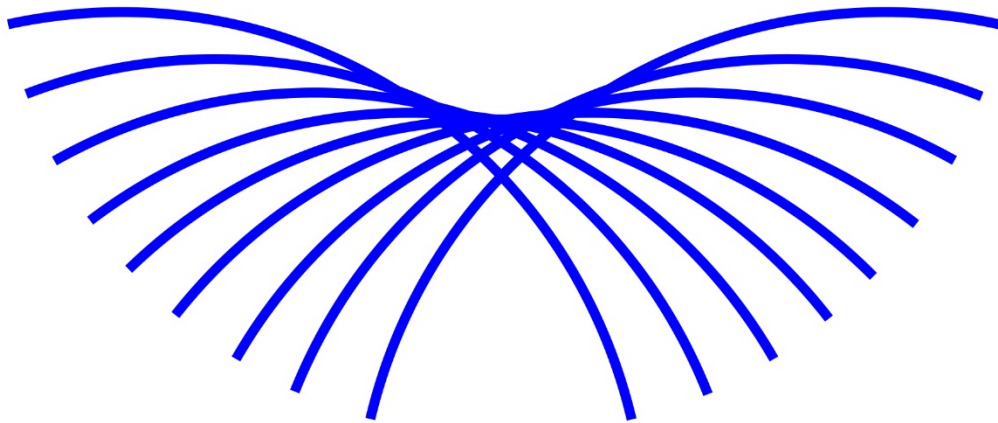


2020

Quarterly Activities Report



WHITEHAWK

Quarterly Activities Report for the Period Ended
September 30, 2020

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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 THIRD QUARTER 2020.

HIGHLIGHTS

- Collected US\$320K relating to sales receipt from customers.
- Invoicing for the 3rd quarter 2020 is US\$948K, nearly doubling the US\$502K in invoicing for the 2nd quarter 2020.
- US\$861K in receivables will be collected in October.
- Awarded Phase 2 of current contract with U.S. Department of Homeland Security (DHS) CISA, as sub-contractor to Guidehouse (formerly PWC Federal), for \$1.5M and was kicked off October 2020 to develop, test and refine the QSMO Cybersecurity Marketplace.
- Awarded the 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, for base price of \$580K with option of up to an additional \$600K. Contract kicked off August 2020.
- Completed 5 Cyber Risk Radar Cybersecurity Maturity Model Certification (CMMC) focused Proof of Values (POV), three with U.S. Government Departments or Agencies and two with Major Manufacturers. Three additional Proof of Values being scoped; one with the Financial Sector, one with a U.S. Defence Industrial Base (DIB) Company and one with a U.S. Government Agency.
- Signed partnership agreement with Global Insurance Group to explore WhiteHawk online platform and virtual Cyber Risk Service options for their business clients.
- With current DIB Client, kicked off a Path to CMMC engagement Program across 600+ suppliers and vendors, to provide virtual CMMC baseline consults, establish online accounts and maturity models and review their Cyber Risk Scorecard findings and risk mitigation options.
- Completed Phase 2 of Cyber Risk Program via a Global Consulting Firm in direct support of a Global Manufacturer, including: risk validation by Red-Team, a comprehensive risk prioritization and mapping to risk mitigation best practices and solution options.
- 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 SaaS contract have been delayed (not canceled), one due to COVID business impacts and the other due to changes in company leadership.
- COVID-19 Impact Update:
 - No delays in product line development or execution
 - Sales virtual demo's and Proofs of Value are consistently conducted
 - Continue to experience contract scoping and completion delays of 60 to 90days, with government and industry procurement teams.

- WhiteHawk finishes the 3rd quarter with a cash position of US\$926K, pending receivables highlighted above.

UPDATES FROM THE QUARTER

Prime developer on contract with U.S. Federal Department of Homeland Security (DHS) Cybersecurity and Infrastructure Security Agency (CISA) QSMO Cybersecurity Marketplace

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).
- Completed phase 1, \$400K USD from April to September 2020 and commenced phase 2, contracted for \$1.5M USD for Fiscal Year 2021 starting October 2020.

Contract Progress during the quarter

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

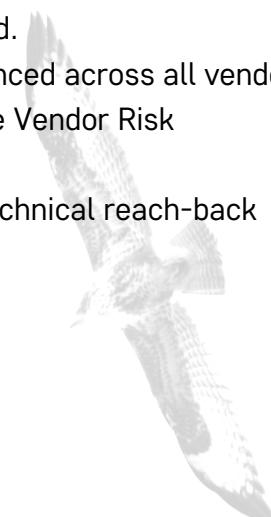
Commenced Cyber Risk Radar Contract in support of U.S. Government Federal CISO

Contract Summary

- WhiteHawk providing online platform Software as a Service (SaaS), an annual recurring subscription across 150 Vendors with the option of an additional 150 vendors per year.
- Business Risk Reports will be provided twice annually and Cyber Risk Scorecards will be provided quarterly via an integrated risk management dashboard.
- This contract is the result of a Proof of Value that was implemented early in 2019 across 10 vendors for the same US Government CISO.

Progress for the Quarter

- SaaS platform was implemented and vendors onboarded.
- Business and Cyber Risk Continuous Monitoring commenced across all vendors, with quarterly Cyber Risk Scorecards and mapped to the Vendor Risk Management SaaS Dashboard.
- Training sessions on the platform have been held and technical reach-back sessions established.



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 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 165 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.
- Commenced a CMMC Program focused communication and engagement across up to 600+ Suppliers and Vendors, in partnership with DIB Client.

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.

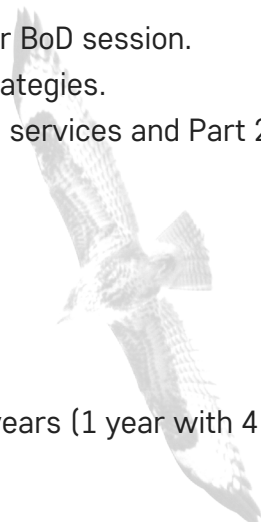
Progress for the Quarter

- Completed Cyber Risk Monitoring, Scorecards, real-time red team risk validation assessment, risk prioritization, and mapping to best practices and solution options.
- Executive level findings were presented to the September BoD session.
- Completed mapping of findings to in-house mitigation strategies.
- Reviewing key risk areas for next phase of risk mitigation services and Part 2 of the Real-Time Red Team.

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\$500K 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.

Cashflows

- Revenues remain consistent, with the Company recording revenue in each of the last 9 months. Third quarter 2020 invoicing of US\$948K nearly doubled US\$502K in the second quarter of 2020. 2020 invoiced for the first three quarters US\$2M up from US\$0.6M for the first three quarters of 2019.
- The company will collect US\$861K in receivables in October from third quarter invoicing.
- WhiteHawk continues to ensure a lean approach to expenses, maintaining cash burn in the third quarter of a monthly average of US\$185K.
- WhiteHawk repaid US\$289K loan from RiverFort in cash per the agreement referenced below and announced to the ASX 30 January and 1 July 2020.
- Payment made to related parties include payments made for the services provided by Key Management Personnel including Directors of the Company.

OUTLOOK

Supply Chain Cyber Risk Monitoring & Scorecard Proofs of Value (POV) Across U.S. Federal Government and Industry

- 1) In order to demonstrate the ease and effectiveness of WhiteHawk Cyber Risk Product Lines: the remote and virtual implementation; the timeliness and scalability of the offerings; the effectiveness of the risk identification and mitigation results, Corporation kicked off a Proof of Value customer pipeline engagement strategy in July, August and September.
- 2) From past experience, Corporation has found a POV can change the conversation with the potential client, giving them the added insight they need to move forward to scope an initial contract.
- 3) As a result of the business dynamics during COVID, complimentary cyber risk monitoring licenses from our partners and the advanced automation of our Cyber Product Lines, it made sense to circle back with a majority of the current client

pipeline across Federal Government, Defense Industrial Base, Financial and Manufacturing Sectors.

- 4) The POV's have renewed Corporation cyber risk solution conversations with 3 Public and 2 Private Sector Channels, effectively updating their understanding and expectations of our Product Lines, the Digital Age risk problems they address and their scalability and affordability.

Development and Expansion of Internet Service Provider (ISP) and Managed Service Provider (MSP) Client Pipeline for both the Sontiq/WH Business SaaS Suite and a tailored version of the WhiteHawk online Cyber Security Exchange cyber risk services.

- 1) In addition to the current pipeline of Financial and Insurance Sector channels, Corporation has kicked off market research conversations with 3 major ISP's and two major MSP's.
- 2) Objective is to demonstrate that current cybersecurity service approaches for business clients are to offer a standard portfolio of cybersecurity solutions, for \$80 to \$1,000 a month, reaching at most 5 to 15% of the cliental. Vice offering the comprehensive Sontiq/WH Business SaaS Suite for \$20 a month (to include financial fraud, identity theft, mobile security and cyber risk services), as an annual embedded subscription service with revenue sharing model.
- 3) This embed Digital Age risk service, is provided to all business clients as a seamless, effective and comprehensive added benefit, thereby differentiating the ISP or MSP, to retain current clients and attract new clients.

The Appendix 4C Quarterly Cash Flow Report for the period ended September 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

97 620 459 823

Quarter ended ("current quarter")

30 September 2020

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (9 months) \$US'000
1. Cash flows from operating activities	320	1,195
1.1 Receipts from customers		
1.2 Payments for		
(a) research and development	(85)	(409)
(b) product manufacturing and operating costs	(350)	(665)
(c) advertising and marketing	(16)	(50)
(d) leased assets	(20)	(47)
(e) staff costs	(274)	(745)
(f) administration and corporate costs	(137)	(391)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	3	10
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(558)	(1,100)
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	-	-

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Consolidated statement of cash flows		Current quarter \$US'000	Year to date (9 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	119	181
2.4	Dividends received (see note 3)	-	-
2.5	Other #	26	26
2.6	Net cash from / (used in) investing activities	145	207

As announced to ASX on 1 July 2020, other income received under the Equity Swap Agreement relates to difference between benchmark price and market price referred to in the Agreement.

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	137	137
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	489
3.6	Repayment of borrowings	(289)	(289)
3.7	Transaction costs related to loans and borrowings	(6)	(13)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(158)	324

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,482	1,527
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(558)	(1,100)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	145	207

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

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (9 months) \$US'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(158)	324
4.5	Effect of movement in exchange rates on cash held	15	(32)
4.6	Cash and cash equivalents at end of period	926#	926

does not include A\$982,396 of Option Exercise funds received subsequent to quarter end.

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	316	16
5.2	Call deposits	610	1,466
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)	926	1,482

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	168
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 <i>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.</i>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
7.1 Loan facilities	230	230
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	593	-
7.4 Total financing facilities	823	230
7.5 Unused financing facilities available at quarter end		593#
<p># does not include A\$982,396 of Option Exercise funds received subsequent to quarter end.</p>		
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.		
<p>Loan facilities mentioned above include 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).</p>		
<p>Other facilities include receivable under Share Purchase Agreement and Equity Swap Agreement (as announced to ASX on 30 January 2020 and 1 July 2020) in monthly instalments.</p>		

8. Estimated cash available for future operating activities	\$US'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(558)
8.2 Cash and cash equivalents at quarter end (item 4.6)	926
8.3 Unused finance facilities available at quarter end (item 7.5)	593
8.4 Total available funding (item 8.2 + item 8.3)	1,519#
<p># does not include A\$982,396 of Option Exercise funds received subsequent to quarter end.</p>	
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.72
<p>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.</p>	
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?	
<p>Answer: N/A</p>	
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?	
<p>Answer: N/A</p>	

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: 30 October 2020

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