2020

Quarterly Report

WHITEHAWK

Quarterly Activities Report for the Period Ended

June 30, 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 SECOND QUARTER 2020.

HIGHLIGHTS

- **Collected US$314K relating to sales receipt from customers**
- **Invoicing for the 2nd quarter 2020 is US$502K, matching the US$516K in invoicing for the 1st quarter 2020.**
- **Reduced cash burn in second quarter 2020 over first quarter 2020 by US$150K.**
- **Building upon phase 1 of current contract with U.S. Department of Homeland Security (DHS) CISA, as sub-contractor to Guidehouse (formerly PWC Federal), Phase 2 is scoped for kick-off October 2020 to develop, test and refine the QSMO Cybersecurity Marketplace.**
- **Refined scope for first sole source U.S. Federal Government CIO Cyber Risk Radar contract, across 150 Suppliers and options for additional 150 suppliers a year, for a base year and 4 option years (delayed from 2019).**
- **Automation of Cyber Risk Scorecard product lines via WhiteHawk online platform has resulted in speed and scalability, increasing gross margins.**
- **Incorporation of the Cybersecurity Maturity Model Certification (CMMC) checklist into the WhiteHawk Cyber Risk online Customer Journey and into all Cyber Risk Scorecards, provides current Defence Industrial Base (DIB) contracted client with an automated path to CMMC for 200 of their Supplier Companies, currently being monitored by our Cyber Risk Radar.**
- **Cyber Risk Program phase 1 results and recommendations were briefed to the Board of Directors of a Global Manufacturer including: Continuous Cyber Risk Monitoring, Prioritization, quarterly Scorecards and Validation via Real Time Red-Team across 8 business groups. Phase 2 being kicked off in July 2020.**
- **Scoping conversations continue with 2 strategic Sontiq/WhiteHawk Small Business Suite offerings via Managed Service Provider and Financial Institution to 5,000 to 140,000 SME current customers, as an annual subscription service.**
- **Conducted Cyber Risk Radar Proof of Value (POV) for a Military Service in June – scoping discussions underway, with additional POV's with 2 US Federal Departments under review.**
- **COVID-19 Impact:**
  - **No delays in product line development or execution**
  - **Sales' virtual demos and Proofs of Value are consistently scheduled**
  - **Continue to experience contract scoping and completion delays of 60 to 90days, with government and industry procurement teams working dispersed from home.**
- **WhiteHawk received U.S. Government Pandemic forgivable loan for US$230K.**
- **WhiteHawk finishes the 2nd quarter with a strong cash position of US$1.5M and a strong pipeline of sales contracts.**

- **Finalized A$1m Share Purchase Agreement and Equity Swap Agreement (as announced to ASX on 30 January 2020 and 1 July 2020).**

UPDATES FROM THE QUARTER

Continue to execute as primary developer on contract with U.S. Federal Department of Homeland Security (DHS) Cybersecurity and Infrastructure Security Agency (CISA).

Contract Summary

- WhiteHawk is a sub-contractor on a contract won by the prime contractor, Guidehouse (formerly PWC Federal): The contract is for 7 years (1 year with 6 option years)
- WhiteHawk's development project phase 1, $400K USD runs from April to September 2020and is scoped for $1.2M USD for the rest of Fiscal Year 2021, starting October 2020.

Contract Progress during the quarter

- Conducting QSMO Cybersecurity online Marketplace requirements development and prioritization with all key government stakeholders, to include architecture requirements and planning.

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

Contract Summary

- WhiteHawk's Cyber Risk Policy sub-contract length is 5 years (1 year with 4 option years)
- First full year (12 Month) revenue to WhiteHawk is expected to be between US$300K to US$600K and is subject to refinement by the prime contractor and government customer.

Contract Progress during the quarter

- Cyber Risk Policy and strategy projects continuously developed and executed.

Continue to Execute on Cyber Risk Radar Annual Subscription Contract with Top 12 U.S. DIB Company for 200 Suppliers and Vendors

Contract Summary

- WhiteHawk providing online platform Software as a Service (SaaS), an annual recurring subscription augmented by consulting risk services across now 200 Suppliers.

Progress for the Quarter

- Business and Cyber Risk Monitoring for 30 Tier 1 Suppliers, with quarterly Cyber Risk Scorecards and Cyber Risk Monitoring for 85 Tier 2 Suppliers and quarterly Cyber Risk Scorecards
- Incorporated Cybersecurity Maturity Model Certification (CMMC) mapping into all Cyber Risk Scorecards, providing a path to CMMC for all suppliers in accordance with new Department of Defence guidelines for 2020 and beyond.

Continue to execute Cyber Risk Program contract with major U.S. Manufacturer via Global Consulting Partner

Contract Summary

- Cyber Risk Program is an independent view of prioritized cyber risks and mitigation strategies tailored and delivered to the Chief Information Officer (CIO), Executive Team, Chief Executive Officer (CEO), and Board of Directors (BoD)
- This expert risk assessment subscription for 8 Business Groups includes: Cyber Risk Continuous Monitoring and Prioritization; 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, Scorecards and real-time red team initial assessment in 2nd QTR 2020.
- Executive level findings were presented to the June BoD session.
- Completed mapping of findings to mitigation strategies.

Cashflows

Revenues remain consistent, with the Company recording revenue in each of the last 11 months. Second quarter 2020 invoicing of US$502K matched US$516K in the first quarter of 2020. 2020 invoiced for the first two quarters US$1M up from US$0.3M for the first two quarters of 2019.

WhiteHawk continues to ensure a lean approach to expenses, maintaining cash burn in the second quarter of a monthly average of US$105K over the same period in 2019 US$181K.

WhiteHawk applied for and received US$230K U.S. Government grant as part of the Payroll Protection Plan from the U.S. Small Business Administration in response to the COVID 19 pandemic. The grant is in the form of a forgivable loan with the criterion the funds can be used for payroll expenses to maintain current number of employees.

As per ASX announcement dated 1 July 2020, on 3 July 2020, the Company issued 12,987,013 shares, A$1m capital raise with RiverFort Global Capital. Proceeds will finance future growth.

Payment made to related parties include payments made for the services provided by Key Management Personnel including Directors of the Company.

OUTLOOK

Sales Channels Mapped to Updated & Automated Product Lines

1) Responding to key CMMC related Government RFP's (2 opportunities in 2020 – winners to be announced 3rd Quarter)

2) Proof of Value offerings to U.S. and AU Government Healthcare and Energy Entities, thereby demonstrating the ease, impact, scalability and affordability of WhiteHawk Cyber Risk Identification, Prioritization and Mitigation product lines.

3) Tailoring Sontiq/WhiteHawk Business Risk Suite options to Financial Institution, Internet Service Provider (ISP) and Managed Service Providers (MSP) business clients.

4) July 2020 teamed on Texas State and Local Cybersecurity RFP for 5-year contract, across 1,500 entities, as entre to other State and Local opportunities.

5) Positioned Proof of Value of the Cyber Risk Program as an enabler for DIB Prime (large) Companies to achieve CMMC level 5 in 2020 and beyond.

Product Line Advancement and Automation, Driving Scalability and Margin Increases:

Cyber Risk Scorecard - In-Depth
- Automated inclusion of CMMC Baseline Mapping

Cyber Risk Scorecard - Snapshot
- In Final Testing

Batch generation of Scorecards in support of Cyber Risk Radar
- In Unit Testing

New Web Site
- Migration ongoing

WHITEHAWK

Your Mapping to CMMC

WhiteHawk helps you map to CMMC using CIS Controls® tools mapped to the CMMC levels. CMMC's five different certification levels reflect the maturity and reliability of a government contractor's cybersecurity infrastructure to protect sensitive and high-level government information. The five levels (L1 – L5) build upon each other's technical requirements with the next level including the requirements from the previous level. See the visual below to better understand where each CIS control maps to these new standards.

CIS Control	#	CMMC Maturity Levels			
		L1	L2	L3	L4/5
Penetration Tests and Red Team Exercises	#20				x
Email and Web Browser Protections	#7			✓	✓
Limitation and Control of Network Ports, Protocols, & Services	#9			✓	✓
Application Software Security	#18			✓	✓
Inventory and Control of Software Assets	#2		✓	✓	✓
Continuous Vulnerability Management	#3		x	x	x
Controlled Use of Administrative Privileges	#4		x	x	x
Maintenance, Monitoring and Analysis of Audit Logs	#6		✓	✓	✓
Data Recovery Capabilities	#10		x	x	x
Secure Configuration for Network	#11		✓	✓	✓
Implement a Security Awareness and Training Program	#17		x	x	x
Incident Response and Management	#19		✓	✓	✓
Inventory and Control of Hardware Assets	#1	✓	✓	✓	✓
Secure Configuration for Hardware and Software	#5	✓	✓	✓	✓
Malware Defenses	#8	✓	✓	✓	✓
Boundary Defense	#12	✓	✓	✓	✓
Data Protection	#13	✓	✓	✓	✓
Controlled Access Based on the Need to Know	#14	✓	✓	✓	✓
Wireless Access Control	#15	✓	✓	✓	✓
Account Monitoring and Control	#16	✓	✓	✓	✓
		8/8	12/16	15/19	15/20

WhiteHawk Cyber Risk Scorecard — Snapshot

WhiteHawk's Cyber Risk Scorecard — Snapshot provides businesses and organizations a cyber risk profile of a company's effectiveness at addressing the impacts of online crime and fraud. We partner with you through our Cyber Risk Journey to baseline, understand, review, and act to decreasing the likelihood of your company becoming victims of cyber-crime. This is critical to maintaining your business's brand and reputation as you take action to implement solutions to protecting intellectual property and your critical data assets. Below summarizes the activities we perform with you and this resulting report provides the summary of your Cyber Risk Profile.

Baseline

Cyber Threat Readiness Questionnaire

Do you need to worry about cyber security and cyber risk? By responding to ten, non-intrusive questions about your company, WhiteHawk is able to calculate a risk and complexity score using AI-based approaches to determine likelihood of becoming victim to cyber-attacks. Using the resulting risk and complexity score, We baseline your cyber risk profile by looking up actual reported cyber events (attacks, hacks, malware etc.) by companies of similar size and complexity in the same industry and provide a synopsis of the risk profile of your company.

Understanding

Cyber Risk Consultation

What does it all mean? Through a complimentary 20-minute virtual consultation with one of our Cyber Analysts, we review with you the results of the Cyber Threat Readiness Questionnaire and solution options that can strengthen your cyber risk posture.

Review

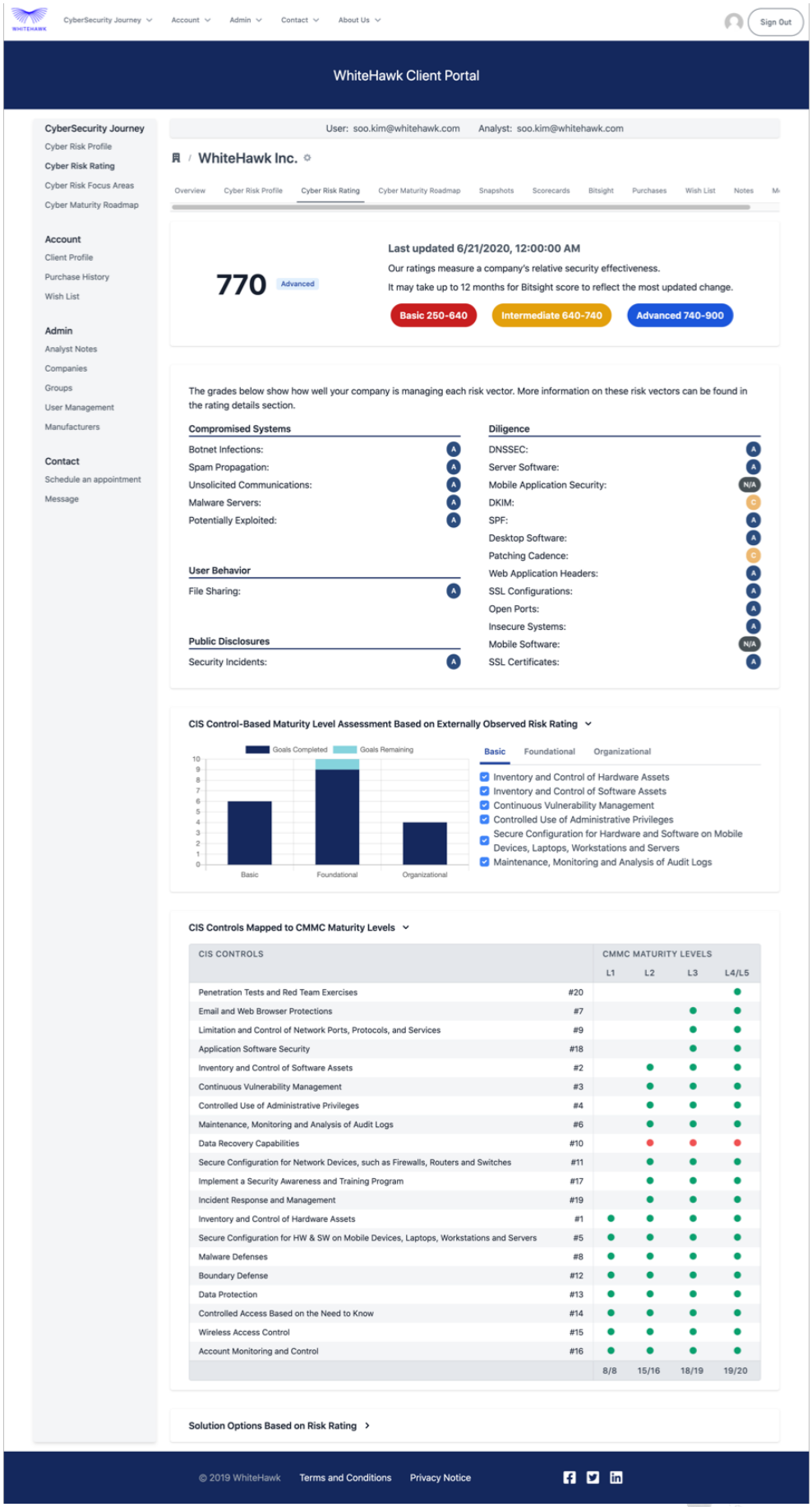
Cyber Risk Maturity — Assessment

How do I prioritize my limited resources? WhiteHawk leverages Center for Internet Security (CIS) Critical Security Controls for Effective Cyber Defense best-best practice guidelines to recommend solutions to addressing areas of weaknesses that is prioritized to your business's profile.

Action Plan

Cyber Risk Maturity — Action Planning

Where do I start? Because the CIS controls can appear daunting, WhiteHawk's Cyber Analyst works with you to break down actionable steps to take that is simple, impactful, affordable, and track progress through Action Planning. As you take each step, we review and walk through subsequent actions as part of your Cyber Risk Journey.



The Appendix 4C Quarterly Cash Flow Report for the period ended June 30, 2020 follows.

DISCLOSURE STATEMENT

The Quarterly Activities Report is given in summary form and does not purport to be complete. The Quarterly Activities Report 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 Quarterly Activities Report 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 Quarterly Activities Report, 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	**Quarter ended ("current quarter")**
97 620 459 823	30 June 2020

Consolidated statement of cash flows		**Current quarter $US'000**	**Year to date (6 months) $US'000**
1.	**Cash flows from operating activities**	314	875
1.1	Receipts from customers		
1.2	Payments for		
	(a) research and development	(136)	(324)
	(b) product manufacturing and operating costs	(89)	(315)
	(c) advertising and marketing	(23)	(34)
	(d) leased assets	-	-
	(e) staff costs	(203)	(471)
	(f) administration and corporate costs	(185)	(281)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	1
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	7	7
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(315)**	**(542)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(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 (6 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	18	62
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**18**	**62**

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	230	489
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(5)	(7)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**225**	**482**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,471	1,527
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(315)	(542)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	18	62

Consolidated statement of cash flows		Current quarter $US'000	Year to date (6 months) $US'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	225	482
4.5	Effect of movement in exchange rates on cash held	83	(47)
4.6	**Cash and cash equivalents at end of period**	**1,482**	**1,482**

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	16	70
5.2	Call deposits	1,466	1,401
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)**	**1,482**	**1,471**

6.	Payments to related parties of the entity and their associates	Current quarter $US'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	149
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.*	**Total facility amount at quarter end $US'000**	**Amount drawn at quarter end $US'000**
7.1	Loan facilities	505	505
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	686	-
7.4	**Total financing facilities**	1,191	505

7.5	**Unused financing facilities available at quarter end**	686

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.

Loan facilities mentioned above include A$400k loan (as announced to ASX on 30 January 2020 and 4 June 2020), US$230k Payroll Protection Plan (1% annual interest rate, funds would be used to cover payroll expenses and loan would be forgivable up to 60% of payroll costs for the 24 week period starting 6 May 2020).

Other facilities include A$1m receivable under Share Purchase Agreement and Equity Swap Agreement (as announced to ASX on 30 January 2020 and 1 July 2020).

8.	**Estimated cash available for future operating activities**	**$US'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(315)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,482
8.3	Unused finance facilities available at quarter end (item 7.5)	686
8.4	Total available funding (item 8.2 + item 8.3)	2,168
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	6.88

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

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

8.6.1 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

8.6.2 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

8.6.3	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	

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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: 29 July 2020
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Authorised by: Terry Roberts (Chief Executive Officer and Executive Director)
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(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.