



WEALTH FROM SILVER

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## Are silver equities really lagging the silver price?

BY PETER BURES | December 23, 2025

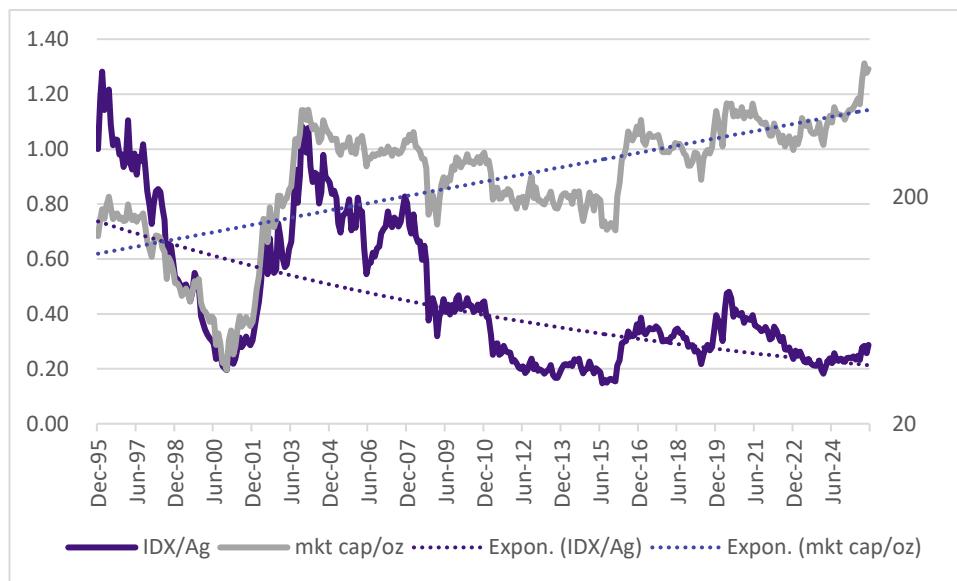
With the recent (and relatively consistent) daily/weekly silver price records, commentary has turned from “how short is xyz bank and how much trouble is Comex in” to “why are silver related equities so cheap on an historic basis”.

Being sceptics ourselves, we immediately had to ask: are they, though?

In this Silver Nugget we explore whether or not the ‘silver stocks are cheap’ thesis is indeed defensible and if so, what could 2026 potentially look like relative to this record-setting year.

Looking back 30 years, we discover that silver is up 11x while silver producers (Pan American Silver Corp., Hecla Mining Company and Coeur Mining, Inc. – the three that were around thirty years ago) were up an unfortunate and quite laggy 3-fold (figure 1, IDX/Ag, left scale) when index weighted equally starting from a baseline of one. Since silver outperformed the indexed and re-based share price by a factor of almost four, stocks must be cheap, right?

**Figure 1: HL, CDE, and PAAS index vs. Silver Price (LHS, rebased to 1) and market capitalization per ounce (i.e. HL, CDE, PAAS market cap / silver px, RHS, log scale)**



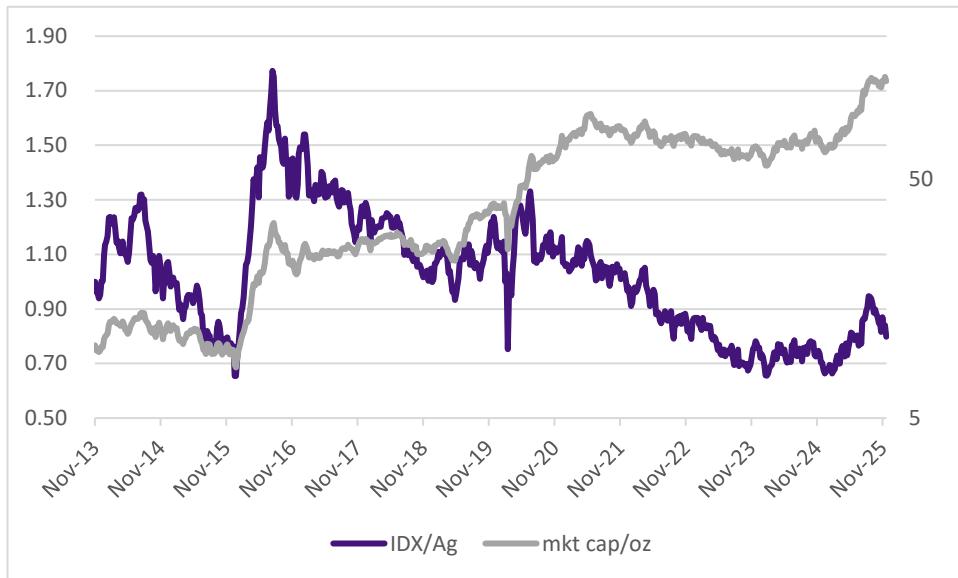
Source: Bloomberg, ISR Inc

Not so fast! The issue with rebasing and indexing share prices only reflects one variable – the price of the share of the company. What is missing is the number of shares the company has issued and outstanding after equity issues over the last 30 years. In each case this is a large number after accounting for dilution.

Adjusting for this second variable by looking at market capitalization would be, in our opinion, a better reflection of the value of the *company* (as opposed to the company’s *equity*) vs. the price of silver. Reflecting the capital structure in the relative valuation shows that the market is (gasp!) a lot better off reflecting the underlying value of the company than a casual observer would think.

With the advent of various index funds that claim to be silver (we’ll argue that less than 50% of revenues are actually derived from silver – more on that later) we can zoom in on a more recent timeframe. SILJ launched shortly after SIL and shares a number of the same companies, so we’re combining the two in this study on an equal weighted basis (i.e. 50% SIL and 50% SILJ). As with the three longest trading equities we picked above (and weighted 33.3/33.3/33.3), we compare the absolute index price and the market cap of the two indices to the price of silver and find that (Figure 2)...

Figure 2: SIL and SILJ vs. Silver (LHS, re-based to 1) and SIL+SILJ market cap per oz (RHS, log scale)



Source: Bloomberg, ISR Inc

... unsurprisingly, the market cap of the indexes (reflective of the whole sector) is at or near all-time highs relative to the silver price whilst the share prices lag behind.

The key variable, again, captured in this study, is the number of shares outstanding increases faster than the silver price, resulting in share prices declining vs. silver while market capitalization is correctly at or near all-time highs.

Can share prices increase further with the silver price? Of course! However, management decisions to issue equity will have a negative/dilutive impact on the price of the shares.

If the market is correctly reflecting market cap per silver ounce (and by extension the share price of silver companies is *not* lagging) what can we expect from 2026?

In the last three decades of our career, we have seen prices of metals (gold, silver, copper) and producers outperform and underperform one another with macro and micro economic flows such as GDP growth driven supply/demand, management missteps in executing on mine expansions and orebodies not 'hanging together'. Ultimately, we have not seen a sustained pullback to below *all-in* cost of production. Here, we are not using the commonly (yet non-IFRS) accepted 'all in sustainable costs' or AISC, but rather simply taking the silver-equivalent production on a trailing basis (i.e. revenue divided by the average primary metal price over a certain period), subtracting cash from operations (prior to working cap adjustments) and dividing by the silver-equivalent production ounces. This cleans up any byproduct or coproduct credits and simply rebases the total costs of operations to the silver-equivalent ounces produced.

Trailing three months, this number (all in cost) is around **\$29.50/oz** on a weighted basis (as per Bloomberg data, using PAAS, CDE, HL, AG, SVM CN, SCZ CN, EDR CN, BCM CN, AYA CN, ASM CN, GSVR CN, IPT CN, SAM CN, and KUYA CN as 'silver' producers). We would not expect any pullback below \$30/oz to last very long – over the last 30 years a pullback below this 'all-in cost' never has. Not surprisingly, royalty companies' all-in cost is \$14/oz, so as a whole, the royalty sector should provide a safe haven in case there is a 50% drawdown in the silver price.

We don't address names on an individual basis, but on a theoretical/practical basis, clearly there would be companies that lag on a market cap vs. silver basis (or vs. gold/copper/etc.) and those that are at all-time highs. Perhaps it is time to rotate some of the winners into the laggards?

Or perhaps that's just wishful thinking as SCRI trades at a discount to its 52-week high while essentially all other royalty companies (Table 1 below) trade at 52-week highs. However, following our thesis above,

almost all royalty companies (just like the indexed producers) are at/near their 52-wk highs, SCRI included. However, on a relative (i.e. vs. the silver price) basis, gaps do start to form with the larger cap companies outperforming the smaller caps – as may be expected with the early stages of capital rotation into a sector.

**Table 1: Royalty Company price performance – latest price vs. 52-wk high and latest market cap vs. 52-wk highs**

ticker	vs. Silver			
	Mkt Cap	Sh Px	Mkt Cap	Sh Px
ALS	90%	90%	61%	61%
ELE	100%	91%	77%	58%
ELEC	91%	82%	42%	35%
EMPR	89%	89%	65%	61%
FISH	96%	96%	66%	66%
FNV	95%	95%	59%	59%
GMX	89%	89%	52%	52%
GROY	100%	94%	84%	64%
MTA	100%	100%	83%	83%
OR	89%	89%	62%	62%
RGLD	100%	100%	76%	59%
<b>SCRI</b>	<b>100%</b>	<b>90%</b>	<b>58%</b>	<b>41%</b>
STRR	97%	97%	50%	50%
TFPM	100%	100%	71%	71%
VMET	100%	100%	76%	76%
VOXR	98%	98%	84%	72%
VROY	99%	99%	75%	75%
WPM	100%	100%	66%	66%

### Conclusions

Despite being nowhere near all-time highs in terms of share price performance, silver producers (HL, CDE, PAAS, and those in the SIL and SILJ indices) are trading at/near their market capitalization highs adjusted for silver prices as a *whole sector*. Equity dilution is responsible for the apparently depressed share prices. Rotation from leaders to laggards may be a strategy in 2026 (i.e. actual stock picking vs. general sector exposure). A pullback in silver (or other commodity prices) doesn't last very long if it reached the 'all-in' production costs (\$30/oz silver). Very difficult to defend the 'mining stocks are cheap' thesis – a rising tide has lifted almost all the boats, time to find out who's swimming w/o a bathing suit.

All the best into 2026!

### FORWARD-LOOKING STATEMENTS

This release contains certain "forward looking statements" and certain "forward-looking information" as defined under applicable Canadian and U.S. securities laws. Forward-looking statements and information can generally be identified by the use of forward-looking terminology such as "may", "will", "should", "expect", "intend", "estimate", "anticipate", "believe", "continue", "plans" or similar terminology. The forward-looking information contained herein is provided for the purpose of assisting readers in understanding management's current expectations and plans relating to the future. Readers are cautioned that such information may not be appropriate for other purposes. Forward-looking statements and information include, but are not limited to, we would not expect any pullback below \$30/oz to last very long – over the last 30 years a pullback below this 'all-in cost' never has; so as a whole, the royalty sector should provide a safe haven in case there is a 50% drawdown in the silver space. Forward-looking statements and information are based on forecasts of future results, estimates of amounts not yet determinable and assumptions that, while believed by management to be reasonable, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual actions, events or results to be materially different from those expressed or implied by such forward-looking information, including but not limited to: the impact of general business and economic conditions; the absence of control over mining operations from which Silver Crown will purchase gold and other metals or from which it will receive royalty payments and risks related to those

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