

PAYWARD CANADA INC.

CRYPTO ASSET STATEMENT

BitDAO (BIT)

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Disclaimer

Payward Canada Inc. (Kraken) is registered under Canadian securities laws as a restricted dealer and is offering Crypto Contracts on crypto assets in reliance on a prospectus exemption contained in the exemptive relief decision [Re Payward Canada Inc.](#) dated 04/01/2025 (the Decision). The statutory rights in section 130.1 of the Securities Act (Ontario), and, if applicable, similar statutory rights under the securities legislation of each other province and territory in Canada, do not apply in respect of the Crypto Asset Statement to the extent a Crypto Contract is distributed under the prospectus relief in the Decision.

No securities regulatory authority has expressed an opinion about the Crypto Contracts or any Crypto Assets (as defined in the Risk Statement) made available on the Kraken platform, including an opinion that BIT is not itself a security and/or derivative. Changes to applicable law may adversely affect the use, transfer, exchange, or value of any of your crypto assets, and such changes may be sudden and without notice.

Please note that this Crypto Asset Statement may not be exhaustive of all risks associated with trading BIT. Please review the [Risk Statement](#) and [Fee Schedule](#) for additional discussion of general risks and transaction fees associated with the Crypto Contracts and Crypto Assets made available through the Canadian Platform. These materials are for general information purposes only and are not investment advice or a recommendation or solicitation to buy, sell or hold any crypto asset or to engage in any specific trading strategy. The information contained in this Crypto Asset Statement is based on publicly available information provided by third parties.

What is BitDAO and how does it work?

BitDAO began in June 2021 as a Decentralized Autonomous Organization (DAO) with the mission of accelerating the broader crypto economy by deploying its sizable treasury into research-and-development grants and strategic investments. Holders of the native governance token, BIT, signal their preferences by voting on funding proposals posted to the Snapshot platform.

A proposal first needs at least 200 000 delegated BIT to be listed on Snapshot. During a seven-day voting window, it must then clear a 100 million-vote quorum and receive a majority of “Yes” votes. When both thresholds are met, designated multisig signers release the requested funds from the DAO treasury.

In July 2023, the community passed proposals BIP-21 and MIP-22 to re-brand the DAO and its L2 scaling initiative under a single banner, Mantle, and to allow a one-to-one conversion of BIT to the new Mantle (MNT) token. MNT now serves a dual role: it fuels transactions on Mantle Network (an EVM-compatible optimistic roll-up secured by Ethereum) and preserves on-chain governance of the merged treasury. BIT

remains an ERC-20 token, but most holders have migrated to MNT via the community's conversion portal.

Projects funded to date include EduDAO (university-led blockchain research), Game7 (open-source tooling for blockchain gaming) and Mantle-native initiatives such as the Mantle EcoFund and Mantle Liquid Staking Protocol. The DAO continues to iterate on budget processes through periodic Mantle Improvement Proposals (MIPs).

Who is behind the Project?

As a DAO, the project is primarily managed by its community of token holders. It was created in June 2021 by Bybit, the crypto derivatives exchange formerly headquartered in China, now registered in Singapore. It has raised investment capital from investors including Peter Thiel, Alan Howard, and the Founders Fund.

Tokenomics of BIT

There is a fixed supply of 10 billion BIT tokens. The distribution of these tokens is as follows:

Category	Allocation
Allocated to Bybit and was locked for the first 12 months after project launch	45%
Allocated to Bybit and was immediately unlocked at project launch	15%
BitDAO treasury	30%
Private sales investors	5%
Rewards to launch partners who helped the project gain early attention	5%
Total	100%

General Risks

Like all other digital assets, there are some general risks to investing in BIT. These include short history risk, volatility, and liquidity risk, demand risk, forking risk, code defects, cryptography risk, regulatory risk, concentration risk, electronic trading risk and cyber security risk. For more information on general risks associated with smart contracts and digital assets, see [Kraken's Risk Statement](#).

Risks specific to BitDAO

Novel Technical Risk

Participating in the BitDAO governance process involves the delegation of one's BIT tokens to smart contracts in order to vote on funding proposals. BitDAO has taken care to design a secure governance and funding system. It is however possible that exploits, smart contract bugs, malicious actors, or mistakes made by multi-signature administrators could lead to a loss of funds.

Due Diligence

Prior to listing on the Kraken platform, Kraken performed due diligence on BIT and determined that BIT is unlikely to be a security or derivative under Canadian securities legislation. Our analysis generally includes, but is not limited to, reviewing publicly available information on the following:

- The creation, governance, usage and design of BIT, including the source code, security and roadmap for growth in the developer community and, if available, the background of the developer(s) that created BIT;
- The supply, demand, maturity, utility and liquidity of BIT;
- Material technical risks associated with BIT, including any code defects, security breaches and other threats concerning BIT and its supporting blockchain (such as the susceptibility to hacking and impact of forking), or the practices and protocols that apply to them; and
- Legal and regulatory risks associated with BIT, including (i) any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of BIT, and (ii) consideration of statements made by any regulators or securities regulatory authorities in Canada, other regulators of the International Organization of Securities Commissions, or the regulator with the most significant connection to BIT about whether BIT, or generally about whether the type of crypto asset, is a security and/or derivative.