Tezos

xCu

Direct, fractional access to physical copper, stored in secure facilities

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An honest look at what tokenised physical copper does, and does not, solve.

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01

INTRODUCTION

xCu gives investors direct, fractional access to physical copper held in institutional-grade storage. By combining a trust structure with Tezos-based smart contracts, xCu makes it possible to own, hold, and transfer copper without the financing, warehousing, and minimum lot-size frictions that have kept the physical market largely closed to anyone smaller than an industrial buyer or trading house.

Copper is the metal of electrification: grids, motors, transformers, EVs, renewables, and AI data centres. Yet supply is concentrated and ageing.

This paper explains why copper is the next product on metals.io after xU3O8 and xNi, how the xCu smart contract works, who the partners are, and how xCu compares to the alternatives.

28.7 Mt

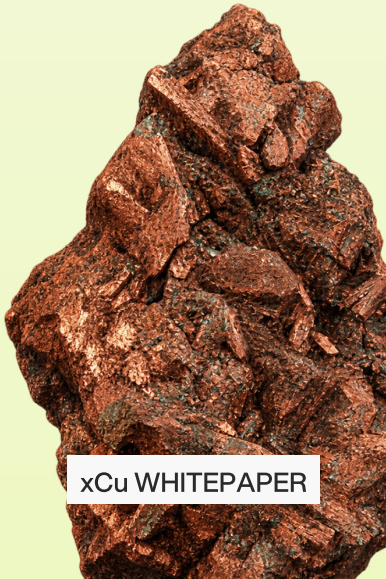
Forecast world refined copper usage, 2026 (ICSG)

~50%

Share of 2025 mined supply from Chile, DRC and Peru (USGS)

~48%

China's share of global refined copper output, 2025



Structural demand, slow supply response

Electrification underpins long-term copper demand: electric vehicles, wind and solar, grid reinforcement, and power-intensive data centres that require new generating capacity and grid resilience.

Supply responds slowly. Ore grades at existing mines are declining, making extraction more energy intensive, and new mines have long lead times, typically 15 years or more. Permitting and litigation, resource nationalism and low capital expenditure add further constraints.

Coface Insights projects a potential shortfall of 1.5–6.5 Mt by 2035. These are long-run scenarios: near-term forecasts, discussed next, are more mixed, and the width of the range shows how uncertain the path is.

1.5–6.5 Mt

Potential copper shortfall by 2035, by scenario (Coface Insights)

17%

Shortfall as a share of global demand, Net Zero Emissions scenario (Coface Insights)

1.4 bn t

New copper needed for net zero by 2050, vs ~700 Mt mined to date (ENERGYminute)

Why copper, and why now

1

Mine supply

Grasberg (about 3% of world mined supply) has been under force majeure since the September 2025 mudslide; normal operations are expected only by end-2027. The 2026 TC/RC benchmark settled at $0/t, and spot charges fell to about -$127/t by end-June 2026. Smelters are paying miners for feed.

2

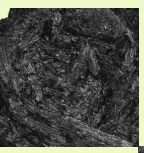
US trade policy

A 50% Section 232 tariff applies to semi-finished copper; refined cathode is exempt for now, with 15% expected from 2027 and 30% in 2028. COMEX stocks rose from ~80,000 t (Feb 2025) to a record ~650,000–700,000 t, fragmenting the market by location.

3

Price and volatility

LME copper hit an intraday record of $14,833/t on 23 Sep 2026; COMEX reached $6.83/lb the day before. The International Copper Study Group's (ICSG) July 2026 outlook swung 2026 from a 150,000 t deficit to a 96,000 t surplus. Forecasters disagree, and small shocks move prices.







02

THE COPPER MARKET TODAY

The physical market and its frictions

Copper has one of the deepest reference markets of any industrial metal. The LME, COMEX and Shanghai all price it in real time, and the LME delivers across ~400 warehouses in 32 locations. Copper is not a closed market.

But warrant-level ownership carries real frictions: a 25-tonne Grade A lot is worth over $360,000, and warrant rent, financing, insurance and delivery procedures make it a market for industrials and large traders. Settlement is not 24/7.

Tariff-driven flows have pulled metal into US warehouses. Where, and under which jurisdiction, your copper sits now matters more, not less.

25 t

Standard LME copper lot (Grade A cathode)

~696,000 t

COMEX copper inventory, September 2026

~69%

COMEX share of ~1 Mt held across major exchanges

Other ways to gain exposure

Method	Price basis	Direct physical ownership	Fractional sub-lot size	Ongoing fees and costs	24/7 settlement
LME / COMEX futures	Futures (rolled before expiry)	No (contract for delivery)	No (25 t LME; 25,000 lb COMEX)	Margin and broker costs only	No
Futures-based ETCs (e.g. WisdomTree Copper)	Futures index (roll cost)	No (tracks futures)	Yes	Yes	No
Copper miner equities / ETFs	Equity, not the copper price	No (equity exposure)	Yes	ETFs only	No
Physical warrants via OTC broker	Physical (LME-referenced)	Yes	No (typically 25 t+)	Storage and financing costs	No
xCu	Physical; LME as indicative benchmark	Yes (beneficial ownership)	Yes (no minimum)	Target 0.85% annual fee, via dilution	Yes

Comparison is illustrative and reflects typical features of each instrument. Fees, lot sizes and settlement terms vary by provider and venue.

What xCu adds

Unlike uranium, copper is already investable in physical form through a listed trust, so xCu does not open up something previously unavailable. What it does is remove specific frictions. For an investor who wants the beneficial ownership of physical copper without the overhead of holding warrants, xCu is intended to be the more efficient route.

No minimum

Own copper below the 25-tonne LME lot size

No warrant overhead

No warrant rent or financing costs for the holder

24/7 settlement

Transfer any time between approved wallets

On-chain collateral

Use in lending markets or pair with other tokenised assets

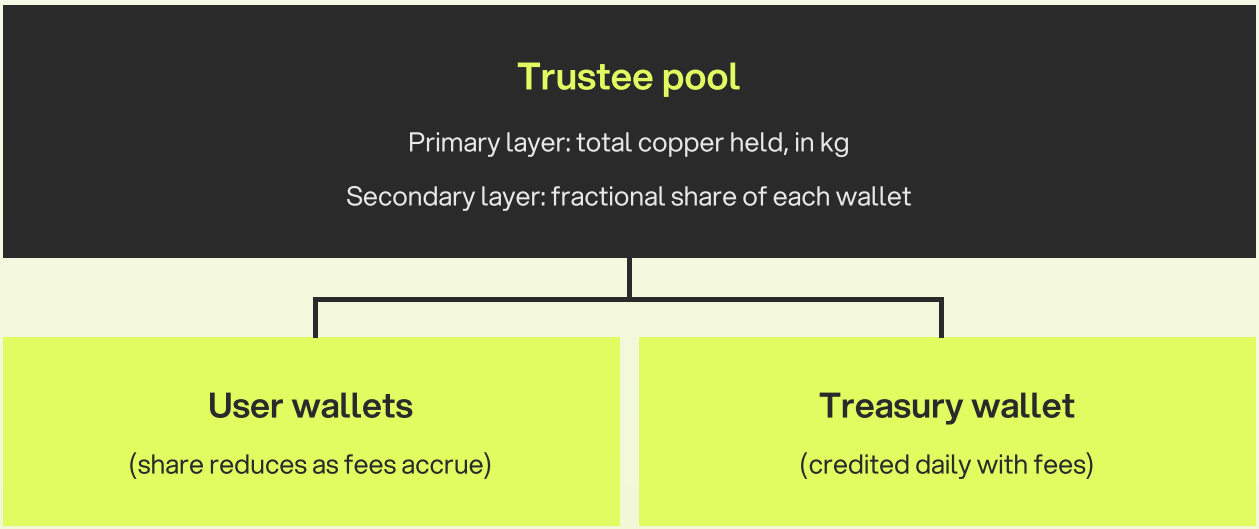
03

SMART CONTRACT DESIGN

How the xCu smart contract works

Holding xCu on a Tezos wallet means holding a fractional beneficial ownership claim on physical copper in an insured warehouse, under the same English trust law framework as xU3O8 and xNi.

At launch the copper is held in a bonded warehouse in Europe, outside the US tariff perimeter. The LME copper price is the indicative benchmark. There is no formal peg; market makers keep xCu broadly aligned, but there is no creation or redemption mechanism forcing a tight peg.



Fees work like equity dilution; the schedule is published and updated monthly.

Trading and transfer

Only approved wallets (approved centralised exchanges, or wallets whitelisted in the dApp) can acquire xCu, and all trading happens at these approved venues. Investors can take physical delivery through a custody account with the bonded warehouse operator in Europe, subject to warehouse minimums (typically one 25-tonne lot). The no-minimum feature applies to xCu, not to physical redemption.

Fees

Annual fees cover storage, insurance, trust administration and platform costs, accrued daily:

Daily treasury credit = (Annual fee rate ÷ 365) × Aggregate user xCu balances

TARGET ANNUAL FEE

0.85%

85 bps, with no management or SPV-level wrapper fees

vs 1.40%

Sprott Physical Copper Trust expense ratio (June 2026)





KEY PARTNERS

xCu depends on a small number of regulated counterparties, each with a specific role, chosen because they are established in the physical metals market and can evidence the underlying holdings.

Archax	FCA-regulated digital securities exchange and custodian: tokenisation, trustee account set-up and RWA administration. UK permissions for arranging deals, custody and operating an MTF.
Trilitech	Lead Tezos ecosystem contributor responsible for the dApp, integrations and the wider technical ecosystem; the primary engineering organisation supporting the Tezos protocol.
OTC suppliers	Physical copper sourced through several established OTC broker relationships, avoiding single-supplier concentration and giving flexibility on brands and warehouse locations.
Distribution partners	Approved centralised exchanges and onboarding partners managing trading access, KYC/AML and investor acquisition for their market segments.

IMPORTANT CONSIDERATIONS

For information only; not an offer or invitation to buy any financial product. xCu may not be available in all jurisdictions and is subject to local regulatory restrictions.

Copper prices are driven by macro conditions, industrial and construction demand (notably China), mining and trade policy including US tariffs, supply disruptions and labour action, substitution by aluminium, and FX. Past performance is not indicative of future results.

The value of xCu can fall as well as rise, and investors may not recover their investment. It may diverge from the LME copper price during stress, low liquidity, regional dislocation or venue disruption.

Forward-looking statements reflect cited third-party sources at publication; they are not issuer forecasts.

Read the full xCu product documentation, including the fee schedule, and consider independent financial and tax advice before investing.

SOURCES

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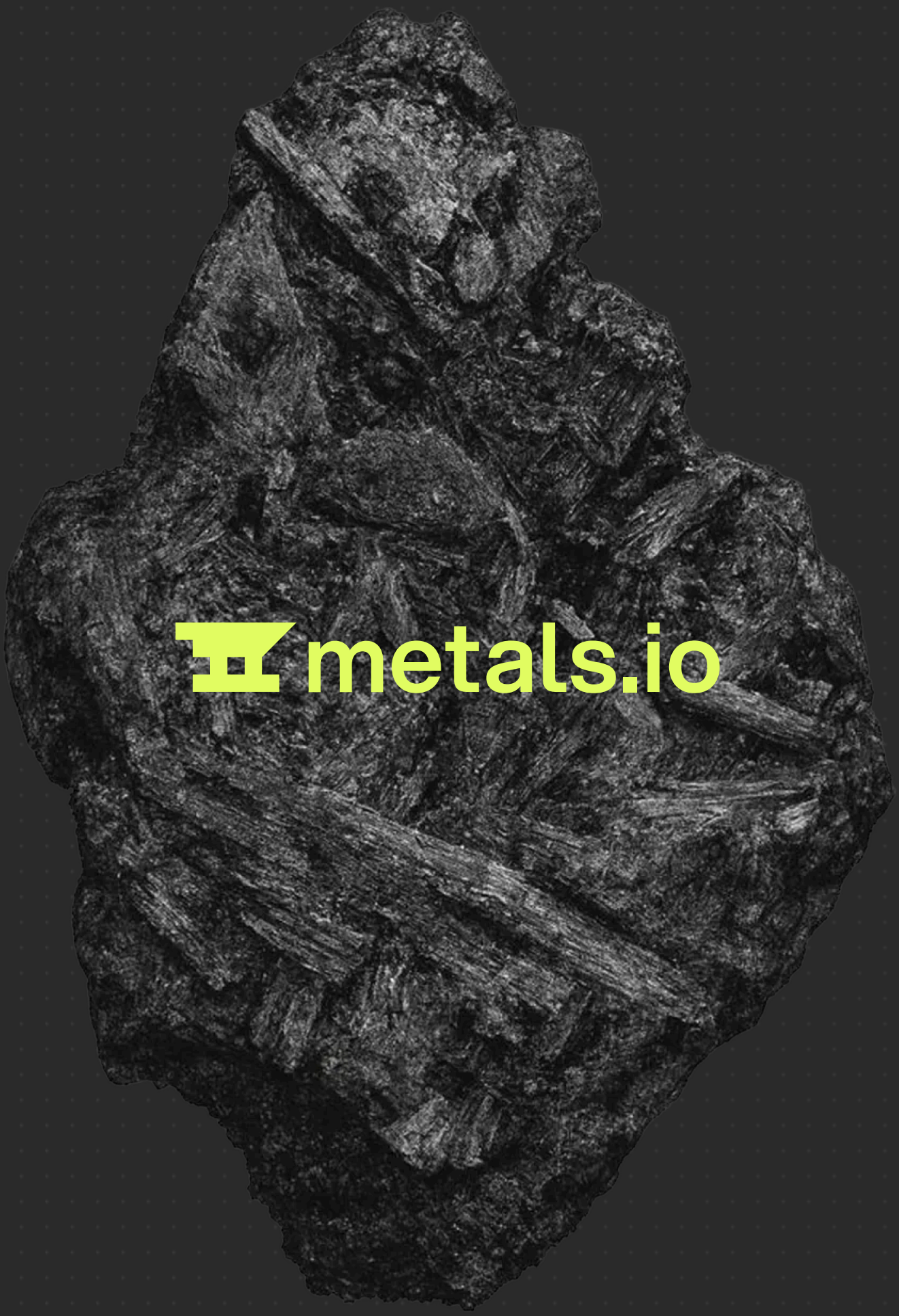
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