

Form 51-102F3
MATERIAL CHANGE REPORT

- Item 1. Name and Address of Reporting Issuer
- Bradmer Pharmaceuticals Inc. (“Bradmer” or the “Company”)
Wildeboer Dellelce Place
Suite 800 365 Bay Street
Toronto ON, M5H 2V1
- Item 2. Date of Material Change
- July 25, 2018
- Item 3. News Release
- A news release announcing the material change referred to in this report was disseminated by Galaxy on July 25, 2018 through CNW Group and subsequently filed on the System for Electronic Document Analysis and Retrieval (SEDAR).
- Item 4. Summary of Material Change
- On July 25, 2018, Galaxy Digital LP, a party to the plan of arrangement among the Company, Galaxy Digital and First Coin Capital Corp., announced its First Quarter 2018 financial results and provided operational and business updates.
- Item 5. Full Description of Material Change
- See attached financial statements and related MD&A provided by Galaxy for inclusion in this Report.
- Item 6. Reliance on subsection 7.1(2) of National Instrument 51-102
- Not applicable.
- Item 7. Omitted Information
- No information has been omitted on the basis that it is confidential information.
- Item 8. Executive Officer
- Paul Van Damme, the Chief Financial Officer of Bradmer, is knowledgeable about the material change and may be reached at: 1.416.847.6905
- Item 9. Date of Report
- July 25, 2018

Scheduled A

See Attached Financial Statements and MD&A



Galaxy Digital LP

Consolidated Financial Statements

For the Three Months Ended March 31, 2018 and
the Period from Formation on November 30, 2017 to December 31, 2017
(Expressed in US Dollars)

INDEPENDENT AUDITORS' REPORT

To the Managing Member of
Galaxy Digital GP LLC in its capacity as general partner of Galaxy Digital LP

We have audited the accompanying consolidated financial statements of Galaxy Digital LP, which comprise the consolidated statements of financial position as at March 31, 2018 and December 31, 2017 and the consolidated statements of comprehensive income (loss), changes in partners' capital and cash flows for the three months ended March 31, 2018 and the period from formation on November 30, 2017 to December 31, 2017, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Galaxy Digital LP as at March 31, 2018 and December 31, 2017 and its financial performance and its cash flows for the three months ended March 31, 2018 and the period from formation on November 30, 2017 to December 31, 2017 in accordance with International Financial Reporting Standards.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

July 23, 2018



Galaxy Digital LP

Consolidated Statements of Financial Position (Expressed in US Dollars)

	March 31, 2018	December 31, 2017
Assets		
Current assets		
Cash	\$ 41,826,458	\$ 32,098,217
Digital assets (Note 5)	104,389,852	22,650,240
Investments (Note 6)	121,414,216	-
Receivables (Note 7)	5,014,942	-
Due from broker (Note 8)	3,012,305	-
Deferred financing costs (Note 9)	2,927,647	-
Prepaid expenses and deposits (Note 10)	2,938,946	-
	<u>281,524,366</u>	<u>54,748,457</u>
Property and equipment (Note 11)	<u>184,447</u>	<u>-</u>
Total assets	<u>\$ 281,708,813</u>	<u>\$ 54,748,457</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 12)	\$ 10,266,491	\$ 1,011,795
Digital assets sold short (Note 13)	14,249,496	-
Due to related party (Note 14)	78,794,924	42,650,240
Due to exchange (Note 15)	8,652,468	9,344,613
Total liabilities	<u>111,963,379</u>	<u>53,006,648</u>
Partners' capital	<u>169,745,434</u>	<u>1,741,809</u>
Total liabilities and partners' capital	<u>\$ 281,708,813</u>	<u>\$ 54,748,457</u>

Nature and continuance of operations (Note 1)
 Commitments and contingencies (Note 22)
 Proposed transaction (Note 24)
 Subsequent events (Note 25)

The consolidated financial statements were authorized for issuance by the Managing Member of Galaxy Digital GP LLC on July 23, 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 consolidated financial statements

Galaxy Digital LP

Consolidated Statements of Comprehensive Income (Loss) (Expressed in US Dollars)

	Three months ended March 31, 2018	For the period from formation on November 30, 2017 to December 31, 2017
Income		
Advisory fees	\$ 29,911	\$ -
Net realized gain (loss) on digital assets	(13,526,843)	1,495,597
Other income	20,747	-
	(13,476,185)	1,495,597
Operating expenses		
Compensation and compensation related (Note 16)	6,307,582	815,000
General and administrative (Note 17)	2,207,623	277,947
Professional fees (Note 18)	1,774,900	-
Interest (Note 14)	658,754	135,962
	(10,948,859)	(1,228,909)
Net unrealized gain (loss) on digital assets	(85,540,413)	1,475,121
Net unrealized loss on investments	(24,038,136)	-
	(109,578,549)	1,475,121
Net comprehensive income (loss) for the period	\$ (134,003,593)	\$ 1,741,809

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

Galaxy Digital LP

Consolidated Statements of Changes in Partners' Capital (Expressed in US Dollars)

	<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	(134,003,593)	-	(134,003,593)
Partners' capital, March 31, 2018	\$ 169,745,434	\$ -	\$ 169,745,434

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

Galaxy Digital LP

Consolidated Statements of Cash Flows (Expressed in US Dollars)

	Three months ended March 31, 2018	For the period from formation on November 30, 2017 to December 31, 2017
Operating activities		
Net comprehensive income (loss)	\$ (134,003,593)	\$ 1,741,809
Adjustments for:		
Depreciation	1,669	-
Interest	658,754	135,962
Net realized (gain) loss on digital assets	13,526,843	(1,495,597)
Net unrealized (gain) loss on digital assets	85,540,413	(1,475,121)
Net unrealized losses on investments	24,038,136	-
Changes in operating assets and liabilities:		
Net proceeds of digital assets	15,362,039	2,970,718
Receivables	(5,014,942)	-
Due from broker	(3,012,305)	-
Prepaid expenses and deposits	(2,205,810)	-
Accounts payable and accrued liabilities	5,812,991	875,833
Due to exchange	(692,145)	9,344,613
Net cash provided by operating activities	12,050	12,098,217
Investing activities		
Purchase of property and equipment	(186,116)	-
Purchase of investments	(48,892,617)	-
Net cash used in investing activities	(49,078,733)	-
Financing activities		
Borrowings from related party	58,794,924	20,000,000
Net cash provided by financing activities	58,794,924	20,000,000
Net increase in cash	9,728,241	32,098,217
Cash, beginning of period	32,098,217	-
Cash, end of period	\$ 41,826,458	\$ 32,098,217
Supplemental disclosure of cash flow information and non-cash financing activities:		
Cash paid during the period for:		
Interest	\$ -	\$ -
Taxes	\$ -	\$ -
Non-cash financing activities:		
Contribution of assets (Note 21)	\$ 302,007,218	\$ -
Due to related party - digital assets	\$ -	\$ 22,395,400
Deferred financing costs outstanding in accounts payable and accrued liabilities (Note 9)	\$ 2,927,647	\$ -
Prepaid interest paid in digital assets	\$ 877,832	\$ -
Reclassification between investments and digital assets	\$ 295,000	\$ -
Reclassification from related party loan to contribution of assets	\$ 22,650,240	\$ -

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

Galaxy Digital LP

Notes to the Consolidated Financial Statements
For the Three Months Ended March 31, 2018
(Expressed in US Dollars)

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 is to be completed by way of a plan of arrangement under the provisions of the Business Corporations Act (Ontario) (Note 24).

These consolidated 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 March 31, 2018, the Partnership had cash of \$41.8 million and partners’ capital of \$169.7 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 consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as published by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These consolidated financial statements were approved by the Managing Member of Galaxy GP and authorized for issuance on July 23, 2018.

Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value (Note 3) and digital assets which are measured at fair value less cost to sell.

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

Galaxy Digital LP

Notes to the Consolidated Financial Statements
For the Three Months Ended March 31, 2018
(Expressed in US Dollars)

2. BASIS OF PRESENTATION (continued)

Functional and Presentation Currency

These consolidated 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 consolidated 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 March 31, 2018, and December 31, 2017, the Partnership's subsidiaries are as follows:

Subsidiary	Place of Incorporation	March 31, 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 Lending LLC	Delaware	100%	100%
Galaxy EOS VC Fund GP LLC	Cayman	100%	N/A
Galaxy Digital Benchmark Crypto Index Fund GP LLC	Cayman	100%	N/A

Scope of financial statements

These consolidated 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 consolidated 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.

Galaxy Digital LP

Notes to the Consolidated Financial Statements
For the Three Months Ended March 31, 2018
(Expressed in US Dollars)

2. BASIS OF PRESENTATION (continued)

Use of estimates and judgments

The preparation of the consolidated 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 judgements as to its accounting policies and the application thereof, which is disclosed in the notes to these consolidated 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, apart from those involving estimations, that have the most significant effect on the amounts recognized in the Partnership's consolidated financial statements are as follows:

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 digital assets and investments are measured using the cost, market or income approaches (see Note 20 for further detail). The determination of fair value requires significant judgement by Galaxy LP. Galaxy LP maintains a valuation policy which requires an appointed Valuation Committee (the "VC"), which is composed of employees of the Company, to act in good faith to fair value its investments and digital assets 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 and digital assets 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

Galaxy Digital LP

Notes to the Consolidated Financial Statements
For the Three Months Ended March 31, 2018
(Expressed in US Dollars)

2. BASIS OF PRESENTATION (continued)

Derivative (continued)

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 March 31, 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:

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. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been consistently applied to all periods presented in these consolidated financial statements, unless otherwise indicated.

Cash

Cash and cash equivalents may include cash on hand, demand deposits and short-term highly liquid investments that are readily into known amounts of cash, with maturities of 90 days or less when acquired. As of March 31, 2018, and December 31, 2017, the Partnership did not classify any balances as cash equivalents.

Galaxy Digital LP

Notes to the Consolidated Financial Statements
For the Three Months Ended March 31, 2018
(Expressed in US Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 necessary.

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. Interest income is recorded on an accrual basis.

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.

Galaxy Digital LP

Notes to the Consolidated Financial Statements
For the Three Months Ended March 31, 2018
(Expressed in US Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

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 (Note 22) 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.

Galaxy Digital LP

Notes to the Consolidated Financial Statements
For the Three Months Ended March 31, 2018
(Expressed in US Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

These 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 these consolidated financial statements.

4. 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.

Galaxy Digital LP

Notes to the Consolidated Financial Statements
For the Three Months Ended March 31, 2018
(Expressed in US Dollars)

4. NEW ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS (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 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.

5. 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 March 31, 2018 and December 31, 2017:

	March 31, 2018	December 31, 2017
Cryptocurrency:		
Unrestricted	\$ 99,644,335	\$ 22,650,240
Restricted	4,745,517	-
	\$ 104,389,852	\$ 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.

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5. 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 consolidated statements of comprehensive income (loss).

6. 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 March 31, 2018 and December 31, 2017:

	March 31, 2018	December 31, 2017
Pre-ICO	\$ 3,396,962	\$ -
Preferred Stock	18,775,000	-
Common Stock	56,421,342	-
LP/LLC Interests	42,591,842	-
Convertible Notes	100,000	-
Warrants/Trust Units	129,070	-
	\$ 121,414,216	\$ -

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 later 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.

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7. RECEIVABLES

	March 31, 2018	December 31, 2017
Due from exchange (i)	\$ 4,999,980	\$ -
Other	14,962	-
	\$ 5,014,942	\$ -

(i) During March 2018, one of the exchanges on which the Partnership actively trades cryptocurrencies was the victim of a hacking incident due to compromised communications, and \$5.0 million of the Partnership's funds were temporarily frozen until the transaction was able to be reversed, resulting in a \$5.0 million receivable as of March 31, 2018. Subsequent to period end, the Partnership recovered the \$5.0 million.

8. DUE FROM BROKER

	March 31, 2018	December 31, 2017
Due from broker	\$ 41,831,315	\$ -
Due to broker	(38,819,010)	-
Net	\$ 3,012,305	\$ -

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\$50.0 million. A 0.78 US/C foreign currency rate resulted in a \$38.8 million due to broker, net of commissions, and a \$41.8 million due from broker as of March 31, 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.

9. DEFERRED FINANCING COSTS

The Partnership has incurred legal fees of approximately \$2.9 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).

10. PREPAID EXPENSES AND DEPOSITS

	March 31, 2018	December 31, 2017
Investment deposit (i)	\$ 2,000,000	\$ -
Prepaid interest (ii)	733,135	-
Prepaid payroll funding and deposit	205,811	-
	\$ 2,938,946	\$ -

(i) In connection with an investment in preferred stock that was completed by the Partnership subsequent to period end, a \$2.0 million deposit was required to be made and held in escrow until the closing of the transaction.

(ii) 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 March 31, 2018, the Partnership had prepaid interest in the amount of \$0.7 million covering the period from April 1, 2018 to June 15, 2018.

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11. PROPERTY AND EQUIPMENT

	Furniture & Fixtures	Office Equipment	Computer Equipment	Leasehold Improvements	Total
Balance as at December 31, 2017	\$ -	\$ -	\$ -	\$ -	\$ -
Additions	15,912	15,971	112,406	41,827	186,116
Depreciation	(132)	(222)	(1,315)	-	(1,669)
Balance as at March 31, 2018	\$ 15,780	\$ 15,749	\$ 111,091	\$ 41,827	\$ 184,447

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2018	December 31, 2017
Professional fees (i)	\$ 4,441,147	\$ -
Compensation and compensation related	3,947,395	815,000
Insurance	735,000	-
Interest	650,019	135,962
Other	492,930	60,833
	\$ 10,266,491	\$ 1,011,795

(i) Includes approximately \$2.9 million of legal fees which are considered deferred financing costs (Note 9).

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 over a twelve-month period in four installments at an interest rate of 12.0% per annum, payable in such cryptocurrency. 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 March 31, 2018, the \$14.2 million digital assets sold short balance was comprised of the cryptocurrency borrowed, net of trading activity.

Realized gains and losses in the consolidated 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", which was subsequently amended - Note 25) 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 completed 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. As of March 31, 2018, the Partnership owed an aggregate of \$79.4 million to GGI under the RLA, consisting of \$78.8 million principal and \$0.6 million accrued interest which is included in accounts payable and accrued liabilities. 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 Partnership intends to repay the entire balance upon closing of the Arrangement.

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15. DUE TO EXCHANGE

The Partnership has been extended a \$35.0 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 March 31, 2018 and December 31, 2017, the Partnership had \$8.7 million and \$9.3 million, respectively, borrowed in connection with this arrangement.

16. COMPENSATION AND COMPENSATION RELATED

	Three months ended March 31, 2018	For the period from formation on November 30, 2017 to December 31, 2017
Base compensation and accrued bonuses	\$ 5,093,006	\$ -
Payroll taxes	509,323	-
Placement fees	430,000	-
Benefits	169,396	-
Consulting	99,067	815,000
Temporary staff	6,790	-
	<u>\$ 6,307,582</u>	<u>\$ 815,000</u>

17. GENERAL AND ADMINISTRATIVE

	Three months ended March 31, 2018	For the period from formation on November 30, 2017 to December 31, 2017
Insurance	\$ 735,000	\$ -
Trading fees	483,976	212,717
Technology	182,667	37,000
Occupancy	171,867	-
Travel and entertainment	108,400	-
Fund administration	98,792	22,833
Compliance	72,500	-
Public relations	60,000	-
Other	294,421	5,397
	<u>\$ 2,207,623</u>	<u>\$ 277,947</u>

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18. PROFESSIONAL FEES

	Three months ended March 31, 2018	For the period from formation on November 30, 2017 to December 31, 2017
Legal	\$ 1,000,000	\$ -
Audit	500,000	-
Valuations	149,900	-
Tax	125,000	-
	\$ 1,774,900	\$ -

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 5).

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 6).

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.

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19. REPORTABLE SEGMENTS (continued)

Certain selected revenue and expenses, assets and liabilities, by each of the reportable segments for the three months ended March 31, 2018 is as follows:

	Trading	Principal Investing	Asset Management	Advisory	Corporate and Other	Totals
Income						
Advisory fees	\$ -	\$ -	\$ 19,444	\$ 10,467	\$ -	\$ 29,911
Net realized loss on digital assets	(13,526,843)	-	-	-	-	(13,526,843)
Other income	20,747	-	-	-	-	20,747
Total income	(13,506,096)	-	19,444	10,467	-	(13,476,185)
Compensation related	1,803,429	856,467	914,477	369,569	2,363,640	6,307,582
General and administrative	988,326	189,526	194,580	146,567	688,624	2,207,623
Professional fees	31,999	117,901	-	-	1,625,000	1,774,900
Interest	264,038	394,716	-	-	-	658,754
Total operating expenses	3,087,792	1,558,610	1,109,057	516,136	4,677,264	10,948,859
Net unrealized gain (loss) on digital assets	(85,570,904)	30,491	-	-	-	(85,540,413)
Net unrealized gain (loss) on investments	(1,103,690)	(22,934,446)	-	-	-	(24,038,136)
	(86,674,594)	(22,903,955)	-	-	-	(109,578,549)
Net comprehensive loss	\$(103,268,482)	\$ (24,462,565)	\$ (1,089,613)	\$ (505,669)	\$ (4,677,264)	\$(134,003,593)
Assets						
Cash	\$ 41,674,062	\$ -	\$ -	\$ -	\$ 152,396	\$ 41,826,458
Digital assets	103,931,562	458,290	-	-	-	104,389,852
Investments	450,070	120,964,146	-	-	-	121,414,216
Receivables	4,999,980	-	-	-	14,962	5,014,942
Due from broker	-	-	-	-	3,012,305	3,012,305
Deferred financing costs	-	-	-	-	2,927,647	2,927,647
Prepaid expenses and deposits	733,135	2,000,000	-	-	205,811	2,938,946
Property and equipment	-	-	-	-	184,447	184,447
	\$ 151,788,809	\$ 123,422,436	\$ -	\$ -	\$ 6,497,568	\$ 281,708,813

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19. REPORTABLE SEGMENTS (continued)

Select statement of financial position information

The fair value of each asset class by reporting segment as of March 31, 2018 is as follows:

	Trading	Principal Investing	Asset Management	Advisory	Corporate and Other	Totals
Digital assets:						
Cryptocurrency	\$ 103,931,562	\$ 458,290	\$ -	\$ -	\$ -	\$104,389,852
Investments:						
Pre-ICO	-	3,396,962	-	-	-	3,396,962
Preferred Stock	-	18,775,000	-	-	-	18,775,000
Common Stock	321,000	56,100,342	-	-	-	56,421,342
LP/LLC Interests	-	42,591,842	-	-	-	42,591,842
Convertible Notes	-	100,000	-	-	-	100,000
Warrants/Trust Units	129,070	-	-	-	-	129,070
	\$ 104,381,632	\$ 121,422,436	\$ -	\$ -	\$ -	\$225,804,068

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

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	\$ 98,225,848	\$ -	\$ 6,164,004	\$ 104,389,852
Pre-ICO	-	3,396,962	-	3,396,962
Preferred Stock	-	9,475,000	9,300,000	18,775,000
Common Stock	321,000	43,800,342	12,300,000	56,421,342
Limited Partnership/Limited Liability Company Interests	750,000	6,000,000	35,841,842	42,591,842
Convertible Notes	-	100,000	-	100,000
Warrants/Trust Units	121,000	-	8,070	129,070
Digital Assets Sold Short	(14,249,496)	-	-	(14,249,496)
	\$ 85,168,352	\$ 62,772,304	\$ 63,613,916	\$ 211,554,572

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

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

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 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 three months ended March 31, 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 March 31, 2018
Cryptocurrency	\$ -	\$ 70,500,276	\$ 142,600	\$(3,650,010)	\$ (287,118)	\$ (54,383,444)	\$(6,158,300)	\$ 6,164,004
Pre-ICO	-	-	-	-	-	-	-	-
Preferred Stock	-	13,800,000	-	-	-	(4,500,000)	-	9,300,000
Common Stock	-	25,924,973	-	-	-	(10,119,556)	(3,505,417)	12,300,000
LP/LLC Interests	-	44,784,040	-	-	-	(8,942,198)	-	35,841,842
Convertible Notes	-	-	-	-	-	-	-	-
Warrants/Trust Units	-	43,960	-	-	-	(35,890)	-	8,070
Total Digital Assets and Investments	\$ -	\$155,053,249	\$ 142,600	\$(3,650,010)	\$ (287,118)	\$ (77,981,088)	\$(9,663,717)	\$63,613,916

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

The carrying values of the Partnership's cash, receivables, due from broker, 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 for the three months ended March 31, 2018:

Category	Valuation Methods & Techniques	Key Inputs
Cryptocurrency	- Volume-weighted average of trading prices - Marketability adjustments - Black-Scholes model - Liquidity adjustments	- Current trading prices of subject cryptocurrencies - Selected volatilities of subject cryptocurrencies - Selected discounts for lack of marketability/liquidity
Pre-ICO	Prior transactions method	Prior prices of subject pre-ICO cryptocurrencies
Preferred Stock	- Prior transactions method - Comparable transactions method - Volume-weighted average of trading prices - Control adjustments - Marketability adjustments	- 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	- Prior transactions method - Public closing price - Marketability adjustments	- 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	- Prior transactions method - Comparable transactions method - Value provided by subject company	- Prior prices of subject LP/LLC interests - Value provided by subject company
Warrants/Trust Units	- Public closing price - Black-Scholes model	- 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 March 31, 2018, detail of the industry composition of the Partnership's investments, other than cryptocurrency and pre-ICO investments, is as follow:

Industry	March 31, 2018	# of Investments
Other (Cryptocurrency and Pre-ICO)	48%	24
Finance	23	9
High Tech Industries	22	5
Services: Business	4	1
Banking	3	1
Utilities: Electric	<1	1
Media: Diversified and Production	<1	1
Total	100%	42

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 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 March 31, 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 March 31, 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 (Note 14).

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20. FINANCIAL INSTRUMENTS AND RISK (continued)

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 March 31, 2018, approximately 40% of the Partnership's portfolio was in liquid, actively traded cryptocurrency that is able to 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 8).

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 March 31, 2018, managements 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 +/- \$12.1 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 are not indicative of their future price performance.

As of March 31, 2018, managements estimate of the effect on partners' capital to a +/- 10% change in the market prices of the Partnership's digital assets, with all other variables held constant, is +/- \$10.4 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 months ended March 31, 2018 is as follows:

	Three months ended March 31, 2018	For the period from formation on November 30, 2017 to December 31, 2017
Base compensation and accrued bonuses*	\$ 1,979,413	\$ -
Benefits	73,517	-
Total	\$ 2,052,930	\$ -

*Includes approximately \$1.2 million 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 effective May 1, 2018 which were similar in substance to the previous employment agreements between GIP and the Partnership's employees.

Galaxy Digital LP

Notes to the Consolidated Financial Statements
For the Three Months Ended March 31, 2018
(Expressed in US Dollars)

21. RELATED PARTY TRANSACTIONS (continued)

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 March 31, 2018, a senior member of the Partnership's management team also serves as a director for a company with which Galaxy LP holds an investment.

22. COMMITMENTS AND CONTINGENCIES

Sublease

As of March 31, 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 months ended March 31, 2018, \$0.2 million of rent expense was included in general and administrative expenses (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 March 31, 2018, the Partnership was obligated to four portfolio companies to fund up to \$11.6 million, of which \$9.9 million was funded subsequent to period end.

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 (Note 24). For each award, 25% of the compensatory B Units awarded vest annually beginning six months following the date of grant. There are 30,996,000 B Units available to be awarded under the equity compensation plan.

Galaxy Digital LP

Notes to the Consolidated Financial Statements
For the Three Months Ended March 31, 2018
(Expressed in US Dollars)

22. COMMITMENTS AND CONTINGENCIES (continued)

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 completion of the proposed transaction (Note 24). For each award, 25% of the options awarded vest annually, in equal installments, from date of grant. 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.

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 March 31, 2018 and December 31, 2017, there was no liability accrued under these arrangements.

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 March 31, 2018, the Partnership had \$169.7 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 three months ended March 31, 2018.

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 Galaxy Digital Holdings LP (“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.

Galaxy Digital LP

Notes to the Consolidated Financial Statements
For the Three Months Ended March 31, 2018
(Expressed in US Dollars)

24. PROPOSED TRANSACTION (continued)

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 (the "Private Placement") 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.

If the Arrangement is not completed by August 13, 2018, the subscription receipts will be cancelled, and proceeds will be required to be returned to receipt holders. If the escrow funds are insufficient to reimburse the receipt holders, Galaxy LP and First Coin will contribute such amounts necessary to satisfy the shortfall on a 97.5% and 2.5% respective basis.

25. SUBSEQUENT EVENTS

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 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 \$50 million. The entire Loan amount was advanced on May 17, 2018 and remains outstanding.

On June 13, 2018, the Partnership upsized its \$100 million RLA by \$30 million to a maximum borrow of \$130 million (Note 14). The upsize was to provide the Partnership additional capital to fund its operations and prospective investments until such time that the Private Placement proceeds are released from escrow (Note 24), at which time the Partnership intends to repay the entire outstanding balance. As of the audit report date, the Partnership owed an aggregate \$111.4 million to GGI under the RLA, consisting of \$109.4 million of outstanding principal and \$2.0 million of accrued interest.



Galaxy Digital LP
Management's Discussion and Analysis

July 23, 2018

Introduction

This Management's Discussion and Analysis ("MD&A"), dated July 23, 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 July 23, 2018, and is intended to supplement and complement the Partnership's audited consolidated financial statements for the three months ended March 31, 2018 ("Q1 2018"). This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations ("NI -51-102"). The consolidated 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 Q1 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.

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 March 31, 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 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 (through its services subsidiary, Galaxy Digital Services LLC ("GDS")) has 55 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 will enable 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 intends to continue 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 will include 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 ranges from 0.5% to 3% 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 will develop and seek to bridge the gap between technology and markets. The team will support 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.

On 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 \$50 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 intends to prepare and disclose the Audited Statements and file the undertaking referred to in paragraph (c) above in accordance with the deadlines required. In any event, the Arrangement will not close unless and until all conditions of the Relief have been satisfied.

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 is now 5:00 p.m. (Toronto time) on August 13, 2018. The Resulting Issuer has received conditional approval to list on the TSX-V, subject to completion of the transaction and certain other conditions, which it expects to do in early August 2018 under the ticker “GLXY”.

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 areas of the firm.

On January 9, 2018 (the “Date of Contribution”), the Asset Contribution took place, which the Partnership intends to be used in its trading and principal investment businesses. See **Asset Contribution** within **Transactions with related parties** elsewhere in this MD&A for details on the Asset Contribution.

- Trading
 - In the first quarter of 2018, 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 first quarter of 2018, 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
 - In the first quarter, the principal investments team continued deploying principal capital across attractive strategic investment opportunities. Galaxy LP has made new and add-on investments since the Date of Contribution, including investments in a diversified financial institution, a leading market share blockchain technology and equipment developer, a regulatory focused information service provider, and number of emerging blockchain projects.
- Asset Management
 - In 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.

- o Additionally, on June 5, 2018, GDCM launched the previously announced \$325 million venture capital fund focused on investing in companies building on the EOS.IO blockchain protocol.
- Advisory
 - o In the first quarter of 2018, the advisory business began providing technical and management consulting services for blockchain use case ideation and technical implementation.

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 March 31, 2018 (amounts expressed in US\$):

	As at January 9, 2018	As at March 31, 2018	Percent Change
Cryptocurrency Market Capitalization ⁽¹⁾	\$739,208	\$267,472	(63.8%)
Bitcoin Price ⁽²⁾	\$14,595	\$6,974	(52.2%)
Ether Price ⁽²⁾	\$1,300	\$396	(69.5%)

(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, liquid markets had become overextended in late Q4 2017 and early Q1 2018 which prompted an eventual cyclical retracement in asset prices during most of Q1 2018. The market capitalization of the space grew from \$18.3 billion on January 1, 2017 to roughly \$614.0 billion on December 31, 2017, representing a 33.6x change over the period.^[1] Following the sizable growth and acceleration in asset prices, the markets retraced to \$267.5 billion on March 31, 2018 after investors began to take profits, selling pressure from 2017 capital gains tax liabilities mounted, and regulatory uncertainty increased.

Trading volumes declined throughout the quarter as asset prices declined. Cryptocurrency asset volumes declined from \$34.2 billion on December 31, 2017 to \$12.0 billion on March 31, 2018. The decline in the amount and value

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

of cryptocurrency being traded on a daily basis has made it a more difficult environment for all of our trading businesses. In addition, 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 will be 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 March 31, 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.

All of the above advances should lead to wider adoption of blockchain and cryptocurrencies. This adoption should lead to increased volumes and prices, which should benefit all of 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.

Select Annual Information

	Three months ended March 31, 2018	From formation on November 30, 2017 to December 31, 2017
Total assets	\$ 281,708,813	\$ 54,748,457
Partners' capital	169,745,434	1,741,809
Long term liabilities	-	-
Income	(13,476,185)	1,495,597
Expenses	(10,948,859)	(1,228,909)
Comprehensive income (loss)	(134,003,593)	1,741,809

As the Partnership was formed on November 30, 2017 and commenced operations on December 6, 2017, the Partnership has not yet completed its first full year of operations. Refer to discussions below for a detailed analysis of significant changes during the three months ended March 31, 2018.

Discussion of Operations for the Three Months ended March 31, 2018

The first quarter of 2018 was the Partnership's first full quarter of operations.

As at March 31, 2018, the Partnership had total assets of \$281,708,813 (December 31, 2017 - \$54,748,457) comprising current assets of \$281,524,366 (December 31, 2017 - \$54,748,457) and long-term assets of \$184,447 (December 31, 2017 - \$nil). The increase in assets was primarily attributable to the \$302 million Asset Contribution, proceeds from borrowings under the Revolving Loan Agreement (the "RLA" – see **Liquidity and Capital Resources** below), and proceeds from the sale of CAD\$50.0 million of exposure as also described under **Liquidity and Capital Resources** below, offset, in part, by decreases in the fair value of digital assets during the period and the result of first quarter operations.

As of March 31, 2018, the Partnership had total liabilities of \$111,963,379 (December 31, 2017 - \$53,006,648), all of which are current liabilities. The increase in liabilities was primarily attributable to borrowings under the RLA which increased to \$78,794,924 as of March 31, 2018, as well as the \$14,249,496 of digital assets sold short as part of the Asset Contribution, and an increase in accounts payable and accrued liabilities.

Partners' capital increased to \$169,745,434 at March 31, 2018 from \$1,741,809 at December 31, 2017 as a result of the aforementioned factors.

For Q1 2018, the Partnership recorded a net loss of \$134,003,593. The Partnership had not issued distinct shares as of March 31, 2018, and as a result, "per-share" disclosures are not applicable.

For Q1 2018, the Partnership recorded total income of (\$13,476,185) comprising advisory fees of \$29,911, net realized loss on digital assets of \$13,526,843 and other income of \$20,747. Income recognized was related to the Partnership's reportable segments as follows:

	Trading	Principal Investing	Asset Management	Advisory	Corporate and Other	Totals
Income						
Advisory fees	\$ -	\$ -	\$ 19,444	\$ 10,467	\$ -	\$ 29,911
Net realized loss on digital assets	(13,526,843)	-	-	-	-	(13,526,843)
Other income	20,747	-	-	-	-	20,747
Total income	\$ (13,506,096)	\$ -	\$ 19,444	\$ 10,467	\$ -	\$ (13,476,185)

The Partnership recorded net unrealized losses on digital assets of \$85,540,413 and net unrealized losses on investments of \$24,038,136 in Q1 2018.

Expenses for Q1 2018 were as follows:

	<u>2018</u>	<u>% of total</u>
Compensation and compensation related	\$ 6,307,582	58%
General and administrative	2,207,623	20%
Professional fees	1,774,900	16%
Interest	658,754	6%
Total expenses	\$ 10,948,859	100%

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 would 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 would adversely affect the Partnership's results of operations.

Additional MD&A Disclosure

Partners' capital contained in the consolidated financial statements decreased by \$25.5 million compared to the unaudited March 31st amount published in the Information Circular dated May 14, 2018 due primarily to a valuation adjustment on one of our illiquid investments. The value reported in the Audited Statements represents the book value of one of our illiquid investments. 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 the illiquid investment, 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 of that illiquid investment, as such, it is currently expected that the Q2 consolidated financial statements will reflect a value as at June 30, 2018 that is comparable to the value reported in the Information Circular. Additionally, in the third quarter there was an investment in the same illiquid investment to further corroborate the second quarter valuation.

Select Quarterly Information

The Partnership was formed on November 30, 2017 and commenced operations on December 6, 2017. Refer to **Select Annual Information** elsewhere in this MD&A as this information represents the results from the Partnership's first two quarters of operations.

Liquidity and Capital Resources

As of March 31, 2018, the Partnership had partners' capital of \$169,745,434, compared to partners' capital of \$1,741,809 as of December 31, 2017. This increase in capital is primarily due to the \$302,007,218 Asset Contribution, offset in part by the results of operations for the three months ended March 31, 2018.

	March 31, 2018	December 31, 2017
Total assets	\$281,708,813	\$ 54,748,457
Total liabilities	(111,963,379)	(53,006,648)
Partners' capital	<u>\$169,745,434</u>	<u>\$1,741,809</u>

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 as discussed below. See **Transactions with related parties** for a further discussion of the RLA. The RLA provides liquidity which can be utilized by the Partnership to increase its portfolio of digital assets or otherwise expand the business.

As discussed in **Proposed Transactions** elsewhere in this MD&A, 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. The Partnership intends to use the proceeds of the private placement to repay the RLA and to provide funds to operate its businesses.

A portion of the proceeds received into escrow were denominated in "CAD". To minimize the Partnership's exposure to movements in the CAD vs. USD, the Partnership posted \$3.0 million of margin with a broker and entered into a short sale of CAD\$50.0 million at a foreign currency exchange rate of 0.78 USD/CAD. This resulted in a \$38.8 million short position, net of commissions, and a \$41.8 million due from broker balance as of March 31, 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.

At March 31, 2018, the Company had cash of \$41.8 million and partners' capital of \$169.7 million. The Partnership also had \$90.1 million of net digital assets at March 31, 2018 (\$104.4 million of digital assets less \$14.2 million digital assets sold short). Management believes that the Partnership has sufficient financial resources to maintain its operations and activities for the upcoming year.

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.

Off-balance sheet arrangements

The Partnership may provide for commitments to portfolio companies for investments in existing or new assets. As of March 31, 2018, the Partnership had obligations to four existing portfolio companies for \$11.6 million, of which \$9.9 million 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 March 31, 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 as discussed earlier in this MD&A. Each borrowing is unsecured, and accrues simple interest at 5% per annum on the unpaid principal amount. As of March 31, 2018, the Partnership owed an aggregate of \$79.4 million to GGI under the RLA, consisting of \$78.8 million of outstanding principal and \$0.6 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. As of the date that this MD&A was available to be filed, the Partnership owed an aggregate \$111.4 million to GGI under the RLA, consisting of \$109.4 million of outstanding principal and \$2.0 million of accrued interest.

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	\$ 302,007,218

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. See Change in Accounting Policies including Initial Adoption below for a discussion of the Partnership's accounting policies for Digital assets and 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 months ended March 31, 2018 is as follows:

	Three months ended March 31, 2018	For the period from formation on November 30, 2017 to December 31, 2017
Salaries and accrued bonuses	\$ 1,979,413	\$ -
Benefits	73,517	-
Total	\$ 2,052,930	\$ -

*Includes approximately \$1.2 million 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

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

Other

As of March 31, 2018, a senior member of the Partnership's management team also serves as a director for a company with which Galaxy LP holds an investment.

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.

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.

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 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	\$ 98,225,848	\$ -	\$ 6,164,004	\$ 104,389,852
Pre-ICO	-	3,396,962	-	3,396,962
Preferred Stock	-	9,475,000	9,300,000	18,775,000
Common Stock	321,000	43,800,342	12,300,000	56,421,342
Limited Partnership/Limited Liability Company Interests	750,000	6,000,000	35,841,842	42,591,842
Convertible Notes	-	100,000	-	100,000
Warrants/Trust Units	121,000	-	8,070	129,070
Digital Assets Sold Short	(14,249,496)	-	-	(14,249,496)
	\$ 85,168,352	\$ 62,772,304	\$ 63,613,916	\$ 211,554,572

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 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 based 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 investments 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 three months ended March 31, 2018:

	Fair Value at December 31, 2017	Contribution	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 March 31, 2018
Cryptocurrency	\$ -	\$ 70,500,276	\$ 142,600	\$(3,650,010)	\$ (287,118)	\$ (54,383,444)	\$ (6,158,300)	\$ 6,164,004
Pre-ICO	-	-	-	-	-	-	-	-
Preferred Stock	-	13,800,000	-	-	-	(4,500,000)	-	9,300,000
Common Stock	-	25,924,973	-	-	-	(10,119,556)	(3,505,417)	12,300,000
LP/LLC Interests	-	44,784,040	-	-	-	(8,942,198)	-	35,841,842
Convertible Notes	-	-	-	-	-	-	-	-
Warrants/Trust Units	-	43,960	-	-	-	(35,890)	-	8,070
Total Digital Assets and Investments	\$ -	\$155,053,249	\$ 142,600	\$(3,650,010)	\$ (287,118)	\$ (77,981,088)	\$ (9,663,717)	\$ 63,613,916

The carrying values of the Partnership's cash, receivables, due from broker, 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 for the three months ended March 31, 2018.

Category	Valuation Methods & Techniques	Key Inputs
Cryptocurrency	- Volume-weighted average of trading prices - Marketability adjustments - Black-Scholes model - Liquidity adjustments	- Current trading prices of subject cryptocurrencies - Selected volatilities of subject cryptocurrencies - Selected discounts for lack of marketability/liquidity
Pre-ICO	Prior transactions method	Prior prices of subject pre-ICO cryptocurrencies

Category	Valuation Methods & Techniques	Key Inputs
Preferred Stock	• Prior transactions method • Comparable transactions method • Volume-weighted average of trading prices • Control adjustments • Marketability adjustments	• Prior prices of subject preferred • Selected valuation multiples • Current trading prices of certain cryptocurrencies • Selected discounts for lack of control • Selected discount for lack of marketability • EBIT of subject company
Common Stock	• Prior transactions method • Public closing price • Marketability adjustments	• 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	• Prior transactions method • Comparable transactions method • Value provided by subject company	• Prior prices of subject LP/LLC interests • Value provided by subject company
Warrants/Trust Units	• Public closing price • Black-Scholes model	• Public closing prices of subject securities • Selected volatility of underlying trust units

Industry

As of March 31, 2018, detail of the industry composition of the Partnership's investments, other than cryptocurrency and pre-ICO investments, is as follow:

Industry	March 31, 2018	# of Investments
Other (Cryptocurrency and Pre-ICO)	48%	24
Finance	23	9
High Tech Industries	22	5
Services: Business	4	1
Banking	3	1
Utilities: Electric	<1	1
Media: Diversified and Production	<1	1
Total	100%	42

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 currency 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 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 March 31, 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 March 31, 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 March 31, 2018, approximately 40% of the Partnership's portfolio was in liquid, actively traded cryptocurrency that is able to 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 private placement 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 March 31, 2018, managements 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 +/- \$12.1 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 required. A decline in the market prices for digital assets could negatively impact the Partnership's future operations. The Company 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 performances of digital assets are not indicative of their future price performances.

As of March 31, 2018, managements estimate of the effect on partners' capital to a +/- 10% change in the market prices of the Partnership's digital assets, with all other variables held constant, is +/- \$10.4 million.

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 consolidated financial statements for the period ended March 31, 2018, represents the financial position of the Partnership and do not include the other assets, liabilities, income and expenses of the partner. Income taxes are the responsibility of the partner and not Galaxy LP.

As of March 31, 2018 and July 23, 2018, the Partnership had not issued distinct shares, therefore, additional share disclosure is not applicable. However, during the three months ended March 31, 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 30,996,000 B Units available to be awarded under the Equity Compensation Plan.

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 completion of the proposed transaction. For each award, 25% of the options awarded vest annually, in equal installments, from date of grant. 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.

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 certifying officers 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.