)
	(b) product manufacturing and operating costs	(226)	(226)
	(c) advertising and marketing	(11)	(11)
	(d) leased assets	-	-
	(e) staff costs	(268)	(268)
	(f) administration and corporate costs	(96)	(96)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	1
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(227)	(227)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 months) \$US'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	44	44
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	44	44

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	259	259
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(2)	(2)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	257	257

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,527	1,527
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(227)	(227)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	44	44

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 months) \$US'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	257	257
4.5	Effect of movement in exchange rates on cash held	(130)	(130)
4.6	Cash and cash equivalents at end of period	1,471	1,471

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US'000	Previous quarter \$US'000
5.1	Bank balances	70	82
5.2	Call deposits	1,401	1,445
5.3	Bank overdrafts	-	
5.4	Other (provide details)	-	
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,471	1,527

**6. Payments to related parties of the entity and their
associates**

6.1 Aggregate amount of payments to related parties and their
associates included in item 1

6.2 Aggregate amount of payments to related parties and their
associates included in item 2

**Current quarter
\$US'000**

180

-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of,
and an explanation for, such payments

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
400	400
1,546	-
1,946	400

7.5 Unused financing facilities available at quarter end

1,546

- 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

The Company has the following financing facilities available:

- As at 31 March 2020, A\$46k is payable to Company under Equity Swap Agreement as per the ASX announcement dated 5 February 2019
- As per the ASX announcement dated 30 January 2020, A\$400,000 working capital loan was received by the Company during the quarter ended 31 March 2020
- As per the ASX announcement dated 30 January 2020, A\$1.5m is available to the Company as a placement by the Company that will be placed into an equity swap repayable to the Company in equal instalment over 12 months. The placement is subject to shareholder approval to be obtained at the AGM in May 2020.

8. Estimated cash available for future operating activities

\$US'000

8.1	Net cash from / (used in) operating activities (Item 1.9)	(227)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	1,471
8.3	Unused finance facilities available at quarter end (Item 7.5)	955
8.4	Total available funding (Item 8.2 + Item 8.3)	2,426
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	10.69

- 8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

- Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

- Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

- Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 April 2020

Authorised by: Terry Roberts (Chief Executive Officer and Executive Chair)
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.