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Digbee is on the cusp of launching a groundbreaking accredited independent peer review system for complex mining projects

Jamie Strauss, the founder of Digbee, frames the process of making investment decisions in the mining sector in a remarkably simple way.

"People just want to know if the science has been done properly," he says.

"Or alternatively, are you trying to con me?"

It's a conundrum that has vexed mining company investment decision-makers for years, but one which is about to be solved by new products that are being launched by Digbee, Strauss's new company that aims, according to the strapline on its website [www.thedigbee.com], to bring "transparency and clarity to the mining sector."

Digbee is unique because it provides on-demand, cost-effective and easy-to-digest technical mining analysis using an expert network of accredited mining professionals that helps improve critical decisions and mitigate risk

More precisely, says Strauss, "Digbee offers accredited peer reviews of complex mining projects, with a specific focus on geology, metallurgy, mine engineering and project infrastructure."

As Strauss tells it, the demand for this sort of product can only grow. Fifteen years ago when the mining investment scene was primarily dominated by major funds like Blackrock and JP Morgan, individual fund managers could still allow themselves considerable leeway and discretion when it came to stock picking.

But enter the private equity groups, increasingly important to mining finance following the global financial crisis, and the dynamic has changed. According to Strauss private equity, alongside streaming and royalty now accounts for 70% of all equity finance. Private equity has always been much more focused on due diligence than the big investment funds ever were, and they are beginning to be able to point to that focus as one key factor in performance.

The funds have been scrambling to catch up, and Digbee is one way in which they can start to level the playing field.

Digbee has already signed up one of the world's leading global asset managers and is going through an internal approval process with another. Which means that now when individual fund managers are contemplating an investment decision, they can call on bespoke research from Digbee either to justify their investment or to warn them off, as appropriate.

At launch, on 27th November, Digbee will showcase several examples of individual research on projects, meeting an initial demand identified following an extensive anonymous poll with institutions in October. Among the highlights of the immediate offering will be research on Solgold's famous Alpala project in Ecuador, Orezone's Bombore project, Bluestone's Cerro Blanco project, and Continental's Baratica project.

Share Information

Code: DIG
Listing: Unlisted
Sector: General mining & base metals
Website: thedigbee.com

Company Synopsis:

Digbee is the new data and research platform for the mining industry. We match appropriate experts with mining feasibility studies to create objective, original and concise reports for you. In May 2019 we launched a freely available database of over 3,000 economic studies, displayed on an attractive map, with over 60 data points for each project. In Q4 2019, Digbee will go live with its Digbee Research Reports.

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In the case of Alpala and Cerro Blanco research will be available both on geology and metallurgy, and although there's nothing immediately available on infrastructure-related issues, don't imagine it won't be long before some interested party or other commissions come.

What makes these reports so attractive in the face of the demand that is clearly there? There are a couple of factors. The first is price. The research reports are not priced at all highly, and depending on precisely which service you go for, are likely to cost in the thousands rather than the tens of thousands. The reports will average at around US\$3,000 each, with the cheapest priced at just US\$1,680 and the most expensive ringing it at US\$4,680. This value difference depends on the experience level of the author and the complexity of the report, ie whether it's examining a project with a PEA or a full feasibility study.

There are two key products. The principle product, and the one which will be highlighted by Strauss at his presentation at Mines & Money on Wednesday, will be the "Library Reports." These are written by an accredited expert, done at their own time and cost but published in the Digbee format. These are available for multiple client sales, with the author getting 50% of the revenue.

The second product will be the exclusive reports where the commissioner anonymously publishes a request for research and Digbee then sources experts to bid for the work. These reports will remain exclusive for six months, but the commissioner will be encouraged to release the report to the wider investing public, thereby allowing some of the commissioning cost to be recouped.

"Digbee will reduce the time to procure due diligence from weeks or months to minutes, and from tens of thousands of dollars to thousands of dollars," says Strauss.

But though the cost will be lower, the quality will remain high. Strauss has been in the mining industry many a year and knows his way around as well as anybody. He's been able to put together a network of experts that is second to none.

The experts go through a rigorous screening process, and will be ranked to with a unique scoring system to help them build credibility inside the Digbee universe. Given that Digbee could become a mining industry version of Linked-in, a really interesting dynamic could start to develop.

And because the research is either uploaded independently or commissioned by the potential investor, the usual conflict that analysts have - that they are in the business of marketing for a corporate broking arm - no longer applies. Impartiality and absolute objectivity are not only desirable in the context of Digbee research, but absolutely integral to it.

Finally, there's the anonymity offered to the investor. Who it is that procures independent research on any given asset will remain between Digbee and the purchaser, so no existing relationships will be compromised. Allied to this point is the fact that Digbee reports will be governed by a strong principle of independence: each report will have a compliance procedure signed off by the expert, confirming that there are no conflicts and also outlining any necessary disclosures.

But the due diligence will have been done, all the compliance will be in the right place, an independent third party will have analysed all data impartially, and an investment decision can then be made with confidence.

Somehow, it seems as if the mining industry has been crying out for this for years.

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