



HJ Ustler

B.Sc | Senior Consultant | Mining Practice Leader - Americas

Forensic Accounting Expert in the Mining Industry

Interest in the Industry

HJ Ustler's interest in the mining industry began when he first moved to Canada and started working in MDD's Toronto office, more than 15 years ago.

Mentored by Brad Ebel, he was taught how to recognise the key components of a claim, understand the issues that drive the claim, identify non-loss related impacts and communicate these findings effectively with clients.

HJ enjoys working on large complex mining losses and the various issues and complexities inherent in this type of work.

He provides economic damage quantification assessments for losses involving:

Mining Expertise

- > Copper
- > Gold
- > Silver
- > Nickel
- > Potash
- > Bitumen
- > Cobalt

- > **Underground collapses**
- > **Shaft, hoist, skip & pitwall failures**
- > **Conveyor collapses**
- > **Ball/SAG mill failures**
- > **Smelter fires and molten metal breakouts**
- > **Explosions**
- > **Transformer & generator failures**
- > **Malfunctions resulting from wind, flood & lightning**
- > **Conveyor belt failures**
- > **Loss of excavators**
- > **Tailings dam failure**



Memorable Assignments

Earthquake at Gold Mine Impacts Power Supply

An earthquake at a gold mine site impacted the power supply to the mine and mill. As a result, mining and milling operations were significantly impacted. The Insured brought on temporary power generators to continue operations until full power was restored. The Insured also had to modify their mining plan to open pit mining to obtain higher grade ore.

Issues encountered:

- Indemnity period (claimed period overstated the loss)
 - Review of budgets and forecasts to determine any variances to actual milling results so that the forecast could be adjusted
 - Detailed review of variable costs
 - Adjustment of the loss to exclude the high grading. The policy called for the actual results and gold production be adjusted to assume the normal average ore grade that was processed during the loss period, as opposed to the higher-grade ore actually processed
 - Consideration of additional recoveries of gold and other precious metals
 - Detailed review of fixed costs to determine any savings
 - Consideration of any increase in costs as a result of temporary power generators
- Other issues that were not loss related during the indemnity period. It was necessary to calculate the loss on a daily basis so that the days related to other non-loss related issues could be excluded

Illegal Miners Cause Damage to Mining Equipment

Illegal miners at a mining site caused physical damage to the Insured's equipment and the suspension of mining operations. The mill was not impacted so the loss was only to be considered on the actual ore that was processed and any variances between forecasted and actual recovery rates and grades. It was necessary to calculate the loss on a daily basis due to other non-loss related impacts that were required to be excluded from the loss.

Assignment involved a:

- Detailed review of milling recovery rates
- Detailed review of gold grade and recovery rates
- Detailed review of fixed costs
- Detailed review of variable costs to ensure correct costs were considered
- Consideration of incremental production when operations restarted, for make-up or loss mitigation

Furnace Loss at a Copper Mine

This assignment involved a leak out at a flash furnace. The furnace was damaged and had to be rebuilt.

Issues encountered:

- Issues related to the inputs considered (dry smelter charge)
- Adjustment of the selling prices for pricing delays
- Consideration of an increase in inventory which was not considered in the claim
- Detailed review of costs to determine savings in fixed costs / reduction in insured standing charges
- As the insured moved a major maintenance period into the loss period, were required to calculate the loss on a weekly basis so that the adjuster could make a determination on an appropriate cutoff for the movement of the maintenance period
- Movement of a large, planned maintenance period into the loss period which impacted the determination of lost ounces.



Key Learnings

Over the years, HJ has developed a deep understanding of the key issues that drive mining claims, non-loss related impacts, hi-grading issues, make up in post loss periods and the effects of market demands.

Clients have come to rely on HJ's expertise in Canada, the United States, Africa, Australia, and Papua New Guinea.

HJ is a member of MDD's global mining team. He also writes mining related educational material and conducts seminars in the field.

To learn more about HJ's expertise, please contact him at hjustler@mdd.com

Testimonials

"Having worked with HJ Ustler on a number of mining losses, I value his accounting expertise, knowledge of the mining industry and his consistent detailed analysis of the direct financial impact suffered as a consequence of the loss event."

- Bob Krywiak, International Executive General Adjuster, McLarens Canada

About MDD Forensic Accountants

Tracing our roots back to 1933, MDD is a leading international forensic accounting firm. Every day, global professionals like HJ Ustler provide objective economic damage quantification assessments for thousands of clients around the world.

When needed, our highly trained and experienced specialists deliver both expert witness testimony and expert reports and have qualified as experts in courts around the world.

With more than 40 offices in Australia, Brazil, Canada, Dubai, Hong Kong, Japan, Korea, New Zealand, Singapore, Thailand, the United Kingdom and the United States, the firm is proud of its exceptional dedication, singularly qualified experts and demonstrated results in the highly specialized area of accounting.