



Mantle Network (Token Migration)

Executive Summary

This audit report was prepared by Quantstamp, the leader in blockchain security.

Type	Token Migration	Documentation quality	Medium
Timeline	2023-06-01 through 2023-06-12	Test quality	Medium
Language	Solidity	Total Findings	6 Fixed: 3 Acknowledged: 2 Mitigated: 1
Methods	Architecture Review, Unit Testing, Functional Testing, Computer-Aided Verification, Manual Review	High severity findings ⓘ	1 Fixed: 1
Specification	BitDAO Proposal (MIP-22) BitDAO Proposal (BIP-21)		
	• mantlenet workio/ma		

2023/8/4 14:50

Summary of Findings

BitDAO community decided in [BIP-21](#) and [MIP-22](#) proposals to start a token migration plan to optimize and unify the Mantle ecosystem. Through a smart contract, users will be allowed to convert \$BIT tokens to \$MNT tokens. This operation can only be performed in one direction, depositing \$BIT to obtain \$MNT and not the other way around. [MNT-1](#) issue covers this and tries to bring the Mantle team's attention to confirm the token conversion ratio.

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mechanism to avoid possible minting to an arbitrary address. We recommend being extra careful when transferring the ownership of this contract as well, as future mints will not be possible if the new owner's address is not controlled by Mantle.

Regarding code coverage, the repository shows an average of 75% branch coverage. We recommend increasing it to at least 90%.

Several issues were found in the auditing process. All of them are discussed in this report, including some best practices and documentation recommendations. We recommend addressing all of them.

After fix-review: The developers addressed all issues by either fixing or acknowledging them. Issue **MNT-6** (Old Solidity Version) was mitigated, as the solidity version was upgraded to `0.8.15`, while we recommend upgrading to `0.8.18`. We still recommend raising the code coverage metrics.

ID	DESCRIPTION	SEVERITY	STATUS
MNT-1	Adherence To Specification: BIT Holders Might Get Less MNT	• High ⓘ	Fixed
MNT-2	Defund Protection Bypassed	• Medium ⓘ	Acknowledged
MNT-3	Missing Input Validation	• Low ⓘ	Fixed
MNT-4	Unnecessary receive() and fallback() Functionality	• Informational ⓘ	Fixed
MNT-5	Ownership Can Be Renounced	• Low ⓘ	Acknowledged
MNT-6	Old Solidity	• Low ⓘ	Mitigated

ID	DESCRIPTION	SEVERITY	STATUS
Version			

Assessment Breakdown

Quantstamp's objective was to evaluate the repository for security-related issues, code quality, and adherence to specification and best practices.



Disclaimer

Only features that are contained within the repositories at the commit hashes specified on the front page of the report are within the scope of the audit and fix review. All features added in future revisions of the code are excluded from consideration in this report.

Possible issues we looked for included (but are not limited to):

- Transaction-ordering dependence
- Timestamp dependence
- Mishandled exceptions and call stack limits
- Unsafe external calls
- Integer overflow / underflow
- Number rounding errors
- Reentrancy and cross-function vulnerabilities
- Denial of service / logical oversights
- Access control
- Centralization of power
- Business logic contradicting the specification
- Code clones, functionality duplication
- Gas usage
- Arbitrary token minting

Methodology

1. Code review that includes the following
 1. Review of the specifications, sources, and instructions provided to Quantstamp to make sure we understand the size, scope, and functionality of the smart contract.
 2. Manual review of code, which is the process of reading source code line-by-line in an attempt to identify potential vulnerabilities.
 3. Comparison to specification, which is the process of checking whether the code does what the specifications, sources, and instructions provided to Quantstamp describe.
2. Testing and automated analysis that includes the following:

1. Test coverage analysis, which is the process of determining whether the test cases are actually covering the code and how much code is exercised when we run those test cases.
2. Symbolic execution, which is analyzing a program to determine what inputs cause each part of a program to execute.
3. Best practices review, which is a review of the smart contracts to improve efficiency, effectiveness, clarity, maintainability, security, and control based on the established industry and academic practices, recommendations, and research.
4. Specific, itemized, and actionable recommendations to help you take steps to secure your smart contracts.

Scope

Files Included

- L1MantleToken.sol
- MantleTokenMigrator.sol

Findings

MNT-1

Adherence To Specification: BIT • High ⓘ Fixed
Holders Might Get Less MNT

✓ Update

Fixed in commit [b187163](#) by removing the numerator and denominator functionality and minting MNT tokens 1:1 to input BIT tokens, as described in the specification.

✓ Update

Marked as "Fixed" by the client. Addressed in:
[b18716323f4054120856247ec5e3c28aa3bdb5da](#) .

✓ Update

Marked as "Fixed" by the client. Addressed in:
[b18716323f4054120856247ec5e3c28aa3bdb5da](#) .

File(s) affected: MantleTokenMigrator.sol

Description: The [proposal in BitDAO](#) states:

“The one-way token conversion ratio shall be set at 1 \$BIT token to 1 \$MNT token”.

However, the `MantleTokenMigrator` contract computes the ratio based on `TOKEN_CONVERSION_NUMERATOR` and `TOKEN_CONVERSION_DENOMINATOR`, possibly not guaranteeing the 1:1 ratio.

Recommendation: We recommend removing such constants and conversion calculations or updating the proposal and other related documentation.

MNT-2

Defund Protection Bypassed

• **Medium** ⓘ **Acknowledged**

Update

Acknowledged by the developers with:

The owner of the contract will be set to a multisig after deployment, we added in a comment to clarify this.

Further, they added a corresponding comment in commit [51ea647](#).

Update

Marked as "Acknowledged" by the client. Addressed in:

[51ea6473b44cae229589783da4e0eda29f57d40e](#). The client provided the following explanation:

The owner of the contract will be set to a multisig after deployment, we added in a comment to clarify this.

Update

Marked as "Acknowledged" by the client. Addressed in:

[51ea6473b44cae229589783da4e0eda29f57d40e](#). The client provided the following explanation:

The owner of the contract will be set to a multisig after deployment, we added in a comment to clarify this.

File(s) affected: `MantleTokenMigrator.sol`

Description: `defundContract()` can be used by the owner of the contract to transfer the funds from the migrator contract to the `treasury` address. However, the owner can just change the `treasury` variable with the same privileges and therefore transfer the funds to an arbitrary address.

Recommendation: Confirm this is the expected behavior. If not, `defundContract()` and `setTreasury()` should be protected by different roles or keys (a multi-signature wallet approach would mitigate this as well). In this case, a malicious owner will only be able to transfer the funds to a fixed treasury address by another guardian or administrator.

MNT-3 Missing Input Validation

• Low ⓘ

Fixed

✓ Update

Fixed in commit [36c01ea](#).

1. Deprecated, as numerator/denominator functionality was removed.
2. Fixed.

✓ Update

Marked as "Fixed" by the client. Addressed in:

[36c01ea5eaf2d01415291be1d2d02c175b0e52ce](#) .

✓ Update

Marked as "Fixed" by the client. Addressed in:

[36c01ea5eaf2d01415291be1d2d02c175b0e52ce](#) .

File(s) affected: `MantleTokenMigrator.sol`

Related Issue(s): [SWC-123](#)

Description: It is important to validate inputs, even if they only come from trusted addresses, to avoid human error. The following is a non-exhaustive list of missing input validations:

1. `MantleTokenMigrator.constructor()` : the `TOKEN_CONVERSION_NUMERATOR` has to be less than or equal to `TOKEN_CONVERSION_DENOMINATOR` . Additionally, the decimals of `BIT` and `MNT` tokens should be equal according to the NatSpec comments.
2. `MantleTokenMigrator.setTreasury()` needs a check against `address(0)` . Otherwise, the `defundContract()` , might just burn tokens.

Recommendation: We recommend adding the relevant checks.

MNT-4

Unnecessary `receive()` and `fallback()` Functionality

• Informational ⓘ Fixed

✓ Update

Fixed in commit [0a16e7c](#) by removing the `receive()` and `fallback()` functionality, as suggested.

✓ Update

Marked as "Fixed" by the client. Addressed in:
[0a16e7c](#)[dbd251e850ff5514bf04e48ee9065848d](#) .

✓ Update

Marked as "Fixed" by the client. Addressed in:
[0a16e7c](#)[dbd251e850ff5514bf04e48ee9065848d](#) .

File(s) affected: `MantleTokenMigrator.sol`

Description: `MantleTokenMigrator` contract implements `receive()` and `fallback()` functions. Based on the documentation and project use cases, the contract does not need to receive ETH at any point. The implementation of the functions also shows the Mantle team's intention: to make the transaction revert when receiving ETH in this contract.

Recommendation: Remove `receive()` and `fallback()` functions from `MantleTokenMigrator` as the contract is not expected to receive ETH. This will make the contract more clear.

MNT-5

Ownership Can Be Renounced

• Low ⓘ Acknowledged

ⓘ Update

Acknowledged by the developers with:

For `L1MantleToken`, `renounceOwnership` is not an expected behavior and will not be instantiated by the governance

multisig. To prevent transferring ownership to a new owner address which is wrong or not controlled by the team we can implement the following measures:

We already have a permanent multisig address and plan to transfer ownership to that address after deploying the contract (for both contracts).

After transferring ownership to the multisig address, the owner will not instantiate a transfer to another owner.

Update

Marked as "Acknowledged" by the client. The client provided the following explanation:

For L1MantleToken, renounceOwnership is not an expected behavior and will not be instantiated by the governance multisig. To prevent transferring ownership to a new owner address which is wrong or not controlled by the team we can implement the following measures:

- We already have a permanent multisig address and plan to transfer ownership to that address after deploying the contract (for both contracts).
- After transferring ownership to the multisig address, the owner will not instantiate a transfer to another owner.

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- We already have a permanent multisig address and plan to transfer ownership to that address after deploying the contract (for both contracts).
- After transferring ownership to the multisig address, the owner will not instantiate a transfer to another owner.

File(s) affected: L1MantleToken.sol , MantleTokenMigrator.sol

Description: If the owner renounces their ownership, or the ownership is transferred to the wrong address, all ownable contracts will be left without an owner. During the audit, the auditing team found the following issues:

1. L1MantleToken :
 - OwnableUpgradeable from OpenZeppelin implements `renounceOwnership()` function. If the contract owner calls this function, all the functions guarded by `onlyOwner` will no longer be able to be executed.
 - OwnableUpgradeable implements `transferOwnership()` . If the new owner address is wrong or not controlled by the team, access to privileged functions (`onlyOwner`) will be lost forever.
2. MantleTokenMigrator :
 - This contract implements a custom function for transferring the contract ownership: `transferOwnership()` . If the new owner address is wrong or not controlled by the team, access to privileged functions (`onlyOwner`) will be lost forever.

Recommendation:

1. L1MantleToken :
 - Confirm that this is the intended behavior. If not, override and disable the `renounceOwnership()` function.
 - Consider using a two-step process when transferring the ownership of the contract (e.g. `Ownable2StepUpgradeable` from OpenZeppelin).
2. MantleTokenMigrator :
 - Consider using a two-step process when transferring the ownership of the contract (e.g. `Ownable2Step` from OpenZeppelin).

MNT-6 Old Solidity Version

• Low ⓘ Mitigated

Update

Mitigated in commit [313ed11](#) by upgrading to solidity version `0.8.15` for both contracts.

Update

Marked as "Fixed" by the client. Addressed in:

[313ed116b407360b100496d366212df77c341c1a](#) . The client provided the following explanation:

We prefer to use an older more battle-tested compiler version (versus greater efficiency) for security reasoning. Updating to 0.8.15

✓ Update

Marked as "Fixed" by the client. Addressed in:

313ed116b407360b100496d366212df77c341c1a . The client provided the following explanation:

We prefer to use an older more battle-tested compiler version (versus greater efficiency) for security reasoning. Updating to 0.8.15

File(s) affected: L1MantleToken.sol , MantleTokenMigrator.sol

Description: The codebase is compiled using the 0.8.13 version of Solidity. Several versions have been released after that, fixing bugs and improving optimization.

Recommendation: We recommend using a newer compiler version. Declare pragma solidity 0.8.18 in the contracts.

Definitions

- **High severity** – High-severity issues usually put a large number of users' sensitive information at risk, or are reasonably likely to lead to catastrophic impact for client's reputation or serious financial implications for client and users.
- **Medium severity** – Medium-severity issues tend to put a subset of users' sensitive information at risk, would be detrimental for the client's reputation if exploited, or are reasonably likely to lead to moderate financial impact.
- **Low severity** – The risk is relatively small and could not be exploited on a recurring basis, or is a risk that the client has indicated is low impact in view of the client's business circumstances.
- **Informational** – The issue does not post an immediate risk, but is relevant to security best practices or Defence in Depth.
- **Undetermined** – The impact of the issue is uncertain.
- **Fixed** – Adjusted program implementation, requirements or constraints to eliminate the risk.
- **Mitigated** – Implemented actions to minimize the impact or likelihood of the risk.
- **Acknowledged** – The issue remains in the code but is a result of an intentional business or design decision. As such, it is supposed to be addressed outside the programmatic means, such as: 1) comments, documentation, README, FAQ; 2)

business processes; 3) analyses showing that the issue shall have no negative consequences in practice (e.g., gas analysis, deployment settings).

Code Documentation

1. Each repository's `README.md` file should contain basic instructions on how to run the test suite and any prerequisites for running tests. For each of these prerequisites also specify the versions supported/tested.
2. Typographical errors: (Update: **Unresolved**)
 - `L1MantleToken.sol#L117` : `MintCapNumeratorSet` → `MintCapNumeratorChanged` .
 - `MantleTokenMigrator.sol#L220` : `tokens, in` → `tokens in` .
 - `MantleTokenMigrator.sol#L305` : `must not the` → `must not be the` .
 - `MantleTokenMigrator.sol#L311` : `addres` → `address` .

Appendix

File Signatures

The following are the SHA-256 hashes of the reviewed files. A file with a different SHA-256 hash has been modified, intentionally or otherwise, after the security review. You are cautioned that a different SHA-256 hash could be (but is not necessarily) an indication of a changed condition or potential vulnerability that was not within the scope of the review.

Contracts

- `440...de5` `./contracts/Migration/MantleTokenMigrator.sol`
- `7e7...674` `./contracts/L1/L1MantleToken.sol`

Tests

- `9a5...b43` `./test/L1MantleToken.test.ts`
- `1f7...07a` `./test/foundry/L1MantleToken.t.sol`
- `93f...c06` `./test/foundry/MantleTokenMigrator.t.sol`

Toolset

The notes below outline the setup and steps performed in the process of this audit.

Setup

Tool Setup:

- **Slither** v0.8.3

Steps taken to run the tools:

1. Install the Slither tool: `pip3 install slither-analyzer`
2. Run Slither from the project directory: `slither .`

Automated Analysis

Slither

Slither was used to get a static analysis of the repository. All the issues and recommendations are discussed in this report or classified as false positives.

Test Suite Results

All tests passed. Two test suites exist in the project, using hardhat and foundry libraries.

```
Running 11 tests for
test/foundry/MantleTokenMigrator.t.sol:MantleTokenMigratorTest
[PASS] test_TreasuryCannotBeSetToZeroValues() (gas: 61514)
[PASS] test_defundContract() (gas: 220374)
[PASS] test_fallback() (gas: 23568)
[PASS] test_haltContract() (gas: 18951)
[PASS]
test_mantleTokenMigratorCannotBeInitializedWithZeroValues()
(gas: 142599)
[PASS] test_mantleTokenMigratorCorrectlyInitialized() (gas:
79052)
[PASS] test_migrateAllBIT() (gas: 173379)
[PASS] test_migrateBIT() (gas: 211621)
[PASS] test_setTreasury() (gas: 97537)
[PASS] test_sweepTokensERC20() (gas: 122743)
[PASS] test_transferOwnership() (gas: 99314)
Test result: ok. 11 passed; 0 failed; finished in 14.83ms
```

```
Running 15 tests for
test/foundry/L1MantleToken.t.sol:L1MantleTokenTest
[PASS] testMintTooEarly4() (gas: 189246)
[PASS] testMintTooMuch1() (gas: 99349)
[PASS] testMintTooMuch2() (gas: 144771)
```

```
[PASS] test_Info() (gas: 33868)
[PASS] test_Initialize() (gas: 20537)
[PASS] test_Mint() (gas: 98376)
[PASS] test_MintFuzz(uint256,uint256) (runs: 256,  $\mu$ :
102539,  $\sim$ : 105229)
[PASS] test_MintOnlyOwner() (gas: 20451)
[PASS] test_MintTooEarly1() (gas: 118374)
[PASS] test_MintTooEarly2() (gas: 143379)
[PASS] test_MintTooEarly3() (gas: 143754)
[PASS] test_MintTooEarlyFuzz(uint256,uint256,bool) (runs:
256,  $\mu$ : 141507,  $\sim$ : 149291)
[PASS] test_MintTooMuchFuzz(uint256,uint256) (runs: 256,  $\mu$ :
148074,  $\sim$ : 148930)
[PASS] test_setMintCapNumeratorFuzz(uint256) (runs: 256,  $\mu$ :
39654,  $\sim$ : 43230)
[PASS] test_setMintCapNumeratorTooLargeFuzz(uint256) (runs:
256,  $\mu$ : 117980,  $\sim$ : 118447)
Test result: ok. 15 passed; 0 failed; finished in 232.86ms
```

```
$ npx hardhat test
```

```
L1MantleToken
```

```
  Upgrades
```

```
✓ 0xD2547e4AA4f5a2b0a512BFd45C9E3360FeEa48Df (transparent)
proxy ownership transfered through admin proxy
  ✓ Should transfer success when use
transferProxyAdminOwnership
```

```
  Info
```

```
    ✓ Should get some token infos
```

```
  Mint
```

```
    ✓ Should mint some tokens
    ✓ Should get mint owner
    ✓ Should mint when mint the rules
    ✓ Should fail when mint doesn't meet the rules
```

```
  Transfer
```

```
    ✓ Should transfer tokens between users
    ✓ Should fail to transfer with low balance
```

```
  Vote
```

```
    call
```

```
      set delegation
```

```
        ✓ delegation with balance
        ✓ delegation without balance
```

```
10 passing (2s)
```

Code Coverage

File	% Lines	% Statements	% Branches	% Funcs
contracts/L1/L1MantleToken.sol	54.55% (12/22)	56.00% (14/25)	75.00% (6/8)	66.67% (4/6)
contracts/Migration/MantleTokenMigrator.sol	92.00% (23/25)	88.89% (24/27)	87.50% (7/8)	88.89% (8/9)
contracts/Mock/MockERC20.sol	0.00% (0/1)	0.00% (0/1)	100.00% (0/0)	0.00% (0/1)
test/foundry/mocks/EmptyContract.sol	0.00% (0/1)	0.00% (0/1)	100.00% (0/0)	0.00% (0/1)
test/foundry/mocks/LiquidStakingToken.sol	0.00% (0/5)	0.00% (0/5)	0.00% (0/2)	0.00% (0/3)
test/foundry/mocks/Multiplication.sol	0.00% (0/6)	0.00% (0/5)	0.00% (0/1)	0.00% (0/1)
test/foundry/mocks/ServiceManagerMock.sol	0.00% (0/2)	0.00% (0/2)	100.00% (0/0)	0.00% (0/5)
test/foundry/Utils/UserFactory.sol	0.00% (0/9)	0.00% (0/14)	100.00% (0/0)	0.00% (0/2)

File	% Lines	% Statements	% Branches	% Funcs
Total	49.30% (35/71)	47.50% (38/80)	68.42% (13/19)	42.86% (12/28)

Changelog

- 2023-06-12 - Initial report
- 2023-06-16 - Final report

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Quantstamp’s team consists of cybersecurity experts hailing from globally recognized organizations including Microsoft, AWS, BMW, Meta, and the Ethereum Foundation. Quantstamp engineers hold PhDs or advanced computer science degrees, with decades of combined experience in formal verification, static analysis, blockchain audits, penetration testing, and original leading-edge research.

To date, Quantstamp has performed more than 500 audits and secured over \$200 billion in digital asset risk from hackers. Quantstamp has worked with a diverse range of customers, including startups, category leaders and financial institutions. Brands that Quantstamp has worked with include Ethereum 2.0, Binance, Visa, PayPal, Polygon, Avalanche, Curve, Solana, Compound, Lido, MakerDAO, Arbitrum, OpenSea and the World Economic Forum.

Quantstamp’s collaborations and partnerships showcase our commitment to world-class research, development and security. We’re honored to work with some of the top names in the industry and proud to secure the future of web3.

Notable Collaborations & Customers:

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- NFT: OpenSea, Parallel, Dapper Labs, Decentraland, Sandbox, Axie Infinity, Illuvium, NBA Top Shot, Zora
- Academic institutions: National University of Singapore, MIT

Timeliness of content

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