WhiteHawk CEC Inc.

(State File Number 5538590)

Special Purpose Financial Statements
for the Six Months Ended 30 June 2017

WhiteHawk CEC Inc.
2017 Financial Report

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Corporate Information

WhiteHawk CEC Inc.

Executives

Terry Roberts	*Chief Executive Officer*
Luis Cruz-Rivera	*Chief Technology Officer*
Trevor Rudolph	*Chief Operating Officer (Resigned 13 October 2017)*
Shannon Hughes	*Chief Marketing Officer (Resigned 26 October 2017)*
Antonio Crespo	*Director of Product Development and Services*
Tiffany Jones	*Non-Executive Director*
Phillip George	*Non-Executive Director*

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Accountant

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35 Lime Street
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Auditor

RSM Australia Partners
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Perth WA 6000
Australia

WhiteHawk CEC Inc.
Statement of Profit or Loss and Other Comprehensive Income
For the Six Months ended 30 June 2017

	Notes	For the 6 Months Ending 30 June 2017 $	For the 6 Months Ending 30 June 2016 $
Revenue from continuing operations	3	**30,701**	**85,125**
Other income	3	196,496	609
License fees and patent expense		(1,821)	(415)
Professional expenses		(8,508)	(2,459)
Employee benefits expense		(733,956)	(42,734)
Software development costs		(329,884)	-
IT expenditure		(11,499)	(455)
Conference and travel expenditure		(64,539)	(17,955)
Marketing expenditure		(87,996)	(2,044)
Office and occupancy expenses		(53,082)	(3,979)
Depreciation		(8,001)	-
Finance costs		(573,881)	-
Foreign exchange loss		(50,650)	-
General and administration expenses		(9,270)	(10,675)
(Loss)/Profit before income tax		**(1,705,890)**	**5,018**
Income tax expense		-	-
(Loss)/Profit for the period		**(1,705,890)**	**5,018**
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations, net of tax		24,034	(4,618)
Total comprehensive (loss)/gain for the period		**(1,681,856)**	**400**

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

WhiteHawk CEC Inc.
Statement of Financial Position
As at 30 June 2017

	Notes	As at 30 June 2017 $	As at 31 December 2016 $
ASSETS			
Current Assets			
Cash and cash equivalents	4	1,485,478	834,377
Trade and other receivables	5	732,890	672,940
Loans to related parties		16,462	-
Total Current Assets		**2,234,830**	**1,507,317**
Non-Current Assets			
Property, plant and equipment	6	41,076	12,849
Total Non-Current Assets		**41,076**	**12,849**
Total Assets		**2,275,906**	**1,520,166**
LIABILITIES			
Current Liabilities			
Trade and other payables	7	188,823	59,104
Financial liabilities	8	3,367,572	1,042,170
Total Current Liabilities		**3,556,395**	**1,101,274**
Non-Current Liabilities			
Financial liabilities	8	330,748	348,273
Total Non-Current Liabilities		**330,748**	**348,273**
Total Liabilities		**3,887,143**	**1,449,547**
Net Assets		**(1,611,237)**	**70,619**
EQUITY			
Contributed equity	10	426,879	426,879
Reserves	11	21,521	(2,513)
Accumulated losses		(2,059,637)	(353,747)
Equity		**(1,611,237)**	**70,619**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

WhiteHawk CEC Inc.
Statement of Changes in Equity
For the Six Months Ended 30 June 2017

	Notes	Contributed equity $	Accumulated Losses $	Reserves $	Total $
2016					
At 1 January 2016		349,028	(72,549)	559	277,038
Loss for the period		-	5,018	-	5,018
Other comprehensive income		-	-	(4,618)	(4,618)
Total comprehensive income		-	5,018	(4,618)	400
Share capital raised in the period	11	-	-	-	-
At 30 June 2016		**349,028**	**(67,531)**	**(4,059)**	**277,438**
2017					
At 1 January 2017		426,879	(353,747)	(2,513)	70,619
Loss for the period		-	(1,705,890)	-	(1,705,890)
Other comprehensive loss		-	-	24,034	24,034
Total comprehensive loss		-	(1,705,890)	24,034	(1,681,856)
Share capital raised in the period	11	-			
At 30 June 2017		426,879	(2,059,637)	**21,521**	**(1,611,237)**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

WhiteHawk CEC Inc.
Statement of Cash Flows
For the Six Months Ended 30 June 2017

	Notes	For the 6 Months Ending 30 June 2017 $	For the 6 Months Ending 30 June 2016 $
Cash flows from operating activities			
Receipt from customers		54,815	39,171
Interest received		1,884	609
Payments to suppliers and employees		(1,198,521)	(68,374)
Net cash outflow from operating activities	15	**(1,141,822)**	**(28,594)**
Cash flows from investing activities			
Payments for property, plant and equipment		(35,782)	(3,795)
Net cash outflow from investing activities		**(35,782)**	**(3,795)**
Cash flows from financing activities			
Loans to related parties		(16,462)	-
Proceeds from convertible loan		1,896,830	-
Net cash from financing activities		**1,880,368**	**-**
Net increase/(decrease) in cash and cash equivalents		**702,764**	**(32,389)**
Cash and cash equivalents at the beginning of the period		834,377	283,680
Foreign exchange adjustment to cash balance		(51,663)	(4,618)
Cash and cash equivalents at end of the period		**1,485,478**	**246,673**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

These financial statements and notes represent those of WhiteHawk CEC Inc (the "Company"). WhiteHawk CEC Inc is a limited liability company incorporated in Delaware, USA.

Basis of preparation

The Directors have prepared the half-year ended financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. The half-year ended financial statements are therefore special purpose financial statements that have been prepared in order to meet the needs of members.

The half-year ended financial statements have been prepared in accordance Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the significant accounting policies disclosed below, which the Directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes.

The accounting policies that have been adopted in the preparation of the statements are as follows:

Accounting policies

(a) Foreign currency translation

(i) Functional currency

Items included in the financial statements of the Company's operations are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The functional currency of the Company is United States dollars (US$).

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in profit or loss, except when they are deferred in other comprehensive income as qualifying cash flow hedges or where they relate to differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

1 Summary of significant accounting policies (continued)

(ii) Presentation currency

The financial statements are presented in Australian dollars, which is the Company's presentation currency.

Functional currency balances are translated into the presentation currency using the exchange rates at the balance sheet date. Value differences arising from movements in the exchange rate is recognised in the Foreign Currency Translation Reserve.

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest income is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rates which is the rate that exactly discounts the estimated future cash receipts over the expected future life of the financial asset.

When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(c) Income tax

The income tax expense (income) for the period comprises current income tax expense (income) and deferred tax expense (income).

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or are recognised directly in equity or in other comprehensive income. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well as unused tax losses.

1 Summary of significant accounting policies (continued)

Current and deferred income tax expense (income) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.
With respect to land and buildings measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(d) Leases

Leases where the lessor retains substantially all of the risks and rewards of ownership of the net asset are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss on a straight-line basis over the period of the lease.

1 Summary of significant accounting policies (continued)

(e) Impairment of assets

At the end of each reporting period the Company assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the cash generating unit to which the asset belongs.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(g) Trade and other receivables

Trade and other receivables are stated at their cost less an allowance for impairment of receivables.

(h) Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Other receivables are generally due for settlement within 30 days.

Collectability of other receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance made for doubtful debts is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms. Objective evidence of impairment include financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue).

The amount of the impairment loss is recognised in the Statement of Comprehensive Income as 'impairment expenses'. When a trade or other receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Statement of Comprehensive Income.

1 Summary of significant accounting policies (continued)

(i) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the period end and which are unpaid. These amounts are unsecured and are usually payable within 30 days of recognition.

(j) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

(k) Employee benefits

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the end of the reporting period are recognised in other payables in respect of employees' services rendered up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled.

(ii) Retirement benefit obligations

The Company does not maintain a company superannuation plan. The Company makes fixed percentage contributions for all Australian resident employees to complying third party superannuation funds and for US resident employees to complying pension funds. The Company's legal or constructive obligation is limited to these contributions.

Contributions to complying third party superannuation funds and pension plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(l) Contributed equity

Costs directly attributable to the issue of new shares are shown as a deduction from the equity as a deduction proceeds net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

1 Summary of significant accounting policies (continued)

(m) Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

Depreciation is calculated over the estimated useful life of the assets as follows:

Plant and equipment – 1 to 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised immediately in profit or loss. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(n) Financial Instruments Issued By the Company

Debt and equity instruments
Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Compound instruments
The component parts of compound instruments are classified separately as liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible debt. The equity component initially brought to account is determined by deducting the amount of the liability component from the amount of the compound instrument as a whole.

Transaction costs on the issue of equity instruments
Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

WhiteHawk CEC Inc.
Notes to the Financial Statements
For the Six Months Ended 30 June 2017

1 Summary of significant accounting policies (continued)

Interest
Interest is classified as an expense consistent with the classification in the Statement of Financial Position of the related debt.

Issue Capital
Ordinary shares are classified as equity.
Incremental costs directly attributable to the issue of new shares of options are shown in equity as a deduction, net of tax, from the proceeds.

(o) New, revised or amending Accounting Standards and Interpretations adopted

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

2 Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) are discussed below.

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The company remains in a development phase and consequently there is some uncertainty surrounding the availability of future taxable amounts to utilise tax losses. Management considers it prudent not to raise any deferred tax assets at this point in time.

2 Critical accounting judgements, estimates and assumptions (continued)

License and patent expenses

There is a degree of judgement required in respect of the capitalisation of patent costs and the future commercial application thereof. The Company has adopted a prudent approach and all patent costs are currently expensed until there is more certainty around the commercialisation of the technology.

Convertible Note

At 30 June 2017, the Group had a balance of $3,367,572 in respect of the convertible notes. The terms of the convertible note include:

a. The term of the loan was one year and interest was due and payable at a rate of 5% per annum.
b. The Agreement provided that the lender may convert the amount outstanding to ordinary shares at deemed face value of 150% of the Loan in the event of an IPO or reverse listing.

As per AASB 139 paragraph 11:

An embedded derivative shall be separated from the host contract and accounted for as a derivative under this Standard if, and only if:

a. the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
b. the hybrid (combined) instrument is not measured at fair value with changes in fair value recognised in profit or loss (i.e. a derivative that is embedded in a financial asset or financial liability.

The Company has determined the characteristics of the convertible note meet the criteria of an embedded derivative according the above accounting standards. Further the embedded derivative has been valued separately from the debt host liability and recorded at fair value at each reporting period, with changes in value being recorded in profit or loss.

The assessed fair values of the embedded derivative are determined using a Black-Scholes option pricing model and a revalued at conversion and/or reporting date. Details in relation to the split between the debt host liability and the derivative liability are reflected in Note 8.

	For the 6 Months Ending 30 June 2017 $	For the 6 Months Ending 30 June 2016 $
3 Revenue and other income		
Revenue from continuing operations		
Rendering of services	30,701	85,125
Other income		
Interest received	1,884	609
Gain on revaluation of derivative financial liability	194,404	-
Other income	208	-
Total other income	196,496	609
	227,197	**85,734**

	As at 30 June 2017 $	As at 31 December 2016 $
4 Cash and cash equivalents		
Cash at bank	1,485,478	834,377
	1,485,478	**834,377**

5 Trade and other receivables

CURRENT		
Trade receivables	39,891	36,111
Loan receivable (i)	692,999	636,829
	732,890	**672,940**

(i) The loan relates to convertible note funding collected on behalf of WhiteHawk CEC Inc. by Viaticus Capital LLC acting as agent for WhiteHawk CEC Inc. The loan is payable on demand, unsecured and interest free.

6 Property, plant and equipment

Office equipment at cost	53,570	17,788
Accumulated depreciation	(12,494)	(4,939)
	41,076	**12,849**

Balance at beginning of the period	12,849	-
Additions	35,882	17,788
Depreciation	(8,001)	(4,802)
Effects of foreign exchange translation	346	(137)
Balance at end of period	**41,076**	**12,849**

7 Trade and other payables

CURRENT		
Trade creditors	48,480	-
Accrued expenses	38,581	20,796
Payroll liabilities	101,762	38,308
	188,823	**59,104**

	As at 30 June 2017 $	As at 31 December 2016 $
8 Financial liabilities		
CURRENT		
Convertible loan – debt host liability (i)	2,323,998	390,899
Convertible loan – derivative liability (i)	1,043,574	651,271
	3,367,572	**1,042,170**
NON-CURRENT		
Promissory notes (ii)	330,478	348,273
	330,478	**348,273**
Total financial liabilities	**3,698,050**	**1,390,443**

(i) On 10 October 2016, the Company signed a Convertible Loan Agreement ("the First Agreement") with Viaticus Capital LLC as agent for a group of investors to borrow $1,050,000. The term of the loan was one year and interest was due and payable at a rate of 5% per annum. The First Agreement provided that the lender may convert the amount outstanding to ordinary shares at deemed face value of 150% of the Loan in the event of an IPO or reverse listing. Interest began accruing 150 days from the date of signing.

On 2 March 2017, the Company signed a Convertible Loan Agreement ("the Second Agreement") with Viaticus Capital LLC as agent for a group of investors to borrow $2,100,000. The term of the loan was one year and interest was due and payable at a rate of 5% per annum. The Second Agreement provided that the lender may convert the amount outstanding to ordinary shares at face value of the Loan in the event of an IPO or reverse listing. Interest will commence accruing 180 days from the date of signing.

The assessed fair values of the embedded derivatives are determined using a Black-Scholes option pricing model and a revalued at conversion and/or reporting date.

(ii) On 27 July 2016, the Company signed a Promissory Note to borrow US $250,000 from Ana R. Smythe. The term of the loan was two years and interest was due and payable at a rate of 1.9% per annum.

9 Fair value measurement

The following table gives an overview of the financial instruments valued at fair value.

	Fair Value Measurements at 30 June 2017 Using:		
	Quoted Prices in Active Markets for Identical Assets $ (Level 1)	Significant Observable Inputs $ (Level 2)	Significant Unobservable Inputs $ (Level 3)
Financial Liabilities			
Convertible note – embedded derivative component	-	-	1,043,574

9 Fair value measurement (continued)

Valuation Techniques

In the absence of an active market for an identical liability, the Company selects and uses one or more valuation technique to measure the fair value of the asset or liability. The Company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured.

The assessed fair values of the embedded derivative are determined using a Black-Scholes option pricing model and a revalued at conversion and/or reporting date.

Key Inputs:

	First Agreement	Second Agreement
Underlying share price	$1,575,000	$2,100,000
Deemed exercise price	$1,050,000	$2,100,000
Risk free rate	1.67%	1.81%
Volatility	70%	70%
Expected term	12 months	12 months

10 Contributed equity

	As at 30 June 2017	As at 31 December 2016
	$	$
153.85 (2016: 153.85) fully paid ordinary shares	426,879	426,879
Balance at beginning of period	426,879	349,028
Shares issued as employee benefits	-	77,851
Balance at end of the period	**426,879**	**426,879**

	No. of Shares	No. of Shares
Balance at beginning of period	153,.85	107.69
Share capital issued	-	46.16
Balance at end of the period	**153.85**	**153.85**

11 Reserves

	As at 30 June 2017	As at 31 December 2016
	$	$
Foreign currency translation reserve	21,521	(2,513)
Balance at beginning of period	(2,513)	559
Movements	24,034	(3,072)
Balance at end of the period	**21,521**	**(2,513)**

12 Commitments

As at 30 June 2017, the Company has no capital commitments.

13 Events occurring after the balance sheet date

On 24 October 2017, the Company signed a Convertible Loan Agreement ("the Third Agreement") with Viaticus Capital LLC as agent for a group of investors to borrow $264,000. The term of the loan was one year and interest was due and payable at a rate of 5% per annum. The Third Agreement provided that the lender may convert the amount outstanding to ordinary shares at deemed face value of the Loan in the event of an IPO or reverse listing. Interest will commence accruing 180 days from the date of signing.

Other than the above, no other matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect:

a) The Company's operations in future financial years; or
b) The results of those operations in future financial years; or
c) The Company's state of affairs in future financial years.

14 Reconciliation of loss after income tax to net cash outflow from operating activities

	For the 6 Months Ending 30 June 2017 $	For the 6 Months Ending 30 June 2016 $
Loss for the period	**(1,705,889)**	**5,018**
Non cash flows in profit and loss		
Depreciation	8,001	-
Unrealised foreign exchange loss	50,650	-
Change in operating assets and liabilities		
Decrease/(Increase) in trade receivables	23,906	(45,953)
Increase in trade and other payables	102,033	12,341
Increase in financial liabilities at fair value through profit and loss	379,477	-
Net cash outflow from operating activities	**(1,141,822)**	**(28,594)**

15 Company details

Corporate Head Office and Principal Place of Business

1765 Duke St
Alexandria VA 22314
United States of America

Directors' Declaration

The Directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The Directors of the company declare that:

1. the half-year ended financial statements and notes, present fairly the company's financial position as at 30 June 2017 and its performance for the half-year ended on that date in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the accounting policies described in Note 1 to the financial statements; and

2. in the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors

Terry Roberts
Chief Executive Officer
7 November 2017

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF WHITEHAWK CEC INC.

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of WhiteHawk CEC Inc. which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the accounting policies described in Note 1 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the accounting policies described in Note 1 including: giving a true and fair view of the company's financial position as at 30 June 2017 and its performance for the half-year ended on that date. As the auditor of WhiteHawk CEC Inc., ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

RSM

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of WhiteHawk CEC Inc. is not in accordance with the accounting policies described in Note 1 including:

(a) giving a true and fair view of the company's financial position as at 30 June 2017 and of its performance for the half-year ended on that date; and

(b) complying with the accounting policies described in Note 1.

RSM

RSM AUSTRALIA PARTNERS

GNS

Sydney, NSW
Dated: 7 November 2017

G N Sherwood
Partner