



**FOURTH 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

January 28, 2011



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

Subject: Fourth 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 Arizona) purchased all of the assets of Florence Copper and the right to apply for the transfer of its permits to Curis Arizona, including the Aquifer Protection Permit (APP) and the UIC Permit. Although the permit transfer is not complete, Curis Arizona 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 Copper Project from October 1 through December 31, 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 II.I.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 – Fourth 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 October 18 through October 20, and November 15, 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. There were no exceedances of ALs (Alert Levels) 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.

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(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.

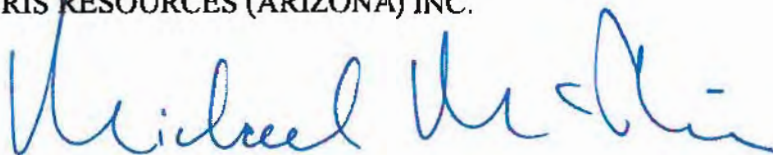
(j) A summary of closure operations during the reporting period.

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.

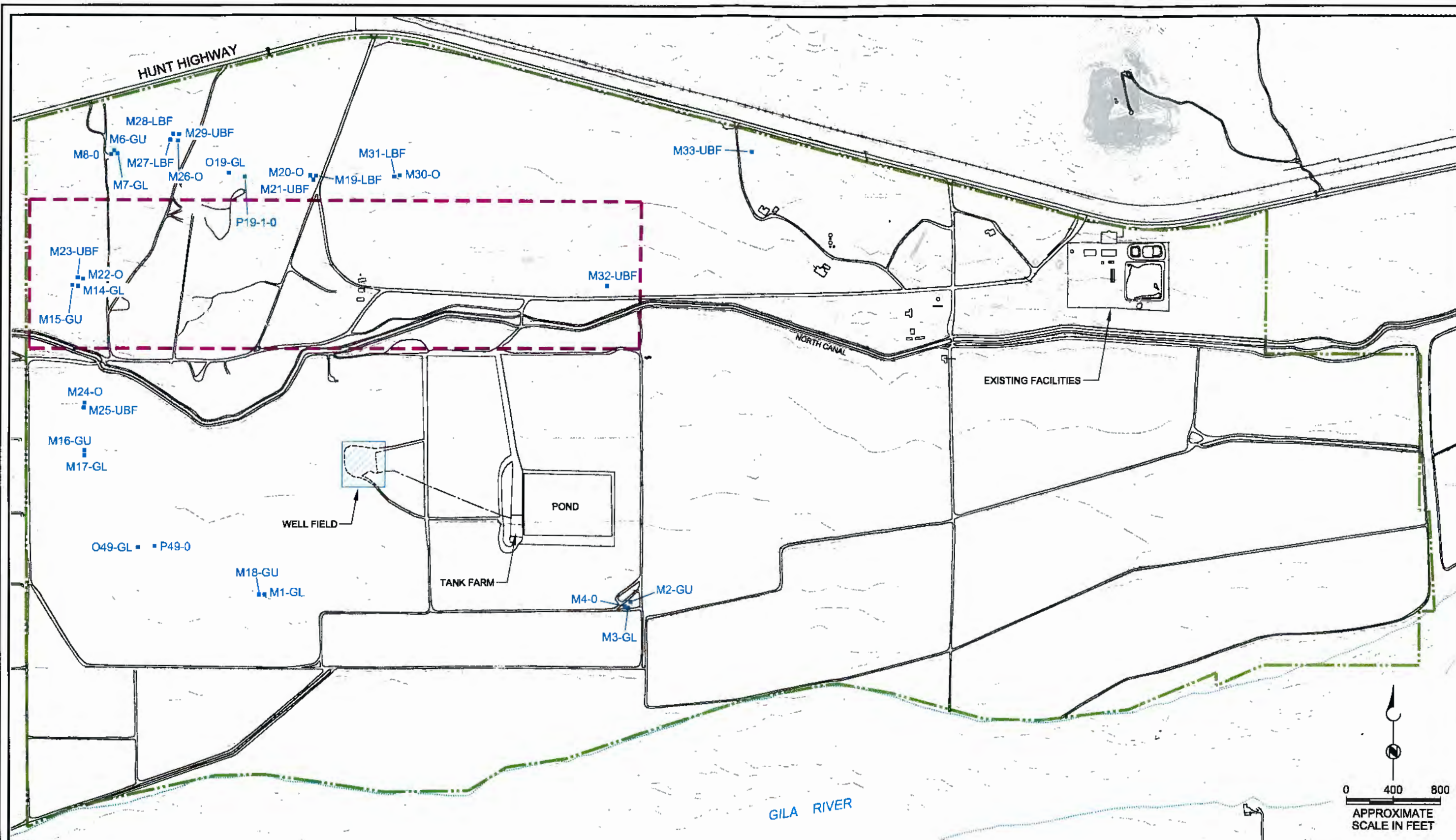
Sincerely,

CURIS RESOURCES (ARIZONA) INC.

A handwritten signature in blue ink, appearing to read "Michael McPhie".

Michael McPhie
President and Chief Executive Officer

BAS:ld
Attachments
cc: Florence Copper File

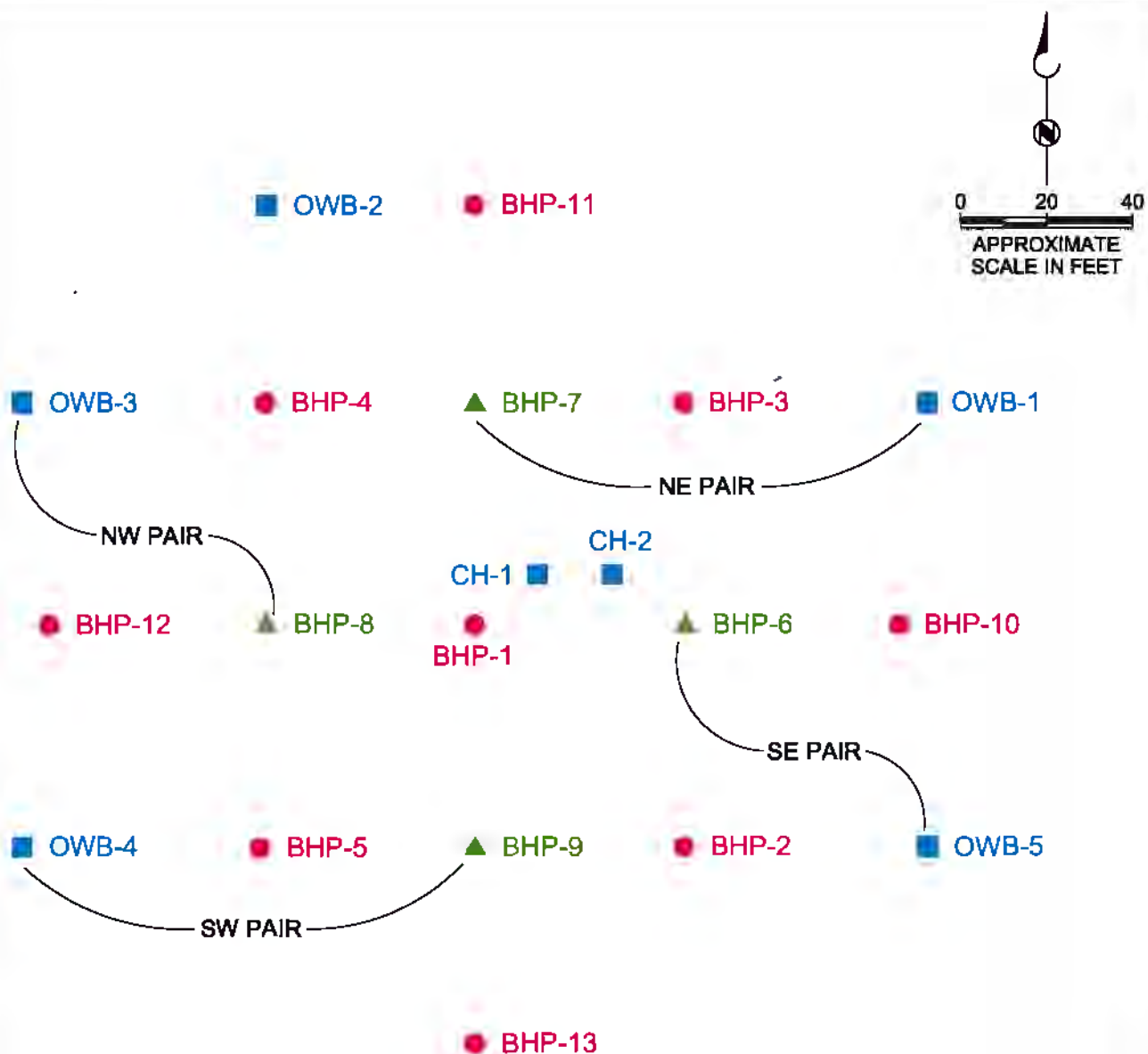


EXPLANATION

- 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 Fourth Quarter 2010 | | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|
| Date | BHP-6 | BHP-7 | BHP-8 | BHP-9 | OWB-1 | OWB-3 | OWB-4 | OWB-5 |
| 10/04/10 | 1266.4 | 1265.9 | 1266.3 | 1266.3 | 1266.2 | 1265.5 | 1266.2 | 1267.1 |
| 10/11/10 | 1268.6 | 1268.2 | 1268.7 | 1268.7 | 1268.5 | 1267.7 | 1268.6 | 1269.5 |
| 10/18/10 | 1268.4 | 1268.0 | 1268.6 | 1268.4 | 1268.4 | 1267.5 | 1268.4 | 1269.3 |
| 10/25/10 | 1262.1 | 1261.7 | 1262.1 | 1262.1 | 1261.9 | 1261.0 | 1262.0 | 1263.0 |
| 11/01/10 | 1253.9 | 1253.0 | 1253.4 | 1253.6 | 1253.7 | 1251.2 | 1253.1 | 1255.5 |
| 11/08/10 | 1267.1 | 1266.7 | 1267.2 | 1267.1 | 1267.0 | 1266.3 | 1267.1 | 1268.0 |
| 11/15/10 | 1266.5 | 1266.0 | 1266.4 | 1266.0 | 1266.4 | 1264.9 | 1265.6 | 1267.3 |
| 11/22/10 | 1258.4 | 1257.5 | 1258.6 | 1258.8 | 1258.0 | 1256.5 | 1258.7 | 1260.2 |
| 11/29/10 | 1270.2 | 1269.7 | 1270.2 | 1270.2 | 1270.0 | 1269.3 | 1270.2 | 1271.0 |
| 12/06/10 | 1271.0 | 1270.6 | 1271.2 | 1271.1 | 1270.6 | 1270.8 | 1271.1 | 1271.9 |
| 12/13/10 | 1258.6 | 1257.8 | 1258.4 | 1258.7 | 1258.3 | 1256.3 | 1258.4 | 1260.4 |
| 12/20/10 | 1262.8 | 1262.5 | 1262.5 | 1262.4 | 1262.9 | 1261.4 | 1262.0 | 1263.8 |
| 12/27/10 | 1271.0 | 1270.9 | 1271.2 | 1271.1 | 1270.6 | 1270.2 | 1271.1 | 1271.9 |

All Water Level Elevations in Feet Above Mean Sea Level

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

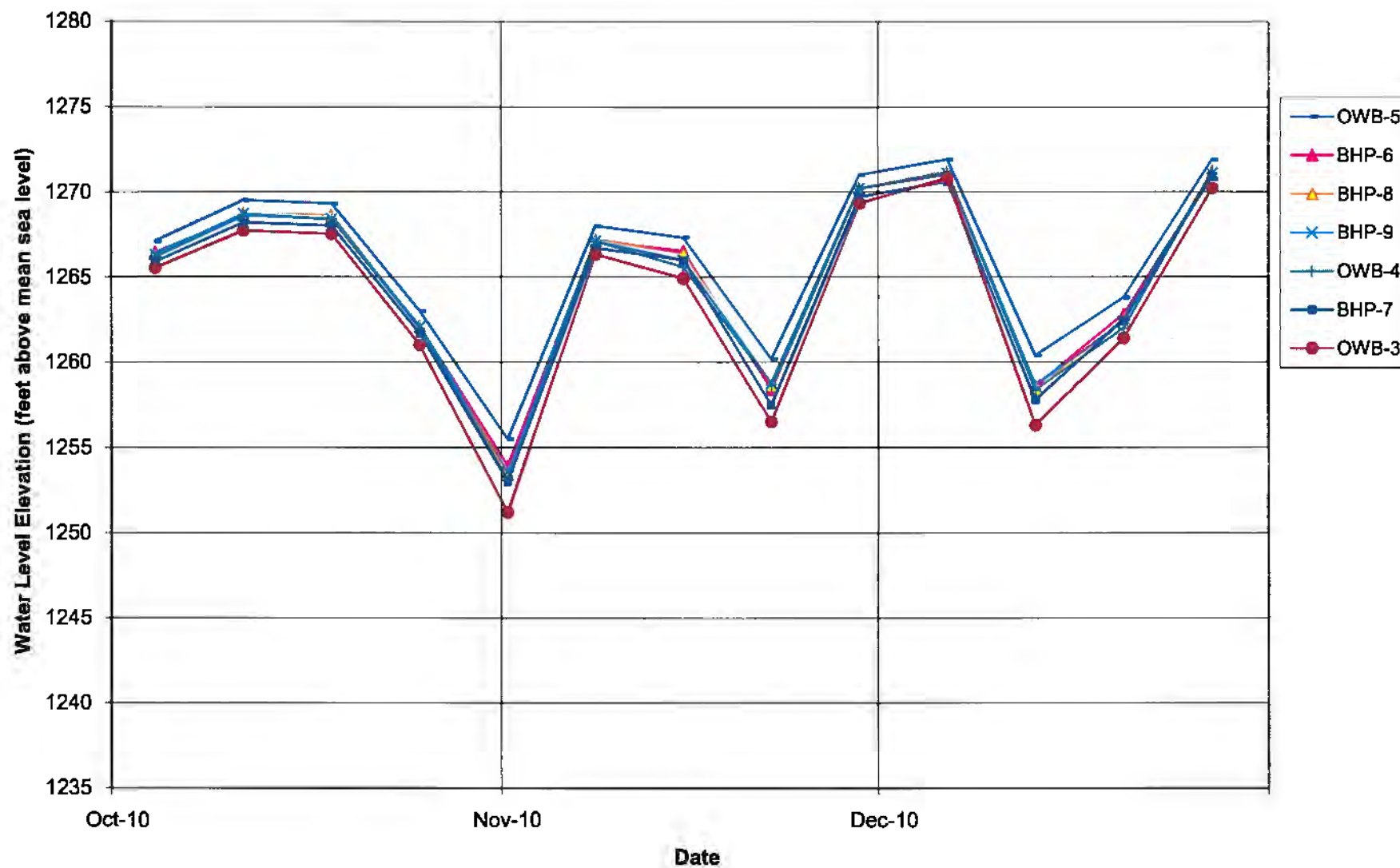
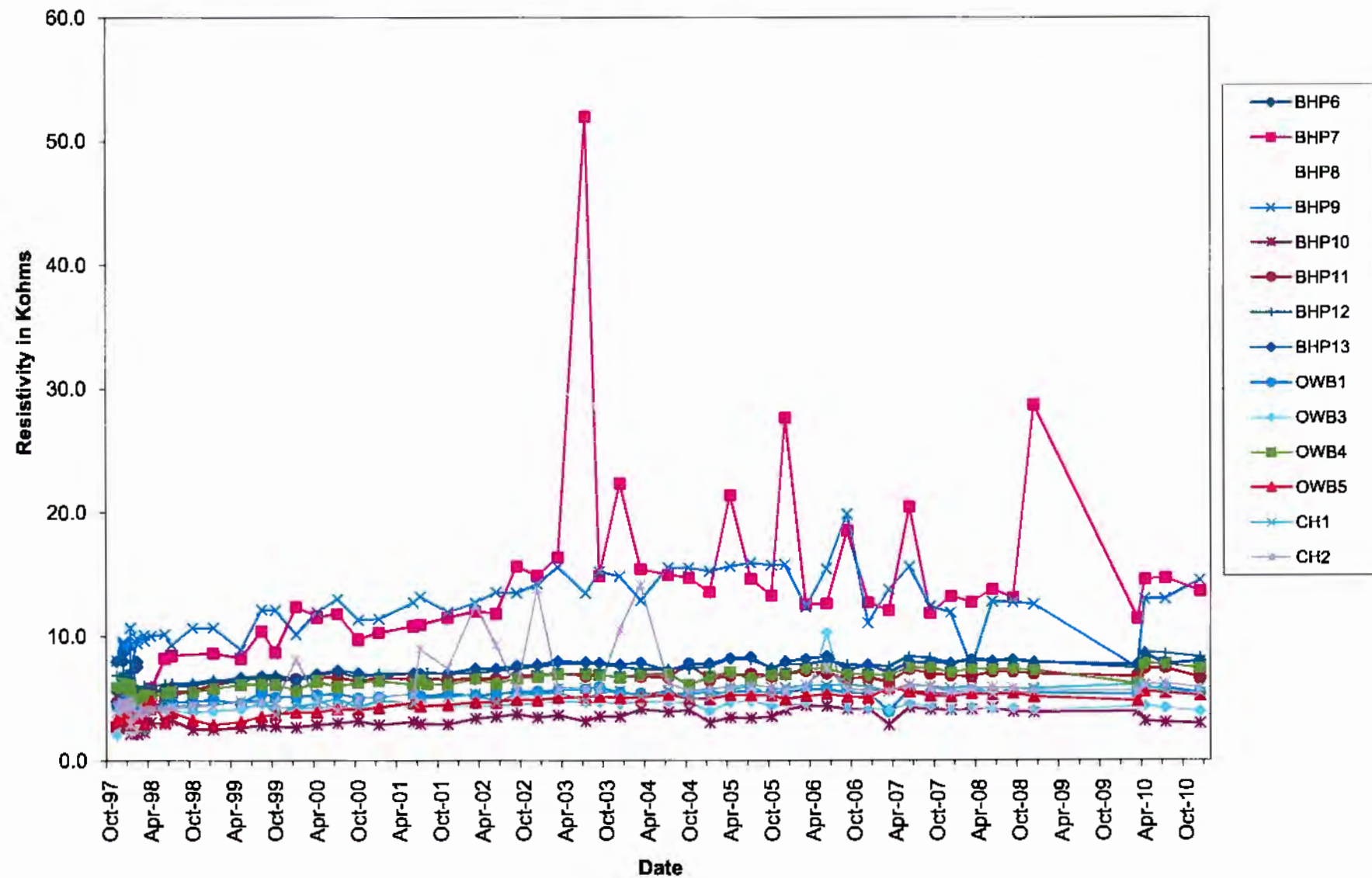


Figure 2 - Well Field Annular Resistivity



Brown - Caldwell

ATTACHMENT 2

POC Quarterly Compliance Monitoring Report

FLORENCE COPPER PROJECT QUARTERLY COMPLIANCE MONITORING REPORT FOURTH QUARTER 2010

Sampling Activities

Quarterly compliance monitoring was conducted for the Florence Copper Project on October 18 through October 20, and November 15, 2010 (Fourth 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 Fourth 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.

None of the results exceeded an approved alert level (AL).

In the POC network, a downward trend for magnesium and an upward trend for fluoride were observed in the upper aquifer from 2000 to 2008, and stabilizing since 2008. Upward trends were also observed in upgradient wells M2-GU and M18-GU for magnesium, sulfate, and TDS from 2005 to 2007, and declining somewhat since 2008. Site-wide water levels have declined more than 50 feet in all three aquifer zones since the start of monitoring in 1996 to 2004, and have since been relatively stable or have recovered slightly.

Contingency Sampling Plans

No contingency sampling plan was required during the Fourth Quarter 2010. No contingency sampling plan is required for the First Quarter of 2011.

Issues

There were no other issues to report during the Fourth 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 | Oct 19 2010 | 22.0 | 31 | 108 | 109 | 0.67 | 1.3 | 660 | 1028 |
| M2-GU | Oct 19 2010 | 26.0 | 39 | 169 | 275 | 0.82 | 1.4 | 830 | 1496 |
| M3-GL | Oct 19 2010 | 21.0 | 36 | 138 | 187 | 0.66 | 1.3 | 660 | 1157 |
| M4-O | Oct 19 2010 | 4.4 | 15 | 57 | 405 | 2.7 | 5.1 | 410 | 1072 |
| M6-GU | Oct 20 2010 | 2.7 | 5.1 | 53 | 86 | 0.61 | 1.3 | 380 | 620 |
| M6-GU (Dup) | Oct 20 2010 | 2.7 | 5.1 | 53 | 86 | 0.61 | 1.3 | 360 | 620 |
| M7-GL | Oct 20 2010 | <0.25 | 1 | 38 | 82 | 0.81 | 1.7 | 270 | 464 |
| M8-O | Oct 20 2010 | <0.25 | 1 | 74 | 122 | 2.0 | 3.6 | 380 | 609 |
| M14-GL | Nov 15 2010 | 2.0 | 23 | 59 | 144 | 0.53 | 1.4 | 420 | 874 |
| M15-GU | Nov 15 2010 | 25.0 | 44 | 83 | 126 | 0.42 | 1.2 | 790 | 1359 |
| M16-GU | Oct 19 2010 | 32.0 | 52 | 188 | 248 | 0.45 | 1.1 | 950 | 1635 |
| M16-GU (Dup) | Oct 19 2010 | 31.0 | 52 | 177 | 248 | 0.5 | 1.1 | 990 | 1635 |
| M17-GL | Oct 19 2010 | 5.9 | 9.3 | 112 | 209 | 0.65 | 1.6 | 450 | 831 |
| M18-GU | Oct 19 2010 | 22.0 | 36 | 175 | 288 | 0.88 | 1.6 | 800 | 1323 |
| M19-LBF | Oct 19 2010 | 12.0 | 21 | 55 | 89 | 0.45 | 1 | 470 | 794 |
| M20-O | Oct 19 2010 | 9.2 | 14 | 66 | 112 | 0.84 | 1.7 | 470 | 809 |
| M21-UBF | Nov 15 2010 | 20.0 | 87 | 144 | 487 | 0.78 | 1.1 | 770 | 2867 |
| M22-O | Nov 15 2010 | 5.9 | 8.6 | 56 | 86 | 0.64 | 1.3 | 420 | 1094 |
| M23-UBF | Nov 15 2010 | 38.0 | 69 | 275 | 411 | 0.6 | 1.3 | 1400 | 2392 |
| M23-UBF (Dup) | Nov 15 2010 | 37.0 | 69 | 269 | 411 | 0.6 | 1.3 | 1300 | 2392 |
| M24-O | Oct 19 2010 | 11.0 | 19 | 755 | 1364 | 1.1 | 2.5 | 1300 | 2363 |
| M25-UBF | Oct 19 2010 | 38.0 | 76 | 246 | 387 | 0.66 | 1.6 | 1300 | 2683 |
| M26-O | Oct 20 2010 | <0.25 | 1 | 64 | 105 | 1.6 | 3.4 | 320 | 556 |
| M27-LBF | Oct 20 2010 | 33.0 | 51 | 158 | 179 | <0.4 | 1 | 1100 | 1745 |
| M28-LBF | Oct 20 2010 | 1.7 | 2.6 | 50 | 81 | 0.7 | 1.6 | 360 | 610 |
| M29-UBF | Oct 20 2010 | 29.0 | 84 | 254 | 465 | 0.66 | 1.1 | 1100 | 2751 |
| M30-O | Oct 20 2010 | 10.0 | 18 | 60 | 102 | 0.84 | 1.6 | 490 | 824 |
| M31-LBF | Oct 20 2010 | 18.0 | 46 | 143 | 330 | 0.84 | 1.3 | 710 | 1665 |
| O19-GL | Oct 20 2010 | 9.3 | 17 | 60 | 99 | 0.54 | 1.4 | 450 | 770 |
| O49-GL | Oct 18 2010 | 9.8 | 18 | 70 | 159 | 0.45 | 1 | 500 | 849 |
| P19-1-O | Oct 20 2010 | 5.7 | 12 | 67 | 107 | 1.7 | 2.8 | 440 | 767 |
| P49-O | Oct 18 2010 | 3.6 | 6.2 | 108 | 181 | 0.87 | 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 | Oct 19 2010 | 22.5 | 72.5 | 7.45 | 1052 |
| M2-GU | Oct 19 2010 | 20.2 | 68.4 | 7.34 | 1228 |
| M3-GL | Oct 19 2010 | 22.0 | 71.6 | 7.49 | 1045 |
| M4-O | Oct 19 2010 | 23.6 | 74.5 | 7.42 | 637 |
| M6-GU | Oct 20 2010 | 24.7 | 76.5 | 8.58 | 671 |
| M7-GL | Oct 20 2010 | 24.6 | 76.3 | 9.35 | 487 |
| M8-O | Oct 20 2010 | 29.0 | 84.2 | 8.80 | 658 |
| M14-GL | Nov 15 2010 | 27.1 | 80.8 | 8.43 | 787 |
| M15-GU | Nov 15 2010 | 25.0 | 77.0 | 7.44 | 1295 |
| M16-GU | Oct 19 2010 | 24.3 | 75.7 | 7.48 | 1498 |
| M17-GL | Oct 19 2010 | 28.4 | 83.1 | 8.35 | 828 |
| M18-GU | Oct 19 2010 | 20.7 | 69.3 | 7.40 | 1186 |
| M19-LBF | Oct 19 2010 | 23.1 | 73.6 | 7.64 | 769 |
| M20-O | Oct 19 2010 | 23.8 | 74.8 | 7.43 | 758 |
| M21-UBF | Nov 15 2010 | 21.9 | 71.4 | 7.33 | 1184 |
| M22-O | Nov 15 2010 | 28.7 | 83.7 | 7.99 | 778 |
| M23-UBF | Nov 15 2010 | 21.6 | 70.9 | 7.23 | 1893 |
| M24-O | Oct 19 2010 | 30.7 | 87.3 | 7.76 | 1934 |
| M25-UBF | Oct 19 2010 | 21.5 | 70.7 | 7.21 | 1845 |
| M26-O | Oct 20 2010 | 28.8 | 83.8 | 8.50 | 583 |
| M27-LBF | Oct 20 2010 | 23.4 | 74.1 | 7.35 | 1584 |
| M28-LBF | Oct 20 2010 | 26.0 | 78.8 | 8.18 | 663 |
| M29-UBF | Oct 20 2010 | 22.5 | 72.5 | 7.12 | 1615 |
| M30-O | Oct 20 2010 | 24.3 | 75.7 | 7.30 | 776 |
| M31-LBF | Oct 20 2010 | 22.7 | 72.9 | 7.37 | 1100 |
| O19-GL | Oct 20 2010 | 24.1 | 75.4 | 7.65 | 757 |
| O49-GL | Oct 18 2010 | 26.0 | 78.8 | 7.46 | 884 |
| P19-1-O | Oct 20 2010 | 24.8 | 76.6 | 7.45 | 720 |
| P49-O | Oct 18 2010 | 28.0 | 82.4 | 7.32 | 788 |

°C = Degrees Celcius

°F = Degrees Fahrenheit

µmhos/cm = Micromhos per Centimeter