PAYWARD CANADA INC.

CRYPTO ASSET STATEMENT

Mantle (MNT)

Last updated on May 9, 2024

Disclaimer

Please note that this Crypto Asset Statement is not exhaustive of all risks associated with trading Mantle. Investors should perform their own assessment to determine the appropriate level of risk for their personal circumstances. Be sure to do your own research and due diligence while taking into account your own financial situation and risk tolerance. Please review the Risk Statement for additional discussion of general risks 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 that may be inaccurate, incomplete, or change at any time.

What is Mantle?

Mantle is an Ethereum layer 2 scaling solution started as a BitDAO project in June 2022, and rebranded to Mantle in May 2023. The Mantle protocol is interoperable with EVMs meaning that any Ethereum-based contracts and tools can function on Mantle. With a modular architecture, Mantle inherits the security of Ethereum while aiming to offer more affordable and easily accessible data availability. It does this by combining an optimistic rollup with a variety of other data availability methods. Notable upgrades include the Tectonic (V2) upgrade in March 2024. Mantle is working on a fair sequencer architecture and an interactive fraud-proof system to enhance network trust and efficiency.

The $MNT token serves dual roles as a governance and utility token within Mantle Ecosystem, providing holders with both voting rights and practical functionality.

In terms of governance, each $MNT token carries an equal vote weight, enabling token holders to actively participate in DAO voting and influence the decision-making process. This ensures a decentralized and community-driven approach to shape the future of the Mantle Ecosystem.

As a utility token, $MNT is utilized for gas fees on Mantle Network. Additionally, $MNT tokens can serve as collateral assets for Mantle Network nodes, further incentivizing participation and contributing to the security and stability of the network.

The $MNT token is an ERC-20 token, with similar functionality to other L2 blockchain tokens. $MNT advanced token functions are on L1, whereas the L2 version is a standard bridge-wrapped ERC-20.

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.

How does it work?

Mantle is a Layer 2 rollup that seeks to harness Ethereum validators and consensus protocols to significantly reduce gas fees, lower latency, and boost throughput. Mantle uses a modular architecture which is unique from traditional monolithic blockchains because it segments transaction execution, consensus, settlement, and storage into distinct modules. These modules include an EVM-compatible execution layer for transaction processing, a consensus layer, and settlement layer executed on Ethereum, and an external data availability component.

Tokenomics of Mantle:

The initial distribution of Mantle is as follows:

Holder Category	**$MNT tokens**	**Share**	**Vesting, Distribution**
Mantle Treasury	3,046,328,614	49.0%	Based on Mantle Governance Proposals
Circulating	3,172,988,154	51.0%	None
Total	6,219,316,768	100.0%	

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 Mantle. These include short history risk, volatility risk, 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 Risk
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 the CA, 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.

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 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.