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Pangolin & AVA Labs Zap Smart Contract Security Audit

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EXECUTIVE OVERVIEW

1.1 INTRODUCTION

AVA Labs engaged Halborn to conduct a security assessment on Pangolin's Zap Smart Contract beginning on August 5th, 2021 and ending August 12th, 2021.

The security assessment was scoped to the smart contracts PangolinBridgeMigrationRouter.sol and BridgeToken.sol. An audit of the security risk and implications regarding the changes introduced by the development team at Pangolin prior to its production release shortly following the assessments deadline.

1.2 AUDIT SUMMARY

The team at Halborn was provided a week timeframe for the engagement and assigned a full time security engineer to audit the security of the smart contract. The security engineer is blockchain and smart contracts security expert, with experience in advanced penetration testing, smart contract hacking, and have a deep knowledge in multiple blockchain protocols.

The purpose of this audit to achieve the following:

- Ensure that smart contract functions are intended.
- Identify potential security issues with the smart contracts.

Though this security audit's outcome is satisfactory, only the most essential aspects were tested and verified to achieve objectives and deliverables set in the scope due to time and resource constraints. It is essential to note the use of the best practices for secure smartcontract development.

1.3 TEST APPROACH & METHODOLOGY

Halborn performed a combination of manual and automated security testing to balance efficiency, timeliness, practicality, and accuracy in regard to the scope of the smart contract audit. While manual testing is recommended to uncover flaws in logic, process, and implementation; automated testing techniques help enhance coverage of smart contracts and can quickly identify items that do not follow security best practices. The following phases and associated tools were used throughout the term of the audit:

- Research into architecture and purpose.
- Smart Contract manual code read and walkthrough.
- Graphing out functionality and contract logic/connectivity/functions(solgraph)
- Manual Assessment of use and safety for the critical Solidity variables and functions in scope to identify any arithmetic related vulnerability classes.
- Scanning of solidity files for vulnerabilities, security hotspots or bugs. (MythX)
- Static Analysis of security for scoped contract, and imported functions.(Slither)
- Testnet deployment (hardhat, avash, geth and Remix IDE)

RISK METHODOLOGY:

Vulnerabilities or issues observed by Halborn are ranked based on the risk assessment methodology by measuring the **LIKELIHOOD** of a security incident, and the **IMPACT** should an incident occur. This framework works for communicating the characteristics and impacts of technology vulnerabilities. It's quantitative model ensures repeatable and accurate measurement while enabling users to see the underlying vulnerability characteristics that was used to generate the Risk scores. For every vulnerability, a risk level will be calculated on a scale of 5 to 1 with 5 being the highest likelihood or impact.

RISK SCALE - LIKELIHOOD

- 5 Almost certain an incident will occur.
- 4 High probability of an incident occurring.
- 3 Potential of a security incident in the long term.
- 2 Low probability of an incident occurring.
- 1 Very unlikely issue will cause an incident.

RISK SCALE - IMPACT

- 5 May cause devastating and unrecoverable impact or loss.
- 4 May cause a significant level of impact or loss.
- 3 May cause a partial impact or loss to many.
- 2 May cause temporary impact or loss.
- 1 May cause minimal or un-noticeable impact.

The risk level is then calculated using a sum of these two values, creating a value of 10 to 1 with 10 being the highest level of security risk.

CRITICAL	HIGH	MEDIUM	LOW	INFORMATIONAL
----------	------	--------	-----	---------------

10 - CRITICAL		

- 7 6 MEDIUM
- 5 4 LOW
- 3 1 VERY LOW AND INFORMATIONAL

1.4 SCOPE

IN-SCOPE:

Both PangolinBridgeMigrationRouter.sol and BridgeToken.sol contracts in the following repository are the test scope.

Repository URL: https://github.com/pangolindex/exchange-contracts
Commit ID: 78134a9df30014b27dc2eb12574ea3050749f7dd

OUT-OF-SCOPE:

Other smart contracts in the repository, external libraries and economics attacks.

2. ASSESSMENT SUMMARY & FINDINGS OVERVIEW

CRITICAL	HIGH	MEDIUM	LOW	INFORMATIONAL
0	0	3	4	7

LIKELIHOOD

(HAL-01)			
(HAL-04)			
(HAL-07)	(HAL-05) (HAL-06)	(HAL-02) (HAL-03)	
(HAL-08)			
(HAL-09) (HAL-10) (HAL-11) (HAL-12) (HAL-13) (HAL-14)			

IMPACT

EXECUTIVE OVERVIEW

SECURITY ANALYSIS	RISK LEVEL	REMEDIATION DATE
(HAL01) - DOS - LP TOKENS NOT MINTED (Out Of Scope)	Medium	_
(HAL02) - INTEGER OVERFLOW	Medium	-
(HAL03) - MISSING ROLE-BASED ACCESS CONTROL	Medium	-
(HAL04) - MISSING ONLY ROUTER MODIFIER (Out Of Scope)	Low	_
(HAL05) - CONFUSION ON THE ADMIN ROLE	Low	_
(HAL06) - LACK OF ADDRESS VALIDATION	Low	-
(HAL07) - DIVISION BY ZERO	Low	-
(HAL08) - MISSING EVENTS EMITTING	Informational	-
(HAL09) - MISSING RE-ENTRANCY PROTECTION	Informational	_
(HAL10) – IMPROPER CHECK EFFECT INTERACTION PATTERN USAGE	Informational	_
(HAL11) - USE OF APPROVE FUNCTION	Informational	-
(HAL12) - USE OF BLOCK.TIMESTAMP	Informational	-
(HAL13) - FLOATING PRAGMA	Informational	-
(HAL14) - IMPROPER IMPLEMENTATION OF CONTRACT ADMIN	Informational	-
STATIC ANALYSIS	-	_
AUTOMATED SECURITY SCAN RESULTS	_	

FINDINGS & TECH DETAILS

3.1 (HAL-01) DOS - LP TOKENS NOT MINTED (Out Of Scope) - MEDIUM

Description:

Calling sync on the PangolinPair contract before any mint of the pool, by front-running the transaction, it will force liquidity inside the function to be 0, causing a DOS and the INSUFFICIENT_LIQUIDITY_MINTED reverts an error. This is due to reserve0 and reserve1 are equal to the total token balance, causing amount0 and amount1 on mint to be 0. This issue would prevent anyone to mint their LP tokens. Once the attacker wants he can stop front-running the sync function before any mint and get the reserve amount as his LP tokens.

Code Location:

Listing 1: contracts/pangolin-core/PangolinPair.sol (Lines 198)
197 // force reserves to match balances
198 function sync() external lock {
199 __update(IERC20(token0).balanceOf(address(this)), IERC20(token1
______).balanceOf(address(this)), reserve0, reserve1);
200 }

Listing 2: contracts/pangolin-core/PangolinPair.sol (Lines 82,83)

92	// update reserves and, on the first call per block, price
	accumulators
93	<pre>function _update(uint balance0, uint balance1, uint112 _reserve0,</pre>
	uint112 _reserve1) private {
94	require(balance0 <= uint112(-1) && balance1 <= uint112(-1), '
	<pre>Pangolin: OVERFLOW');</pre>
95	uint32
96	uint32 timeElapsed = blockTimestamp - blockTimestampLast; //
	overflow is desired
97	if (timeElapsed > 0 && _reserve0 != 0 && _reserve1 != 0) {
98	<pre>// * never overflows, and + overflow is desired</pre>
99	<pre>price0CumulativeLast += uint(UQ112x112.encode(_reserve1).</pre>
	uqdiv(_reserve0)) * timeElapsed;

```
Listing 3: contracts/pangolin-core/PangolinPair.sol (Lines 114,115)
```

```
110 function mint(address to) external lock returns (uint liquidity) {
       (uint112 _reserve0, uint112 _reserve1,) = getReserves(); //
       uint balance0 = IERC20(token0).balanceOf(address(this));
       uint balance1 = IERC20(token1).balanceOf(address(this));
       uint amount0 = balance0.sub(_reserve0);
       uint amount1 = balance1.sub(_reserve1);
       bool feeOn = _mintFee(_reserve0, _reserve1);
       uint _totalSupply = totalSupply; // gas savings, must be
       if (_totalSupply == 0) {
           liquidity = Math.sqrt(amount0.mul(amount1)).sub(
              MINIMUM_LIQUIDITY);
          _mint(address(0), MINIMUM_LIQUIDITY); // permanently lock
       } else {
           liquidity = Math.min(amount0.mul(_totalSupply) / _reserve0
               , amount1.mul(_totalSupply) / _reserve1);
       require(liquidity > 0, 'Pangolin:
          INSUFFICIENT_LIQUIDITY_MINTED');
       _mint(to, liquidity);
       _update(balance0, balance1, _reserve0, _reserve1);
       if (feeOn) kLast = uint(reserve0).mul(reserve1); // reserve0
       emit Mint(msg.sender, amount0, amount1);
131 }
```

Risk Level:

Likelihood - 1 Impact - 5

Recommendations:

It is recommended to avoid direct calling of any PangolinPair function. This can be prevented by using a modifier that detects the caller and allow only calls from the PangolinRouter address. The issue is also stated as "MISSING ONLY ROUTER MODIFIER".

3.2 (HAL-02) INTEGER OVERFLOW - MEDIUM

Description:

An overflow happens when an arithmetic operation reaches the maximum size of a type. For instance in the BridgeToken.sol contract on addSwapToken method the supply is added which may end up overflowing the integer. In computer programming, an integer overflow occurs when an arithmetic operation attempts to create a numeric value that is outside of the range that can be represented with a given number of bits -- either larger than the maximum or lower than the minimum re-presentable value.

Code Location:

Listing 4

1 fu	nction addSwapToken(address contractAddress, uint256
	supplyIncrement)
	public
3 {	
	<pre>require(bridgeRoles.has(msg.sender), "Unauthorized.");</pre>
	<pre>require(isContract(contractAddress), "Address is not contract</pre>
	.");
	// If the swap token is not already supported, add it with the
	total supply of supplyIncrement.
	// Otherwise, increment the current supply.
	if (swapTokens[contractAddress].tokenContract == address(0)) {
10	<pre>swapTokens[contractAddress] = SwapToken({</pre>
	tokenContract: contractAddress,
	supply: supplyIncrement
	});
	} else {
15	<pre>swapTokens[contractAddress].supply =</pre>
16	<pre>swapTokens[contractAddress].supply +</pre>
	<pre>supplyIncrement;</pre>
18	}
	<pre>emit AddSwapToken(contractAddress, supplyIncrement);</pre>
20 }	

Risk Level:

Likelihood - 3 Impact - 3

Recommendations:

It is recommended to use vetted safe math libraries for arithmetic operations consistently throughout the smart contract system or use pragma version bigger than 0.8.0 that adds arithmetic checks automatically.

3.3 (HAL-03) MISSING ROLE-BASED ACCESS CONTROL - MEDIUM

Description:

In smart contracts, implementing a correct Access Control policy is an essential step to maintain security and decentralization for permissions on a token. All the features of the smart contract, such as mint/burn tokens and pause contracts are given by Access Control. For instance, Ownership is the most common form of Access Control. In other words, the owner of a contract (the account that deployed it by default) can do some administrative tasks on it. Nevertheless, other authorization levels are required to follow the principle of least privilege, also known as least authority. Briefly, any process, user or program only can access to the necessary resources or information. Otherwise, the ownership role is useful in a simple system, but more complex projects require the use of more roles by using Role-based access control.

Code Location:

List	ing 5: PangolinBridgeMigrationRouter.sol
259	<pre>function _migrateLiquidity(</pre>
260	address liquidityPairFrom,
261	address liquidityPairTo,
262	address to,
263	uint amount
264) internal {
265	_arePairsCompatible(liquidityPairFrom, liquidityPairTo);
266	<pre>address tokenToMigrate = IPangolinPair(liquidityPairFrom).</pre>
	token0();
267	
268	
269	

Risk Level:

Likelihood - 3 Impact - 3

Recommendations:

It is recommended to use role-based access controls on important functions such as <u>_migrateLiquidity</u>. In the other way, any user beside contract/contract admin itself will be able to use these high privileged functions. Also, the <u>onlyAdmin</u> modifier could be appended to the <u>_migrateLiquidity</u> function to solve the issue.

3.4 (HAL-04) MISSING ONLY ROUTER MODIFIER (Out Of Scope) - LOW

Description:

The PangolinPair contract does not implement any modifier to detect if the functions declared on it were called from the PangolinRouter contract. This allows external functions such as mint and burn to be called without going thought the expected addLiquidity and removeLiquidity. This could cause price miscalculation and minted LP tokens to be owned by a different user than the transferring one. Furthermore, the code states the following comment "this low-level function should be called from a contract which performs important safety checks". Imagine the following scenario:

- A user manually transfers t1 amount of token1 and t2 amount of token2 to the PangolinPair. This amount is added to the pool balance but no LP tokens are accredited since they are still pending on the pool balance.
- The same user then calls the mint function to receive the corresponding LP tokens of the transferred t1 and t2 amounts on the PangolinPair pool.
- Before the transaction is mined on the chain a malicious user calls the mint function with a controlled address.
- The generated LP token are minted to the attacker instead of the user.

Risk Level:

Likelihood - 1 Impact - 4

Recommendations:

A modifier should be added on the PangolinPair critical functions (the ones using the lock modifier) to make sure those functions are only called

from the exposed router methods. This would prevent unexpected execution flows and logical errors to happen by preventing the execution of the pool methods independently.

```
Listing 6
```

```
1 modifier onlyIsRouter() {
2   require(
3       msg.sender == swappRouter,
4        "ONLY ROUTER ALLOWED"
5   );
6   _;
7 }
```

3.5 (HAL-05) CONFUSION ON THE ADMIN ROLE - LOW

Description:

There is a confusion on the access control policy between the PangolinBridgeMigrationRouter.sol and BridgeToken.sol contracts. While PangolinBridgeMigrationRouter.sol contract has multiple admin role, BridgeToken.sol has single admin role. On the other hand, PangolinBridgeMigrationRouter.sol contract can not denote msg.sender and can not add zero address into admin role. However, in the BridgeToken.sol contract, bridge role can be transfer to zero address. After the lockout (migrating admin to zero address), addSwapToken, removeSwapToken, addSupportedChainId, mint functions are not accessible.

Code Location:

PangolinBridgeMigrationRouter

Lis	ting 7:	PangolinBridgeMigrationRouter.sol
37	functio	n addAdmin(address account) external onlyAdmin {
38		<pre>require(account != address(0), "</pre>
		<pre>PangolinBridgeMigrationRouter: Address 0 not allowed");</pre>
39		adminRole.add(account);
40	}	

Listing	8:	PangolinBridgeMigrationRouter.sol
	fund	ction removeAdmin(address account) external onlyAdmin {
48		<pre>require(msg.sender != account, " PangolinBridgeMigrationRouter: You can't demote yourself");</pre>
49		<pre>adminRole.remove(account);</pre>
50	}	

BridgeToken.sol

Listing 9: BridgeToken.sol

111	functior	n migrateBridgeRole(address newBridgeRoleAddress)
112		<pre>require(bridgeRoles.has(msg.sender), "Unauthorized.");</pre>
113		<pre>bridgeRoles.remove(msg.sender);</pre>
114		<pre>bridgeRoles.add(newBridgeRoleAddress);</pre>
115		<pre>emit MigrateBridgeRole(newBridgeRoleAddress);</pre>
116	}	
117		

Risk Level:

Likelihood - 2 Impact - 3

Recommendations:

It is recommended to review admin roles between the contracts. The admin counts need to be evaluated according to the contact structure. Also, the address validation should be added into BridgeToken.sol contract. This issue is handled on the (HAL03) - LACK OF ADDRESS VALIDATION.

3.6 (HAL-06) LACK OF ADDRESS VALIDATION - LOW

Description:

The BridgeToken.sol and PangolinBridgeMigrationRouter.sol contracts have multiple input fields on their both public and private functions. Some of these inputs are required as address variable. During the test, it seen all of these inputs are protected against using the address(0) as target address. However, providing the contract address itself to these inputs is unintended situation.

The addSwapToken and migrateBridgeRole functions in the BridgeToken.sol contract does not control current contract address. Also, addAdmin , addMigrator, _arePairsCompatible, _migrateToken, calculateChargeBack functions in the PangolinBridgeMigrationRouter.solcontract do not control the current contract address too.

Code Location:

Lis	ting 10:	PangolinBridgeMigrationRouter.sol
37	functior	addAdmin(address account) external onlyAdmin {
38		<pre>require(account != address(0), "</pre>
		<pre>PangolinBridgeMigrationRouter: Address 0 not allowed");</pre>
39		adminRole.add(account);
40	}	

Listing 11: PangolinBridgeMigrationRouter.sol

66	<pre>function addMigrator(address tokenAddress, address migratorAddress</pre>
) external onlyAdmin {
67	<pre>require(tokenAddress != address(0), "</pre>
	PangolinBridgeMigrationRouter: tokenAddress 0
	<pre>supported");</pre>
68	<pre>require(migratorAddress != address(0), "</pre>
	PangolinBridgeMigrationRouter: migratorAddress 0
	<pre>supported");</pre>

Listing 1	2: PangolinBridgeMigrationRouter.sol
145 functi	on _arePairsCompatible(address pairA, address pairB)
int	ternal view {
146	require(pairA != address(0), "
	<pre>PangolinBridgeMigrationRouter: liquidityPairFrom address 0");</pre>
147	<pre>require(pairA != address(0), "</pre>
	<pre>PangolinBridgeMigrationRouter: liquidityPairTo address 0");</pre>
148	<pre>require(pairA != pairB, "PangolinBridgeMigrationRouter:</pre>
	Cant convert to the same liquidity pairs");
149	require(
150	
151	

Lis	sting 13: PangolinBridgeMigrationRouter.sol	
164	function _migrateToken(
165	address tokenAddress,	
166	uint amount	
167) internal {	
168	<pre>require(tokenAddress != address(0), "</pre>	
	PangolinBridgeMigrationRouter: tokenAddress 0	
169	<pre>IBridgeToken(bridgeMigrator[tokenAddress]).swap(tokenAddress, amount);</pre>	
170		
171		

Listing 14: PangolinBridgeMigrationRouter.sol

335	function calculateChargeBack(
336	address liquidityPairFrom,	
337	address liquidityPairTo,	
338	uint amount	
339) external view returns (uint amount0, uint amount1) {	

340	<pre>require(liquidityPairFrom != address(0), " PangolinBridgeMigrationRouter: liquidityPairFrom address 0 not supported");</pre>
341	<pre>require(liquidityPairTo != address(0), " PangolinBridgeMigrationRouter: liquidityPairTo address 0 not supported");</pre>
342	<pre>(uint amountIn0, uint amountIn1) = _calculateRescueLiquidity(liquidityPairFrom, amount);</pre>
343	
344	
345	

Listing 15: BridgeToken.sol

111 function migrateBridgeRole(address newBridgeRoleAddress) publi	: {
<pre>112 require(bridgeRoles.has(msg.sender), "Unauthorized.");</pre>	
113 bridgeRoles.remove(msg.sender);	
<pre>114 bridgeRoles.add(newBridgeRoleAddress);</pre>	
115 <pre>emit MigrateBridgeRole(newBridgeRoleAddress);</pre>	
116 }	
117	

List	ing 16:	BridgeToken.sol
123		on addSwapToken(address contractAddress, uint256 plyIncrement)
124		public
125	{	
126		<pre>require(bridgeRoles.has(msg.sender), "Unauthorized.");</pre>
127		<pre>require(isContract(contractAddress), "Address is not contract.");</pre>
128		
129		<pre>// If the swap token is not already supported, add it with the total supply of supplyIncrement.</pre>
130		// Otherwise, increment the current supply.
131		<pre>if (swapTokens[contractAddress].tokenContract == address (0)) {</pre>
132		<pre>swapTokens[contractAddress] = SwapToken({</pre>
133		tokenContract: contractAddress,
134		<pre>supply: supplyIncrement</pre>
135		});
136		
137		

```
Risk Level:
```

Likelihood - 2 Impact - 3

Recommendations:

It is recommended to implement additional address check to detect is current contract getting used as a target address.

```
Listing 17: Recommendation
1 require(tokenAddress != address(this), "
     PangolinBridgeMigrationRouter: current contract address is not
     supported");
```

3.7 (HAL-07) DIVISION BY ZERO - LOW

Description:

Calling the burn function with totalSupply as 0 will cause the function to throw a division by zero error.

Code Location:

Listin	ng 18:	contracts/pangolin-core/PangolinPain.sol	(Lines
143,14	44,145)		
133 //		vel function should be called from a contract portant safety checks	which
134 fu	nction burn(a uint amount	address to) external lock returns (uint amount	
135		<pre>reserve0, uint112 _reserve1,) = getReserves();</pre>	
136		oken0 = token0;	
137	address _to	oken1 = token1;	
138		<pre>ce0 = IERC20(_token0).balanceOf(address(this))</pre>	
139 140		ce1 = IERC20(_token1).balanceOf(address(this)) hity = balanceOf[address(this)];	;
141 142	bool feeOn	<pre>= _mintFee(_reserve0, _reserve1);</pre>	
143		.Supply = totalSupply; // gas savings, must be here since totalSupply can update in _mintFee	
144		<pre>liquidity.mul(balance0) / _totalSupply; // usi</pre>	
145		s ensures pro-rata distribution liquidity.mul(balance1) / _totalSupply; // usi	
146	require(amo	s ensures pro-rata distribution ount0 > 0 && amount1 > 0, 'Pangolin: CIENT_LIQUIDITY_BURNED');	
147		ess(this), liquidity);	
148	_safeTransf	<pre>Ser(_token0, to, amount0);</pre>	
149		<pre>`er(_token1, to, amount1);</pre>	
150 151		<pre>IERC20(_token0).balanceOf(address(this)); IERC20(_token1).balanceOf(address(this));</pre>	

```
152
153 _update(balance0, balance1, _reserve0, _reserve1);
154 if (fee0n) kLast = uint(reserve0).mul(reserve1); // reserve0
and reserve1 are up-to-date
155 emit Burn(msg.sender, amount0, amount1, to);
156 }
```

Risk Level:

Likelihood - 1 Impact - 3

Recommendations:

Make sure to validate all operands used during a math operation and inform the user of unappropriated state by reverting the transaction with a custom message.

3.8 (HAL-08) MISSING EVENTS EMITTING - INFORMATIONAL

Description:

It has been observed that critical functionality is missing emitting event for some functions on the PangolinBridgeMigrationRouter.sol contract. These functions should emit events after completing the transactions.

Code Location:

Listing 19: Missing Events
1 addAdmin(address account)
2 removeAdmin(address account)
3 addMigrator(address tokenAddress, address migratorAddress)
<pre>4 _addLiquidity(address pairToken, address token0, address token1,</pre>
uint amountIn0, uint amountIn1, address to)
5 _rescueLiquidity(address liquidityPair, uint amount)
<pre>6 _migrateToken(address tokenAddress, uint amount)</pre>
7 migrateToken(address token, address to, uint amount, uint deadline
)
<pre>8 migrateLiquidityWithPermit(address liquidityPairFrom, address</pre>
liquidityPairTo, address to, uint amount, uint deadline, uint8
v, bytes32 r, bytes32 s)
9 migrateLiquidity(address liquidityPairFrom, address
liquidityPairTo, address to, uint amount, uint deadline)
<pre>10 _migrateLiquidity(address liquidityPairFrom, address</pre>
liquidityPairTo, address to, uint amount)

Risk Level:

Likelihood - 1 Impact - 2

Recommendations:

Consider emitting an event when calling related functions on the list above.

Listing 20: Events 1 event addAdmin(address account) 2 event removeAdmin(address account) 3 event addMigrator(address tokenAddress, address migratorAddress)

Listing 21: Example Emit (Lines 4)

<pre>function addAdmin(address account) external onlyAdmin {</pre>
<pre>require(account != address(0), "</pre>
PangolinBridgeMigrationRouter: Address 0 not allowed");
adminRole.add(account);
emit addAdmin(address account)
}

3.9 (HAL-09) MISSING RE-ENTRANCY PROTECTION - INFORMATIONAL

Description:

To protect against cross-function reentrancy attacks, it may be necessary to use a mutex. By using this lock, an attacker can no longer exploit the withdraw function with a recursive call. OpenZeppelin has it's own mutex implementation called **ReentrancyGuard** which provides a modifier to any function called **nonReentrant** that guards the function with a mutex against Reentrancy attacks.

Code Location:

```
Listing 22: PangolinBridgeMigrationRouter.sol (Lines 108)

101 function _addLiquidity(

102 address pairToken,

103 address token0,

104 address token1,

105 uint amountIn0,

106 uint amountIn1,

107 address to

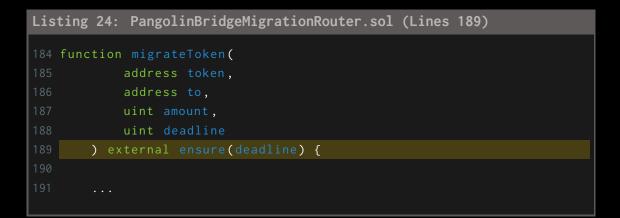
108 ) private returns (uint amount0, uint amount1, uint

109

110 ...
```

```
Listing 23: PangolinBridgeMigrationRouter.sol (Lines 134)

131 function _rescueLiquidity(
132 address liquidityPair,
133 uint amount
134 ) internal returns (uint amountTokenA, uint amountTokenB) {
```



Listing 25: PangolinBridgeMigrationRouter.sol (Lines 264)

```
259 function _migrateLiquidity(
260 address liquidityPairFrom,
261 address liquidityPairTo,
262 address to,
263 uint amount
264 ) internal {
```

Risk Level:

Likelihood - 1 Impact - 1

Recommendations:

In PangolinBridgeMigrationRouter.sol contract, functions like migrateToken(), migrateLiquidity() and _rescueLiquidity() are missing nonReentrant guard. Use the nonReentrant modifier to avoid introducing future vulnerabilities.

3.10 (HAL-10) IMPROPER CHECK EFFECT INTERACTION PATTERN USAGE -INFORMATIONAL

Description:

In the Smart Contracts, The check effect interaction pattern is used to reduce the attack surface for malicious contracts trying to hijack control flow after an external call. In the PangolinBridgeMigrationRouter.sol, amount0 and amount1 is updated after an external call.

Code Location:

List	ing 26: PangolinBridgeMigrationRouter.sol (Lines 118,119)
101	function _addLiquidity(
102	address pairToken,
103	address token0,
104	address token1,
105	uint amountIn0,
106	uint amountIn1,
107	address to
108) private returns (uint amount0, uint amount1, uint
	liquidityAmount) {
109	<pre>(uint112 reserve0, uint112 reserve1,) = IPangolinPair(</pre>
	<pre>pairToken).getReserves();</pre>
110	uint quote0 = amountIn0;
111	<pre>uint quote1 = PangolinLibrary.quote(amountIn0, reserve0,</pre>
	reserve1);
112	if (quote1 > amountIn1) {
113	quote1 = amountIn1;
114	<pre>quote0 = PangolinLibrary.quote(amountIn1, reserve1,</pre>
	reserve0);
115	}
116	TransferHelper.safeTransfer(token0, pairToken, quote0);
117	TransferHelper.safeTransfer(token1, pairToken, quote1);
118	
119	
120	liquidityAmount = IPangolinPair(pairToken).mint(to);

21

Risk Level:

Likelihood - 1 Impact - 1

Recommendations:

In the _addLiquidity function, amount0 and amount1 should be updated before an external call.

3.11 (HAL-11) USE OF APPROVE FUNCTION - INFORMATIONAL

Description:

Due the implementation of the approve() function in to PangolinBridgeMigrationRouter.sol, it's possible user for а to over spend their allowance in the certain conditions. Furthermore, burnFrom on Burnable ERC20 tokens is using the same internal allowance data type which allows both, burning and minting.

Code Location:

Listing	27: PangolinBridgeMigrationRouter.sol
37	function _allowToken(address tokenAddress, address
	spenderAddress) internal {
38	<pre>IPangolinERC20(tokenAddress).approve(spenderAddress, type(uint).max);</pre>
39	}

Risk Level:

Likelihood - 1 Impact - 1

Recommendations:

Consider to use that instead of having a direct setter for allowances, decreaseAllowance and increaseAllowance functions should be exposed which decreases and increases allowances for a recipient respectively.

3.12 (HAL-12) USE OF BLOCK.TIMESTAMP - INFORMATIONAL

Description:

The **PangolinBridgeMigrationRouter** contract is using block.timestamp. The global variable **block.timestamp** does not necessarily hold the current time, and may not be accurate. Miners can influence the value of **block**.**timestamp** to perform Maximal Extractable Value (MEV) attacks. There is no guarantee that the value is correct, only that it is higher than the previous block's timestamp.

Code Location:

```
Listing 28: PangolinBridgeMigrationRouter.sol (Lines 22)

21 modifier ensure(uint deadline) {

22 require(deadline >= block.timestamp, '

PangolinBridgeMigrationRouter: EXPIRED');

23 _;

24 }
```

Recommendations:

Use block.number instead of block.timestamp or now to reduce the risk of MEV attacks. Check if the timescale of the project occurs across years, days and months rather than seconds.

3.13 (HAL-13) FLOATING PRAGMA -INFORMATIONAL

Description:

The PangolinBridgeMigrationRouter.sol contract uses the floating pragma ^0.7.6 and the BridgeToken.sol contract uses ^0.7.0 floating pragma as version. These contracts should be deployed with the same compiler version and flags that they have been tested with thoroughly. Locking the **pragma** helps to ensure that contracts do not accidentally get deployed using another pragma, for example, either an outdated pragma version that might introduce bugs that affect the contract system negatively or a recently released pragma version which has not been extensively tested.

Reference: ConsenSys Diligence - Lock pragmas

Code Location:

Listing 29: PangolinBridgeMigrationRouter.sol (Lines 1)

1 pragma solidity ^0.7.6;
2
3 import "../pangolin-core/interfaces/IPangolinERC20.sol";
4 import "../pangolin-lib/libraries/TransferHelper.sol";
5
6 ...

```
Listing 30: BridgeToken.sol (Lines 2)
1 // SPDX-License-Identifier: MIT
2 pragma solidity ^0.7.0;
3
4 import "./library/openzeppelin/ERC20Burnable.sol";
5 import "../libraries/Roles.sol";
6
7 ...
```

Risk Level:

Likelihood - 1 Impact - 1

Recommendations:

Lock the pragma version whenever possible and avoid using a floating pragma in the final deployment. The pragma can be locked in the code by removing the caret (^) and by specifying the exact version in the Truffle configuration file truffle-config.js or hardhat.config.js if using the HardHat framework.

3.14 (HAL-14) IMPROPER IMPLEMENTATION OF CONTRACT ADMIN -INFORMATIONAL

Description:

Roles are used on the developed contracts to provide ease of use or to separate the tasks on the contract from each other. It is very important that these roles should be sharply separated from each other during the deployment phase of the contract and assigned to the right accounts.

In some cases, unexpected conditions may occur as a result of incorrect programming of these roles. During the tests, it was seen that the admin role on the PangolinBridgeMigrationRouter.sol contract was given to the person who directly deployed it on the constructor. This situation does not provide flexibility in defining who the admin user is.

Code Location:

```
Listing 31: PangolinBridgeMigrationRouter.sol (Lines 17)

16 constructor() public {
17     adminRole.add(msg.sender);
18     }
19
```

Risk Level:

Likelihood - 1 Impact - 1

Recommendations:

According to OpenZeppelin's AccessControl.sol contract, the part seen in the code example below is more reliable for implementing an administrator role:

```
Listing 32: AccessControl.sol
1 constructor (address root) public {
2    _setupRole(DEFAULT_ADMIN_ROLE, root);
3 }
```

AUTOMATED TESTING

4.1 STATIC ANALYSIS REPORT

Description:

Halborn used automated testing techniques to enhance coverage of certain areas of the scoped contract. Among the tools used was Slither, a Solidity static analysis framework. After Halborn verified all the contracts in the repository and was able to compile them correctly into their abi and binary formats. This tool can statically verify mathematical relationships between Solidity variables to detect invalid or inconsistent usage of the contracts' APIs across the entire code-base.

Results:



artogeroken.immeraptuitizspilletspill INF0:Detectors: Pragma version^0.7.0 (contracts/pangolin-periphery/libraries/Roles.sol#2) allows old versions De may wersion50.7.6 (contracts/pangolin-periphery/test/BridgeToken.sol#2) allows old versions 7.0 (contracts/pangolin.periphery/test/hridgeToken.solk2) allows old versions 6.040%.B (contracts/pangolin.periphery/test/lbrary/openzepelin/contracts.solk3) is too complex 6.040%.B (contracts/pangolin.periphery/test/lbrary/openzepelin/fBC20.solk3) is too complex 6.040%.B (contracts/pangolin.periphery/test/lbrary/openzepelin/openzepelin/fBC20.solk3) is too complex 6.040%.B (contracts/pangolin.periphery/test/lbrary/openzepelin/fBC20.solk3) is too complex 6.040%.B (contracts/pangolin.periphery/test/lbrary/openzepelin/fSC20.solk3) is too complex 6.040%.B (contracts/pangolin.periphery/test/lbrary/test/lbr ssion "this (contracts/pangolin-periphery/test/library/openzeppelin/Context.sol#21)" inContext (contracts/pangolin-periphery/test/library/openzeppelin/Context.sol#15-24) s://github.con/crytic/sitther/wiki/Detector-Documentation#redundant-statements

4.2 AUTOMATED SECURITY SCAN

re sectore sectores () on(address,uint256) (contracts/pangolin-periphery/test/library/openzeppelin/ERC20Burnable.sol#37-42) crytic/slither/wiki/Detector-Documentation#public-function-that-could-be-declared-external

Description:

Halborn used automated security scanners to assist with detection of well-known security issues, and to identify low-hanging fruit on the targets for this engagement. Among the tools used was MythX, a security analysis service for Ethereum smart contracts. MythX performed a scan on the testers machine and sent the compiled results to the analyzers

to locate any vulnerabilities. Only security-related findings are shown below.

Results:

PangolinBridgeMigrationRouter.sol

Report for pangolin-periphery/PangolinBridgeMigrationRouter.sol https://dashboard.mythx.io/#/console/analyses/c8b7e455-35a1-49c5-90de-2fe1fdd4f9dd

Line	SWC Title	Severity	Short Description			
1	(SWC-103) Floating Pragma	Low	A floating pragma is set.			
9	(SWC-123) Requirement Violation	Low	Requirement violation.			
22	(SWC-116) Timestamp Dependence	Low	A control flow decision is made based on The block.timestamp environment variable.			
75	(SWC-107) Reentrancy	Medium	Write to persistent state following external call			
84	(SWC-107) Reentrancy	Low	A call to a user-supplied address is executed.			
84	(SWC-113) DoS with Failed Call	Low	Multiple calls are executed in the same transaction.			
320	(SWC-123) Requirement Violation	Low	Requirement violation.			

BridgeToken.sol

Report for test/BridgeToken.sol

L	ine	SWC Title	Severity	Short Description		
	2	(SWC-103) Floating Pragma	Low	A floating pragma is set.		
	20	(SWC-108) State Variable Default Visibility	Low	State variable visibility is not set.		
	101	(SWC-115) Authorization through tx.origin	Low	Use of "tx.origin" as a part of authorization control.		
	101	(SWC-115) Authorization through tx.origin	Low	Use of tx.origin as a part of authorization control.		

All relevant findings were founded in the manual code review.



THANK YOU FOR CHOOSING