



2019

Quarterly Activities Report
For the Period Ended
30 September 2019

WHITEHAWK LIMITED (ASX: WHK OR "THE COMPANY"), THE FIRST GLOBAL ONLINE CYBER SECURITY EXCHANGE ENABLING SMALL AND MIDSIZE ENTERPRISES (REVENUE OF UP TO USD\$1B) TO TAKE SMART ACTION TO IDENTIFY AND ADDRESS CYBER RISK, IS PLEASED TO PROVIDE AN UPDATE ON ITS PROGRESS FOR THE THIRD QUARTER 2019.

HIGHLIGHTS

- Selected in the top 5 responding innovative companies by Dreamport (Partnership Intermediary between the Maryland Innovation & Security Institute and United States Cyber Command (USCYBERCOM), for the Cyber Challenge focused on the "Automated Cybersecurity Posture Determination" – cyber risk monitoring and resilience of the U.S. Defense Industrial Base (DIB) contractors/companies.
- Executed contract extension on existing contract with a top 12 U.S. Defense Industrial Base (DIB) company, to include the transition to the new Interos Business Risk platform and the new automated WhiteHawk Cyber Risk Scorecards across 30 supply chain companies.
- Continued to execute third phase of a Cyber Risk Management contract with our top 10 financial institution, to include 26 new vendors, while the comprehensive program award has been delayed to January 2020.
- Above contracts are for well known, Tier 1 large organisations but WhiteHawk cannot reveal names due to sensitivity of Cybersecurity Risk focused work.
- Executing two Proofs of Value (PoV), of the WhiteHawk 360 Cyber Risk Frameworks, with a Tier 1 Global Insurance Group and a Tier 1 Manufacturer.
- Advanced the online SMB SaaS Risk Offering with Sontiq/EZShield by fully integrating the WhiteHawk Cyber Risk Profile into the service and by growing the mature pipeline of Financial Institutions and Insurance Groups, to offer to their Business Customers as a protection and market differentiator.
- Two financial institution engagements are in the advanced stage of negotiation concerning the implementation of the Sontiq/WhiteHawk Business Risk SaaS Secure service to all SMB customers, with tens of thousands of SMB's in each implementation phase.
- Created a tailored Cyber Risk Program offering for global consulting groups, to leverage as an impactful solution for their mid-tier and fortune 1000 business customers, in need of continuous cyber risk monitoring, prioritisation and near real time risk mitigation.
- Subcontract with Accenture Federal on a USD\$2B U.S. federal government department contract : kick-off was delayed due to the magnitude of the transition from the former prime contractor, but is now moving forward.
- Delayed execution of a second subcontract with a separate U.S. federal government department due to stringent on-premise clearance requirements. It is now underway.
- Completed the implementation of the automated process of WhiteHawk Cyber Risk Scorecards. This enables scaling of online Services to SMB's and to Cyber Risk Framework services, across all vendors/suppliers in near real-time.
- Working through how to best partner with and enable impactful services via the international non-profit, Global Cyber Alliance.
- USD\$394K in receivables collected during the quarter.
- Fourth quarter cash outflows of USD\$580K to be offset by expected cash inflows from revenue growth.
- WhiteHawk ended the quarter in a strong cash position with USD\$1.8M cash and a strong pipeline of sales contracts.

UPDATES FROM THE QUARTER

Commenced Contract Execution with U.S. Federal Government Department CIO:

Second Chief Information Officer (CIO) U.S. federal government department contract. WhiteHawk commenced initial execution as a sub-contractor, under the prime contractor on a USD\$2B U.S. federal government department CIO contract (as announced May 1st, 2019)

Contract Summary

- WhiteHawk's sub-contract length is 5 years (1 year with 4 option years)
- First year revenue to WhiteHawk is expected to be between USD\$300K to USD\$600K, and subject to final scoping by the prime and customer, revenue is expected to grow to USD\$1M per year in subsequent years.

Contract Progress During the Quarter

- First Cyber Risk Policy and strategy project continues
- Revenues commenced in August.
- Second and third Cyber Risk Policy and strategy projects are scoped and commence in October.

Contract with Another U.S. Federal Government Department CIO:

WhiteHawk commenced in a sub-contractor role under the prime contractor on a newly awarded USD\$28M contract in August. Additional cyber risk work is scoped and due to begin in November.

Contract Summary

- The contract is the third U.S. federal government contract win by WhiteHawk. Each contract being for a separate federal departments.
- 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 portion is scoped to be between USD\$150K to USD\$300K annually.

Contract Progress During the Quarter

- Cyber strategy and risk related work by WhiteHawk commenced in August.
- Initial invoice has been sent and first revenues expected to commence in October.

Existing Contract Extended: Contract extension with Top 10 U.S. Defence Industrial Base Company

Contract Summary

- Signed contract extension is the continuation of an initial 2 phase contract started in 2018 for a total of US\$218K, for a total of up to 60 supply chain companies in real time.
- WhiteHawk providing online Software as a Service (SaaS) recurring subscription augmented by consulting services.

- A comprehensive program for 150 vendors has been scoped and is under final review and will be shared with the Department of Defense Cyber Risk focused elements as a scalable, repeatable and effective approach for monitoring and mitigating DIB cyber risks.

Progress for the Quarter

- Added Cyber Risk Continuous Monitoring and Cyber Risk Scorecards for 30 suppliers.
- Expect connection to new suppliers to mitigate identified risks to commence last quarter 2019.

Second Contract Extension: Signed with Top 10 U.S. Financial Institution

Contract Summary

- Second contract extension secured with a U.S. top 10 financial institution
- The 360 Cyber Risk Framework provides major businesses with a comprehensive analysis of the business and cyber risks associated with their vendors, suppliers and sub-contractors.
- A 6-month contract extension was signed August 2019.
- Open Request for Proposals for a long-term Vendor Risk Management Program was released and responded to 15 March 2019 and announcement of winner will be in January 2020.

Contract Progress for the Quarter

- 50 updated Cyber Risk Scorecards were delivered on each Vendor
- Updated Business Risk Platform is being transitioned
- Updated Vendor Risk Management dashboard was implemented to map current cyber risk, business risk and scorecards to each vendor

Offering: A Digital Age integrated business risk SaaS subscription (by month or annually) which addresses company financial fraud, identity theft, mobile device security, and cyber risk identification services, for all business customers.

The national sales channel through integration with Sontiq/EZShield is resulting in significant interest across major Financial and Insurance Sectors, with three approaches:

- **Bank Business Card Customers** are provided the Level 1 service (Secure) paid for by the bank and implemented by the business customer (with the ability for the customer company to purchase the plus or premium service for their company and employees). Security service cost can be included in credit card fees, making it cost neutral for the bank.
- **Bank Business Loan Customers** are provided the Level 1 service (Secure) paid for by the bank and implemented by the business customer (with the ability for customer company to purchase the plus or premium service for their company and employees). Security service cost can be included in the loan fees, making it cost neutral for the bank.
- **Insurance Group Cyber Liability Policy Business Customers** are provided the Level 1 service (Secure) paid for by the insurance company and implemented by the

business customer (with the ability for customer company to purchase the plus or premium service for their company and employees, potentially lowering their policy premiums). Security service cost can be included in the policy fees, making it cost neutral for the insurance company.

WHITEHAWK PLATFORM TECH UPDATE

Current

- User Interface to enter custom Analyst Notes in support of Scorecard development
- Migration from 'user' to 'company' profiles
- Product review open source scrapers refinement
- Migration to 'Wish List' from Drupal to new client portal design
- Client portal enhancements
- Look & Feel of Admin screens

Future

- Custom Cyber Threat Questionnaire and Bundle generation in support of Motorola pilot
- Salesforce Integration design
- Migration off of Drupal CMS design
- Client Portal – admin reporting
- Improved integration with Sontiq platform

Value

- Improved client experience
- Improved coordination and collaboration between client and analyst
- Improved historical tracking
- Automation, reduction of manpower intensive deliverable development
- Reduction of complexity of platform's technology stack
- Increased scalability

OUTLOOK

Four primary areas of focus:

1. Maximize execution on three current U.S. government CIO contracts in the fourth quarter 2019 and throughout 2020, following work initiation.
2. Mature current 360 Cyber Risk Framework proposal conversations with Defense Industrial Base companies, delivering 1-2 new contracts in the remainder of 2019.
3. Continue to position the WhiteHawk 360 Cyber Risk Framework as the premier solution for identifying, prioritising and mitigating cyber risks across the entire U.S. Defense Industrial Base (in accordance with 2020 updated regulations and the

CMMC Certification Framework) after being down-selected in the top 5 companies of the open competition in August 2019.

4. 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 services to thousands of SMB's in 2020.

Despite signing two large contracts this quarter, the revenues booked in this quarter are lower than trend due to complex contract transition from the previous prime contractor and the lump sum nature of invoicing large U.S. federal government departments and large enterprises.

Based on contracts signed, sales to date, and discussions with customers, WhiteHawk anticipates that there will be increased revenue growth in the next two quarters.

The Quarterly Report for the period ended September 30, 2019 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 report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

WhiteHawk Limited

ABN

97 620 459 823

Quarter ended ("current quarter")

30 September 2019

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (9 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	394	529
1.2 Payments for		
(a) research and development	(159)	(546)
(b) product manufacturing and operating costs	(87)	(299)
(c) advertising and marketing	-	(43)
(d) leased assets	-	-
(e) staff costs	(171)	(586)
(f) administration and corporate costs	(179)	(572)
1.3 Dividends received	-	-
1.4 Interest received	2	5
1.5 Interest and other costs of finance paid	-	(12)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (GST)	23	44
1.9 Net cash from / (used in) operating activities	(177)	(1,480)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(4)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (9 months) \$US'000
	(d) intellectual property	-	-
	(e) other non-current assets (Bonds paid)		
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	119	(238)
2.4	Dividends received (see note 3)	-	-
2.5	Other #	36	52
2.6	Net cash from / (used in) investing activities	155	(190)

As announced to ASX on 5 February 2019, 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 shares	-	2,639
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	14
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(169)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(250)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	2,234

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,875	1,292
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(177)	(1,480)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	155	(190)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	2,234

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (9 months) \$US'000
4.5	Effect of movement in exchange rates on cash held	(69)	(72)
4.6	Cash and cash equivalents at end of quarter**	1,784	1,784

** Cash and cash equivalents as at June 30, 2019 does not include receivable amount of A\$466,667, under the Equity Swap Agreement, as announced to ASX on 5 February 2019.

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	289	63
5.2	Call deposits	1,495	1,812
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)	1,784	1,875

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter
\$US'000

52
-

N/A

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter
\$US'000

100
-

N/A

8. Financing facilities available

Add notes as necessary for an understanding of the position

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

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

Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
-	-
-	-
A\$292	-

A\$291,667 is payable to Company under an Equity Swap Agreement as per the ASX announcement dated 5 February 2019

9. Estimated cash outflows for next quarter

\$US'000

9.1 Research and development

9.2 Product manufacturing and operating costs

9.3 Advertising and marketing

9.4 Leased assets

9.5 Staff costs

9.6 Administration and corporate costs

9.7 Other (provide details if material)

9.8 Total estimated cash outflows

170

58

15

-

170

135

-

548

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)

Acquisitions

Disposals

10.1 Name of entity

10.2 Place of incorporation or registration

10.3 Consideration for acquisition or disposal

10.4 Total net assets

10.5 Nature of business

-

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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.

Sign here:

Kevin Kye

(Director/Company secretary)

Date: 30 October 2019

Print name:

Kevin Kye

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.