



**THIRD QUARTER 2010 MONITORING REPORT
UIC PERMIT AZ396000001 AND APP PERMIT 101704
FLORENCE COPPER PROJECT, FLORENCE, ARIZONA**

Curis Resources (Arizona) Inc.
1575 W. Hunt Highway
Florence, AZ 85132

October 28, 2010



October 28, 2010

Ms. Nancy Rumrill
U.S. Environmental Protection Agency
Region 9, Ground Water Office, WTR-9
75 Hawthorne Street
San Francisco, California 94105-3901

Subject: Third Quarter 2010 Monitoring Report
Underground Injection Control (UIC) Permit Number AZ396000001

Dear Ms. Rumrill:

As you are aware, in February 2010, Curis Resources (Arizona) Inc. (Curis Resources) purchased all of the assets of Florence Copper and the right to apply for the transfer of its permits to Curis Resources, including the Aquifer Protection Permit (APP) and UIC Permit. Although the permit transfer is not complete, Curis Resources is assuming the compliance obligations of those permits and is submitting this report in accordance with the reporting requirements of Parts II.G.2.(a) through (j) of the UIC Permit No. AZ396000001 issued by the United States Environmental Protection Agency (USEPA) on May 1, 1997. The Florence Copper Project is also subject to the requirements of APP No. 101704 issued by the Arizona Department of Environmental Quality (ADEQ) on June 9, 1997, and last amended on July 16, 2004.

This report pertains to monitoring activities conducted at the Florence In-Situ Mine Site from July 1 through September 30, 2010. Copies of records required by Part II.G.1 are maintained at the mine site along with other information that is summarized below.

As you are aware, Florence Copper discontinued hydraulic control on September 1, 2004 in order to conduct groundwater quality tests in accordance with Part II.H.2 of the APP and Part III.2 of the UIC Permit. A report of the results has been provided to ADEQ and USEPA for review. The recovery wells have remained off until a plan for further activity can be approved. As a result, no extraction flows are reported under Section (b) below, and the water level measurements that are reported in Section (b) reflect natural conditions, not hydraulic control.

(a) A map showing the current status of the mine.

Figure 1 shows the current monitoring area including the Point of Compliance (POC) wells and the wellfield. Figure 2 shows the approximate layout of the wellfield and denotes the four well observation well/recovery well pairs. There are four injection/recovery wells and nine original recovery wells.



The four injection wells were later used as recovery wells during the rising of the mine block. Five observation wells were installed to demonstrate net inward hydraulic gradient for the 90 days required by the permit. Solution injection began on October 31, 1997, and ceased on February 8, 1998.

(b) A table and graph showing daily cumulative injection flows and extraction flows in each active mine block over the reporting period.

Hydraulic control was discontinued on September 1, 2004 for purposes of collecting groundwater samples following a 90-day period of no hydraulic control, and remains discontinued for evaluation of results. Accordingly there are no injection or extraction flows to report.

(c) A table and graph comparing average daily head in the four observation wells.

Although hydraulic control was not required during this reporting period, water level measurements were continued by manual measurements in the four observation wells and their nearest inward recovery well. Figure 1 of Attachment 1 and the supporting data show the groundwater elevations in the four well pairs.

(d) A table showing POC monitoring wells analytical results and alert levels.

The attached report, *Florence Project Quarterly Compliance Monitoring Report - Third Quarter 2010*, by Brown and Caldwell and sealed by Ms. Barbara Sylvester, Professional Engineer (Attachment 2), contains the POC monitoring records and results. Brown and Caldwell, along with Project personnel, conducted compliance sampling July 26 through July 30, and August 17, 2010.

Quarterly parameters were analyzed for 29 of the 31 POC monitoring wells. POC monitoring wells M32-UBF and M33-UBF were dry and could not be sampled. One result exceeded an Alert Level (AL) for sulfate in M1-GL; however, the well was resampled and the exceedance was not verified. No further action is required. There were no other exceedances of ALs or Aquifer Quality Limits (AQLs).

(e) Results of the monthly analyses of organic in the injectate

Organic analyses are not required because no solution was injected during the reporting period.

(f) Results of monitoring required by 40 CFR 146.33 (b)(1)

No solution was injected.

(g) Results of the mechanical integrity tests

No mechanical integrity test was conducted.

(h) Results of the annular conductivity monitoring

Although injection ceased in early 1998, annular conductivity measurements have continued to the present time. A graph showing measurement results for this reporting period is presented in Attachment 1, Figure 2. No unusual conditions were noted.

(i) Well and core hole plugging and abandonment.

None of the existing wells or core holes were abandoned during the report period.

(j) A summary of closure operations during the reporting period.

There were no closure operations during the reporting period.

Curis Resources believes that you will find this report complete and in compliance with all permit conditions. Please contact me at (604) 684-6365 should you have any questions regarding this report.

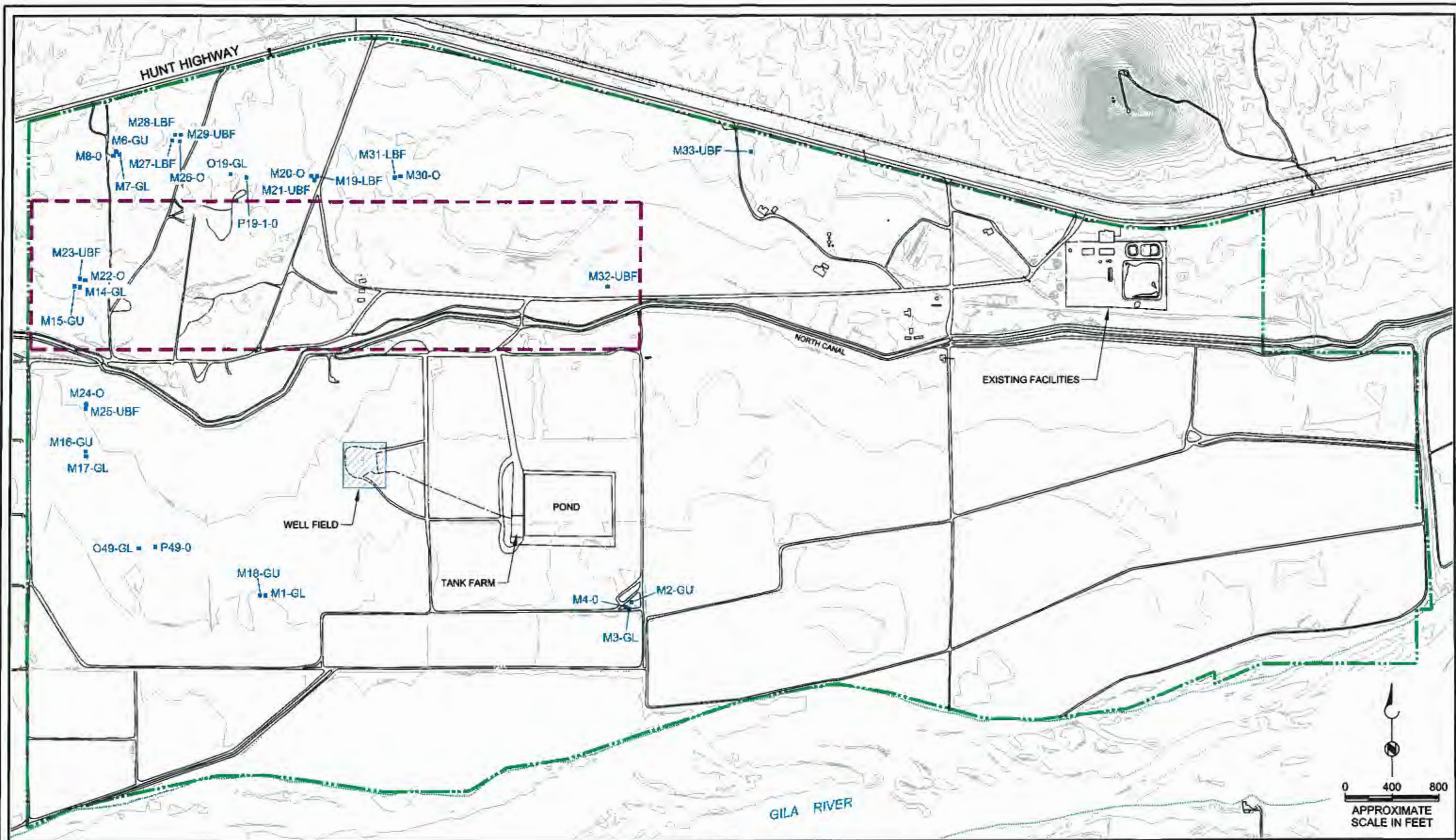
Sincerely,

CURIS RESOURCES (ARIZONA) INC.



Loretta Ford
Environmental Manager

BAS:ld
Attachments
cc: Florence Copper File

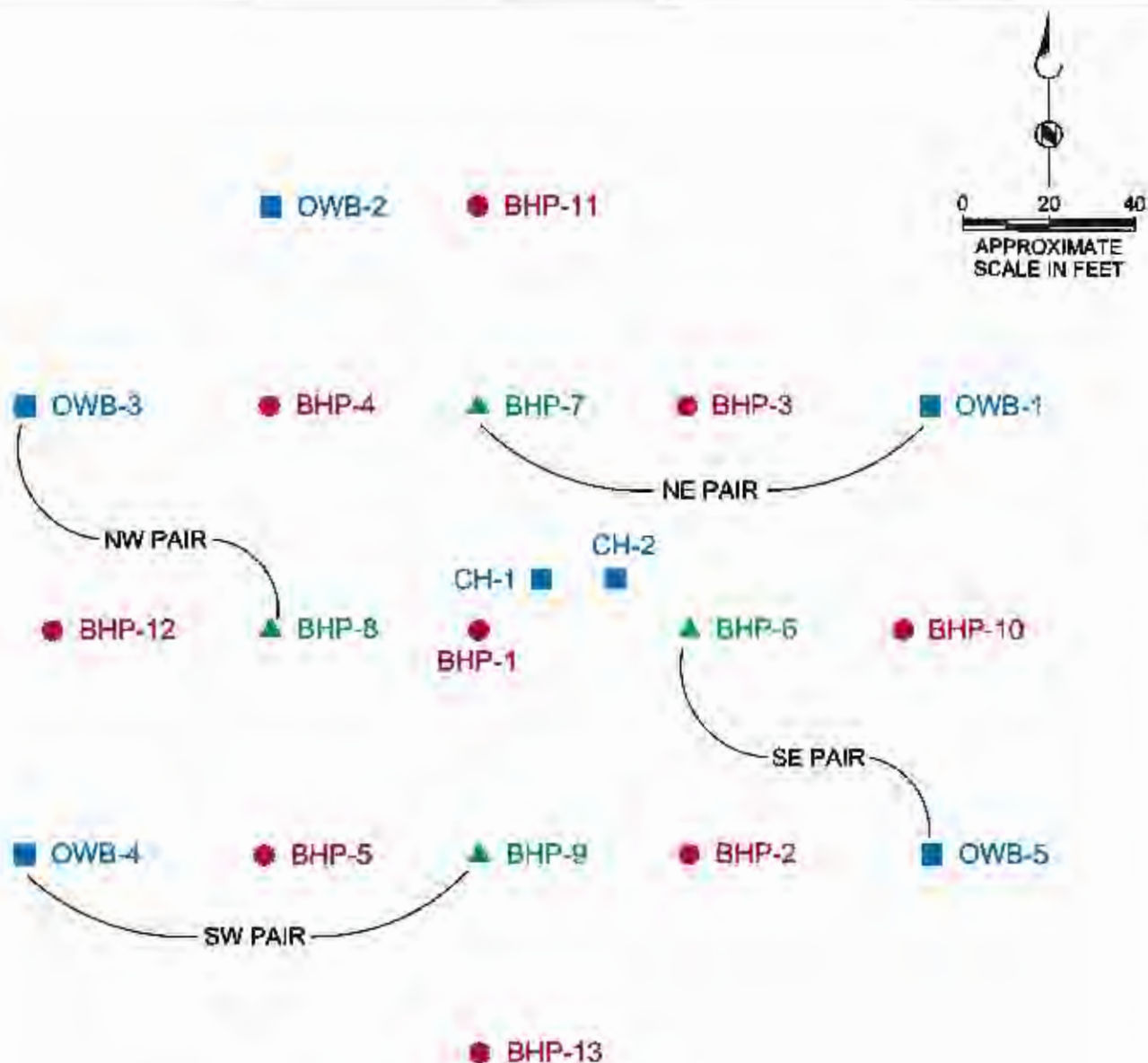


EXPLANATION

- APPROXIMATE PROPERTY BOUNDARY
- STATE LEASE LAND BOUNDARY
- M3-GL POC MONITORING WELL
- WELL FIELD DETAIL, FIGURE 2

**Brown AND
Caldwell**

Figure 1
MONITORING AREA
FLORENCE COPPER PROJECT
FLORENCE, ARIZONA



EXPLANATION

- BHP-10 RECOVERY WELL (CURRENTLY INACTIVE)
- OWB-2 OBSERVATION WELL
- ▲ BHP-8 INJECTION / RECOVERY WELL
(RECOVERY MODE SINCE 1998)

Brown AND
Caldwell

Figure 2
WELL FIELD LAYOUT
FLORENCE COPPER PROJECT
FLORENCE, ARIZONA

ATTACHMENT 1

Mine Operations Monitoring

Well Field Water Level Elevations Third Quarter 2010								
Date	BHP-6	BHP-7	BHP-8	BHP-9	OWB-1	OWB-3	OWB-4	OWB-5
07/05/10	1248.1	1247.4	1247.3	1247.5	1248.1	1245.5	1247.0	1249.4
07/12/10	1259.4	1259.1	1258.6	1258.5	1259.8	1257.9	1258.0	1259.8
07/19/10	1251.7	1251.0	1251.1	1251.2	1251.7	1249.3	1250.8	1253.0
07/26/10	1256.6	1256.1	1255.8	1255.7	1256.7	1254.7	1255.3	1257.2
08/02/10	1258.2	1258.0	1257.7	1257.7	1258.5	1257.1	1257.3	1258.6
08/09/10	1260.5	1260.2	1260.2	1260.1	1260.8	1259.5	1259.9	1260.8
08/16/10	1257.5	1257.2	1256.7	1256.6	1257.8	1256.0	1256.2	1258.0
08/23/10	1259.1	1258.8	1258.8	1258.8	1259.3	1258.1	1258.2	1259.6
08/30/10	1248.4	1247.7	1247.8	1247.9	1248.5	1245.9	1247.4	1249.8
09/06/10	1249.1	1248.4	1248.7	1248.9	1249.0	1246.9	1248.5	1250.5
09/13/10	1254.6	1254.1	1254.0	1254.1	1254.7	1252.7	1253.7	1255.7
09/20/10	1260.7	1260.0	1260.1	1260.0	1260.8	1259.4	1259.8	1261.3
09/27/10	1253.3	1252.6	1253.1	1253.4	1253.1	1251.2	1253.1	1254.9

All Water Level Elevations in Feet Above Mean Sea Level

**Figure 1 - Well Field Water Level Elevations
Third Quarter 2010**

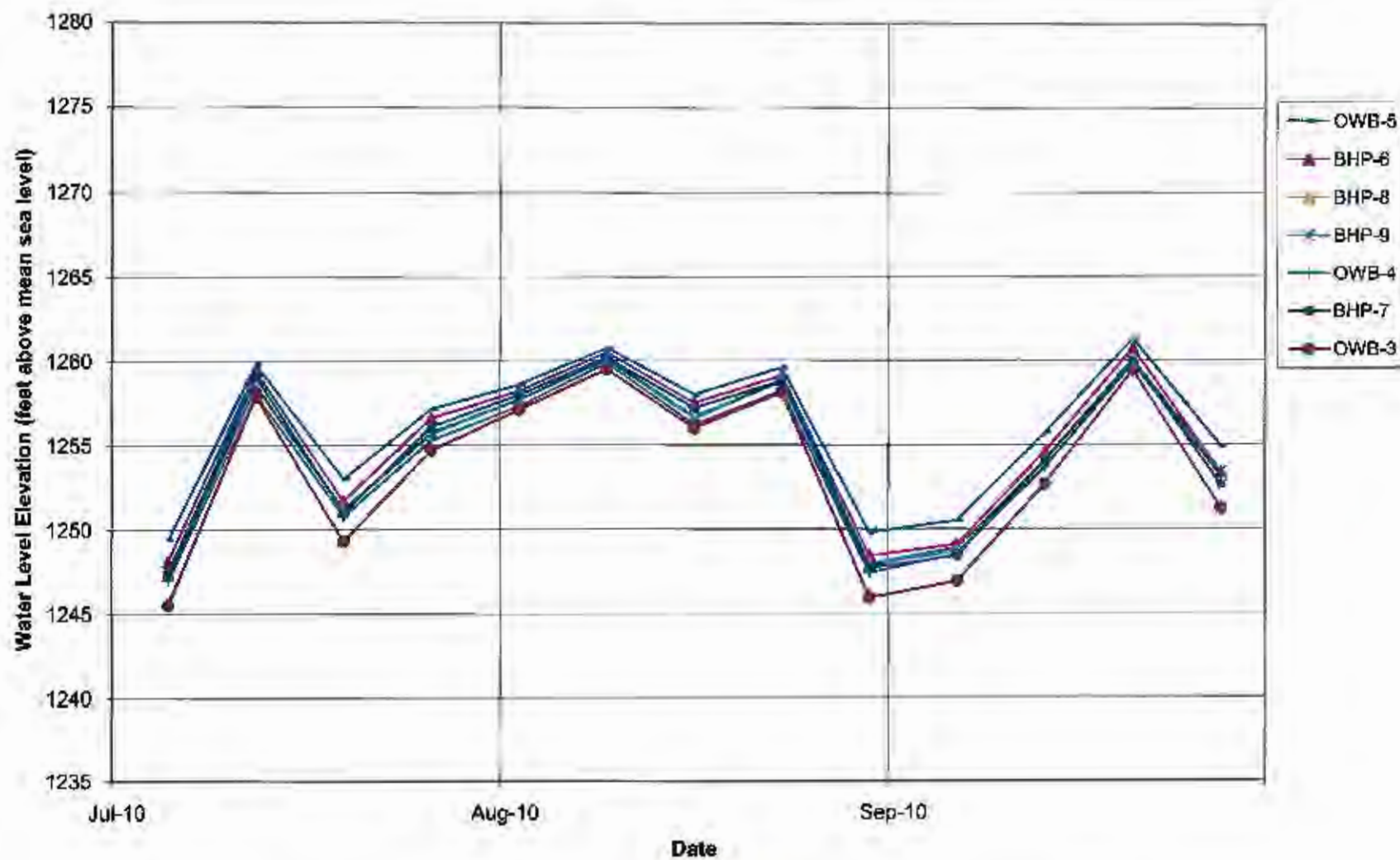
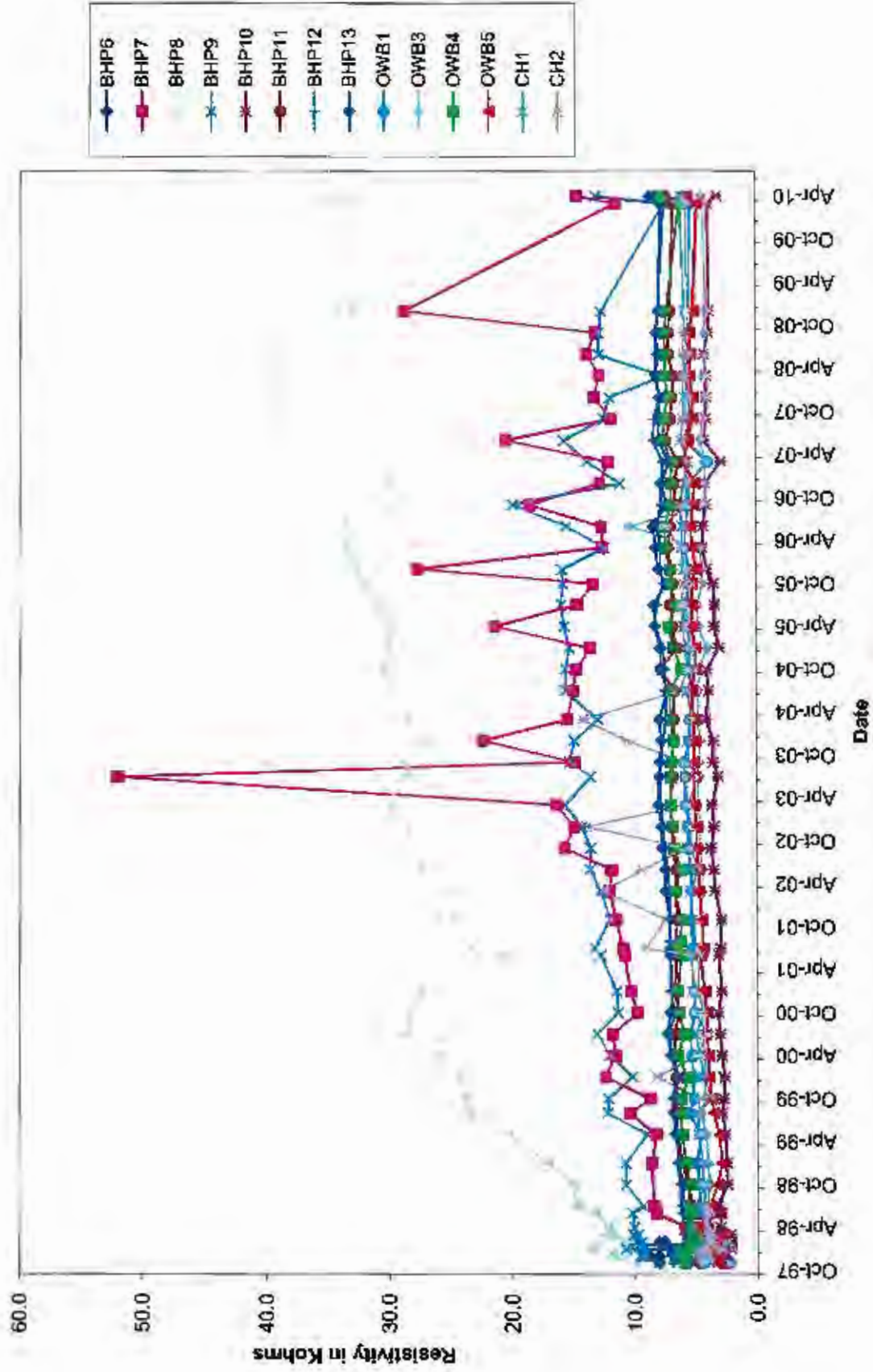


Figure 2 - Well Field Annular Resistivity



ATTACHMENT 2

POC Quarterly Compliance Monitoring Report

FLORENCE COPPER PROJECT QUARTERLY COMPLIANCE MONITORING REPORT THIRD QUARTER 2010

Sampling Activities

Quarterly compliance monitoring was conducted for the Florence Copper Project on July 26 through July 30, and August 17, 2010 (Third Quarter 2010). Groundwater sampling and analysis was conducted in accordance with the requirements of Aquifer Protection Permit (APP) Permit Number 101704, Part II.E.3.d (Compliance Monitoring) and Underground Injection Control (UIC) Permit Number AZ396000001 Part II.F. Quarterly parameters, as listed in Part IV Table III.B of the APP, were analyzed from the designated Point of Compliance (POC) wells. The quarterly analytical parameters are magnesium, sulfate, fluoride, and total dissolved solids (TDS) in addition to field pH, temperature, and specific conductance.

During the Third Quarter 2010 sampling event, 29 POC wells were sampled. Two POC wells (M32-UBF and M33-UBF) were dry and could not be sampled. Analyses of the samples were conducted by TestAmerica Laboratories (TestAmerica). Analytical results for the POC wells for the quarterly parameters are provided in Table 1 and field parameters measured during sampling are indicated in Table 2.

For the Third Quarter 2010 quarterly parameters, one reported concentration exceeded an approved Alert Level (AL). Well M1-GL, located upgradient of the test site, had an initial sulfate concentration of 113 milligrams per liter (mg/L), which exceeded the AL of 109 mg/L. A verification sample was collected on August 17, 2010. The concentration of the verification sample was 106 mg/L, thus the exceedance was not verified. No other results exceeded established ALs.

A general increase in the sulfate concentrations in M1-GL has been observed from 2000 to 2010; however, since M1-GL is an upgradient background well, the increased concentrations are the results of natural changes to aquifer conditions and not related to permitted mining operations. Since the exceedance was not verified, no further action is required.

In the POC network, an upward trend for magnesium and a downward trend for fluoride have been observed in the upper aquifer. Site-wide water levels have declined more than 50 feet in all three aquifer zones, which have likely contributed to these changes in aquifer conditions. Upward trends have also been observed in upgradient wells M2-GU and M18-GU for magnesium, sulfate, and TDS.

Contingency Sampling Plans

No contingency sampling plan was required during the Third Quarter 2010. No contingency sampling plan is required for the Fourth Quarter of 2010.

Issues

There were no other issues to report during the Third Quarter 2010.



Table 1. Summary of Analytical Results, Quarterly Parameters

Well ID	Sample Date	Magnesium		Sulfate		Fluoride		Total Dissolved Solids	
		Concentration	Alert Level	Concentration	Alert Level	Concentration	Alert Level	Concentration	Alert Level
M1-GL	Jul 28 2010	19.0	31	113	109	0.71	1.3	690	1028
M1-GL	Aug 17 2010	20.0	31	106	109	0.63	1.3	590	1028
M2-GU	Jul 28 2010	22.0	39	180	275	0.9	1.4	830	1496
M3-GL	Jul 28 2010	20.0	36	147	187	0.71	1.3	690	1157
M4-O	Jul 28 2010	3.8	15	57	405	2.5	5.1	450	1072
M6-GU	Jul 30 2010	2.7	5.1	52	86	0.63	1.3	360	620
M7-GL	Jul 30 2010	<0.25	1	38	82	0.86	1.7	310	464
M8-O	Jul 30 2010	<0.25	1	72	122	2.0	3.6	370	609
M14-GL	Jul 30 2010	2.2	23	58	144	0.56	1.4	410	874
M15-GU	Jul 30 2010	26.0	44	82	126	0.44	1.2	800	1359
M16-GU	Jul 28 2010	28.0	52	185	248	0.6	1.1	970	1635
M16-GU (Dup)	Jul 28 2010	27.0	52	185	248	0.59	1.1	990	1635
M17-GL	Jul 28 2010	5.2	9.3	115	209	0.77	1.6	480	831
M18-GU	Jul 28 2010	29.0	36	186	268	0.79	1.6	880	1323
M19-LBF	Jul 27 2010	11.0	21	56	89	0.43	1	480	794
M20-O	Jul 27 2010	7.5	14	68	112	0.69	1.7	460	809
M21-LBF	Jul 27 2010	22.0	87	174	487	0.88	1.1	870	2867
M22-O	Jul 30 2010	5.9	8.6	54	86	0.66	1.3	460	1094
M23-LBF	Jul 30 2010	37.0	69	269	411	0.61	1.3	1400	2392
M23-LBF (Dup)	Jul 30 2010	35.0	69	268	411	0.61	1.3	1400	2392
M24-O	Jul 28 2010	9.9	19	753	1364	1.0	2.5	1200	2363
M25-LBF	Jul 28 2010	36.0	76	262	387	0.71	1.6	1400	2683
M26-O	Jul 27 2010	<0.25	1	64	105	1.5	3.4	300	556
M27-LBF	Jul 27 2010	31.0	51	160	179	<0.4	1	1200	1745
M28-LBF	Jul 27 2010	1.4	2.6	50	81	0.69	1.6	340	610
M28-LBF (Dup)	Jul 27 2010	1.4	2.6	50	81	0.73	1.6	340	610
M29-LBF	Jul 27 2010	29.0	84	252	465	0.72	1.1	1100	2751
M30-O	Jul 27 2010	10.0	18	60	102	0.65	1.6	500	824
M31-LBF	Jul 27 2010	16.0	46	140	330	0.96	1.3	740	1665
O19-GL	Jul 30 2010	9.5	17	59	99	0.55	1.4	480	770
O49-GL	Jul 26 2010	8.7	18	70	159	0.48	1	470	849
P19-1-O	Jul 30 2010	6.3	12	65	107	1.5	2.8	460	767
P49-O	Jul 27 2010	3.2	6.2	108	181	0.9	2	440	801
Arizona Aquifer Water Quality Standard		-		-		4		-	

All Results in Milligrams per Liter (mg/L)

< = Less than the Laboratory Practical Quantitation Limit

Table 2. Summary of Quarterly Field Parameters

Well ID	Sample Date	Temperature (°C)	Temperature (°F)	pH	Conductivity (µmhos/cm)
M1-GL	Jul 28 2010	22.2	72.0	7.61	1068
M1-GL	Aug 17 2010	22.6	72.7	7.70	1051
M2-GU	Jul 28 2010	21.2	70.2	7.38	1243
M3-GL	Jul 28 2010	22.3	72.1	7.60	1070
M4-O	Jul 28 2010	23.9	75.0	7.46	845
M5-GU	Jul 30 2010	25.1	77.2	8.53	678
M7-GL	Jul 30 2010	24.9	76.8	9.38	489
M8-O	Jul 30 2010	29.3	84.7	8.84	665
M14-GL	Jul 30 2010	27.6	81.7	8.62	796
M15-GU	Jul 30 2010	25.6	78.1	7.65	1315
M16-GU	Jul 28 2010	23.9	75.0	7.52	1477
M17-GL	Jul 28 2010	28.1	82.6	8.31	799
M18-GU	Jul 28 2010	20.8	69.4	7.38	1255
M19-LBF	Jul 27 2010	23.4	74.1	7.71	773
M20-O	Jul 27 2010	24.5	76.1	7.53	744
M21-UBF	Jul 27 2010	22.8	73.0	7.35	1316
M22-O	Jul 30 2010	28.5	83.3	8.07	776
M23-UBF	Jul 30 2010	21.9	71.4	7.13	1884
M24-O	Jul 28 2010	30.6	87.1	7.83	1930
M25-UBF	Jul 28 2010	21.4	70.5	7.30	1921
M26-O	Jul 27 2010	29.0	84.2	8.62	583
M27-LBF	Jul 27 2010	23.4	74.1	7.57	1601
M28-LBF	Jul 27 2010	26.2	79.2	8.45	663
M29-UBF	Jul 27 2010	22.6	72.7	7.20	1623
M30-O	Jul 27 2010	24.5	76.1	7.49	786
M31-LBF	Jul 27 2010	23.5	74.3	7.55	1117
O19-GL	Jul 30 2010	24.0	75.2	7.91	761
O49-GL	Jul 26 2010	25.9	78.6	7.69	885
P19-1-O	Jul 30 2010	24.6	76.3	7.68	712
P49-O	Jul 27 2010	28.0	82.4	7.72	764

°C = Degrees Celsius

°F = Degrees Fahrenheit

µmhos/cm = Micromhos per Centimeter

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