



GALAXY
D I G I T A L

Galaxy Digital Holdings Ltd.
(formerly Bradmer Pharmaceuticals Inc.)
Management's Discussion and Analysis

November 26, 2018

Introduction

This Management's Discussion and Analysis ("MD&A"), dated November 26, 2018, relates to the financial condition and results of operations of Galaxy Digital Holdings Ltd. ("GDH Ltd." or together with its subsidiary, the "Company") as of November 26, 2018, and is intended to supplement and complement the Company's condensed consolidated interim financial statements for the three and nine months ended September 30, 2018 ("Q3 2018"). The Company's only significant asset is a minority interest in Galaxy Digital Holdings LP ("GDH LP" or the "Partnership"), an operating partnership that intends to build a full-service merchant banking business in the cryptocurrency and blockchain space (See Transaction section). GDH LP has separately filed its condensed consolidated interim financial statements and MD&A for the three and nine months ended September 30, 2018 which are available on the Company's SEDAR profile at www.sedar.com. **The Company's MD&A should be read in conjunction with GDH LP's financial statements and MD&A. The Company has included GDH LP's MD&A as an appendix to this MD&A.**

This MD&A, when read in conjunction with GDH LP's MD&A, was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations ("NI 51-102"). The condensed consolidated interim financial statements and MD&A are presented in U.S. dollars, unless otherwise noted and have been prepared in accordance with International Financial Reporting Standards ("IFRS"). In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results presented for Q3 2018 are not necessarily indicative of the results that may be expected for any future period.

The Company'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 Company, 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 Company'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 Company'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 Company, its subsidiary, and affiliates (including GDH LP) since the Information Circular dated May 14, 2018, which is available on the Company's SEDAR profile 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

GDH Ltd., formerly Bradmer Pharmaceuticals Inc. ("Bradmer"), was originally formed and incorporated under the Business Corporations Act (Ontario) on February 10, 2006 by the amalgamation of a private company, Blue Devil Pharmaceuticals Inc., and a predecessor company also named Bradmer Pharmaceuticals Inc. By the end of 2009 and up to the date of the closing of the Arrangement (as defined in the Transaction section below), all significant business activities and operations of Bradmer had been terminated.

Upon the closing of the Arrangement, on July 31, 2018, the Company continued out of the Province of Ontario to become a company existing under the laws of the Cayman Islands. The Company's principal address is 107 Grand Street, 8th Floor, New York, New York, 10013.

GDH Ltd.'s ordinary shares are publicly listed on the Toronto Stock Exchange's Venture Exchange (the "TSX-V") under the symbol "GLXY" (formerly "BMR" on the NEX Board of the TSX-V).

The Company is a holding company as its only significant asset is a minority interest in GDH LP. GDH LP intends to build a full-service merchant banking business in the cryptocurrency and blockchain space, 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 services.

The Partnership is a limited partnership formed under the laws of the Cayman Islands on May 11, 2018. Galaxy Digital Holdings GP LLC ("GDH GP" or the "General Partner"), is a limited liability company incorporated under the laws of the Cayman Islands on July 26, 2018 and serves as the general partner of the Partnership. Galaxy Group Investments LLC ("GGI"), a Delaware limited liability company, which is owned by the Chief Executive Officer (CEO) of the Company, is the sole LLC member of the General Partner and the majority owner of the Partnership, as of September 30, 2018.

The Partnership's principal address is 107 Grand Street, 8th Floor, New York, New York, 10013. The Partnership also has offices in Tokyo, Japan, London, England, Hong Kong, New Jersey and the Cayman Islands (registered office).

As of date of filing, the Partnership has 77 full-time employees.

Transaction

On January 9, 2018, Galaxy Digital LP ("Galaxy LP") entered into a letter of intent (the "Letter of Intent") with 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 "Transaction") was intended to result in Galaxy LP and First Coin combining to form GDH LP, an operating partnership that would be managed by Galaxy LP'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.

Galaxy LP, the personal investing business of Michael Novogratz, the CEO of the Company, undertook the 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 was viewed an important step in the evolution of Galaxy LP's lifecycle, which would provide 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.

Galaxy LP 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 Services.

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, Galaxy LP's in-house, quantitative development team continues to build and expand its proprietary infrastructure and trading strategies, initially focused on cross-exchange arbitrage opportunities. The Trading business leverages deep trading and technology experience to create a suite of market neutral trading strategies across a variety of crypto assets and exchanges. The Trading business has strong exchange and banking relationships which enables it to move capital and assets efficiently to exploit cross-market opportunities. Additionally, the Trading business manages a macro strategy of liquid and semi-liquid cryptocurrency and related asset investing that is deeply integrated with its principal investing, giving both business segments a competitive advantage over other market participants.
2. **Principal Investments:** The principal investing business has a diverse portfolio of private principal investments across the blockchain ecosystem, including early- and later-stage equity, pre-ICO contributions, and other structured alternative investments, which were contributed to Galaxy LP 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. Galaxy LP continues to make selective principal investments across the ecosystem using capital raised from the Transaction, as well as recycling capital from existing investments upon realization.
3. **Asset Management:** The Asset Management business manages capital on behalf of third parties in exchange for management fees and performance-based compensation. Such third-party capital includes capital managed via Galaxy LP sponsored investment funds. The Asset Management business' differentiating factors are its long-tenured institutional experience managing third party capital across various traditional asset classes, its brand name, a highly critical focus on risk management and compliance, strong relationships with key counterparties and a deep connectivity throughout the blockchain and cryptocurrency ecosystem. At this time, management fees generally earned by the Asset Management business range from 0.5% to 2.5% of assets under management, and performance-based compensation or "carry" has been structured to fall within 15% to 25%.
4. **Advisory Services:** The Advisory Services business partners with high quality businesses operating in and around the blockchain ecosystem. The Advisory Services business offers the full spectrum of advisory services, including, but not limited to: general corporate advisory, mergers and acquisition (M&A), transaction advisory, restructuring and capital raising.

Upon completion, pursuant to the policies of the TSX-V, the Transaction would result in the reactivation of the listing of Bradmer, which was an NEX-listed issuer. It was anticipated that Bradmer would complete a consolidation of its common shares in advance and as a condition to the completion of the Transaction and continue out of the Province of Ontario to become a company existing under the laws of the Cayman Islands. In addition, it was anticipated that Bradmer would 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 Transaction: (i) the current principals and owners of Galaxy LP and First Coin would continue to hold direct controlling equity interests in the going-forward operating partnership, which would generally be economically equivalent to those held by Bradmer but would be exchangeable, from time to time, into common shares of the Resulting Issuer, and (ii) the Resulting Issuer would be a holding company with its minority equity interest in the Partnership as its only significant asset.

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

On February 14, 2018, Galaxy LP entered into a definitive arrangement agreement (the "Arrangement Agreement") between Galaxy LP, Bradmer and First Coin, in respect of the Transaction which was 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, Galaxy LP and First Coin would combine to form GDH LP. Bradmer would acquire and hold a minority investment in GDH LP, and, upon completion of the Arrangement, was 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 (“C\$”) (the “Offering”) of approximately 61.0 million subscription receipts (the “Subscription Receipts”) at a price of C\$5.00 per Subscription Receipt (the “Subscription Price”) for gross proceeds of approximately C\$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, would 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) were expected to hold an indirect interest of approximately 19.6% in the operating partnership (through the Resulting Issuer), with Galaxy LP and its employees holding approximately 78.6% and First Coin shareholders holding approximately 1.8%, which interests would be exchangeable into an equivalent interest in the Resulting Issuer.

On May 14, 2018, Galaxy LP entered into a promissory note with First Coin, whereby Galaxy LP 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 would bear no interest until such date that the Arrangement was terminated. Thereafter, the Loan would bear simple interest at a rate of 5% per annum payable at maturity. The loan would mature on May 18, 2020 but would be payable within fifteen days if the borrower completed an equity or debt financing greater than \$5 million. The entire Loan amount was advanced on May 17, 2018.

The Offering

Pursuant to the terms of an agency agreement among Galaxy LP, 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 C\$305 million. Such gross proceeds, less a specified proportion of the Agent’s fees and certain expenses of the Agent (the “Escrowed Proceeds”), were 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 would be released to the Agent out of the Escrowed Funds and the balance of the Escrowed Funds would 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 would have been satisfied or waived;
- (b) all shareholder approvals required for the Arrangement would have been received;
- (c) all regulatory approvals (including stock exchange approvals) required for and in connection with the Arrangement would 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 were satisfied or waived and that the Arrangement would 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 would be exempt from the prospectus and registration statement requirements of applicable securities laws and the shares would 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) would have been conditionally approved by the TSX-V and all conditions precedent to such listing, other than the release of the Escrowed Funds, would have been satisfied or waived; and

(g) Bradmer, Galaxy LP and the Agent would 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 were satisfied was referred to as the “Escrow Release Date”, which, for greater certainty, would have been no later than 120 days following completion of the Offering (the “Termination Date”), except as might be extended in accordance with the terms of the Subscription Receipts.

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

Under the terms of the Agency Agreement, the Agent was 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 had as conditions that the completion of the Arrangement and the listing and trading of the common shares of Bradmer on the TSX-V would not occur unless and until:

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

(b) Galaxy LP had 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 would 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 would have provided and filed on 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 would treat GDH LP as a subsidiary; however, if generally accepted accounting principles (“GAAP”) used by the Reporting Issuer prohibited 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) represented a significant asset of the Reporting Issuer, Galaxy LP would provide separate audited annual financial statements and interim financial reports, prepared in accordance with the same GAAP as Galaxy LP’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 would require its insiders to file insider trading reports in respect of securities of Galaxy LP; (c) GDH LP would issue a press release and deliver to Galaxy LP 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 Galaxy LP, if Galaxy LP did not issue such press release and file such material change report; and (d) GDH LP would annually certify that it had complied with such undertaking and file the certificate on SEDAR concurrently with the filing by Galaxy LP of its annual financial statements.

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

Shareholder Meeting and Subscription Receiptholder Meeting

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

On June 11, 2018, Bradmer announced that the meeting of the holders of Subscription Receipts of Bradmer to be held on June 13, 2018 to consider and, if deemed advisable, pass an extraordinary resolution to extend the release deadline among Galaxy LP, Bradmer, First Coin, GMP Securities L.P. and TSX Trust Company had 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 had been approved by instrument in writing and the "Release Deadline" set out in the Subscription Receipt Agreement was extended to 5:00 p.m. (Toronto time) on August 13, 2018. The Resulting Issuer received conditional approval to list on the TSX-V, subject to completion of the transaction and certain other conditions, which it did in early August 2018 under the ticker "GLXY".

Closing of Arrangement

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

On completion of the Arrangement on July 31, 2018:

- Galaxy LP and First Coin became wholly owned subsidiaries of GDH LP.
 - Galaxy Group Investments LLC ("GGI"), the sole limited partner of Galaxy LP, transferred its full limited partnership interest in Galaxy LP and its ownership interest in Galaxy Digital GP LLC ("Galaxy GP") shares, the general partner of Galaxy LP, to GDH LP in exchange for 213,696,000 Class B Units.
 - GDH LP acquired 100% of the issued share capital of First Coin. The transaction meets the definition of a business combination between the entities.
- Bradmer acquired a minority equity interest in GDH LP. The funds used to purchase the interest was raised through a partially-brokered private placement offering completed by Bradmer on February 14, 2018 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. On completion of the Arrangement, the net proceeds plus accrued interest of \$229,212,647 was released from escrow in exchange for the issuance of Class A Units in GDH LP.
- As a condition to the completion of the Arrangement, Bradmer had completed a consolidation of its common shares in advance and, on completion of the Arrangement, continued out of the Province of Ontario to become a company existing under the laws of the Cayman Islands. Furthermore, pursuant to policies of the TSX-V, the Arrangement resulted in the reactivation of the listing of Bradmer, which was an NEX-listed issuer, under the name Galaxy Digital Holdings Ltd. and ticker GLXY.
- GDH Ltd. appointed new members to its board of directors to manage its minority investment in the operating partnership on an ongoing basis.
- GDH LP, Galaxy Digital Holdings GP LLC ("GDH GP" or the General Partner), GDH Ltd., GDH Intermediate LLC (a wholly owned subsidiary of GDH Ltd. established as a tax-efficient blocker corporation or similar entity for US tax purposes) entered into a second amended and restated limited partnership agreement (as amended from time to time, the "LPA").

Following the completion of the Arrangement: (i) the principals and owners of Galaxy LP and First Coin held direct controlling equity interests in GDH LP through the ownership of Class B Units, which are generally economically equivalent to Class A Units held by GDH Ltd. but are exchangeable, from time to time, into ordinary shares of GDH Ltd., and (ii) GDH Ltd. became a holding company, as its only significant asset is its minority equity interest in GDH LP.

Certain key terms of the LPA include the following:

- *Units* - there are two classes of partnership interests ("Units"): Class A Units, which are held by GDH Ltd., and Class B Units, which are held by GGI and other Class B limited partners.
- *Issuance of Additional Units* - the General Partner will not cause the Partnership to issue any additional Class B Units unless (i) the General Partner determines there is a bona fide business or strategic reason to raise equity capital through the issuance of Class B Units, provided that the aggregate amount of Class B Units that may be issued is less than or equal to 70,000,000 or GDH Ltd. board of directors approves such issuance.
- *Allocations of Income, Gain, Loss, Deduction and Credit* - each item of income, gain, loss, deduction and credit will generally be allocated pro-rata between Class A Units and Class B Units.
- *Issuances and redemptions of common stock of GDH Ltd.* - If GDH Ltd. issues any of its ordinary shares, the General Partner will, only if either (i) the General Partner has consented to such issuance or (ii) the issuance receives approval by the limited partners holding the majority of Units, cause the Partnership to issue to GDH Ltd., in exchange for GDH Ltd. promptly contributing the net cash proceeds of the issuance to the Partnership, a number of Class A Units equal to the number of or shares issued. Upon the redemption, repurchase, or other acquisition of ordinary shares by GDH Ltd., the Partnership will, at substantially the same time as the redemption, repurchase or acquisition, redeem or cancel Class A Units equal to the number of ordinary shares redeemed, repurchased or acquired for an amount equal to the net cash amount paid by the GDH Ltd. for such redemption, repurchase, or other acquisition.
- *Exchanges of Class B Units* - A Class B limited partner may exchange vested Class B Units for ordinary shares of GDH Ltd. On exchange, GDH Ltd. will issue ordinary shares and the General Partner will cancel the Class B Units exchanged and issue Class A Units to GDH Ltd. equal to the number of Class B Units being surrendered.
- *Removal of General Partner* - The General Partner may generally be removed by the limited partners holding at least 66 2/3% of the outstanding Units.
- *Reimbursable Expenses* - All expenses reasonably incurred by GDH Ltd. in the conduct of its business, including fees related to professional advisors, required or advisable licenses and filings, and meetings and compensation of directors, will be reimbursable by GDH LP. For the three and nine months ended September 30, 2018, GDH LP paid \$0.25 million on behalf of GDH Ltd. which has been included in general and administrative expenses on the statement of comprehensive loss.
- *General Partner Board* - As long as GDH Ltd. owns more than 10% of the outstanding Units, GDH Ltd. will have the right to appoint one person to the board of the General Partner.

The foregoing summary is qualified in its entirety by the full text of the LPA which is available on the Company's SEDAR profile at www.sedar.com.

Financial Highlights & Results

<i>\$'s in millions</i>	Three months ended September 30, 2018	Nine months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2017
Cash	\$ —	\$ —	\$ 0.3	\$ 0.3
Investment in associate	218.8	218.8	—	—
Total liabilities	0.0	0.0	0.1	0.1
Total assets	218.8	218.8	0.3	0.3
Shareholders' equity	218.8	218.8	0.2	0.2
Other loss	(15.2)	(15.2)	0.0	0.0
Operating expenses	0.4	(0.2)	0.0	(0.1)
Loss	(14.8)	(15.4)	0.0	(0.1)
Loss and comprehensive loss for the period	(14.8)	(15.2)	(0.2)	(0.4)

* 2017 balance sheet amounts presented above are as of December 31, 2017.

- As of September 30, 2018, total assets stood at \$218.8 million, an increase of \$218.5 million from September 30, 2017. The increase was primarily a result of the \$229.2 million of placement proceeds received from the Offering in connection with the closing of the Arrangement. The Offering proceeds were used to purchase a minority interest in GDH LP.
- Other loss was \$15.2 million for the three and nine months ended September 30, 2018 due primarily to the Company's share of net loss from its investment in GDH LP.
- The Company's total expenses increased from \$0.1 million for the nine months ended September 30, 2017 to \$0.2 million for the nine months ended September 30, 2018 due primarily to higher legal fees as a result of the Arrangement. For the three months ended September 30, 2018, the credit balance in total expenses reflects a reversal of legal fees initially accrued relating to the Arrangement and reimbursement of expenses by GDH LP (see Liquidity and Capital Resources).
- The Loss and comprehensive loss increased to \$14.8 million and \$15.2 million, respectively, for the three and nine months ended September 30, 2018, due primarily to the Company's share of loss from its investment in GDH LP.
- As the only significant asset of the Company is its minority interest in GDH LP, the results of the Company will be driven by the results of GDH LP. For additional information on the results of GDH LP, see Quarterly Highlights and Results, Performance by Reportable Segment, and the Financial Instruments, Digital Assets and Risk sections of GDH LP's MD&A, which is filed as an appendix to the GDH Ltd. MD&A.**
- As indicated in the Liquidity and Capital Resources section, the Company is dependent on financial support from GDH LP, who has the obligation to reimburse the Company for all reasonable operational expenses per the LPA.

Other

Information for the eight quarters has been presented in accordance with IFRS. The net loss for the quarters ended June 30, 2018 and March 31, 2018 were primarily due to legal expenses incurred in connection with the Arrangement.

The net loss for the periods prior to December 31, 2017 was not deemed material, as the Company was then seeking a business transaction and did not have any significant activities.

<i>\$'s in millions</i>	Quarter Ended September 30, 2018	Quarter Ended June 30, 2018	Quarter Ended March 31, 2018	Quarter Ended December 31, 2017
Net Loss	\$ (14.8)	\$ (0.33)	\$ (0.27)	\$ (0.01)

<i>\$'s in millions</i>	Quarter Ended September 30, 2017	Quarter Ended June 30, 2017	Quarter Ended March 31, 2017	Quarter Ended December 31, 2016
Net Loss	\$ (0.04)	\$ (0.04)	\$ (0.03)	\$ (0.02)

Discussion of Operations & Operational Highlights

The Company is a holding company as its only significant investment is a minority interest in GDH LP. As the Company will account for its investment under the equity method (i.e. initially recognize the investment at cost and then subsequently increase or decrease the investment to recognize the Company's share of earnings and losses of GDH LP and for impairment losses, if any, after the initial recognition date), the results of GDH LP will significantly impact the Company's performance. For additional information on the operations and operational highlights and financial results of GDH LP, see Discussion of Operations and Operational Highlights, and Quarterly Highlights sections of GDH LP's MD&A, which is filed as an appendix to GDH Ltd.'s MD&A.

Financial Instruments and Other Risk

The Company is exposed to minimal financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. As at September 30, 2018, the Company is not exposed to credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and financial support from GDH LP. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities, as applicable. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. Furthermore, under the LPA, GDH LP is responsible for reimbursing the Company for all reasonable operating expenses. Therefore, the Company is not currently exposed to significant liquidity risk.

Interest rate risk

The Company is not currently exposed to significant interest rate risk.

Foreign exchange risk

The Company's functional currency and the reporting currency is the US dollar. Periodically the Company incurs charges on its operations for settlement in currencies other than its functional currency and any gain or loss arising on such transactions is recorded in operations for the period. The Company is not currently exposed to significant foreign exchange risk.

Commodity and market risk

The Company's investment in GDH LP is impacted by GDH LP's investments in digital assets as well as private companies, both of which may be subject to significant changes in value. The Company seeks to minimize potential adverse effects of these risks on performance by ensuring that the risk management at GDH LP appropriately addresses these risks by, for example, employing experienced personnel, daily monitoring of the Partnership's investments and digital assets and review of the Partnership's investment objectives.

For additional information on GDH LP exposure to financial instruments and other risks, see Financial Instruments, Digital Assets and Risk section of GDH LP MD&A, which is filed as an appendix to the GDH Ltd. MD&A.

Liquidity and Capital Resources

2018

On February 14, 2018, the Company announced the closing of a Private Placement offering of approximately 61.0 million subscription receipts at a price of C\$5.00 per subscription receipt for gross proceeds of approximately C\$305 million, which was held in escrow until the closing of the Arrangement. Upon closing of the Arrangement, \$229.2 million of net proceeds from the Private Placement was released from escrow and the proceeds were used to purchase a minority interest in GDH LP. The Private Placement proceeds of \$229.2 million reflect net proceeds of approximately \$228.4 million and approximately \$0.8 million of interest earned.

As of September 30, 2018, the Company did not have any commitment for capital expenditures.

2017

The Company's operational activities for the nine months ended September 30, 2017 were financed by cash on hand. At September 30, 2017, the Company had working capital of approximately \$296,000, compared to approximately \$382,000 at December 31, 2016. The Company had available cash of approximately \$316,000 (C\$395,000) as at September 30, 2017, compared to cash of approximately \$414,000 (C\$556,000) as at December 31, 2016. The approximately \$98,000 decrease in cash was due to the \$110,000 net loss and the \$12,000 increase in non-cash working capital, offset by \$24,000 of foreign currency adjustments.

Financial support

As the Company is a holding company, it is dependent on GDH LP to fund its operating expenses. In accordance with the LPA, GDH LP will reimburse or pay for all reimbursable expenses of GDH Ltd. or its subsidiary, GDH Intermediate LLC. The reimbursable expenses include all expenses reasonably incurred by GDH Ltd. or its subsidiary in the conduct of their business, including fees related to professional advisors, required or advisable licenses and filing, and directors fees. For the three months and nine months ended September 30, 2018, GDH LP paid \$0.25 million on behalf of GDH Ltd.

For additional information on the liquidity and capital resources of GDH LP, see Liquidity and Capital Resources section of the GDH LP MD&A, which is filed as an appendix to the GDH Ltd. MD&A.

Off-balance sheet arrangements

As of September 30, 2018, the Company did not have any off-balance sheet arrangements, other than the financial support mentioned in the Liquidity and Capital Resources section, that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, without limitation, such considerations as liquidity and capital resources that have not been previously been discussed.

Financial and Administrative Services

Effective July 1, 2011, Bradmer entered into an agreement with Wildlaw Capital Markets Inc. ("WCM"), a related party of Wildeboer Dellelce LLP ("WD") (see Transactions with Related Parties section), to provide financial and administrative services for C\$6,000 per month. The agreement was terminated upon the closing of the Arrangement on July 31, 2018.

Financial Advisory Services

On August 11, 2011, Bradmer entered into an agreement with WCM as its exclusive financial advisor (i) in respect of any potential business transactions, including a merger, acquisition or reverse takeover; (ii) to complete a review of the Company's capital market strategy; and (iii) to provide advice with respect to the financing of any transaction.

As consideration for WCM providing the services hereunder, Bradmer agreed to pay to WCM in cash, equity or a combination of the two, a fee equal to:

- (a) if the gross value of the transaction is C\$100 million or less, an amount that is 3% of the gross value of such transaction; or

(b) if the gross value of the transaction is greater than C\$100 million but not in excess of C\$200 million, an amount that is equal to 2% of the gross value of the transaction; or

(c) if the gross value of the transaction is greater than C\$200 million, an amount that is equal to 1% of the gross value of the transaction.

If the transaction was not completed because an alternative transaction was entered into by Bradmer, Bradmer would pay to WCM, in cash, a fee equal to C\$100,000, together with all of WCM's expenses and disbursements incurred to the date of such agreement or transaction. Bradmer agreed to pay WCM C\$200,000, to be satisfied in shares of the Company, if the Arrangement was completed.

The Company canceled the agreement upon the completion of the Arrangement on July 31, 2018 and settled the terms of the agreement by issuing WCM 40,000 ordinary shares of the Company.

Commitments and Contingencies

GDH LP Class B Units

GDH LP has two classes of ownership interests: Class A Units and Class B Units. The units rank equally in all material respects, including from an economic and voting perspective, however under the terms of the LPA, Class B Units will, subject to certain limitations, be exchangeable for GDH Ltd. shares on a one-for-one basis.

During the period ended September 30, 2018 GDH LP issued the following Class B Units:

- 213,696,000 Class B Units to GGI;
- 5,319,618 Class B Units to First Coin shareholders; and
- 30,870,000 Class B Units awards under a GDH LP equity compensation plan, which are subject to a vesting schedule. These Class B Unit awards are comprised of 50% of subtype R units (Standard Units) and 50% of subtype P units (Profit Interest Units).

The vesting schedule of the Class B Units are as follows:

- Standard Units - vest 50% on each of February 1, 2019 and September 1, 2019. Once vested, each Standard Unit can be exchanged for one share of GDH Ltd. for no additional consideration.
- Profit Interest Units - vest 50% on each of September 1, 2020 and September 1, 2021. The Profit Interest Units are subject to a catch up period, whereby the capital accounts balance of a Profit Interest Unit must equal the capital account of a Standard Unit. Initially, the Profit Interest Units will have a capital balance of \$nil and will be adjusted upon certain events that trigger a mark-to-market of GDH LP's assets and pick-ups of income until the capital account of the Profit Interest Units equals C\$5. Once the Profit Interest Unit is fully caught up, each Profit Interest Unit can be exchanged for one share of GDH Ltd. for no additional consideration.

As at September 30, 2018, after accounting for cancellations (in connection with exchanges) and forfeitures, there were 248,187,631 Class B Units outstanding of which 215,884,410 were exercisable.

Stock Option Plan

The Company has a stock option plan (the "Plan") to grant options, which are exercisable into an equivalent amount of the Company's ordinary shares, to employees, officers, directors and consultants of GDH LP and its affiliates. The maximum number of shares reserved for issuance under the Plan shall not exceed 10% of the issued share capital of GDH Ltd. on a fully diluted basis.

A summary of stock options outstanding as at September 30, 2018 is as follows:

Grant Date/ Description	Number outstanding	Number exercisable	Exercise Price (C\$)	Expiry Date
July 31, 2018	24,978,000	—	5.00	July 23, 2023
September 4, 2018	700,000	—	5.00	July 23, 2023
September 10, 2018	148,000	—	5.00	July 23, 2023
	25,826,000	—		
First Coin Replacement Options	105,109	26,277	4.64	November 3, 2022
	21,022	5,256	4.64	November 14, 2022
	13,138	3,285	4.64	November 27, 2022
	15,766	2,628	4.64	January 22, 2023
	155,035	37,446		
Total	25,981,035	37,446		

Transactions with related parties

Compensation to key management personnel

Key management personnel include persons having the authority and responsibility for planning, directing and controlling the activities of the Company as a whole. Key management includes the Chief Executive Officer, Chief Financial Officer and directors of Bradmer till the closing of the Arrangement. Compensation provided to key management personnel for the nine months ended September 30, 2018 and 2017 is as follows:

	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Compensation included in General and administrative	28,169	41,353

Other

As of September 30, 2018, the Company's Chief Executive Officer (CEO) also served as a director for a company and was a member of the advisory board for two companies with which GDH LP holds investments in. The CEO of the Company is also, beneficially, the majority owner of GDH LP. **For additional information on transactions with related parties of GDH LP, see Transactions with Related Parties section in GDH LP MD&A, which is filed as an appendix to the GDH Ltd. MD&A.**

In accordance with the LPA, GDH LP will reimburse or pay for all reimbursable expenses of GDH Ltd. or its subsidiary, GDH Intermediate LLC.

The Company incurred legal fees of \$135,258 and \$19,400 during the nine months ended September 30, 2018 and 2017, respectively, to WD, a partnership in which one of the partners was a director of the Company until July 2013 and had continued as a consultant to the Company. During the three months ended September 30, 2018, the Company reversed the accrual recorded for legal fees as the final legal invoice was lower than initially accrued. As a result, the Company recorded a credit balance to General and administrative expenses for the three months ended September 30, 2018.

The Company also paid fees to WCM, a related company of WD by virtue of the partners of WD also being beneficial shareholders of WCM, for financial and administrative services in the amount of \$32,581 and \$41,300 during the nine months ended September 30, 2018 and 2017, respectively. In addition, on closing of the Arrangement, the Company issued WCM 40,000 ordinary shares.

WD or WCM are no longer considered related parties upon the completion of the Arrangement on July 31, 2018.

Change in Accounting Policies including Initial Adoption

The following accounting policies were adopted and applied in the Company's consolidated financial statements for the three months ended September 30, 2018.

Functional and Presentation Currency

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency determination was conducted through an analysis of the consideration factors identified in International Accounting Standard ("IAS") 21. The functional currency for the Company and its subsidiary is the United States dollar ("US dollar"). The presentation currency for the Company is US dollars.

The Company changed its function currency from Canadian dollar ("C\$") to US dollar effective July 31, 2018. After completion of the Transaction, the Company only significant asset is a minority interest in GDH LP. GDH LP's primary economic environment is the US, as its activities are driven mainly by the competitive forces and regulation in the US.

Prior to the completion of the corporate transaction, as the functional currency was different from the presentation currency the Company balances were translated into the presentation currency using an accounting policy consistent with that applied and disclosed in the Company's financial statements for the year ended December 31, 2017.

Foreign currency transactions are translated into the functional currency of the respective currency of the entity or division, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at period-end exchange rates are recognized in profit or loss. Non-monetary items that are not re-translated at period end are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value, which are translated using the exchange rates as at the date when fair value was determined. Gains and losses are recorded in the statement of loss and comprehensive loss.

Investment in associate

The Company accounts for its investment in its associate using the equity method. Under the equity method, the Company's investment in an associate is initially recognized at cost and subsequently increased or decreased to recognize the Company's share of earnings and losses of the associate and for impairment losses after the initial recognition date. The Company's share of an associate's losses that are in excess of its investment in the associate are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. The Company's share of earnings and losses of associates are recognized through profit or loss during the period. Distributions received from an associate are accounted for as a reduction in the carrying amount of the Company's investment in the associate.

Intercompany transactions between the Company and its associates are recognized only to the extent of unrelated investors' interests in the associates.

At the end of each reporting period, the Company assesses whether there is any objective evidence that an investment in an associate is impaired. Objective evidence includes observable data indicating that there is a measurable decrease in the estimated future cash flows of the associate's operations. When there is objective evidence that an investment in an associate is impaired, the carrying amount of such investment is compared to its recoverable amount, being the higher of its fair value less cost to sell and value in use (i.e. present value of its future cash flows). If the recoverable amount of an investment in associate is less than its carrying amount then an impairment loss is recognized in that period. When an impairment loss reverses in a subsequent period, the carrying amount of the investment in an associate is increased to the revised estimate of recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had an impairment loss not been previously recognized. A reversal of an impairment loss is recognized through profit or loss in the period that the reversal occurs.

New accounting policies

Effective January 1, 2018, the Company 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 Company adopted the standard retrospectively. IFRS 9 did not impact the measurement of financial assets and liabilities, but changed the classification of cash and amounts receivable and accounts payable and accrued liabilities to amortized cost classification.

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 Company'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 Company'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. The adoption of IFRS 15 on the Company'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 Company is currently evaluating the impact of IFRS 16 on its consolidated financial statements.

Share Capital

In connection with the closing of the Arrangement, GDH Ltd.'s share capital was consolidated on the basis of 126.38 pre-consolidation shares for each one share following the share consolidation. Prior to the Arrangement, Bradmer had 19,659,726 of common shares outstanding. Following the consolidation, Bradmer had 141,452 shares, after the cancellation of 14,108 common shares due to non-participating shareholders. In addition, outstanding subscription receipts raised in the February 2018 financing, automatically converted into 60,969,746 post-consolidation shares and the aggregate net proceeds from the Private Placement of \$229.2 million was released from escrow. Therefore, as a result, upon closing of the Arrangement, there were 61,111,198 common shares issued and outstanding.

As of September 30, 2018, after accounting for additional issuances during the period, there were 62,635,033 common shares issued and outstanding. As of November 26, 2018, there were 63,239,484 common shares issued and outstanding.

There were no share capital transactions during the period ended September 30, 2017.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

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

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

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

Management’s Responsibility for Financial Statements

The information provided in this report, including the condensed consolidated interim 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, if applicable, have been based on careful judgments and have been properly reflected in the condensed consolidated interim financial statements.

Appendix



GALAXY
DIGITAL

Galaxy Digital Holdings LP
Management's Discussion and Analysis
November 26, 2018

Introduction

This Management's Discussion and Analysis ("MD&A"), dated November 26, 2018, relates to the financial condition and results of operations of Galaxy Digital Holdings LP ("GDH LP" or the "Partnership") together with its subsidiaries as of November 26, 2018, and is intended to supplement and complement the Partnership's condensed consolidated interim financial statements for the three and nine months ended September 30, 2018 ("Q3 2018") and should be read in conjunction therewith. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations ("NI 51-102"). The condensed consolidated interim financial statements and MD&A are presented in U.S. dollars, unless otherwise noted and have been prepared in accordance with International Financial Reporting Standards ("IFRS"). In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results presented for Q3 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 and available on the SEDAR profile of GDH Ltd. (as defined below) at www.sedar.com. Readers are cautioned that such risk factors, uncertainties and other factors are not exhaustive. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. The forward-looking statements in this MD&A are applicable only as of the date of this MD&A or as of the date specified in the relevant forward-looking statement.

Additional Disclosure

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

Risks and Uncertainties

There have been no changes in the risk factors pertaining to the Partnership, and its subsidiaries and affiliates since the Information Circular dated May 14, 2018, which is available on GDH Ltd.'s SEDAR profile 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 May 11, 2018. Galaxy Digital Holdings GP LLC ("GDH GP" or the "General Partner"), is a limited liability company incorporated under the laws of the Cayman Islands on July 26, 2018 and serves as the general partner of the Partnership. Galaxy Group Investments LLC ("GGI"), a Delaware limited liability company which is owned by Mr. Novogratz, is the sole member of GDH GP and is majority owner of the Partnership, as of September 30, 2018.

The Partnership's principal address is 107 Grand Street, 8th Floor, New York, New York, 10013. The Partnership also has offices in Tokyo, Japan, London, England, Hong Kong, New Jersey and the Cayman Islands (registered office).

As of the date of this filing, the Partnership has 77 full-time employees.

The US dollar is the presentation currency for all periods presented. There have been no changes to the accounting principles applied for all periods presented (see Change in Accounting Policies including Initial Adoption).

Transaction

On January 9, 2018, Galaxy LP 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 "Transaction") was intended to result in Galaxy LP and First Coin combining to form GDH LP, an operating partnership that would be managed by Galaxy LP'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. Before the closing of the Transaction, Bradmer's shares were 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, undertook the 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 was viewed an important step in the evolution of Galaxy LP's lifecycle, which would provide 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.

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

2. Principal Investments: The principal investing business has a diverse portfolio of private principal investments across the blockchain ecosystem, including early- and later-stage equity, pre-ICO contributions, and other structured alternative investments, which were contributed to Galaxy LP 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. Galaxy LP continues to make selective principal investments across the ecosystem using capital raised from the Transaction, as well as recycling capital from existing investments upon realization.

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

4. Advisory Services: The Advisory Services business partners with high quality businesses operating in and around the blockchain ecosystem. The Advisory Services business offers the full spectrum of advisory services, including, but not limited to: general corporate advisory, mergers and acquisition (M&A), transaction advisory, restructuring and capital raising.

Upon completion, pursuant to the policies of the TSX-V, the Transaction would result in the reactivation of the listing of Bradmer, which was an NEX-listed issuer. It was anticipated that Bradmer would complete a consolidation of its common shares in advance and as a condition to the completion of the Transaction and continue out of the Province of Ontario to become a company existing under the laws of the Cayman Islands. In addition, it was anticipated that Bradmer would change its name to Galaxy Digital Holdings Ltd. ("GDH Ltd." or 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 Transaction: (i) the current principals and owners of Galaxy LP and First Coin would continue to hold direct controlling equity interests in the going-forward operating partnership, which would generally be economically equivalent to those held by Bradmer but would be exchangeable, from time to time, into common shares of the Resulting Issuer, and (ii) the Resulting Issuer would be a holding company with its minority equity interest in the Partnership as its only significant asset.

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

On February 14, 2018, Galaxy LP entered into a definitive arrangement agreement (the "Arrangement Agreement") between Galaxy LP, Bradmer and First Coin, in respect of the transaction among Galaxy LP, Bradmer and First Coin, which was 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, Galaxy LP and First Coin would combine to form GDH LP, an operating partnership that would be managed by the principals of Galaxy LP. Bradmer would acquire and hold a minority investment in GDH LP, and, upon completion of the Arrangement, was 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, would 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) were expected to hold an indirect interest of approximately 19.6% in the operating partnership (through the Resulting Issuer), with Galaxy LP and its employees holding approximately 78.6% and First Coin shareholders holding approximately 1.8%, which interests would be exchangeable into an equivalent interest in the Resulting Issuer.

On May 14, 2018, Galaxy LP entered into a promissory note with First Coin, whereby Galaxy LP 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 would bear no interest until such date that the Arrangement was terminated. Thereafter, the Loan would bear simple interest at a rate of 5%

per annum payable at maturity. The loan would mature on May 18, 2020 but would be payable within fifteen days if the borrower completed an equity or debt financing greater than \$5 million. The entire Loan amount was advanced on May 17, 2018.

The Offering

Pursuant to the terms of an agency agreement among Galaxy LP, 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”), were 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 would be released to the Agent out of the Escrowed Funds and the balance of the Escrowed Funds would 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 would have been satisfied or waived;
- (b) all shareholder approvals required for the Arrangement would have been received;
- (c) all regulatory approvals (including stock exchange approvals) required for and in connection with the Arrangement would 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 were satisfied or waived and that the Arrangement would 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 would be exempt from the prospectus and registration statement requirements of applicable securities laws and the shares would 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) would have been conditionally approved by the TSX-V and all conditions precedent to such listing, other than the release of the Escrowed Funds, would have been satisfied or waived; and
- (g) Bradmer, Galaxy LP and the Agent would 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 were satisfied was referred to as the “Escrow Release Date”, which, for greater certainty, would have been no later than 120 days following completion of the Offering (the “Termination Date”), except as might be extended in accordance with the terms of the Subscription Receipts.

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

Under the terms of the Agency Agreement, the Agent was 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 had as conditions that the completion of the Arrangement and the listing and trading of the common shares of Bradmer on the TSX-V would not occur unless and until:

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

(b) Galaxy LP had 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 would 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 would 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 would treat GDH LP as a subsidiary of the partnership; however, if generally accepted accounting principles (“GAAP”) used by the Reporting Issuer prohibited 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) represented a significant asset of the Reporting Issuer, Galaxy LP would provide separate audited annual financial statements and interim financial reports, prepared in accordance with the same GAAP as Galaxy LP’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 would require its insiders to file insider trading reports in respect of securities of Galaxy LP; (c) GDH LP would issue a press release and deliver to Galaxy LP 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 Galaxy LP, if Galaxy LP did not issue such press release and file such material change report; and (d) GDH LP would annually certify that it had complied with such undertaking and file the certificate on SEDAR concurrently with the filing by Galaxy LP of its annual financial statements.

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

Shareholder Meeting and Subscription Receiptholder Meeting

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

On June 11, 2018, Bradmer announced that the meeting of the holders of Subscription Receipts of Bradmer to be held on June 13, 2018 to consider and, if deemed advisable, pass an extraordinary resolution to extend the release deadline among Galaxy LP, Bradmer, First Coin, GMP Securities L.P. and TSX Trust Company had 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 had been approved by instrument in writing and the “Release Deadline” set out in the Subscription Receipt Agreement was extended to 5:00 p.m. (Toronto time) on August 13, 2018. The Resulting Issuer received conditional approval to list on the TSX-V, subject to completion of the transaction and certain other conditions, which it did in early August 2018 under the ticker “GLXY”.

Closing of Arrangement

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

On completion of the Arrangement on July 31, 2018:

- Galaxy LP and First Coin became wholly owned subsidiaries of GDH LP.
 - Galaxy Group Investments LLC (“GGI”), the sole limited partner of Galaxy LP, transferred its full limited partnership interest in Galaxy LP and its ownership interest in Galaxy Digital GP LLC (“Galaxy GP”) shares, the general partner of Galaxy LP, to GDH LP in exchange for 213,696,000 Class B Units.

- GDH LP acquired 100% of the issued share capital of First Coin. The transaction meets the definition of a business combination between the entities.
- Bradmer acquired a minority equity interest in GDH LP. The funds used to purchase the interest was raised through a partially-brokered private placement offering completed by Bradmer on February 14, 2018 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. On completion of the Arrangement, the net proceeds plus accrued interest of \$229,212,647 was released from escrow in exchange for the issuance of Class A Units in GDH LP. The amount represents net proceeds of \$228.4 million and approximately \$0.8 million of interest earned on placement proceeds in escrow.
- As a condition to the completion of the Arrangement, Bradmer had completed a consolidation of its common shares in advance and, on completion of the Arrangement, continued out of the Province of Ontario to become a company existing under the laws of the Cayman Islands. Furthermore, pursuant to policies of the TSX-V, the Arrangement resulted in the reactivation of the listing of Bradmer, which was an NEX-listed issuer, under the name Galaxy Digital Holdings Ltd. and ticker GLXY.
- GDH Ltd. appointed new members to its board of directors to manage its minority investment in the operating partnership on an ongoing basis.
- GDH LP, Galaxy Digital Holdings GP LLC ("GDH GP" or the General Partner), GDH Ltd., GDH Intermediate LLC (a wholly owned subsidiary of GDH Ltd. established as a tax-efficient blocker corporation or similar entity for US tax purposes) entered into a second amended and restated limited partnership agreement (as amended from time to time, the "LPA").

Following the completion of the Arrangement: (i) the principals and owners of Galaxy LP and First Coin held direct controlling equity interests in GDH LP through the ownership of Class B Units, which are generally economically equivalent to Class A Units held by GDH Ltd. but are exchangeable, from time to time, into ordinary shares of GDH Ltd., and (ii) GDH Ltd. became a holding company, as its only significant asset is its minority equity interest in GDH LP.

The key terms of the LPA include the following:

- *Units* - there are two classes of partnership interests ("Units"): Class A Units, which are held by GDH Ltd., and Class B Units, which are held by GGI and other Class B limited partners.
- *Issuance of Additional Units* - the General Partner will not cause the Partnership to issue any additional Class B Units unless (i) the General Partner determines there is a bona fide business or strategic reason to raise equity capital through the issuance of Class B Units, provided that the aggregate amount of Class B Units that may be issued is less than or equal to 70,000,000 or GDH Ltd. board of directors approves such issuance.
- *Allocations of Income, Gain, Loss, Deduction and Credit* - each item of income, gain, loss, deduction and credit will generally be allocated pro-rata between Class A Units and Class B Units.
- *Issuances and redemptions of common stock of GDH Ltd.* - If GDH Ltd. issues any of its ordinary shares, the General Partner will, only if either (i) the General Partner has consented to such issuance or (ii) the issuance receives approval by the limited partners holding the majority of Units, cause the Partnership to issue to GDH Ltd., in exchange for GDH Ltd. promptly contributing the net cash proceeds of the issuance to the Partnership, a number of Class A Units equal to the number of ordinary shares issued. Upon the redemption, repurchase, or other acquisition of ordinary shares by GDH Ltd., the Partnership will, at substantially the same time as the redemption, repurchase or acquisition, redeem or cancel Class A Units equal to the number of ordinary shares redeemed, repurchased or acquired for an amount equal to the net cash amount paid by the GDH Ltd. for such redemption, repurchase, or other acquisition.
- *Exchanges of Class B Units* - A Class B limited partner may exchange vested Class B Units for ordinary shares of GDH Ltd. On exchange, GDH Ltd. will issue ordinary shares and the General Partner will cancel the Class B Units exchanged and issue Class A Units to GDH Ltd. equal to the number of Class B Units being surrendered.
- *Removal of General Partner* - The General Partner may generally be removed by the limited partners holding at least 66 2/3% of the outstanding Units.
- *Reimbursable Expenses* - All expenses reasonably incurred by GDH Ltd. in the conduct of its business, including fees related to professional advisors, required or advisable licenses and filings, and meetings and compensation of directors, will be reimbursable by GDH LP.

- *General Partner Board* - As long as GDH Ltd owns more than 10% of the outstanding Units, GDH Ltd. will have the right to appoint one person to the board of the general partner.

The foregoing summary is qualified in its entirety by the full text of the LPA which is available on GDH Ltd.'s SEDAR profile at www.sedar.com.

First Coin

Based on the regulatory framework and the opportunities it is currently seeing, the Partnership decided to reposition its advisory business from focusing on small initial coin offering ("ICO") advisory and blockchain consulting to instead serve larger, more institutional clients in the space. As a result, the Partnership began closing the First Coin office in Vancouver during November 2018. The Partnership does not expect to realize any of the benefits contemplated when the plan of arrangement was entered into earlier in the year.

Quarterly Highlights & Results

	Nine months ended September 30, 2018	Three months ended September 30, 2018	Three months ended June 30, 2018	Three months ended March 31, 2018	*November 30, 2017 to December 31, 2017
<i>\$'s in millions</i>					
Digital assets	\$ 123.2	\$ 123.2	\$ 112.2	\$ 104.4	\$ 22.7
Investments	199.8	199.8	201.2	121.4	—
Loans receivable - short term	1.8	1.8	—	—	—
Loans receivable - long term	16.0	16.0	0.8	—	—
Total assets	435.5	435.5	356.1	281.7	54.7
Total liabilities	49.0	49.0	151.4	112.0	53.0
Total equity	386.5	386.5	204.7	169.7	1.7
Net realized gain (loss) on digital assets	(52.7)	(38.1)	(1.1)	(13.5)	1.5
Income	(49.1)	(36.1)	0.5	(13.5)	1.5
Operating expenses	(54.6)	(30.0)	(13.6)	(10.9)	(1.2)
Net unrealized gain (loss) on digital assets	(83.4)	0.4	1.8	(85.5)	1.5
Net unrealized gain (loss) on investments	16.5	(4.2)	44.8	(24.0)	—
Net comprehensive income (loss)	(175.7)	(76.7)	35.0	(134.0)	1.7

**Formation of Galaxy LP*

- As of September 30, 2018, digital assets stood at \$123.2 million, an increase from \$112.2 million as of June 30, 2018. This increase was a result of additional purchases during the quarter, partially offset by \$38.1 million of net realized losses.
- Investments decreased \$1.4 million during the quarter to \$199.8 million as of September 30, 2018. The decrease was primarily a result of \$4.2 million of unrealized loss during the quarter, offset, in part, by \$3.2 million of capital deployed by the Principal Investments team.
- Loans receivable - short term and long term increased as of September 30, 2018 due to loans extended by the Partnership during the quarter.
- Total liabilities decreased by \$102.4 million during the quarter, of which \$111.0 million was due to the repayment of the revolving loan balance, including interest accrued there on.
- Net comprehensive loss was \$76.7 million for the three months ended September 30, 2018, as compared to net comprehensive income of \$35.0 million for the three months ended June 30, 2018. This brings net comprehensive loss to approximately \$175.7 million for the nine months ended September 30, 2018. The current quarter loss was largely a result of realized loss on digital assets, unrealized loss on investments, an impairment loss on goodwill and equity based compensation accruals. The Partnership had not issued distinct shares as of September 30, 2018, and as a result, "per-share" disclosures are not applicable.

- On closing of the Arrangement, GDH Ltd. acquired a minority interest in the Partnership for \$229.2 million.
- Total equity increased \$181.8 million to \$386.5 million as of September 30, 2018 primarily due to the \$229.2 million contribution from GDH Ltd.
- As Galaxy LP was formed on November 30, 2017 and commenced operations in its Trading business on December 6, 2017, prior year amounts are reflective of less than one month of activity.
- The U.S. dollar is the functional and presentation currency for all periods presented above. There have been no changes to the accounting principles applied for all periods presented (*See Change in Accounting Policies including Initial Adoption*).

Discussion of Operations & Operational Highlights

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

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

- **Trading**
 - o During the first quarter, the Trading business effectively managed the performance and overall risk of the principal trading book by strategically liquidating, shorting, trading and reinvesting in liquid cryptocurrencies.
 - o During the second quarter, the Trading business also began building an institutional quality OTC desk to engage in the buying and selling of digital assets. Additionally, the Trading business manages a macro strategy of liquid and semi-liquid cryptocurrency and related asset investing that is deeply integrated with its principal investing, giving both business segments a competitive advantage over other market participants.
 - o During the third quarter, the Trading business further bolstered its institutional presence through the expansion of its OTC counterparty network and sustained activity across a spectrum of liquid assets. The effective management of principal risk and trading strategies continues to differentiate the Trading business from its competitors. Additionally, the Trading business in-house, quantitative development team continues to build and expand its proprietary infrastructure. The business leverages deep trading and technology expertise to create a suite of market neutral trading strategies across a variety of crypto assets and exchanges. During the third quarter, the Trading business more than doubled the total number of its onboarded counterparties.
- **Principal Investments**
 - o During the first quarter, the Principal Investments team closed five new investments and two add-on investments (following a prior investment in a special purpose vehicle formed for the purpose of investing in Ripple Labs, Inc.), representing \$8.9 million and \$41.0 million of invested capital, respectively. These investments included:
 - Three new Pre-ICO contributions, covering distributed power generation, a decentralized video content platform, and an event ticketing platform (\$1.4 million in total).
 - Two new equity investments, including (i) Silvergate Capital Corporation (\$7.3 million), a state-chartered bank holding company providing traditional banking and new technology services to blockchain and cryptocurrency participants, and (ii) Messari, an open-sourced development data project focused on bringing organized and transparent reporting standards to the cryptocurrency market.
 - Two add-on equity investments, including (i) a minority equity position in Block.one, one of the leading delegated proof of stake blockchain protocol development companies (\$33.0 million), and (ii) a minority equity position in Ripple Labs, Inc., a leading payments-focused blockchain technology company (\$8.0 million).
 - o During the second quarter, the Principal Investments team executed on six new investments and four add-on investments, representing \$28.2 million and \$9.9 million of invested capital, respectively. These investments included:
 - Six new equity investments, including (i) AlphaPoint Corporation, an enterprise-grade, blockchain-based asset digitization and exchange platform company in which Galaxy LP led a Series A financing round (\$15.0

million); (ii) BlockFi, Inc., a crypto-secured consumer lending platform in which Galaxy LP led a Series Seed-2 financing round (\$1.8 million); (iii) a seed investment in a Galaxy managed fund (\$1.6 million) and (iv) additional minority stakes in companies covering cryptocurrency mining and software technology, international blockchain advisory services, and a digital asset marketplace platform. The largest being a minority stake in Bitfury Group Limited (\$9.0 million).

- Four add-on investments, the largest of which was additional equity in Ripple Labs, Inc., a leading payments-focused blockchain technology company (\$6.9 million).
- o During the third quarter, the Principal Investments team executed on six new investments (including loans extended) and one add-on investment, representing \$19.8 million and \$0.9 million of invested capital, respectively. These investments included:
 - One secured debt and one lending related investment, respectively, including (i) Hut 8 Mining Corp. (\$15.7 million), a digital asset mining services company, along with an allocation of warrants, and (ii) \$1.8 million of eligible loans purchased from BlockFi Lending LLC, a wholly owned subsidiary of BlockFi, Inc., a crypto-secured consumer lending platform in which the Partnership also has an equity investment.
 - Three new Pre-ICO contributions, covering a full stack crypto asset management solution, a blockchain scalability platform and a privacy-first cloud computing platform on blockchain technology (\$1.3 million in total).
 - One new and one add-on equity investment, respectively, in (i) an institutional brokerage firm, and (ii) a Galaxy managed fund.
- o Investments (including loans extended) made during the third quarter bring capital deployed through September 30, 2018 to approximately \$108.6 million represented by 17 new investments and 7 add-on investments.
- **Asset Management**
 - o During the first quarter, the Asset Management business raised \$140 million into Galaxy Digital Capital Management LP's cash management strategy, providing outsourced treasury services to ecosystem partners.
 - o 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 Galaxy EOS VC Fund LP (the "EOS VC Fund"), the previously announced \$325 million venture capital fund focused on investing in companies building on the EOS.IO blockchain protocol. On June 14, 2018, the EOS VC Fund closed its first deal, leading a Series D round for High Fidelity, Inc. with a \$20 million investment. High Fidelity, Inc. is developing a blockchain-based virtual reality platform.
 - o The Asset Management business continued to work with traditional finance service providers to build out the institutional infrastructure around digital assets. At an event co-hosted by Bloomberg, Fidelity, and Galaxy Digital, Fidelity unveiled their new company, Fidelity Digital Assets, of which the Galaxy Benchmark Crypto Index Fund will be an anchor client, focused on providing crypto custody and trade execution services to institutional clients.
 - Additionally, the EOS VC Fund continued to build its pipeline of potential investments during the third quarter and after, with investments in Bloq, Inc., Varius Solutions, Inc., GoQii Inc., and Mythical, Inc. closing in early Q4 with additional deals expected to close prior to year-end.
- **Advisory Services**
 - o During the first quarter of 2018, the Advisory Services business served a wide variety of clients with blockchain and digital currency solutions. This business works alongside both early stage and institutional clients as they

navigate the space and define their blockchain strategies. The Advisory Services business has assisted clients with market research, solution ideation, technical whitepapers, solution architecture, and project management.

- o During the second quarter, the Advisory Services business continued to expand its capabilities and actively hire professionals with expertise in providing strategic corporate advisory services, including M&A, corporate restructuring, and re-branding. The Advisory Services team continues to provide ongoing support to Galaxy LP's portfolio companies as well as independently sourced clients across the digital asset ecosystem and traditional institutional businesses in all industries.
- o On November 9, 2018, the Partnership announced that, in an effort to adapt to the regulatory framework and the opportunities it is currently seeing, it is repositioning its Advisory Services business from focusing on small ICO advisory and blockchain consulting to instead serve larger, more institutional clients in the space. As a result, the Partnership intends to add to its New York-based team.

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 September 30, 2018 (amounts expressed in US\$):

	As of January 9, 2018	As of March 31, 2018	As of June 30, 2018	As of September 30, 2018	% Change from June to September	% Change from January 9, 2018 to September 30, 2018
Cryptocurrency Market Capitalization ⁽¹⁾	\$739,209	\$267,472	\$256,434	\$224,483	(12.5)%	(69.6)%
Bitcoin Price ⁽²⁾	\$14,595	\$6,974	\$6,404	\$6,626	3.5%	(54.6)%
Ether Price ⁽²⁾	\$1,300	\$396	\$455	\$233	(48.8)%	(82.1)%

(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

Asset prices overall declined slightly during Q3 2018 albeit with a divergence among some of the larger assets. Following the slight increase in asset capitalization in Q2, the markets retraced to \$224.5 billion on September 30, 2018 from \$256.4 billion at June 30, 2018 after markets slumped due to significant selling pressures.

Trading volumes rose throughout the quarter amidst the broader decline in asset prices. Cryptocurrency asset volumes rose from \$13.6 billion on June 30, 2018 to \$15.2 billion on September 30, 2018. However, trading volumes still remain relatively low in comparison to December 31, 2017 (\$34.2 billion). The decline in the amount and value of cryptocurrency being traded on a daily basis has made it a more difficult environment for all of our trading businesses. Increased competition in the trading business has narrowed the spreads in our arbitrage activity. While we continue to improve and strengthen our trading business, lack of overall trading volume in cryptocurrencies has been a headwind for the business.

Industry Outlook

As cryptocurrency asset protocols, networks, and applications continue to launch and develop, the innovation may spur wider user adoption through numerous potential use cases and provide a tailwind to the industry. Many of the larger incumbent cryptocurrency asset protocols are expected to introduce additional scalability and features in the fourth quarter amidst rising competitive forces from new protocols. These protocols and networks are expected to continue to develop infrastructure and tools which may enable developer adoption, technological improvements, and end user adoption. In particular, Monero and Zcash completed upgrade plans for the fourth quarter, and Ethereum laid out 2019 plans for protocol upgrades.

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 September 30, 2018, no large custodians have yet offered services in the cryptocurrency markets. In the meantime, smaller firms offer custody services to investors and funds holding cryptocurrency assets. The Partnership expects larger institutional firms to offer custody services in the future which will by their nature facilitate the availability of clearing and lending services. In this regard, in October 2018, Fidelity Investments, one of the world's largest and most diversified financial services providers, launched a new company, Fidelity Digital Asset Services, LLC ("Fidelity Digital Assets") to offer enterprise-quality custody and trade execution services for digital assets to sophisticated institutional investors such as hedge funds, family office and market intermediaries.

In August, Intercontinental Exchange (ICE) with backing from Microsoft, Boston Consulting Group, and Starbucks announced the launch of the digital asset focused business unit Bakkt. Per their announcement, Bakkt will be a federally regulated, scalable on-ramp to the space that enables clients to buy, sell, store, and spend digital assets starting with "physically" settled Bitcoin futures on January 24, 2019.

All of the above advances 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.

Industry update since September 30, 2018

Digital asset markets continued to recede throughout the first half of Q4 2018. The Partnership believes that some of the widely cited reasons for the continued weakness in markets may be drivers of price action, including a breakdown of technical pricing levels, leveraged positioning, digital assets becoming a source of liquidity during the decline of financial assets in traditional markets in October and November, continued selling of treasury holdings of digital assets by projects that raised capital via digital assets, and the expiry of lockups from many 2017 digital asset hedge funds and redemptions. See *Financial Instruments, Digital Assets and Risk* section for the potential impact of the decline in digital asset markets.

Performance by Reportable Segment

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

	Trading	Principal Investing	Asset Management	Advisory	Corporate and Other	Totals
Income						
Advisory and management fees	\$ —	\$ —	\$ 1,913,170	\$ 893,340	\$ —	\$ 2,806,510
Net realized loss on digital assets	(52,733,347)	—	—	—	—	(52,733,347)
Other income	283,712	151,890	12,743	11,805	391,978	852,128
	(52,449,635)	151,890	1,925,913	905,145	391,978	(49,074,709)
Operating Expenses						
Equity based compensation	3,159,741	2,350,198	2,757,378	2,343,810	3,699,957	14,311,084
Compensation and compensation related	5,627,591	2,361,836	3,441,806	1,217,199	6,498,847	19,147,279
Professional fees	74,150	394,477	293,440	89,508	8,540,026	9,391,601
General and administrative	2,204,454	576,766	581,643	927,618	1,344,037	5,634,518
Interest	2,521,284	1,297,485	—	—	475,900	4,294,669
Insurance	—	—	—	—	1,752,465	1,752,465
Director fees	—	—	—	—	25,000	25,000
	13,587,220	6,980,762	7,074,267	4,578,135	22,336,232	54,556,616
Net unrealized gain (loss) on digital assets	(83,357,300)	—	—	—	—	(83,357,300)
Net unrealized gain (loss) on investments	(1,372,208)	17,917,227	—	—	—	16,545,019
Unrealized foreign currency gain	80,144	—	—	11,921	—	92,065
Realized foreign currency gain (loss)	(52,095)	—	—	—	945,482	893,387
Goodwill impairment	—	—	—	—	(6,216,914)	(6,216,914)
	(84,701,459)	17,917,227	—	11,921	(5,271,432)	(72,043,743)
Net income (loss)	\$(150,738,314)	\$ 11,088,355	\$ (5,148,354)	\$ (3,661,069)	\$ (27,215,686)	\$(175,675,068)

The results of the Partnership's operations are directly affected by changes in the prices of cryptocurrencies and other digital assets that the Partnership holds or may hold. A significant decrease in the price or value of digital assets held by the Partnership may adversely affect the Partnership's results of operations. Conversely, a significant increase in the price or value of digital assets sold short by the Partnership may adversely affect the Partnership's results of operations. This is evidenced by the \$85.5 million of net unrealized loss on digital assets for Q1 2018, the \$1.8 million of net unrealized gain on digital assets for Q2 2018 and the the \$0.4 million of net unrealized gain on digital assets for Q3 2018 as compared to the performance of the cryptocurrency market capitalization, Bitcoin and Ether for the same periods (*See Industry Performance and Outlook*).

Net Realized Loss on Digital Assets

For the three months ended September 30, 2018, the largest contributors to the net realized loss on digital assets of \$38.1 million were losses on sales of Ethereum (\$22.1 million), Bitcoin (\$9.7 million) and Ripple (\$2.6 million), partially offset by \$1.9 million of realized gains on Ethereum Classic.

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

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

Net Unrealized Gain (Loss) on Digital Assets

For the three months ended September 30, 2018, the largest contributors to the net unrealized gain on digital assets of \$0.4 million were unrealized gains on holdings of Bitcoin (\$8.1 million), Ethereum (\$1.9 million) and Monero (\$1.5 million), nearly offset by multiple digital assets with unrealized losses, the largest of which was Wax (\$3.0 million) and a digital asset sold short (\$2.4).

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

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

Net Unrealized Gain (Loss) on Investments

For the three months ended September 30, 2018, the largest contributors to the net unrealized loss on investments of \$4.2 million were unrealized losses on investments in Pantera ICO Fund LP – Class C Interest (\$4.2 million), Xapo Holdings Limited - Series A Preferred (\$2.8 million) and Pantera Venture Fund, L.P. - Class B Interest (\$1.7 million).

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

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

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

	Trading	Principal Investing	Asset Management	Advisory Services	Corporate and Other	Totals
Digital assets:						
Cryptocurrency	\$ 123,178,275	\$ —	\$ —	\$ —	\$ —	\$ 123,178,275
Investments:						
Pre-ICO	—	3,648,351	—	—	—	3,648,351
Convertible Notes	—	100,000	—	—	—	100,000
Preferred Stock	—	56,862,464	—	—	—	56,862,464
Common Stock	108,072	97,933,172	—	—	—	98,041,244
LP/LLC Interests	—	38,367,151	—	—	—	38,367,151
Warrants/Trust Units	73,480	2,699,961	—	—	—	2,773,441
	\$ 123,359,827	\$ 199,611,099	\$ —	\$ —	\$ —	\$ 322,970,926

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	\$ —	\$ 121,523,770	\$ 1,654,505	\$ 123,178,275
Pre-ICO	—	3,648,351	—	3,648,351
Convertible Notes	—	100,000	—	100,000
Preferred Stock	—	50,662,464	6,200,000	56,862,464
Common Stock	108,072	85,847,644	12,085,528	98,041,244
Limited Partnership/Limited Liability Company Interests	—	3,842,242	34,524,909	38,367,151
Warrants/Trust Units	72,513	—	2,700,928	2,773,441
Digital Assets Sold Short	—	(32,547,054)	—	(32,547,054)
	<u>\$ 180,585</u>	<u>\$ 233,077,417</u>	<u>\$ 57,165,870</u>	<u>\$ 290,423,872</u>

For the period ended December 31, 2017, the Partnership only held level 2 cryptocurrency.

Valuation of Assets that use Level 1 Inputs ("Level 1 Assets"). Consists of common stock and warrants/ trust units, where quoted prices in active markets are available.

Valuation of Assets that use Level 2 Inputs ("Level 2 Assets"). Level 2 assets consist of several of the Partnership's investments and digital assets, including its cryptocurrency sold short, where quoted prices in active markets are available. The fair value utilized is primarily either:

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

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

Level 2 assets also includes 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 further discounts 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 nine months ended September 30, 2018:

	Fair value at December 31, 2017	Contributions	Purchases	Sales	Net Realized Loss on Digital Assets	Net Unrealized Loss on Digital Assets and Investments	Transfers in /(out) of Level 3	Fair Value at September 30, 2018
Cryptocurrency	\$ —	\$ 70,500,276	\$ 571,124	\$ (3,650,017)	\$ (287,125)	\$ (57,447,558)	\$ (8,032,195)	1,654,505
Preferred Stock	—	13,800,000	—	—	—	(7,600,000)	—	6,200,000
Common Stock	—	25,924,973	—	—	—	(10,334,028)	(3,505,417)	12,085,528
LP/LLC Interests	—	44,784,040	2,264,960	(3,018,728)	—	(9,505,363)	—	34,524,909
Warrants/Trust Units	—	43,960	—	—	—	2,656,968	—	2,700,928
Total Digital Assets and Investments	\$ —	\$ 155,053,249	\$ 2,836,084	\$ (6,668,745)	\$ (287,125)	\$ (82,229,981)	\$ (11,537,612)	\$ 57,165,870

Transfers in and out of Level 3 are considered to have occurred at the beginning of the period. Total transfers into Level 3 was \$1,165,420 and total transfers out of Level 3 was \$12,703,032. The transfers out of Level 3 for cryptocurrency assets and common stock were primarily due to the removal of restrictions for trading.

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

Quantitative Information for certain Level 3 Assets

Financial Instrument	Fair Value at September 30, 2018	Significant Unobservable Inputs	Range
Cryptocurrency	\$1,654,505	Marketability discount	20.3% - 26.7%
Preferred Stock	\$6,200,000	Control discount	5%
		Marketability discount	20%
		Price-to-earnings multiple	8
Common Stock	\$12,085,528	Marketability discount	11.2%
Warrants ¹	\$2,699,961	Volatility	75%
		Exercise Price	C\$4.50
		Underlying share price	C\$2.93

¹ Level 3 reconciliation table includes another warrant which is not deemed significant.

The prior transactions method and the latest available reported market value of the underlying funds were used to fair value the significant majority of the Partnership's Level 3 Assets. As indicated above, certain of the Level 3 Assets had adjustments applied to the prices used to determine fair value. The Partnership does not believe a change in unobservable inputs will have a significant impact on partners' capital.

Valuation Techniques

The following table summarizes the valuation techniques and significant inputs used in the fair value measurement of the Partnership's investments as of September 30, 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
Convertible Note	• Prior transactions method	• Prior prices of subject convertible note
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 • Guideline public company method	• 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 • Price-to-earnings multiples • Price-to-book value multiples
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

The Principal Investments team made seven investments (including loans extended) during the quarter for a total of \$20.7 million. The team monitors the portfolio's concentration on an ongoing basis. As of September 30, 2018, the industry composition of the Partnership's investments, exclusive of cryptocurrency and pre-ICO investments, is as follows:

Industry	September 30, 2018	# of Investments
Other (Cryptocurrency and Pre-ICO)	39%	35
High Tech Industries	35	7
Finance	22	11
Services: Business	2	1
Banking	2	1
Media: Diversified and Production	<1	2
Utilities: Electric	<1	1
Total	100%	58

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

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

While the above table provides information regarding the portfolio's industry concentration, at this time, industry is not a significant factor that the Principal Investments team considers when determining to make an investment. Rather, the Partnership considers all investments in the blockchain/cryptocurrency ecosystem with an appropriate risk and return profile.

Material Investment Positions

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

Select holdings

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

Investment Name	Investment Type	Cost	Fair Value
Block.one	Common Stock	\$ 41,955,897	\$ 72,912,684
*Ripple Labs, Inc.	Preferred Stock	23,804,960	27,564,909
AlphaPoint Corporation	Preferred Stock	14,999,998	14,999,998
Pantera Venture Fund, L.P.	LP/LLC Interests	15,384,643	14,530,000
Hut 8 Mining Corp.	Common Stock	16,920,000	12,085,528
Bitfury Group Limited	Preferred Stock	9,000,000	9,000,000
Silvergate Capital Corporation	Common Stock	7,344,000	7,249,000
Xapo Holdings Limited	Preferred Stock	13,800,000	6,200,000
Templum LLC	Preferred Stock	6,000,000	6,000,000
Cryptology	Common Stock	877,817	5,685,960
Pantera ICO Fund LP	LP/LLC Interests	17,406,675	5,230,000
		<u>\$ 167,493,990</u>	<u>\$ 181,458,079</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Cryptology – an investment company investing in crypto assets and crypto companies around the globe and advising blockchain based businesses.

The \$2.8 million decrease in the fair value of Xapo Holdings Limited during the third quarter 2018 is primarily due to a decline in the company's projected operating income compared to the prior quarter.

The \$4.2 million decline in the fair value of the Pantera ICO Fund LP during the third quarter 2018 is due to the continued decline in the overall cryptocurrency market during that period.

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

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

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

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

As of September 30, 2018:		Cost	Fair Value
> \$1 billion market cap	\$	85,482,428	\$ 82,401,705
<= \$1 billion market cap		87,248,292	8,229,517
Net	\$	172,730,720	\$ 90,631,222
As of June 30, 2018:			
> \$1 billion market cap	\$	93,133,571	\$ 82,575,472
<= \$1 billion market cap		86,407,341	14,716,544
Net	\$	179,540,912	\$ 97,292,016
As of March 31, 2018:			
> \$1 billion market cap	\$	84,311,704	\$ 73,196,593
<= \$1 billion market cap		91,369,065	16,943,763
Net	\$	175,680,769	\$ 90,140,356
As of January 9, 2018:			
> \$1 billion market cap	\$	105,082,129	\$ 105,082,129
<= \$1 billion market cap		100,660,354	100,660,354
Net	\$	205,742,483	\$ 205,742,483

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

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

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

	Quantity	Cost	Fair Value
Bitcoin	9,217	\$ 54,118,387	\$ 61,095,218
Ethereum	162,010	41,163,221	37,583,432
EOS	1,862,635	15,194,422	10,668,546
Wax	64,186,133	49,421,730	4,364,657
Total		\$ 159,897,760	\$ 113,711,853

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

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

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

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

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

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

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

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

Risk

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

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into, causing the other party to incur a financial loss. The Partnership's cash, receivables and loans receivable are exposed to credit risk. The Partnership limits its credit risk by placing its cash with high credit quality financial institutions and with cryptocurrency exchanges on which the Partnership has performed internal due diligence procedures. The Partnership deems these procedures necessary as some exchanges are unregulated and not subject to regulatory oversight. The Partnership limits its credit risk with respect to its receivables and loans receivable by transacting with credit worthy counterparties that are believed to have sufficient capital to meet their obligations as they come due. Furthermore, the Partnership's material loan agreement with a third party is secured by the terms of a general security agreement. As of each reporting period, the Partnership assesses if there may be expected credit losses requiring recognition of a loss allowance. As of September 30, 2018, the Partnership is not exposed to any significant credit risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. General interest rate fluctuations may have an impact on the Partnership's investment opportunities, primarily within its principal investing segment. An increase in interest rates may make it more expensive to utilize a leverage facility in the future to make investments. To the extent the Partnership invests in debt instruments, interest rate changes may affect the value of the instrument indirectly in the case of fixed rate obligations, or directly in the case of adjustable rate instruments. In general, rising rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. Interest rate sensitivity generally is more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). 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 Revolving Loan Agreement (the "RLA") with

a related party was at a fixed rate of interest. The amount drawn under the RLA was paid off during the third quarter. As of September 30, 2018, the Partnership's exposure to interest rate risk was limited.

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 September 30, 2018, 38% of the Partnership's portfolio was in liquid, actively traded cryptocurrency which can be monetized at reasonable prices in short order.

Foreign Currency Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. To the extent these financial instruments are unhedged or not adequately hedged, the value of the Partnership's financial instruments may fluctuate with exchange rates as well as with price changes in various local markets and currencies. The value of the financial assets may therefore be unfavorably affected by fluctuations in currency rates and exchange control regulations. During the period, the Partnership minimized its exposure to a portion of the escrowed financing proceeds that were denominated in Canadian dollars. On completion of the Arrangement, the financing proceeds were released and the Partnership is no longer exposed to foreign currency risk on the escrowed funds.

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 September 30, 2018, management's estimate of the effect on equity to a +/- 10% change in the market prices of the Partnership's investments, with all other variables held constant, is +/- \$20.0 million.

Digital asset risk

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

As of September 30, 2018, management's estimate of the effect on equity to a +/- 10% change in the market prices of the Partnership's net digital assets, with all other variables held constant, is +/- \$9.1 million.

Expenses

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

	Three months ended September 30, 2018	Three months ended June 30, 2018	Three months ended March 31, 2018	Nine months ended September 30, 2018
Equity based compensation	\$ 14,311,084	\$ —	\$ —	\$ 14,311,084
Compensation and compensation related	5,031,095	7,808,602	6,307,582	19,147,279
Professional fees	6,161,619	1,455,082	1,774,900	9,391,601
General and administrative	2,671,498	1,490,397	1,472,623	5,634,518
Interest	1,310,341	2,325,574	658,754	4,294,669
Insurance	480,675	536,790	735,000	1,752,465
Director fees	25,000	—	—	25,000
Totals	\$ 29,991,312	\$ 13,616,445	\$ 10,948,859	\$ 54,556,616

Equity based compensation was the largest operating expense for the three months ended September 30, 2018. Certain officers and employees of the Partnership were awarded equity based awards (Partnership compensatory Class B Units awards and stock options) during the third quarter 2018. The fair value of such awards will be accrued and charged to operations on a staged (or graded) vesting basis, based on the respective vesting schedules.

Compensation and compensation related remain the largest operating expenses for the nine months ended September 30, 2018. This total is inclusive of base compensation and accrued bonuses, placement fees, payroll taxes, benefits, consultants and temporary staff. The decrease for the three months ended September 30, 2018 as compared to the prior quarter is due to a retroactive reduction in the bonus accrual.

Professional fees increased during the quarter due primarily to the \$5.4 million of legal fees incurred in connection with the closing of the Arrangement. The other professional fees are costs associated with audit, tax and valuation services.

General and administrative costs increased during the third quarter 2018 compared to the second quarter 2018. This amount is inclusive of technology, occupancy, travel and entertainment, fund administration, compliance, public relations and other. The increase in third quarter is due to (i) higher technology expense related to software development for the trading business, (ii) a bad debt expense related to an advisory contract, (iii) higher occupancy expense, as the Partnership started incurring rent expense on its new office floor starting in July 2018.

Interest expense decreased during the current quarter due to the repayment of the full amount outstanding under the RLA by August 1, 2018. Upon closing of the Arrangement on July 31, 2018, the Partnership repaid \$88.7 million, consisting of \$87.4 million principal and \$1.3 million accrued interest. On August 1, 2018, the Partnership repaid \$25.7 million, consisting of \$25.0 million principal and \$0.7 million accrued interest. There is no longer an outstanding balance under the RLA.

Goodwill

When GDH LP completed its business combination with First Coin, it initially recorded a goodwill of \$6,216,914. Goodwill represented the future economic benefit arising from other assets acquired that could not be individually identified and separately recognized. Goodwill was attributed to the expected synergies from combining operations with GDH LP and the expected future cash flows of the business.

As of September 30, 2018, the Partnership performed an impairment test using a one-step approach to determine if the goodwill was impaired. The impairment loss is the amount by which the cash-generating units carrying amount exceeds its recoverable amount. The Partnership impaired the full amount of goodwill and recorded an expense of \$6,216,914 for the three and nine months ended September 30, 2018. Based on the regulatory framework and the opportunities it is currently seeing, the Partnership decided to reposition its advisory business from focusing on small initial coin offering ("ICO") advisory and blockchain consulting to instead serve larger, more institutional clients in the space. As a result, the Partnership began closing the First Coin office in Vancouver during November 2018. The Partnership does not expect to realize any of the benefits contemplated when the plan of arrangement was entered into earlier in the year.

Liquidity and Capital Resources

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

On February 14, 2018, Bradmer announced the closing of a private placement offering of approximately 61.0 million subscription receipts at a price of CAD\$5.00 per subscription receipt for gross proceeds of approximately CAD\$305 million. On July 31, 2018, upon closing of the Arrangement, a net amount of approximately \$229.2 million was released from escrow (this represents net proceeds of approximately \$228.4 million and approximately \$0.8 million of interest earned on placement proceeds in escrow).

	September 30, 2018	As of June 30, 2018	*As of March 31, 2018
Estimated working capital	\$ 77.3	\$ 10.3	\$ 35.0
Private placement proceeds	0.0	229.2	229.0
Payoff RLA & accrued interest	0.0	(111.0)	(86.0)
General overhead expenses – next 12 months	(40.0)	(50.0)	(40.0)
Capital to Trading business	(4.8)	(50.0)	(50.0)
Capital to Principal Investments business	(32.5)	(28.5)	(50.0)
Capital to Asset Management business	0.0	0.0	(35.0)
Cash to balance sheet	0.0	0.0	(3.0)
	<u>\$ 0.0</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>

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

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

As the borrowings on the RLA increased primarily to make principal investments, a larger portion of the private placement proceeds was utilized to pay off the RLA, which impacted the amount of capital available to deploy into the business segments. On July 31, 2018, the Partnership repaid \$88.7 million, consisting of \$87.4 million principal and \$1.3 million accrued interest. On August 1, 2018, the Partnership repaid \$25.7 million, consisting of \$25.0 million principal and \$0.7 million accrued interest. There is no longer an outstanding balance under the RLA. Net incremental cash to the Partnership after repayment of the RLA was \$114.8 million.

As of September 30, 2018, the Partnership had total equity of \$386.5 million compared to \$204.7 million as of June 30, 2018, \$169.7 million as of March 31, 2018 and \$1.7 million as of December 31, 2017. The increase in capital during Q3 2018 was primarily due to the contribution of the private placement proceeds, partially offset by the net comprehensive loss for the quarter.

	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Total assets	\$ 435,504,463	\$ 356,133,147	\$ 281,708,813	\$ 54,748,457
Total liabilities	(48,985,229)	(151,404,681)	(111,963,379)	(53,006,648)
Non-controlling interests	6,736,570	—	—	—
Total Equity	<u>\$ 386,519,234</u>	<u>\$ 204,728,466</u>	<u>\$ 169,745,434</u>	<u>\$ 1,741,809</u>

Additionally, as of September 30, 2018, the Partnership had cash of \$90.3 million and \$90.6 million of net digital assets. As of June 30, 2018, the Partnership had cash of \$30.4 million and \$97.3 million of net digital assets. As of March 31, 2018, the Partnership had cash of \$41.8 million and \$90.1 million of net digital assets. Management believes that the Partnership has sufficient financial resources to maintain its operations and activities for the upcoming year.

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

from loans it is making. The Advisory Services business has earned fees from serving its clients and is expected henceforth to earn fees by serving larger, more institutional clients in the digital assets and blockchain technology industry.

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

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

Off-balance sheet arrangements

The Partnership may provide for commitments to portfolio companies for investments in existing or new assets. As of September 30, 2018, the Partnership had obligations to four existing portfolio companies for \$32.5 million, of which \$3.5 million was funded as of the date of this MD&A. The Partnership maintains sufficient cash on hand to fund such commitments as they come due.

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

Transactions with related parties

Due to related party

On February 7, 2018, Galaxy LP 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 were released from escrow. Each borrowing is unsecured, and accrues simple interest at 5% per annum on the unpaid principal amount. Upon closing of the Arrangement, the Partnership repaid the entire principal balance and accrued interest outstanding under the RLA with GGI. On July 31, 2018, the Partnership repaid \$88.7 million, consisting of \$87.4 million principal and \$1.3 million accrued interest. On August 1, 2018, the Partnership repaid \$25.7 million, consisting of \$25.0 million principal and \$0.7 million accrued interest. There is no balance remaining outstanding under the RLA.

Asset Contribution

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

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

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

Compensation of key management personnel

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

	Three months ended September 30, 2018	Nine months ended September 30, 2018
Equity based compensation	\$ 10,528,769	\$ 10,528,769
Base compensation and accrued bonuses*	1,118,737	4,789,677
Benefits	79,462	207,233
Total	\$ 11,726,968	\$ 15,525,679

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

*For the three and nine months ended September 30, 2018, amounts include approximately \$0.2 million and \$2.2 million, respectively, of accrued bonuses within accounts payable and accrued liabilities.

Employment related

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

Sublease

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

	Rent Due
2018 remaining	\$ 189,200
2019	768,152
2020	791,197
2021	814,932
2022	839,380
Total	\$ 3,402,861

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

Other

As of September 30, 2018, the Company's Chief Executive Officer also served as a director for a company and was a member of the advisory board for two companies with which the Company holds investments in. In addition, the Company had an agreement with an entity, which is owned by a member of key management, to provide software development consulting services.

Change in Accounting Policies including Initial Adoption

The following accounting policies, except for equity based compensation and business combination, were initially adopted and applied in the Partnership's consolidated financial statements for the three months ended March 31, 2018. There were no changes to these policies for the three months ended June 30, 2018. During the three months ended September 30, 2018, the accounting policies related to equity based compensation and business combination were adopted and applied.

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 September 30, 2018, and December 31, 2017, the Partnership did not classify any balances as cash equivalents.

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. 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.

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 loans receivable 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.

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 GDH LP. Accordingly, no provision for income taxes has been recorded in the consolidated financial statements.

Equity based compensation

Stock Options

The Partnership accounts for stock options of GDH Ltd. granted to directors, officers and employees at the fair value of the options granted. Accordingly, the fair value of the options at the date of the grant is determined using the Black-Scholes option pricing model and equity based compensation is accrued and charged to operations, with an offsetting credit to partners' capital, over the vesting periods. Equity based payment to employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity based payment is expensed on a staged (or graded) vesting basis, based on the

Partnership's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Partnership revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity. Stock options granted to non-employees are measured at the fair value of goods or services rendered or at the fair value of the instruments issued, if it is determined that the fair value of the goods or services received cannot be reliably measured.

Compensatory Class B Units

The Partnership accounts for Class B Units granted to officers and employees at the fair value of the Class B Units granted. Accordingly, the fair value of the Class B Units at the date of the grant is determined using an applicable valuation model and equity based compensation is accrued and charged to operations on a staged (or graded) vesting basis, based on the Partnership's estimate of equity instruments that will eventually vest, with a corresponding increase in partners' capital. At the end of each reporting period, the Partnership revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity.

Business Combination

The Partnership accounts for business combinations using the acquisition method. The consideration transferred and the identifiable assets acquired and liabilities assumed of the acquiree are measured and recognized at the acquisition-date fair value.

Goodwill is measured as the excess of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. If the cost of the acquisition is less than the fair value of the net assets acquired, the difference is recognized directly in the statement of loss and comprehensive loss.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. For impairment testing, the goodwill is allocated to a cash generating unit. The goodwill is tested for impairment annually, or more frequently when there is an indication that there may be an impairment. If the recoverable amount of the cash generating unit is less than the carrying amount of the goodwill, the impairment loss is first allocated to reduce the amount of goodwill and to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss and any impairment loss recognised for goodwill is not reversed in subsequent periods.

New accounting policies

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

IFRS 9, *Financial Instruments* ("IFRS 9")

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

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

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

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15")

In May 2014 the IASB approved IFRS 15, *Revenue from Contracts with Customers*, which specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18, *Revenue*, IAS 11, *Construction Contracts*, and a number of revenue related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers, except for leases, financial instruments and insurance contracts. Application of IFRS 15 is mandatory for annual periods beginning

on or after January 1, 2018. The adoption of IFRS 15 on the Partnership's consolidated financial statements did not have a material impact.

Recent accounting pronouncements issued but not yet effective

IFRS 16, *Leases* ("IFRS 16")

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

Digital Assets

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

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

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

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

Partnership Interests

The Partnership is a limited partnership between GDH GP, GDH Ltd., GGI and other Class B Unit holders.

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

As of September 30, 2018 and November 26, 2018, the Partnership had not issued distinct shares. GDH LP has two classes of ownership interests, namely Class A Units and Class Units. As of September 30, 2018, there were 62,635,033 Class A Units and 215,884,410 Class B Units outstanding. As of November 26, 2018, there were 63,239,484 Class A Units and 215,685,755 Class B Units.

Equity Based Compensation Awards and Other

As of September 30, 2018, 30,618,000 Class B unit awards were outstanding net of exchanges and forfeitures, if any. In addition, on July 31, 2018, the Partnership issued 1,941,421 Class B Units in connection with the First Coin business combination. As of September 30, 2018, 256,199 of those Class B Units were exercisable.

As of September 30, 2018, 25,826,000 options were outstanding, including new option grants and net of forfeitures, if any. In addition, there were 5,256,266 options available to be awarded under the Stock Option Plan as of September 30, 2018. In addition, on July 31, 2018, in connection with the First Coin business combination, the Partnership granted 155,035 share options ("First Coin Replacement Options"), of which 37,446 were exercisable as of September 30, 2018.

As of November 26, 2018, there were no significant changes to the Class B Units awards and stock options outstanding.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that material information is gathered and reported to senior management to permit timely decisions regarding public disclosure. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of

consolidated financial statements for external purposes in accordance with Canadian generally accepted accounting principles. TSX Venture-listed companies are not required to provide representations in their annual and interim filings relating to the establishment and maintenance of DC&P and ICFR, as defined in National Instruments 52-109.

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

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

Management's Responsibility for Financial Statements

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