

## **Compliance audit program**

ML 1356 (1992) – Escott Zeolite Mine

**Zeolite Australia Pty Limited**

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# 1. Introduction

## 1.1. Background

Mining Lease 1356 (1992) (ML1356) was granted to Zeolite Australia Limited on 2 August 1994. The lease is about 15 kilometres north-north-west of Quirindi in eastern NSW and contains the Escott Zeolite Mine.

As part of the compliance audit program, an audit of the mining operations associated with the Escott Zeolite Mine was undertaken on 12 November 2025 by the Resources Regulator within the Department of Primary Industries and Regional Development.

## 1.2. Audit objectives

The objectives of the audit were to:

- undertake a compliance audit of the Escott Zeolite Mine operations against the requirements of the *Mining Act 1992*, the mining lease conditions, and the prescribed standard conditions outlined in Schedule 8A Part 2 of the Mining Regulation 2016
- assess the operational performance of the mining operations and the ability of the licence holder and/or its operator to implement management systems and controls to provide for sustainable management of the operations.

## 1.3. Audit scope

The scope of the audit included:

- A review of documents and records pertaining to mining operations associated with the Escott Zeolite Mine, as required by the standard conditions on mining leases and obligations under the *Mining Act 1992*.
- The assessment of compliance for the period commencing 12 November 2023 and ending 12 November 2025.

## 1.4. Audit criteria

The audit criteria against which compliance was assessed included:

- *Mining Act 1992*
- Mining Regulation 2016
- Conditions attached to ML1356 (granted 2 August 1994, as amended 29 August 2022)
- Standard conditions for mining leases outlined in Schedule 8A Part 2 of the Mining Regulation 2016
- Form and way: Rehabilitation management plan (large mines)
- Form and way: Annual rehabilitation report and forward program (large mines)

- Form and way: Rehabilitation objectives and rehabilitation completion criteria and final landform and rehabilitation plan for large mines
- Exploration reporting: A guide for reporting on exploration and prospecting in New South Wales (Version 3, October 2021 and Version 4, January 2022)

## 1.5. Publishing and disclosure of information

This audit report was published on the Regulator's website consistent with:

- Section 365 of the *Mining Act 1992*
- Resources Regulator's [Compliance Publication policy](#)
- *Government Information (Public Access) Act 2009*.

## 2. Audit methods

The audit process involved interviewing site personnel, reviewing documentation and samples of records provided by the licence holder and/or operator to determine the level of compliance of the operations and assess the status of the operational performance. The audit process and methodology are described in more detail in the sections below.

### 2.1. Opening meeting

An opening meeting was held onsite on 12 November 2025. The audit team was introduced, and the scope of their responsibilities was conveyed to the auditees. The objectives and scope of the audit were outlined. The methods to be used by the team to conduct the audit were explained, including interviewing personnel, reviewing documentation, examining records and a site inspection to assess specific compliance requirements.

### 2.2. Site interviews and inspections

#### 2.2.1. Data collection and verification

Where possible, documents and data provided during the audit process were reviewed electronically on the day. Several documents were unable to be reviewed on the day and were provided following the remote audit.

All information obtained during the audit process was verified by the audit team where possible. For example, statements made by site personnel were verified by viewing documentation and records, including site photographs, where possible. Where suitable verification could not be provided, this has been identified in the audit findings as not determined.

#### 2.2.2. Site inspections

A site inspection was undertaken of the zeolites mining operations on ML1356. Pit operations were not in progress on the day of the audit. Blasting operations were last undertaken in 2024.

### 2.3. Closing meeting

A closing meeting was held on site on 12 November 2025. The objectives of this meeting were to discuss any outstanding matters, present preliminary findings and outline the process for finalising the audit report.

### 2.4. Compliance assessment definitions

The reporting of results from the compliance audit was determined based on the definitions presented below in Table 1.

Table 1: Compliance assessment definitions

Assessment	Criteria
<b>Compliance</b>	Sufficient and appropriate evidence is available to demonstrate the particular requirement has been complied with.
<b>Non-compliance</b>	<p>Clear evidence has been collected to demonstrate the particular requirement has not been complied with. There are three subcategories of non-compliance reflecting the severity and level of risk associated with the non-compliance:</p> <p>NC1 – the absence of planning or implementation of a required operational element which has the potential to result in a significant risk.</p> <p>NC2 – an isolated lapse or absence of control in the implementation of an operational element which is unlikely to result in a significant risk.</p> <p>NC3 – an administrative or reporting non-compliance which does not have a direct environmental or safety significance.</p> <p>Note: The identification of a non-compliance in this audit may or may not constitute a breach of, or offence under, the <i>Mining Act 1992</i>. Non-compliances identified in this audit report may be further investigated by the Regulator and regulatory actions may be undertaken.</p>
<b>Observation of concern</b>	<p>Where an auditee may be compliant at the time of the audit but there are issues that exist that could result in the potential for future non-compliance if not addressed.</p> <p>Observation of concern was also used where an issue may not have particular compliance requirements, but which was not conducive to good management or best practice.</p>
<b>Suggestion for improvement</b>	Where changes in processes or activities inspected or evaluated at the time of the audit could deliver improvement in relation to risk minimisation, sustainable outcomes and management practices.
<b>Not determined</b>	<p>The necessary evidence has not been collected to enable an assessment of compliance to be made within the scope of the audit.</p> <p>Reasons why the audit team could not collect the required information include:</p> <p>insufficient information on the file relating to the period covered by the audit or insufficient evidence collected to reach a conclusion</p> <p>the wording on the criteria (approval condition) meant that no evidence could be gathered, or it was too difficult to gather the evidence.</p> <p>A ‘not determined’ assessment was also made where the condition was outside the scope of the audit.</p>
<b>Not applicable</b>	<p>The circumstances of the authorisation or licence holder have changed and are no longer relevant ( e.g. no longer mining, mining equipment and plant has been removed).</p> <p>An invoking element in the criteria was not activated within the scope of the audit.</p>

## 2.5. Reporting

Following completion of the audit, the audit checklists were completed, and audit notes were reviewed to compile a list of outstanding matters to be noted in the audit report. This report was prepared to provide an overview of the operational performance of the site in relation to the mining operations and identify any non-compliances or observations of concern noted by the auditors during the documentation review and interviews.

The draft audit findings were forwarded to the lease holders for comment. Consideration was given to the representations made during the finalisation of the audit report as discussed in the audit findings.

## 3. Audit findings

### 3.1. Mining lease conditions

#### 3.1.1. Notice to landholders

Condition one of ML1356 required the lease holder to give notice to each land holder within the lease area when the lease is granted or renewed.

For the Escott Zeolite Mine, the lease holders of ML1356 were not the landholders. The lease was renewed during the audit period. Notice was given to the landholder, as well as verbal communications with the residents, who were not the landholders.

#### 3.1.2. Security deposit

Condition 2 of ML1356 required the lease holder to provide and maintain a security deposit to secure funding for fulfilling obligations under the mining lease.

The security amount required for ML1356 was \$655,000, which department records confirmed was not held. The security deposit amount was determined 4 November 2025, before the audit, and payment was not due at the time of the audit.

Escott Zeolite Mine had a very small mining operation footprint. Observations made on site during the site inspection confirmed the security required was adequate for the mining operations in progress.

#### 3.1.3. Co-operation agreement

Condition 3 of ML1356 required the lease holder to make reasonable attempts to enter into a co-operation agreement with the holders of any overlapping titles.

A search of the MinView database and department records confirmed there were no overlapping titles for ML1356. A co-operation agreement was not required.

#### 3.1.4. Assessable prospecting operations

Condition 4 of ML1356 required the leaseholder to have development consent or the prior written approval of the Minister before carrying out any assessable prospecting operations on the lease area.

The lease holders had not carried out any assessable prospecting operations over the past 2 years. The requirements under condition 4 were not triggered and no applications for assessable prospecting operations were required. The resource was well defined, and further exploration was not required.

### 3.2. Schedule 8A requirements

The Schedule 8A requirements commenced on 2 July 2021. Clause 31A (2) of the Mining Regulation 2016 included transitional arrangements for any mining lease that was in force on the commencement day of the Schedule 8A provisions. For a large mine, the new provisions did not

apply until 12 months after the commencement day. For a small mine, the new provisions did not apply until 24 months after the commencement day of the Schedule 8A requirements.

ML1356 was granted in August 1994. It was a mining lease in force on the commencement day. Escott Zeolite Mine was categorised as a large mine so the requirements of Schedule 8A applied to the mining lease from July 2022. The lease conditions were amended on 29 August 2022 and took effect on 17 October 2022.

### 3.2.1. Multiple mining leases

Clause 3 of Schedule 8A allowed a leaseholder to make application to have multiple mining leases relating to the same mine treated as a single lease for the purposes of Part 2 of Schedule 8A. Escott Zeolite Mine on ML1356 was a single lease for the purposes of Part 2 of Schedule 8A.

### 3.2.2. Environmental management

Clause 4 required a lease holder to prevent, or if that is not reasonably practicable, minimise any harm to the environment arising from activities carried out under the mining leases.

The mining operations of the Escott Zeolite Mine were carried out within the boundaries of ML1356. No environmental harm was observed at the sites inspected. The open pit was small scale, as seen in Figure 1, with water collection at one end of the pit. The water collection area shown in Figure 2 had been tested with results showing the water was clean, and safe for fauna to drink. The processing of material was carried out within an ancillary mining activity area off lease. Generally, the site was tidy with minimal potential for environmental harm.

Figure 1: Zeolite mining pit



Figure 2: Water collection at pit end



### 3.2.3. Rehabilitation

Clause 5 required rehabilitation to occur as soon as reasonably practicable after disturbance. Escott Zeolite Mine was a large mine with a small footprint. Rehabilitation was not begun because works were ongoing in the small open cut pit. Topsoil was stockpiled near the opening to the pit ready to be used for rehabilitation of the site as seen in Figure 3. Other material was stockpiled behind the pit in the overburden emplacement area. It was noted, as evidenced in Figure 4, the slope of the overburden emplacement area was stable.

Figure 3: Topsoils stockpiled near entrance to the open pit



Figure 4: Overburden emplacement area wall



### 3.2.4. Final land use

Clause 6 required the lease holder to ensure rehabilitation of the mining area achieved the final land use.

Mine pit operations were not completed but were paused. Processing operations were ongoing. Achieving final land use was not required but the mine was on track to achieve final land use once operations cease.

No works were undertaken to advance the final land use given the mine was not in closure, and all operation areas were still active.

### 3.2.5. Rehabilitation risk assessment

Clause 7 required the lease holder to conduct a rehabilitation risk assessment that identified, assessed and evaluated the risks that need to be addressed to achieve the rehabilitation objectives and completion criteria for the mine.

The lease holders documented risks to the environment and risks to rehabilitation in its risk assessment document. The risk assessment was updated as per clause 7 upon approval of rehabilitation objective documents and the final land use and rehabilitation plan documents. The risk assessment was generally appropriate for the operations. Management strategies and controls were documented for the identified risks. A process was in place to monitor implementation and reassess as needed.

### 3.2.6. Rehabilitation documents

Under clause 8 of Schedule 8A, Division 3 (clauses 9 to 16) applied to ML1356 because the security deposit required under the mining lease is more than the minimum deposit prescribed by the Act.

Escott Zeolite Mine was a large mine. A rehabilitation management plan (RMP) for large mines under clause 10 was required. The RMP was updated in October 2025 and reviewed on day of audit. The RMP covered all requirements. An amendment of the RMP was triggered by the approval of the rehabilitation outcome documents. Amendment was completed within 30 days as required under clause 11.

Clause 12 required the lease holder to prepare and submit rehabilitation outcome documents, including a rehabilitation objectives statement and a rehabilitation completion criteria statement. The rehabilitation objectives statement was submitted by Escott Zeolite and approved by the Regulator in 2025. The statement was prepared using the Regulator's templates for large mines. The documents complied with the form and way requirements specified by clause 9. Escott Zeolite Mine was directed to submit a rehabilitation outcome amendment. As per clause 14, this was completed and approved by the Regulator in October 2025.

As per clause 15(3) the rehabilitation completion criteria statement was not yet required.

Clause 13 required the lease holder to prepare a forward program and annual rehabilitation report which included:

- a schedule of mining activities for the next 3 years
- a summary of the progress of rehabilitation for the next 3 years.

Forward programs were prepared by Escott Zeolite and submitted to the Regulator in September 2024 and September 2025 in the form and way specified. Annual rehabilitation reports were prepared and submitted to the Regulator in September 2024 and September 2025 in the form and way specified.

Clause 16 required certain documents to be publicly available. This included the rehabilitation outcome documents, the forward program and the annual rehabilitation report. Documents could be published on the mine's website, or if the mine did not have a website, the documents must be provided upon request.

Escott Zeolite Mine does have a website to publish the documents required. The forward programs, annual rehabilitation reports, and rehabilitation management plan were available on the website. The rehabilitation management plan included the rehabilitation outcome documents.

### 3.2.7. Records management

Sections 163D and 163E of the *Mining Act 1992* related to creating and maintaining records required under the Act, the Regulations, or a condition of title. Records must be kept in a legible form for production to any inspector and must be maintained for a period of four years after the expiry or cancellation of the title. Clause 17 required the lease holder to create and maintain records to demonstrate compliance with the requirements of Schedule 8A, Part 2.

Generally, the lease holders were maintaining records to demonstrate compliance with relevant requirements. Records reviewed during the audit included those greater than 4 years old. Records were maintained across both electronic and paper versions. Records reviewed during the audit included:

- documentation of website uploads
- project folder
- risk assessment
- rehabilitation management plan
- rehabilitation plan
- rents and levies records.

### 3.2.8. Reporting on non-compliance

Clause 18 required the lease holder to provide the Minister with a written report detailing any non-compliance with any conditions of the mining lease, or a requirement of the Act or Regulation, relating to the mining activities.

The lease holders notified the Regulator of non-compliances associated with the mining operations within the audit period. Two non-compliances were reported. The first non-compliance was reported in May 2025 with the Regulator sustaining 4 of the 5 allegations with an official caution issued. The second non-compliance was reported in August 2025 with the Regulator determining the allegations as unsustainable. Escott Zeolite corrected the non-compliances and updated internal processes to prevent further non-compliance.

The lease holder was aware of compliance obligations and had processes in place to ensure self-identified non-compliances were reported.

### 3.2.9. Nominated contact person

Clause 19 required the lease holder to nominate a contact person for the mining lease and provide contact details for that person.

A contact person for the mining lease was initially nominated in March 2023 and updated with a new nomination in March 2025. The audit team confirmed the contact details were correct.

## 3.3. Annual exploration reporting

Section 163C of the *Mining Act 1992* and clause 59 of the Mining Regulation 2016 required the preparation and submission of an annual report that provided full particulars of all exploration and other operations or activities conducted during the 12-month period.

Reports for ML1356 were submitted in both 2024 and 2025. The Escott Zeolite Mine manager advised no exploration was undertaken during the audit period on ML1356. This was confirmed in review of submitted annual exploration reports.

## 3.4. Suspension of mining operations

Clause 7A of Schedule 1B of the *Mining Act 1992* required the holder of a lease may suspend mining operations in the mining area only if the operations are suspended in accordance with the written consent of the decision-maker.

Mining operations at Escott Zeolite Mine were not suspended during the audit period. An assessment against clause 7A of Schedule 1B of the *Mining Act 1992* was not completed. It was noted the lease holder is aware of the compliance obligations.

## 4. Compliance management

### 4.1. Identifying compliance obligations

Identifying compliance obligations is a critical step in the development of an effective compliance management system. Compliance obligations for an exploration project can include:

- regulatory requirements (for example, the *Mining Act 1992*)
- conditions imposed on the grant, renewal, or transfer of mining leases
- exploration activity approvals
- specific commitments made by the organisation (for example, commitments made in the approved exploration activity application).

Once identified, compliance obligations should be reviewed periodically to identify any changes in those obligations (for example, changes in legislation).

No non-compliances were identified during the audit. The lease holder used consultants to ensure compliance requirements were identified, understood, and tracked. An informal system was used to communicate any changes, alongside standard communication tools such as toolbox talks, phone, email and face to face conversations.

### 4.2. Contractor management

Contractors are often used to undertake specialist tasks, for example, exploration drilling. While the responsibility for compliance or the implementation of environmental controls is often passed to the contractor, the licence holder will retain accountability for compliance with its licence conditions and other compliance obligations. It is important that the licence holder exercises management control of its contractors by specifying contract requirements, providing oversight of contracted works, and evaluating the performance of the contractor during the contracted works.

The lease holders advised contractors were not used for mining operations. Contractors were used on site for mechanical or electrical repairs. Job sheets and related records were maintained for these jobs. Contractor management was not reviewed during the audit.

### 4.3. Inspections, monitoring and evaluation

An effective inspection, monitoring and evaluation process is required to:

- monitor the implementation of the risk controls
- evaluate the effectiveness of those controls based on an assessment of inspection and monitoring data
- implement an adaptive management approach if monitoring shows that controls may be ineffective.

The leaseholders had systems and processes in place to manage their compliance obligations. The RMP outlined the systems in place. The lease holder used the services of a consultant to ensure non-compliances were tracked and closed out.

## 4.4. Training and competency

Suitably trained, skilled and experienced staff are essential for any organisation. Systems and processes are necessary that allow the identification of training needs to address operational, environmental and safety requirements. Such systems and processes will allow for identification of skills gaps and will enable the development of a training or induction program that identifies the risks associated with poorly trained or inexperienced staff.

The lease holder advised all training records were maintained, examples of which were sighted on the day of the audit. All employees and subcontractors were required to undertake an induction program. It was noted a skills matrix was not used, but communication with the team was conducted to ensure all required skills were covered. As suggestion for improvement one, Escott Zeolite should consider the development of a skill matrix that allows training gaps to be easily identified. The lease holder advised there was no system in place to monitor when retraining was required other than to review current documentation. As suggestion for improvement 2, Escott Zeolite should consider the development of a simple system that allows tracking all employees' certificates and training, and which allows for the inclusion of a reminder.

## 5. Audit conclusions

From the evidence reviewed during the audit and observations made during the site inspection, it was concluded the mining operations undertaken by the lease holders was generally well managed.

Two suggestions for improvement were identified as summarised in Table 2. There were no non-compliances identified, or observations of concerns.

Table 2: Summary of suggestions for improvement

<b>Suggestion for improvement number</b>	<b>Description of issue</b>
1	It was suggested that a skill matrix be set up that will enable training gaps to be identified.
2	It was suggested that consideration of developing a simple system that allows tracking all employees' certificates and training, which allows for the inclusion of a reminder.