

GALAXY

D I G I T A L

GALAXY DIGITAL HOLDINGS LTD.

ANNUAL INFORMATION FORM

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

March 29, 2021

TABLE OF CONTENTS

	Page
TERMS OF REFERENCE	1
CURRENCY AND EXCHANGE RATE INFORMATION	1
CAUTION REGARDING FORWARD-LOOKING STATEMENTS AND RISK FACTORS	1
CORPORATE STRUCTURE	4
Intercorporate Relationships	5
GENERAL DEVELOPMENT OF THE BUSINESS	7
Three Year History	7
The Arrangement	7
DESCRIPTION OF THE BUSINESS	11
General.....	11
Industry Origins	11
Emergence of Blockchain.....	12
Market Size, Scope, and Competition.....	17
Employees, Specialized Skill and Knowledge.....	18
Intangible Properties	19
UNDERSTANDING THE COMPANY’S FINANCIAL INFORMATION AND THE ITEMS THAT IMPACT SUCH INFORMATION	19
Separate Financial Disclosure.....	19
Significance of Investments and Digital Assets.....	20
DIVIDEND POLICY	21
CAPITAL STRUCTURE	21
Overview	21
Ordinary Shares	21
Stock Options	24
Warrants.....	24
GDH B Units	24
GDH A Units	25
MARKET FOR SECURITIES	26
PRIOR SALES	27
ESCROW SECURITIES	28
EXECUTIVE OFFICERS AND DIRECTORS	28
Identifying Information and Holdings	28
Share Ownership by Directors and Executive Officers	32
CORPORATE CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES AND SANCTIONS	32
CONFLICTS OF INTEREST	33
LEGAL PROCEEDINGS AND REGULATORY ACTIONS	33
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	34
AUDITOR, TRANSFER AGENT AND REGISTRAR	34
MATERIAL CONTRACTS	34
INTEREST OF EXPERTS	35
AUDIT COMMITTEE	35

Audit Committee Charter.....	35
Composition of the Audit Committee.....	35
Relevant Education and Experience	35
Reliance on Certain Exemptions.....	36
Audit Committee Oversight.....	36
Pre-Approval Policies and Procedures.....	36
External Auditor Service Fees by Category.....	36
MARKET CONTROLS AND REGULATION	36
United States.....	37
Canada	38
Other Jurisdictions	39
RISK FACTORS	41
Risks Related to the Company and the Ordinary Shares	42
Risks Related to GDH LP.....	45
Risks Related to GDH LP's Lines of Business.....	52
Risks Related to Digital Assets.....	55
Risks Related to Taxation.....	68
ADDITIONAL INFORMATION.....	69
APPENDIX "A" AUDIT COMMITTEE CHARTER	A-1

TERMS OF REFERENCE

In this annual information form, a reference to the “**Company**”, “**Galaxy**”, “**we**”, “**us**”, “**our**” and similar words refer to Galaxy Digital Holdings Ltd., its subsidiaries and affiliates, or any one of them, as the context requires.

All references to trade names and trademarks of other companies, which trade names and trademarks are the property of their respective owners.

C\$ means a dollar of lawful money of Canada. US\$ or \$ means a dollar of lawful money of the United States.

CURRENCY AND EXCHANGE RATE INFORMATION

The following table sets forth for each period indicated: (i) the exchange rates in effect at the end of the period; (ii) the high and low exchange rates during such period; and (iii) the average exchange rates for such period, for the U.S. dollar, expressed in Canadian dollars, as quoted by the Bank of Canada.

	<u>Year Ended December 31</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
	<u>CAD\$</u>	<u>CAD\$</u>	<u>CAD\$</u>
Closing	1.2732	1.2988	1.3642
High	1.4496	1.3600	1.3642
Low	1.2718	1.2988	1.2288
Average	1.3415	1.3269	1.2957

On March 29, 2021, the daily exchange rate as quoted by the Bank of Canada was US\$1.00 = CAD \$1.2594.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS AND RISK FACTORS

Certain statements and other information contained in this annual information form (“**AIF**”) constitute forward-looking information under Canadian Securities Laws (collectively “**forward-looking statements**”). These forward-looking statements relate to future events or future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe”, “future”, “continue” or similar expressions or the negatives thereof.

By their very nature, forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this AIF should not be unduly relied upon. These statements speak only as of the date of this AIF.

The forward-looking statements in this document are based on what the Company currently believes are reasonable assumptions, including the material assumptions set out in the management discussion and analysis (“**MD&A**”) and press releases of the Company (such documents are available under the Company’s SEDAR profile at www.sedar.com). Other material factors or assumptions that were applied in formulating the forward-looking statements contained herein include or relate to the following: the business and economic conditions affecting the Company’s operations in their current state, including, general levels of economic activity, regulations, taxes and interest rates; Galaxy Digital Holdings LP’s (“**GDH LP**”) ability to profitably manage its digital assets, comprised of cryptocurrencies and blockchain-based assets, inventory as required; historical prices of digital assets; the emerging cryptocurrency and blockchain markets and sectors; the absence of adverse regulation or law; and that there will be no material changes in the legislative, regulatory or operating framework for GDH LP’s existing and anticipated business.

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:

- Galaxy is a common equity holder in GDH LP. Galaxy's business is conducted through GDH LP and its subsidiaries. All risks of GDH LP are risks of Galaxy.
- The market price and trading volume of Galaxy's Ordinary Shares may be volatile.
- Changes in law could cause the Ordinary Shares to be de-listed or Galaxy to undergo costly restructuring, liquidation or sale.
- Galaxy may need or want to raise additional capital, but there are many reasons why it might be unable to do so.
- Holders of Ordinary Shares may be subject to downward pressure on the share price from exchanges of B Units or from additional issuances of Ordinary Shares.
- Galaxy will be required to pay former partners of GDH LP for certain tax benefits that Galaxy may claim, and the amounts that Galaxy may pay could be material.
- Holders of Ordinary Shares will generally not benefit from protections of investment company statutes in various jurisdictions, and may suffer from the restrictions that such statutes place on the liquidity of Ordinary Shares and on Galaxy's fundraising, businesses or other activities.
- Holders of Ordinary Shares may be prevented from exercising voting power commensurate with their economic interests in Galaxy.
- Galaxy and GDH LP are required to indemnify directors and certain officers or other agents against a wide range of potential liabilities. These indemnification obligations could be material.
- The holding of, or trading in, Ordinary Shares may be, or become, illegal in certain countries or other jurisdictions.
- Ordinary Shares are generally not permitted to be acquired by U.S. Benefit Plan Investors, which could reduce Ordinary Shares' liquidity. Conversely, if U.S. Benefit Plan Investors were to acquire sufficient numbers of Ordinary Shares notwithstanding and in contravention of this limitation, Galaxy could be materially and adversely affected.
- GDH LP has limited operating history. Its business lines are nascent, unproven and subject to material legal, regulatory, operational, reputational, tax and other risks in every jurisdiction and are not assured to be profitable.
- GDH LP's businesses may require regulatory licenses and qualifications that GDH LP does not currently have and that may be costly and time-consuming to obtain and, if obtained, may subsequently be revoked.
- Changes in law or regulation could subject GDH LP to further material, costly and constraining regulation, registration, licensing and other requirements.
- GDH LP is highly dependent on Michael Novogratz, which exposes Shareholders to material and unpredictable "key man" risk.
- GDH LP is controlled by Mr. Novogratz, whose interests may be different from those of Shareholders.
- Mr. Novogratz could engage in activities outside of GDH LP or could quit GDH LP in favor of other pursuits.
- Mr. Novogratz's public profile makes it more likely that Galaxy or GDH LP will attract material regulatory scrutiny, which would be costly and distracting regardless of whether Galaxy or GDH LP has engaged in any unlawful conduct.
- If GDH LP is unable to successfully identify, hire and retain qualified professionals, it will not be able to implement its growth strategy successfully.
- GDH LP or its subsidiaries and affiliates, face substantial litigation and regulatory risks.
- GDH LP's use of technology, proprietary and non-proprietary software, data and intellectual property may be subject to substantial risk.
- GDH LP's businesses rely on third-party service providers.
- Cybersecurity incidents and other systems and technology problems may materially and adversely affect GDH LP.
- Operational risk may materially and adversely affect GDH LP's performance and results.
- GDH LP may not be effective in mitigating risk.
- Managing different business lines could present conflicts of interest.

- GDH LP incurs increased costs as a result of supporting Galaxy and funding the requirements applicable to Galaxy as a public company.
- Force majeure events may materially and adversely affect the business continuity of GDH LP.
- The COVID-19 pandemic and resulting impact on the global economy may materially and adversely affect GDH LP.
- Changes in the value levels of the assets may cause GDH LP's assets under management ("AUM"), revenue and earnings to decline.
- There are material risks and uncertainties associated with custodians of digital assets.
- The asset management business is highly regulated and regulators may apply or interpret these regulations with respect to digital assets in novel and unexpected ways.
- Increased competition may cause GDH LP's AUM, revenue and earnings to decline.
- The success of GDH LP's advisory services business will depend on generating and maintaining ongoing, profitable client demand for its services and solutions, and the failure of that demand to materialize or any future significant reduction in such demand or an inability to respond to the evolving technological environment could materially negatively affect GDH LP's advisory services business.
- The success of GDH LP's advisory services business could materially suffer if it is unable to obtain favorable pricing for services and solutions or if GDH LP is unable to remain competitive.
- GDH LP's co-investments with third parties may be subject to substantial risk.
- GDH LP is subject to risks in connection with its lending business.
- GDH LP is subject to risks in connection with its mining equipment leasing business.
- Risks associated with counterparties that sell GDH LP and its affiliates mining equipment.
- Risks associated with third-party datacenter hosting mining equipment.
- The continuing development and acceptance of digital assets and distributed ledger technology are subject to a variety of risks.
- A decline in the adoption and use of digital assets would materially and adversely affect the performance of GDH LP.
- The prices of digital assets are extraordinarily volatile.
- Political or economic crises may motivate large-scale sales of digital assets, which would result in a reduction in values and materially and adversely affect GDH LP.
- The value of cryptocurrencies and other digital assets may be subject to momentum pricing risk.
- The regulation of digital assets continues to evolve in every jurisdiction, and regulatory changes or actions may restrict the use of digital assets, the operation of distributed ledger technologies that support such digital assets and platforms that facilitate the trading of such assets.
- The loss or destruction of a private key required to access certain cryptocurrencies or digital assets may be irreversible. GDH LP's loss of access to its private keys or its experience of a data loss relating to its cryptocurrency or digital asset investments could adversely affect GDH LP.
- The need to adopt technology in response to changing security threats poses a challenge to the safekeeping of GDH LP's digital asset holdings.
- Due to the unregulated nature and lack of transparency surrounding the operations of exchanges, they may experience fraud, security failures or operational problems, which may adversely affect the value of digital assets traded on those exchanges and, consequently, GDH LP's investments and Galaxy's Ordinary Shares.
- Short sales of digital assets may be especially risky.
- Lending of digital assets may be especially risky.
- Blockchain networks, digital assets and the exchanges on which these assets are traded are dependent on internet infrastructure and susceptible to system failures, security risks and rapid technological change.
- If the digital asset awards for solving blocks and transaction fees for recording transactions on the Bitcoin network are not sufficiently high to incentivize miners, miners may cease expanding processing power or demand high transaction fees, which could negatively impact the security and value of the Bitcoin and could materially and adversely affect GDH LP's investment and trading strategies, the value of its assets and the value of GDH LP (and therefore in Galaxy).
- Proposed Ethereum upgrades to enhance the network's scalability and throughput may not be delivered, and network congestion could cause users to migrate to other blockchains, which could materially and adversely affect several GDH LP's investments and trading strategies.
- Risks associated with Decentralized Finance ("DeFi").

- Risks related to Nonfungible Tokens (“NFTs”).
- Malicious actors could manipulate the blockchain networks and smart contract technology upon which digital assets rely and increase the vulnerability of the blockchain networks.
- The network contributors for certain digital assets could propose amendments to the network protocols and software for these digital assets that, if accepted and authorized by the network for these digital assets, could adversely affect an investment in GDH LP or Galaxy
- Intellectual property rights claims may adversely affect the operation of portfolio companies and digital asset networks.
- Banks or other third-party services providers may decline to provide services to companies engaged in digital asset-related businesses, including GDH LP.
- Investments in initial coin offerings have declined and have been, and continue to be, subject to regulatory challenges.
- GDH LP may fail to develop and execute successful investment strategies.
- GDH LP is exposed to a concentration of assets in a particular asset class, which could increase volatility, investment and market risk.
- There may not be an active and liquid trading market for some of GDH LP’s digital assets.
- GDH LP’s investments in other investment vehicles may be subject to substantial risk.
- GDH LP’s investments in options may be subject to substantial risk.
- GDH LP’s investments in derivatives may be subject to substantial risk.
- GDH LP’s investments in currencies may be subject to substantial risk.
- GDH LP’s investments in exchange-traded futures contracts expose it to the risks of a clearing broker.
- GDH LP’s investments and trading transactions may be subject to credit risk.
- GDH LP’s investments in restricted securities may be subject to substantial risk.
- GDH LP is not obligated to hedge its exposures, and, if it does, hedging transactions may be ineffective or reduce GDH LP’s overall performance.
- GDH LP may make, or otherwise be subject to, trade errors.
- GDH LP’s trading orders may not be timely executed.
- Unexpected market disruptions may cause major losses for GDH LP.
- GDH LP is exposed to losses due to lack of perfect information.
- Valuation involves significant risks and uncertainties, including the fact that methodologies involve subjective judgments.
- Changes in, or the development of guidance relating to, accounting standards governing the preparation of Galaxy or GDH LP’s financial statements and future events could have a material impact on our reported financial condition, results of operations, cash flows and other financial data.
- U.S. holders of Ordinary Shares of Galaxy may suffer adverse tax consequences if we are characterized as a Passive Foreign Investment Company.
- Future distributions may not be sufficient to catch up to tax distributions.
- The U.S. federal income tax treatment of digital assets is unclear.
- The state, local and non-U.S. tax treatment of digital assets is unclear.
- The current structure of Galaxy and GDH LP is based in part on current U.S. tax law, which is subject to change, possibly on a retroactive basis.

Some of the risks that could cause results to differ materially from those expressed in the forward-looking statements are further described under the heading titled “*Risk Factors*” in this AIF.

The forward-looking statements contained in this AIF are expressly qualified by this cautionary statement. Except as required by law, the Company does not undertake any obligation to publicly update or revise any forward-looking statements.

CORPORATE STRUCTURE

The Company, formerly Bradmer Pharmaceuticals Inc. (“**Bradmer**”), was originally formed under the Ontario Business Corporations Act (“**OBCA**”) 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 plan of arrangement on July 31, 2018 (the “Arrangement”), all significant business activities and operations of Bradmer had been terminated.

Upon completion of the Arrangement (i) the Company changed its name from “Bradmer Pharmaceuticals Inc.” to “Galaxy Digital Holdings Ltd.”, (ii) the Company continued out of the Province of Ontario to become a company existing under the laws of the Cayman Islands and (iii) the Company’s constating documents were amended and restated by the articles of association (the “Articles of Association”). For more information on the Arrangement, see “General Development of the Business – The Arrangement” below.

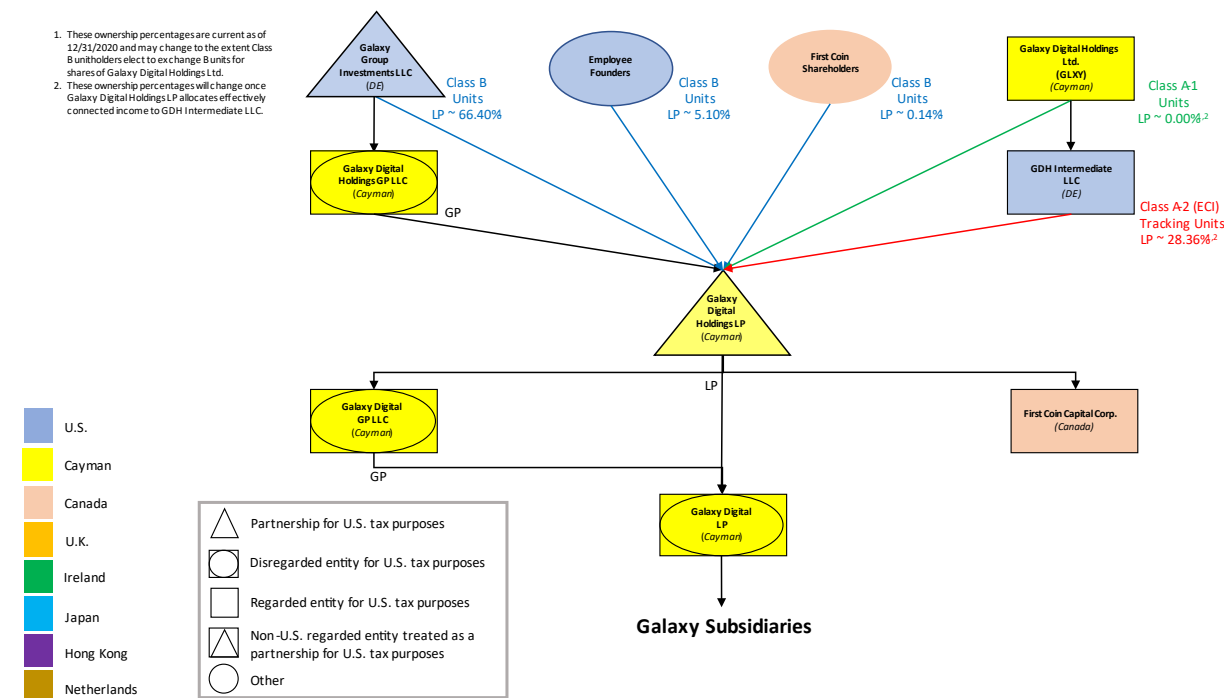
The Company’s head office address is 107 Grand Street, 8th Floor, New York, New York, 10013. The Company’s registered office is PO Box 309, Uglund House, Grand Cayman, KY1-1104.

GDH LP’s head office address is 107 Grand Street, 8th Floor, New York, New York, 10013. GDH LP also has offices in Tokyo, Japan, London, England, Hong Kong, Chicago, Illinois, San Francisco, California, Jersey City, New Jersey and the Cayman Islands (registered office).

The Company’s ordinary shares (the “Ordinary Shares”) are publicly listed on the TSX (the “TSX”) under the symbol “GLXY” (formerly “BMR” on the NEX Board of the TSXV) and, as of October 16, 2018, are dual-listed on the Frankfurt Stock Exchange under the symbol “7LX”.

Intercorporate Relationships

The activities of the Company are conducted through its subsidiaries and affiliates. The following diagram illustrates the structure of the Company and its interest in GDH LP. As described below, GDH LP holds all of the issued and outstanding limited partnership interests of Galaxy Digital LP, an exempted limited partnership formed under the laws of the Cayman Island (“Galaxy LP”) and the Company’s four primary business lines: trading, principal investments, asset management, and advisory services are conducted through subsidiaries of Galaxy Digital LP.



Galaxy Digital Holdings LP

GDH LP is constituted as a Cayman Islands exempted limited partnership under the Exempted Limited Partnership Law (2018 Revision) of the Cayman Islands (the “**ELP Law**”). A Cayman Islands exempted limited partnership is constituted by the signing of the relevant partnership agreement and its registration with the Registrar of Exempted Limited Partnerships in the Cayman Islands.

Notwithstanding registration, an exempted limited partnership is not a separate legal person distinct from its partners. Under Cayman Islands law, any rights or property of an exempted limited partnership (whether held in that partnership’s name or by any one or more of its general partners) shall be held or deemed to be held by the general partner, and if more than one then by the general partners jointly, in trust as an asset of the exempted limited partnership in accordance with the terms of the partnership agreement. Any debts or obligations incurred by Galaxy Digital Holdings GP (“**GDH GP**”), the general partner of GDH LP following the Arrangement, in the conduct of GDH LP’s business are the debts and obligations of GDH LP. Registration under the ELP Law entails that GDH LP becomes subject to, and holders of units of GDH LP (“**GDH LP Units**” and “**GDH LP Unitholders**”, respectively) therein are afforded the limited liability (subject to the partnership agreement) and other benefits of, the ELP Law.

Subject to the limitations and considerations described below, the business of GDH LP will be conducted by GDH GP, who will be liable for all debts and obligations of GDH LP to the extent that GDH LP has insufficient assets. As a general matter, a limited partner of an exempted limited partnership, such as GDH LP, will not be liable for the debts and obligations of the exempted limited partnership save: (i) as provided in the partnership agreement; (ii) if such limited partner becomes involved in the conduct of the partnership’s business and holds itself out as a general partner to third parties; or (iii) if such limited partner is obliged pursuant to the ELP Law to return a distribution made to it where the exempted limited partnership was insolvent and the limited partner had actual knowledge of such insolvency at that time.

GDH LP, has two classes of units representing limited partner interests:

1. Class A units (the “**A Units**”), having such terms, rights and restrictions as set out in the third amended and restated limited partnership agreement of Galaxy Digital Holdings dated November 27, 2018 (“**GDH LPA**”), which are subdivided into Class “A-1” limited partnership units (“**A-1 Units**”), all of which are held by the Company and Class “A-2” limited partnership units (“**A-2 Units**”), all of which are held by GDH Intermediate LLC, a wholly owned subsidiary of the Company established as a tax-efficient blocker corporation or similar entity for U.S. tax purposes (the “**U.S. Blocker Subsidiary**”); and
2. Class B units (the “**B Units**”), having such terms, rights and restrictions as set out in the GDH LPA, which are held by Galaxy Group Investments LLC, a limited liability company existing under the laws of Delaware (“**Galaxy Group**”), employee founders of GDH LP as part of the B Units issuable pursuant to the equity-based compensation arrangements of GDH LP and certain former shareholders (“**First Coin Shareholders**”) of First Coin Capital Corp. (“**First Coin**”). B Units of GDH LP do not entitle the holder the right to vote in meetings of the securityholders of the Company, but are, pursuant to the GDH LPA and subject to certain limitations, exchangeable for Ordinary Shares on a one-for-one basis subject to customary adjustments for stock splits, stock dividends and reclassifications and other similar transactions. For more information regarding the classes of GDH LP Units, see “*Capital Structure – B Units*”.

GDH GP

GDH GP, a limited liability company formed under the laws of the Cayman Islands and a wholly owned subsidiary of Galaxy Group, is the general partner of GDH LP.

Galaxy Digital LP

GDH LP holds all of the issued and outstanding limited partnership interests of Galaxy LP, with Galaxy Digital GP LLC (“**Galaxy GP**”) as its sole general partner. Galaxy GP, a limited liability company existing under laws of the Cayman Islands, is a wholly owned Subsidiary of GDH LP.

The table below lists the principal subsidiaries of Galaxy LP as December 31, 2020.

Name	Jurisdiction	Business Line
Galaxy Digital Ventures LLC	United States	Principal Investments
Galaxy Digital Trading HK Limited	Hong Kong	Trading
Blue Fire Capital Europe Coöperatief U.A.	Netherlands	Trading
Galaxy Digital LLC	United States	Trading
Galaxy Institutional Bitcoin Fund, LP	United States	Asset Management
Galaxy Institutional Bitcoin Master Fund, LP	Cayman	Asset Management

The Company and GDH LP have other subsidiaries, but the assets and revenues of such subsidiaries individually did not exceed 10%, and in the aggregate did not exceed 20%, of the Company’s or GDH LP’s consolidated assets or consolidated revenues as at and for the year ended December 31, 2020. The table above also includes subsidiaries and affiliates that represent the Company’s business lines.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

From inception until the third quarter of 2009, Bradmer was focused on developing proprietary drugs to treat cancer. By the end of 2009, all significant business activities and operations of the Company had been terminated.

Until the commencement of negotiations regarding the Arrangement, the Company continued to seek out new opportunities considered to be in the best interests of the Company and its stakeholders, including various discussions with parties interested in completing a reverse take-over or other form of going-public transaction with the Company.

The Arrangement

On January 9, 2018, Galaxy LP entered into the Letter of Intent with Bradmer and 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 were 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.

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 as 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 Galaxy Group, to Galaxy LP. The assets had a fair market value on the date of contribution of approximately \$302 million (the “**Asset Contribution**”).

On February 14, 2018, Galaxy LP entered into the Arrangement Agreement among Galaxy LP, Bradmer and First Coin, to be completed by way of a plan of arrangement under the provisions of the OBCA. In connection with the Arrangement, among other steps set out in the Arrangement Agreement, Galaxy LP and First Coin combined to form GDH LP, an operating partnership that is managed by the board of managers and officers of its general partner, who are also the principals of Galaxy LP.

Also, on February 14, 2018, Bradmer closed an offering of approximately 61.0 million Subscription Receipts (the “**Offering**”) at a price of C\$5.00 per Subscription Receipt for gross proceeds of approximately C\$305 million. GMP Securities LP acted as sole agent on the Offering. The net proceeds of the Offering, were 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) held an indirect interest of approximately 19.6% in the operating partnership (through the Company), with Galaxy LP and its employees holding approximately 78.6% and First Coin shareholders holding approximately 1.8%, which interests are exchangeable into an equivalent interest in the Company.

Since completion of the Offering on February 14, 2018, Galaxy made progress towards building an institutional merchant banking business focused on the digital assets, cryptocurrency and blockchain sectors. Key developments, included:

- 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. The BGCI facilitates diversified exposure, performance benchmarking and the opportunity to build institutional fund products utilizing the index.
- On May 18, 2018, Galaxy Digital Capital Management LP (“**GDCM**”) launched the Galaxy Benchmark Crypto Index Fund LP, a passively managed fund designed to track the performance of the BCGI (the “**GBCIF**”). 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 are based on index rules set forth by Bloomberg.
- On June 5, 2018, Galaxy Digital Capital Management LP launched, a \$325.0 million venture capital strategy, focused on investing in companies building on the EOS.IO blockchain protocol.
- Galaxy Digital has continued deployment of principal capital across attractive strategic investment opportunities. Galaxy Digital had made new and add-on investments since completion of the Offering, including investments in a diversified financial institution, a leading market share blockchain technology and equipment developer, a regulatory focused information service provider, and a number of emerging blockchain projects.
- Since the beginning of 2018, Galaxy Digital has hired professionals into each of its business areas with significant experience in asset management, principal investments, trading and financial advisory, as well as, in the legal, compliance, finance and operations areas of the firm.

On June 11, 2018, the Arrangement was approved at an annual general and special meeting of the shareholders of the Company.

By July 25, 2018 the Company had achieved further milestones, including: Galaxy Digital’s Trading business opened an office in Tokyo and committed resources to its execution, operations and technology to expand execution of all trading strategies to 24 hours a day.

On completion of the Arrangement on July 31, 2018:

- Galaxy Group, the sole limited partner of Galaxy LP, transferred its full limited partnership interest in Galaxy LP and its ownership interest in Galaxy GP, the general partner of Galaxy LP, to GDH LP in exchange for 213,696,000 B Units. The B Units are subject to certain escrow conditions. The first releases occurred in 25% increments on July 31, 2018, January 31, 2019, and July 31, 2019 with the final release taking place January 31, 2020. Galaxy LP and First Coin became wholly owned subsidiaries of GDH LP.
- Bradmer acquired a minority equity interest in GDH LP. The funds used to purchase the interest were raised through the Offering completed by Bradmer on February 14, 2018 of 60,969,746 Subscription Receipts at a price of C\$5.00 per Subscription Receipt. As mentioned above, the Offering 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 C\$122,968,453.05 and US\$135,092,132.20 were released from escrow in exchange for the issuance of A Units in GDH LP.

- As a condition to the completion of the Arrangement, Bradmer completed a consolidation of its common shares on a basis of 126.38 pre-consolidated common shares for one post-consolidated common share 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 the ticker GLXY.
- The Company appointed new members to its Board to manage its minority investment in the operating partnership on an ongoing basis.
- GDH LP, GDH GP, the Company, GDH Intermediate LLC entered into a second amended and restated limited partnership agreement.

After completion of the Arrangement, the shares of the Company began trading on the TSXV on August 1, 2018 under the symbol “GLXY.” The Company continued to focus on expanding its team with experienced industry executives with deep institutional expertise spanning technology, investing, advisory, asset management and trading. On October 16, 2018 Galaxy’s shares became dual-listed on the Frankfurt Stock Exchange.

GDH LP’s Trading business (“**GDT**”) 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 GDT from its competitors. Additionally, GDT’s 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. GDT has significantly increased the number of its onboarded counterparties.

On November 9, 2018 the Company made some operational and organizational changes, including a switch in the Advisory business to focus on and serve larger, institutional clients. This shift in focus involved shutting down the Company’s Vancouver office and adding to its New York-based team.

On December 3, 2018, Ian Taylor joined the Company as Head of Advisory Services. In this role, Mr. Taylor became responsible for further developing and building out an institutional-quality advisory team spanning general corporate advisory, capital raising services and mergers and acquisitions.

On April 18, 2019 GDH LP accepted a tender offer in the ordinary shares of Block.one, and on May 20, 2019, the transaction closed and GDH LP received \$71.2 million for the tendered shares, representing a majority of the Company’s position and a 123% return on the realized investment. Following the transaction, GDH LP’s remaining ordinary shares in Block.one no longer represented a material investment position.

At the annual general and special meeting of holders of Ordinary Shares of the Company (collectively, the “**Shareholders**”) on June 24, 2019 in addition to the re-election of directors Michael Novogratz, Bill Koutsouras, Nereida Flannery, Theagenis Iliadis, Jack Lee and Pierre Lagrange, the Shareholders approved an amended and restated stock option plan (the “**Option Plan**”) and the repricing of certain outstanding stock options, all as described in the Company’s most recent management information circular dated April 30, 2019 (the “**Circular**”) and available under the Company’s SEDAR profile at www.sedar.com. Additionally, Christopher Ferraro was appointed the President of the Company and GDH LP. Chris assumed responsibility and oversight for corporate operations.

The Company made progress on a number of regulatory licenses to support its businesses:

- In July 2019, FINRA granted the business expansion of GDH LP’s broker dealer, Galaxy Digital Advisors LLC. The approval permits Galaxy Digital Advisors LLC (“**GDA**”) to act as an underwriter to registered public offerings of equity, debt or other corporate securities in the United States.

- In July 2019, GDCM was granted registered investment adviser status by the U.S. Securities and Exchange Commission (“SEC”).
- In August 2019, Galaxy Digital UK Limited was approved by the Financial Conduct Authority as an Appointed Representative.

On September 3, 2019 the Company submitted notice to the TSXV to commence a normal course issuer bid (the “**Bid**”) to purchase up to approximately 7.3% of the Company’s issued and outstanding Common Shares and 10% of the Company’s public float. The Bid will terminate on the earlier of the date determined by the Company and September 3, 2020.

On September 30, 2019 Ashwin Prithipaul was appointed the CFO of the Company. Mr. Prithipaul took over the role from Donna Milia, who assumed the role of senior advisor at the Company.

On November 12, 2019, the Company announced that GDIB served as a co-manager in the initial public offering of Silvergate Capital Corporation.

On November 19, 2019, the Company announced that GDCM launched the Galaxy Bitcoin Fund and the Galaxy Institutional Bitcoin Fund. Both funds are passively managed vehicles that offer institutional and accredited investors low-fee, institutionally wrapped bitcoin exposure supported by vetted service providers.

On December 10, 2019, the Company announced that GDIB served as joint bookrunner on Canaan Inc.’s initial public offering of 10,000,000 American depository shares.

On May 11, 2020, the Company announced that it had been conditionally approved to be listed on the TSX via TSX Sandbox.

On June 10, 2020, the Company and Bakkt®, the digital asset derivatives trading and custody platform majority-owned by Intercontinental Exchange, jointly announced their partnership to launch a collaborative white-glove service for asset managers looking to acquire, build positions in and store Bitcoin.

In June 2020, GDAM announced a strategic partnership with CAIS, the industry-leading alternative investment platform, to provide financial advisors with streamlined access to Galaxy Digital’s investment products, plus educational resources spanning blockchain and digital assets. The CAIS platform offers financial advisors access to a complete end-to-end solution, including a broad selection of alternative investment funds and products, independent due diligence from Mercer, tools and analytics, a streamlined investment process, and integration with custodians for greater reporting accuracy.

Additionally, in June 2020, GDIB served as sell-side advisor to Blockfolio on its sale to FTX Trading Limited for \$150.0 million.

At the annual general meeting of the Shareholders on June 25, 2020, all five members of the Company’s Board of Directors named as nominees in its management information circular were elected as directors: Michael Novogratz, Bill Koutsouras, Nereida Flannery, Theagenis Iliadis and Dominic Docherty. Former directors Jack Lee and Pierre Lagrange did not stand for re-election and their term as directors expired at the Meeting. Christopher Ferraro was also appointed a manager of Galaxy Digital Holdings GP LLC.

On July 2, 2020, the Company announced that it would begin trading on the TSX on July 6, 2020.

On August 14, 2020, the Company announced, among other things, the expected transition of the leadership of its Investment Banking business in the fourth quarter of 2020 when Ian Taylor, current Head of Investment Banking, left the firm.

In September 2020, the Company launched Galaxy Digital Mining (“**GDM**”) with the hiring of Amanda Fabiano as Head of Mining.

On September 29, 2020, the Company announced that it appointed Damien Vanderwilt to be its Co-President and Head of Global Markets. Mr. Vanderwilt joined Galaxy Digital in December 2020, working alongside fellow Co-President Christopher Ferraro. Additionally, Rhonda Medina was appointed to the Board of Managers of Galaxy Digital Holdings GP LLC.

On November 12, 2020, the Company announced that it closed a private placement financing for total gross proceeds of US\$50,000,000 (the “**PIPE**”).

On November 13, 2020, the Company acquired two leading cryptocurrency trading firms: DrawBridge Lending (“**DrawBridge**”), an innovator in digital asset lending, borrowing, and structured products, and Blue Fire Capital (“**Blue Fire**”), a proprietary trading firm specializing in market-making and two-sided liquidity for digital assets.

On November 27, 2020 the Company obtained receipt for the filing of a short form base shelf prospectus with securities regulatory authorities in each of the provinces and territories of Canada to allow us and certain of its security holders to qualify the distribution by way of prospectus in Canada of up to US\$100 million of Ordinary Shares, debt securities, warrants, subscription receipts, units, share purchase contracts, rights or any combination thereof, during the 25-month period that the base shelf prospectus is effective.

On December 16, 2020 we announced that our affiliate, Galaxy Digital Capital Management L.P. (“**Galaxy Digital**”) served as the sub-advisor to the CI Galaxy Bitcoin Fund (the “**Fund**”), a closed-end investment fund listed on the TSX by CI Global Asset Management, one of Canada’s largest investment management companies.

In December 2020, GDAM launched the CI Galaxy Bitcoin Fund (Ticker: BTCG), a TSX-listed closed end mutual fund, in partnership with CI Financial.

Additionally, in December 2020, the Bloomberg Galaxy Bitcoin Index (Ticker: BTC) went live.

DESCRIPTION OF THE BUSINESS

General

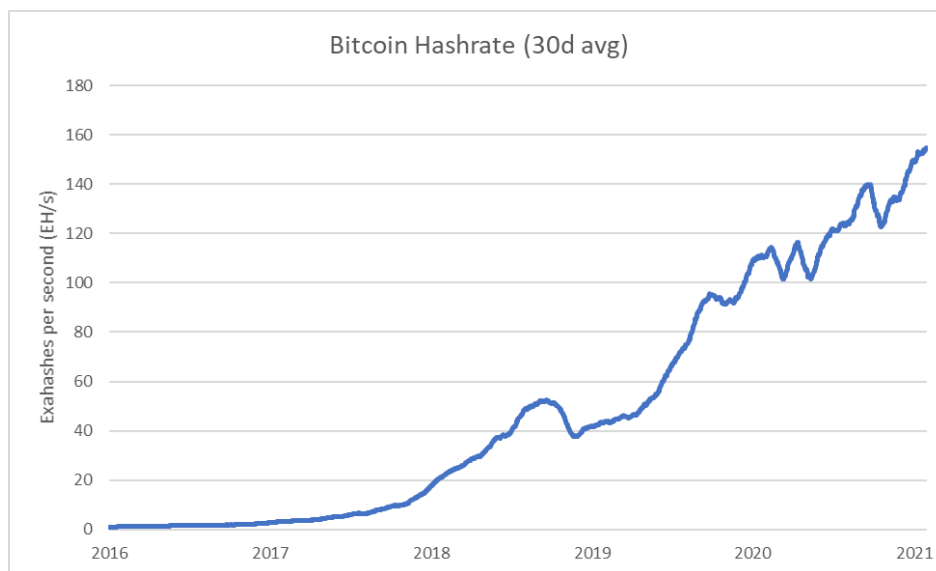
The Company’s only significant asset is a minority interest in GDH LP. GDH LP is a diversified financial services and investment management platform in the digital asset, cryptocurrency and blockchain technology sector, capitalizing on market opportunities made possible by the ongoing evolution of the digital assets space. The Company’s multi-disciplinary team has extensive experience spanning investing, portfolio management, capital markets, operations, and blockchain technology. The Company operates in the following businesses: trading, asset management, investment banking, mining and principal investments. As we describe our business, we believe it’s important to first understand the industry’s origins and development and how that influences our businesses and strategy.

Industry Origins

The digital asset industry emerged in 2008 with the debut of bitcoin by a pseudonymous person or organization known as Satoshi Nakamoto. Satoshi Nakamoto sought to create a new digital currency, one that was public, global, and could not be controlled by any single authority – the “people’s currency.” Bitcoin remains the oldest continuous public blockchain protocol. The original goal of bitcoin, as outlined by the seminal white paper Bitcoin: A Peer-to-Peer Electronic Cash System, was to create a purely peer-to-peer electronic system without relying on intermediaries or financial institutions by using a distributed ledger, an ongoing hash-based timestamp mechanism, and cryptographic digital signatures. Bitcoin addressed issues of achieving decentralized consensus (otherwise known as the Byzantine Generals Problem or a potential issue when a network must agree on decisions despite the presence of imperfect information) and the double-spend problem (a flaw of pre-existing digital cash systems, including the traditional banking system, in which the same asset can be spent more than once). Although bitcoin was the first established cryptocurrency, there had been previous attempts at creating online currencies with ledgers secured by encryption, like B-Money and Bit Gold, which were formulated but never fully developed or deployed.

Transactions with bitcoin must be confirmed by the Bitcoin network. Transactions are broadcast to the network by participants, who seek to transfer bitcoin or messages, and are batched together in “blocks.” The Bitcoin network is a network of computers, with each computer individually referred to as a node. Nodes on the Bitcoin network that seek to confirm transactions, sometimes referred to as “miners”, approve these blocks by using computing power to solve a difficult, cryptographic puzzle. Once a solution to the puzzle has been found (about every 10 minutes), the block and the transactions within them are confirmed by the network and added to Bitcoin’s ledger. The blocks are cryptographically bound together in a chronological “chain,” hence the term “blockchain.”

The consensus process by which miners perform computation is also known as “proof-of-work.” Miners who solve blocks and confirm transactions are rewarded with newly minted bitcoin and the transaction fees paid by users whose transactions are included in the block. Nakamoto designed Bitcoin to have a maximum supply of 21 million coins, and the amount of newly minted bitcoin awarded to miners halves every 210,000 blocks (approx. every 4 years) until 21m is reached. This number is an arbitrary design choice by Satoshi Nakamoto, but Bitcoin’s fixed supply is one of its most distinguishing features and gives it the “hard money” properties that have led to its nickname “digital gold.” Miners compete to solve the puzzle, generate blocks, and win the associated reward and fees, and the race among miners to add processing power is a feature of bitcoin that keeps the Bitcoin network secure. The protocol underlying Bitcoin operates safely so long as no miner gains control of more than 50 percent of the mining processing power, and the addition of mining processing power makes it continuously more difficult and expensive for a nefarious miner to gain control of more than 50 percent of the processing power of the network. Since January 2016, the collective processing power of the network, known as hashrate, has increased from less than 1 exahash/second (EH/s) to about 150 EH/s. The growth in network hashrate indicates a significant increase in network security and the continued development of the infrastructure that underpins Bitcoin.



Source: *Galaxy Coin Metrics*

The Bitcoin blockchain is a distributed database where anyone can independently verify the chain of ownership of any and every bitcoin amount, the holdings and historic transactions of all wallets, and the contents of the historical database (albeit on a pseudonymous basis). Each Bitcoin network node stores its own copy of the blockchain, which prevents a bad actor from manipulating the network and maintains the integrity of the network. The Bitcoin ledger has been developed to be tamper-proof and immutable, as transaction data or balances cannot be changed.

Emergence of Blockchain

Bitcoin and other digital assets were only the first application of the more general blockchain phenomenon. Though Galaxy Digital believes that the use of digital assets, including bitcoin, as a store of value (i.e., “digital gold”) is the

first “killer application” of blockchain technologies, other demonstrable examples of blockchain technology implementation across a variety of use cases and industry sectors have already emerged.

Blockchain technology allows a network of computers to agree at regular intervals on the state of a distributed ledger. Such ledgers can contain different types of shared data, such as transaction records, attributes of transactions, credentials, or other pieces of information. The ledger is often secured through a mix of cryptography and game theory and does not require trusted nodes like traditional networks. This is what allows Bitcoin to transfer value across the globe without resorting to traditional intermediaries such as banks.

On a blockchain, changes to the database (i.e., transactions) are recorded chronologically, forming an immutable chain and can be more or less private or anonymous depending on how the technology is implemented. The ledger is distributed across many participants in the network — it doesn’t exist in one place. Instead, copies exist and are simultaneously updated with every fully participating node in the ecosystem. A block could represent transactions and data of many types — currency, digital rights, intellectual property, identity, or property titles, to name a few. The types of databases that could be implemented on the blockchain are broad and include, among others, databases similar to a bank ledger that record statements of accounts or transactions, or any other digital record of asset ownership, an identity system, land registry or even the rights and obligations defined in a contract. Blockchain-focused applications in usage and under development include asset title transfer, secure timestamping, counterfeit and fraud detection systems, secure document and contract signing, distributed cloud storage and identity management.

Blockchain innovation addresses two key costs affected by the technology: the cost of verification and the cost of networking. The cost of verification relates to cheaply verifying the data of a transaction. The cost of networking is the ability to launch and operate a marketplace without the need for an intermediary. A blockchain allows a decentralized network of economic participants to achieve consensus about the true state of shared data. The shared data can represent exchanges of value, intellectual property, equity, contracts, information, or other types of digital assets. Blockchains are a general-purpose technology that can create novel types of digital platforms. The resulting marketplaces are characterized by increased competition, lower barriers to entry, innovation, higher transparency, and reduced censorship risk. Participants within the ecosystem can invest to support and operate shared infrastructure without assigning market power to a platform operator. Blockchain also challenges the existing revenue models and accumulated knowledge and resources of incumbents, while opening opportunities for startup fundraising, the provision of public goods and software protocols, data ownership and licensing, auctions and reputation systems. Galaxy’s business logic is clustered around three central theses:

(1) *Bitcoin.* Bitcoin’s programmatic scarcity makes it an attractive monetary store of value over the long term. Bitcoin offers the only verifiably scarce, immutable, and capped supply asset in the world as we understand it today. Moreover, Bitcoin has a price-inelastic supply, where bitcoin’s value cannot change its supply issuance: bitcoin’s supply issuance is strictly bound and algorithmically hard-coded (transaction validation difficulty of the bitcoin network modulates supply creation). In addition, its decentralized and disintermediated nature eliminates the need to rely on trusted third parties for holders to interact and exchange value.

(2) *Open Money.* The open money or payments application has the potential to disrupt many of the legacy payment systems and rails that rely on outdated, expensive, and error-prone analog technology, and applies to both the domestic and cross-border transaction markets. Payments networks based on distributed technology can create a seamless and near frictionless layer for both retail and institutional capital movement. This thesis can manifest itself in technologies that improve the current state of payment rails, new stable money launched by corporations, or a generalized widely accepted stable money, which furthers the digitization, efficiency, and interconnectivity of commerce and payments.

(3) *Web 3.0 and Digitization.* Blockchains have the potential to usher in a new decentralized paradigm in the digital Internet. Open networks and public maintenance of state information solve many of the key issues that today’s Internet faces, such as the monetization of the client/server model through data harvesting and targeted advertising. Shared public databases and protocols can provide efficient information creation and sharing among participants, while offering guarantees about data security. The creation and governance of the open networks of the last decade followed a similar blueprint that focused on various aspects of our Internet, ranging from digitally enforceable agreements through smart contracts, the representation, transfer, and consumption of digitally scarce resources, and trustless applications. The world is digitizing at a far greater rate than most realize and blockchain technology has

increasingly been recognized as a foundational piece of this global trend that is a fully digitized world. Digitization, or “tokenization” in certain contexts, is simply the process of wrapping real-world value or information and enabling digitally enforceable agreements, automated functions, and true provenance.

In conjunction with these theses, Galaxy today is pursuing the following business lines.

Trading

The trading business, Galaxy Digital Trading (“GDT”), provides liquidity to clients and counterparties with regards to buying and selling cryptocurrencies and other digital assets. GDT accomplishes this by acting as an institutional-grade market maker and providing market expertise on a global basis and for over 60 different cryptocurrencies, with over 300 unique counterparties. GDT engages in a number of activities, on a principal and agency basis, involved in and around the buying, selling, lending and borrowing of cryptocurrencies and other digital assets on a global basis, including over-the-counter (“OTC”) liquidity provision, on-exchange market-making, OTC derivative trading, options, futures, borrowing and lending, proprietary quantitative, arbitrage, and macro trading strategies. GDT is a diversified revenue stream that can have an inverse correlation with cryptocurrency and digital asset market prices.

In our role as a market maker, GDT provides pricing information globally across all major cryptocurrency and digital asset markets, for over 60 different cryptocurrencies. Our willingness to make markets, commit capital and take risk across numerous cryptocurrencies and digital assets is crucial to our relationships. We provide liquidity on a principal basis and play a critical role in price discovery, improving the efficiency of cryptocurrency markets for all our clients, counterparties and industry participants. Our clients and counterparties are professional market participants, primarily institutional investment entities.

GDT’s trading strategies include principal trading and market making across the full spectrum of exchange and OTC products. GDT makes markets in coins/tokens, options/volatility, and structured products including bitcoin and other digital asset futures and derivatives. In this capacity GDT provides liquidity on a principal basis on a variety of centralized exchanges and OTC markets. GDT maintains a list of centralized exchanges that are approved as trading counterparties and platforms and with whom our team spends extensive time, in advance, working to electronically integrate access and information flow. The approval of such exchanges is based on due diligence of such exchanges that takes into account whether the exchange conducts anti-money laundering and know-your-client due diligence, its regulatory jurisdiction and its cybersecurity measures. Additionally, GDT engages a service that continuously monitors the public website of the exchanges for observable data on compromised systems, security diligence, user behavior, and data breaches and computes a security rating on each exchange. GDT’s in-house engineering team has built and continues to enhance a sophisticated and proprietary trading platform that hosts and facilitates these activities, which we believe differentiates Galaxy from the rest of the market, including traditional financial institutions that operate in significantly larger scale with expensive, legacy technology stacks. GDT’s trading platform includes proprietary pricing data, market research, portfolio management tools, reporting, and settlement services, and connects with client’s cryptocurrency and digital asset wallets, custodial relationships, and fiat banking accounts.

GDT maintains strong relationships with a large number of spot and futures exchanges, digital asset exchanges and custodians, and fiat banking partners, which enables it to move capital and assets around efficiently in order to provide competitively priced liquidity and achieve cross-market opportunities. GDT has consistently added to its over 150 onboarded and active counterparties list; these new counterparties are becoming increasingly institutional in terms of size and sophistication, including a diverse and strategic group of proprietary trading companies, cryptocurrency and digital asset exchange operators, the largest crypto and venture capital investment funds, digital asset mining companies, family offices, and high and ultra-high net worth individuals.

In November 2020, the Company acquired two leading cryptocurrency trading firms: DrawBridge Lending (“**DrawBridge**”), an innovator in digital asset lending, borrowing, and structured products, and Blue Fire Capital (“**Blue Fire**”), a proprietary trading firm specializing in market-making and two-sided liquidity for digital assets. The acquisitions expanded GDT’s suite of product offerings and added veteran trading and lending market participants to GDT’s leadership team.

GDT is firmly committed to compliance with all laws and regulations currently in existence. GDT also strives to be a thought leader in providing information and assistance to global regulators, and to establish industry-wide best

practices as the industry matures. GDT has adopted policies, procedures and controls that are designed to prevent and detect money laundering and any activity that facilitates money laundering, the funding of terrorist activities, or violations of regulations promulgated by applicable government agencies.

As it pertains to GDT's trading counterparties, we require that any counterparty undergo screening under GDT's anti-money laundering program, which includes:

- conducting due diligence to verify each potential counterparty identity to the extent reasonable and practicable;
- obtaining representations and warranties from such counterparty relating to the source of funds being transacted, compliance with all applicable legal requirements, and any other representations and warranties as GDT's anti-money laundering Compliance Officer may deem appropriate;
- conducting due diligence efforts to screen the names and addresses of counterparties and, where relevant, the beneficial owners of such counterparties against the List of Specially Designated Nationals and Blocked Persons maintained by the Office of Foreign Assets Control ("OFAC") by the U.S. Department of the Treasury and refusing to transact with such counterparty or accept investments from any such listed persons;
- screening payments and transactions for those prohibited by U.S. law because they involve a person or entity that (i) is a citizen or resident of, (ii) has a place of business in, or is organized under the laws of, or (iii) is the government of, a country or territory subject to a U.S. trade embargo administered by OFAC;
- obtaining representations to confirm that a counterparty or an investor in a fund is not a "foreign shell bank," which is generally defined as a foreign bank without a physical presence in any country; and
- carrying out such other procedures as may be necessary to assure GDT's compliance with all applicable laws and regulations.

GDT has internal policies and procedures to address buying and selling of assets that might be deemed securities in order to ensure such trading complies with applicable laws. GDT continues to monitor the global regulatory environment and will amend its internal policies and procedures as regulatory guidance evolves.

Asset Management

Galaxy Digital Asset Management ("GDAM") manages capital on behalf of third parties in exchange for management fees and performance-based compensation. GDAM's differentiating factors are its long-tenured institutional experience professionals managing third party capital across a variety of traditional asset classes (including macro hedge funds, long/short equity hedge funds, venture capital, and various structured credit and direct lending funds), its brand name, an acute and highly critical focus on risk management and compliance, strong relationships with key counterparties and a deep connectivity throughout the blockchain and cryptocurrency ecosystem. GDAM operates in two business lines, **Galaxy Fund Management** and **Galaxy Interactive**. At this time, management fees generally earned by GDAM in both Galaxy Fund Management and Galaxy Interactive range from 0.5% to 2.0% of assets under management, and performance-based compensation or "carry" has been structured to be up to 20%.

Galaxy Fund Management is a multi-asset manager offering cryptocurrency-agnostic fund access to multiple different cryptocurrencies and digital assets. Galaxy Fund Management has capitalized on the improvement in and continued increase in awareness of the digital asset markets, generating inflows into the Galaxy Crypto Index Fund LP ("GCIF" or the "**Index Fund**") and making meaningful progress towards future commitments. In November of 2019, GDAM officially launched the Galaxy Institutional Bitcoin Fund LP and the Galaxy Bitcoin Fund LP (collectively, the "**Galaxy Bitcoin Funds**") as a product meant to give institutional and accredited investors alike simple, low-cost access to owning bitcoin in a fund structure, secured via third-party custodians.

In June 2020, Galaxy Fund Management announced a strategic partnership with CAIS, the industry-leading alternative investment platform, to provide financial advisors with streamlined access to Galaxy Digital's investment products,

plus educational resources spanning blockchain and digital assets. The CAIS platform offers financial advisors access to a complete end-to-end solution, including a broad selection of alternative investment funds and products, independent due diligence from Mercer, tools and analytics, a streamlined investment process, and integration with custodians for greater reporting accuracy.

In December 2020, Galaxy Fund Management launched the CI Galaxy Bitcoin Fund (Ticker: BTCG), a TSX-listed closed end mutual fund, in partnership with CI Financial.

Additionally, in December 2020, Galaxy Fund Management launched the Bloomberg Galaxy Bitcoin Index (Ticker: BTC).

Galaxy Interactive is focused on venture investing in the future of interactive content and technologies. Galaxy Interactive is currently investing in our first fund, the Galaxy EOS VC Fund LP (the “**EOS Fund**”) and has continued to opportunistically deploy committed capital under its mandate to invest in entrepreneurs and companies actively working to improve the EOS blockchain protocol ecosystem, with a more recent focus on emerging use cases in gaming and interactive media.

As of December 31, 2020, GDAM had assets under management (“AUM”) of \$807.3 million (consisting of approximately \$24.1 million in the Index Fund (as calculated per the terms of the fund’s partnership agreement to reflect the current market value of underlying cryptocurrencies and fund inflows and outflows), approximately \$362.2 million in the Galaxy Bitcoin Funds, approximately \$96.0 million in the CI Galaxy Bitcoin Fund, and the \$325 million of committed capital from the EOS Fund.

Investment Banking

The Investment Banking business, Galaxy Digital Partners LLC (“**GDIB**”), maintains and continues to build on its systematic coverage of the highest quality businesses operating in and around the blockchain ecosystem, with the ultimate goal of cementing long-lasting and trusted relationships. GDIB is a leader in financial and strategic advisory services with respect to the digital asset, cryptocurrency, and blockchain technology industry. GDIB serves public and private clients around the world with a full spectrum of financial advisory services, including, but not limited to, general corporate, strategic, M&A, , divestitures, and restructuring advisory services, as well as equity, debt and project finance capital markets services. On July 24, 2019, GDIB was approved by FINRA to act as an underwriter to registered public offerings of equity, debt or other corporate securities in the United States, and is a member of SPIC.

GDIB is a diversified revenue stream that can be uncorrelated with cryptocurrency and digital asset market prices.

In November 2019 GDIB completed its first two initial public offering (“**IPO**”) mandates, acting as a Co-Manager for Silvergate Capital Corporation’s NYSE-listing and as a Joint-Bookrunner for Canaan Inc.’s NASDAQ debut.

During 2020, GDIB added key hires including Michael Ashe as Head of Investment Banking, and has made significant progress, with several active mandates for clients across financing, mergers and acquisitions, and other strategic matters.

In June 2020, GDIB served as sell-side advisor to Blockfolio on its sale to FTX Trading Limited for \$150.0 million.

Mining

The Company launched Galaxy Digital Mining (“**GDM**”) in September 2020 with the hiring of Amanda Fabiano as Head of Mining. Fabiano joined from Fidelity Investments, where she was previously the Director of Bitcoin Mining. GDM has a strategic focus to provide novel and sophisticated financial tools to North American miners.

GDM manages a full suite of products and services related to bitcoin mining by sourcing clients, creating miner focused products, and identify new solutions. By integrating with existing business lines, GMD offer trade and risk management solutions, principal lending & equity investments, as well as advisory services for bitcoin miners. Making meaningful progress since its recent inception, GDM has procured Bitcoin mining machines to be utilized for proprietary operations, miner finance, and resale for the following primary business activities:

- Proprietary Operations: Mine on a proprietary basis at a colocation facility in Georgia
- Miner Finance: Offer state of the art credit underwriting for selected miners to finance machines
- Resale: Resell purchased machines to other North American miners that require machines, but not financing

GDM will continue to utilize our in-house expertise to provide novel and sophisticated tools for North American miners and will take advantage of opportunities as they arise in the mining ecosystem.

Principal Investments

The principal investments team, Galaxy Digital Principal Investments (“GDPI”) manages a diverse portfolio of private and public principal investments across the digital asset, cryptocurrency, and blockchain technology sector, including early- and later-stage equity, secured lending, pre-initial coin offering contributions, and other structured alternative investments, which were both contributed to Galaxy LP in the Asset Contribution as well as subsequently originated and acquired by GDPI. As of December 31, 2020, GDPI holds approximately 70 investments across 50 portfolio companies. GDPI’s mandate is to originate and execute upon investment opportunities with the best founders, at an attractive cost basis for GDPI. GDPI invests in founders and companies that we believe are strategically important to the future business roadmap of GDH LP, including (without limitation): new investment strategy seeds, third-party manager seed investments, equity investments into customers, counterparties and vendors of GDH LP, and early-stage equity investments into emerging technologies and platforms that we believe could be strategically relevant to the Company in the future. GDPI executes on this mandate 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., as well as recycling capital from existing investments upon realization.

In addition to its existing focus on blockchain and digital assets, GDH LP intends to strategically expand its mandate to advise, trade, manage client assets and invest in businesses (and securities of those businesses) that are involved in the broader emerging technology sectors (including, blockchain and digital assets, payments, financial technology, data centers, cyber security, artificial intelligence and machine learnings, amongst others). GDH LP believes the linkage and correlation between these sectors will continue to grow stronger over time, and as a result the scope of GDH LP’s activities and expertise (as well as the market opportunity) will need to grow accordingly.

Market Size, Scope, and Competition

After the launch of bitcoin in 2009, other cryptocurrencies have emerged in the past decade. As bitcoin increased in popularity and the idea of decentralized and encrypted currencies spread, the first alternative cryptocurrencies began to appear. These “altcoins” generally tried to improve on the original Bitcoin design by offering greater speed, anonymity, or some other advantage. Among the first to emerge were Namecoin and Litecoin. Cryptocurrency usage expanded beyond just the peer-to-peer currency transfer abilities that Bitcoin solved, but also sought to build in other functionalities, such as global decentralized computing or smart contracts infrastructure.

The second largest public blockchain protocol, Ethereum, debuted in 2015 and became the first large scale network for decentralized computing and smart contract functionality. The Ethereum network and its native cryptocurrency Ether present technological improvements over Bitcoin, including the ability to build applications and code actionable smart contracts directly into a public blockchain via a Turing- complete virtual machine.

Trading. Cryptocurrencies are a global market that trade on over 1,000 exchanges in various jurisdictions and geographic locations. General trading strategies include macro, long/short, event driven, quantitative/systematic, borrowing/lending, and arbitrage similar to traditional financial markets. Exchange, trading, data, and derivative infrastructure is nascent, but continues to develop each year and with increased investment and technical expertise. OTC or block trading of spot digital assets is generally accomplished via bilateral agreements on a principal-to-principal basis. All risks and issues of credit are between the parties directly involved in the transaction. The OTC market provides a relatively flexible market in terms of quotes, price, size, and other factors similar to block trades in other markets. Parties engaging in OTC transactions will agree upon a price and then one of the two parties would then initiate the transaction. Transaction costs in the OTC market are negotiable between the parties and therefore vary with some participants willing to offer competitive prices for larger volumes, although this will vary according

to market conditions. Cost indicators can be obtained from various information service providers, such as the bitcoin price indices and bitcoin exchanges. OTC trading tends to be in large blocks of bitcoin and between institutions. Certain U.S. platforms and non-U.S. based bitcoin exchanges offer derivative products on bitcoin such as options, swaps and futures. Our trading business competes with an international group of spot and derivative OTC providers and exchanges, and our lending business in general competes with a variety of both traditional and non-traditional lenders.

Asset Management. Given our theses, we believe institutional investors including endowments, pension funds, family offices, and capital allocators will continue to gain interest in the blockchain and cryptocurrency industry. Bitcoin and other cryptocurrencies are, today, uncorrelated assets that could improve the Sharpe profile of a portfolio. GDAM division positions itself to act as a bridge for existing institutions to get access to Bitcoin, other crypto assets, and exposure to the industry by providing structured products that ease the access, custodial, technical, and regulatory obstacles that would otherwise bar institutions from participating in the market. GDAM competes against other asset managers that provide passive and active exposure to digital assets and infrastructure companies in the ecosystem.

Investment Banking. Market participants in the cryptocurrency and blockchain industries include miners, investors and speculators, retail users transacting in cryptocurrencies, and service companies that provide a variety of services including buying, selling, payment processing and storing of cryptocurrencies. A tremendous number of new, complex businesses have also emerged to support the wider blockchain industry. In addition, more traditional businesses have arisen at the periphery of the blockchain networks as ecosystem support, including custody businesses, spot, derivative and futures exchanges, analytics and data services, and infrastructure providers. These businesses have the dual need for traditional banking services like loan underwriting, capital raising, M&A, and so on while requiring specialist knowledge about the inner workings of the cryptocurrency and blockchain technology industry. Our Investment Banking group competes with traditional bulge bracket and other niche advisory service companies.

Mining. Miners build and maintain the public Bitcoin ledger by recording every bitcoin transaction. In exchange for completing this work, miners earn revenue in bitcoin block subsidies and transaction fees. The mining ecosystem started as a niche in the Bitcoin industry but has begun to gain institutional interest. Mining is capital intensive, requiring upfront payments for infrastructure and specialized hardware. With the correct operational setup, miners can accumulate bitcoin below spot pricing, making it a lucrative business. The mining ecosystem includes parties such as manufacturers of bitcoin mining-specific equipment (e.g., application-specific integrated circuit, or “ASIC,” manufacturers), groups of coordinated miners (“pools”), hosting facilities, proprietary miners, public mining companies, and companies offering financial services and infrastructure for miners.

Principal Investments. Our company was founded on a core set of beliefs that cryptocurrencies and assets will have far reaching impacts on our lives over the coming decades. From Bitcoin emerging as a digital store of value, Ethereum and other smart contract platforms as a sandbox for permission less innovation allowing for the creation of the decentralized finance sector with its internet native financial primitives, the Ownership Economy empowering creators and non-fungible tokens (“NFTs”) changing the definition of a collectible, and many other innovations. All these innovations combine to power a user-centric internet, fundamentally different from the internet we are accustomed to today. Given this we want to use Galaxy’s capital as an accelerant, to pull the future forward into today. We seek to partner with the world’s best entrepreneurs and help them build category defining companies. Galaxy maintains several pools of capital, a venture portfolio focused on investing in both traditionally structured companies as well as in those building a crypto network powered by a token. In addition to our venture portfolio, Galaxy maintains a macro portfolio which establishes short, medium, and long-term positions in liquid Crypto assets. Each of these pools of capital compete against an international set of competitors that include institutional investors, venture funds, and hedge funds.

Employees, Specialized Skill and Knowledge

GDH LP has hired professionals with significant experience in each of its businesses and its operations. As of March 15, 2021, GDH LP has approximately 134 employees.

There are approximately 24 employees in the trading business with prior experience trading in traditional markets at financial institutions including trading operations and technology development of investment banks, hedge funds,

proprietary trading firms and broker-dealers, that have joined GDT to build out its proprietary trading systems and lending business.

There are approximately 14 employees in the asset management business with experience across portfolio management, trading, sales, operations, and client service from buy-side, sell-side, public and private financial institutions, and experience supporting the asset management operations. The asset management business manages capital on behalf of external clients across two distinct strategies today: Venture Capital and Passive Fund Management.

There are approximately six employees in the advisory business with prior experience in leading private placements of securities as a placement agent, providing advice on mergers and acquisitions and acting as underwriter for registered public offerings of equity, debt or other corporate securities in the United States, and supporting the advisory operations.

There are approximately three employees in the mining business with prior experience in banking, investing and mining at large financial services firms. The mining team is focused on providing bitcoin miners with a comprehensive suite of financial services and products. GDM intends to serve as a one-stop financial services platform for miners—drawing the firm's expertise in trading and risk management, investing and lending, and corporate advisory under one umbrella, tailored to the needs of the mining sector.

There are approximately three employees in the principal investments business with significant prior experience in sourcing, researching, negotiating, and executing on early- and later-stage direct private debt and equity investments that have joined GDPI from a variety of top-tier hedge funds, asset managers and investment banking institutions. The principal investments team is focused on proactive origination of strategically relevant private investment opportunities for GDH LP across the blockchain and digital asset verticals and is expected to implement and follow institutional quality due diligence processes in making such investments.

GDH LP has one employee that focuses exclusively on research and one employee that focuses exclusively on risk. GDH LP has also hired experienced professionals in its legal, finance, technology, administrative support and operations areas that support the businesses. There are approximately 82 employees dedicated to corporate activities that support the businesses.

Intangible Properties

GDH LP owns the following service marks registered with the United States Patent and Trademark Office: (1) GALAXY DIGITAL word mark, US Reg. No. 6,195,764; (2) the composite mark GALAXY DIGITAL & Design, US Reg. No. 6,195,765, (3) “Galaxy” logo mark, US Reg. No. 5,393,417, and (4) GALAXY word mark, US Reg. No. 4,576,146.

UNDERSTANDING THE COMPANY’S FINANCIAL INFORMATION AND THE ITEMS THAT IMPACT SUCH INFORMATION

Separate Financial Disclosure

As a reporting issuer, the Company complies with NI 51-102 (as defined below) and files financial statements and MD&A, as required for each quarter and fiscal year. GDH LP is not a reporting issuer and is not required to comply with NI 51-102. However, in connection with the Arrangement, and as re-filed in connection with the base shelf prospectus, the Company sought exemptive relief from the Ontario Securities Commission from certain financial statement requirements. As a condition to granting the exemptive relief the Ontario Securities Commission required the following condition (among others):

“in complying with its reporting issuer obligations, the [Company] will treat GDH LP as a subsidiary of the [Company]; however, if generally accepted accounting principles (“GAAP”) used by the [Company] prohibit the consolidation of financial information of GDH LP and the [Company], then for as long as GDH LP (including any of its significant business interests)

represents a significant asset of the [Company], the [Company] will provide separate audited annual financial statements and interim financial reports, prepared in accordance with the same GAAP as the [Company's] financial statements, and related MD&A, prepared in accordance with NI 51-102 or its successor, for GDH LP (including information about any of its significant business interests)”

To determine whether the results of the Company would be consolidated with the results of GDH LP, the Company performed an analysis to determine whether the Company controlled GDH LP. If the Company was determined to control GDH LP, then the results of GDH LP would be consolidated. Based on the analysis, the general partner of GDH LP and the majority owner of GDH LP were determined to have control over GDH LP. In addition, the inverse analysis was performed to determine whether GDH LP controlled the Company, in which case the results could also be consolidated pursuant to GAAP. Based on the analysis, it was determined that GDH LP did not control the Company. As a result of the foregoing, the Company and GDH LP are each required to file their own audited annual financial statements, interim financial statements and MD&A in order to comply with the exemptive relief conditions of the Ontario Securities Commission.

Significance of Investments and Digital Assets

GDH LP currently has significant holdings of investments and digital assets. As of December 31, 2020, GDH LP held investments at a carrying value of \$260.4 million and net digital assets (including digital assets posted as collateral, but excluding digital assets sold short and digital assets held by non-controlling interests) at a carrying value of \$573.1 million, with a net total equity (excluding non-controlling interests) of \$798.2 million. Changes in investments and digital assets will generally have a significant impact on GDH LP's results.

The Company accounts for its investment in GDH LP under the equity method of accounting. Under this method, its investment in GDH LP is initially recorded at cost and is subsequently adjusted for its share of the profit or loss of GDH LP. As the investment in GDH LP is the Company's only major asset, the results of GDH LP significantly impact the results of the Company.

Given the current materiality of GDH LP's investments and digital assets, the following information is reported in GDH LP's MD&A and is also referenced in the Company's MD&A:

- Investments by Industry
- Material Investment Positions
 - Any investments or digital assets that are deemed material to GDH LP and the reasons for that materiality assessment
- Select Investments Holdings
 - The largest investment holdings totaling approximately 90% of the entire investment portfolio, on a fair value basis, with cost and fair value information, and descriptions of those investments
 - The significant drivers of the changes in the quarter and year to date
- Select Digital Assets Holdings
 - The composition of the portfolio between digital assets with a greater than \$1 billion market cap and those with a less than \$1 billion market cap
 - The top digital asset holdings, including the quantity and fair value
- Digital Assets and Investments Risk
 - Risks regarding digital assets and the effect of a +/- 10% change in those assets
 - Risks regarding investments and the effect of a +/- 10% change in those assets
 - This risk section is supplemental to the extensive risk factors sections included in the MD&A for the year-ended December 31, 2019 and herein.

In the event that either of the control tests set out above are met, the Company's reporting of its results and those of GDH LP may change as it moves to reporting results on a consolidated basis, in accordance with GAAP. The Company also anticipates that as its business grows, the principal investments business may become less significant

to its overall operations and as a result the impact and materiality of its results from those operations may become less significant. The Company expects to revisit its disclosure as its business develops.

DIVIDEND POLICY

The Company has not, since its inception, declared or paid any dividends on the Ordinary Shares. The declaration of dividends on the Ordinary Shares is within the discretion of the board of directors (the “**Board**”) and will depend on the assessment of, among other factors, capital requirements, earnings, and the operating and financial condition of the Company. At the present time, the Company’s anticipated capital requirements are such that the Company follows a policy of retaining all available funds and any future earnings in order to finance business development and corporate growth. The Company does not intend to declare or pay cash dividends on its Ordinary Shares within the foreseeable future.

CAPITAL STRUCTURE

Overview

As of the date of this AIF, the authorized capital of the Company consisted of 2,000,000,000 Ordinary Shares of C\$0.001 par value each. As of the date of this AIF, the Company had 92,705,177 Ordinary Shares issued and outstanding and 229,076,452 B Units of GDH LP issued and outstanding, which are exchangeable for Ordinary Shares on a one-for-one basis, pursuant to the GDH LPA.

As of the date of this AIF, the Company has granted an aggregate of 26,255,166 stock options to acquire Ordinary Shares (each, an “**Option**”) to certain officers and employees of the Company pursuant to the Option Plan. As of the date of this AIF, the number of shares remaining available for issuance under the Option Plan is 19,310,573.

Ordinary Shares

Authorized Capital

The Company’s authorized share capital is C\$2,000,000 divided into 2,000,000,000 Ordinary Shares, each with a par value of C\$0.001.

Subject to certain limitations on the redemption and purchase of the Ordinary Shares, and relevant stock exchange approvals, the directors have general and unconditional authority to allot (with or without confirming rights of renunciation), grant options over or otherwise deal with any unissued Ordinary Shares to such persons, at such times and on such terms and conditions as they may decide.

Voting

Each Ordinary Share entitles the holder thereof to one vote at any meeting of Shareholders, subject to the Certification Process Adjustment, described below.

Certification Process Adjustment

The Articles of Association provide for a “certification process adjustment” (the “**Certification Process Adjustment**”) whereby, in connection with any resolution of the Shareholders (“**Shareholder Resolution**”) passed, each Shareholder shall be provided a certification as to its status, and the status of any person for whom the Shareholder holds beneficially, as a U.S. resident. In connection with the Certification Process Adjustment, in respect of any Shareholder Resolution in general meeting or in writing, each Shareholder shall be required to certify that, at the time of the general meeting (or any adjournment thereof) at which the resolution is tabled, or in the case of the resolution being proposed as a written resolution, at the time of signifying its agreement to the proposed written resolution: (a) it is not a U.S. resident; and (b) to the extent it holds Ordinary Shares for the account or benefit of any other person, such person is not a U.S. resident (each Shareholder not making such certification, a “**Non-Certifying Shareholder**”). This Certification Process Adjustment is intended to preserve the Company’s status as a “foreign private issuer” within

the meaning of Rule 405 under the U.S. Securities Act and Rule 3b-4 under the 1934 Act by ensuring that the aggregate total number of votes that Non-Certifying Shareholders are entitled to cast may never exceed 49% of the total number of votes that all Shareholders are entitled to cast (pursuant to the adjustment that is described in the following paragraphs).

For the purposes of calculating the number of votes which Non-Certifying Shareholders are entitled to cast on a Shareholder Resolution, if and to the extent that, in the absence of the Certification Process Adjustment:

$$“A” > (49 \div 100) \times “B”,$$

then “A” shall be reduced so that “D” is the whole number nearest to but not exceeding:

$$“C” \times (49 \div 51).$$

Where the aggregate number of votes actually cast by Non-Certifying Shareholders (whether on a poll or on a written resolution) “for” and “against” the relevant Shareholder Resolution when added to the number of votes withheld by Non-Certifying Shareholders in respect of such resolution, exceeds “D”, then the number of: (a) votes cast “for”; (b) votes cast “against”; and (c) votes withheld in respect of, such resolution by Non-Certifying Shareholders, will each be reduced pro rata until the aggregate number of votes “for”, votes “against” and votes withheld in respect of such resolution by Non-Certifying Shareholders, is the whole number nearest to but not exceeding “D”. Where the aggregate number of votes actually cast (whether on a poll or on a written resolution) and votes withheld, in each case by Non-Certifying Shareholders, is equal to or less than “D”, then each of such votes or votes withheld (as applicable) shall be counted and no reduction shall occur.

For the purposes of the foregoing:

“A” = the aggregate total of votes which all Non-Certifying Shareholders, whether or not actually voting, are entitled to cast, whether on a poll or on a written resolution, on the resolution prior to the operation of the Certification Process Adjustment;

“B” = “A” + “C”;

“C” = the aggregate total of votes which all holders of the Ordinary Shares who are not Non-Certifying Shareholders, whether or not actually voting, are entitled to cast, whether on a poll or on a written resolution, on the resolution; and

“D” = the aggregate total of votes all Non-Certifying Shareholders, whether or not actually voting, are entitled to cast, whether on a poll or on a written resolution, on the resolution, following the operation of the Certification Process Adjustment.

The directors may specify such other requirements or vary the requirements of the Certification Process Adjustment as they in their discretion consider necessary or appropriate to give effect to these restrictions.

Share Ownership Limitations

The Articles of Association provide the directors with the discretion to decline to register any person as a holder of a Share of the Company unless that person provides a declaration (and supporting evidence, if requested) showing that it is not a Disqualified Holder. “**Disqualified Holders**” include:

1. any investor that uses the assets of certain employee benefit plans subject to the Employee Retirement Income Security Act of 1974 (“**ERISA**”) or certain plans subject to the Internal Revenue Code (the “**Code**”), other than one all of whose holdings of Ordinary Shares were purchased from the Company (or result from conversion or exercise of securities purchased from the Company) after complete and correct disclosure by that investor to the Company with respect to its status as such;

2. any initial subscriber or subsequent transferee that is a U.S. person that is not an “accredited investor” as defined in Rule 501(a) of Regulation D under the Securities Act of 1933 (the “**U.S. Securities Act**”) and a “qualified purchaser” as defined in Section 2(a)(51) of the Investment Company Act of 1940 (the “**1940 Act**”); and
3. any person that the directors determine to whom a sale or transfer of Ordinary Shares, or in relation to whom the holding of Ordinary Shares: (i) would or could be in breach of the laws or requirements of any jurisdiction or governmental authority or in circumstances (whether directly or indirectly affecting such person, and whether taken alone or in conjunction with other persons, connected or not, or any other circumstances) appearing to the directors to be relevant; or (ii) might result in the Company incurring a liability to taxation or suffering a pecuniary, fiscal, legal, administrative or regulatory disadvantage, including the Company’s being required to register as an “investment company” under the 1940 Act, the Company’s no longer being a “foreign private issuer” for purposes of the Securities Exchange Act of 1934 (the “**1934 Act**”), the assets of the Company being deemed to be plan assets of a U.S. Benefit Plan Investor, the Company’s becoming subject to regulation as a depository institution holding company subsidiary or otherwise subject to banking law or the Company’s otherwise not being in compliance with the 1940 Act, ERISA, the Code or any other provision of U.S. federal or state law or non-U.S. law.

Investment in the Company by the above-referenced types of benefit plan investors is prohibited so that the assets of the Company will not be deemed to constitute “plan assets” of the investor. Similarly, the additional restrictions are to avoid subjecting the Company to the regulatory restrictions under both U.S. and non-U.S. laws, including under applicable U.S. securities laws.

In light of these restrictions, the directors may at any time give notice in writing to the holder of an Ordinary Share of the Company requiring that holder within such reasonable period show whether or not a Disqualified Holder is interested in such Ordinary Share of the Company. If within 14 days (or any extended or shortened time considered reasonable by the directors) the directors are not satisfied, the directors may declare that a Disqualified Holder is interested in such Ordinary Share of the Company.

With respect to any Ordinary Shares declared to be held directly or beneficially by any Disqualified Holder (such Ordinary Shares, “**Disqualifiable Shares**”), the directors shall serve written notice (a “**Transfer Notice**”) on a registered holder of Disqualifiable Shares and on any other person who is a Disqualified Holder in relation to those Disqualifiable Shares requiring the Disqualifiable Shares to be transferred or otherwise disposed of to a person that is not a Disqualified Holder within 14 days of the service of the Transfer Notice. If the Disqualified Holder fails to comply with the Transfer Notice, the directors may arrange for sale or disposal to be made.

Notwithstanding any of these requirements, the directors shall, so long as they act reasonably and in good faith, be under no liability to the Company or to any other person for failing to treat any Ordinary Share as a Disqualifiable Share or any person as a Disqualified Holder and neither shall the directors be liable to the Company or any other person if, having acted reasonably and in good faith, they determine erroneously that any Ordinary Share or other security of the Company is a Disqualifiable Share, or any person is a Disqualified Holder, or on the basis of such determination or any other determination or resolution of the directors, they perform or exercise (or purport to perform or exercise) their duties, powers, rights or discretions described above in relation to such Ordinary Share.

Dividends and Other Rights

The holders of Ordinary Shares are entitled to receive if, as and when declared by the Board, dividends in such amounts as shall be determined by the Board.

The Ordinary Shares do not carry any pre-emptive, subscription, redemption, retraction, surrender or conversion or exchange rights, nor do they contain any sinking or purchase fund provisions.

Stock Options

As of the date of this AIF, the Company has granted an aggregate of 26,255,166 Options to acquire Ordinary Shares pursuant to the terms and conditions of the Option Plan. As of the date of this AIF, the number of shares remaining available for issuance under the Option Plan is 19,310,573. The terms and conditions of the Option Plan are summarized in the Circular available under the Company's SEDAR profile at www.sedar.com.

Warrants

In connection with the PIPE, the Company issued 4,767,500 warrants in certificated form (the "Warrants"). Each whole Warrant entitles the holder to acquire, one Ordinary Share at an exercise price of US\$8.25 per share on or prior to 5:00 p.m. (New York time) on the 24 months following issuance of the Warrants, after which time the Warrant will be void and of no value. As of the date of this AIF, there are 3,638,946 Warrants outstanding.

GDH B Units

B Units of GDH LP do not entitle the holder the right to vote at meetings of Shareholders, but are, subject to certain limitations, including vesting conditions, exchangeable for Ordinary Shares on a one-for-one basis subject to customary adjustments for stock splits, stock dividends and reclassifications and other similar transactions. As of the date of this AIF, there are 229,076,452 B Units of GDH LP issued and outstanding.

Exchange Rights

B Units are, pursuant to their terms under the GDH LPA and subject to certain limitations, exchangeable for Ordinary Shares on a one-for-one basis subject to customary adjustments for stock splits, stock dividends and reclassifications and other similar transactions or, at the election of GDH LP, GDH LP may deliver an amount of cash in lieu of Ordinary Shares to an exchanging B Unit holder. Holders of B Units will be permitted to exchange their B Units in accordance with the terms of the GDH LPA subject to the limitations set forth in the exchange terms of the GDH LPA ("**Exchange Terms**"). To the extent GDH LP determines to exchange Ordinary Shares for surrendered B Units, the Company and/or an affiliate of the Company will receive a number of A-1 Units and A-2 Units equal to the number of Ordinary Shares that the Company issues, and the corresponding number of B Units that were surrendered will be cancelled.

Pre-Emptive Rights of B Units Holders

For so long as the B Unit holders own at least 10% of the total outstanding GDH LP Units, if either the Company or GDH LP offers any equity securities or securities convertible into equity ("**Participating Interests**"), the B Unit holders may purchase additional Participating Interests, but only to the extent necessary to maintain their respective proportional direct or indirect interests in GDH LP. Any such participation by B Unit holders will be on price and other terms that are no more favorable in any material respect than those applicable to other purchasers of participating interests, excluding commissions or other transaction expenses paid by the Company or GDH LP. These pre-emptive rights will be subject to certain customary carve-outs for circumstances relating to, among others, equity compensation plans, dividend or distribution reinvestment plans, and the acquisitions of businesses by the Company or GDH LP, as well as a carve-out for any exchange of B Units pursuant to the Exchange Terms.

Qualifications and Listing

Subject to the other provisions of the GDH LPA (including the Exchange Terms incorporated therein), if any Ordinary Shares to be issued and delivered pursuant to an exchange of B Units require registration or qualification with or approval of or the filing of any document, including any prospectus or similar document, or the taking of any proceeding with or the obtaining of any order, ruling or consent from any governmental authority in Canada under applicable laws or the fulfilment of any other Canadian federal or provincial legal requirement before such Ordinary Shares may be issued and delivered by or on behalf of the Company to the holder thereof (other than certain "control person" and other restrictions), the Company will take all actions and do all things necessary to cause these Ordinary Shares to comply with those requirements.

The Company also will agree that it will make such filings and take such other reasonable steps as may be necessary in order: that the Ordinary Shares issued in an exchange of B Units (other than any restricted Ordinary Shares) will be approved for listing and posted for trading on the TSX or any stock exchange or marketplace on which the Ordinary Shares then trade; and to preserve the listing on the TSX or any other relevant stock exchange or marketplace of all outstanding Ordinary Shares (other than restricted shares).

Tag/Drag Rights

The GDH LPA provides that if the holders of B Unit own at least 10% of the total outstanding GDH LP Units, and if Mr. Novogratz so requests, the Company will cause, in respect of GDH LP, a purchaser (other than the Company or an affiliate of the Company) of securities of GDH LP owned by Company (or any permitted assignee) to purchase a pro rata portion of the securities of GDH LP held by the holders of B Units, on the same terms and subject to the same conditions as are applicable to the purchase of securities of GDH LP by the purchaser. If the holders of B Units or any permitted assignee holds in aggregate less than 10% of the Ordinary Shares (on a fully exchanged basis), the Company will be entitled, in connection with the direct or indirect sale of all of its interest in GDH LP, to require the holders of B Units or any permitted assignee to sell its securities in GDH LP on the same conditions as are applicable to the Company's direct or indirect sale of its interest in GDH LP, and upon the Company making such request and completing such sale, the holders of B Units or their permitted assignees will have no further interest in GDH LP.

Tax Receivable Agreement

The Company has entered into a tax receivable agreement with Galaxy Group, certain former First Coin Shareholders and certain GDH LP employees (the "**Tax Receivable Agreement**"), as contemplated by the Arrangement, that provides for the payment by the Company to those GDH LP Unitholders of a material percentage (for example, 85%) of the amount of cash savings, if any, in U.S. federal, state and local and foreign income tax or franchise tax that the Company actually realizes as a result of any increase in tax basis in GDH LP's assets resulting from exchanges by those holders of B Units for Ordinary Shares in accordance with the terms of the B Units, as and when such tax benefits are realized.

The actual increase in tax basis, as well as the amount and timing of any payments under the Tax Receivable Agreement, will vary depending upon a number of factors, including the timing of exchanges by the GDH LP Unitholders, the price of the Ordinary Shares at the time of the exchange, the extent to which such exchanges are taxable, the amount and timing of the taxable income that the Company generates in the future, the tax rate then applicable and the portion of the Company's payments under the Tax Receivable Agreement that constitute imputed interest.

GDH A Units

The A Units are subdivided into A-1 Units, all of which are held by the Company, and A-2 Units, which are held indirectly by the Company, through the U.S. Blocker Subsidiary. The A-2 Units have no voting or governance rights under the GDH LPA. The number of A-1 Units and A-2 Units issued and outstanding, at any given time, will each be equal to the number of Ordinary Shares issued and outstanding. Any income of GDH LP that is effectively connected with a U.S. trade or business, as determined by GDH GP in its sole discretion, will be allocated in respect of the A-2 Units.

Governance Rights Granted by GDH LP to Certain Limited Partners

Generally, the GDH LPA will grant GDH GP the power to operate and manage GDH LP in accordance with the ELP Law.

Managers of the board of GDH GP (the "**GDH GP Board**") are elected by the vote of the GDH LP Unitholders, provided that, (a) initially, for so long as the Company owns more than 10% but no more than 50% of the outstanding GDH LP Units, the Company will have the right to appoint one manager to the GDH GP Board; (b) if at any time the Company owns more than 40% but no more than 50% of the outstanding GDH LP Units, it shall have the right to appoint a second manager to the GDH GP Board; and (c) for as long as Mr. Novogratz (A) owns directly or indirectly

an amount of B Units that is greater than 25% of the total outstanding GDH LP Units and (B) owns directly or indirectly a number of B Units that is greater than (x) the number of B Units owned by any other person and (y) the number of Ordinary Shares owned by any other person, Mr. Novogratz will have the right to appoint the minimum number of managers that is greater than 50% of the number of managers on the GDH GP Board.

Generally, when the Company issues Ordinary Shares, the Company will contribute the net proceeds of that issuance to GDH LP in exchange for one A-1 Unit and one A-2 Unit for each Ordinary Share so issued and the Company will be prohibited from investing the proceeds of its issuance in any other manner. However, the GDH LPA will include certain limitations with respect to these offerings. In the event that GDH LP determines to raise equity capital, it will raise such capital through the Company, unless the GDH GP Board determines that there is a bona fide business or strategic reason to raise equity capital through the issuance of equity by GDH LP directly and then it may only do so in an aggregate amount up to 70,000,000 B Units (the “**Pre-Approved Amount**”). Any issuance of GDH LP Units that exceeds the Pre-Approved Amount must be approved by the Board. Any increase to the Pre-Approved Amount will be subject to approval by the Board and the Shareholders of the Company. Such issuances will remain at all times subject to any approvals required under corporate or applicable stock exchange rules. In the event that the Company undertakes a financing for any reason other than at the request of GDH LP, GDH LP shall not be obligated to issue additional A Units to the Company, unless such financing has been approved by holders of a majority of GDH LP Units.

In addition, the Company will have the following consent rights (exercised either by vote of the Board or by vote of the Shareholders):

1. In addition to the requisite approval of GDH GP and the GDH LP Unitholders, (i) any issuance of B Units, in a transaction or series of related transactions, in an aggregate amount greater than 25% of the GDH LP Units outstanding as of immediately before the transaction or series of related transactions and (ii) the authorization of award units in excess of the amount most recently approved by the Shareholders will require approval by the Board and by ordinary Shareholder Resolution.
2. In addition, any bona fide sale of all or substantially all of the businesses or assets of GDH LP will require approval by GDH GP, by the GDH LP Unitholders and by special Shareholder Resolution.
3. In addition to the requisite approval of GDH GP, any amendment to the GDH LPA that could reasonably be expected to be materially adverse to the Company will require approval by the Board and by special Shareholder Resolution.
4. In addition to the approval of GDH GP, (i) any change in the auditors, and (ii) any issuance of B Units for less than a value calculated in accordance with the rules of the stock exchange on which the Ordinary Shares are listed (less any permissible discounts), will require approval by the Board.

In addition, any material related party transactions involving GDH LP will require approval by the following parties (not including any constituents therein that are interested in relevant transaction): (i) the managers of GDH GP, (ii) the GDH LP Unitholders, (iii) the Board and (iv) the Shareholders. Such approvals are in addition to, and not replacement of, any approvals required by applicable law or exchange requirements.

It is important for Shareholders to note that the Company will have no right, and GDH GP will have no obligation, to cause GDH LP to make distributions to GDH LP Unitholders or withdrawals from GDH LP, including the Company. See “*Dividends*” above.

A full description of the terms of the GDH LP Units is contained in the GDH LPA. A copy of the GDH LPA is available under the Company’s SEDAR profile at www.sedar.com.

MARKET FOR SECURITIES

The Company’s Ordinary Shares trade on the TSX under the symbol “GLXY”.

The following table sets forth, for the Company's financial year ended December 31, 2020 and subsequent period, the reported high and low prices and volume traded on the TSXV.

High and low prices and volume traded on the TSXV.

Toronto Venture Exchange

<u>Month</u>	<u>High (C\$)</u>	<u>Low (C\$)</u>	<u>Volume</u>
September 2019	2.01	1.50	967,539
October 2019	1.63	1.21	1,458,856
November 2019	1.42	1.00	2,625,000
December 2019	1.25	1.05	1,411,965
January 2020	1.35	1.04	2,616,207
February 2020	1.52	1.05	5,675,489
March 2020	1.21	0.56	3,016,410
April 2020	1.35	0.76	2,728,381
May 2020	1.71	1.10	3,473,480
June 2020	2.06	1.23	5,884,769
July 1 to 3, 2020	1.73	1.58	283,902

Toronto Stock Exchange

<u>Month</u>	<u>High (C\$)</u>	<u>Low (C\$)</u>	<u>Volume</u>
July 6 to 31, 2020	2.92	1.57	5,800,815
August 2020	5.08	2.86	5,948,498
September 2020	5.68	2.63	8,989,508
October 2020	5.18	2.98	6,733,147
November 2020	7.50	4.15	11,062,489
December 2020	11.67	5.29	11,527,029
January 2021	13.12	7.9	12,452,738
February 2021	20.00	8.96	15,440,178
March 1 to 29, 2021	30.15	15.00	20,897,500

PRIOR SALES

The following table summarizes the details of each class of securities of Galaxy or GDH LP that are outstanding but not listed or quoted on a marketplace issued by Galaxy or GDH LP during the period beginning January 1, 2020 and ending December 31, 2020:

Ordinary Shares

<u>Date of Issuance</u>	<u>Number of Ordinary Shares Issued</u>	<u>Price per Ordinary Share (C\$)</u>	<u>Reason for Issuance</u>
November 12, 2020	19,070,000	\$3.50	Private Placement
November 12, 2020	2,317,888	\$4.4927	Private Placement issued for Acquisition
November 12, 2020	1,352,583	\$3.9875	Private Placement issued for Acquisition

Warrants

Date of Issuance	Number of Warrants Issued	Exercise Price (C\$)	Reason for Issuance
November 12, 2020	4,767,500	\$8.25	Private Placement

Stock Options under the Stock Option Plan

Date of Issuance	Number of Stock Options Issued	Exercise Price (C\$)	Reason for Issuance
April 9, 2020	1,936,692	\$1.35	Incentive Compensation
April 9, 2020	1,603,321	\$1.60	Incentive Compensation
April 9, 2020	1,603,321	\$1.85	Incentive Compensation
June 25, 2020	750,000	\$1.39	Incentive Compensation
November 16, 2020	6,180,000	\$5.65	Incentive Compensation
December 3, 2020	7,500,000	\$6.21	Incentive Compensation
December 8, 2020	555,000	\$6.00	Incentive Compensation
December 21, 2020	100,000	\$8.02	Incentive Compensation

ESCROW SECURITIES

As of the date of this AIF, to the knowledge of Galaxy, no securities of Galaxy were held in escrow or are subject to contractual restrictions on transfer other than those disclosed below.

Designation of class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class	Depository
Ordinary Shares	19,070,000 ⁽¹⁾	20.57%	TSX Trust
Ordinary Shares	2,317,888 ⁽²⁾	2.31%	TSX Trust
Ordinary Shares	1,352,583 ⁽³⁾	1.46%	TSX Trust

Notes:

(1) These ordinary shares are subject to a share lock-up and selling agreement that provide for the following restrictions: (i) Months 0 – 6 from issuance: No sales permitted; (ii) Months 7 – 9 from issuance: Up to 33.3% of total shares issued allowable for sale, subject to a maximum daily sale participation of no more than 10.0% of daily volume; (iii) Months 10 – 12 from issuance: Up to 66.6% of total shares issued allowable for sale, subject to a maximum daily sale participation of no more than 10.0% of daily volume; (iv) Month 13 and Forward: No further selling restrictions. Upon the earlier of (i) 6 months from Closing and (ii) 3 months following a successful listing on a major U.S. exchange (e.g., NASDAQ or NYSE), all shares issued will become freely tradeable i.e., lock-up released), subject still to a daily selling restriction of no more than 10.0% of daily volume (prior to Month 19, after which all selling restrictions shall be removed).

(2) These ordinary shares are subject to an escrow requirement in the merger agreement for the purpose of satisfying indemnification claims pursuant to the obligations set forth in the agreement.

(3) These ordinary shares are subject to an escrow requirement in the merger agreement for the purpose of satisfying indemnification claims pursuant to the obligations set forth in the agreement.

EXECUTIVE OFFICERS AND DIRECTORS

Identifying Information and Holdings

The following sets forth the names and province or state and country of residence of our directors and executive officers, the offices held by them in the Company and GDH LP, and their principal occupations during the last five years as at the date of this AIF and at December 31, 2020.

Name, Place of Residence and Position	Director⁽¹⁾/Officer Since	Position and Principal Occupation in the Past Five Years	Ordinary Shares beneficially owned or controlled/directed
Michael Novogratz New York, USA <i>Chairman and Chief Executive Officer</i> <i>Manager of GDH GP (Cayman)</i>	July 31, 2018	Chief Executive Officer of the Company and Galaxy Digital LP (November 2017 to Present) Private Investor (January 2016 to November 2017) Partner, Fortress Investment Group (since at least November 2014 to January 2016)	522,945 ⁽⁴⁾
Bill Koutsouras ⁽²⁾ Camana Bay, Cayman Islands <i>Lead Director</i>	July 31, 2018	Principal, Kouts Capital (since at least November 2014 to Present)	Nil ⁽⁵⁾
Theagenis Iliadis ⁽²⁾⁽³⁾ Athens, Greece <i>Director</i> <i>Manager of GDH GP (Cayman)</i>	July 31, 2018	Real Estate Developer and Investor (since at least November 2014 to Present)	Nil ⁽⁶⁾
Nereida Flannery ⁽³⁾ Hong Kong, China <i>Director</i>	July 31, 2018	Cross-border M&A Advisor (May 2019 to Present) Managing Partner, GMP Securities Asia (since at least November 2014 to 2019)	Nil ⁽⁷⁾
Dominic Docherty ⁽²⁾ Dubai, United Arab Emirates <i>Director</i> <i>Manager of GDH GP (Cayman)</i>	July 31, 2018	Entrepreneur and founder BIOS Middle East, CloudHPT.com, Capital Assured (since at least November 2014 to Present)	Nil ⁽⁸⁾
Christopher Ferraro New York, USA <i>Co-President</i> <i>Manager of GDH GP (Cayman)</i>	July 31, 2018	Co-President (December 2020 to Present) President (July 2019 to September 2020) Chief Investment Officer of the Company and Galaxy Digital LP (January 2018 to July 2019) Chief Investment Officer, Galaxy Investment Partners, (June 2017 to January 2018) Managing Director, HPS Investments Partners (since at least November 2014 to June 2017)	Nil ⁽⁹⁾

Name, Place of Residence and Position	Director⁽¹⁾/Officer Since	Position and Principal Occupation in the Past Five Years	Ordinary Shares beneficially owned or controlled/directed
Damien Vanderwilt New York, USA <i>Co-President, Head of Global Markets</i> <i>Manager of GDH GP (Cayman)</i>	December 3, 2020	Co-President (December 2020 to Present) Head of Global Markets (December 2020 to Present) Partner, Global Head FICC Execution Services, Goldman Sachs (September 2016 to November 2020) Managing Director, Head EMEA Equities Execution Services & Trading, Goldman Sachs (since at least November 2014 to September 2016)	1,079,971 ⁽¹⁰⁾
Rhonda Adams Medina New York, USA <i>Manager of GDH GP (Cayman)</i>	September 28, 2020	Director, Business and Legal Affairs, Netflix (January 2019 to Present) VP Business and Legal Affairs, NBC Universal Kids (September 2016 to December 2018) Senior VP and Deputy General Counsel Business and Legal Affairs, Nickelodeon (since at least November 2014 to October 2015)	Nil ⁽¹¹⁾
Ashwin Prithipaul New York, USA <i>Chief Financial Officer</i>	September 30, 2019	Chief Financial Officer of Galaxy Digital Holdings Ltd. (September 2019 to Present) Chief Accounting Officer of Galaxy Digital Holdings Ltd. (August 2018 to September 2019) Director of Financial Reporting, Assured Guaranty (since at least November 2014 to August 2018)	54,708 ⁽¹²⁾
Sam Englehardt New York, USA <i>Head of Galaxy Interactive</i>	July 31, 2018	Head of Galaxy Interactive (November 2019 to Present) Co-head of Principal Investments (July 2018 to November 2019) Head of Strategic Partnerships, Galaxy Digital (June 2017 to July 2018) Founder/Investor, See Ventures (July 2015 to present) Partner and Managing Director, Lambert Media Group (since at least November 2014 to June 2016)	Nil ⁽¹³⁾
Steve Kurz New York, USA <i>Head of Asset Management</i>	July 31, 2018	Head of Asset Management of the Company and Galaxy Digital LP (December 2017 to Present) Co-Founder of Outer Realm VR (March 2017 to December 2017) Head of Business Development, River Birch Capital (since at least November 2014 to February 2017)	5,000 ⁽¹⁴⁾

Name, Place of Residence and Position	Director⁽¹⁾/Officer Since	Position and Principal Occupation in the Past Five Years	Ordinary Shares beneficially owned or controlled/directed
Kim Pillemer New York, USA <i>Chief of Staff</i>	July 31, 2018	Chief of Staff (August 2019 to Present) Co-head Merchant Bank (July 2018 to August 2019) General Counsel of the Company and Galaxy Digital LP (November 2017 to July 2018) President, multi-family office (since at least November 2014 to November 2017)	Nil ⁽¹⁵⁾
Andrew Siegel New York, USA <i>General Counsel & Chief Compliance Officer</i>	July 31, 2018	General Counsel and Chief Compliance Officer (July 2018 to Present) Chief Compliance Officer, Galaxy Digital LP (December 2017 to July 2018) Variety of legal and compliance roles at Perella Weinberg Partners, including General Counsel, Chief Compliance Officer, and Chief Regulatory Officer (since at least November 2014 to December 2017)	78,975 ⁽¹⁶⁾
Francesca Don Angelo, New York, USA <i>Corporate Secretary</i>	July 31, 2018	Corporate Secretary of the Company and Galaxy Digital LP (March 2018 to Present) Managing Director, Managing Counsel and Assistant Corporate Secretary of The Bank of New York Mellon Corporation (since at least November 2014 to March 2018)	Nil ⁽¹⁷⁾
Michael Ashe New York, USA <i>Head of Investment Banking</i>	October 26, 2020	Head of Investment Banking (October 2020 to Present) Director - Investment Banking at Oppenheimer & Co. Inc. (January 2015 to October 2020)	Nil ⁽¹⁸⁾
Jason Urban New York, USA <i>Head of Trading</i>	November 12, 2020	Head of Trading (November 2020 to Present) Chief Executive Officer at Drawbridge Lending (June 2018 to November 2020) Trader at DRW Trading Group (since at least November 2014 to May 2018)	267,508 ⁽¹⁹⁾

Notes:

- (1) All of the directors' appointments expire at the next annual meeting of the Shareholders.
- (2) Member of the Audit Committee.
- (3) Member of the Compensation, Corporate Governance, Nominating Committee.
- (4) In addition to the Ordinary Shares listed in the table above, Mr. Novogratz holds 213,696,000 B Units that are exchangeable into 213,696,000 Ordinary Shares.
- (5) Mr. Koutsouras holds 150,000 Options entitling him to acquire an additional 150,000 Ordinary Shares.
- (6) Mr. Iliadis holds 150,000 Options entitling him to acquire an additional 150,000 Ordinary Shares.
- (7) Ms. Flannery holds 150,000 Options entitling her to acquire an additional 150,000 Ordinary Shares.
- (8) Mr. Docherty holds 150,000 Options entitling him to acquire an additional 150,000 Ordinary Shares.

- (9) Mr. Ferraro holds 4,661,001 B Units that are exchangeable into 4,661,001 Ordinary Shares and 1,764,000 Options entitling him to acquire an additional 1,764,000 Ordinary Shares.
- (10) In addition to the Ordinary Shares listed in the table above, Mr. Vanderwilt holds 920,029 B Units that are exchangeable into 920,029 Ordinary Shares and 7,500,000 Options entitling him to acquire an additional 7,500,000 Ordinary Shares.
- (11) Ms. Medina holds 150,000 Options entitling her to acquire an additional 150,000 Ordinary Shares.
- (12) In addition to the Ordinary Shares listed in the table above, Mr. Prithipaul holds 35,593 B Units that are exchangeable into 35,593 Ordinary Shares and 750,000 Options entitling him to acquire an additional 750,000 Ordinary Shares
- (13) Mr. Englebardt holds 2,545,350 B Units that are exchangeable into 2,545,350 Ordinary Shares and 1,864,000 Options entitling him to acquire an additional 1,864,000 Ordinary Shares.
- (14) In addition to the Ordinary Shares listed in the table above, Mr. Kurz holds 1,520,278 B Units that are exchangeable into 1,520,278 Ordinary Shares and 1,982,000 Options entitling him to acquire an additional 1,982,000 Ordinary Shares.
- (15) Ms. Pillemer holds 4,123,751 B Units that are exchangeable into 4,123,751 Ordinary Shares and 1,964,000 Options entitling her to acquire an additional 1,964,000 Ordinary Shares.
- (16) In addition to the Ordinary Shares listed in the table above, Mr. Siegel holds 223,169 B Units that are exchangeable into 223,169 Ordinary Shares and 915,000 Options entitling him to acquire an additional 915,000 Ordinary Shares
- (17) Ms. Don Angelo holds 89,117 B Units that are exchangeable into 89,117 Ordinary Shares and 291,000 Options entitling her to acquire an additional 291,000 Ordinary Shares.
- (18) Mr. Ashe holds 60,903 B Units that are exchangeable into 60,903 Ordinary Shares and 1,400,000 Options entitling him to acquire an additional 1,400,000 Ordinary Shares.
- (19) In addition to the Ordinary Shares listed in the table above, Mr. Urban holds 800,000 Options entitling him to acquire an additional 800,000 Ordinary Shares.

Share Ownership by Directors and Executive Officers

As of the date of this AIF, as a group, the Company's and GDH LP's directors and executive officers beneficially owned, directly or indirectly, or exercised control over 2,009,107 Ordinary Shares, representing 2.17% of the issued and outstanding Ordinary Shares of the Company.

As of the date of this AIF, as a group, the Company's and GDH LP's directors and executive officers also beneficially owned, directly or indirectly, or exercised control over 227,460,906 B Units and 19,980,000 Options.

On a fully diluted, fully exchanged basis, the Company's and GDH LP's directors and executive officers beneficially own, directly or indirectly, or exercise control over 249,450,013 Ordinary Shares, representing 67.24% of the issued and outstanding Ordinary Shares on a fully diluted and fully exchanged basis (and assuming all options and warrants were exercised and "in the money").

CORPORATE CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES AND SANCTIONS

No director or executive officer of Galaxy or GDH LP is, as at the date of this annual information form, or was within 10 years before the date of this annual information form, a director, chief executive officer or chief financial officer of any company (including Galaxy and GDH LP), that was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days:

1. that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
2. that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Except as disclosed below, no director or executive officer of Galaxy or GDH LP, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of Galaxy or GDH LP:

1. is, as at the date of this annual information form, or has been within the 10 years before the date of this annual information form, a director or executive officer of any company (including Galaxy and GDH LP) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or

2. has, within the 10 years before the date of this annual information form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

No director or executive officer of Galaxy or GDH LP, or a shareholder holding a sufficient number of securities of Galaxy or GDH LP to affect materially the control of Galaxy or GDH LP, has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

CONFLICTS OF INTEREST

Other than as disclosed herein, none of our directors, officers or principal shareholders and no associates or affiliates of any of them, have or have had any material interest in any transaction which materially affects us. There are potential conflicts of interest to which our directors and officers will be subject in connection with our operations. In particular, certain of our directors are involved in managerial and/or director positions with other companies whose operations may, from time to time, be in direct competition with our operations or with entities which may, from time to time, provide financing to, or make equity investments in, our competitors. See *“Risk Factors– Managing different business lines could present conflicts of interest”*.

Some of the individuals acting as directors, managers or officers of the Company or GDH GP, as applicable, are also directors, officers and/or promoters of other reporting and non-reporting issuers. As of the date of this AIF and to the knowledge of the directors and officers of the Company and GDH GP, there are no existing conflicts of interest between the Company, GDH GP or a subsidiary or affiliate of the Company and a proposed director, officer or promoter of the Company, GDH GP or a subsidiary or affiliate of the Company, as applicable.

As a diversified financial services and investment management business, GDH LP intends to engage in a broad spectrum of activities, and it is possible that situations could arise in which the activities of GDH LP or its affiliates or their partners, members, directors, officers and employees conflict with the interests of the GDH LP’s clients and investors.

In order to address potential conflicts of interest, personal investment holdings and certain transactions by, and outside business activities of GDH LP, or its affiliates or their partners, members, directors, officers and employees (collectively, **“Related Parties”**), the Company adopted the Global Code of Conduct (the **“Code”**). The Compensation, Corporate Governance and Nominating Committee’s Charter indicates that it will monitor conflicts of interest (real or perceived) of members of the Board and management in accordance with the Code and report to the Board on compliance with, material departures from, and investigations and any resolutions of complaints received under, the Code and approve waivers from the Code as the Committee considers appropriate, and where necessary recommend changes to the Board for approval. GDH LP has also adopted an Ethics Code, comprised of policies and procedures set out in the GDH LP’s Code of Business Ethics and Conduct and GDH LP’s Personal Trading Accounts Policy, which are designed to mitigate business conflicts of interest. Pursuant to the Ethics Code, personal investment holdings, including in digital assets, and outside business activities of Related Parties must be disclosed to, and certain transactions and outside activities are subject to pre-clearance by, GDH LP’s Legal and Compliance group. With respect to matters subject to pre-clearance, it is expected that GDH LP generally will not approve a Related Party’s transaction or activity if it is subject to an internal restriction (such as those related to the receipt of material, non-public information), or competes or conflicts with GDH LP’s or its affiliates activities or a client’s transaction, or violates GDH LP’s internal policies or any fiduciary duties of GDH LP or its affiliates to any client, or creates the appearance of impropriety.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

In the ordinary course of business, the Company, GDH LP and its subsidiaries may be threatened with, named as defendants in, or made parties to pending and potential legal actions. We do not believe that the ultimate outcome of

these and any outstanding matters will have a material effect upon our financial position, results of operations or cash flows.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed herein, in the Circular and in the Financial Disclosure (as defined below), no informed person, as such term is defined in National Instrument 51-102 – Continuous Disclosure Obligations (“**NI 51-102**”), of the Company, no proposed director of the Company, and no associate or affiliate of any informed person or proposed director has had any material interest, direct or indirect, in any transaction since January 1, 2020 or in any proposed transaction which has materially affected or would materially affect the Company.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditor of the Company is Davidson & Company LLP (“**Davidson**”) at its offices located at 1200 – 609 Granville Street, Vancouver, BC V7Y 1G6.

The transfer agent and registrar of the Company is TSX Trust Company (“**TSX Trust**”), at its offices located at 200 University Avenue, Suite 300, Toronto, Ontario M5H 4H1.

MATERIAL CONTRACTS

Galaxy is a party to the following material contracts as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*.

1. The Fourth Amended and Restated Limited Partnership Agreement of GDH LP dated June 23, 2020, following the Third Amended and Restated Limited Partnership Agreement of GDH LP dated November 27, 2018, following from the Second Amended and Restated Limited Partnership Agreement of GDH LP dated July 31, 2018 and the initial form of the limited partnership agreement of GDH LP entered into on May 10, 2018, in connection with the Arrangement.

As noted above, the Company’s only significant asset is its minority ownership interest in GDH LP in the form of A-1 Units and A-2 Units. However, there are certain rights granted to the Company in the GDH LPA in exchange for certain agreements on the Company’s part (see *Corporate Structure – Intercorporate Relationships*).

A copy of the GDH LPA is available under the Company’s SEDAR profile at www.sedar.com.

2. The Limited Liability Company Agreement of GDH GP dated July 26, 2018 (“**GP LLC Agreement**”) of GDH GP, in connection with the Arrangement. GDH GP was formed and registered pursuant to the ELP Law and in accordance with the GP LLC Agreement and the GDH LPA. The GP LLC Agreement established that the management of GDH GP, vested exclusively in the appointed managers, appointed or replaced in accordance with the provisions of the GDH LPA and the GP LLC Agreement.
3. The Agency Agreement dated February 14, 2018 among GMP Securities LP, as agent (the “**Agent**”), Bradmer, Galaxy Digital LP, by its general partner, Galaxy Digital GP LLC and First Coin Capital Corp. (the “**Agency Agreement**”), in connection with the Arrangement.

The Offering was conducted on a “best efforts” agency basis pursuant to the terms of the Agency Agreement. The Agent acted as sole agent and bookrunner for the Offering. As consideration for its services rendered, the Company paid the Agent an agency fee and an advisory fee and granted the Agent Compensation Options (as defined below).

Subject to certain conditions, the agency fee was a cash commission representing a percentage of the gross proceeds of the Offering. Approximately 50% of the agency fee in respect of any order allocated to retail investors, was paid to the Agent at the closing of the Offering. The balance of the agency fee not paid on the

closing of the Offering and all further costs and out-of-pocket expenses of the Agent incurred up to and as of the escrow release date were to be paid on behalf of the Company to the Agent on the escrow release date from the escrowed funds.

On closing of the Offering, the Agent was granted 710,517 Options (the “**Agent Compensation Options**”) exercisable to acquire that number of Ordinary Shares. Conditional on the satisfaction of the escrow release conditions, each Agent Compensation Option is exercisable for one Ordinary Share. This option expired unexercised on July 31, 2019.

4. The Arrangement Agreement dated February 14, 2018 among Bradmer, First Coin, Galaxy Digital LP and Galaxy Digital GP LLC, together with the Amending Agreement dated May 14, 2018, in connection with Plan of Arrangement. See “*General Development of the Business – Three Year History – The Arrangement*”.
5. The Subscription Receipt Agreement dated February 14, 2018, together with the Amending Agreements dated June 1, 2018 and June 14, 2018, providing for the issue of 60,969,749 subscription receipts among Bradmer, Galaxy Digital LP, First Coin, GMP Securities LP and TSX Trust in connection with the Plan of Arrangement. See “*General Development of the Business – Three Year History – The Arrangement*”.

INTEREST OF EXPERTS

The financial statements of GDH Ltd. for the fiscal years ended December 2020 and 2019 were audited by Davidson. In addition, the financial statements of GDH LP for the fiscal year ended December 2020 and the period ended December 31, 2019 were audited by Davidson.

Davidson has confirmed that they are independent from the Company within the meaning of the relevant rules and related interpretations prescribed in the relevant professional bodies in Canada and any applicable legislation or regulation.

AUDIT COMMITTEE

Audit Committee Charter

The Audit Committee of the Board operates under a written charter that sets out its responsibilities and composition requirements. The text of the Audit Committee charter is appended as Appendix “A” to this AIF.

Composition of the Audit Committee

The Audit Committee is comprised of Bill Koutsouras, Dominic Docherty and Theagenis Iliadis, all of whom are financially literate as such term is defined in NI 52-110. Messrs. Koutsouras, Docherty and Iliadis are considered independent pursuant to NI 52-110. A description of the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member may be found above under the heading “*Executive Officers and Directors – Identifying Information and Holdings*”.

Relevant Education and Experience

See heading “*Executive Officers and Directors – Identifying Information and Holdings*” above for a description of the education and experience of each of the members of the Audit Committee that is relevant to their performance as an audit committee member, in particular, the education and experience that provides the members with:

1. an understanding of the accounting principles used by the issuer to prepare its financial statements;
2. the ability to assess the general application of those principles in connection with the accounting for estimates, accruals and provisions;

3. experience preparing, auditing, analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the issuer's financial statements, or experience actively supervising individuals engaged in such activities; and
4. an understanding of internal controls and procedures for financial reporting.

Additional information is contained in the Company's most recently filed Circular available under the Company's SEDAR profile at www.sedar.com.

Reliance on Certain Exemptions

At no time since January 1, 2020 has the Company relied on the exemptions in section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), subsection 3.2 of NI 52-110 (*Initial Public Offerings*), subsection 3.3(2) of NI 52-110 (*Controlled Companies*), subsection 3.4 of NI 52-110 (*Events Outside Control of Member*), subsection 3.5 (*Death, Incapacity or Resignation*), subsection 3.6 of NI 52-110 (*Temporary Exemption for Limited and Exceptional Circumstances*), subsection 3.8 of NI 52-110 (*Acquisition of Financial Literacy*) or an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*) by a securities regulatory authority or regulator.

Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Company's Board.

Pre-Approval Policies and Procedures

The Audit Committee has authority and responsibility for pre-approval of all non-audit services to be provided to the Company or its subsidiary entities by the external auditors or the external auditors of the Company's subsidiary entities, unless such pre-approval is otherwise appropriately delegated or if appropriate specific policies and procedures for the engagement of non-audit services have been adopted by the Audit Committee.

External Auditor Service Fees by Category

The aggregate fees billed by the Company's auditor in the last two financial years for services in each of the categories indicated are as follows:

<u>Financial Year Ending</u>	<u>Audit Fees⁽¹⁾</u>	<u>Audit Related Fees⁽²⁾</u>	<u>Tax Fees⁽³⁾</u>	<u>All Other Fees⁽⁴⁾</u>
December 31, 2020	\$1,619,520	\$473,204	Nil	\$20,000
December 31, 2019	\$1,518,300	\$455,490	Nil	Nil

Notes:

- (1) Audit Fees consist of fees incurred for the annual audit of the Company's financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements.
- (2) Audit Related Fees consist of fees paid or accrued for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements that are not included under "Audit Fees" in the table above.
- (3) Tax Fees relate to fees paid or accrued for tax compliance, tax advice and tax planning services.
- (4) All Other Fees include fees for products and services other than the services reported in Audit Fees, Audit Related Fees and Tax Fees.

MARKET CONTROLS AND REGULATION

Below is a description of the regulation, requirements or regimes that are, or are expected to be, applicable to GDH LP's businesses by jurisdiction.

The worldwide regulation of investing and financial businesses is extremely complex; Digital Assets make up a relatively new and rapidly evolving space. GDH LP is expected to be guided in significant part by regulatory regimes that are not clear or are not yet developed. GDH LP intends to use its internal legal and compliance expertise, in consultation with its outside counsel, to determine how to engage in its business activities so as to obtain the appropriate licenses or to be able to rely on an exception or exemption from any relevant registration requirement. GDH LP will continue to monitor the laws and guidance issued in these jurisdictions that may be applicable to its business.

United States

CFTC Regulation – The CFTC regulates markets in listed futures and various types of over-the-counter derivatives on commodities, when traded in, into or from the United States. The CFTC has taken the position that certain virtual currencies are commodities for purposes of the regulatory scheme of the Commodity Exchange Act of 1936 (the “CEA”). Generally speaking, trading in a principal capacity in commodities in the “spot” or “cash” markets would not subject a person to a licensing or regulation requirement under the CEA. The CFTC does have jurisdiction over these spot commodity trading activities with respect to its anti-fraud and anti-manipulation authority under the CEA. The CEA imposes registration and regulatory requirements, including disclosure, reporting, and other requirements, on market participants engaged in commodity derivatives intermediary activities. This includes, for example, providing investment advice or fund management services to clients regarding commodity derivatives or engaging in principal or agency trading activities in commodity derivatives. Under the CEA, commodity derivatives may include swaps, futures, and retail commodity transactions. As a result of an acquisition in November 2020, we have a subsidiary that is a CFTC-regulated commodity trading advisor and commodity pool operator.

SEC Regulation – The SEC, which regulates the offering, sale and trading of securities as well as various requirements applicable to public companies under U.S. federal securities laws, considers certain Digital Assets to be securities. GDH LP’s contemplated businesses may relate to products that the SEC or U.S. courts could determine are securities for purposes of U.S. federal securities laws and regulations. For example, in December 2020, the SEC filed a complaint against Ripple Labs, Inc. alleging that XRP, a Digital Asset issued and sold by the company for more than seven years, was and continues to be a security under the U.S. federal securities laws. As a general matter, any transaction in securities, including purchases and sales for principal investment, would be subject to the SEC’s anti-fraud and anti-manipulation authority under the U.S. Securities Act and the 1934 Act. In addition, offers and sales of securities may require registration under the Securities Act or, alternatively, compliance with various rules and regulations for exemptions from registration. The regulatory requirements of the Securities Act and the 1934 Act require a careful facts and circumstances analysis of any involvement by GDH LP in Digital Assets activities and is an important part of GDH LP’s compliance framework. Additionally, GDH LP’s activities with respect to securities may require registration with the SEC depending on their nature, particularly if GDH LP engages in customer-facing businesses such as brokerage or asset management. (See “*Broker-Dealer*” for a description of SEC regulation relevant to our trading business and “*Investment Adviser*” for a description of the SEC Regulation applicable to aspects of our asset management business.)

Broker Dealer – The 1934 Act requires that any person who is a broker or a dealer must register with the SEC and defines a broker as “any person engaged in the business of effecting transactions in securities for the account of others.” In order for the financial advisory business to advise clients interested in transactions that involve securities, GDH LP purchased a registered broker dealer, Galaxy Digital Partners LLC. FINRA granted GDIB’s business expansion, which permits it to act as an underwriter to registered public offerings of equity, debt or other corporate securities in the United States. This adds to its existing abilities to lead private placements of securities as a placement agent, and to provide advice on mergers and acquisitions. Among other things and depending on the scope of the broker-dealer license, broker-dealers registered with the SEC are subject to requirements relating to how to structure and complete transactions in securities, execute client orders, safeguard client assets and maintain the required levels of regulatory capital, among other things. In addition, broker-dealers are subject to anti-money laundering rules and requirements issued by the Financial Crimes Enforcement Network of the U.S. Department of the Treasury under the U.S. Bank Secrecy Act (collectively, the “**Anti-Money Laundering Rules**”). The regulatory framework for broker-dealers includes significant oversight from both the SEC and the FINRA. The broker dealer may also be subject to U.S. state registration requirements. GDIB is registered as a broker dealer in 53 US states and territories.

Investment Adviser – The U.S. Investment Advisers Act of 1940 (the “**Advisers Act**”) defines an investment adviser as “any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities.” GDAM is an SEC registered investment adviser. To the extent that GDAM has discussions with potential investors, it intends to follow the applicable selling restrictions for each such jurisdiction. In addition, GDAM is subject to the Anti-Money Laundering Rules.

Regulation of Money Transmission – FinCEN requires any administrator or exchanger of convertible Digital Assets to register with FinCEN as a money transmitter and comply with the Anti-Money Laundering Rules and counter-terrorist financing laws and regulations applicable to money transmitters. U.S. states have adopted a spectrum of approaches to the regulation of Digital Assets, ranging from a state applying its own money transmission licensing regime, which 49 of the states have done in some form, to adopting a separate regulatory regime for the oversight of Digital Assets, such as New York’s BitLicense discussed below. In addition, the transmission of certain non-cryptocurrency Digital Assets, such as digital tokens, could also constitute a money services business, a federally regulated business. A subsidiary of GDH LP, Galaxy Digital Prime Services LLC, is registered as a money service business with FinCEN and has applied for money transmitter licenses in a number of states in order to effect aspects of its trading business. As a money services business, the registered subsidiary of GDH LP is required to comply with the Anti-Money Laundering Rules and any other laws and regulations applicable to a money services business. Furthermore, a number of U.S. states have adopted specific statutory provisions, or have issued guidance, regarding the treatment of virtual currencies under the money transmitter requirements of that U.S. state.

Virtual Currency Business Activity in New York – The New York State Department of Financial Services (“**NYDFS**”) requires that any persons or entity engaging in virtual currency activity for third parties in or involving New York, excluding merchants and consumers, must apply for a license, commonly referred to as a BitLicense, from the NYDFS and must comply with anti-money laundering, cyber security, consumer protection, and financial and reporting requirements, among others. Subject to certain exemptions, virtual currency business activity includes virtual currency transmission, storing, holding, maintaining custody, buying or selling as a customer business or controlling, administering or issuing virtual currency. GDH LP is exploring the feasibility of applying for a New York BitLicense in order to effect aspects of its trading business.

Lending – There is no U.S. federal law that requires registration or licensing for lending activities. Some U.S. state laws may, under certain circumstances, require GDH LP to obtain a license from the relevant regulatory authority or authorities in a given state before conducting those lending activities. As a general matter, most state lending licensing laws focus their registration and regulatory requirements on small-dollar, consumer and household lending activities, not commercial lending activity. However, laws and licensing requirements related to lending activities vary from state to state. GDH LP is headquartered in the State of New York and will conduct its operations, including the lending activities, from the State of New York. One or more of the legal entities through which GDH LP will conduct such lending activities will be incorporated in the State of Delaware. Generally, GDH LP expects to engage in its lending activities that are above the New York State dollar threshold and do not involve consumer credit transactions for purposes of Delaware State law. GDH LP intends to obtain the appropriate licenses if required. In connection with the acquisition of Drawbridge Lending and subject to regulatory approval in connection with a change of control, GDH LP has lending licenses in the following states: California, Delaware, Maryland, Montana, North Dakota and Rhode Island.

Canada

GDH LP’s diversified asset management firm dedicated to the digital currency and blockchain sectors intends, in the future, to register or file for a registration exemption in Canada to sell or distribute securities, or to advise with respect to investments in securities, or to act as an investment fund manager, if required.

GDH LP may from time to time make loans to Canadian companies. If GDH LP does make such loans, then it will be subject to a licensing requirement as a mortgage lender under applicable mortgage broker legislation in the Provinces of British Columbia and Ontario. To the extent GDH LP engages in activities related to selling mortgages that it has originated then, in addition to British Columbia and Ontario, it would also be subject to a licensing requirement in the Provinces of Manitoba and Newfoundland and Labrador. Additional Canadian regulatory requirements would arise

if loans are made in cryptocurrency instead of in cash, if loans were made to borrowers located in Saskatchewan and if GDH LP engaged in debt collection or mortgage broker activities for others. Under Canadian law, while there are no registration requirements that would apply to GDH LP if it were to engage in debt collection activities for its own loans, there are specific requirements and restrictions on interactions with debtors that it must comply with in connection with collecting or attempting to collect debts. There are also specific restrictions with respect to GDH LP referring to itself as a “bank”. GDH LP intends to comply with any such applicable requirements.

In March 2019, the Canadian Securities Administrators and the Investment Industry Regulatory Organization of Canada (“**IIROC**”) jointly published Consultation Paper 21-402 Proposed Framework for Crypto-Asset Trading Platforms (“**CP 21-402**”), in which they proposed regulation of platforms that facilitate the buying, selling or transferring of crypto assets. The proposal contemplates platforms becoming registered as investment dealers and becoming both dealer and marketplace members of IIROC. The proposal addresses the risks and features of the platforms through a series of requirements to be further developed through consultation with the financial technology community, market participants, investors and other stakeholders. The framework is intended to apply both to platforms that operate in Canada and to those that have Canadian participants. The timing and impact of any final regulations remain uncertain.

In January 2020, the Canadian Securities Administrators published CSA Staff Notice 21-327 Guidance on the Application of Securities Legislation to Entities Facilitating the Trading of Crypto Assets, in which they provided guidance on certain factors to determine whether securities legislation applies to any entity that facilitates transactions relating to crypto assets, including buying and selling crypto assets as discussed in CP 21-402. The guidance provides examples of when securities legislation may or may not apply to certain platforms that facilitate the buying, selling or transferring of crypto assets. The guidance is intended to apply both to platforms that operate in Canada and to those that have Canadian participants. GDH LP intends to comply with any such applicable guidance.

In March 2021, the Canadian Securities Administrators published CSA Staff Notice 51-363 Observations on Disclosure by Crypto Assets Reporting Issuers, in which they provided an outline of several disclosure observations and guidance based on the first annual filings by reporting issuers (other than investment funds) that engage materially with crypto assets via mining and/or the holding/trading of those assets. GDH LP intends to comply with any such applicable guidance.

Other Jurisdictions

GDH LP may engage in activities relating to Digital Assets in other jurisdictions, including, among other places, Japan, the U.K. and Hong Kong.

Japan – The main regulations for digital assets in Japan are the Payment Service Act (“**PSA**”) and the Financial Instruments and Exchange Act (“**FIEA**”). The PSA regulates crypto asset exchanges, crypto asset custodians, and initial coin offerings (“**ICO**”). The FIEA regulates crypto asset derivatives and security token offerings (“**STO**”).

The PSA, which was amended in 2016 and 2019, requires all crypto asset exchanges to register with the Financial Services Agency (“**FSA**”). The PSA defines “Crypto Assets” broadly as digital assets that can be used to purchase goods and services from unspecified persons or that can be mutually exchanged with digital assets that can be used in the aforementioned manner. Digital assets linked to fiat currencies and those that are securities are explicitly excluded. The term “Crypto Asset Exchange Business” includes: (i) the sale and purchase of crypto assets or exchange of a crypto asset into another crypto asset; (ii) an intermediary, brokerage, or agency service for the sale, purchase, or exchange of crypto assets; and (iii) management (custody) of crypto assets on behalf of others. An operator offering such services to Japanese residents must register with the FSA as a “Crypto Asset Exchange Business Operator” (“**CAEBO**”). The duties of a CAEBO include customer identity verification, accountability, segregation of customers’ assets (more than 95% must be stored in a cold wallet), bookkeeping, compliance, and internal audits. The PSA also applies to OTC transactions and services for professional investors except for certain limited cases such as providing liquidity to registered CAEBOs. The PSA is supplemented by subsidiary legislation and guidelines of both the FSA and the Japan Virtual Currency Exchange Association (“**JVCEA**”) which is the self-regulatory body for CAEBOs.

The FIEA, which was amended in 2019, regulates crypto derivatives. A service provider offering crypto derivatives to Japanese residents must register as a “Type I Financial Instrument Exchange Business Operator” (“**FIEBO**”) with the FSA and is subject to strict supervision. The FIEA also applies to OTC derivatives and services for professional investors except for certain limited cases such as providing liquidity to registered FIEBOs. The FIEA is supplemented by subsidiary legislation and guidelines of both the FSA and JVCEA.

ICOs are regulated under the PSA, FSA and JVCEA subsidiary legislation. STOs are regulated under the FIEA, and FSA and Japan STO Association (in the case of fund type STO) or Japan Securities Dealer Association (in the case of stocks or bond type STO) subsidiary legislation.

U.K. – The Financial Services and Markets Act 2000, as amended (“**FSMA**”), provides that no person can perform a regulated activity in the UK without being authorized or exempt. A regulated activity is a specific activity that relates to a specified type of investment. The FSMA (Regulated Activities) Order 2001 (the “**RAO**”), a piece of subordinate legislation, specifies various activities such as dealing, advising, arranging and managing, that, when performed in relation to specified products or investments, such as shares, debt instruments and derivatives, are regulated activities in the UK.

The regulatory status of cryptoassets has recently been clarified by the U.K. Financial Conduct Authority (“**FCA**”) following a series of consultations and discussion papers. Specifically, the FCA adopted a taxonomy for identifying and determining the regulatory treatment of different types of cryptoassets based on three main categories: (i) security tokens; (ii) electronic money (or e-money) tokens; and (iii) unregulated tokens. Security tokens provide rights and obligations that are akin to specified investments under the RAO, such as shares and debt instruments, and are therefore within the U.K. regulatory perimeter. E-money tokens that meet the definition of electronic money under the Electronic Money Regulations 2011 are also subject to regulation in the U.K. The category of unregulated tokens includes exchange tokens, such as cryptocurrencies, and utility tokens that grant holders access to a current or prospective product or service within a discrete network. Although unregulated tokens fall outside of the U.K. regulatory perimeter, certain activities in relation to such tokens may constitute payment services that are subject to regulation under the Payment Services Regulations 2017 (“**PSRs**”). For example, the transfer of unregulated tokens (such as crypto-to-crypto exchanges) may not amount to a regulated payment service but fiat currency-to-crypto and crypto-to-fiat currency exchanges may be regulated under the PSRs.

The FCA has on a number of occasions expressed concerns regarding the appropriateness of certain types of cryptoasset products for retail investors. The volatility of these products combined with the lack of a reliable basis for valuation led to the FCA to ban the marketing, distribution and sale to retail clients of derivatives and exchange traded notes that reference certain types of cryptoassets from January 6, 2021. The ban applies to products that reference unregulated cryptoassets rather than security tokens and e-money tokens which as noted above already fall within the U.K. regulatory perimeter. The ban impacts both regulated and unregulated firms that market, distribute or sell derivatives or exchange traded notes that reference unregulated cryptoassets in or from the U.K.

In the U.K., communicating an offer or inducement to engage to in an investment activity is prohibited unless the person making the communication is authorized, the content of the communication is approved by an authorized person or the communication is otherwise exempt. This is referred to as the financial promotion restriction. The term investment activity broadly corresponds to regulated activities discussed above in the context of the RAO (i.e., dealing, advising, arranging and managing in relation to regulated investments). The financial promotion restriction means that promotions of regulated cryptoasset products, such as security tokens and e-money tokens, can only be lawfully communicated by U.K. authorized firms or in accordance with an applicable exemption. In July 2020, H.M. Treasury published a consultation on extending the financial promotion regime to capture promotions of certain types of unregulated cryptoassets. The consultation closed in October 2020 and it is anticipated that any changes to the financial promotion regime will be introduced during the course of 2021.

GDH LP’s subsidiary Galaxy Digital UK Ltd. (“**GD UK**”) became an appointed representative in 2019. An appointed representative is a firm that is exempt from the prohibition on carrying on regulated activities. Specifically, an appointed representative may lawfully perform certain regulated activities and act on behalf of a firm that is directly authorized by the FCA, which is referred to as its principal. Being an appointed representative means GD UK can undertake regulated activities in the U.K. in relation to security and e-money tokens without the need to become FCA authorized on the basis of its principal’s authorization. As an appointed representative, GD UK is not required to hold

regulatory capital and has substantially fewer ongoing compliance obligations than would be the case if it was FCA authorized. It may also communicate certain types of financial promotions provided they relate to regulated activities for which GD UK is exempt on the basis of its principal's authorization.

On January 10, 2020, amendments to the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (the “**MLRs**”) came into effect which make the FCA responsible for the AML/CTF supervision of certain UK “cryptoasset exchange providers”. The amended MLRs define a “crypto-asset exchange provider” to mean, “a firm or sole practitioner who by way of business provides one or more of the following services, including where the firm or sole practitioner does so as creator or issuer of any of the cryptoassets involved, when providing such services— (a) exchanging, or arranging or making arrangements with a view to the exchange of, cryptoassets for money or money for cryptoassets, (b) exchanging, or arranging or making arrangements with a view to the exchange of, one cryptoasset for another, or (c) operating a machine which utilises automated processes to exchange cryptoassets for money or money for cryptoassets” (the entire foregoing definition referred to herein as “**Cryptoasset Business Activities**”). All businesses which were conducting Cryptoasset Business Activities before January 10, 2020 were permitted to continue with that business, in compliance with the MLRs, but needed to register with the FCA by January 10, 2021 (or stop all Cryptoasset Business Activity). Accordingly, on June 30, 2020, GD UK applied to be registered under the MLRs to carry on Cryptoasset Businesses Activities. On December 16, 2020, GD UK was informed that it was provided with temporary registration to enable GD UK to continue its Cryptoasset Businesses Activity while the FCA continues to review its application.

Hong Kong – The primary legislation in Hong Kong that governs the securities industry is the Securities and Futures Ordinance (“**SFO**”). Firms which engage in the conduct of “regulated activities” are subject to the licensing or registration regime of the Securities and Futures Commission (“**SFC**”); and the SFC has supervisory powers over intermediaries licensed or registered with the SFC in the conduct of “regulated activities” under the SFO. The scope of “regulated activities” largely depends on whether the subject matter falls within the legal definitions of “securities” or “futures products” under the SFO.

The SFC in November of 2018 issued guidance related to virtual assets and securities tokens, which included measures to protect the interests of investors in virtual asset portfolios or funds and explored the potential regulation of virtual asset trading platforms. A regulatory framework was then implemented by the SFC in November 2019 for virtual asset exchanges that involve at least one security token. Various guidance has also been issued for intermediaries managing virtual asset portfolios, distributing or marketing virtual asset funds / security tokens, or both. Firms which do not conduct any “regulated activities” under the SFO will continue to operate outside the legal jurisdiction of the SFO.

In November 2020, the Financial Services and the Treasury Bureau announced a consultation into a broader regulatory framework for virtual asset services providers, which ended on January 31, 2021 (conclusions pending). This would seek to implement a number of Financial Action Task Force recommendations relating to the sector. The proposals include a licensing and AML/CFT compliance framework administered by the SFC for “VA exchanges”, being trading platforms that allow for offers or invitations to be made to buy or sell virtual assets in exchange for any fiat money or virtual assets, and which come into custody, control, power or possession of, or over, any money or any virtual asset at any point in time during the course of their business. Peer-to-peer trading platforms are proposed to be excluded, as are a number of virtual asset types, such as digital representations of fiat money (eg central bank digital currencies, but not stablecoins which would be caught) and closed-loop limited purpose items that are non-transferable, non-exchangeable and non-fungible (such as reward programme points). Further details are expected later in 2021.

Certain countries or jurisdictions, including but not limited to China, Russia, South Korea, the United States and Canada, may take regulatory actions now or in the future that severely restrict the right to acquire, own, hold, sell, mine or use Digital Assets. Such limitations could cause the price of any affected digital asset to decrease substantially and restrict the ability of GDH LP to operate as planned, if at all.

RISK FACTORS

Readers and investors should carefully consider the risks and uncertainties described below as well as the other information contained in this AIF and the risk factors included in our management's discussion and analysis for the financial year ended December 31, 2020. Investing in our securities is speculative and involves a high degree of risk

due to the nature of our business. The following risk factors, as well as risks currently unknown to us, could materially adversely affect our future business, operations and financial condition, each of which could cause purchasers of our securities to lose part or all of their investment.

The following risks and uncertainties are not the only ones facing the Company or GDH LP. Additional risks and uncertainties not presently known to the Company or GDH LP, or that are currently considered immaterial, may also impair the Company or GDH LP. If events occur which cause GDH LP's business, prospects, financial condition, cash flows and operating results to be materially harmed, the Company would also be adversely affected.

Risks Related to the Company and the Ordinary Shares

Galaxy is a common equity holder in GDH LP. Galaxy's business is conducted through GDH LP and its subsidiaries. All risks of GDH LP are risks of Galaxy.

Galaxy derives substantially all of its income or loss from its partial ownership of GDH LP. In addition, Galaxy primarily relies on GDH LP to meet its obligations. To the extent that Galaxy needs funds to pay expenses generally and GDH LP cannot pay Galaxy's expenses or does not make a distribution to Galaxy, the value of any investment in Galaxy could decline substantially.

Galaxy is exposed to all of the risks to which GDH LP is exposed. These risks include GDH LP's investment program based on risky and volatile digital asset classes, which create a material risk that holders of Ordinary Shares may lose their entire investment.

Galaxy's equity interest in GDH LP is the functional equivalent of common equity. This interest does not carry any liquidation preference, distribution priority, priority in bankruptcy or insolvency or any other typical creditor-style protections.

The market price and trading volume of Galaxy's Ordinary Shares may be volatile.

The market price and trading volume of Galaxy's Ordinary Shares has been volatile and will likely continue to be subject to significant fluctuations in response to, among other factors: developments in the digital assets industry; market fluctuations in digital assets generally or changes in the underlying values and trading volumes of the digital assets that GDH LP holds or trades; GDH LP's financial performance and prospects or changes in the financial performance and prospects of companies engaged in businesses that are similar to GDH LP's businesses; changes in laws or regulations, including tax laws, or new interpretations or applications of laws and regulations, that are applicable to GDH LP's businesses; sales of Ordinary Shares by the Shareholders, including Ordinary Shares issued upon exchange of any B Units; general economic trends and other external factors, including those resulting from war, incidents of terrorism or responses to such events; speculation in the press or investment community regarding Galaxy's or GDH LP's business or investments, or factors or events that may directly or indirectly affect its businesses or investments; and further issuances of Ordinary Shares or of GDH LP Units.

In recent years, stock markets have experienced significant price and volume fluctuations, which have had a significant impact on the market price of securities issued by many companies, irrespective of the operating performance of the affected companies. Moreover, the prices of the digital assets that GDH LP holds or trades have historically been, and will likely continue to be, highly volatile. Accordingly, the price of Ordinary Shares could fluctuate based upon factors that have little or nothing to do with Galaxy or GDH LP's operating performance, which could materially and adversely affect the value of any investment in the Ordinary Shares. Additionally, in the absence of an active trading market relatively small sales may result in a significant negative effect on the price of the Ordinary Shares.

Changes in law could cause the Ordinary Shares to be de-listed or Galaxy to undergo costly restructuring, liquidation or sale.

Apart from the numerous material legal and regulatory risks to GDH LP itself, Galaxy could be adversely affected by changes in law, regulation, interpretation of such law or regulation or regulator or exchange discretion. Such changes are difficult to predict but could conceivably lead to a cease-trade or the de-listing of Galaxy's Ordinary Shares, the inability to list the Ordinary Shares in other jurisdictions or a costly restructuring or even liquidation of Galaxy.

Galaxy may need or want to raise additional capital, but there are many reasons why it might be unable to do so.

If, whether by reason of changes in law, regulation or interpretation, or by reason of Galaxy's or GDH LP's conduct, Galaxy became unable to sell securities to investors in particular jurisdictions, the liquidity and market price of the Ordinary Shares would be negatively impacted, which would make it more difficult for Galaxy to sell additional Ordinary Shares or otherwise raise capital. Such difficulties could lead to the bankruptcy or insolvency of Galaxy, which may lead to material or complete losses for holders of Ordinary Shares.

Holders of Ordinary Shares may be subject to downward pressure on the share price from exchanges of B Units or from additional issuances of Ordinary Shares.

The majority of the economic interest in GDH LP remains represented by B Units, each of which may be exchanged for one Ordinary Share pursuant to the GDH LPA. As B Units are exchanged for Ordinary Shares, the voting power and economic interest of then-current holders of Ordinary Shares will decrease proportionately (though the voting power and economic interest of Galaxy in GDH LP will increase proportionately). Such exchanges would increase the market supply of Ordinary Shares, which could lead to a decrease in the market price of Ordinary Shares, especially since it is foreseeable that many exchanges may closely precede sales. Similarly, if Galaxy issues additional Ordinary Shares, then-current holders of Ordinary Shares will be diluted.

Galaxy will be required to pay former partners of GDH LP for certain tax benefits that Galaxy may claim, and the amounts that Galaxy may pay could be material.

Galaxy has entered into a Tax Receivable Agreement with certain other GDH LP Unitholders that provides for the payment by Galaxy to those GDH LP Unitholders a material percentage (for example, 85%) of the amount of cash savings, if any, in U.S. federal, state and local and foreign income tax or franchise tax that Galaxy actually realizes as a result of any increase in tax basis in GDH LP's assets resulting from exchanges by those holders of B Units for Ordinary Shares in accordance with the terms of the B Units, as and when such tax benefits are realized.

The actual increase in tax basis, as well as the amount and timing of any payments under the Tax Receivable Agreement, will vary depending upon a number of factors, including the timing of exchanges by the other GDH LP Unitholders, the price of Ordinary Shares at the time of the exchange, the extent to which such exchanges are taxable, the amount and timing of the taxable income that Galaxy generates in the future, the tax rate then applicable and the portion of Galaxy's payments under the Tax Receivable Agreement that constitute imputed interest.

The payments that Galaxy will be required to make under the Tax Receivable Agreement could be material. The payments are not conditioned upon the other GDH LP Unitholders' continued ownership of Ordinary Shares. Finally, since Galaxy is a holding company, Galaxy's ability to make payments under the Tax Receivable Agreement will be dependent on the ability of GDH LP to make distributions to Galaxy. If Galaxy is unable to make payments under the Tax Receivable Agreement for any reason, those payments will be deferred and will accrue interest until paid.

Holders of Ordinary Shares will generally not benefit from protections of investment company statutes in various jurisdictions, and may suffer from the restrictions that such statutes place on the liquidity of Ordinary Shares and on Galaxy's fundraising, businesses or other activities.

Galaxy is not an investment fund and does not intend to operate as an investment fund in the future. Nonetheless, it is possible that Galaxy may effectively be classified as the equivalent of a commodity pool or an investment fund under the investment company laws of various jurisdictions, including the Commodity Exchange Act, the 1940 Act and the European Union Alternative Investment Fund Managers Directive.

Galaxy's business is designed to comply with exemptions from the application of such laws, which means that holders of Ordinary Shares do not and will not benefit from the investor protections provided by such laws. At the same time, Galaxy may be constrained by such laws from listing Ordinary Shares or raising additional capital in certain jurisdictions, to the potential detriment of the value and liquidity of Ordinary Shares, and GDH LP may be restricted or precluded from operating in certain jurisdictions without additional financial registrations or licenses that it does not currently have.

Furthermore, if, whether by reason of changes in law, regulation or interpretation or by reason of Galaxy's or GDH LP's conduct, Galaxy no longer qualifies for applicable exemptions from commodity pool or investment company laws, the results may materially adversely affect Galaxy and could lead to Galaxy's liquidation or sale, which may lead to material or complete losses for holders of Ordinary Shares.

Holders of Ordinary Shares may be prevented from exercising voting power commensurate with their economic interests in Galaxy.

In respect of any general resolution proposed for approval by holders of Ordinary Shares, whether it relates to the election of directors or to any other matter, each holder will be required to certify that it is not a U.S. resident and, to the extent that it holds Ordinary Shares for the account or benefit of any other person, that person is not a U.S. resident. Those holders who do not so certify will still be able to vote on the resolution, but the aggregate total of the votes that those holders are entitled to cast will be limited to 49% of the total number of votes that all holders of Ordinary Shares are entitled to cast. This "variable voting" may cause certain holders' views to have a greater or lesser influence on the governance of Galaxy than would be the case solely on the basis of percentage holdings of Ordinary Shares. In the extreme, if only a small number of holders of Ordinary Shares were to provide the certification referred to above, they would hold outsized voting power in and influence over Galaxy. Also, this variable voting, to the extent that it causes voting power to diverge from percentage holdings of Ordinary Shares, would necessarily disadvantage U.S. residents who hold Ordinary Shares or persons that hold beneficially Ordinary Shares through U.S. residents.

Galaxy and GDH LP are required to indemnify directors and certain officers or other agents against a wide range of potential liabilities. These indemnification obligations could be material.

The constating documents of Galaxy and GDH LP provide for customarily broad rights of indemnification for directors as well as certain officers or other agents. The constating documents also provide for the possibility of advancement of expenses to such indemnified persons. In addition, each of Galaxy and GDH LP have entered into indemnification agreements with its directors and officers. While rights of indemnification are typically viewed as a key protection and inducement for indemnified persons to serve in senior roles in which they may be exposed to liability, indemnification payments and advancement of expenses may be material and may have an adverse effect on Galaxy or GDH LP. Furthermore, indemnified persons may be subject to derivative or other similar claims brought by the shareholders or GDH LP itself, which claims would generally be expected to be covered by rights of indemnification and, potentially, advancement of expenses. In certain circumstances, subject to applicable laws in the relevant jurisdictions, indemnified persons may be entitled to indemnification even if their liabilities arose from their own negligence or unlawful conduct. Galaxy or GDH LP has incurred, and is expected to continue to incur, significant expense to procure directors and officers liability insurance that both supports potential indemnification obligations of Galaxy and GDH LP and, in some cases, provides indemnified persons with additional protection beyond the scope of these obligations. If Galaxy or GDH LP is unable to maintain adequate insurance, there could be adverse consequences.

The holding of, or trading in, Ordinary Shares may be, or become, illegal in certain countries or other jurisdictions.

One or more countries or jurisdictions, including but not limited to China, Russia, South Korea, the United States and Canada, may take regulatory actions now or in the future that severely restrict the right to acquire, own, hold, sell or use digital assets. Such actions or restrictions may also result in the restriction of holding or trading in Ordinary Shares or cause the price of any affected digital asset to decrease, possibly substantially. Such actions or restrictions would likely materially and adversely affect the effectiveness of GDH LP's investment and trading strategies, the value of its assets and the value of any investment in Galaxy. Shareholders are urged to consult legal advisors in their own relevant jurisdictions with respect to the current and prospective lawfulness of their purchasing, holding or selling Ordinary Shares.

Ordinary Shares are generally not permitted to be acquired by U.S. Benefit Plan Investors, which could reduce Ordinary Shares' liquidity. Conversely, if U.S. Benefit Plan Investors were to acquire sufficient numbers of Ordinary Shares notwithstanding and in contravention of this limitation, Galaxy could be materially and adversely affected.

With limited exceptions as may be determined by the Board, Ordinary Shares may not be acquired by U.S. Benefit Plan Investors. Galaxy's constating documents provide that Galaxy need not recognize any purported transfer of

Ordinary Shares to a U.S. Benefit Plan Investor and will be entitled, via an “excess share” provision, to cause any U.S. Benefit Plan Investor who acquired Ordinary Shares in contravention to sell or otherwise divest such Ordinary Shares, including to Galaxy or to a trust or similar vehicle established for this purpose. Furthermore, the shares could, now or in the future, represent ineligible investments for other categories of institutional purchasers as well. In each case, these considerations may reduce the number of prospective purchasers for whom Ordinary Shares are an attractive investment and therefore reduce Ordinary Shares’ value and liquidity.

Conversely, if U.S. Benefit Plan Investors were to acquire sufficient numbers of Ordinary Shares notwithstanding and in contravention of this limitation, Galaxy could be materially and adversely affected. For example, if ERISA plans were to acquire 25% or more of Ordinary Shares, the assets of the Company would likely be deemed to be “plan assets” under ERISA, which would result, among other things, in the application of the prudence and other fiduciary responsibility standards of ERISA to investments made by Galaxy and the possibility that certain transactions in which Galaxy might otherwise seek to engage could constitute “prohibited transactions” under ERISA and Section 4975 of the Code, subjecting Galaxy to potential liability under ERISA and penalty taxes under the Code. While Galaxy has instituted safeguards to prevent this result, it is possible that such safeguards could fail to be effective (or could be deemed to have failed by a relevant governmental authority).

Risks Related to GDH LP

GDH LP has limited operating history. Its business lines are nascent, unproven and subject to material legal, regulatory, operational, reputational, tax and other risks in every jurisdiction and are not assured to be profitable.

GDH LP and its subsidiaries have limited operating history on which an investor might evaluate their performance. GDH LP is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues, any of which could have a material adverse effect on GDH LP and may force it to reduce or curtail operations. There is no assurance that GDH LP will be successful in achieving a return on shareholders’ investment and the likelihood of success must be considered in light of the early stage of operations. Even if GDH LP accomplishes these objectives, it may not generate the anticipated positive cash flows or profits. No assurance can be given that GDH LP will ever be successful in its operations and operate profitably. Furthermore, GDH LP’s business lines – even its investment businesses – are nascent, unproven and subject to material legal, regulatory, operational, reputational, tax and other risks in every jurisdiction and are not assured to be profitable. GDH LP may fail to be able to implement its investment or trading strategies, achieve its investment objectives, develop its business lines or produce a return for its investors. GDH LP has chosen to pursue a number of different businesses in this evolving industry. It is possible that some of these businesses may be difficult to enter and/or it may become evident that a particular business is not a productive use of capital or time. This could result in GDH LP modifying its businesses and focus. In particular, GDH LP may become involved in investments and projects that are not directly related to the digital asset or blockchain industry. These projects are likely to relate to industries and clients that GDH LP believes will benefit in the future from blockchain technology and GDH LP’s experience and network in digital assets industry.

From time to time, GDH LP may also launch new lines of business, offer new products and services within existing lines of business or undertake other strategic projects. There are substantial risks and uncertainties associated with these efforts and GDH LP would invest significant capital and resources in such efforts. Regulatory requirements can affect whether initiatives are able to be brought to market in a manner that is timely and attractive to customers of GDH LP. Initial timetables for the development and introduction of new lines of business, products or services and price and profitability targets may not be met.

Furthermore, GDH LP’s revenues and costs may fluctuate due to start-up costs associated with new businesses or products and services while revenues may take time to develop, which may adversely impact GDH LP’s results of operations. To date, GDH LP has not earned meaningful revenue, although it has flexibility to monetize assets. If GDH LP is unable to successfully manage its business while reducing expenses, its ability to continue in business could depend on the ability to raise sufficient additional capital, obtain sufficient financing and monetizing assets. The occurrence of any of the foregoing risks would have a material adverse effect on GDH LP’s financial results, business and prospects.

GDH LP's businesses may require regulatory licenses and qualifications that GDH LP does not currently have and that may be costly and time-consuming to obtain and, if obtained, may subsequently be revoked.

GDH LP's businesses involve certain activities which require regulatory licenses and qualifications such as dealing, management and advisory activities. These activities are often subject to material, costly and constraining financial regulation in jurisdictions worldwide. The process of acquiring and maintaining these licenses and qualifications will be costly and time-consuming, will occupy material management attention and is not certain to be successful, given that GDH LP may not meet the requirements for such licenses or qualifications or may fail to secure discretionary approval of relevant regulatory bodies. GDIB's Continuing Membership Application ("CMA") to the Financial Industry Regulatory Authority was approved in July 2019. However, there is no assurance this approval will be maintained or will not be subsequently limited in scope, and these events could have a significant and negative effect not only on GDH LP's businesses in that market, but also on its reputation generally. Future expansions or material changes to GDIB's CMA will require additional approvals that may be difficult to obtain. The law and regulation surrounding the operation of financial businesses with respect to digital assets is also unclear, uncertain, rapidly evolving and not assured to develop in a way that is favorable to GDH LP. There is a risk that aspects of GDH LP's businesses could be outlawed in jurisdictions around the world.

Changes in law or regulation could subject GDH LP to further material, costly and constraining regulation, registration, licensing and other requirements.

As cryptocurrencies and other digital assets have grown both in popularity and in market size, governments around the world have reacted differently, with certain governments deeming cryptocurrencies and other digital assets illegal, while others have allowed their use and trade. Ongoing and future regulatory actions may alter, perhaps to a materially adverse extent, the ability of GDH LP to continue to operate. The effect of any future regulatory change on GDH LP or any cryptocurrency or other digital asset is impossible to predict, but such change could be substantial and materially adverse to GDH LP.

Legal or regulatory changes or interpretations of GDH LP's existing and planned activities (including those of its subsidiaries), including the mere buying and selling of digital assets, could require the registration or licensing of GDH LP and/or its subsidiaries in additional, costly and constraining capacities, such as a money services business under the regulations promulgated by U.S. Financial Crimes Enforcement Network under the authority of the U.S. Bank Secrecy Act or the BitLicense scheme adopted by the New York State Department of Financial Services, or pursuant to applicable laws of Canada and other jurisdictions, and would therefore require GDH LP and/or its subsidiaries to comply with applicable regulatory, licensing, examination and supervision requirements. Such additional requirements could cause GDH LP to incur extraordinary expenses, possibly materially and adversely affecting GDH LP's investment and trading strategies, the value of its assets and the value of any investment in GDH LP (and therefore in Galaxy).

GDH LP is highly dependent on Michael Novogratz, which exposes Shareholders to material and unpredictable "key man" risk.

GDH LP is highly dependent on the services of its founder, Chairman and CEO, Michael Novogratz, for conducting its businesses, implementing investment and trading strategies and establishing and maintaining relationships with key business counterparties. If the services of Mr. Novogratz were to become unavailable for any reason including a voluntary decision by Mr. Novogratz to no longer continue with the business, it would have a material adverse effect on GDH LP's business and investment decisions, financial results and returns to Shareholders of Galaxy.

GDH LP is controlled by Mr. Novogratz, whose interests may be different from those of Shareholders.

As of December 31, 2020 and as of the date of this AIF, Mr. Novogratz controlled over 70% of Galaxy on a fully-exchanged basis (assuming all B Units are vested and exchanged). Accordingly, Mr. Novogratz has the ability to substantially control GDH LP, including to elect members of the GDH GP Board. Where certain transactions, require the approval of Shareholders, though Mr. Novogratz may not be able to unilaterally authorize the transaction he may be able to unilaterally block it. This concentration of ownership and voting power may also delay, defer or prevent an acquisition by a third party or other change of control of GDH LP or Galaxy and may make some transactions more

difficult or impossible without the support of Mr. Novogratz even if they are in the best interests of the Shareholders. Collectively, these considerations may have a negative effect on the price of Ordinary Shares.

Mr. Novogratz's interests may not be fully aligned with those of Shareholders which, given Mr. Novogratz's power and influence, could lead to actions that are not in the best interests of Shareholders. For example, Mr. Novogratz may have a different tax position from Galaxy (and Shareholders), which could influence his decisions regarding whether and when GDH LP should dispose of assets or incur new, or refinance existing, indebtedness. Mr. Novogratz might also be motivated to take actions to retain his controlling stake in GDH LP at the expense of maximizing the overall value of GDH LP (and therefore Galaxy and the Ordinary Shares). Mr. Novogratz's fiduciary duties and the consent rights of Galaxy and the Shareholders may serve as a check on any such motivation, but Shareholders cannot be assured that the potential divergence of Mr. Novogratz's interests and theirs might not hurt the value of Ordinary Shares.

Mr. Novogratz could engage in activities outside of GDH LP or could quit GDH LP in favor of other pursuits.

Mr. Novogratz is not contractually required to continue to provide services to GDH LP. While his employment agreement contains covenants that he will not compete with GDH LP and applicable laws may prevent Mr. Novogratz from engaging in certain directly competitive activities while he is a member of the Board or the GDH GP Board, such laws will not guarantee to Shareholders that Mr. Novogratz will devote his full time, attention or efforts to GDH LP. Furthermore, if Mr. Novogratz were to cease to provide services to GDH LP, he could engage in other pursuits, which may relate to digital assets or investing, while remaining the largest and generally controlling owner of GDH LP, an outcome that may be unfavorable to Shareholders. Mr. Novogratz may also continue to manage significant non-digital assets outside of GDH LP, which may consume some of his time, attention and efforts.

Mr. Novogratz's public profile makes it more likely that Galaxy or GDH LP will attract material regulatory scrutiny, which would be costly and distracting regardless of whether Galaxy or GDH LP has engaged in any unlawful conduct.

Mr. Novogratz has been a vocal and visible proponent of digital assets, in some cases attracting controversy in connection with his views and statements. These considerations make it foreseeable that Galaxy or GDH LP could attract material regulatory scrutiny driven in part by the visibility of Mr. Novogratz. Regulatory scrutiny may take the form of requests for information or responses, examinations, meetings or other types of interactions that do not proceed to any formal enforcement action, suit, fine or other formal negative sanction but that can nonetheless consume a material amount of management's time, attention and efforts, lead to material spending on legal and other advisors and cause other negative consequences.

If GDH LP is unable to successfully identify, hire and retain qualified individuals, it will not be able to implement its growth strategy successfully.

GDH LP's growth strategy is based, in part, on its ability to attract and retain highly qualified individuals. Competition presented by other firms may create difficulty for GDH LP in recruiting and retaining professionals of a caliber consistent with its business strategy. If GDH LP is unable to successfully identify qualified professionals, this failure could materially and adversely affect GDH LP's investment and trading strategies, the value of its assets and the value of any investment in GDH LP (and therefore in Galaxy).

In addition, there is a risk that an employee of or contractor to GDH LP or any of its affiliates could engage in misconduct that adversely affects its business and results. It is not always possible to deter such misconduct, and the precautions GDH LP takes to detect and prevent such misconduct may not be effective in all cases. Misconduct by an employee of or contractor to GDH LP or any of its affiliates, or even unsubstantiated allegations of such misconduct, could result in both direct financial harm to those entities and Galaxy.

GDH LP or its subsidiaries and affiliates, face substantial litigation and regulatory risks.

As an enterprise whose material business lines include financial services, GDH LP or its subsidiaries and affiliates, depend to a significant extent on its relationships with its clients and counterparties and its reputation for integrity and

high-caliber professional services. As a result, if a client is not satisfied with GDH LP's services, a counterparty has a dispute or if there are allegations of improper conduct by private litigants or regulators, whether the ultimate outcome is favorable or unfavorable to GDH LP, or if there is negative publicity and press speculation about GDH LP, whether or not valid, GDH LP's reputation may be harmed and may be more damaging to GDH LP's businesses than to businesses in other non-financial industries.

GDH LP or its subsidiaries and affiliates could be the subject of inquiries, investigations, lawsuits and proceedings by counterparties, clients, other third parties and regulatory and other governmental agencies in the U.S. and abroad, which could lead to increased expenses or reputational damage. Responding to inquiries, investigations, lawsuits and proceedings, regardless of the ultimate outcome of the matter, is time-consuming and expensive and can divert the attention of senior management. The outcome of such proceedings may be difficult to predict or estimate until late in the proceedings, which may last a number of years.

Certain GDH LP subsidiaries are subject to periodic examination by regulatory authorities. If compliance failures or other violations are found during an examination, a regulatory agency could initiate actions and impose sanctions for violations, including, for example, regulatory agreements, cease and desist orders, civil monetary penalties or termination of a license and could lead to litigation by investors or clients, any of which could adversely impact GDH LP.

If GDH LP and/or any governmental agency believe that it has accepted capital contributions by, or is otherwise holding assets of, any person or entity that is acting directly or indirectly, in violation of U.S., international or other anti-money laundering laws, rules, regulations, treaties or other restrictions, or on behalf of any suspected terrorist or terrorist organization, suspected drug trafficker or senior foreign political figure(s) suspected in engaging in foreign corruption, GDH LP and/or such governmental agency may "freeze the assets" of such person or entity. GDH LP may also be required to report and remit or transfer those assets to a governmental agency.

As a publicly listed company, Galaxy is also subject to the risk of claims under applicable Canadian securities laws. Volatility in the stock price of Galaxy increases the risk of such claims.

GDH LP's use of technology, proprietary and non-proprietary software, data and intellectual property may be subject to substantial risk.

GDH LP relies heavily on the use of technology, proprietary and non-proprietary software, data and intellectual property of GDH LP and third parties in the digital asset sector. The reliance on this technology and data is subject to a number of important risks. Much of the existing technology for the financial services businesses was not built to service digital assets, which require a unique set of considerations. GDH LP is working with numerous service providers to help develop technology to service the industry. If these platforms and technology solutions do not work as planned, or do not meet the level of quality required by GDH LP, it may make transacting business less efficient, more expensive and potentially prone to errors.

The operation of any element of the digital assets network or any other electronic platform may be severely and adversely affected by the malfunction of its technology and the technology of third parties. For example, an unforeseen software or hardware malfunction could occur as a result of a virus or other outside force, or as result of a design flaw in the design and operation of the network or platform. Furthermore, if GDH LP's software, hardware, data or other intellectual property is found to infringe on the rights of, or GDH LP's rights therein are found to be infringed upon by, any third party, the underlying value of the assets of GDH LP could be materially and adversely affected.

Third parties with which GDH LP does business or that facilitate GDH LP's business activities, including exchanges, financial intermediaries or vendors that provide services or security solutions for GDH LP's operations, could also be sources of technology risk to GDH LP, including from breakdowns or failures of their own systems or capacity constraints or other services that impair GDH LP's ability to process transactions and communicate with customers and counterparties. In addition, GDH LP is exposed to the risk that a technology disruption or other information security event at a vendor to GDH LP's third-party service providers could impede their ability to provide products or services to GDH LP. GDH LP may not be able to effectively monitor or mitigate operational risks relating to the use of vendors by third-party service providers.

GDH LP's businesses rely on third-party service providers.

GDH LP's operations could be interrupted if GDH LP's third-party service providers experience operational or other systems difficulties, terminate their services or fail to comply with regulations. GDH LP outsources some of its operational activities and accordingly depend on relationships with many third-party service providers. Specifically, GDH LP relies on third parties for certain services, including, but not limited to, legal, accounting, financial operations, trade related activity, IT infrastructure and systems, trade reconciliation, and margin and collateral movement. GDH LP's business depends on the successful and uninterrupted functioning of GDH LP's information technology and telecommunications systems and third-party service providers. The failure of these systems, a cybersecurity breach involving any of GDH LP's third-party service providers or the termination or change in terms of a third-party software license or service agreement on which any of these systems is based could interrupt GDH LP's operations. Because GDH LP's information technology and telecommunications systems interface with and depend on third-party systems, GDH LP could experience service denials if demand for such services exceeds capacity or such third-party systems fail or experience interruptions. Replacing vendors or addressing other issues with GDH LP's third-party service providers could entail significant delay, expense and disruption of service. As a result, if these third-party service providers experience difficulties, are subject to cybersecurity breaches, or terminate their services, and GDH LP is unable to replace them with other service providers, particularly on a timely basis, GDH LP's operations could be interrupted. If an interruption were to continue for a significant period, GDH LP's business, financial condition and results of operations could be adversely affected. Should GDH LP be required to replace third-party service providers, it may be at a higher cost to GDH LP, which could adversely affect GDH LP's business, financial condition and results of operations.

Cybersecurity incidents and other systems and technology problems may materially and adversely affect GDH LP.

Cybersecurity incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. The digital asset industry is a particular target for cybersecurity incidents, which may occur through intentional or unintentional acts by individuals or groups having authorized or unauthorized access to GDH LP's systems or GDH LP's clients' or counterparties' information, which may include confidential information. These individuals or groups include employees, vendors and customers, as well as hackers. The information and technology systems used by GDH LP and its service providers are vulnerable to damage or interruption from, among other things: hacking, ransomware, malware and other computer viruses; denial of service attacks; network failures; computer and telecommunication failures; phishing attacks; infiltration by unauthorized persons; security breaches; usage errors by their respective professionals; power outages; terrorism; and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes.

GDH LP has experienced cybersecurity incidents, none of which have been material. While GDH LP will deploy a range of defenses, it is possible GDH LP could suffer an impact or disruption that could materially and adversely affect GDH LP. The operational infrastructure of GDH LP may be breached due to the actions of outside parties, error or malfeasance of an employee of GDH LP, or otherwise, and, as a result, an unauthorized party may obtain access to GDH LP accounts, private keys, data, or digital assets. Additionally, outside parties may attempt to fraudulently induce employees of GDH LP to disclose sensitive information in order to gain access to GDH LP's infrastructure. As the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, or may be designed to remain dormant until a predetermined event, and often are not recognized until launched against a target, GDH LP may be unable to anticipate these techniques or implement adequate preventative measures. If an actual or perceived breach of any of GDH LP's digital asset account occurs, the market perception of the effectiveness of GDH LP could be harmed.

The security of the information and technology systems used by GDH LP and its service providers may continue to be subjected to cybersecurity threats that could result in material failures or disruptions in its business. If these systems are compromised, become inoperable for extended periods of time or cease to function properly, GDH LP or a service provider may have to make a significant investment to fix or replace them. The failure of these systems or of disaster recovery plans for any reason could cause significant interruptions in operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to shareholders (and the beneficial owners of shareholders). Such a failure could harm GDH LP's reputation, subject it to legal claims and otherwise materially and adversely affect GDH LP's investment and trading strategies and the value of GDH LP (and therefore Galaxy).

Operational risk may materially and adversely affect GDH LP's performance and results.

Operational risk is the risk of an adverse outcome resulting from inadequate or failed internal processes, people, systems or from external events. GDH LP's exposure to operational risk arises from routine processing errors, as well as extraordinary incidents, such as major systems failures or legal and regulatory matters. As GDH LP operates trading, lending, investment and other businesses that are reliant on both technology and human expertise and execution, GDH LP is exposed to material operational risk arising from a number of factors, including, but not limited to, human error, processing and communication errors, errors of GDH LP's service providers, counterparties or other third parties, failed or inadequate processes and technology or system failures.

Digital asset transfers are typically not reversible without the consent and active participation of the recipient of the transaction. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer or theft of digital assets generally will not be reversible and GDH LP may not be capable of seeking compensation for any such transfer or theft. Although, GDH LP has processes and procedures in place to limit any such transfers, nonetheless it is possible that, through computer or human error, or through theft or criminal action, GDH LP digital assets could be subject to these operations errors and transferred from its accounts in incorrect amounts or to unauthorized third parties, or to uncontrolled accounts. Operational errors or significant operational delays could materially negatively impact GDH LP's ability to conduct its business or service its clients, which could adversely affect results of operations due to potentially higher expenses and lower revenues, create liability for GDH LP or its clients or negatively impact its reputation. Recurring operational issues may raise concerns among regulators regarding our governance and control environment.

GDH LP may not be effective in mitigating risk.

GDH LP seeks to mitigate risk and has established policies and procedures to provide a sound operational environment for the types of risk to which it is subject, including operational risk, credit risk, market risk and liquidity risk. However, as with any risk management framework, there are inherent limitations to GDH LP's current and future risk management strategies, including risks that it has not appropriately anticipated or identified. Accurate and timely enterprise-wide risk information is necessary to enhance management's decision-making in times of crisis. If GDH LP's risk management framework proves ineffective or if GDH LP's enterprise-wide management information is incomplete or inaccurate, it could suffer unexpected losses, which could materially adversely affect its results of operations or financial condition.

Managing different business lines could present conflicts of interest.

GDH LP is building a full service, institutional-quality financial services business through its business lines: trading, principal investments, asset management, mining and investment banking. Subject to applicable regulatory approvals, GDH LP may also launch additional business lines from time to time. There are certain inherent and potential conflicts of interest in managing different business lines. Due to the broad scope of GDH LP's businesses, potential conflicts of interest include situations where its services to a particular client or GDH LP's own investments or other interests conflict, or are perceived to conflict, with the interests of another client, as well as situations where one or more of GDH LP's businesses have access to material non-public information that may not be shared with its other businesses and situations where GDH LP may be an investor or creditor of an entity with which it also has an advisory or other relationship. For example, GDH LP subsidiaries may provide corporate advisory services to companies that are also investee companies of Galaxy Digital Ventures LLC or Galaxy Digital Capital Management. Furthermore, the allocation of investment opportunities among funds and GDH LP could also present a conflict of interest. In managing these different conflicts, fiduciary duty obligations may require GDH LP to resolve conflicts in favor of clients over the firm or other third parties. Employees and executives may also have conflicts of interest in allocating their time and activity between the businesses. GDH LP manages conflicts of interest through a number of ways including with a conflicts committee. However, appropriately identifying and dealing with conflicts of interest is complex and difficult, and GDH LP's reputation could be damaged and the willingness of clients to enter into transactions with GDH LP may be affected if GDH LP fails, or appears to fail, to identify, disclose and deal appropriately with conflicts of interest. In addition, potential or perceived conflicts could give rise to litigation or regulatory enforcement actions. A failure to appropriately identify and address potential conflicts of interest could adversely affect GDH LP's businesses.

GDH LP incurs increased costs as a result of supporting Galaxy and funding the requirements applicable to Galaxy as a public company.

Galaxy incurs significant levels of legal, accounting and other expenses in respect of its status as a publicly listed company. Canadian Securities Law, together with the listing requirements of the exchanges (or any other stock exchange on which Ordinary Shares may be listed on in the future), impose significant requirements relating to disclosure controls and procedures and internal control over financial reporting. GDH LP incurs significant costs as a result of compliance with these public company requirements at both Galaxy and GDH LP levels, which require additional resources and make some activities more time-consuming. As a company in the digital assets industry, GDH LP may experience higher-than-anticipated operating expenses as well as higher independent auditor and consulting fees and may need to hire additional qualified personnel to continue to satisfy these public-company requirements. GDH LP is required to expend considerable time and resources with respect to Galaxy's compliance with public company regulations. If Galaxy or GDH LP is unable to satisfy Galaxy's obligations as a public company, Galaxy could be subject to de-listing of Ordinary Shares, fines, sanctions or other detrimental regulatory actions.

Force majeure events may materially and adversely affect the business continuity of GDH LP.

GDH LP may be affected by events beyond its control, including acts of nature, fires, floods, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism and labor strikes. Some such events may adversely affect the ability of GDH LP or a counterparty to GDH LP to perform its obligations. In addition, the cost to GDH LP of repairing or replacing damaged reputation or assets as a result of such an event could be considerable. Certain events such as war or an outbreak of an infectious disease could have a broader negative impact on the world economy and international business activity generally, or in any location in which GDH LP may invest or conduct its business specifically.

Pandemics, such as the COVID-19 pandemic, and resulting impacts on the global economy may materially and adversely affect GDH LP.

The Company faces risks related to health epidemics and other outbreaks of communicable diseases, which could significantly disrupt its operations and may materially and adversely affect its business and financial conditions. For example, in December 2019, a novel strain of the coronavirus COVID-19 emerged as a global pandemic. As a result, during the first quarter of 2020, global financial markets experienced a period of sharp decline and volatility due in large part to the real and perceived economic impact of the COVID-19 pandemic. The public health impact of the coronavirus, as well as the steps taken by governments and businesses around the world to combat its spread, have had, and may continue to have, an adverse impact on the global economy. GDH LP could be materially and adversely affected by a range of factors and developments related to global health pandemics that are largely beyond its control. The extent to which a pandemic impacts GDH LP's business, including its operations and market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the outbreak.

During the global financial crisis of 2007 to 2008, various sectors of the global financial markets experienced an extended period of adverse conditions featuring market uncertainty, reduced liquidity, greater volatility, general widening of credit spreads and a lack of price transparency. To the extent that similar marketplace events were to occur in the future, either as a result of a pandemic or otherwise, these events may have an adverse impact on GDH LP's investments. In addition, governments from time to time intervene, directly and by regulation in ways that are unpredictable during times of crisis. Such intervention is often intended to directly influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction.

Business activities could also be materially adversely impacted as the fundraising for asset management products and advisory transactions may be delayed during such situations. In particular, a pandemic could materially and adversely impact GDH LP's business including without limitation, employee health, workforce productivity, increased expenses and other factors that will depend on future developments beyond GDH LP's control, which may have a material and adverse effect on its business, financial condition, results of operations and cash flows. Such adverse effect could be rapid and unexpected.

Risks Related to GDH LP's Lines of Business

Changes in the value levels of the assets may cause GDH LP's assets under management ("AUM"), revenue and earnings to decline.

GDH LP asset management business, which is conducted through one or more subsidiaries, is primarily comprised of fees based on a percentage of the value of AUM and, in some cases, performance fees which are normally expressed as a percentage of returns to the client. Numerous factors, including price movements in the assets in the markets in which GDH LP manages assets, could cause:

- the value of AUM, or the returns that GDH LP realizes on AUM, to decrease;
- the withdrawal of funds from any products offered by GDH LP in favor of products offered by competitors; or
- a decrease in the value of seed or co-investment capital or a decrease in the amount of such capital available to invest.

The occurrence of any of these events may cause GDH LP's AUM, revenue and earnings, if any, to decline and may negatively impact the success of GDH LP's asset management business.

There are material risks and uncertainties associated with custodians of cryptocurrencies and other digital assets.

GDH LP uses custodians, exchanges and third-party wallet providers to hold its cryptocurrencies and other digital assets. Such parties may or may not be subject to regulation by U.S. state or federal or non-U.S. governmental agencies or other regulatory or self-regulatory organizations. While not currently anticipated, GDH LP could have a high concentration of its digital assets in one location or with one custodian, exchange or wallet provider, which may be prone to losses arising out of hacking, loss of passwords, compromised access credentials, malware or cyberattacks. Certain custodians, exchanges or third-party wallet providers may not indemnify GDH LP against any losses of digital assets or may not have full insurance over the assets under custody. Digital assets held by certain custodians, exchanges or third-party wallet providers may be transferred into "cold storage" in which case there could be a delay in retrieving such digital assets.

GDH LP may also incur costs related to the third-party custody and storage of its digital assets. Any security breach, incurred cost or loss of digital assets associated with the use of a custodian could materially and adversely affect GDH LP's investment and trading strategies, the value of its assets and the value of any investment in GDH LP (and therefore in Galaxy).

Galaxy Digital Capital Management is registered as an investment adviser under the Advisers Act. Among other requirements, the Advisers Act mandates that if a registered adviser has custody of client funds and securities, it must maintain them with a "qualified custodian." Given the characteristics of digital assets and the relative immaturity of the asset class, there are limited numbers of "qualified custodians" available at this time (if any). Difficulties in finding a "qualified custodian" could have a material adverse effect on the asset management business, including potentially causing it to liquidate a substantial portion of its portfolio. There is also a risk that the SEC determines that certain custodians used are not, regardless of their representations to the contrary, "qualified custodians", which would potentially require the asset management group to move certain digital assets and/or subject it to regulatory action. The uncertainty and potential difficulties associated with this question and related questions could materially and adversely affect GDH LP's asset management business.

The asset management business is highly regulated and regulators may apply or interpret these regulations with respect to digital assets in novel and unexpected ways.

Asset management is a highly regulated business subject to numerous legal and regulatory requirements. These regulations are intended to protect customers whose assets are under management and, as such, may limit GDH LP's ability to develop, expand or carry out its asset management business in the intended manner. GDH LP is guided in significant part by regulatory regimes that are not clear or are not yet developed. To the extent that there is any ambiguity

as to whether an asset under management is a security, the applicability of many regulations to GDH LP's asset management business will not be clear. Furthermore, GDH LP must address conflicts of interest, as well as the perception of conflicts of interest, between itself (including the other business lines of GDH LP) and its clients and funds. In particular, GDH LP will be required to act in the best interest of its clients and funds, which may include allocating opportunities to its clients and funds rather than to its own principal business lines. In addition, the regulators have substantial discretion in determining what is in the best interest of a client of a fund and have increased their scrutiny of potential conflicts. Appropriately dealing with conflicts of interest is complex and if GDH LP fails, or appears to fail, to deal appropriately with any of these conflicts of interest, it may face reputational damage, litigation, regulatory proceedings, or penalties, fines or sanctions, any of which may have a material and negative impact on GDH LP's asset management business. In addition, to the extent that GDH LP is required to obtain client or investor consent in connection with any potential conflict, any failure or delay in obtaining such consent may have a material and negative impact on GDH LP's ability to take advantage of certain business opportunities.

Increased competition may cause GDH LP's AUM, revenue and earnings to decline.

The asset management industry is highly competitive and has relatively low barriers to entry. GDH LP currently expects that, as digital assets become more mainstream, additional competitors, potentially in large numbers, may begin providing asset management services with respect to digital assets. GDH LP competes based on a number of factors including: investment performance, the level of fees charged, the quality and diversity of services and products provided, name recognition and reputation, and the ability to develop new investment strategies and products to meet the changing needs of investors. In addition, the introduction of new technologies, as well as regulatory changes, may significantly alter the competitive landscape for investment managers in digital assets. This could lead to fee compression or require GDH LP to spend more to modify or adapt its product offerings to attract and retain customers and remain competitive with products and services offered by new competitors in the industry. Increased competition on the basis of any of these factors, including competition leading to fee reductions, or may cause our AUM, revenue and earnings to decline. Any of these could materially and negatively impact the success of GDH LP's asset management business.

The success of GDH LP's advisory services business will depend on generating and maintaining ongoing, profitable client demand for its services and solutions, and the failure of that demand to materialize or any future significant reduction in such demand or an inability to respond to the evolving technological environment could materially negatively affect GDH LP's advisory services business.

The success of GDH LP's advisory services business, which is conducted through one or more subsidiaries, depends on creating and maintaining a demand for its services and solutions with favorable margins. The ability to realize or maintain this demand could be negatively affected by numerous factors, many of which will be beyond the control of GDH LP and unrelated to its future work product.

Developments in the digital asset industry, which are expected to be rapid, could shift demand to new services and solutions. If, as a result of new technologies or changes in the industries GDH LP serves, or clients demand new services that GDH LP does not or is unable to provide, GDH LP may be less competitive in these new areas or need to make significant investment to meet that demand. GDH LP's strategy for developing its advisory business focuses on responding to these types of developments by driving innovation that will enable GDH LP to expand its advisory business into new growth areas. If GDH LP does not sufficiently invest in new technology and adapt to industry developments or evolve and expand our business at sufficient speed and scale, the success or even the viability of GDH LP's advisory services business would be negatively affected.

GDH LP may become involved in advisory projects that are not directly related to the digital asset or blockchain industry. These projects are likely to relate to industries and clients that GDH LP believes will benefit in the future from blockchain technology and GDH LP's experience and network in digital assets industry.

The success of GDH LP's advisory services business could materially suffer if it is unable to obtain favorable pricing for services and solutions or if GDH LP is unable to remain competitive.

The success of GDH LP's advisory services business may be significantly affected by its ability to price its advisory services properly. If GDH LP is not able to obtain favorable pricing for its advisory services and solutions, the success

of GDH LP's advisory services business may materially suffer. The rates GDH LP charges for its services and solutions may be affected by a number of factors, including:

- general economic and political conditions;
- the competitive environment in our industry; and
- the procurement practices of clients and their use of third-party advisors.

GDH LP believes that currently there are limited persons providing the digital asset advisory services that GDH LP provides. However, the barrier to entry is very low and competitors can easily and will likely provide similar services in the near future. The success of GDH LP's advisory services business could suffer if it is not able to remain competitive. The less GDH LP is able to differentiate its services and solutions or clearly convey the value of its services and solutions, the more risks GDH LP will face in winning new work in sufficient volumes and at target pricing, which could materially negatively impact the success or viability of GDH LP's advisory services business. In addition, the introduction of new services or products by competitors could reduce GDH LP's ability to obtain favorable pricing and impact the overall economics for the services or solutions offered.

GDH LP's co-investments with third parties may be subject to substantial risk.

GDH LP may co-invest with third parties, including parties related to Mr. Novogratz, through joint ventures or other entities. Such investments may include risks in connection with such third-party involvement, including the possibility that a third-party co-venturer may have financial difficulties, may have interests or goals that are inconsistent with those of GDH LP or may be in a position to take action in a manner contrary to GDH LP's investment objectives.

GDH LP is subject to risks in connection with its lending business.

GDH LP and its subsidiaries have loaned money to other companies as part of the principal investment business. The return of principal of GDH LP's loans will depend in large part on the creditworthiness and financial strength of the issuers of such loans. While GDH LP performs extensive due diligence on its investments, nonetheless defaults are possible. In the event of a default by a borrower underlying an investment, GDH LP might not receive payments to which it is entitled and thereby could experience a decline in the value of its investments in the borrower. In the case of loans that are secured by collateral, while GDH LP generally expects the value of the collateral to be greater than the value of such loans, the value of the collateral could actually be equal to or less than the value of such loans or could decline below the outstanding amount of such loans subsequent to the investment. This risk is heightened given that some portion of the collateral for these loans is expected to be digital assets, and thus subject to the volatility, liquidity and other risks detailed herein. The ability of GDH LP to have access to the collateral could be limited by bankruptcy and other insolvency laws. Under certain circumstances, the collateral could be released with the consent of the lenders or pursuant to the terms of the underlying loan agreement with the borrower. There is no assurance that the liquidation of the collateral securing a loan would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal, or that the collateral could be readily liquidated. As a result, GDH LP might not receive full payment on a secured loan investment to which it is entitled and thereby could experience a decline in the value of, or a loss on, the investment.

GDH LP is subject to risks in connection with its mining equipment leasing business.

GDH LP and its subsidiaries intend to lease mining equipment to customers as part of the mining finance business. The success of this business will depend significantly on the creditworthiness and financial strength of the lessees of such equipment. While GDH LP intends to perform due diligence on prospective lessees, defaults under leases are possible. In the event of a default by a lessee under an equipment lease, whether as a result of a failure by the lessee to comply with the lease terms, equipment failure or otherwise, GDH LP might not receive payments which it otherwise expects or to which it is entitled, or may incur liability to the lessee, and thereby could experience a material adverse effect on GDH LP's expected return under a lease. This risk is heightened given that some portion of the payments in respect of such leases may be cryptocurrency or other digital assets, and thus subject to the volatility, liquidity and other risks detailed elsewhere in these risk factors. The ability of GDH LP to have access to collateral securing lease payments or otherwise could be limited by bankruptcy and other insolvency laws. Under certain circumstances, there is a risk that a court may deem an equipment lease to be a secured transaction. There is no assurance that the liquidation of the collateral securing

a lease would satisfy the lessor's obligations under the lease in the event non-payment or other non-compliance, or that any such collateral could be readily liquidated. As a result, GDH LP might not receive full payment on a lease to which it is entitled and thereby could experience a decline in the value of, or a loss with respect to, such lease. As noted elsewhere in these Risk Factors, mining equipment leased by GDH LP may be subject to significant risks, including risk of damage to mining equipment, that are not covered by insurance.

Risks associated with counterparties that sell GDH LP and its affiliates mining equipment.

Due to the illiquid market for mining equipment, part of GDH LP's competitive advantage has to do with its access to the supply of mining equipment from vendors all over the world. As such, GDH LP is susceptible to any disruptions in this supply chain, including but not limited to non-delivery of machines and risks associated with the jurisdiction that the vendor is located.

Governments have limited or may limit the shipment of products in and out of their jurisdictions, which could negatively impact GDH LP's ability to receive mining equipment from its suppliers. GDH LP's third-party manufacturers, suppliers, sub-contractors and customers have been and will continue to be disrupted by worker absenteeism, quarantines, restrictions on employees' ability to work, office and factory closures, disruptions to ports and other shipping infrastructure, border closures, or other travel or health-related restrictions. Depending on the magnitude of such effects on GDH LP's supply chain, shipments of parts for its existing miners, as well as any new miners it purchases, may be delayed. As GDH LP's miners require repair or become obsolete and require replacement, its ability to obtain adequate replacements or repair parts from their manufacturer may therefore be hampered. Supply chain disruptions could therefore negatively impact GDH LP's operations.

Risks associated with third-party datacenter hosting mining equipment.

GDH LP hosts its mining equipment at a third-party datacenter. The provider oversees maintenance, up-time and other important elements of mining productivity. There is a service agreement that guarantees hash rate performance and system up-time and contractual consequences if the host does not meet these requirements. To the extent that the host does not meet these requirements for extended periods of time, the revenue from this business could be less than anticipated. Additionally, to the extent power costs increase, it could affect the future profitability of the business.

Risks Related to Digital Assets

The continuing development and acceptance of digital assets and distributed ledger technology are subject to a variety of risks.

Cryptocurrencies, such as bitcoin, and the other types of digital assets in which GDH LP invests and trades involve a new and rapidly evolving industry of which blockchain technology is a prominent, but not unique, part. The growth of the digital asset industry in general, and distributed ledger technology that supports digital assets, is subject to a high degree of uncertainty. The factors affecting the further development of the digital asset industry, as well as distributed ledger technology, include: continued worldwide growth in the adoption and use of digital assets; government and quasi-government regulation of digital assets and their use, or restrictions on or regulation of access to and operation of applicable distributed ledger technology or systems that facilitate their issuance and secondary trading; the maintenance and development of the open-source software protocols of certain blockchain networks used to support digital assets; advancements in technology, including computing power, that may render existing distributed ledger technology obsolete or inefficient; the use of the networks supporting digital assets for developing smart contracts and distributed applications; changes in consumer demographics and public tastes and preferences; the availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies; and general economic conditions and the regulatory environment relating to digital assets.

Many digital asset networks, including Bitcoin and Ethereum, operate on open-source protocols maintained by groups of core developers. The open-source structure of these network protocols means that certain core developers and other contributors may not be compensated, either directly or indirectly, for their contributions in maintaining and developing the network protocol. A failure to properly monitor and upgrade network protocol could damage digital asset networks. As these network protocols are not sold and their use does not generate revenues for development teams, core developers may not be directly compensated for maintaining and updating the network protocols.

Consequently, developers may lack a financial incentive to maintain or develop the network, and the core developers may lack the resources to adequately address emerging issues with the networks. There can be no guarantee that developer support will continue or be sufficient in the future. To the extent that material issues arise with certain digital asset network protocols and the core developers and open-source contributors are unable or unwilling to address the issues adequately or in a timely manner, such digital asset networks, and any corresponding digital assets held may be adversely affected.

A decline in the adoption and use of digital assets would materially and adversely affect the performance of GDH LP.

Digital assets are a new asset class and represent a technological innovation and they are subject to a high degree of uncertainty. The adoption of digital assets will require growth in usage and in the blockchain technology generally for various applications. Adoption of digital assets will also require greater regulatory clarity. A lack of expansion in use of digital assets and blockchain technologies would adversely affect the financial performance of GDH LP. In addition, there is no assurance that digital assets generally will maintain their value over the long term. The value of digital assets is subject to risks related to its use. If growth in the use of digital assets generally occurs in the near or medium term, there is no assurance that such use will continue to grow over the long term. A contraction in use of digital assets may result in increased volatility or a reduction in digital asset prices, which would materially and adversely affect GDH LP's investment and trading strategies, the value of its assets and the value of any investment in GDH LP.

The prices of digital assets are extraordinarily volatile.

Values of digital assets have historically been highly volatile. A decline in digital assets that GDH LP holds would negatively impact its financial position. A significant portion of demand for digital assets is generated by speculators and investors seeking to profit from the short- or long-term holding of these assets. Speculation regarding future appreciation in the value of a digital asset may inflate and make more volatile the price of that digital asset.

Several factors may affect the price of digital assets, particularly cryptocurrencies, including, but not limited to: supply and demand, investors' expectations with respect to the rate of inflation, interest rates, currency exchange rates or future regulatory measures (if any) that restrict the trading of cryptocurrencies or the use of cryptocurrencies as a form of payment. Additionally, some purportedly decentralized digital assets may be more centralized than widely believed, or may become more centralized over time, increasing the risk that an adverse event impacting an individual personality or entity could result in a reduction in the price of digital assets. While digital assets networks are typically decentralized and do not need to rely on any single government or institution to create, transmit and determine value, in reality a single personality or entity may have the ability to exert centralized authority over a network. Additionally, for digital assets that rely on miners, sophisticated miner groups may become unduly influential over time if system or bandwidth requirements become too high. Where a single personality or entity exerts an outsize influence, an adverse event impacting that individual or entity, such as an insolvency proceeding, could result in a reduction in the price of a digital assets.

There is no assurance that cryptocurrencies will maintain their long-term value in terms of purchasing power in the future, or that acceptance of cryptocurrency payments by mainstream retail merchants and commercial businesses will continue to grow. Only a limited number of cryptocurrencies, including bitcoin, have become sometimes accepted as a means of payment for some goods and services, and use of cryptocurrencies by consumers to pay at retail and commercial outlets remains very limited. In part, this is because cryptocurrencies face significant scaling obstacles that can lead to high fees or slow transaction settlement times and attempts to increase the volume of transactions may not be effective. A lack of expansion by cryptocurrencies into retail and commercial markets, or a contraction of such limited use as has developed to date, may result in increased volatility or a reduction in the value of that cryptocurrency or cryptocurrencies generally, either of which could materially and adversely affect GDH LP's investment and trading strategies, the value of its assets and the value of any investment in GDH LP (and therefore in Galaxy).

Political or economic crises may motivate large-scale sales of digital assets, which would result in a reduction in values and materially and adversely affect GDH LP.

Cryptocurrencies, as an alternative to fiat currencies that are backed by central governments, are subject to supply and demand forces based upon the desirability of an alternative, decentralized means of buying and selling goods and services, and it is unclear how such supply and demand will be impacted by geopolitical events. For example, political or economic crises could motivate large-scale acquisitions or sales of digital assets either globally, regionally or locally. Large-scale sales of certain digital assets would result in a reduction in their value and could materially and adversely affect GDH LP's investment and trading strategies, the value of its assets and the value of GDH LP (and therefore in Galaxy).

The value of cryptocurrencies and other digital assets may be subject to momentum pricing risk

Momentum pricing typically is associated with growth stocks and other assets whose valuation, as determined by the investing public, accounts for anticipated future appreciation in value. Cryptocurrency and other digital asset market prices are determined primarily using data from various exchanges, over-the-counter markets, and derivative platforms. Momentum pricing may have resulted, and may continue to result, in speculation regarding future appreciation in the value of cryptocurrencies and other digital assets, inflating and making their market prices more volatile, and such effects may be material and adverse. As a result, cryptocurrencies and other digital assets may be more likely to fluctuate in value due to changing investor confidence in future appreciation (or depreciation) in their market prices, which could adversely materially affect the value of GDH LP's cryptocurrency and other digital asset inventory and thereby affect GDH LP's shareholders.

The regulation of digital assets continues to evolve in every jurisdiction, and regulatory changes or actions may restrict the use of digital assets, the operation of distributed ledger technologies that support such digital assets and platforms that facilitate the trading of such assets.

As digital assets have grown in popularity and in market size, governments, regulators and self-regulators (including law enforcement and national security agencies) around the world are examining the operations of digital asset issuers, users and platforms. To the extent that any Canadian, U.S. or other government or quasi-governmental agency exerts regulatory authority over the digital asset industry in general, the issuance of digital assets, and trading and ownership of, and transactions involving the purchase and sale or pledge of, such assets, may be adversely affected, which could adversely affect GDH LP's businesses and investments. The effect of any future regulatory change on digital asset issuers and participants in general is impossible to predict, but such change could materially and adversely affect GDH LP's investment and trading strategies, the value of its assets and the value of any investment in GDH LP (and therefore in Galaxy).

The legal status of digital assets varies substantially from jurisdiction to jurisdiction and is still undefined and changing in many of them. Likewise, various government agencies, departments, and courts have classified and continue to classify digital assets differently. In the United States, courts and regulators have classified many digital assets as securities subject to regulation under the U.S. securities laws. The value of digital assets that have been the subject of enforcement actions in the United States has tended to decline. Changes in laws, regulations, policies and practices could have an adverse effect on GDH LP, its strategies, business and investments. For example, regulatory agencies could shut down or restrict the use of platforms or exchanges using digital assets or otherwise limit the use of digital assets. This, and any other changes in laws, regulations, policies and practices, could lead to a loss of any investment made by or in GDH LP, and in turn in the Company, and may trigger regulatory action by securities or other regulators.

Furthermore, various jurisdictions may, in the near future, adopt laws, regulations or directives that affect digital assets, the related markets and exchanges and the ability to use, trade and hold digital assets. Such laws, regulations or directives may conflict with one another and may negatively affect the acceptance of digital assets by users, merchants and service providers and may therefore impede the growth or sustainability of the bitcoin economy in Canada, the United States, the European Union, China, Japan, Russia or other locations and globally, or otherwise negatively affect the value of digital assets. Although there continues to be uncertainty about the full impact of these and other regulatory changes, GDH LP may become subject to a more complex regulatory framework in the near future and incur additional costs to comply with new requirements as well as to monitor for compliance with any new requirements in the future.

The loss or destruction of a private key required to access certain cryptocurrencies or digital assets may be irreversible. GDH LP's loss of access to its private keys or its experience of a data loss relating to its cryptocurrency or digital asset investments could adversely affect GDH LP.

Cryptocurrencies are controllable only by the possessor of the private key or keys relating to the “digital wallet” in which the digital asset is held. Private keys must be safeguarded and kept private in order to prevent a third party from accessing the cryptocurrencies while held in such wallet. To the extent a private key is lost, destroyed or otherwise compromised and no backup of the private key is accessible, GDH LP will be unable to access the cryptocurrencies held in the related digital wallet. Any loss of private keys relating to digital wallets used to store GDH LP or its affiliates cryptocurrencies could adversely affect its business and financial position.

Any loss of private keys relating to digital wallets used to store GDH LP's cryptocurrencies and digital assets could materially and adversely affect GDH LP's investment and trading strategies, the value of its assets and the value of any investment in GDH LP (and therefore in Galaxy). If GDH LP's cryptocurrency or other digital assets are lost, stolen or destroyed under circumstances rendering a party liable to GDH LP, the responsible party may not have the financial resources sufficient to satisfy GDH LP's claims, which could lead to a material adverse effect on GDH LP. Access to GDH LP's cryptocurrencies or other digital assets could also be restricted or prevented by natural events (such as an earthquake or flood) or human actions (such as a terrorist attack).

The need to adopt technology in response to changing security threats poses a challenge to the safekeeping of GDH LP's digital asset holdings.

Holders of digital assets must adapt to technological change to secure and safeguard accounts. As technological change occurs, the security threats to GDH LP's digital asset holdings will likely adapt, and previously unknown threats may emerge. Furthermore, GDH LP may become a greater target of security threats as GDH LP's size and reputation increases. If GDH LP is unable to identify and mitigate or stop new security threats, GDH LP's assets may be subject to theft, loss, destruction or other attack, which could result in a loss of GDH LP's assets or materially and adversely affect GDH LP's investment and trading strategies, the value of its assets and the value of any investment in GDH LP (and therefore in Galaxy).

Due to the unregulated nature and lack of transparency surrounding the operations of exchanges, they may experience fraud, security failures or operational problems, which may adversely affect the value of digital assets traded on those exchanges and, consequently, GDH LP's investments and Galaxy's Ordinary Shares.

Digital asset exchanges on which digital assets trade are relatively new and, in some cases, unregulated. Furthermore, while some exchanges provide information regarding their ownership structure, management teams, corporate practices and regulatory compliance, many other exchanges do not. As a result, the marketplace may lose confidence in the less transparent or unregulated exchanges, including prominent exchanges that handle a significant volume of trading in these assets.

For example, in 2019 there were reports claiming that 80-95% of bitcoin trading volume on exchanges was falsified or non-economic in nature, with specific focus on unregulated exchanges located outside of the U.S. Such reports may indicate that the bitcoin exchange market is significantly smaller than expected and that the U.S. makes up a significantly larger percentage of such market than is commonly understood. Nonetheless, any actual or perceived false trading in exchanges, and any other fraudulent or manipulative acts and practices, could adversely affect the value of digital assets and/or negatively affect the market perception of such assets.

In addition, over the past several years, some exchanges have been closed due to fraud and manipulative activity, business failure or security breaches. In many of these instances, the customers of such exchanges were not compensated or made whole for the partial or complete losses of their account balances. While smaller exchanges are less likely to have the infrastructure and capitalization that make larger exchanges more stable, larger exchanges are more likely to be appealing targets for hackers and malware and may be more likely to be targets of regulatory enforcement action.

Negative perception, a lack of stability in these exchange markets and the temporary or permanent closure of such exchanges due to fraud, business failure, hackers or malware, or government-mandated regulation may reduce confidence in the digital asset marketplace in general and result in greater volatility in the price of digital assets. These potential consequences could materially and adversely affect GDH LP's investment and trading strategies, the value of its assets and the value of any investment in GDH LP and, therefore, the Ordinary Shares.

Short sales of digital assets may be especially risky.

GDH LP may make short sales of digital assets. In such a short sale, GDH LP would sell digital assets that it does not own, typically borrowed from a third party. Borrowing and lending markets for digital assets are currently limited and are unlikely to become as developed and stable as those for securities or other established assets in the near term, if ever, which exposes GDH LP to risks.

Because GDH LP would remain liable to return any digital assets that it borrowed, GDH LP would be required to purchase an equivalent amount of digital assets prior to the date on which delivery to the third party is required. GDH LP will incur a loss as a result of a short sale if the price of the digital assets increases between the date of the short sale and the date on which GDH LP replaces the borrowed digital assets. The amount of any loss will be increased by the amount of the premium or interest that GDH LP may be required to pay in connection with a short sale. Short selling exposes GDH LP to unlimited risk with respect to the borrowed digital assets because of the lack of an upper limit on the prices to which those digital assets can rise. Purchasing digital assets to close out a short position can itself cause the price of the digital assets to rise further, thereby exacerbating any losses. Under adverse market conditions, GDH LP may have difficulty purchasing digital assets to meet its short sale delivery obligations and may have to sell other digital assets to raise the necessary capital at a time when it would be unfavorable to do so. If a request for return of borrowed assets occurs at a time when other short sellers are receiving similar requests, a "short squeeze" can occur, and GDH LP may be compelled to replace borrowed digital assets previously sold short with purchases on the open market at the most disadvantageous time, possibly at prices significantly in excess of the proceeds received in originally selling the assets short. In addition, GDH LP may have difficulty purchasing assets to meet its delivery obligations if the assets sold short by GDH LP have a limited daily trading volume or limited market capitalization. Short sales by GDH LP and "short" derivative positions are forms of investment leverage, and the amount of GDH LP's potential loss is theoretically unlimited.

Lending of digital assets may be especially risky.

GDH LP may lend digital assets to third parties, including affiliates. On termination of the loan, the borrower is required to return the digital assets to GDH LP; any gains or loss in the market price during the loan would inure to GDH LP. In the event of the bankruptcy of the borrower, GDH LP could experience delays in recovering its digital assets. In addition, to the extent that the value of the digital assets increases during the term of the loan, the value of the digital assets may exceed the value of collateral provided to GDH LP, exposing GDH LP to credit risks with respect to the borrower and potentially exposing GDH LP to a loss of the difference between the value of the digital assets and the value of the collateral. If a borrower defaults under its obligations with respect to a loan of digital assets, including by failing to deliver additional collateral when required or by failing to return the digital assets upon the termination of the loan, GDH LP may expend significant resources and incur significant expenses in connection with efforts to enforce the loan agreement, which may ultimately be unsuccessful. In addition, there is significant operational infrastructure required to scale the borrowing and lending of digital assets. The failure to appropriately implement the infrastructure related to the lending business could lead to operational risk and have a material adverse effect on GDH LP.

Blockchain networks, digital assets and the exchanges on which these assets are traded are dependent on internet infrastructure and susceptible to system failures, security risks and rapid technological change.

The success of cryptocurrency-based blockchain and other digital asset platforms will depend on the continued development of a stable public infrastructure, with the necessary speed, data capacity and security, and the timely development of complementary products such as high-speed modems for providing reliable internet access and services. digital assets have experienced, and are expected to continue to experience, significant growth in the number of users and amount of content. There is no assurance that the relevant digital asset infrastructure will continue to be able to support the demands placed on it by this continued growth or that the performance or reliability of the technology will

not be adversely affected by this continued growth. There is also no assurance that the infrastructure or complementary products or services necessary to make digital assets a viable product for their intended use will be developed in a timely manner, or that such development will not result in the requirement of incurring substantial costs to adapt to changing technologies. The failure of these technologies or platforms or their development could materially and adversely affect GDH LP's investment and trading strategies, the value of its assets and the value of any investment in GDH LP. Cryptocurrencies are created, issued, transmitted, and stored according to protocols run by computers in the cryptocurrency network. It is possible these protocols have undiscovered flaws or could be subject to network scale attacks which could result in losses to GDH LP. Advancements in quantum computing could break the cryptographic rules of protocols which support certain GDH LP assets.

If the digital asset awards for solving blocks and transaction fees for recording transactions on the Bitcoin network are not sufficiently high to incentivize miners, miners may cease expanding processing power or demand high transaction fees, which could negatively impact the security and value of the Bitcoin and could materially and adversely affect GDH LP's investment and trading strategies, the value of its assets and the value of GDH LP (and therefore in Galaxy).

If the digital asset awards for solving blocks and the transaction fees for recording transactions on the Bitcoin network are not sufficiently high to incentivize miners, some miners may cease expending processing power to solve blocks and confirmations of transactions on the blockchain could be slowed. A reduction in the processing power expended by miners on the Bitcoin network could increase the likelihood of a malicious actor disrupting or obtaining control of the network.

Miners have historically accepted relatively low transaction confirmation fees on most digital asset networks due to income skewed toward the block reward. If miners demand higher transaction fees for recording transactions in the blockchain or a software upgrade automatically charges fees for all transactions on the Bitcoin network, the cost of using Bitcoin may increase and the marketplace may be reluctant to send Bitcoin as a means of payment. Alternatively, miners could collude in an anti-competitive manner to reject low transaction fees on the Bitcoin network and force users to pay higher fees, thus reducing the attractiveness of the Bitcoin network. Higher transaction confirmation fees resulting from collusion or other factors may reduce the attractiveness of the Bitcoin network, the value of Bitcoin, and could materially and adversely affect GDH LP's investment and trading strategies, the value of its assets and the value of GDH LP (and therefore in Galaxy).

Proposed Ethereum upgrades to enhance the network's scalability and throughput may not be delivered, and network congestion could cause users to migrate to other blockchains, which could materially and adversely affect several of GDH LP's investments and trading strategies.

Like all blockchain networks, rising adoption leads to network congestion, as space on decentralized ledgers is inherently scarce. From a design standpoint, striking a balance between security, decentralization, and scalability (or transactional throughput) is subject of great debate among innovators and has led to the creation of a variety of networks that take different trade-offs to achieve different outcomes. Pragmatically speaking, if network congestion rises to the point where transaction fees make it prohibitively expensive for average users to operate on the network, those users may stop using the network, and application developers may seek to build on other networks where users can afford to transact.

While no challenger networks have yet offered meaningful competition to Ethereum for either users or application developers, there is pressure on Ethereum protocol developers to deploy "Ethereum 2.0," which promises significant scaling improvements and ease network congestion. If Ethereum 2.0 takes too long to launch, or doesn't launch at all, an alternative blockchain network may attract users and developers, challenging Ethereum's position as the most valuable and widely used smart contracting platform. Even if Ethereum 2.0 does launch, major protocol changes and upgrades are risky and there could be design flaws or bugs that could be exploited in ways that are difficult to anticipate. A reduction in Ethereum's adoption or usage relative to challenger smart contracting networks could materially and adversely affect several of GDH LP's investments and trading strategies.

Risks associated with Decentralized Finance ("DeFi")

DeFi refers to a variety of blockchain-based applications or protocols that provide for peer-to-peer financial services using smart contracts and other technology rather than such services being offered by central intermediaries. Common

DeFi applications include borrowing/lending Digital Assets and providing liquidity or market making in Digital Assets. DeFi applications and ecosystems, mostly built on Ethereum, are demonstrating how public blockchains and smart contracts can revolutionize financial services, but the nascent technology comes with several risks that could materially and adversely affect GDH LP's investments and trading strategies. It is difficult to quantify the amount of leverage that exists within the DeFi ecosystem and price volatility can result in deleveraging that moves asset prices dramatically. In addition, smart contracts may contain bugs which put funds at risk of theft or loss. Furthermore, in certain decentralized protocols, it may be difficult or impossible to verify the identity of a transaction counterparty necessary to comply with any applicable anti-money laundering, countering the financing of terrorism, or sanctions regulations or controls.

The complexity and interconnectedness of Digital Asset networks, applications, and economic systems enables new forms of malicious attacks that leverage a feature or vulnerability of one system to attack another. Such an attack may take the form of a temporary manipulation of the price of certain Digital Assets that trigger second order behaviors, such as automatic collateral liquidations on decentralized applications or Digital Asset trading platforms. Such an attack could adversely affect investments. A malicious actor can exploit the structure of one or a series of smart contracts or applications in ways that do not technically constitute exploitation of a "bug" or flaw in the smart contract or application. For example, such an exploit has occurred repeatedly in the Ethereum DeFi ecosystem, whereby a decentralized exchange or lending application is designed to reference an external pricing source of a particular Digital Asset to determine when to liquidate collateral. By manipulating the price of the particular Digital Asset on a third-party platform (such as a Digital Asset trading platform), the pricing source used by the decentralized trading platform or application is consequently manipulated, which then leads to uneconomic collateral liquidations on the decentralized trading platform or application. Such liquidations may be processed automatically and could have a material adverse effect on GDH LP's investments and trading strategies.

Risks related to Nonfungible Tokens ("NFTs").

GDH LP may invest in or have funds associated with NFTs. NFTs are unique, one-of-a-kind Digital Assets made possible by certain Digital Asset network protocols. Because of their non-fungible nature, NFTs introduce digital scarcity and have become popular as online "collectibles," similar to physical rare collectible items, such as trading cards or art. Like real world collectibles, the value of NFTs may be prone to "boom and bust" cycles as popularity increases and subsequently subsides. Certain metadata pertaining to NFTs may be stored "offchain," i.e., not on a decentralized Digital Asset network. If the entity behind an NFT project ceases hosting relevant metadata relating to NFTs, such NFTs may become worthless. If any of these events were to occur, it could adversely affect the value of certain of GDH LP's future investments and strategies. In addition, because NFTs generally rely on the same types of underlying technologies as Digital Assets, most risks applicable to Digital Assets (including phishing, hacking, blockchain risks) are also applicable to NFTs and hence any investment into NFTs will be subject to general Digital Assets risks as described elsewhere in these risk factors.

Malicious actors could manipulate the blockchain networks and smart contract technology upon which digital assets rely and increase the vulnerability of the blockchain networks.

If a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers), including a state-sponsored actor, is able to hack or otherwise exert unilateral control over a particular blockchain network such as by obtaining a majority of the processing power dedicated to mining on the blockchain, or the digital assets on such a network, that actor could attempt to prevent the confirmation of transactions recorded in that digital asset on that blockchain and, in worst case scenario, potentially render the chain unusable. Digital assets have been the subject of attempted manipulation by hackers to use them for malicious purposes. Moreover, if the value of the newly issued digital assets that are awarded to miners for solving transaction blocks for a particular digital asset network declines, and the value of transaction fees are not sufficiently high, the incentive to continue processing blockchain transactions would decrease and could lead to a stoppage of processing activities. The collective processing power of that blockchain network would be reduced, which would adversely affect the confirmation process for transactions by decreasing the speed of the adjustment in the difficulty for transaction block solutions. Lower block rewards could also make it less expensive for a malicious actor to obtain a majority of network hash rate. Any of the above events could materially and adversely affect certain of GDH LP's investments and trading strategies, the value of its assets and the value of any investment in GDH LP (and therefore in Galaxy).

The network contributors for certain digital assets could propose amendments to the network protocols and software for these digital assets that, if accepted and authorized by the network for these digital assets, could adversely affect an investment in GDH LP or Galaxy.

The networks for certain digital assets are based on a protocol governing the peer-to-peer interactions between computers connected to each other within that network. The development team for a network (if any) might propose and implement amendments to a network's source code through software upgrades altering the original protocol, including fundamental ideas such as the irreversibility of transactions and limitations on the validation of blockchain software distributed ledgers. Such changes to original protocols and software could materially and adversely affect GDH LP's investment and trading strategies, the value of its assets and the value of any investment in GDH LP (and therefore in Galaxy).

Intellectual property rights claims may adversely affect the operation of portfolio companies and digital asset networks.

Third parties may assert intellectual property claims relating to portfolio companies or digital asset networks and their source code. Regardless of the merit of any claim, any threatened action that reduces confidence in portfolio companies or digital asset networks could materially and adversely affect GDH LP's investment and trading strategies, the value of its assets and the value of any investment in GDH LP (and therefore in Galaxy). Additionally, a meritorious intellectual property claim could lead to a loss of value in the impacted portfolio company or prevent GDH LP or other end users from accessing a specific blockchain network or holding or transferring their digital assets, which could force the liquidation of certain digital assets in which GDH LP has an interest or cause the value of such digital assets to decline significantly. As a result, an intellectual property claim against a portfolio company or large participants on certain blockchain networks could materially and adversely affect GDH LP's investment and trading strategies, the value of its assets and the value of any investment in GDH LP (and therefore in Galaxy).

Banks or other third-party services providers may decline to provide services to companies engaged in digital asset-related businesses, including GDH LP.

A number of companies that provide digital asset-related services have been unable to find banks that are willing to provide them with bank accounts and banking services. Similarly, a number of such companies have had their existing bank accounts closed by their banks. Banks may refuse to provide bank accounts and other banking services to digital asset-related companies, including GDH LP, for a number of reasons, such as perceived compliance risks or costs. GDH LP's inability to procure or keep banking services would have a material and adverse effect on GDH LP. Similarly, continued general banking difficulties may decrease the utility or value of digital assets or harm public perception of those assets. In addition to banks, other third-party service providers including accountants, lawyers and insurance providers may also decline to provide services to companies engaged in digital asset-related businesses because of the perceived risk profile associated with such businesses or the lack of regulatory certainty. The failure of digital asset-related businesses to be banked or obtain other services could materially and adversely affect GDH LP's businesses, investment and trading strategies, the value of its assets and the value of any investment in GDH LP (and therefore in Galaxy).

Other Risks Related to Trading, Investments and Assets

Investments in initial coin offerings have declined and have been, and continue to be, subject to regulatory challenges.

While GDH LP's business is not focused on servicing ICOs, nonetheless GDH LP continues to hold digital assets sold in ICOs as investments. ICOs generally, and digital assets offered and sold pursuant thereto, have been, and continue to be, subject to regulatory challenges. U.S. regulators, including the SEC, have repeatedly and publicly voiced significant concerns about ICOs, suggesting that many ICOs have been fraudulent and that many ICOs in the United States may have been conducted in violation of the U.S. Securities Act and U.S. state securities laws. There have been a number of high-profile enforcement actions by the SEC against individuals, companies and exchanges involved in ICOs. The Chairman of the SEC has also suggested that structuring or advising on ICOs may generally require broker-dealer registration under the 1934 Act, which would also subject the party doing the structuring or advising to various theories

of liability (for example, underwriter liability) under various securities laws. These actions have had a material and adverse effect on the size and robustness of the markets for ICOs, cryptocurrencies and digital assets generally. ICOs have also been outlawed in some countries and could be outlawed in other jurisdictions in the future. China and South Korea are prominent examples of countries that have effectively banned ICOs. If other jurisdictions adopt bans or impose other significant restrictions, this may also have a material and adverse effect on the size and robustness of the markets for ICOs and cryptocurrency or other digital assets generally, which could impact certain of GDH LP's investments. Some digital assets held, acquired or mined by GDH LP may be, deemed, by the U.S. Securities and Exchange Commission or a court, or otherwise may be determined, to be securities under U.S. federal or state securities laws, which may result in diminution of value of these assets or legal consequences for GDH LP.

GDH LP may fail to develop and execute successful investment strategies.

The success of GDH LP's investment and trading activities will depend on the ability of the investment team to identify overvalued and undervalued investment opportunities and to exploit price discrepancies. This process involves a high degree of uncertainty. No assurance can be given that GDH LP will be able to identify suitable or profitable investment opportunities in which to deploy its capital. The success of the trading activities also depends on GDH LP's ability to remain competitive with other over-the-counter traders and liquidity providers. Competition in trading is based on price, offerings, level of service, relationships and market intelligence. The success of investment activities depends on GDH LP's ability to source deals and obtain favorable terms. Competition in investment activities is based on relationships, the ability to offer strategic advice to portfolio companies and reputation. The barrier to entry in each of these businesses is very low and competitors can easily and will likely provide similar services in the near future. The success of GDH LP's investment and trading business could suffer if it is not able to remain competitive.

GDH LP is exposed to a concentration of assets in a particular asset class, which could increase volatility, investment and market risk.

GDH LP trades, invests and hold primarily digital assets and investments in the blockchain space and conducts related businesses. GDH LP may accumulate significant positions in, or otherwise have significant exposure to, a single digital asset or asset type. If GDH LP chooses to invest in concentrated positions, it could increase the volatility of investment results over time and exacerbate the risk that a loss in any position would have a material and adverse effect on GDH LP's investment and trading strategies, the value of its assets and the value of any investment in GDH LP (and therefore in Galaxy).

GDH LP is exposed to significant market risk based on its positions in digital assets, securities, commodities and other assets. The prices or values of digital and non-digital assets in which GDH LP may invest or trade can be, and likely will be, highly volatile. Sustained market declines and periods of significant market volatility may limit the ability of GDH LP to produce positive investment and trading results, and there can be no assurance that GDH LP's strategies will be successful in the markets and assets in which it invests or trades.

There may not be an active and liquid trading market for some of GDH LP's digital assets.

Some digital assets may be more difficult to value than other investments because such assets may not have a liquid or transparent trading market. GDH LP may not be able to sell a digital asset promptly or at a reasonable time or price. Although there may be an institutional market for certain digital assets, it is not possible to predict exactly how the market for such assets will develop or whether it will continue to exist. A digital asset that was liquid at the time of purchase may subsequently become illiquid, and its value may decline as a result. In addition, transaction costs are generally higher for digital assets.

GDH LP's investments in other investment vehicles may be subject to substantial risk.

GDH LP may make direct or indirect investments in pooled investment vehicles, which may expose GDH LP to all of the risks of those vehicles' investments. The values of pooled investment vehicles are subject to change as the values of their respective assets fluctuate. To the extent that GDH LP invests in managed pooled investment vehicles, the performance of GDH LP's investments in such vehicles will be dependent on the investment and research abilities of

persons other than GDH LP. The securities offered by such vehicles typically are not registered under applicable securities laws because they are offered in transactions that are exempt from registration.

GDH LP's investments in options may be subject to substantial risk.

GDH LP may invest in options on digital or non-digital assets. Purchasing and writing put and call options are highly specialized activities that entail greater-than-ordinary investment risks. An investment in an option may be subject to greater fluctuation than an investment in the underlying asset. An uncovered call writer's loss is theoretically unlimited. The ability to trade in or exercise options may be restricted in the event that trading in the underlying asset becomes restricted. Unlike exchange-traded options, which are standardized with respect to the underlying instrument, expiration date, contract size and strike price, the terms of over-the-counter options (options not traded on exchanges) are generally established through negotiation with the other party to the option contract. While this type of arrangement allows greater flexibility to tailor an option, over-the-counter options generally involve greater credit risk than exchange-traded options, which are guaranteed by the clearing organization of the exchanges where they are traded. As of this writing, the availability of exchange-traded and over-the-counter options on digital assets is extremely limited, so terms may be unfavorable in comparison to those available for more firmly established types of options.

GDH LP's investments in derivatives may be subject to substantial risk.

Derivatives are financial instruments whose values are based on the value of one or more reference assets or indicators, such as a security, currency, interest rate or index. GDH LP's use of derivatives involves risks different from, and possibly greater than, the risks associated with investing directly in securities and other more traditional investments. Moreover, although the value of a derivative is based on an underlying asset or indicator, a derivative typically does not carry the same rights as would be the case if GDH LP invested directly in the underlying asset.

Derivatives are subject to a number of risks, such as potential changes in value in response to market developments, and the risk that a derivative transaction may not have the effect that GDH LP anticipated. Derivatives also involve the risk of mispricing or improper valuation and the risk that changes in the value of a derivative may not achieve the desired correlation with the underlying asset or indicator. Derivative transactions may be highly volatile, and GDH LP could lose more than the amount it invests. Moreover, derivative transactions permit GDH LP to create investment leverage, which may exacerbate any losses on these positions. A liquid secondary market may not always exist for GDH LP's derivative positions at any time, and GDH LP may not be able to initiate or liquidate a derivative position at an advantageous time or price, which may result in significant losses.

In addition, derivative products are specialized instruments that require investment techniques and risk analyses different from those associated with direct investments. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself. In particular, the complexity of derivatives requires the maintenance of adequate controls to monitor the transactions entered into and the ability to assess the risk that a derivative adds to GDH LP's portfolio.

GDH LP's investments in currencies may be subject to substantial risk.

GDH LP may trade currencies in the interbank market, a global network of commercial banking institutions that make markets in foreign currencies. There is no limitation on daily price moves of contracts traded through banks and dealers. Banks and dealers may require GDH LP to deposit margin with respect to such trading. Banks and dealers are not required to continue to make markets in currencies.

There have been periods during which certain banks have refused to quote prices for currency contracts or have quoted prices with an unusually wide bid-ask spread. Arrangements to trade currency contracts may be made with only one or a few banks, and liquidity problems might therefore be greater than if such arrangements were made with numerous banks. The imposition of credit controls by government authorities might limit such trading to less than that which GDH LP would otherwise undertake. In respect of such trading, GDH LP is subject to the risk of bank failure or the inability of, or refusal by, a bank to perform with respect to such contracts. Most, if not all, of these contracts are directly affected by changes in interest rates. The effects of governmental intervention may also be particularly significant at certain times in the interbank market.

GDH LP's investments in exchange-traded futures contracts expose it to the risks of a clearing broker.

The failure or bankruptcy of any of GDH LP's clearing brokers (or futures commission merchants) could result in a substantial loss of GDH LP's assets. Under the current regulations of the Commodity Futures Trading Commission, a clearing broker maintains customers' assets in a bulk segregated account. If a clearing broker fails to do so or is unable to satisfy a substantial deficit in a customer account, its other customers may be subject to risk of loss of their funds in the event of that clearing broker's bankruptcy. In such an event, the clearing broker's customers, such as GDH LP, are entitled to recover, even in respect of property specifically traceable to them, only a proportional share of all property available for distribution to all of that clearing broker's customers. When GDH LP trades bitcoin futures, it is exposed to the risk of its clearing broker.

GDH LP's investments and trading transactions may be subject to credit risk.

Credit risk is the risk that an issuer of a security or a counterparty will be unable or unwilling to satisfy payment or delivery obligations when due and the related risk that the value of an investment or trade may decline because of concerns about the issuer's or the counterparty's ability to make such payments. In addition to the risk of an issuer of a security in which GDH LP invests failing or declining to perform on an obligation under the security, GDH LP is exposed to the risk that third parties, including trading counterparties, clearing agents, exchanges, clearinghouses, custodians, administrators and other financial intermediaries that may owe GDH LP money, securities or other assets will not perform their obligations. Any of these parties might default on their obligations to GDH LP because of bankruptcy, lack of liquidity, operational failure or other reasons, in which event GDH LP may lose all or substantially all of the value of any such investment or trading transaction. When GDH LP trades on exchanges that specialize in digital asset futures and derivatives, it is exposed to the credit risk of that exchange.

GDH LP's investments in restricted securities may be subject to substantial risk.

GDH LP may invest in restricted securities, including private investment funds and venture capital investments. These may be less liquid and more difficult to value than other investments because such securities may not be readily marketable. GDH LP may not be able to sell a restricted security promptly or at a reasonable time or price. Although there may be a substantial institutional market for restricted securities, it is not possible to predict exactly how the market for such securities will develop or whether it will continue to exist. A restricted security that was liquid at the time of purchase may subsequently become illiquid, and its value may decline as a result. In addition, transaction costs are generally higher for restricted securities than for more liquid securities. Furthermore, GDH LP may have to bear the expense of registering restricted securities for resale and the many associated risks of substantial delays in effecting such a registration.

GDH LP is not obligated to hedge its exposures, and, if it does, hedging transactions may be ineffective or reduce GDH LP's overall performance.

GDH LP is not obligated to, and often times may not, hedge its exposures. However, from time to time, it may use a variety of financial instruments and derivatives, such as options, swaps, and forward contracts, for risk management purposes, including to: protect against possible changes in the market value of GDH LP's investment or trading assets resulting from fluctuations in the securities markets and changes in interest rates; protect GDH LP's unrealized gains in the value of its investments or trading assets; facilitate the sale of any such assets; enhance or preserve returns, spreads or gains on any trade or investment; hedge the interest-rate or currency-exchange risk on any of GDH LP's liabilities or assets; protect against any increase in the price of any assets that GDH LP anticipates purchasing at a later date; or to any other end that GDH LP deems appropriate. The success of any hedging activities by GDH LP will depend, in part, on its ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the assets being hedged. Since the characteristics of many assets change as markets change or time passes, the success of GDH LP's hedging strategy will also be subject to its ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. In addition, while GDH LP may enter into hedging transactions to seek to reduce risk, such transactions may actually increase risk or result in a poorer overall performance for GDH LP than if it had not engaged in such hedging transactions.

GDH LP may make, or otherwise be subject to, trade errors.

Errors may occur with respect to trades executed on behalf of GDH LP. Trade errors can result from a variety of situations, including, for example, when the wrong investment is purchased or sold or when the wrong quantity is purchased or sold. Trade errors frequently result in losses, which could be material. To the extent that an error is caused by a third party, GDH LP may seek to recover any losses associated with the error, although there may be contractual limitations on any third party's liability with respect to such error.

GDH LP's trading orders may not be timely executed.

GDH LP's investment and trading strategies depend on the ability to establish and maintain an overall market position in a combination of financial instruments. GDH LP's trading orders may not be executed in a timely and efficient manner because of various circumstances, including, for example, trading volume surges or systems failures attributable to GDH LP or its counterparties, brokers, dealers, agents or other service providers. In such an event, GDH LP might only be able to acquire or dispose of some, but not all, of the components of its positions, or if the overall positions were to need adjustments, GDH LP might not be able to make such adjustments. As a result, GDH LP would not be able to achieve its desired market position, which may result in a loss. In addition, GDH LP can be expected to rely heavily on electronic execution systems (and may rely on new systems and technology in the future), which may be subject to certain systemic limitations or mistakes, causing the interruption of trading orders made by GDH LP.

Unexpected market disruptions may cause major losses for GDH LP.

GDH LP may incur major losses in the event of disrupted markets and other extraordinary events in which market behavior diverges significantly from historically recognized patterns. The risk of loss in such events may be compounded by the fact that in disrupted markets, many positions become illiquid, making it difficult or impossible to close out positions against which markets are moving. Market disruptions caused by unexpected political, military and terrorist events may from time to time cause dramatic losses for GDH LP. Any such disruptions and events may have a material and adverse effect on GDH LP's investment and trading strategies and on any investment in GDH LP (and therefore in Galaxy).

GDH LP is exposed to losses due to lack of perfect information.

As a trader in digital assets, GDH LP will trade in a variety of assets with a number of different counterparties on both an anonymous and disclosed basis. GDH LP may at times trade with others who have information that is more accurate or complete than GDH LP's, and as a result GDH LP may accumulate unfavorable positions at unfavorable prices preceding large price movements in a given instrument. If the frequency or magnitude of these events increases, GDH LP's losses would likely increase correspondingly, which could have a material and adverse effect on the effectiveness of GDH LP's investment or trading strategies and on any investment in GDH LP (and therefore in the Company).

Valuation involves significant risks and uncertainties, including the fact that methodologies involve subjective judgments.

Digital assets, including but not limited to, bitcoin, can fluctuate dramatically in value and can lose a material portion of their value in a short period of time. There can be no assurance as to the value of GDH LP's portfolio as of any date in the future. Any future valuation could diverge from previous estimates as a result of market fluctuations or additional third-party valuations of underlying assets using different and potentially inconsistent methods, financial reporting requirements under the International Financial Reporting Standards ("IFRS") or other factors.

For purposes of IFRS-compliant financial reporting, GDH LP's assets and liabilities are valued in accordance with IFRS. Accordingly, GDH LP is required to follow a specific framework for measuring the fair value of its assets and liabilities and, in its audited financial statements, to provide certain disclosures regarding the use of fair value measurements.

The fair value measurement accounting guidance establishes a hierarchical disclosure framework that ranks the observability of market inputs used in measuring financing instruments at fair value. The observability of inputs depends on a number of factors, including the type of financial instrument, the characteristics specific to the financial instrument and the state of the marketplace, including the existence and transparency of transactions between market participants. Financial instruments with readily quoted prices, or for which fair value can be measured from quoted prices in active markets, generally will have a high degree of market price observability and less judgment applied in determining fair value.

GDH LP holds certain securities, such as privately placed equity, debt, warrants or options, that will not have readily assessable market values. In such instances, GDH LP will determine the fair value of such securities based on various factors. In connection with securities for which no external pricing information is available, GDH LP may rely on internal pricing models or third-party valuation agents. Such valuations may vary from similar valuations performed by other independent third parties for similar types of securities. The valuation of illiquid securities is inherently subjective and subject to increased risk that the information used to value the security or to create the price models may be inaccurate or subject to other error. Inaccurate valuations may, among other things, hinder GDH LP from effectively managing its investment portfolios and risks.

The value of GDH LP's portfolio may also be affected by changes in accounting standards, policies or practices. From time to time, GDH LP will be required to adopt new or revised accounting standards or guidance. It is possible that future accounting standards that GDH LP is required to adopt could materially change the valuation of GDH LP's assets and liabilities.

Because of a wide variety of market factors and the nature of investments held by GDH LP, there is no guarantee that the value determined by GDH LP or a third-party valuation agent will represent the value that will be realized by GDH LP on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment. Moreover, the valuations to be performed by GDH LP or a third-party valuation agent are inherently different from the valuation of GDH LP's securities that would be performed if GDH LP were forced to liquidate all or a significant portion of its securities, which liquidation valuation could be materially lower.

Changes in, or the development of guidance relating to, accounting standards governing the preparation of Galaxy or GDH LP's financial statements and future events could have a material impact on our reported financial condition, results of operations, cash flows and other financial data.

From time to time, regulators change the financial accounting and reporting standards governing the preparation of GDH LP's financial statements or the interpretation of those standards. These changes are difficult to predict and can materially impact how GDH LP records and reports its financial condition, results of operations, cash flows and other financial data. In some cases, GDH LP may be required to apply a new or revised standard retroactively or to apply an existing standard differently, also retroactively, in each case potentially resulting in the restatement of prior period financial statements and related disclosures. Additionally, GDH LP's accounting policies and methods are fundamental to how it records and reports its financial condition and results of operations. The preparation of financial statements in conformity with IFRS requires management to make estimates based upon assumptions about future economic and market conditions which affect reported amounts and related disclosures in our financial statements. If subsequent events occur that are materially different than the assumptions and estimates GDH LP used, its reported financial condition, results of operation and cash flows may be materially negatively impacted.

In addition, the accounting for, and audit standards relating to, digital assets remain subject to further guidance. To the extent that such guidance imposes obligations on audit firms that they are not able to meet with respect to the review of digital assets, GDH LP and Galaxy could have difficulty in obtaining an audit opinion, filing audited financial statements in a timely manner or obtaining an unqualified opinion.

Risks Related to Taxation

U.S. holders of Ordinary Shares of Galaxy may suffer adverse tax consequences if we are characterized as a Passive Foreign Investment Company.

Special U.S. federal income tax rules apply to U.S. persons (defined to include but not limited to persons who are U.S. citizens or individual residents of the U.S. (green card holders), or other entities that are treated as U.S. persons under the U.S. federal tax rules) that hold stock (*i.e.*, a “U.S. Holder”) of a “passive foreign investment company” (a “PFIC”). The determination of PFIC status is inherently complex, factual, and subject to a number of uncertainties, and can be determined only annually after the close of the relevant calendar year. Generally, if for any taxable year 75% or more of our gross income is passive income, or at least 50% of our assets are held for the production of, or produce, passive income, we would be characterized as a passive foreign investment company (“PFIC”) for U.S. federal income tax purposes. A U.S. Holder who held shares in the Company during any year the Company was classified as a PFIC potentially faces adverse tax consequences, including having any gains realized on the sale of the shares treated as ordinary income, rather than capital gain, the loss of the preferential rate applicable to dividends received on the shares by individuals who are U.S. Holders, having interest charges apply to distributions on the shares and the proceeds of share sales, and being subject to additional tax filings and reporting requirements.

Although it is uncertain, Galaxy has determined that it was likely a PFIC for its 2020 and 2019 taxable years. For further details, please see our PFIC Annual Information Statement under our Financial Reporting section at <https://www.galaxydigital.io/investor-relations/financial-reporting/>. As noted above, Galaxy’s actual PFIC status for a given taxable year can be determined only annually after the close of the relevant calendar year and, accordingly, no assurances can be given regarding the Company’s PFIC status for future years. **If you are a U.S. holder of Ordinary Shares of Galaxy, we strongly urge you consult with your tax adviser regarding the application of these rules to you and your owners, as applicable. Galaxy is unable to provide advice and nothing described above or in our PFIC Annual Information Statement should be construed as advice.**

Future distributions may not be sufficient to catch up to tax distributions.

Under the Fourth Amended and Restated LPA, GDH GP LLC, the General Partner, in its sole discretion, has the authority to make tax distributions to those limited partners who have been allocated taxable income and/or gain (but no corresponding cash distribution) that would result in them owing tax as a result of such allocation of taxable income and/or gain. A tax distribution is treated as an advance against future distributions, which GDH GP LLC, the General Partner, in its sole discretion, also has the authority to make. As such, a tax distribution will reduce (on a dollar for dollar basis) future distributions which should enable all other limited partners be “caught up” on their distributions so that all limited partners will have received their pro rata share of all distributions over the life of GDH LP. If, however, GDH LP were to recognize taxable income and gains early in its life, and recognize losses later, it is possible that those limited partners who received a tax distribution will have received greater than their pro rata share of all tax and “non-tax” distributions. Therefore, future distributions for certain limited partners may not be sufficient to “catch up” to tax distributions made to certain other limited partners.

The U.S. federal income tax treatment of digital assets is unclear.

Due to the new and evolving nature of digital currencies and the absence of comprehensive guidance with respect to digital currencies, many significant aspects of the U.S. federal income tax treatment of digital currencies are uncertain. The operations and dealings of Galaxy, through GDH LP, in or in connection with digital assets could be subject to adverse tax consequences in one or more jurisdictions, including as a result of development of the legal regimes surrounding digital assets, and Galaxy’s operating results could be adversely affected thereby. Similarly, the purchase, holding or disposition of Ordinary Shares could also be subject to adverse treatment or adverse legal developments as a result of Galaxy’s investment and dealings in digital assets through GDH LP.

With respect to GDH LP, many significant aspects of the U.S. federal income tax treatment of digital assets (including with respect to the amount, timing and character of income recognition) are uncertain. In 2014, the IRS released a notice (the “Notice”) discussing certain aspects of digital assets for U.S. federal income tax purposes and, in particular, stating that such digital assets (1) are “property,” (2) are not “currency” for purposes of the rules relating to foreign currency gain or loss and (3) may be held as a capital asset. In 2019, the IRS released a revenue ruling and a set of

“Frequently Asked Questions” (the “**Ruling & FAQs**”) that provide some additional guidance, including guidance to the effect that, under certain circumstances, hard forks of digital currencies are taxable events giving rise to ordinary income and guidance with respect to the determination of the tax basis of digital currency. The Notice and the Ruling & FAQs, however, do not address other significant aspects of the U.S. federal income tax treatment of digital assets. GDH GP does not intend to request a ruling from the Internal Revenue Service (the “**IRS**”) on these issues. Rather, GDH GP will cause GDH LP to take positions that it believes to be reasonable. There can be no assurance that the IRS will agree with the positions GDH LP takes, and it is possible that the IRS will successfully challenge GDH LP’s positions.

There can be no assurance that the IRS will not alter its position with respect to digital currencies in the future or that a court would uphold the treatment set forth in the Notice and the Ruling & FAQs. It is also unclear what additional guidance on the treatment of digital currencies for U.S. federal income tax purposes may be issued in the future. Any such alteration of the current IRS positions or additional guidance could result in adverse tax consequences for investors in Galaxy and could have an adverse effect on the value of bitcoin. Because of the evolving nature of digital currencies, it is not possible to predict potential future developments that may arise with respect to digital currencies. Such developments may increase the uncertainty with respect to the treatment of digital currencies for U.S. federal income tax purposes. For example, the Notice addresses only digital currency that is “convertible virtual currency,” and it is conceivable that, as a result of a fork, air drop or similar occurrence, the Master Fund will hold certain types of digital currency that are not within the scope of the Notice.

The state, local and non-U.S. tax treatment of digital assets is unclear.

The taxing authorities of certain states (i) have announced that they will follow the Notice with respect to the treatment of digital currencies for state income tax purposes and/or (ii) have issued guidance exempting the purchase and/or sale of digital currencies for fiat currency from state sales tax. It is unclear what further guidance on the treatment of digital currencies for state tax purposes may be issued in the future. Any future guidance on the treatment of digital currencies for state or local tax purposes could result in adverse tax consequences for investors in Galaxy.

The treatment of digital currencies for tax purposes by non-U.S. jurisdictions may differ from the treatment of digital currencies for U.S. federal, state or local tax purposes. It is possible, for example, that a non-U.S. jurisdiction would impose sales tax or value-added tax on purchases and sales of digital currencies for fiat currency. For instance, if a foreign jurisdiction with a significant share of the market of bitcoin users imposes onerous tax burdens on digital currency users, or imposes sales or value-added tax on purchases and sales of digital currency for fiat currency, such actions could result in decreased demand for digital currencies in such jurisdiction, which could adversely affect the price of digital currencies.

Shareholders and prospective purchasers of Ordinary Shares are urged to consult their own tax advisors regarding the treatment of digital assets and the consequences of investing in Galaxy, which, indirectly through GDH LP, will invest in digital assets.

The current structure of Galaxy and GDH LP is based in part on current U.S. tax law, which is subject to change, possibly on a retroactive basis.

In the event of changes to U.S. tax law, GDH LP could seek to restructure its organization and operations, but there can be no assurance that such a restructuring would be successful, efficient or optimal from a business or operations perspective. Changes in tax laws, regulations or interpretations may have an adverse effect on GDH LP’s businesses, financial condition, results of operations and investments.

ADDITIONAL INFORMATION

Additional information relating to us may be found under the Company’s SEDAR profile at www.sedar.com.

Additional information, including directors’ and officers’ remuneration and indebtedness, the Company’s principal Shareholders, and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Company’s most recently filed Circular available under the Company’s SEDAR profile at www.sedar.com.

Additional financial information is provided in the:

- audited consolidated financial statements of GDH Ltd. for the fiscal years ended December 31, 2020 and December 31, 2019, together with the notes thereto and the auditor's report thereon;
- audited consolidated financial statements of GDH LP for the fiscal year ended December 2020 and the period ended December 31, 2019, together with the notes thereto and the auditor's report thereon;
- management's discussion and analysis of financial condition and results of operations of GDH Ltd. for the fiscal years ended December 31, 2020 and December 31, 2019; and
- management's discussion and analysis of financial condition and results of operations of GDH LP for the fiscal year ended December 31, 2020 and the period ended December 31, 2019.

(collectively, the "**Financial Disclosure**").

The Financial Disclosure is available under the Company's SEDAR profile at www.sedar.com.

**APPENDIX “A”
AUDIT COMMITTEE CHARTER
GALAXY DIGITAL HOLDINGS LTD.**

1. Purpose

The Audit Committee (the “**Committee**”) of Galaxy Digital Holdings Ltd. (the “**Company**”) is a committee of the Board of Directors (the “**Board**”). As delegated by the Board, the Committee shall attend to the responsibilities and duties set out in this Charter.

2. Membership

Number of Members

The Committee shall be composed of three or more members of the Board.

Independence of Members

Each member of the Committee must be independent. “**Independent**” shall have the meaning, as the context requires, given to it in National Instrument 52-110 – Audit Committees, as may be amended from time to time.

Chair

The members of the Committee shall designate a Chair by majority vote of the full Committee membership. The Chair must be a member of the Committee.

Financial Literacy of Members

At the time of his or her appointment to the Committee, each member of the Committee shall have, or shall acquire within a reasonable time following appointment to the Committee, the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

Term of Members

The members of the Committee shall be appointed annually by the Board. Each member of the Committee shall serve at the pleasure of the Board until the member resigns, is removed, or ceases to be a member of the Board.

3. Meetings

Number of Meetings

The Committee may meet as many times per year as necessary to carry out its responsibilities.

Quorum

No business may be transacted by the Committee at a meeting unless a quorum of the Committee is present. A majority of members of the Committee shall constitute a quorum.

Calling of Meetings

The Chair, any member of the Committee, the external auditor, the Chair of the Board, or the Chief Executive Officer or the Chief Financial Officer may call a meeting of the Committee by notifying the Company's Corporate Secretary who will notify the members of the Committee.

Minutes; Reporting to the Board

The Committee shall maintain minutes or other records of meetings and activities of the Committee in sufficient detail to convey the substance of all discussions held. Upon approval of the minutes by the Committee, the minutes shall be circulated to the members of the Board. However, the Chair may report orally to the Board on any matter in his or her view requiring the immediate attention of the Board.

The Committee shall also propose agenda items and content for submission to the Board related to matters for which the Committee is responsible and provide periodic updates on recent developments concerning such matters to the Board.

Attendance of Non-Members

The external auditor is entitled to attend and be heard at each Committee meeting. In addition, the Committee may invite to a meeting any officers or employees of the Company, legal counsel, advisors and other persons whose attendance it considers necessary or desirable in order to carry out its responsibilities. At least once per year, the Committee shall meet with management in separate sessions to discuss any matters that the Committee or such individuals consider appropriate. The Chair of the Board may attend any Committee meeting. Meetings of the Committee may be held in person or by telephone conference or similar communications equipment by means of which all persons participating in the meeting can hear each other.

Meetings without Management

As part of each meeting of the Committee, the Committee shall hold a meeting with the external auditor of the Company and an in-camera session, at which management and non-independent directors of the Board are not present, and the agenda for each Committee meeting will afford an opportunity for such a session.

Access to Management and Books and Records

The Committee shall have unrestricted access to the Company's management and employees and the books and records of the Company.

4. Duties and Responsibilities

The Committee shall have the functions and responsibilities set out below as well as any other functions that are specifically delegated to the Committee by the Board and that the Board is authorized to delegate by applicable laws and regulations. In addition to these functions and responsibilities, the Committee shall perform the functions and responsibilities required of an audit committee by any exchange upon which securities of the Company are traded, or any governmental or regulatory body exercising authority over the Company, as are in effect from time to time (collectively, the "**Applicable Requirements**") or as the Board otherwise deems necessary or appropriate.

Financial Reports

(a) General

The Committee is responsible for overseeing the Company's financial statements and financial disclosures. Management is responsible for the preparation, presentation and integrity of the Company's financial statements and financial disclosures and for the appropriateness of the accounting principles and the reporting

policies used by the Company. The external auditor is responsible for auditing the Company's annual consolidated financial statements and for reviewing the Company's unaudited interim financial statements.

(b) Review of Annual Financial Reports

The Committee shall review the annual consolidated audited financial statements of the Company, the auditors' report thereon and the related management's discussion and analysis of the Company's financial condition and financial performance ("MD&A"). After completing its review, if advisable, the Committee shall approve and recommend for Board approval the annual financial statements and the related MD&A.

(c) Review of Interim Financial Reports

The Committee shall review the interim consolidated financial statements of the Company, the auditors' review report thereon and the related MD&A. After completing its review, if advisable, the Committee shall approve and recommend for Board approval the interim financial statements and the related MD&A.

(d) Review Considerations

In conducting its review of the annual financial statements or the interim financial statements, the Committee shall:

- (i) meet with management and the auditors to discuss the financial statements and MD&A;
- (ii) review the disclosures in the financial statements;
- (iii) review the audit report or review report prepared by the auditors;
- (iv) discuss with management, the auditors and internal legal counsel, as requested, any litigation claim or other contingency that could have a material effect on the financial statements;
- (v) review the accounting policies followed and critical accounting and other significant estimates and judgements underlying the financial statements as presented by management;
- (vi) review any material effects of regulatory accounting initiatives or off-balance sheet structures on the financial statements as presented by management, including requirements relating to complex or unusual transactions, significant changes to accounting principles and alternative treatments under applicable accounting principles;
- (vii) review any material changes in accounting policies and any significant changes in accounting practices and their impact on the financial statements as presented by management;
- (viii) review management's report on the effectiveness of internal controls over financial reporting;
- (ix) review the factors identified by management as factors that may affect future financial results;
- (x) review results of the Company's audit committee whistleblower hotline program; and
- (xi) review any other matters, related to the financial statements, that are brought forward by the auditors, management or which are required to be communicated to the Committee under accounting policies, auditing standards or Applicable Requirements.

(e) **Approval of Other Financial Disclosures**

The Committee is responsible for reviewing financial disclosure in a prospectus or other securities offering document of the Company, as well as press releases disclosing, or based upon, financial results of the Company and any other publicly disseminated material financial disclosure, including disclosure of material non-GAAP financial measures.

(f) **Review of Forward-Looking Financial Information**

The Committee shall review and, if advisable, recommend for Board approval any material financial outlook (e.g., earnings guidance) or forward-oriented financial information (“**FOFI**”) (e.g., forecasted financial statements). Unless exempted by the Applicable Requirements, the Committee shall endeavour to ensure that such materials (including electronic materials) are disclosed only if (a) the financial outlook or FOFI is based on assumptions that are reasonable in the circumstances, including that it is (i) limited to a period for which the information in the financial outlook or FOFI can be reasonably estimated and (ii) uses the accounting policies the Company expects to use to prepare its historical financial statements for the period covered by the financial outlook or FOFI, and (b) the Company includes disclosure that (i) states the date management approved the financial outlook or FOFI, if the document containing the financial outlook or FOFI is undated (ii) explains the purpose of the financial outlook or FOFI and (iii) cautions readers that the information may not be appropriate for other purposes.

Auditors

(a) **General**

The Committee shall be responsible for oversight of the work of the auditors, including the auditors’ work in preparing or issuing an audit report, performing other audit, review or attest services or any other related work.

(b) **Nomination and Compensation**

The Committee shall review and, if advisable, select and recommend for Board approval the external auditor to be nominated and the compensation of such external auditor. The Committee shall have ultimate authority to approve all audit engagement terms and fees, including the auditor’s audit plan.

(c) **Resolution of Disagreements**

The Committee shall resolve any disagreements between management and the auditors as to financial reporting matters brought to its attention.

(d) **Discussions with Auditors**

The Committee shall periodically discuss with the auditors such matters as are required by applicable auditing standards to be discussed by the auditors with the Audit Committee.

(e) **Audit Plan**

At least annually, the Committee shall review a summary of the auditors’ annual audit plan. The Committee shall consider and review with the auditors any material changes to the scope of the plan.

(f) **Quarterly Review Report**

The Committee shall review a report prepared by the auditors in respect of each of the interim financial statements of the Company.

(g) Independence of Auditors

Before the auditor issues its report on the annual financial statements, the Committee shall obtain from the auditors a formal written statement describing all relationships between the auditors and the Company; discuss with the auditors any disclosed relationships or services that may affect the objectivity and independence of the auditors; and obtain written confirmation from the auditors that they are objective and independent within the meaning of the applicable Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of chartered accountants to which the auditors belong and other Applicable Requirements. The Committee shall take appropriate action to oversee the independence of the auditors.

(h) Evaluation of Lead Partner

The Committee shall periodically review the qualifications and performance of the lead partner(s) of the auditor.

(i) Requirement for Pre-Approval of Non-Audit Services

The Committee shall approve in advance any retainer of the auditors to provide any non-audit service to the Company that it deems advisable in accordance with Applicable Requirements and Board approved policies and procedures. The Committee may delegate pre-approval authority to any member of the Committee. The decisions of any member of the Committee to whom this authority has been delegated must be presented to the full Committee at its next scheduled Committee meeting.

(j) Approval of Hiring Policies

The Committee shall review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.

(k) Financial Executives

The Committee shall review and discuss with management the appointment of key financial executives and recommend qualified candidates to the Board, as appropriate.

Internal Controls

(a) General

The Committee shall review the Company's system of internal controls.

(b) Establishment, Review and Approval

The Committee shall require management to implement and maintain appropriate systems of internal controls in accordance with Applicable Requirements, including internal controls over financial reporting and disclosure and to review, evaluate and approve these procedures. The Committee shall periodically consider and review with management and the auditors:

- (i) the effectiveness of, or weaknesses or deficiencies in: the design or operation of the Company's internal controls (including computerized information system controls and security); the overall control environment for managing business risks; and accounting, financial and disclosure controls (including, without limitation, controls over financial reporting), non-financial controls, and legal and regulatory controls and the impact of any identified weaknesses in internal controls on management's conclusions;
- (ii) any significant changes in internal controls over financial reporting that are disclosed, or considered for disclosure, including those in the Company's periodic regulatory filings;

- (iii) any material issues raised by any inquiry or investigation by the Company's regulators;
- (iv) the Company's fraud prevention and detection program, including deficiencies in internal controls that may impact the integrity of financial information, or may expose the Company to other significant internal or external fraud losses and the extent of those losses and any disciplinary action in respect of fraud taken against management or other employees who have a significant role in financial reporting; and
- (v) any related significant issues and recommendations of the auditors together with management's responses thereto, including the timetable for implementation of recommendations to correct weaknesses in internal controls over financial reporting and disclosure controls.

Risk Management

The Committee shall be responsible for overseeing management's identification and assessment of the principal risks to the operations of the Company and the establishment and management of appropriate systems to manage such risks with a view to achieving a proper balance between risks incurred and potential return to holders of securities of the Company and to the long-term viability of the Company. In this regard, the Committee shall require management to report periodically to the Committee, and the Committee shall report periodically to the Board, on the principal risks faced by the Company and the steps implemented by management to manage these risks.

Compliance with Legal and Regulatory Requirements

The Committee shall receive reports from the Company's Corporate Secretary and other management members on: (a) legal or compliance matters that may have a material impact on the Company; (b) the effectiveness of the Company's compliance policies; and (c) any material communications received from regulators. The Committee shall review management's evaluation of and representations relating to compliance with specific applicable law and guidance, and management's plans to remediate any deficiencies identified.

Audit Committee Whistleblower Procedures

The Committee shall establish a policy and procedure for (a) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. Any such complaints or concerns that are received shall be reviewed by the Committee and, if the Committee determines that the matter requires further investigation, it will direct the Chair of the Committee to engage outside advisors, as necessary or appropriate, to investigate the matter and will work with management and the Company's General Counsel to reach a satisfactory conclusion.

The Committee shall review the Company's whistleblower policy on a periodic basis to determine whether the procedures established under the policy operate effectively in respect of the receipt, retention and treatment of reports and in providing a confidential and anonymous procedure as may be required by applicable laws.

Audit Committee Disclosure

The Committee shall prepare, review and recommend to the Board for approval any audit committee disclosures required by Applicable Requirements in the Company's disclosure documents.

5. Outside Advisors

The Committee shall have the authority to retain and terminate external legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities and to set and pay the respective compensation for these advisors. The Company shall provide appropriate funding, as determined by the Committee, for the services of these advisors.

6. No Rights Created

This Charter is a statement of broad policies and is intended as a component of the flexible governance framework within which the Committee, functions. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Company's constating documents, it is not intended to establish any legally binding obligations.

7. Delegation

The Committee may, to the extent permissible by applicable law, designate a sub-committee to review any matter within this Charter as the Committee deems appropriate.

8. Charter Review & Committee Self-Evaluation

The Committee shall review and update this Charter from time to time to ensure compliance with the Applicable Requirements and recommend it to the Board for approval of any applicable modifications. The Committee shall also periodically conduct a self-evaluation to evaluate its effectiveness.