



Galaxy Digital LP

Condensed Consolidated Interim Financial Statements

For the Three and Six Months Ended June 30, 2018 and

the Period from Formation on November 30, 2017 to December 31, 2017

(Expressed in US Dollars)

(Unaudited)

Galaxy Digital LP

Condensed Consolidated Interim Statements of Financial Position

(Expressed in US Dollars)

(Unaudited)

	June 30, 2018	December 31, 2017
Assets		
Current assets		
Cash	\$ 30,425,333	\$ 32,098,217
Digital assets (Note 4)	112,211,414	22,650,240
Investments (Note 5)	201,221,873	-
Receivables (Note 6)	929,423	-
Due from broker (Note 7)	3,647,535	-
Deferred financing costs (Note 8)	4,202,745	-
Prepaid expenses and other assets (Note 9)	2,368,533	-
	<u>355,006,856</u>	<u>54,748,457</u>
Note receivable (Note 10)	750,000	-
Property and equipment (Note 11)	376,291	-
	<u>1,126,291</u>	<u>-</u>
Total assets	\$ 356,133,147	\$ 54,748,457
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 12)	\$ 17,971,961	\$ 1,011,795
Digital assets sold short (Note 13)	14,919,398	-
Due to related party (Note 14)	109,374,924	42,650,240
Due to exchange (Note 15)	9,138,398	9,344,613
Total liabilities	151,404,681	53,006,648
Partners' capital	204,728,466	1,741,809
Total liabilities and partners' capital	\$ 356,133,147	\$ 54,748,457

Nature and continuance of operations (Note 1)

Commitments and contingencies (Note 22)

Proposed transaction (Note 24)

Subsequent events (Note 25)

The unaudited condensed consolidated interim financial statements were authorized for issuance by the Managing Member of Galaxy Digital GP LLC on August 27, 2018 and were signed on its behalf by:

“Donna Milia” Chief Financial Officer “Michael Novogratz” Chief Executive Officer

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Galaxy Digital LP

Condensed Consolidated Interim Statements of Comprehensive Income (Loss)

(Expressed in US Dollars)

(Unaudited)

	Three months ended June 30, 2018	Six months ended June 30, 2018
Income		
Advisory fees	\$ 1,303,302	\$ 1,333,213
Net realized loss on digital assets	(1,139,007)	(14,665,850)
Other income	296,149	316,896
	460,444	(13,015,741)
Operating expenses		
Compensation and compensation related (Note 16, 21)	7,808,602	14,116,184
Interest (Notes 7, 13, 14)	2,325,574	2,984,328
General and administrative (Note 17)	1,490,397	2,963,020
Professional fees (Note 18)	1,455,082	3,229,982
Insurance	536,790	1,271,790
	(13,616,445)	(24,565,304)
Net unrealized gain (loss) on digital assets	1,816,396	(83,724,017)
Net unrealized gain on investments	44,755,752	20,717,616
Unrealized foreign currency gain	1,566,885	1,566,885
	48,139,033	(61,439,516)
Net comprehensive income (loss) for the period	\$ 34,983,032	\$ (99,020,561)

Net income (loss) per unit has not been presented as it is not considered meaningful information for the partner of the Limited Partnership.

There are no comparative periods to disclose as the Partnership was formed on November 30, 2017.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Galaxy Digital LP

Condensed Consolidated Interim Statements of Changes in Partners' Capital

(Expressed in US Dollars)

(Unaudited)

	<u>Limited Partner</u>	<u>General Partner</u>	<u>Total</u>
Partners' capital, November 30, 2017	\$ -	\$ -	\$ -
Net comprehensive income	1,741,809	-	1,741,809
Partners' capital, December 31, 2017	\$ 1,741,809	\$ -	\$ 1,741,809
Contributions (Note 21)	302,007,218	-	302,007,218
Net comprehensive loss	(99,020,561)	-	(99,020,561)
Partners' capital, June 30, 2018	\$ 204,728,466	\$ -	\$ 204,728,466

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Galaxy Digital LP

Condensed Consolidated Interim Statements of Cash Flows

(Expressed in US Dollars)

(Unaudited)

	Six months ended June 30, 2018
Operating activities	
Net comprehensive loss	\$ (99,020,561)
Adjustments for:	
Depreciation	9,948
Interest	2,984,328
Net realized loss on digital assets	14,665,850
Net unrealized loss on digital assets	83,724,017
Net unrealized gain on investments	(20,717,616)
Unrealized foreign currency gain	(1,566,885)
Changes in operating assets and liabilities:	
Net proceeds of digital assets	8,192,231
Receivables	(929,423)
Due from broker	(2,130,500)
Prepaid expenses and other assets	(1,030,002)
Note receivable	(750,000)
Accounts payable and accrued liabilities	10,233,124
Due to exchange	(206,215)
Net cash used in operating activities	<u>(5,791,704)</u>
Investing activities	
Note receivable	(750,000)
Purchase of property and equipment	(386,239)
Purchase of investments	(86,963,250)
Proceeds from disposition of investments	3,018,728
Net cash used in investing activities	<u>(85,080,761)</u>
Financing activities	
Borrowings from related party	99,374,924
Repayments of amounts due to related party	(10,000,000)
Repayments of interest on due to related party	(175,343)
Net cash provided by financing activities	<u>89,199,581</u>
Net decrease in cash	(1,672,884)
Cash, beginning of period	32,098,217
Cash, end of period	<u>\$ 30,425,333</u>
Supplemental disclosure of cash flow information and non-cash financing activities:	
Cash paid during the period for:	
Interest	\$ 175,343
Taxes	\$ -
Non-cash financing activities:	
Contribution of assets (Note 21)	\$ 302,007,218
Deferred financing costs in accounts payable and accrued liabilities	\$ 4,202,745
Prepaid interest paid in digital assets	\$ 1,573,369
Organizational costs in prepaid expenses and other assets	\$ 750,000
Reclassification between investments and digital assets	\$ 295,000
Reclassification from related party loan to contribution of assets	\$ 22,650,240

There are no comparative periods to disclose as the Partnership was formed on November 30, 2017.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Galaxy Digital LP

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Six Months Ended June 30, 2018

(Expressed in US Dollars)

(Unaudited)

1. NATURE AND CONTINUANCE OF OPERATIONS

Galaxy Digital LP (“Galaxy LP” or the “Partnership”) is a limited partnership formed under the laws of the Cayman Islands on November 30, 2017. Galaxy Digital GP LLC (“Galaxy GP” or the “General Partner”), 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.

The Partnership intends to raise primary capital towards building a full-service merchant banking business in the cryptocurrency and blockchain space. The intention is 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. The Partnership’s trading business commenced operations on December 6, 2017.

The Partnership’s principal address is 107 Grand Street, 8th Floor, New York, New York, 10013.

On January 9, 2018 (the “Date of Contribution”), the initial limited partner, Galaxy Group Investments LLC (“GGI”), contributed approximately \$302 million of assets to Galaxy LP (Note 21).

On February 14, 2018, a definitive arrangement agreement (the “Arrangement”) was entered into between Galaxy LP, First Coin Capital Corp. (“First Coin”) and Bradmer Pharmaceuticals Inc. (“Bradmer”), in respect of a proposed transaction which was completed subsequent to period end by way of a plan of arrangement under the provisions of the Business Corporations Act (Ontario) (Note 24 and 25).

These condensed consolidated interim financial statements are prepared on a going concern basis which assumes that the Partnership will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Partnership are dependent upon obtaining necessary financing to meet its commitments as they come due and to continue building an institutional merchant banking business in the cryptocurrency and blockchain sectors. At June 30, 2018, the Partnership had cash of \$30.4 million and partners’ capital of \$204.7 million. Management estimates that the Partnership has sufficient financial resources to maintain its operations and activities for the upcoming year.

2. BASIS OF PRESENTATION

Statement of Compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain disclosures included in the March 31, 2018 audited financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB have been condensed or omitted and these unaudited condensed consolidated interim financial statements should be read in conjunction with the Partnership’s audited consolidated financial statements for the period ended March 31, 2018.

Galaxy LP’s management makes judgments in its process of applying the Partnership’s accounting policies in the preparation of its unaudited condensed consolidated interim financial statements. In addition, the preparation of the financial data requires that the Partnership’s management make assumptions and estimates of the effects of uncertain future events on the carrying amounts of the Partnership’s assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Partnership’s assets and liabilities are accounted for prospectively. The critical judgments and estimates applied in the preparation of the Partnership’s unaudited condensed consolidated interim financial statements are consistent with those applied and disclosed in the Partnership’s consolidated financial statements for the period ended March 31, 2018. In addition, the accounting

Galaxy Digital LP

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Six Months Ended June 30, 2018

(Expressed in US Dollars)

(Unaudited)

2. BASIS OF PRESENTATION (continued)

Statement of Compliance (continued)

policies applied in these unaudited condensed consolidated interim financial statements are consistent with those applied and disclosed in the Partnership's audited financial statements for the period ended March 31, 2018. The Partnership's interim results are not necessarily indicative of its results for a full year.

These unaudited condensed consolidated interim financial statements were approved by the Managing Member of Galaxy GP and authorized for issuance on August 27, 2018.

Basis of Measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value and digital assets which are measured at fair value less cost to sell.

In addition, the condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow disclosure.

Functional and Presentation Currency

These condensed consolidated interim financial statements are presented in United States dollars ("US dollars"), which is also the functional currency of Galaxy LP and its subsidiaries. The US dollar is the currency of the primary economic environment in which the Partnership and its subsidiaries operate.

Basis of Consolidation

The condensed consolidated interim financial statements include the financial statements of Galaxy LP and its wholly-owned subsidiaries, which are controlled by the Partnership. The financial statements of the subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies. All inter-company transactions, balances, income and expenses and unrealized gains and losses are eliminated in full upon consolidation. As of June 30, 2018, and December 31, 2017, the Partnership's subsidiaries are as follows:

Subsidiary	Place of Incorporation	June 30, 2018 Ownership %	December 31, 2017 Ownership %
Galaxy Digital LLC	Delaware	100%	N/A
Galaxy Digital II LLC	Delaware	100%	N/A
Galaxy Digital Trading LLC	Delaware	100%	100%
Galaxy Digital Trading Cayman LLC	Cayman	100%	100%
Galaxy Digital Labs LLC	Delaware	100%	100%
Galaxy Digital Labs Cayman LLC	Cayman	100%	100%
Galaxy Digital Assets Fund GP LLC	Cayman	100%	100%
Galaxy Digital Capital Management GP LLC	Cayman	100%	100%
Galaxy Digital Capital Management LP	Cayman	100%	100%
Galaxy Digital Ventures LLC	Delaware	100%	100%
Galaxy Digital Ventures Cayman LLC	Cayman	100%	100%
Galaxy Digital Services LLC	Delaware	100%	N/A

Galaxy Digital LP

Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Six Months Ended June 30, 2018
(Expressed in US Dollars)
(Unaudited)

2. BASIS OF PRESENTATION (continued)

Basis of Consolidation (continued)

Subsidiary	Place of Incorporation	June 30, 2018 Ownership %	December 31, 2017 Ownership %
Galaxy Digital Lending LLC	Delaware	100%	100%
Galaxy EOS VC Fund GP LLC	Cayman	100%	N/A
Galaxy Benchmark Crypto Index Fund GP, LLC	Cayman	100%	N/A
Galaxy Benchmark Crypto Index Master Fund, L.P.	Cayman	100%	N/A
Galaxy Benchmark Crypto Index Fund, L.P.	Delaware	100%	N/A
Galaxy Benchmark Crypto Index Offshore Fund, Ltd.	Cayman	100%	N/A
Galaxy Digital Trading Japan Quant GK	Japan	100%	N/A
Galaxy Digital Trading Japan KK	Japan	100%	N/A
Galaxy Digital Trading Ireland Limited	Ireland	100%	N/A
GD Operations LLC	Delaware	100%	N/A

Scope of financial statements

These condensed consolidated interim financial statements present the financial position, results of operations, partners' capital and cash flows of the Partnership. They do not include all of the assets, liabilities, revenue and expenses of the partners. No provision for income taxes has been included in these condensed consolidated interim financial statements as the income tax liability is that of the partners and not the Partnership.

Allocation of income and loss

Income and loss arising from the Partnership's ordinary course of operations and attributable to investments is to be allocated in such a manner as the General Partner determines.

Use of estimates and judgments

The preparation of the condensed consolidated interim financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from those estimates.

Many aspects of the digital currency and blockchain industry have not yet been addressed by current IFRS guidance. The Partnership is required to make significant assumptions and judgments as to its accounting policies and the application thereof, which is disclosed in the notes to these condensed consolidated interim financial statements. If specific guidance is enacted by the IASB in the future, the impact may result in changes to the Partnership's comprehensive income (loss) and financial position as currently presented.

Significant judgments in applying accounting policies

The critical judgments that the Partnership has made in the process of applying the Partnership's accounting policies, aside from those involving estimations, that have the most significant effect on the amounts recognized in the Partnership's condensed consolidated interim financial statements are as follows:

Galaxy Digital LP

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Six Months Ended June 30, 2018

(Expressed in US Dollars)

(Unaudited)

2. BASIS OF PRESENTATION (continued)

Use of estimates and judgments (continued)

Digital assets - accounting

There is limited guidance on the recognition and measurement of digital assets. The Partnership has assessed that it acts in a capacity as a commodity broker trader as defined in IAS 2, *Inventories*, in characterizing certain of its holdings as inventory, or more specifically, digital assets. If assets 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, such assets are accounted for as inventory, and changes in fair value (less cost to sell) are recognized in profit or loss.

Valuation techniques

The fair values of all investments are measured using the cost, market or income approaches (see Note 20 for further detail). The determination of fair value requires significant judgment by Galaxy LP. Galaxy LP maintains a valuation policy which requires an appointed Valuation Committee (the "VC"), which is composed of employees of the Partnership, to act in good faith to fair value its investments on the Date of Contribution and on a quarterly basis thereafter, consistent with fair value accounting guidance in accordance with IFRS 13, *Fair Value Measurement*.

The VC, on behalf of Galaxy LP, has engaged an independent consultant to provide independent valuations of its investments on the Date of Contribution and on a quarterly basis thereafter.

Derivatives

A derivative is a financial instrument whose value changes in response to the change in an underlying variable such as an interest rate, commodity or security price, or index; that requires no initial investment, or one that is smaller than would be required for a contract with similar response to changes in market factors; and that is settled at a future date. IFRS 9, *Financial Instruments*, requires that all financial assets be recognized on the statement of financial position, including derivatives. IFRS 9 permits hedge accounting under certain circumstances and requires effectiveness to be assessed both prospectively and retrospectively. To qualify for hedge accounting at the inception of a hedge and at each reporting date thereafter, the changes in the fair value or cash flows of the hedged item attributable to the hedged risk must be expected to be highly effective in offsetting the changes in the fair value or cash flows of the hedging instrument on a prospective basis. At each reporting date, the Partnership assesses whether any assets or liabilities meet the definition of a derivative and if hedge accounting should be utilized in accounting for its derivatives. As at June 30, 2018 and December 31, 2017, the Partnership does not have any hedge derivatives.

Functional currency

The Partnership's functional currency has been assessed by management with consideration given to the currency and economic factors that mainly influence the Partnership's business and investments, operating costs and related transactions. Specifically, the Partnership considers the currencies in which its investments are most commonly denominated, the currencies in which its expenses are settled by the Partnership and its subsidiaries, as well as the currency in which the Partnership may receive or raise financing. Changes to these factors may have an impact on the judgment applied in the determination of the Partnership's functional currency. The Partnership has determined that its functional currency is the US dollar.

Key sources of estimation uncertainty

The areas which require management to make significant estimates and assumptions in determining carrying values include, but are not limited to:

Galaxy Digital LP

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Six Months Ended June 30, 2018

(Expressed in US Dollars)

(Unaudited)

2. BASIS OF PRESENTATION (continued)

Use of estimates and judgments (continued)

Digital assets and investments - valuation

Although many of the Partnership's digital assets are traded in active markets and are valued based upon quoted prices (less costs to sell), a portion of such digital assets, as well as the majority of the Partnership's investments, are not actively traded and are valued based upon quoted prices for similar assets or based upon unobservable inputs (Note 20). These valuations require the Partnership to make significant estimates and assumptions.

Digital assets are generally considered to be commodities or similar to commodities and are treated as inventory for financial reporting purposes. Realized gains and losses from the disposition of digital assets and investments, whether by conversion to cash or other digital assets, are recorded as net realized gain (loss) on digital assets, and net realized gain (loss) on investments, respectively. Unrealized gains and losses on digital assets and investments are recorded as net unrealized gain (loss) on digital assets, and net unrealized gain (loss) on investments, respectively.

Estimated useful lives of property and equipment

Depreciation of property and equipment are dependent upon estimates of useful lives and estimates of when assets become available for use, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of such assets.

3. NEW ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

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.

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Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Six Months Ended June 30, 2018
(Expressed in US Dollars)
(Unaudited)

3. NEW ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS (continued)

New accounting policies (continued)

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 condensed consolidated interim 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 condensed consolidated interim financial statements.

4. DIGITAL ASSETS

The Partnership’s digital assets are primarily 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 holdings of cryptocurrency, both restricted and unrestricted, are considered to be digital assets and, as a result, are accounted for as inventory with changes in fair value less cost to sell recognized in profit or loss. Below are the Partnership’s digital asset holdings as of June 30, 2018 and December 31, 2017:

	June 30, 2018	December 31, 2017
Cryptocurrency:		
Unrestricted	\$ 110,574,192	\$ 22,650,240
Restricted	1,637,222	-
	\$ 112,211,414	\$ 22,650,240

Cryptocurrency: Digital assets that are typically part of a decentralized system of recording transactions and issuance of new units and that rely on cryptography to secure its transactions, to control the creation of additional units, and to verify the transfer of assets. The Partnership holds both unrestricted and restricted cryptocurrency, as defined below.

Unrestricted – Digital assets held by the Partnership, typically acquired through direct purchase or via pre-ICO investment whereby the related company or project has completed its token generated event or ICO and distributes such digital assets to the holder.

Restricted – Pre-ICO investments, typically pursuant to a Simple Agreement For Equity and/or Tokens (“SAFE-T”), which entitle the holder to receive certain cryptocurrency at a later date. Such restricted cryptocurrency has not yet been distributed to the Partnership, however is expected to be distributed within the next twelve months.

Galaxy Digital LP

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Six Months Ended June 30, 2018

(Expressed in US Dollars)

(Unaudited)

4. DIGITAL ASSETS (continued)

The Partnership engages in several trading strategies with respect to its digital assets, including cross-exchange arbitrage as well as market neutral trading strategies across a variety of crypto assets and exchanges. Realized gains and losses are recognized on a net basis on the condensed consolidated interim statements of comprehensive income (loss).

5. INVESTMENTS

The Partnership's holdings that are not traded in active markets are considered investments and are accounted for as financial assets which are initially recognized at fair value and subsequently measured at fair value through profit or loss. Below are the Partnership's investments as of June 30, 2018 and December 31, 2017:

	June 30, 2018	December 31, 2017
Pre-ICO	\$ 3,396,962	\$ -
Preferred Stock	52,609,996	-
Common Stock	97,229,191	-
LP/LLC Interests	47,804,844	-
Convertible Notes	100,000	-
Warrants/Trust Units	80,880	-
	\$ 201,221,873	\$ -

Pre-ICO: Contributions made to companies or start-up blockchain projects, typically documented via a SAFE-T, that entitles the holder to receive cryptocurrency at a future date once the related company or project has completed its token generated event or ICO.

Preferred Stock: Class of ownership in a corporation that typically entitles the holder to a priority claim on the assets and future earnings of the corporation above that of common stock holders, as well as certain voting and governance rights over the operations of the corporation.

Common Stock: Class of ownership in a corporation that entitles the holders to a claim on the assets and future earnings of the corporation, as well as certain voting and governance rights over the operations of the corporation.

Limited Partnership / Limited Liability Company Interests: Class of ownership in a limited partnership or limited liability company that entitles the holders to a claim on the assets and future earnings of the limited partnership or limited liability company, as well as certain voting or governance rights over the operations of the limited partnership or limited liability company.

Convertible Notes: Class of debt that entitles the holders to convert such debt into equity of the issuer under certain circumstances.

Warrants / Trust Units: Warrants represent a security that entitles the holders to purchase the underlying stock of the issuing company at a pre-determined price until the stated expiry date. Trust units are a class of ownership in a unit trust (typically an unincorporated mutual fund) that entitles the holders to a claim on the assets and future earnings of the trust as well as certain voting and governance rights over the operations of the trust.

Galaxy Digital LP

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(Expressed in US Dollars)
(Unaudited)

5. INVESTMENTS (continued)

Continuity schedule of investments

The below table shows components of the change in investments for the six months ended June 30, 2018:

	Investments
Balance as at December 31, 2017	\$ -
Contributions	96,264,735
Purchases	87,891,050
Proceeds from investments	(3,018,728)
Transfer to digital assets	(632,800)
Net unrealized gain on investments	20,717,616
Balance as at June 30, 2018	\$ 201,221,873

6. RECEIVABLES

	June 30, 2018	December 31, 2017
Advisory fees receivable (i)	\$ 865,702	\$ -
Other	63,721	-
	\$ 929,423	\$ -

(i) Represents amounts due for services performed pursuant to four advisory contracts. Such services consist of conducting market research, solution ideation, white paper writing and review and project management, among other things.

7. DUE FROM BROKER

	June 30, 2018	December 31, 2017
Due from broker	\$ 102,798,313	\$ -
Due to broker	(99,150,778)	-
Net	\$ 3,647,535	\$ -

In connection with the proposed transaction (Note 24), a portion of the financing proceeds received into escrow during February 2018 was denominated in Canadian dollars ("C\$"). In order to minimize the Partnership's exposure, \$3.0 million of margin was posted with a third-party brokerage firm to facilitate the short sale of C\$99.0 million. A 0.76 US/C foreign currency rate resulted in a \$99.2 million due to broker, net of commissions, and a \$102.8 million due from broker as of June 30, 2018. The balances are netted for financial statement presentation as they are held with the same counterparty and settlement will be of the net amount. During the three and six months ended June 30, 2018, the Partnership recognized \$0.3 million and \$0.3 million, respectively, in net interest expense.

Upon closing of the Arrangement (Note 25), the Partnership closed its short position used to minimize its exposure on the portion of the financing proceeds denominated in Canadian dollars.

Galaxy Digital LP

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(Expressed in US Dollars)

(Unaudited)

8. DEFERRED FINANCING COSTS

The Partnership has incurred legal fees of approximately \$4.2 million relating to the financing portion of the Arrangement which are being treated as deferred costs. These fees will be netted against the proceeds of the financing upon closing of the Arrangement and receipt of the escrow proceeds (Note 24).

9. PREPAID EXPENSES AND OTHER ASSETS

	June 30, 2018	December 31, 2017
Prepaid payroll funding and deposit	\$ 805,811	\$ -
Prepaid interest (i)	588,530	-
Other	974,192	-
	\$ 2,368,533	\$ -

(i) Pursuant to a cryptocurrency loan agreement (Note 13), the Partnership is required to pay interest in advance in quarterly installments. Interest is payable in-kind and is recorded at its fair value on the payment date. As of June 30, 2018, the Partnership had prepaid interest in the amount of \$0.6 million covering the period from July 1, 2018 to September 15, 2018.

10. NOTE RECEIVABLE

On May 14, 2018, the Partnership entered into a promissory note (the "Promissory Note") with First Coin (the "Borrower"), a party to the existing Arrangement (Note 24), 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 bears 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 \$5.0 million. The entire Loan amount was advanced on May 17, 2018 and remains outstanding as of June 30, 2018.

11. PROPERTY AND EQUIPMENT

	Furniture & Fixtures	Office Equipment	Computer Equipment	Leasehold Improvements(i)	Total
Balance as at December 31, 2017	\$ -	\$ -	\$ -	\$ -	\$ -
Additions	25,041	15,971	191,247	153,980	386,239
Depreciation	(682)	(887)	(8,379)	-	(9,948)
Balance as at June 30, 2018	\$ 24,359	\$ 15,084	\$ 182,868	\$ 153,980	\$ 376,291

(i) Leasehold improvements primarily relate to expenditures for renovation and build out of office space, architect and design costs. The expected completion date is October 2018, at which time the assets will be available for use and depreciation will commence.

Galaxy Digital LP

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12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2018	December 31, 2017
Compensation and compensation related	\$ 7,565,128	\$ 815,000
Professional fees (i)	6,323,801	-
Interest	1,614,951	135,962
Other	2,468,081	60,833
	\$ 17,971,961	\$ 1,011,795

(i) Includes approximately \$4.2 million of legal fees which are considered deferred financing costs (Note 8).

13. DIGITAL ASSETS SOLD SHORT

The Partnership entered into a loan agreement dated March 22, 2018 and effective as of December 15, 2017, whereby the Partnership borrowed certain cryptocurrency from a counterparty, to be repaid in twelve months. Interest of 12.0% per annum is payable, in such cryptocurrency, upfront in four installments over the term of the loan (Note 9). During the three and six months ended June 30, 2018, the Partnership recognized \$0.8 million and \$1.0 million, respectively, in interest expense. The Partnership is obligated to hold collateral, for the term of the agreement, in an amount of bitcoin, ethereum-based cryptocurrency or EOS tokens with a market value equivalent to the market value of the cryptocurrency borrowed. As of June 30, 2018, the \$14.9 million digital assets sold short balance was comprised of the cryptocurrency borrowed, net of trading activity.

Realized gains and losses in the condensed consolidated interim statements of comprehensive income (loss) are recognized only on a purchase of the identical asset made in order to close out the future position at the settlement date. All other trading activity is recognized in unrealized gains and losses.

14. DUE TO RELATED PARTY

On February 7, 2018, the Partnership entered into a \$100 million Revolving Loan Agreement (the "RLA") with GGI, a Delaware limited liability company. The Partnership entered into the RLA as a source of additional capital to fund its operations and prospective investments until such time that the Arrangement is complete and the related financing proceeds are released from escrow (Note 24). Each borrowing is unsecured and accrues simple interest at 5% per annum on the unpaid principal amount. During the three and six months ended June 30, 2018, the Partnership recognized \$1.1 million and \$1.7 million, respectively, in interest expense.

On June 13, 2018, the Partnership upsized its \$100 million RLA by \$30 million to a maximum borrow of \$130 million. The upsize was to provide the Partnership additional capital to fund its operations and prospective investments until such time that the private placement (the "Private Placement") proceeds are released from escrow (Note 24). As of June 30, 2018, the Partnership owed an aggregate of \$111.0 million to GGI under the RLA, consisting of \$109.4 million principal and \$1.6 million accrued interest which is included in accounts payable and accrued liabilities (Note 12). As of December 31, 2017, the formal RLA agreement had not been entered into, however the Partnership owed an aggregate of \$42.7 million to GGI, consisting of \$42.7 million of principal and \$45,000 accrued interest.

The change of the due to related party balance is as follows:

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14. DUE TO RELATED PARTY (continued)

	June 30, 2018	December 31, 2017
Opening balance	\$ 42,650,240	\$ -
Borrowings - cash	99,374,924	20,000,000
Borrowings - digital assets	-	22,395,400
Repayments - cash	(10,000,000)	-
Contribution of digital assets (Note 21)	(22,650,240)	-
Fair value adjustment on digital assets	-	254,840
Ending balance	\$109,374,924	\$ 42,650,240

The Partnership repaid the entire balance upon closing of the Arrangement (Note 25).

15. DUE TO EXCHANGE

The Partnership has been extended a \$55.0 million demand line of credit from one of the exchanges with which it transacts. The arrangement is not pursuant to a formal credit agreement and no interest is being charged in conjunction with amounts drawn. As of June 30, 2018 and December 31, 2017, the Partnership had \$9.1 million and \$9.3 million, respectively, borrowed in connection with this arrangement.

16. COMPENSATION AND COMPENSATION RELATED

	Three months ended June 30, 2018	Six months ended June 30, 2018
Base compensation and accrued bonuses	\$ 6,103,297	\$ 11,196,303
Placement fees	673,250	1,103,250
Payroll taxes	610,330	1,119,653
Benefits	262,204	431,600
Consulting	157,169	256,236
Temporary staff	2,352	9,142
	\$ 7,808,602	\$ 14,116,184

Galaxy Digital LP

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17. GENERAL AND ADMINISTRATIVE

	Three months ended June 30, 2018	Six months ended June 30, 2018
Trading fees	\$ 428,319	\$ 912,295
Technology	233,663	416,330
Travel and entertainment	174,604	283,004
Fund administration	123,220	222,012
Occupancy	115,608	287,475
Consulting	108,400	108,400
Public relations	62,214	122,214
Compliance	26,745	99,245
Bank fees	20,360	158,947
Depreciation	1,669	9,948
Other	195,595	343,150
	<u>\$ 1,490,397</u>	<u>\$ 2,963,020</u>

18. PROFESSIONAL FEES

	Three months ended June 30, 2018	Six months ended June 30, 2018
Legal	\$ 708,832	\$ 1,708,832
Audit	532,500	1,032,500
Tax	135,000	260,000
Valuations	78,750	228,650
	<u>\$ 1,455,082</u>	<u>\$ 3,229,982</u>

19. REPORTABLE SEGMENTS

The Partnership has identified four reportable segments: trading, principal investing, asset management, and advisory. The four reportable segments represent the four lines of business for which the Partnership expects to earn income, incur costs and allocate resources. In determining the Partnership's segment structure, the Partnership considered the basis on which the chief operating decision-maker, as well as other members of senior management, review the financial and operational performance of the Partnership.

Trading

The trading group 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. The Partnership engages in several trading strategies (Note 4).

Galaxy Digital LP

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19. REPORTABLE SEGMENTS (continued)

Principal Investing

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 (Note 5).

Asset Management

The asset management business manages capital on behalf of third parties in exchange for management fees and performance-based compensation.

Advisory

The advisory business focuses on the emerging financial technology (“FinTech”) verticals of blockchain and cryptocurrencies. The advisory team focuses on providing services that aid in bridging the gap between technology and capital markets through three primary service offerings: transaction advisory, capital markets, and technical consulting.

Corporate and Other consists of the Partnership’s unallocated corporate overhead and other unallocated costs not identifiable to any of the four reportable segments.

Assets by each of the reportable segments as of June 30, 2018 is as follows:

	Trading	Principal Investing	Asset Management	Advisory	Corporate and Other	Totals
Assets						
Cash	\$ 24,725,848	\$ 1,342,567	\$ 1,458,327	\$ -	\$ 2,898,591	\$ 30,425,333
Digital assets	104,625,731	-	7,585,683	-	-	112,211,414
Investments	228,220	200,993,653	-	-	-	201,221,873
Receivables	63,721	-	-	865,702	-	929,423
Due from broker	-	-	-	-	3,647,535	3,647,535
Deferred financing costs	-	-	-	-	4,202,745	4,202,745
Prepaid expenses and other assets	627,742	-	731,250	-	1,009,541	2,368,533
Note receivable	-	-	-	-	750,000	750,000
Property and equipment	4,695	-	-	-	371,596	376,291
	<u>\$ 130,275,957</u>	<u>\$ 202,336,220</u>	<u>\$ 9,775,260</u>	<u>\$ 865,702</u>	<u>\$ 12,880,008</u>	<u>\$ 356,133,147</u>

Galaxy Digital LP

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19. REPORTABLE SEGMENTS (continued)

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)

Select statement of financial position information

The fair value 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

For the period ended December 31, 2017, the only active segment was trading.

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20. 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.

*Coinmarketcap.com is a pricing aggregator, as the principal market or most advantageous market is not always known. The Partnership believes any price difference amongst the principal market and an aggregated price to be immaterial.

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-

Galaxy Digital LP

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20. FINANCIAL INSTRUMENTS, DIGITAL ASSETS AND RISK (continued)

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 Loss on Digital Assets	Net Unrealized 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.

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20. FINANCIAL INSTRUMENTS, DIGITAL ASSETS AND RISK (continued)

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 Volume-weighted average of trading prices Control adjustments Marketability adjustments 	<ul style="list-style-type: none"> Prior prices of subject preferred stock Selected valuation multiples 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

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20. FINANCIAL INSTRUMENTS, DIGITAL ASSETS AND RISK (continued)

Industry

As of June 30, 2018, detail of the industry composition of the Partnership's investments, other than cryptocurrency and pre-ICO investments, is as follow:

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.

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, receivables and note receivable 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. The Partnership limits its credit risk with respect to its receivables and note receivable by transacting with credit worthy counterparties that are believed to have sufficient capital to meet their obligations as they come due. As of each reporting period, the Partnership assesses if there may be expected credit losses requiring recognition of a loss allowance. 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

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20. FINANCIAL INSTRUMENTS, DIGITAL ASSETS AND RISK (continued)

Interest Rate Risk (continued)

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 (Note 14).

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 (Note 7).

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.

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21. RELATED PARTY TRANSACTIONS

Contribution of assets

On January 9, 2018, GGI contributed assets to the Partnership, with a fair value of approximately \$302.0 million. 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	51,534,040
Warrants/Trust Units	307,760
Digital Assets Sold Short	(62,248,474)
Total	\$ 302,007,218

Due to related party

On February 7, 2018, the Partnership entered into the RLA with GGI (Note 14).

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, Galaxy Digital Services LLC ("GDS"), a wholly-owned subsidiary of Galaxy LP (Note 2) 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

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21. RELATED PARTY TRANSACTIONS (continued)

Employment related (continued)

effective May 1, 2018 which were similar in substance to the previous employment agreements between GIP and the Partnership's employees.

Sublease

GIP, which has leased the office space located on the 7th and 8th floors of 107 Grand Street, New York, New York 10013, has entered into a sublease with GDS to occupy the 8th floor on the same terms as the master lease (Note 22).

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.

22. COMMITMENTS AND CONTINGENCIES

Sublease

As of June 30, 2018, the Partnership had commitments under an operating sublease (Note 21). 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 (Note 17). 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.

Investment commitments

As of June 30, 2018, the Partnership was obligated to three portfolio companies to fund up to \$25.1 million, of which \$Nil was funded subsequent to period end.

Equity Compensation Plan

On March 1, 2018, the Partnership contingently awarded Galaxy Digital Holdings LP ("GDH LP") (Note 25) 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 (Note 24 and 25). For each award, 25% of the compensatory B Units awarded vest annually beginning six months following the date of grant.

Galaxy Digital LP

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Six Months Ended June 30, 2018

(Expressed in US Dollars)

(Unaudited)

22. COMMITMENTS AND CONTINGENCIES (continued)

Equity Compensation Plan (continued)

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 (Note 25), 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 (Note 25), 25,986,000 options were granted.

Indemnification

The Partnership has provided standard representations for agreements and customary indemnification for claims and legal proceedings. Insurance has been purchased to mitigate certain of these risks. Generally, there are no stated or notional amounts included in these indemnifications and the contingencies triggering the obligation for indemnification are not expected to occur. Furthermore, often counterparties to these transactions provide comparable indemnifications. The Partnership is unable to develop an estimate of the maximum payout under these indemnifications for several reasons. In addition to the lack of a stated or notional amount in a majority of such indemnifications, it is not possible to predict the nature of events that would trigger indemnification or the level of indemnification for a certain event. The Partnership believes, however, that the possibility of making any material payments for these indemnifications is remote. As of June 30, 2018 and December 31, 2017, there was no liability accrued under these arrangements.

In the ordinary course of business, the Partnership and its subsidiaries are threatened with, named as defendants in, or made parties to pending and potential legal actions. We do not believe that the ultimate outcome of these and any outstanding matters will have a material effect upon our financial position, results of operations or cash flows.

23. CAPITAL MANAGEMENT

The Partnership’s objectives when managing capital are to safeguard its ability to continue as a going concern, to meet the capital needs of its ongoing operations, and to maintain a flexible capital structure which optimizes the cost of capital. The Partnership considers current economic conditions as well as the risk profile of its portfolio and overall business when managing its capital structure. The Partnership has an ongoing process whereby actual expenditures and cash needs are compared against budgets to ensure that there is sufficient capital on hand to meet ongoing obligations. As of June 30, 2018, the Partnership had \$204.7 million in partners’ capital and is expecting incremental capital in the near term from private placement proceeds raised under the Arrangement (Note 24). The Partnership has the flexibility to acquire or dispose of assets, and to issue debt or equity to adjust its capital structure in the future. The Partnership is not subject to externally imposed capital requirements other than described in Note 13, nor were there any changes to the Partnership’s approach to capital management during the six months ended June 30, 2018.

Galaxy Digital LP

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Six Months Ended June 30, 2018

(Expressed in US Dollars)

(Unaudited)

24. PROPOSED TRANSACTION

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

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-V under the symbol “BMR”.

On completion, pursuant to policies of the TSX-V, the Arrangement 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 Arrangement 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 appoint new members to its board of directors to manage its minority investment in the operating partnership on an ongoing basis.

Following the completion of the Arrangement: (i) the current principals and owners of Galaxy LP 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 GDH LP as its only significant asset.

On February 14, 2018, Bradmer announced the closing of a partially-brokered Private Placement offering of 60,969,746 subscription receipts at a price of C\$5.00 per subscription receipt. The Private Placement was considered an arm’s length financing and raised an aggregate of approximately C\$305 million of proceeds. These proceeds are being held in escrow until such time of release upon satisfying all the conditions under the Arrangement. The net proceeds 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.

25. SUBSEQUENT EVENTS

On July 31, 2018, the Arrangement (Note 24) was completed among Galaxy LP, Bradmer and First Coin under the provisions of the Business Corporations Act (Ontario). The Arrangement 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.

Galaxy Digital LP

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Six Months Ended June 30, 2018

(Expressed in US Dollars)

(Unaudited)

25. SUBSEQUENT EVENTS (continued)

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.

Upon closing of the Arrangement, the Partnership repaid the entire principal balance and accrued interest outstanding under the RLA with GGI (Note 14). 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.

Additionally, upon closing of the Arrangement, the Partnership closed its short position used to minimize its exposure on the portion of the financing proceeds denominated in Canadian dollars (Note 7).