

The ratio of silver mining

The object of these lines is to explain what is the ratio of silver mining and how to use the graph representing its evolution in the time.

The price for silver mining as well as that of the ounce of silver evolve by big waves, of increase and decline rough. These waves are not always parallel, it is often difficult to know which moment to buy or to sell a silver mine. The purpose of this ratio is to indicate the periods of "up valuation" and of "down valuation" of silver mining with regard to the price for the ounce of silver.

I. The ratio of silver mining.

1. Definition of the ratio:

The ratio of silver mining is the division of the value of silver in reserve by the value of market capitalization. Often it is the opposite which is made that is capitalization in stock exchange divided with the number of ounce of silver, this gives valuation in dollars for one ounce of silver, this datum is certainly more understandable, but it is less practical to compare the various mines among them.

2. Example of calculation of ratio:

For example a ratio of 9, means that the silver mine for nine times the value in stock exchange in money in reserve (if capitalization is 10 million dollars, the value of silver in reserve underground is 90 million dollars).

Here is the example of a mine with 5 million actions, each 2 dollars and 7.5 million ounces of silver is underground.

5 million actions multiplied by 2 dollars (price for actions) = 10 million dollars (capitalization).

7.5 Million ounces of money multiplied by 12 dollars (price for the ounce) = 90 million dollars (value of money in reserve).

$90/10 = 9$ (ratio silver)



3. Put has in the daytime of the ratio:

Ratio is put in the daytime every weekend on the Web site dani2989. It is available in the size html and pdf.

II. That they companies.

1. Which mining compose ratio?:

It is the average of the ratio of 48 different mining. A very wide sample group of silver mining was integrated into this list.

-There are small companies which have a market capitalization of some million dollars, but also big mining groups which have a capitalization of several billion dollars.

-These mines have their lode of silver on all the continents and are generally quoted in Canada.

-Some of these silver mining have 100 % of their silver reserves (event however very rare) and the others have only 1 or 2 % of the value of their silver reserves (it is often the case of the big mining groups).

2. Definition of silver's reserve:

- silver in reserve used for the ratio was accepted in the very wide sense, in fact reserves called " historic " or " potential " often very optimistic were considered here. So, we

often obtains very high ratios for these companies because market capitalization very badly values this type of silver mining.

-The reserves of the big mining groups, which represent only a weak part of their capitalization, were integrated. We succeeds generally in ratio very low because market capitalization also values their gold reserves, petroleum, coal, zinc, etc.

3. Investigation or production:

The stadia of production are not taken into account in this ratio, the ratio of a company in production and that of a company of investigation are used in the same way.

This ratio includes a maximum of silver mining with different capitalizations, sizes of diverse deposits, and different geographic distribution.

It is just like the variety of silver mining in the world, very different.



III. Use of this ratio of silver mining.

The graph of the ratio of silver mining exists for one year, but I use this ratio since longer, this allowed me to determine zones of increase and zones of decline of the ratio, but it will be, I hope, improved in time.

1. High ratio: When ratio is above the zone of 10, it is in positive zone for silver mining, above 12 it is a good signal of purchase.

2. Low ratio:

When the ratio of silver mining is next to 6, it is a signal of caution, it is the sign that silver mining are expensive not report to the price for the ounce of money, it is a signal of sale (peak of increase of 2004, ratio came down below 6).

3. Limits:

-Ratio exists since March, 2005, that is not enough time, it will be a more precise tool in several years.

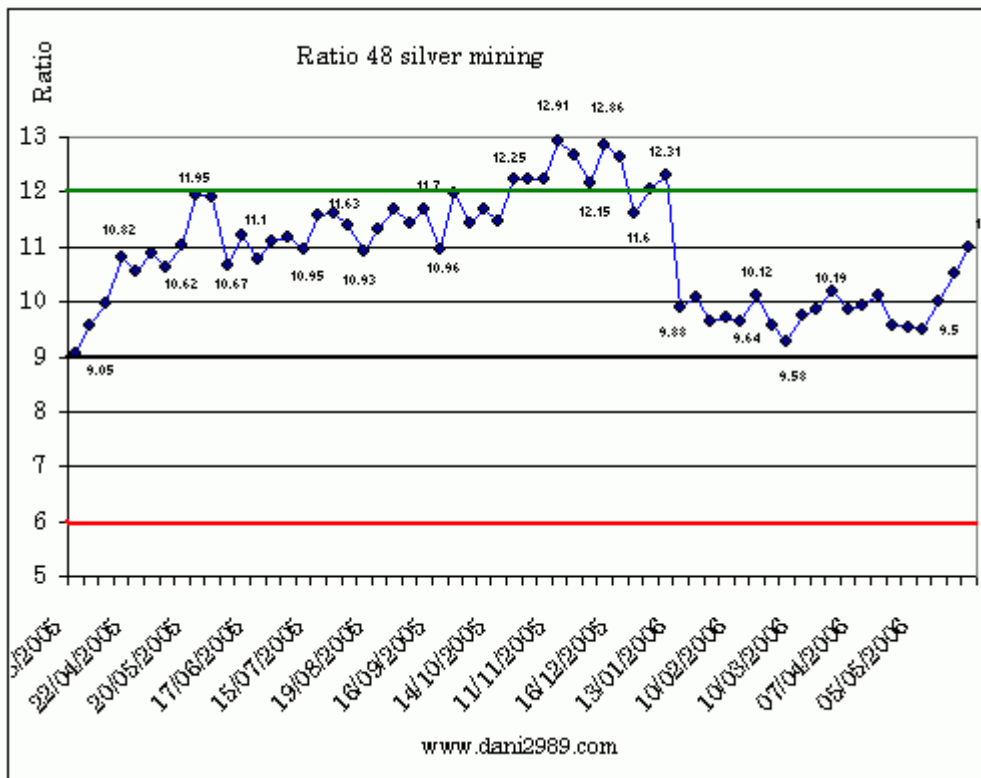
-The high and low limits of 6 and 10 are the result of my observation over a short period, a better analysis at more time will give probably the other thresholds of purchase / sale.

-I do not give the list of silver mining for a quite simple reason, this list is the result of long and large searches, I can not share all these information on my Web site (ratio gold, ratio Zinc, ratio of mining in production, ratio of the mining of Mexico, mining of Canada, producers of silver of Russia. ...).

-I am not yet really sur of the utility of a graph of the evolution of the average ratio of these 48 silver mining, time will say it.

-Since May 5th, several companies were exclude because their silver's reserve set problems.

To summarize it is not in tool completed to observe silver mining, it contains numerous limits, but allows to observe the evolution of silver mining. It is enough just not to ask it to be very precise.



For one year, the average ratio of silver's mining is of 10.91, that is that the value of silver in reserve in underground of a silver mining is on average 11 times as important as market capitalization. This is an average because silver's mining in production have a much weaker ratio, and silver's mining with badly defined reserves have a much more important ratio.

Purpose is not to give a "useful" ratio to estimate an mine (it would be necessary to compare mining with the same stage of production, with a metallogeny and with similar political risks). Objective is to indicate the zones of "up-sale" and of "down-purchase" of silver's mining on the basis of the report between the value of their money reserve and their capitalization.

Purpose is to indicate the periods of up and down valuation of silver mining with regard to their reserve.

Dr CHAIZE Thomas

Dani2989@voila.fr

The ratio of silver's mining is available to this address:

<http://www.dani2989.com/ratiosilver/ratiosilvermining.htm>

Dani
2989
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