

PAYWARD CANADA INC.

CRYPTO ASSET STATEMENT

Mantle (MNT)

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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 Mantle (MNT) 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 Mantle (MNT). 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 Mantle and how does it work?

Mantle is an Ethereum-compatible layer-2 (L2) scaling solution that began as a BitDAO-sponsored project in June 2022 and was rebranded to Mantle in May 2023.

Its modular design inherits Ethereum's security while aiming to lower gas fees, cut latency and increase throughput.

Mantle achieves this by combining an optimistic roll-up execution environment with several data-availability options and is continuing work on a fair-sequencer architecture plus interactive fraud-proofs to bolster trust and efficiency.

At a high level, Mantle separates the traditional monolithic blockchain stack into distinct modules, an Execution layer, an EVM-compatible environment where transactions are processed, Consensus & settlement layers, transaction data and state roots are posted to Ethereum for finality and

Data-availability layer, external services store compressed roll-up data so the network can verify and reconstruct the chain when needed.

The native ERC-20 token, MNT, underpins the ecosystem. Holders use it to pay gas on Mantle, to participate in DAO governance and, as collateral for validator nodes, help secure the network. Notable network upgrades to date include the Tectonic (V2) release in March 2024.

Who is behind the Project?

In June 2022, Mantle was proposed as a BitDAO-sponsored Layer-2 project. Its Testnet launched in January 2023, founded by Jordi Alexander and Arjun Krishan Kalsy. In May 2023, BitDAO rebranded to Mantle, migrating ERC-20 BIT to ERC-20 MNT. Mainnet alpha was unveiled in July 2023. To date the project has seen a number of financial backers including the likes of Peter Thiel, Dragonfly Capital, Bybit and Pantera Capital.

Tokenomics of Mantle:

The initial distribution of Mantle is as follows:

Category	Allocation
Mantle Treasury	49%
Circulating	51%
Total	100%

The distribution of MNT tokens from the Mantle Treasury is determined based on the Mantle Governance process. The process follows a structured procedure outlined in the BIP-19 Mantle Network Budget. While there are no formal restrictions for the token distribution, several categories are anticipated:

User Incentives: Prioritising user adoption through strategies like multi-season achievements and quests. Metrics for user adoption include daily active users, total transactions and protocol fees, total value locked (TVL), and other relevant metrics.

Technology Partner Incentives: Incentivizing dApps, infrastructure service providers, and core protocol technology partners to foster collaborations and enhance the ecosystem.

Core Contributor Team and Advisors: Transparent allocation of resources to team members and advisors who actively contribute to the project's success.

Other Opportunities: Evaluation of potential opportunities like acquisitions, token swaps, treasury sales, and deals based on their alignment with Mantle's goals and benefits to the ecosystem.

General Risks

Like all other digital assets, there are some general risks to investing in MNT. 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 Mantle

Competition

Mantle has heightened competition with other Ethereum Layer 2s, with Base, Arbitrum, and Optimism competing for transactions, on-chain volume transferred, and Ether inflow (Ethereum deposits to the chain).

Developer Dependence

Although there are many developers working on Mantle, there are no guarantees that they will continue to contribute. Mantle could be negatively affected by an inability to retain and/or attract developers to continue to build out its protocol.

Due Diligence

Prior to listing on the Kraken platform, Kraken performed due diligence on MNT and determined that MNT 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 Mantle, including the source code, security and roadmap for growth in the developer community and, if available, the background of the developer(s) that created Mantle;
- The supply, demand, maturity, utility and liquidity of Mantle;
- Material technical risks associated with Mantle, including any code defects, security breaches and other threats concerning Mantle 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 Mantle, including (i) any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of Mantle, 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 Mantle about whether Mantle, or generally about whether the type of crypto asset, is a security and/or derivative.

