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# Lemonad DEX Security Review

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## Introduction

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A time-boxed security review of the **Lemonad DEX** contracts was conducted by **Stonewall**, with a focus on the security aspects of the smart contract implementation.

## Disclaimer

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A smart contract security review can never verify the complete absence of vulnerabilities. This is a time, resource and expertise bound effort where we try to find as many vulnerabilities as possible. We can not guarantee 100% security after the review or even if the review will find any problems with your smart contracts. Subsequent security reviews, bug bounty programs and on-chain monitoring are strongly recommended.

## About Stonewall

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Stonewall is an independent smart contract security firm delivering immovable protection for Web3 protocols. Our team brings deep expertise in DeFi security, having reviewed DEXs, yield farming protocols, gaming contracts, and complex financial systems.

## About Lemonad DEX

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Lemonad DEX is a Uniswap V2 fork providing decentralized token swaps on Monad:

- **LemonFactory**: Creates and manages liquidity pair contracts
- **LemonRouter**: Handles swap routing, liquidity addition/removal
- **LemonPair**: AMM liquidity pool implementation (constant product formula)
- **FeeCollector**: Aggregates and distributes trading fees
- **WMON**: Wrapped MON token for native token compatibility

## Privileged Roles & Actors

Role	Description
Factory Owner	Can set fee recipient, update fee parameters
FeeCollector Owner	Controls fee distribution logic

## Observations

- DEX closely follows the well-audited Uniswap V2 architecture
- Standard constant product ( $x*y=k$ ) AMM model
- Custom fee collection mechanism via FeeCollector
- WMON follows standard WETH pattern

## Risk Classification

	High Impact	Medium Impact	Low Impact
High Likelihood	Critical	High	Medium
Medium Likelihood	High	Medium	Low
Low Likelihood	Medium	Low	Low

## Impact

- **High:** Leads to significant loss of user funds, protocol insolvency, or complete protocol failure
- **Medium:** Leads to partial loss of funds, temporary denial of service, or governance manipulation
- **Low:** Leads to minor issues, inconvenience, or suboptimal behavior

## Likelihood

- **High:** Attack is easy to perform and likely to happen
- **Medium:** Attack requires specific conditions but is feasible
- **Low:** Attack requires significant effort, resources, or unlikely conditions

## Security Assessment Summary

Review Details	
Protocol Name	Lemonad DEX
Repository	Private
Commit	4bcdafa9703e197329cbc0cff193a50457decc6c
Review Date	January 2026
Methods	Manual review, static analysis
Network	Monad Mainnet (Chain ID: 143)

## Deployed Contract Addresses

Contract	Address
LemonFactory	0x0FEFaB571c8E69f465103BeC22DEA6cf46a30f12
LemonRouter	0x491789a9Ad4d465B94843EE2e60120cD62d057dc
FeeCollector	0xA83cEA2E789dCFb3394164Cc468e671d133Ae433
WMON	0x48b43c8F46509a27454a4992dB656cD60c455e38
LEMON/MON Pair	0x310416b514e3C5AEc74A2A30ac21711753d4Dd6E
MON/USDC Pair	0x6c0BE7EAAB6b63ffD9f26Ec173985e49cfE2D28B
USDC/LEMON Pair	0xCf6Cd8929Cf28c99dDdC0A7d404d07Cc806B783

## Project Links

Platform	Link
Website	<a href="https://lemonad.one">lemonad.one</a>
Twitter	<a href="https://twitter.com/LeMONAD_Factory">@LeMONAD_Factory</a>
Telegram	<a href="https://t.me/LeMONAD_Factory">LeMONAD_Factory</a>
Discord	<a href="#">Join Discord</a>

Docs	GitBook
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## Scope

Contract	SLOC
<code>dex/LemonRouter.sol</code>	~200
<code>dex/LemonPair.sol</code>	~300
<code>dex/LemonFactory.sol</code>	~100
<code>dex/FeeCollector.sol</code>	~80
<code>dex/WMON.sol</code>	~50

## Findings Summary

ID	Title	Severity	Status
[L-01]	First liquidity provider can manipulate initial price	Low	Open
[L-02]	No slippage protection defaults in router	Low	Open

## Findings

### [L-01] First liquidity provider can manipulate initial price

**Severity:** Low

**Impact:** Medium - First LP can set an unfavorable initial price.

**Likelihood:** Low - Requires being the first LP and is economically risky for attacker.

**Location:** `dex/LemonPair.sol`

**Description:**

The first liquidity provider sets the initial price ratio of the pair. While this is standard Uniswap V2 behavior, it can be exploited if:

1. Attacker provides liquidity at skewed ratio
2. Unsuspecting users swap at unfavorable rates
3. Attacker extracts value through arbitrage

This is a known limitation of AMMs, not a bug.

**Recommendation:**

- Document the risk for users
  - Consider adding minimum liquidity requirements for new pairs
  - Frontend should warn users about new/low-liquidity pairs
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## [L-02] No slippage protection defaults in router

**Severity:** Low

**Impact:** Low - Users can be sandwiched if they don't set proper slippage.

**Likelihood:** Low - Requires user error in not setting slippage.

**Location:** `dex/LemonRouter.sol`

**Description:**

Router functions accept user-provided `amountOutMin` parameters. If users pass 0 or very low values, they can be sandwich attacked.

**Recommendation:**

Frontend should enforce reasonable slippage defaults (0.5-1%) and warn users setting very low slippage protection.

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## Informational Findings

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### [I-01] DEX Follows Standard Patterns (Positive)

The DEX contracts closely follow the well-audited Uniswap V2 implementation. Key security properties maintained:

- Reentrancy protection via balance checks and update ordering
- Proper use of SafeMath patterns (though not needed in 0.8.x)

- Flash loan protection through k-value checks
- Correct permit implementation for gasless approvals

## [I-02] FeeCollector Integration

The custom FeeCollector adds a layer between swaps and fee distribution. This is properly integrated and doesn't introduce additional attack vectors.

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## Security Patterns Observed

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### Positive

- Solidity ^0.8.20+ with overflow protection
- Follows battle-tested Uniswap V2 architecture
- Proper reentrancy protection via CEI pattern
- K-value invariant checks prevent flash loan exploits
- Minimum liquidity burned to prevent price manipulation

### Concerns

- Standard AMM limitations apply (impermanent loss, front-running)
  - Centralized fee parameter control
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## Conclusion

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The Lemonad DEX is a standard Uniswap V2 fork with no significant deviations from the well-audited original implementation. The codebase benefits from years of battle-testing of the Uniswap V2 architecture.

No critical or high severity issues were found. The low severity findings are inherent AMM limitations rather than implementation bugs.

### Overall Risk Assessment: Low

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*This security review was conducted by Stonewall. For questions or clarifications, contact our team.*