



GALAXY
DIGITAL

Galaxy Digital LP
Management's Discussion and Analysis

August 27, 2018

Introduction

This Management's Discussion and Analysis ("MD&A"), dated August 27, 2018, relates to the financial condition and results of operations of Galaxy Digital LP ("Galaxy LP" or the "Partnership") together with its subsidiaries as of August 27, 2018, and is intended to supplement and complement the Partnership's condensed consolidated interim financial statements for the three and six months ended June 30, 2018 ("Q2 2018"). This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations ("NI 51-102"). The condensed consolidated interim financial statements and MD&A are presented in U.S. dollars, unless otherwise noted and have been prepared in accordance with International Financial Reporting Standards ("IFRS"). In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results presented for Q2 2018 are not necessarily indicative of the results that may be expected for any future period.

The Partnership's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that the financial report and MD&A do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and the financial report together with the other financial information included in these filings fairly present in all material respects the financial condition, financial performance and cash flows of the Partnership, as of the date of and for the periods presented in these filings.

Cautionary Note Regarding Forward-Looking Statements

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These forward-looking statements relate to future events or the Partnership's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", "seeks" or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Partnership's ability to predict or control. Some of the risks that could cause outcomes and results to differ materially from those expressed in the forward-looking statements include the risks described under the heading titled "Risk Factors" included in the *Notice of Annual General and Special Meeting of Shareholders of Bradmer Pharmaceuticals Inc. to be held on June 11, 2018 and Management Information Circular with Respect to a Plan of Arrangement Involving Bradmer Pharmaceuticals Inc., First Coin Capital Corp., Galaxy Digital LP and Galaxy Digital GP LLC* (the "Information Circular") dated May 14, 2018. Readers are cautioned that such risk factors, uncertainties and other factors are not exhaustive. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. The forward-looking statements in this MD&A are applicable only as of the date of this MD&A or as of the date specified in the relevant forward-looking statement.

Additional Disclosure

In connection with a staff review, the Ontario Securities Commission (the "OSC") staff requested additional disclosure in connection with the Galaxy Digital LP's management discussion and analysis ("MD&A") for the three months ended March 31, 2018. The additional disclosure does not impact current or prior financial figures. OSC staff requested the additional disclosure in accordance with the general objectives of MD&A as discussed in Part 1 of Form 51-102F1 in order to provide further information to investors about the quality and potential variability of Galaxy Digital LP's profit or loss and cash flow, specifically with respect to the realized and unrealized gains or losses on digital assets and investments. Galaxy Digital has enhanced its MD&A disclosure to include the following information: additional information regarding new material investments; information regarding the ten largest

investments by fair value, including the cost and fair value of such investments; a breakdown of the cost and fair value of net digital assets categorized by market capitalization and accompanied by narrative discussion; and information regarding select digital assets by fair value, including the quantity, cost and fair value of such digital asset.

Risks and Uncertainties

There have been no changes in the risk factors pertaining to the Partnership, and its subsidiaries and affiliates since the Information Circular dated May 14, 2018, which is available on SEDAR at www.sedar.com. The disclosure in this MD&A is subject to, and should be read in conjunction with, the risk factors outlined in the Information Circular.

Overview

The Partnership is a limited partnership formed under the laws of the Cayman Islands on November 30, 2017. Galaxy Digital GP LLC (“Galaxy GP”), is a limited liability company incorporated under the laws of the Cayman Islands on November 30, 2017 and serves as the general partner of Galaxy LP. Galaxy Group Investments LLC (“GGI”), a Delaware limited liability company is the sole limited partner of Galaxy LP as of June 30, 2018.

The Partnership’s principal address is 107 Grand Street, 8th Floor, New York, New York, 10013. The Partnership also has offices in Vancouver, Canada, Tokyo, Japan, New Jersey and the Cayman Islands (registered office) and intends to pursue offices in other locations including London and Hong Kong.

As of the date of this filing, the Partnership has 79 full-time employees and anticipates having approximately 100 employees by the end of the year.

Proposed Transactions

On January 9, 2018, the Partnership entered into a letter of intent (the “Letter of Intent”) with Bradmer Pharmaceuticals Inc. (“Bradmer”) and First Coin Capital Corp. (“First Coin”) to form a leading new enterprise in the blockchain, digital asset and cryptocurrency space. The series of transactions contemplated by the Letter of Intent (the “Proposed Transaction”) is intended to result in the Partnership and First Coin combining to form Galaxy Digital Holdings LP (“GDH LP”), an operating partnership that will be managed by the Partnership’s principals.

First Coin was incorporated under the British Columbia Business Corporations Act on September 14, 2017 and is a Vancouver-based technology company focusing on advising, technology implementation and brokerage services for clients in connection with digital assets.

Bradmer was formed on February 10, 2006 by the amalgamation of a private company, Blue Devil Pharmaceuticals Inc., and a predecessor company also named Bradmer Pharmaceuticals Inc. Bradmer’s shares are listed and traded on the NEX Board of the TSX Venture Exchange (the “TSX-V”) under the symbol “BMR”.

Galaxy LP, the personal investing business of Michael Novogratz, is undertaking the Proposed Transaction in order to raise primary capital towards building a best-in-class, full service, institutional-quality merchant banking business in the cryptocurrency and blockchain space. This corporate development is an important step in the evolution of the Partnership’s lifecycle and provides Galaxy LP with a strong foundation from which to build and expand its platform, network, and brand. As such, on January 9, 2018, Mr. Novogratz contributed his portfolio of digital assets and related investments, previously held through GGI, to Galaxy LP (the “Asset Contribution”). The assets had a fair value on the date of contribution of approximately \$302.0 million.

Going forward, the Partnership intends to capitalize on market opportunities made possible by the ongoing evolution of the digital assets space, through four primary business lines: Trading, Principal Investing, Asset Management, and Advisory. Galaxy LP intends to leverage its deep ties into bitcoin, ethereum and other protocol communities to drive returns from four core business segments:

1. Trading: The Trading business manages positions in cryptocurrency and other liquid digital assets contributed to the business at the outset and continues to invest and trade in those and related assets. In addition, the Partnership’s in-house, quantitative development team continues to build and expand its

proprietary infrastructure and trading strategies, initially focused on cross-exchange arbitrage opportunities. The Trading business leverages deep trading and technology experience to create a suite of market neutral trading strategies across a variety of crypto assets and exchanges. The Trading business has strong exchange and banking relationships which enables it to move capital and assets efficiently to exploit cross-market opportunities. Additionally, the Trading business manages a macro strategy of liquid and semi-liquid cryptocurrency and related asset investing that is deeply integrated with its principal investing, giving both business segments a competitive advantage over other market participants.

2. Principal Investments: The principal investing business has a diverse portfolio of private principal investments across the blockchain ecosystem, including early- and later-stage equity, pre-ICO contributions, and other structured alternative investments, which were contributed to the Partnership in the Asset Contribution. The principal investing business makes selective private investments across the ecosystem by utilizing a robust, institutional-quality investment process that relies on organization, prioritization and deep-dive due diligence. The Partnership continues to make selective principal investments across the ecosystem using capital raised from the Proposed Transaction, as well as recycling capital from existing investments upon realization.

3. Asset Management: The Asset Management business manages capital on behalf of third parties in exchange for management fees and performance-based compensation. Such third-party capital includes capital managed via Partnership sponsored investment funds. The Asset Management business' differentiating factors are its long-tenured institutional experience managing third party capital across various traditional asset classes, its brand name, a highly critical focus on risk management and compliance, strong relationships with key counterparties and a deep connectivity throughout the blockchain and cryptocurrency ecosystem. At this time, management fees generally earned by the Asset Management business range from 0.5% to 2.5% of assets under management, and performance-based compensation or "carry" has been structured to fall within 15% to 25%.

4. Advisory: The combination of the Partnership and the First Coin team allows us to have a multi-jurisdictional advisory and consulting business spanning the emerging blockchain and cryptocurrency landscapes. The combined team develops and seeks to bridge the gap between technology and markets. The team supports clients with a broad range of services, including market research, solution ideation and white paper writing, architecture design, business and technical requirement documentation, vendor selection and project management.

Upon completion, pursuant to the policies of the TSX-V, the Proposed Transaction will result in the reactivation of the listing of Bradmer, which is currently an NEX-listed issuer. It is anticipated that Bradmer will complete a consolidation of its common shares in advance and as a condition to the completion of the Proposed Transaction and continue out of the Province of Ontario to become a company existing under the laws of the Cayman Islands. In addition, it is anticipated that Bradmer will change its name to Galaxy Digital Holdings Ltd. (the "Resulting Issuer") and appoint a new slate to its board of directors to manage its minority investment in the operating partnership on an ongoing basis.

Following the completion of the Proposed Transaction: (i) the current principals and owners of the Partnership and First Coin will continue to hold direct controlling equity interests in the going-forward operating partnership, which will generally be economically equivalent to those held by Bradmer but will be exchangeable, from time to time, into common shares of the Resulting Issuer, and (ii) the Resulting Issuer will be a holding company with its minority equity interest in the Partnership as its only significant asset.

It is anticipated that the board of the Resulting Issuer following the completion of the Proposed Transaction will consist of a majority of independent directors who are also independent of the Partnership and its significant shareholders. Mr. Novogratz is expected to be the initial Chairman of the board of directors of the Resulting Issuer. Further, the board will have committees with charters and memberships consistent with TSX-V requirements.

On February 14, 2018, the Partnership entered into a definitive arrangement agreement (the “Arrangement Agreement”) between Galaxy LP, Bradmer and First Coin, in respect of a proposed transaction among Galaxy LP, Bradmer and First Coin, which is to be completed by way of a plan of arrangement under the provisions of the Business Corporations Act (Ontario) (the “Arrangement”). In connection with the Arrangement, among other steps set out in the Arrangement Agreement, the Partnership and First Coin will combine to form GDH LP, an operating partnership that will be managed by the principals of the Partnership. Bradmer will acquire and hold a minority investment in GDH LP, and, upon completion of the Arrangement, is expected to change its name and resume an active public listing on the TSX-V.

Also, on February 14, 2018, Bradmer closed a private placement offering in Canadian dollars (“CAD”) (the “Offering”) of approximately 61.0 million subscription receipts (the “Subscription Receipts”) at a price of CAD\$5.00 per Subscription Receipt (the “Subscription Price”) for gross proceeds of approximately CAD\$305 million. GMP Securities L.P. (the “Agent”) acted as sole agent on the Offering. The net proceeds of the Offering, assuming the satisfaction of certain specified escrow release conditions attached to the Subscription Receipts, will be used by Bradmer to acquire a minority equity interest in GDH LP, providing growth capital to continue building an institutional merchant banking business in the digital asset, cryptocurrency and blockchain sectors. Upon closing of the Arrangement, shareholders of Bradmer (including investors under the Offering) are expected to hold an indirect interest of approximately 19.6% in the operating partnership (through the Resulting Issuer), with the Partnership and its employees holding approximately 78.6% and First Coin shareholders holding approximately 1.8%, which interests will be exchangeable into an equivalent interest in the Resulting Issuer.

On May 14, 2018, the Partnership entered into a promissory note with First Coin, whereby the Partnership agreed to make available one or more advances in an aggregate amount not to exceed \$750,000 (the “Loan”). The outstanding amount of the Loan shall bear no interest until such date that the Arrangement is terminated. Thereafter, the Loan shall bear simple interest at a rate of 5% per annum payable at maturity. The loan will mature on May 18, 2020 but will be payable within fifteen days if the borrower completes an equity or debt financing greater than \$5 million. The entire Loan amount was advanced on May 17, 2018 and remains outstanding.

The Offering

Pursuant to the terms of an agency agreement among the Partnership, First Coin, Bradmer and the Agent dated February 14, 2018 (the “Agency Agreement”), Bradmer issued and sold an aggregate of approximately 61.0 million Subscription Receipts at the Subscription Price for aggregate gross proceeds of approximately CAD\$305 million. Such gross proceeds, less a specified proportion of the Agent’s fees and certain expenses of the Agent (the “Escrowed Proceeds”), will be held in escrow on behalf of the subscribers by TSX Trust Partnership, as escrow agent for the Subscription Receipts (the “Subscription Receipt Agent”), and invested in an interest-bearing account pursuant to the terms and conditions of a subscription receipt agreement. The Escrowed Proceeds, together with all interest and other income earned thereon, are referred to herein as the “Escrowed Funds”.

The balance of the Agent’s fees will be released to the Agent out of the Escrowed Funds and the balance of the Escrowed Funds will be released from escrow to Bradmer upon the satisfaction of all of the following conditions (collectively, the “Escrow Release Conditions”) prior to the Termination Date (as defined below):

- (a) all conditions precedent to the completion of the Arrangement as set out in the Arrangement Agreement will have been satisfied or waived;
- (b) all shareholder approvals required for the Arrangement will have been received;
- (c) all regulatory approvals (including stock exchange approvals) required for and in connection with the Arrangement will have been received;
- (d) written confirmation from each of Bradmer and Galaxy LP that all conditions precedent to the completion of the Arrangement as set out in the Arrangement Agreement have been satisfied or waived and that the Arrangement will be completed in accordance with the plan of arrangement;

(e) the distribution of the common shares of Bradmer to be issued upon the automatic exercise of the Subscription Receipts will be exempt from the prospectus and registration statement requirements of applicable securities laws and the shares will not be subject to any hold or restricted period under applicable Canadian securities laws;

(f) the Arrangement (including the listing of the common shares to be issued upon the exercise of the Subscription Receipts) will have been conditionally approved by the TSX-V and all conditions precedent to such listing, other than the release of the Escrowed Funds, will have been satisfied or waived; and

(g) Bradmer, Galaxy LP and the Agent will have delivered a release notice to the Subscription Receipt Agent in accordance with the terms of the subscription receipt agreement governing the Subscription Receipts.

The date on which the Escrow Release Conditions are satisfied is referred to as the “Escrow Release Date”, which, for greater certainty, shall be no later than 120 days following completion of the Offering (the “Termination Date”), except as may be extended in accordance with the terms of the Subscription Receipts.

In the event that the Escrow Release Conditions are not satisfied prior to the Termination Date, the Escrowed Funds will be returned pro rata to each holder of Subscription Receipts, and the Subscription Receipts will be automatically cancelled, void and of no value or effect.

Under the terms of the Agency Agreement, the Agent is entitled to receive a cash commission of 5.0% of the gross proceeds of the Offering, with a commission of 2.5% on certain ‘President’s List’ subscribers. In addition, 710,517 compensation options (“Compensation Options”) were issued to the Agent in connection with the Offering. Each such Compensation Option is exercisable to subscribe for and purchase one post-Arrangement common share of the Resulting Issuer at an exercise price of C\$5.00 for a period of 12 months following the Escrow Release Date.

Exemptive Relief

On May 11, 2018, the Ontario Securities Commission (the “OSC”), as principal regulator on behalf of the securities regulators in each of Alberta, British Columbia, Manitoba, Ontario and Quebec, granted an exemption (the “Relief”) to Bradmer from the form requirements prescribed by applicable securities laws and the rules of the TSX-V for the Information Circular to include audited annual financial statements for each of the two most recently completed financial years of Galaxy LP. The Relief also included a corresponding exemption from the disclosure requirement for Bradmer to provide historical financial statements of Galaxy LP applicable under section 4.10 of NI 51-102 following completion of the Arrangement. The Relief has as conditions that the completion of the Arrangement and the listing and trading of the common shares of Bradmer on the TSX-V shall not occur unless and until:

(a) The Information Circular includes an audited statement of assets contributed less related liabilities assumed (the “Audited Statement”), with an unqualified audit opinion, prepared by the Partnership, reflecting the assignment of the investments into Galaxy LP on January 9, 2018;

(b) the Partnership has prepared audited consolidated financial statements for the period from January 1, 2018 to March 31, 2018 (the “Audited Statements”) with an unqualified audit opinion and such Audited Statements shall have been generally disclosed by being issued in summary form as part of a press release and being part of a material change report filed by or on behalf of Bradmer on its SEDAR profile at www.sedar.com on or prior to July 27, 2018; and

(c) GDH LP will have provided and filed on the Bradmer’s SEDAR profile at www.sedar.com an undertaking to each securities regulatory authority in Ontario, Alberta, British Columbia, Manitoba and Québec, in form and substance satisfactory and acceptable to the director of the OSC, that, (a) in complying with its reporting issuer obligations, the Reporting Issuer will treat GDH LP as a subsidiary of the Partnership; however, if generally accepted accounting principles (“GAAP”) used by the Reporting Issuer prohibit the consolidation of financial information of GDH LP and the Resulting Issuer, then for as long as GDH LP (including any of its significant business interests) represents a significant asset of the Reporting Issuer, the Partnership will provide separate audited annual financial statements and interim financial reports, prepared in accordance with the same GAAP as the Partnership’s financial statements, and related management’s discussion and

analysis, prepared in accordance with NI 51-102 or its successor, for GDH LP (including information about any of its significant business interests); (b) GDH LP will require its insiders to file insider trading reports in respect of securities of the Partnership; (c) GDH LP will issue a press release and deliver to the Partnership for filing a material change report in accordance with applicable securities laws with respect to any material change in GDH LP that would reasonably be expected to have a significant effect on the market price or value of any securities of the Partnership, if the Partnership does not issue such press release and file such material change report; and (d) GDH LP will annually certify that it has complied with such undertaking and file the certificate on SEDAR concurrently with the filing by the Partnership of its annual financial statements.

The Audited Statement is included in the Information Circular. The Partnership also prepared and disclosed the Audited Statements and filed the undertaking referred to in paragraph (c) above in accordance with the deadlines required.

Shareholder Meeting and Subscription Receiptholder Meeting

An annual general and special meeting of the shareholders of Bradmer was held on June 11, 2018 (the “Shareholder Meeting”) to, among other things, approve the Arrangement Agreement. The record date for determining shareholders of Bradmer who were entitled to receive notice of, and to vote at, the Shareholder Meeting was May 10, 2018. A management information circular in respect of the Shareholder Meeting was mailed to shareholders and was made available under Bradmer’s SEDAR profile at www.sedar.com. The Arrangement was approved by the Bradmer shareholders at the Shareholder Meeting.

On June 11, 2018, Bradmer announced that the meeting of the holders of Subscription Receipts of Bradmer to be held on June 13, 2018 to consider and, if deemed advisable, pass an extraordinary resolution to extend the release deadline among the Partnership, Bradmer, First Coin, GMP Securities L.P. and TSX Trust Company has been cancelled pursuant to the terms of the Subscription Receipt Agreement.

Bradmer received written consents indicating approval of the Extension Resolution from greater than two thirds of the aggregate number of outstanding Subscription Receipts. As a result, the Extension Resolution has been approved by instrument in writing and the “Release Deadline” set out in the Subscription Receipt Agreement was extended to 5:00 p.m. (Toronto time) on August 13, 2018. The Resulting Issuer received conditional approval to list on the TSX-V, subject to completion of the transaction and certain other conditions, which it did in early August 2018 under the ticker “GLXY”.

Closing of Arrangement

On July 31, 2018, the previously announced business combination was completed among Galaxy LP, Bradmer and First Coin by way of a plan of arrangement under the provisions of the Business Corporations Act (Ontario). The Arrangement occurred pursuant to the terms of the Arrangement Agreement, and constitutes a reverse take-over of Bradmer by Galaxy LP and First Coin pursuant to the policies of the TSX-V.

In connection with the closing of the Arrangement, Bradmer’s outstanding subscription receipts automatically converted into 60,969,746 post-consolidation shares and the aggregate net proceeds from the Private Placement of \$229.2 million was released from escrow. In connection with the closing of the Arrangement, Bradmer’s share capital was consolidated on the basis of 126.38 pre-consolidation shares for each one share following the share consolidation. The net proceeds from the offering of the subscription receipts were used to acquire a minority interest in GDH LP, a newly formed operating partnership that will be managed by the principals of Galaxy LP.

In connection with the closing of the Arrangement, Bradmer effected a corporate continuance from Ontario into the Cayman Islands and changed its name to Galaxy Digital Holdings Ltd.

Quarterly Highlights & Results

<i>\$'s in millions</i>	Six months ended June 30, 2018	Three months ended June 30, 2018	Three months ended March 31, 2018	*November 30, 2017 to December 31, 2017
Digital assets	\$ 112.2	\$ 112.2	\$ 104.4	\$ 22.7
Investments	201.2	201.2	121.4	-
Total assets	356.1	356.1	281.7	54.7
Total liabilities	151.4	151.4	112.0	53.0
Long term liabilities	-	-	-	-
Partners' capital	204.7	204.7	169.7	1.7
Realized gain (loss) on digital assets	(14.7)	(1.1)	(13.5)	1.5
Income	(13.0)	0.5	(13.5)	1.5
Operating expenses	(24.6)	(13.6)	(10.9)	(1.2)
Net unrealized gain (loss) on digital assets	(83.7)	1.8	(85.5)	1.5
Net unrealized gain (loss) on investments	20.7	44.8	(24.0)	-
Net comprehensive income (loss)	(99.0)	35.0	(134.0)	1.7

*Formation of Partnership

- As of June 30, 2018, digital assets stood at \$112.2 million, an increase from \$104.4 million as of March 31, 2018. This increase was a result of additional purchases during the quarter, and net unrealized appreciation of \$1.8 million.
- Investments increased \$79.8 million during the quarter to \$201.2 million as of June 30, 2018. The increase was primarily a result of \$38.1 million of capital deployed by the Principal Investments team during the quarter, as well as \$44.8 million of unrealized appreciation.
- Total liabilities increased by \$39.4 million during the quarter, of which \$30.6 million was due to additional borrowings on the revolving loan (*See Transactions with related parties*).
- Net comprehensive income was \$35.0 million for the three months ended June 30, 2018, as compared to a net comprehensive loss of \$134.0 million for the three months ended March 31, 2018. This brings net comprehensive loss to \$99.0 million for the six months ended June 30, 2018. The current quarter income was largely a result of unrealized appreciation on investments, and the Advisory team beginning to generate revenue from multiple contracts. The Partnership had not issued distinct shares as of June 30, 2018, and as a result, “per-share” disclosures are not applicable.
- Due to the abovementioned reasons, partners’ capital increased \$35.0 million to \$204.7 million as of June 30, 2018.
- As Galaxy LP was formed on November 30, 2017 and commenced operations in its Trading business on December 6, 2017, prior year amounts are reflective of less than one month of activity.
- The U.S. dollar is the functional and presentation currency for all periods presented above. There have been no changes to the accounting principles applied for all periods presented (*See Change in Accounting Policies including Initial Adoption*).

Discussion of Operations & Operational Highlights

The Partnership’s Trading business commenced operations on December 6, 2017. Since the beginning of 2018, Galaxy LP has hired into each of its business areas, professionals with significant experience in asset management, principal investments, trading and financial advisory, as well as, in the legal, compliance, finance and operations functions of the firm.

On January 9, 2018 (the “Date of Contribution”), the Asset Contribution took place, which the Partnership intends to use in its Trading and Principal Investment businesses. (*See Transactions with related parties*).

- **Trading**
 - During the first quarter, the Trading business effectively managed the performance and overall risk of the principal trading book by strategically liquidating, shorting, trading and reinvesting in liquid cryptocurrencies.
 - During the second quarter, the Trading business also began building an institutional quality OTC desk to engage in the buying and selling of digital assets. Additionally, the Trading business manages a macro strategy of liquid and semi-liquid cryptocurrency and related asset investing that is deeply integrated with its principal investing, giving both business segments a competitive advantage over other market participants.
- **Principal Investments**
 - During the first quarter, the Principal Investments team closed five new investments and two add-on investments (following a prior investment in a special purpose vehicle formed for the purpose of investing in Ripple Labs, Inc.), representing \$8.9 million and \$41.0 million of invested capital, respectively. These investments included:
 - ◆ Three new Pre-ICO contributions, covering distributed power generation, a decentralized video content platform, and an event ticketing platform (\$1.4 million in total).
 - ◆ Two new equity investments, including (i) Silvergate Capital Corporation (\$7.3 million), a state-chartered bank holding company providing traditional banking and new technology services to blockchain and cryptocurrency participants, and (ii) Messari, an open-sourced development data project focused on bringing organized and transparent reporting standards to the cryptocurrency market.
 - ◆ Two add-on equity investments, including (i) a minority equity position in Block.one, one of the leading delegated proof of stake blockchain protocol development companies (\$33.0 million), and (ii) a minority equity position in Ripple Labs, Inc., a leading payments-focused blockchain technology company (\$8.0 million).
 - During the second quarter, the Principal Investments team executed on six new investments and four add-on investments, representing \$28.2 million and \$9.9 million of invested capital, respectively. These investments included:
 - ◆ Six new equity investments, including (i) AlphaPoint Corporation, an enterprise-grade, blockchain-based asset digitization and exchange platform company in which Galaxy LP led a Series A financing round (\$15.0 million); (ii) BlockFi, Inc., a crypto-secured consumer lending platform in which Galaxy LP led a Series Seed-2 financing round (\$1.8 million); (iii) a seed investment in a Galaxy managed fund (\$1.6 million) and (iv) additional minority stakes in companies covering cryptocurrency mining and software technology, international blockchain advisory services, and a digital asset marketplace platform. The largest being a minority stake in Bitfury Group Limited (\$9.0 million)
 - ◆ Four add-on investments, the largest of which was additional equity in Ripple Labs, Inc., a leading payments-focused blockchain technology company (\$6.9 million).
 - Investments made during the second quarter bring capital deployed through June 30, 2018 to \$87.9 million represented by 11 new investments and six add-on investments.
- **Asset Management**
 - During the first quarter, the Asset Management business raised \$140 million into Galaxy Digital Capital Management LP's cash management strategy, providing outsourced treasury services to ecosystem partners.
 - The Bloomberg Galaxy Crypto Index (the "BGCI") launched in May 2018. The index is owned and administered by Bloomberg Index Services Limited and is co-branded with Galaxy Digital Capital Management LP ("GDCM"). The BGCI facilitates diversified exposure, performance benchmarking and the opportunity to build institutional fund products utilizing the index. On May 18, 2018, GDCM launched the Galaxy Benchmark Crypto Index Master Fund LP (the "Fund"), a passively managed fund designed to track the performance of the BGCI. The BGCI is independently administered and calculated by Bloomberg. The Fund is designed to provide institutional investors

with exposure to the largest, most liquid portion of the cryptocurrency market. Constituents and weightings of the Fund will be based on index rules set forth by Bloomberg.

- Additionally, on June 5, 2018, GDCM launched the Galaxy EOS VC Fund LP (the “EOS VC Fund”), the previously announced \$325 million venture capital fund focused on investing in companies building on the EOS.IO blockchain protocol.
 - ◆ On June 14, 2018, the EOS VC Fund closed its first deal, leading a Series D round for High Fidelity, Inc. with a \$20 million investment. High Fidelity, Inc. is developing a blockchain-based virtual reality platform.

- **Advisory**

- During the first quarter of 2018, the Advisory business served a wide variety of clients with blockchain and digital currency solutions. This business works alongside both early stage and institutional clients as they navigate the space and define their blockchain strategies. The Advisory business has assisted clients with market research, solution ideation, technical whitepapers, solution architecture, and project management.
- During the second quarter, the Advisory business continued to expand its capabilities and actively hire professionals with expertise in providing strategic corporate advisory services, including M&A, corporate restructuring, and re-branding. The Advisory team continues to provide ongoing support to Galaxy LP’s portfolio companies as well as independently sourced clients across the digital asset ecosystem and traditional institutional businesses in all industries. To date, the Advisory business had six active and completed advisory contracts.

Galaxy LP and Block.one, the developer behind blockchain software EOS.IO, have several relationships. As discussed above, GDCM launched the EOS.IO Ecosystem Fund that is focused on developing the EOS.IO ecosystem and making strategic investments in projects that utilize EOS.IO blockchain software. GDCM also manages a cash management strategy of which Block.one is an investor and from which Galaxy LP earns management fees. Finally, Galaxy LP has investments in EOS tokens and a less than 5% equity ownership of Block.one.

Industry Performance and Outlook

- The following table reflects the performance of the cryptocurrency market capitalization, Bitcoin and Ether for the period from January 9, 2018 to June 30, 2018 (amounts expressed in US\$):

	As of January 9, 2018	As of March 31, 2018	As of June 30, 2018	% Change from March to June
Cryptocurrency Market Capitalization ⁽¹⁾	\$739,209	\$267,472	\$256,434	(4.1%)
Bitcoin Price ⁽²⁾	\$ 14,595	\$ 6,974	\$ 6,404	(8.2%)
Ether Price ⁽²⁾	\$ 1,300	\$ 396	\$ 455	14.9%

(1) Represents coinmarketcap.com quoted price as of 12:00 UTC for total market capitalization; January 9, 2018 is presented as that is the date of the Asset Contribution. Capitalization numbers are presented in millions of U.S. dollars.

(2) Represents coinmarketcap.com quoted price as of 12:00 UTC for Bitcoin and Ether; January 9, 2018 pricing is presented as that is the date of the Asset Contribution.

Market Overview

Following the rapid rise in cryptocurrency asset prices in 2017 and decline in Q1 2018, asset prices overall declined slightly during Q2 2018 albeit with a divergence among some of the larger assets. Following the large retracement in Q1, the markets retraced slightly to \$256.4 billion on June 30, 2018 from \$267.5 billion at the end of Q1 2018 after bearish markets were buoyed by regulatory clarity and signals of institutional involvement.¹

¹ Represents coinmarketcap.com quoted price as of 12:00 UTC for total market capitalization

Trading volumes rose throughout the quarter despite the broader decline in asset prices. Cryptocurrency asset volumes rose from \$12.0 billion on March 31, 2018 to \$13.6 billion on June 30, 2018. However, trading volumes remain relatively low in comparison to December 31, 2017 (\$34.2 billion). The decline in the amount and value of cryptocurrency being traded daily has made it a more difficult environment for our trading businesses. Increased competition in the Trading business has narrowed the spreads in our arbitrage activity. While we continue to improve and strengthen our Trading business, lack of overall trading volume in cryptocurrencies has been a headwind for the business.

Industry Outlook

As cryptocurrency asset protocols, networks, and applications continue to launch and develop, the innovation may spur wider user adoption through numerous potential use cases and provide a tailwind to the industry. Many of the larger incumbent cryptocurrency asset protocols are expected to introduce additional scalability and features amidst rising competitive forces from new protocols. These protocols and networks are expected to continue to develop infrastructure and tools to which may enable developer adoption, technological improvements, and end user adoption.

Continued regulatory clarity from domestic and global regulatory bodies would provide guidelines and procedures for individuals and institutions involved in the digital asset space. Further clarity on the classification and treatment of assets, know-your-customer and anti-money laundering procedures, and rules on auditing, taxation, custody, and transacting would provide a framework for current and prospective participants in the broader digital asset industry.

Cryptocurrency began in 2009 as a retail product without the typical infrastructure associated with modern finance – namely institutional custody, clearing and lending. As of June 30, 2018, no large custodians have yet offered services in the cryptocurrency markets. In the meantime, smaller firms offer custody services to investors and funds holding cryptocurrency assets. Galaxy LP expects larger institutional firms to offer custody services in the future which will by their nature facilitate the availability of clearing and lending services.

The above advances lead to wider adoption of blockchain and cryptocurrencies. This adoption should lead to increased volumes and prices, which should benefit our businesses. On a daily basis, the Trading business should benefit the most from these advances as one of the key factors to its success is the volume and value of cryptocurrencies traded.

Performance by Reportable Segment

Income and expenses by each of the reportable segments for the six months ended June 30, 2018 is as follows:

	Trading	Principal Investing	Asset Management	Advisory	Corporate and Other	Totals
Income						
Advisory fees	\$ -	\$ -	\$ 542,512	\$ 790,701	\$ -	\$ 1,333,213
Net realized loss on digital assets	(14,642,095)	-	(23,755)	-	-	(14,665,850)
Other income	110,578	-	-	-	206,318	316,896
	(14,531,517)	-	518,757	790,701	206,318	(13,015,741)
Compensation related	3,967,951	1,779,219	2,386,922	828,412	5,153,680	14,116,184
Interest	1,676,756	1,007,246	-	-	300,326	2,984,328
General and administrative & Insurance	1,570,400	454,954	271,553	185,461	1,752,442	4,234,810
Professional fees	28,832	228,650	72,500	-	2,900,000	3,229,982
	7,243,939	3,470,069	2,730,975	1,013,873	10,106,448	24,565,304
Net unrealized gain (loss) on digital assets	(80,167,966)	-	(3,556,051)	-	-	(83,724,017)
Net unrealized gain (loss) on investments	(1,325,540)	22,043,156	-	-	-	20,717,616
Unrealized foreign currency gain (loss)	(2,845)	-	-	-	1,569,730	1,566,885
	(81,496,351)	22,043,156	(3,556,051)	-	1,569,730	(61,439,516)
Net comprehensive income (loss)	\$ (103,271,807)	\$ 18,573,087	\$ (5,768,269)	\$ (223,172)	\$ (8,330,400)	\$ (99,020,561)

The results of the Partnership's operations are directly affected by changes in the prices of cryptocurrencies and other digital assets that the Partnership holds or may hold. A significant decrease in the price or value of digital assets held by the Partnership may adversely affect the Partnership's results of operations. Conversely, a significant increase in the price or value of digital assets sold short by the Partnership may adversely affect the Partnership's results of operations. This is evidenced by the \$85.5 million of net unrealized loss on digital assets for Q1 2018 and the \$1.8 million of net unrealized gain on digital assets for Q2 2018, as compared to the performance of the cryptocurrency market capitalization, Bitcoin and Ether for the same periods (*See Industry Performance and Outlook*). Overall, the Partnership outperformed that of the cryptocurrency capitalization, Bitcoin and Ether with partners' capital increasing from \$169.7 million to \$204.7 million, a 20.6% change during Q2 2018.

Net Realized Loss on Digital Assets

For the three months ended June 30, 2018, the largest contributors to the net realized loss on digital assets of \$1.1 million were losses on sales of Ethereum (\$9.1 million), Bitcoin (\$7.6 million) and BlockV (\$5.1 million), partially offset by \$21.9 million of realized gains on a digital asset sold short.

For the three months ended March 31, 2018, the largest contributors to the net realized loss on digital assets of \$13.5 million were losses on sales of Bitcoin (\$32.7 million) and Ethereum (\$9.5 million), partially offset by \$33.0 million of realized gains on a digital asset sold short.

Net Unrealized Gain (Loss) on Digital Assets

For the three months ended June 30, 2018, the largest contributors to the net unrealized gain on digital assets of \$1.8 million were unrealized gains on holdings of Ethereum (\$20.9 million), BlockV (\$5.8 million) and EOS (\$2.2 million), partially offset by multiple digital assets with unrealized losses, the largest of which was on a digital asset sold short (\$19.8 million).

For the three months ended March 31, 2018, the largest contributors to the net unrealized loss on digital assets of \$85.5 million were unrealized losses on holdings of Wax (\$41.4 million), Ethereum (\$26.4 million) and BlockV (\$15.3 million), partially offset by unrealized gains on a digital asset sold short (\$20.8 million).

Net Unrealized Gain (Loss) on Investments

For the three months ended June 30, 2018, the largest contributors to the net unrealized gain on investments of \$44.8 million were unrealized gains on investments in Block.one – Class A and B common stock (\$36.5 million), Cryptology Asset Group P.L.C. – common stock (\$4.8 million) and Ripple Labs, Inc. – preferred stock and investment through special purpose vehicle (\$2.7 million).

For the three months ended March 31, 2018, the largest contributors to the net unrealized loss on investments of \$24.0 million were unrealized losses on investments in Pantera ICO Fund LP – Class C Interest (\$9.4 million), Block.one – Class B common stock (\$5.5 million) and Hut 8 Mining Corp. – common stock (\$4.6 million).

A breakdown of each asset class by reporting segment as of June 30, 2018 is as follows:

	Trading	Principal Investing	Asset Management	Advisory	Corporate and Other	Totals
Digital assets:						
Cryptocurrency	\$ 104,625,731	\$ -	\$ 7,585,683	\$ -	\$ -	\$ 112,211,414
Investments:						
Pre-ICO	-	3,396,962	-	-	-	3,396,962
Preferred Stock	-	52,609,996	-	-	-	52,609,996
Common Stock	147,340	97,081,851	-	-	-	97,229,191
LP/LLC Interests	-	47,804,844	-	-	-	47,804,844
Convertible Notes	-	100,000	-	-	-	100,000
Warrants/Trust Units	80,880	-	-	-	-	80,880
	\$ 104,853,951	\$ 200,993,653	\$ 7,585,683	\$ -	\$ -	\$ 313,433,287

Financial Instruments, Digital Assets and Risk

The fair values of all investments and digital assets were measured using the cost, market or income approaches. The investments and digital assets measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values, with the designation based upon the lowest level of input that is significant to the fair value measurement. The three levels of the fair value hierarchy are:

Level 1 Inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 Inputs: Quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active, or other observable inputs other than quoted prices.

Level 3 Inputs: Unobservable inputs for the asset or liability. (Unobservable inputs reflect how management's assumptions on how market participants would price the asset or liability based on the information available.)

	Level 1	Level 2	Level 3	Total
Cryptocurrency	\$ 109,492,286	\$ -	\$ 2,719,128	\$ 112,211,414
Pre-ICO	-	3,396,962	-	3,396,962
Preferred Stock	-	43,609,996	9,000,000	52,609,996
Common Stock	147,340	85,981,851	11,100,000	97,229,191
Limited Partnership/Limited Liability Company Interests	1,500,000	7,511,526	38,793,318	47,804,844
Convertible Notes	-	100,000	-	100,000
Warrants/Trust Units	79,200	-	1,680	80,880
Digital Assets Sold Short	(14,919,398)	-	-	(14,919,398)
	<u>\$ 96,299,428</u>	<u>\$ 140,600,335</u>	<u>\$ 61,614,126</u>	<u>\$ 298,513,889</u>

For the period ended December 31, 2017, the Partnership only held level 1 cryptocurrency.

Valuation of Assets that use Level 1 Inputs ("Level 1 Assets"). Consists of several of the Partnership's investments and digital assets, including its cryptocurrency sold short, where quoted prices in active markets are available. The fair value utilized is primarily either:

- (i) the volume-weighted average of prices across principal exchanges as of 12:00 UTC, per coinmarketcap.com, with no adjustments; or
- (ii) the quoted prices across principal exchanges as of 12:00 UTC, per coinmarketcap.com, with no adjustments.

Valuation of Assets that use Level 2 Inputs ("Level 2 Assets"). Consists of all the Partnership's pre-ICO investments, and certain common stock, preferred stock, limited partnership/limited liability company interest investments and its one convertible note investment. The Partnership's pre-ICO investments are carried at the total contributions made to date as there are no conditions indicating a change in value and therefore cost approximates fair value. For the Partnership's other Investments classified as Level 2, the market approach is used.

Valuation of Assets that use Level 3 Inputs ("Level 3 Assets"). Consists of certain of the Partnership's cryptocurrency, common stock, preferred stock, warrants and the majority of the Partnership's limited partnership/limited liability company interest investments. For investments in cryptocurrency, fair value was determined utilizing a volume-weighted average of prices across principal exchanges as of 12:00 UTC, with a marketability adjustment. If the investment was either contractually or legally restricted for trading, a discount for lack of marketability was applied to the closing prices. The discount was calculated on the black-scholes model to determine the cost to insure the subject asset against the risk of encountering lower prices. For the Partnership's preferred and common stock investments, the comparable transaction method was used to estimate fair value. This is a market approach that relies on actual performance metrics of the subject company, recently completed transactions in the equity of the subject

company that are completed at arm's-length, and transactions of companies deemed comparable to the subject company. For the Level 3 preferred stock, the Partnership has taken a further discount for lack of marketability and control. For the Partnership's investment in warrants, the black-scholes model was used to determine the fair value. For the Partnership's limited partnership/limited liability company interest investments, fair value was determined using the most recent adjusted market value as provided by the subject company.

The fair value of Level 3 Assets is inherently subjective. Because of the uncertainty of fair valuation of investments that do not have readily ascertainable market values, the VC's conclusion of fair value for an investment on a date may differ significantly from (1) the fair value conclusions of other knowledgeable market participants and/or (2) prior or subsequently observed transaction prices, including the price paid to acquire, or received to sell, the investment itself.

Level 3 Continuity

The following is a reconciliation of Level 3 Assets for the six months ended June 30, 2018:

	Fair Value at December 31, 2017	Contributions	Purchases	Sales	Net Realized Gain (Loss) On Digital Assets	Net Unrealized Gain (Loss) on Digital Assets and Investments	Transfers out of Level 3	Fair Value at June 30, 2018
Cryptocurrency	\$ -	\$ 70,500,276	\$ 142,600	\$(3,650,010)	\$ (287,118)	\$ (55,065,833)	\$(8,920,787)	\$ 2,719,128
Preferred Stock	-	13,800,000	-	-	-	(4,800,000)	-	9,000,000
Common Stock	-	25,924,973	-	-	-	(11,319,556)	(3,505,417)	11,100,000
LP/LLC Interests	-	44,784,040	2,264,960	(3,018,728)	-	(5,236,954)	-	38,793,318
Warrants/Trust Units	-	43,960	-	-	-	(42,280)	-	1,680
Total Digital Assets and Investments	\$ -	\$155,053,249	\$2,407,560	\$(6,668,738)	\$ (287,118)	\$ (76,464,623)	\$(12,426,204)	\$61,614,126

The prior transactions method was used to fair value the significant majority of the Partnership's Level 3 Assets. As a result, the Partnership does not believe a change in unobservable inputs will have a significant impact on partners' capital.

Transfers in and out of Level 3 are considered to have occurred at the beginning of the period.

The carrying values of the Partnership's cash, receivables, due from broker, prepaid expenses and other assets, note receivable, accounts payable and accrued liabilities, due to related party and due to exchange approximate fair value due to their short maturities.

Valuation Techniques

The following table summarizes the valuation techniques and significant inputs used in the fair value measurement of the Partnership's investments as of June 30, 2018:

Category	Valuation Methods & Techniques	Key Inputs
Cryptocurrency	<ul style="list-style-type: none"> • Volume-weighted average of trading prices • Marketability adjustments • Black-Scholes model • Liquidity adjustments 	<ul style="list-style-type: none"> • Current trading prices of subject cryptocurrencies • Selected volatilities of subject cryptocurrencies • Selected discounts for lack of marketability/liquidity
Pre-ICO	<ul style="list-style-type: none"> • Prior transactions method 	<ul style="list-style-type: none"> • Prior prices of subject pre-ICO cryptocurrencies
Preferred Stock	<ul style="list-style-type: none"> • Prior transactions method • Comparable transactions method 	<ul style="list-style-type: none"> • Prior prices of subject preferred stock • Selected valuation multiples

	<ul style="list-style-type: none"> • Volume-weighted average of trading prices • Control adjustments • Marketability adjustments 	<ul style="list-style-type: none"> • Current trading prices of certain cryptocurrencies • Selected discounts for lack of control • Selected discounts for lack of marketability • EBIT of subject company
Common Stock	<ul style="list-style-type: none"> • Prior transactions method • Public closing price • Marketability adjustments 	<ul style="list-style-type: none"> • Prior prices of subject common stock • Public closing prices of subject securities • Current trading prices of certain cryptocurrencies • Historical exchange rate of certain cryptocurrencies • Selected discounts for lack of marketability
LP/LLC Interests	<ul style="list-style-type: none"> • Prior transactions method • Comparable transactions method • Value provided by subject company 	<ul style="list-style-type: none"> • Prior prices of subject LP/LLC interests • Value provided by subject company
Convertible Notes	<ul style="list-style-type: none"> • Prior transactions method 	<ul style="list-style-type: none"> • Prior prices of subject convertible notes
Warrants/Trust Units	<ul style="list-style-type: none"> • Public closing price • Black-Scholes model 	<ul style="list-style-type: none"> • Public closing prices of subject securities • Selected volatility of underlying trust units

Industry

The Principal Investments team made ten investments during the quarter for a total of \$38.1 million of capital deployed. The team monitors the portfolio's concentration on an ongoing basis. As of June 30, 2018, the industry composition of the Partnership's investments, exclusive of cryptocurrency and pre-ICO investments, is as follows:

Industry	June 30, 2018	# of Investments
Other (Cryptocurrency and Pre-ICO)	37%	30
Finance	23	11
High Tech Industries	35	7
Services: Business	3	1
Banking	2	1
Utilities: Electric	<1	1
Media: Diversified and Production	<1	2
Total	100%	53

In the table above, multiple portfolio company investments across the capital structure are considered one investment.

For the period ended December 31, 2017, the Partnership had an investment in one cryptocurrency.

While the above table provides information regarding the portfolio's industry concentration, at this time, industry is not a significant factor that the Principal Investments team considers when determining to make an investment. Rather,

the Partnership considers all investments in the blockchain/cryptocurrency ecosystem with an appropriate risk and return profile.

Material Investment Positions

The Partnership considers a variety of quantitative and qualitative factors in determining if any one investment is considered a material investment position as of each report date. Factors considered include, but are not limited to, the proportion of each investment to total assets; whether any one investment is materially larger than other portfolio investments; the concentration of the portfolio and any associated risks; the liquidity of each investment, or lack thereof; the impact of such an investment on the Partnership's assets or operations; and the existence or absence of other factors that could cause one to conclude that the investment was significant to the Partnership notwithstanding its absolute size. As of June 30, 2018, the Partnership considered its 52 total shares of the Class A and B (47 and 5 shares, respectively) common stock of Block.one to be a material investment position due to its fair value of \$72.9 million relative to other portfolio investments. As of March 31, 2018, the Partnership had no material investment positions to disclose.

Select holdings

As of June 30, 2018, the ten largest investments by fair value were as follows:

Investment Name	Investment Type	Cost	Fair Value
Block.one	Common Stock	\$ 41,955,897	\$ 72,912,691
*Ripple Labs, Inc.	Preferred Stock	23,804,960	27,564,909
Pantera Venture Fund, L.P.	LP/LLC Interests	15,384,643	16,200,000
AlphaPoint Corporation	Preferred Stock	14,999,998	14,999,998
Hut 8 Mining Corp.	Common Stock	16,920,000	11,100,000
Pantera ICO Fund LP	LP/LLC Interests	17,406,675	9,440,000
Xapo Holdings Limited	Preferred Stock	13,800,000	9,000,000
Bitfury Group Limited	Preferred Stock	9,000,000	9,000,000
Silergate Capital Corporation	Common Stock	7,344,000	7,344,000
Templum LLC	LP/LLC Interests	6,000,000	6,000,000
		<u>\$ 166,616,173</u>	<u>\$ 183,561,598</u>

**Also includes an indirect investment through a special purpose vehicle formed for the purpose of investing in Ripple Labs, Inc.*

As of March 31, 2018, the ten largest investments by fair value were as follows:

Investment Name	Investment Type	Cost	Fair Value
Block.one	Common Stock	\$ 41,955,897	\$ 36,456,341
*Ripple Labs, Inc.	Preferred Stock	14,870,000	15,935,000
Pantera Venture Fund, L.P.	LP/LLC Interests	15,384,643	15,384,643
Hut 8 Mining Corp.	Common Stock	16,920,000	12,300,000
Xapo Holdings Limited	Preferred Stock	13,800,000	9,300,000
Pantera ICO Fund LP	LP/LLC Interests	17,406,675	8,024,477
Silergate Capital Corporation	Common Stock	7,344,000	7,344,000
Templum LLC	LP/LLC Interests	6,000,000	6,000,000
Pantera Venture Fund II, L.P.	LP/LLC Interests	5,122,722	5,122,722
Blockchain Capital IV, LP	LP/LLC Interests	750,000	750,000
		<u>\$ 139,553,937</u>	<u>\$ 116,617,183</u>

**Also includes an indirect investment through a special purpose vehicle formed for the purpose of investing in Ripple Labs, Inc.*

As of January 9, 2018, the Date of Contribution, the ten largest investments by fair value were as follows:

Investment Name	Investment Type	Cost	Fair Value
Pantera ICO Fund LP	LP/LLC Interests	\$ 17,406,675	\$ 17,406,675
Hut 8 Mining Corp.	Common Stock	16,920,000	16,920,000
Pantera Venture Fund, L.P.	LP/LLC Interests	15,384,643	15,384,643
Xapo Holdings Limited	Preferred Stock	13,800,000	13,800,000
Block.one	Common Stock	9,004,973	9,004,973
FDCI LLC	LP/LLC Interests	6,870,000	6,870,000
Templum LLC	LP/LLC Interests	6,000,000	6,000,000
Pantera Venture Fund II, L.P.	LP/LLC Interests	5,122,722	5,122,722
BIG Blockchain Intelligence Group	Common Stock	1,246,000	1,246,000
Blockchain Capital IV, LP	LP/LLC Interests	750,000	750,000
		<u>\$ 92,505,013</u>	<u>\$ 92,505,013</u>

Block.one – the developer of the EOS.IO blockchain protocol focused on enabling secure data transfer and high-performance decentralized applications.

Ripple Labs, Inc. – the developer of the Ripple exchange network, a blockchain-based technology protocol focused on payment systems.

Pantera Venture Fund, L.P. – an investment firm exclusively focused on blockchain technology and digital assets. Pantera’s Venture Fund makes early-stage investments in the blockchain and digital assets ecosystem.

AlphaPoint Corporation – a financial technology company that provides institutions with enterprise-grade, blockchain-based asset digitization and exchange platforms.

Hut 8 Mining Corp. – a digital asset mining services company.

Xapo Holdings Limited – a digital assets custody provider offering digital assets wallets, cold storage solutions, and bitcoin-based debit cards.

Pantera ICO Fund LP – an investment firm exclusively focused on blockchain technology and digital assets. Pantera’s ICO Fund makes investments in Initial Coin Offerings.

Bitfury Group Limited – a bitcoin mining technology developer and mining asset owner and operator.

Silergate Capital Corporation – a community bank providing traditional banking and new technology services to blockchain and digital assets ecosystem participants.

FDCI LLC – A special purpose vehicle organized for making and holding an investment in Ripple Labs, Inc.

Templum LLC – a financial technology company focusing on creating a regulatory compliant marketplace for the primary issuance and secondary trading of digital assets through security tokens.

Pantera Venture Fund II, L.P. – an investment firm exclusively focused on blockchain technology and digital assets. Pantera’s Venture Fund II makes investments related to digital currency infrastructure.

BIG Blockchain Intelligence Group Inc. – a company that has developed and offers a real-time blockchain agnostic search and data analytics engine.

Blockchain Capital IV, LP – a hedge fund focused on investments in blockchain-related companies and cryptocurrencies / tokens.

The \$36.5 million Q2 2018 increase in the fair value of Block.one was due to a previously disclosed valuation adjustment to the March 31st fair value, as compared to the fair value as published in the Information Circular dated May 14, 2018. At the time of publishing the Information Circular, management and our independent third-party valuation firm believed that there had been an increase in the value of Block.one, but there was insufficient, independent evidence of such increase to support reporting the increase in value in the Audited Statements. During the second quarter, there was an independent third-party transaction that corroborated an increase in the value, resulting in fair value of \$72.9 million as at June 30, 2018 that is comparable to the value reported in the Information Circular. Additionally, in the third quarter there was another transaction to further corroborate the June 30th valuation.

The \$9.4 million decrease in the fair value of the Pantera ICO Fund LP from January 9, 2018 to March 31, 2018 is due to the decline in the overall cryptocurrency market over that period.

The \$4.5 million decrease in the fair value of Xapo Holdings Limited from January 9, 2018 to March 31, 2018 is due largely to the decline in the price of bitcoin over that period.

A breakdown of the cost and fair value of digital assets, net of digital assets sold short, by market cap is as follows:

	Cost	Fair Value
As of June 30, 2018:		
> \$1 billion market cap	\$ 93,133,571	\$ 82,575,472
<= \$1 billion market cap	86,407,341	14,716,544
Net	<u>\$ 179,540,912</u>	<u>\$ 97,292,016</u>
As of March 31, 2018:		
> \$1 billion market cap	\$ 84,311,704	\$ 73,196,593
<= \$1 billion market cap	91,369,065	16,943,763
Net	<u>\$ 175,680,769</u>	<u>\$ 90,140,356</u>
As of January 9, 2018:		
> \$1 billion market cap	\$ 105,082,129	\$ 105,082,129
<= \$1 billion market cap	100,660,354	100,660,354
Net	<u>\$ 205,742,483</u>	<u>\$ 205,742,483</u>

Above table reflects the cost and fair value of the Partnership's cryptocurrencies by the aforementioned respective capitalizations. Above capitalizations are obtained from coinmarketcap.com.

The Partnership has been able to actively manage its digital asset portfolio by actively trading, both long and short, assets with greater than a \$1 billion market cap. Notably, the Partnership realized gains actively trading a digital short throughout this period. In addition, assets with less than a \$1 billion market cap comparatively declined more than assets with more than \$1 billion of market capitalization in the first six months of 2018. (See table in *Industry Performance & Outlook for a comparison of the Partnership's digital assets above against the overall cryptocurrency market*)

As of June 30, 2018, the largest holdings of digital assets by fair value were as follows:

	Quantity	Cost	Fair Value
Bitcoin	5,675	\$ 37,311,052	\$ 36,155,545
Ethereum	75,760	39,733,163	34,248,449
EOS	1,919,163	18,188,826	15,558,567
Wax	64,186,133	49,421,728	7,410,995
Total		<u>\$ 144,654,769</u>	<u>\$ 93,373,556</u>

As of March 31, 2018, the largest holdings of digital assets by fair value were as follows:

	Quantity	Cost	Fair Value
Ethereum	82,940	\$ 59,281,801	\$ 32,882,097
Bitcoin	4,272	30,214,542	29,790,970
EOS	2,092,790	17,414,651	12,542,069
Wax	64,186,133	49,421,730	8,041,306
Total		<u>\$ 156,332,724</u>	<u>\$ 83,256,442</u>

As of January 9, 2018, the Date of Contribution, the largest holdings of digital assets by fair value were as follows:

	<u>Quantity</u>	<u>Cost</u>	<u>Fair Value</u>
Bitcoin	5,902	\$ 89,540,044	\$ 89,540,044
Ethereum	57,000	65,466,095	65,466,095
Wax	65,193,332	50,275,331	50,275,331
BlockV	78,629,941	17,372,727	17,372,727
Total		<u>\$ 222,654,197</u>	<u>\$ 222,654,197</u>

In the above tables, bitcoin, ethereum and EOS are >\$1 billion market cap; Wax and BlockV are <= \$1 billion market cap.

Above tables should be read in conjunction with discussion on pg. 12 (Net Realized Loss on Digital Assets & Net Unrealized Gain (Loss) on Digital Assets)

Risk

The Partnership's activities may expose it to a variety of financial risks: credit risk, interest rate risk, liquidity risk, foreign currency risk, market risk and digital asset risk, among others. The Partnership seeks to minimize potential adverse effects of these risks on performance by employing experienced personnel, daily monitoring of the Partnership's investments and digital assets, and any market events and diversifying the Partnership's business strategy as well as its investment portfolio within the constraints of the Partnership's investment objectives.

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into, causing the other party to incur a financial loss. The Partnership's cash and receivables are exposed to credit risk. The Partnership limits its credit risk by placing its cash with high credit quality financial institutions and with cryptocurrency exchanges on which the Partnership has performed internal due diligence procedures. The Partnership deems these procedures necessary as some exchanges are unregulated and not subject to regulatory oversight. As of June 30, 2018, the Partnership is not exposed to any significant credit risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. General interest rate fluctuations may have an impact on the Partnership's investment opportunities, primarily within its Principal Investing segment. An increase in interest rates may make it more expensive to utilize a leverage facility in the future to make investments. To the extent the Partnership invests in debt instruments, interest rate changes may affect the value of the instrument indirectly in the case of fixed rate obligations, or directly in the case of adjustable rate instruments. In general, rising rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. Interest rate sensitivity generally is more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). As of June 30, 2018, the Partnership's exposure to interest rate risk was limited. Interest rate changes would also affect its ability to earn interest income on cash balances at variable rates. The Partnership did not have a leverage facility in place, and its RLA with a related party was at a fixed rate of interest.

Liquidity Risk

Liquidity risk is the risk that the Partnership will not be able to meet its financial obligations as they come due, as well as the risk of not being able to liquidate assets at reasonable prices. The Partnership manages liquidity risk by maintaining sufficient cash balances to enable settlement of its liabilities. Accounts payable and accrued liabilities, other than accrued compensation, generally have maturities of 30 days or less or are due on demand. The Partnership intends to manage its short-term liquidity needs through the financing proceeds raised under the Arrangement. As of

June 30, 2018, 35% of the Partnership's portfolio was in liquid, actively traded cryptocurrency which can be monetized at reasonable prices in short order.

Foreign Currency Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. To the extent these financial instruments are unhedged or not adequately hedged, the value of the Partnership's financial instruments may fluctuate with exchange rates as well as with price changes in various local markets and currencies. The value of the financial assets may therefore be unfavorably affected by fluctuations in currency rates and exchange control regulations. During the period, the Partnership minimized its exposure to the portion of the escrowed financing proceeds that were denominated in Canadian dollars.

Market Risk

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All investments present a risk of loss of capital. The maximum risk resulting from financial instruments is equivalent to their fair value. The Partnership's investments are susceptible to other market risk arising from uncertainties about future prices of the instruments. The Partnership moderates this risk through the various investment strategies within the parameters of the Partnership's investment guidelines. As of June 30, 2018, management's estimate of the effect on partners' capital to a +/- 10% change in the market prices of the Partnership's investments, with all other variables held constant, is +/- \$20.1 million.

Digital asset risk

Digital assets are measured at fair value less cost to sell. Digital currency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. Further, digital assets have no underlying backing or contracts to enforce recovery of invested amounts. The profitability of the Partnership is related to the current and future market price of digital assets; in addition, the Partnership may not be able to liquidate its inventory of digital assets at its desired price if necessary. A decline in the market prices for digital assets could negatively impact the Partnership's future operations. The Partnership has not hedged the conversion of any of its digital assets. Digital assets have a limited history and the fair value historically has been very volatile. Historical performance of digital assets is not indicative of their future price performance.

As of June 30, 2018, management's estimate of the effect on partners' capital to a +/- 10% change in the market prices of the Partnership's net digital assets, with all other variables held constant, is +/- \$9.7 million.

Expenses

The Partnership's operating expenses for the three and six months ended June 30, 2018 were as follow:

	Three months ended June 30, 2018	Three months ended March 31, 2018	Six months ended June 30, 2018
Compensation and compensation related	\$ 7,808,602	\$ 6,307,582	\$ 14,116,184
Interest	2,325,574	658,754	2,984,328
General and administrative	1,490,397	1,472,623	2,963,020
Professional fees	1,455,082	1,774,900	3,229,982
Insurance	536,790	735,000	1,271,790
Totals	<u>\$ 13,616,445</u>	<u>\$ 10,948,859</u>	<u>\$ 24,565,304</u>

Compensation and compensation related remain the largest operating expenses, with an anticipated net increase over Q1 2018 due to the increased headcount mentioned earlier. This total is inclusive of base compensation and accrued bonuses, placement fees, payroll taxes, benefits, consultants and temporary staff.

Interest expense increased over the prior quarter due to the increase in the weighted average debt outstanding over the respective quarters from \$49.0 million to \$91.5 million. Amounts outstanding as of the three months ended June 30, 2018 and March 31, 2018 were \$109.4 million and \$78.8 million, respectively. Upon closing of the Arrangement on July 31, 2018, the Partnership repaid \$88.7 million, consisting of \$87.4 million principal and \$1.3 million accrued interest. On August 1, 2018, the Partnership repaid \$25.7 million, consisting of \$25.0 million principal and \$0.7 million accrued interest. There is no longer an outstanding balance under the RLA, thus interest expense is expected to decrease significantly during Q3 2018, as it will be reflective of only one month of borrowings outstanding.

General and administrative costs remained relatively flat as compared to Q1 2018. This amount is inclusive of trading fees, technology, occupancy, travel and entertainment, fund administration, compliance, public relations and other.

Professional fees decreased during the quarter due primarily to a decrease in the legal fee accrual as a portion of legal fees were determined to be for services incurred in connection with the Proposed Transaction and will be netted against the proceeds of the financing upon closing of the Arrangement. The other professional fees are costs associated with audit, tax and valuation services.

Insurance expense decreased by nearly \$0.2 million in comparison to Q1 2018 amounts, due to retroactive D&O policy coverage that was recorded during the first quarter. This amount is now expected to remain relatively stable for the foreseeable future.

Liquidity and Capital Resources

On February 7, 2018, the Partnership entered into a Revolving Loan Agreement (the “RLA”) with GGI to provide a source of additional capital to fund its operations and prospective investments until such time that Private Placement proceeds are released from escrow (*See Transactions with related parties*). The RLA provides liquidity which can be utilized by the Partnership to increase its portfolio of digital assets, investments or otherwise expand the overall business.

On February 14, 2018, Bradmer announced the closing of a private placement offering of approximately 61.0 million subscription receipts at a price of CAD\$5.00 per subscription receipt for gross proceeds of approximately CAD\$305 million, which are currently being held in escrow. Below is a comparison of how the Partnership intends to use the proceeds of the private placement, as compared to anticipated uses previously disclosed:

	As of June 30, 2018	*As of March 31, 2018
Estimated working capital	\$ 10.3	\$ 35.0
Anticipated private placement proceeds	229.2	229.0
Payoff RLA & accrued interest	(111.0)	(86.0)
General overhead expenses – next 12 months	(50.0)	(40.0)
Capital to Trading business	(50.0)	(50.0)
Capital to Principal Investments business	(28.5)	(50.0)
Capital to Asset Management business	(0.0)	(35.0)
Cash to balance sheet	(0.0)	(3.0)
	\$ 0.0	\$ 0.0

**As disclosed in the Information Circular dated May 14, 2018.*

Working capital above is calculated as the sum of cash, receivables, due from broker, prepaid expenses and other assets; less accounts payable and accrued liabilities and due to exchange.

As the borrowings on the RLA continued to increase throughout Q2 2018 primarily to make principal investments, a larger portion of the private placement proceeds will now be utilized to pay off the RLA, and likewise, a decreased amount of capital is available to deploy into the business segments.

As of June 30, 2018, the Partnership had partners' capital of \$204.7 million compared to \$169.7 million as of March 31, 2018 and \$1.7 million as of December 31, 2017. The increase in capital during Q1 2018 was primarily due to the \$302.0 million Asset Contribution, offset in part by the results of operations for the three months ended March 31, 2018. The further increase in capital during Q2 2018 was primarily due to \$44.8 million of net unrealized gain on investments.

	June 30, 2018	March 31, 2018	December 31, 2017
Total assets	\$ 356,133,147	\$ 281,708,813	\$ 54,748,457
Total liabilities	(151,404,681)	(111,963,379)	(53,006,648)
Partners' capital	\$ 204,728,466	\$169,745,434	\$1,741,809

Additionally, as of June 30, 2018, the Partnership also had cash of \$30.4 million and \$97.3 million of net digital assets. As of March 31, 2018, the Partnership had cash of \$41.8 million and \$90.1 million of net digital assets. Management believes that the Partnership has sufficient financial resources to maintain its operations and activities for the upcoming year.

Upon closing of the Arrangement, \$229.2 million of net proceeds from the Private Placement was released from escrow and the Partnership repaid the entire principal balance and accrued interest outstanding under the RLA. On July 31, 2018, the Partnership repaid \$88.7 million, consisting of \$87.4 million principal and \$1.3 million accrued interest. On August 1, 2018, the Partnership repaid \$25.7 million, consisting of \$25.0 million principal and \$0.7 million accrued interest. There is no longer an outstanding balance under the RLA. Net incremental cash to the Partnership after repayment of the RLA was \$114.8 million.

The Partnership expects to generate incremental cash in the ordinary course through revenues earned in each of its businesses. The Trading business anticipates generating cash through strategically liquidating, shorting, trading and reinvesting in liquid cryptocurrencies, as well as through OTC trading. The Asset Management business continues to earn fees for managing third party capital and the Advisory business continues to serve a wide variety of clients with blockchain and digital currency solutions. The Principal Investments business may capture unrealized appreciation by monetizing certain investments in its illiquid book, generating cash to facilitate operating the overall business.

The Partnership is a startup business with no proven track record or operating history, and its revenues, including the performance of its digital assets, may be less than its operating expenses. This could result in a decrease and potentially a deficit in the Partnership's working capital. Although, as noted above, the Partnership plans to use the proceeds of the private placement to provide liquidity to operate its businesses, a significant decrease in the Partnership's working capital as a result of poor operating results could nonetheless adversely affect the Partnership's ability to grow and expand its businesses and meet its unfunded commitments which are discussed immediately below.

In the event there is insufficient working capital to support the growth of the business, the Partnership may sell digital assets to generate sufficient cash to meet obligations as they come due. The Partnership may also seek additional sources of financing in the future, including but not limited to, issuing equity or convertible notes or seeking financing in the form of a debt facility.

Off-balance sheet arrangements

The Partnership may provide for commitments to portfolio companies for investments in existing or new assets. As of June 30, 2018, the Partnership had obligations to three existing portfolio companies for \$25.1 million, of which zero was funded as of the date of this MD&A. The Partnership maintains sufficient cash on hand and availability under the RLA to fund such commitments as they come due.

As of June 30, 2018, the Partnership did not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Partnership including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

Transactions with related parties

Due to related party

On February 7, 2018, the Partnership entered into the RLA with GGI to provide a source of additional capital to fund its operations and prospective investments until such time that Private Placement proceeds are released from escrow. Each borrowing is unsecured, and accrues simple interest at 5% per annum on the unpaid principal amount. As of June 30, 2018, the Partnership owed an aggregate of \$111.0 million to GGI under the RLA, consisting of \$109.4 million of outstanding principal and \$1.6 million of accrued interest.

On June 13, 2018, the Partnership increased its \$100 million RLA by \$30 million to a maximum amount of \$130 million. The RLA was increased to provide the Partnership additional capital to fund its operations and prospective investments until such time that Private Placement proceeds are released from escrow, at which time the Partnership intends to repay the entire outstanding balance.

Upon closing of the Arrangement, the Partnership repaid the entire principal balance and accrued interest outstanding under the RLA with GGI. On July 31, 2018, the Partnership repaid \$88.7 million, consisting of \$87.4 million principal and \$1.3 million accrued interest. On August 1, 2018, the Partnership repaid \$25.7 million, consisting of \$25.0 million principal and \$0.7 million accrued interest. There is no balance remaining outstanding under the RLA.

Asset Contribution

On January 9, 2018, GGI contributed assets to the Partnership, with a fair value of approximately \$302.0 million. This contribution was made as the initial capitalization for the Partnership and comprised the majority of the digital assets and investments in the Trading and Principal Investing segments.

Fair value by asset class on the date of contribution is as follows:

	Fair Value at January 9, 2018
Cryptocurrency	\$ 267,990,957
Pre-ICO	2,601,962
Preferred Stock	14,650,000
Common Stock	27,170,973
Limited Partnership/Limited Liability Company Interests	51,534,040
Warrants/Trust Units	307,760
Digital Assets Sold Short	(62,248,474)
Total	<u>\$ 302,007,218</u>

The Partnership considers Cryptocurrency and Cryptocurrency Sold Short to be Digital Assets and considers Pre-ICO, Preferred Stock, Common Stock, Limited Partnership/Limited Liability Company Interests and Warrants/Trust Units to be Financial Instruments.

Compensation of key management personnel

Key management personnel include persons having the authority and responsibility for planning, directing and controlling the activities of the Partnership as a whole. Compensation provided to key management personnel for the three and six months ended June 30, 2018 is as follows:

	Three months ended June 30, 2018	Six months ended June 30, 2018
Base compensation and accrued bonuses*	\$ 1,691,527	\$ 3,670,940
Benefits	54,254	127,771
Total	\$ 1,745,781	\$ 3,798,711

Key management personnel above include nine individuals, consisting of both officers and certain employees, who are considered to have decision making authority.

*For the three and six months ended June 30, 2018, amounts include approximately \$0.9 million and \$2.0 million, respectively, of accrued bonuses within accounts payable and accrued liabilities.

Employment related

Galaxy Investment Partners LLC (“GIP”), an entity wholly-owned by the Partnership’s Chief Executive Officer, served as the employer entity to Galaxy LP until April 2018. At that time, GDS, a wholly-owned subsidiary of Galaxy LP became the employer entity to Galaxy LP, and GDS reimbursed GIP for compensation and benefits paid on its behalf during 2018. New employment agreements with GDS became effective May 1, 2018 which were similar in substance to the previous employment agreements between GIP and the Partnership’s employees.

Sublease

As of June 30, 2018, the Partnership had commitments under an operating sublease. The sublease has a 10.5-year term commencing on February 1, 2018 and expiring on June 30, 2028. The sublease contains a standard rent escalation clause, and rent is waived until June 30, 2018. The rent begins at \$756,800 per annum and is to be paid monthly in advance in equal installments. For the three and six months ended June 30, 2018, \$0.1 million and \$0.3 million, respectively, of rent expense was included in general and administrative expense. The Partnership has operating lease commitments for the next five years as follows:

	Rent Due
2018	\$ 378,400
2019	768,152
2020	791,197
2021	814,932
2022	839,380
Total	\$ 3,592,061

Additionally, the Partnership has \$5.1 million in total commitments under the sublease for the period from 2023 to the expiration of the sublease term on June 30, 2028.

Other

As of June 30, 2018, the Partnership’s Chief Executive Officer also served as a director for a company and was a member of the advisory board for another company with which Galaxy LP holds investments in.

Change in Accounting Policies including Initial Adoption

The following accounting policies were adopted and applied in the Partnership's consolidated financial statements for the three months ended March 31, 2018. There were no changes to these policies for the three months ended June 30, 2018.

Property and equipment

Property and equipment is recorded at cost less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation and, where applicable, the initial estimation of any asset retirement obligation. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Depreciation is recognized in profit or loss on a straight-line basis over the following estimated useful lives:

Furniture and fixtures	10 years
Office equipment	6 years
Computer equipment	5 years
Leasehold improvements	straight line over the shorter of the lease term or life of the asset

Any item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in profit or loss in the period the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted if required.

Revenue recognition

Revenue is recognized at the fair value of consideration received or receivable. Revenue from services performed is recognized when the amount of revenue can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the Partnership.

The Partnership recognizes revenue from the provision of advisory services in connection with initial coin offerings ("ICO"s), with consideration generally consisting of advisory and token fees. Advisory fee revenues paid in traditional (fiat) currency are recognized upon completion of the delivery of the services stated in the contract. Token fee revenues are recognized upon completion of the contract deliverables at the reporting date. Token fees are generally earned upon an ICO event.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of each of the operating segments.

Financial instruments

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Partnership may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Receivables and due from broker are measured at amortized cost with subsequent impairments recognized in profit or loss. Cash and investments are classified as FVTPL.

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) FVTPL; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities, due to related party and due to exchange are classified as other financial liabilities and carried on the statement of financial position at amortized cost. Digital assets sold short are classified as FVTPL.

Digital assets

The Partnership's digital assets are traded in active markets and are purchased with the intent to resell in the near future, generating a profit from the fluctuations in prices or margins. As a result, the Partnership has determined that its holding of digital assets should be accounted for under IAS 2, *Inventories*, and it meets the definition of a commodity broker-trader. Under IAS 2, digital assets are measured at fair value less cost to sell, with changes in fair value recognized in profit or loss. In accordance with IAS 2, commodity broker-traders are those who buy or sell commodities for others or on their own account. The inventories held by commodity broker-traders are principally acquired for the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders' margin. As these inventories are measured at fair value less costs to sell, they are excluded from only the measurement requirements of IAS 2.

Leases

The Partnership records rent expense on its operating sublease in accordance with IAS 17, *Leases*, which specifies how to recognize, measure, present and disclose leases. The Partnership records an expense on a straight-line basis over the lease term.

Foreign currency transactions

Transactions in foreign currencies are translated at the exchange rates prevailing at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at exchange rates at the reporting date, with any differences arising recorded in profit or loss.

Investments in subsidiaries

Subsidiaries are entities over which the Partnership has control. The Partnership is deemed to control an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Partnership has determined that it is not an investment entity as defined

within IFRS 10, *Consolidated Financial Statements*. As such, the Partnership consolidates its wholly-owned subsidiaries rather than accounting for them at fair value through profit or loss.

Income taxes

The consolidated financial statements represent the financial position of the Partnership and do not include the other assets, liabilities, income and expenses of the partners. Income taxes are the responsibility of the partners and not Galaxy LP. Accordingly, no provision for income taxes has been recorded in the consolidated financial statements.

New accounting policies

Effective January 1, 2018, the Partnership adopted the following accounting standards:

IFRS 9, *Financial Instruments* (“IFRS 9”)

IFRS 9 Financial Instruments was issued by the IASB in July 2014 and has replaced IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes significant changes to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018. The Partnership adopted the standard retrospectively. IFRS 9 did not impact the Partnership's classification and measurement of financial assets and liabilities.

The following summarizes the significant changes in IFRS 9 compared to the current standard:

- IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Partnership's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. The change did not impact the carrying amounts of any of the Partnership's financial assets on the transition date. Prior periods were not restated and no material changes resulted from adopting this new standard.
- The adoption of the new "expected credit loss" impairment model under IFRS 9, as opposed to an incurred credit loss model under IAS 39, had no impact on the carrying amounts of financial assets on the transition date.

IFRS 15, *Revenue from Contracts with Customers* (“IFRS 15”)

In May 2014 the IASB approved IFRS 15, *Revenue from Contracts with Customers*, which specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18, *Revenue*, IAS 11, *Construction Contracts*, and a number of revenue related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers, except for leases, financial instruments and insurance contracts. Application of IFRS 15 is mandatory for annual periods beginning on or after January 1, 2018. The adoption of IFRS 15 on the Partnership's consolidated financial statements did not have a material impact.

Recent accounting pronouncements issued but not yet effective

IFRS 16, *Leases* (“IFRS 16”)

In January 2016, the IASB issued IFRS 16, *Leases*, which will replace IAS 17, *Leases*. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard will be effective for annual periods beginning on or after January 1, 2019. The Partnership is currently evaluating the impact of IFRS 16 on its consolidated financial statements.

Digital Assets

A significant portion of the Partnership's assets are digital assets inventory held at fair value.

Digital assets are utilized by the Partnership in its Trading business and are affected by various economic and technological forces including but not limited to global supply and demand, interest rates, foreign exchange rates, inflation or deflation and ongoing political, regulatory, and economic conditions.

A significant portion of the Partnership's profitability and future cash flows are impacted by the current and future prices and price fluctuations of digital assets. The Partnership may not be able to liquidate its inventory of digital assets at its desired price, if needed. In addition, the ability of the Partnership to transfer or liquidate its inventory of digital assets timely may be impacted by technical and procedural limitations of digital asset exchanges, custodians, and relevant local regulatory restrictions. A broad decline in the market prices of digital assets could negatively impact the Partnership's future operations and profitability.

Digital assets have a limited history and their fair value historically has been volatile. Historical performance and fair value of digital assets are not indicative of their future value and price performance.

Partnership Interests

The Partnership is a limited partnership between Galaxy GP and GGI.

The information contained in this MD&A and the information in the condensed consolidated interim financial statements for the period ended June 30, 2018, represents the financial position of the Partnership and do not include all of the assets, liabilities, income and expenses of the partner. Income taxes are the responsibility of the partner and not Galaxy LP.

As of June 30, 2018 and August 27, 2018, the Partnership had not issued distinct shares, therefore, additional share disclosure is not applicable. However, during the three and six months ended June 30, 2018, the Partnership adopted an equity compensation plan and a stock option plan under which the following units and options were contingently awarded:

Equity Compensation Plan

On March 1, 2018, the Partnership contingently awarded GDH LP B Units (the "B Units") in satisfaction of equity commitments made to certain employees, subject to certain vesting and forfeiture terms, with an effective grant date of completion of the proposed transaction. For each award, 25% of the compensatory B Units awarded vest annually beginning six months following the date of grant. There are 30,870,000 B Units available to be awarded under the Equity Compensation Plan. Each award is also subject to Toronto Stock Exchange escrow conditions.

On closing of the Arrangement, 30,870,000 GDH LP B Units were issued.

Stock Option Plan

On March 1, 2018, the Partnership contingently awarded options on shares of Galaxy Digital Holdings Ltd. (the "Resulting Issuer"), with an effective grant date of July 23, 2018. For each award, 25% of the options awarded vest annually, in equal installments, on March 1. After vesting, options are exercisable for an equivalent amount of Resulting Issuer shares, at the exercise price, or C\$5 per share. Exercise may be cashless or net share settled at the employee's option. There are 31,369,689 options on shares of the Resulting Issuer available to be awarded under the Stock Option Plan. Each award will expire five years from the grant date if not exercised.

On closing of the Arrangement, 25,986,000 options were granted.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

Disclosure controls and procedures (“DC&P”) are intended to provide reasonable assurance that material information is gathered and reported to senior management to permit timely decisions regarding public disclosure. Internal controls over financial reporting (“ICFR”) are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with Canadian generally accepted accounting principles. TSX Venture-listed companies are not required to provide representations in their annual and interim filings relating to the establishment and maintenance of DC&P and ICFR, as defined in National Instruments 52-109.

In particular, the CEO and CFO do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) processes to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the issuer’s GAAP.

Additional information relating to the Partnership is available on SEDAR at www.sedar.com.

Management’s Responsibility for Financial Statements

The information provided in this report, including the consolidated financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the consolidated financial statements.