



**THIRD QUARTER 2011 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, 2011



CURIS RESOURCES (ARIZONA) INC.
1575 W. Hunt Highway, Florence, Arizona 85132 USA

florencecopper.com

October 28, 2011

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 2011 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. Curis Arizona submitted a UIC Permit application in March 2011 and, 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 August 12, 2011.

This report pertains to monitoring activities conducted at the Florence Copper Project from July 1 through September 30, 2011. 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 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 or water levels are reported under Sections (b) and (c) below.

(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.

There are currently no active mine blocks. Hydraulic control for the test block 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 surrounding each active mine block with that of the four adjacent extraction wells.

There are currently no active mine blocks. Hydraulic control was not required during this reporting period for the test block and water level measurements are not required.

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

The POC Quarterly Compliance Monitoring Report is included as Attachment 1. The report summarizes the results of groundwater monitoring activities and includes tables of the field parameters and analytical results for the quarterly monitoring parameters. Brown and Caldwell, along with Project personnel, conducted compliance sampling on September 7, 8, 20, 21, 27 and 30, 2011.

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. The exceedance was verified. The ADEQ was notified on September 30, 2011 and a copy of this letter was provided to the USEPA (Attachment 1). As the well is upgradient, the exceedance is not believed to be related to permitted mining operations. No further action is anticipated. 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 Figure 3. 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.

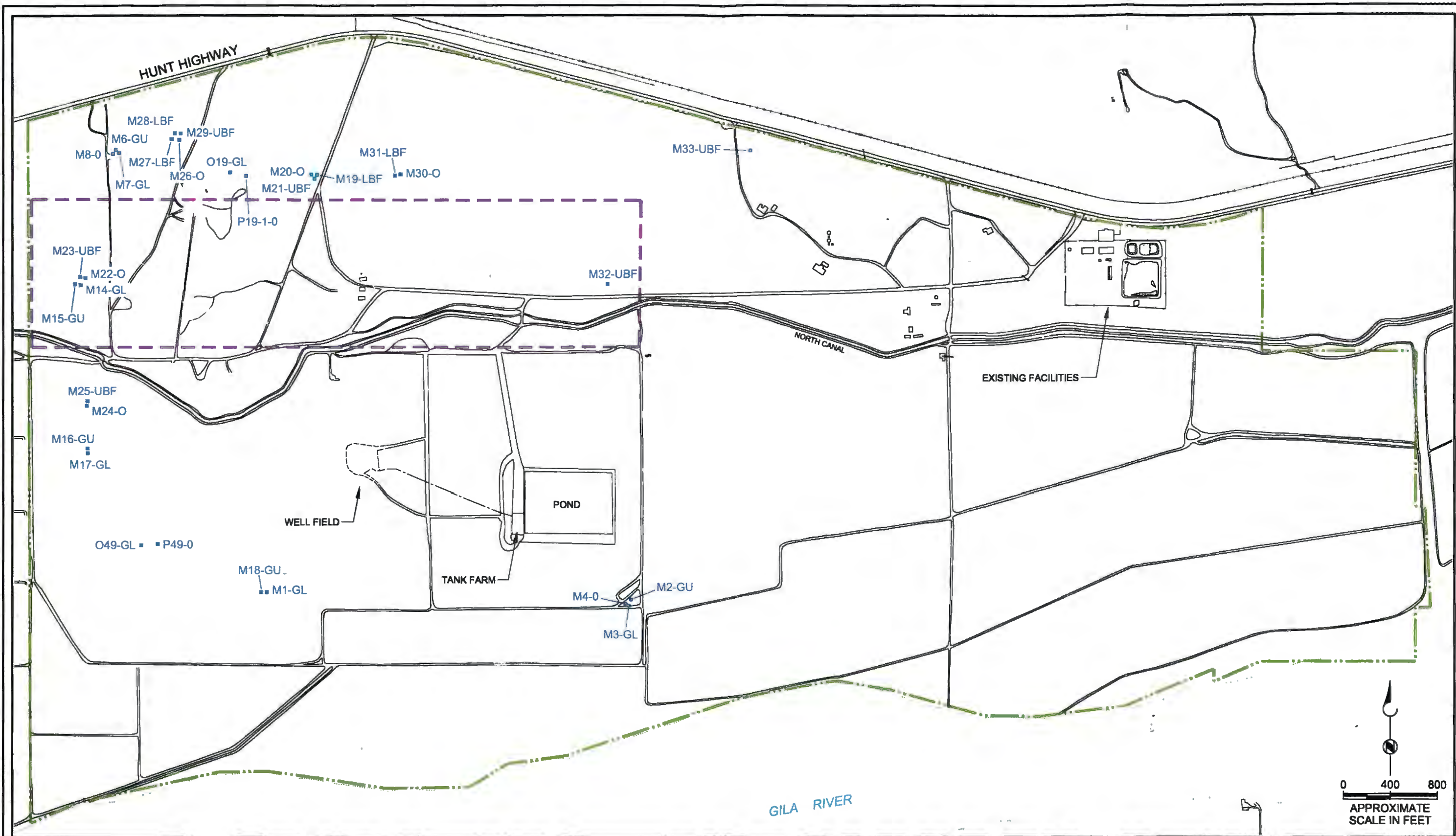
Curis Arizona believes that you will find this report complete and in compliance with all permit conditions. Please do not hesitate to contact me at (520) 374-3984 should you have any questions regarding this report.

Sincerely,

CURIS RESOURCES (ARIZONA) INC.


Daniel Johnson
Manager, Environment and Technical Services

BAS:ld
Attachments
cc: Florence Copper File

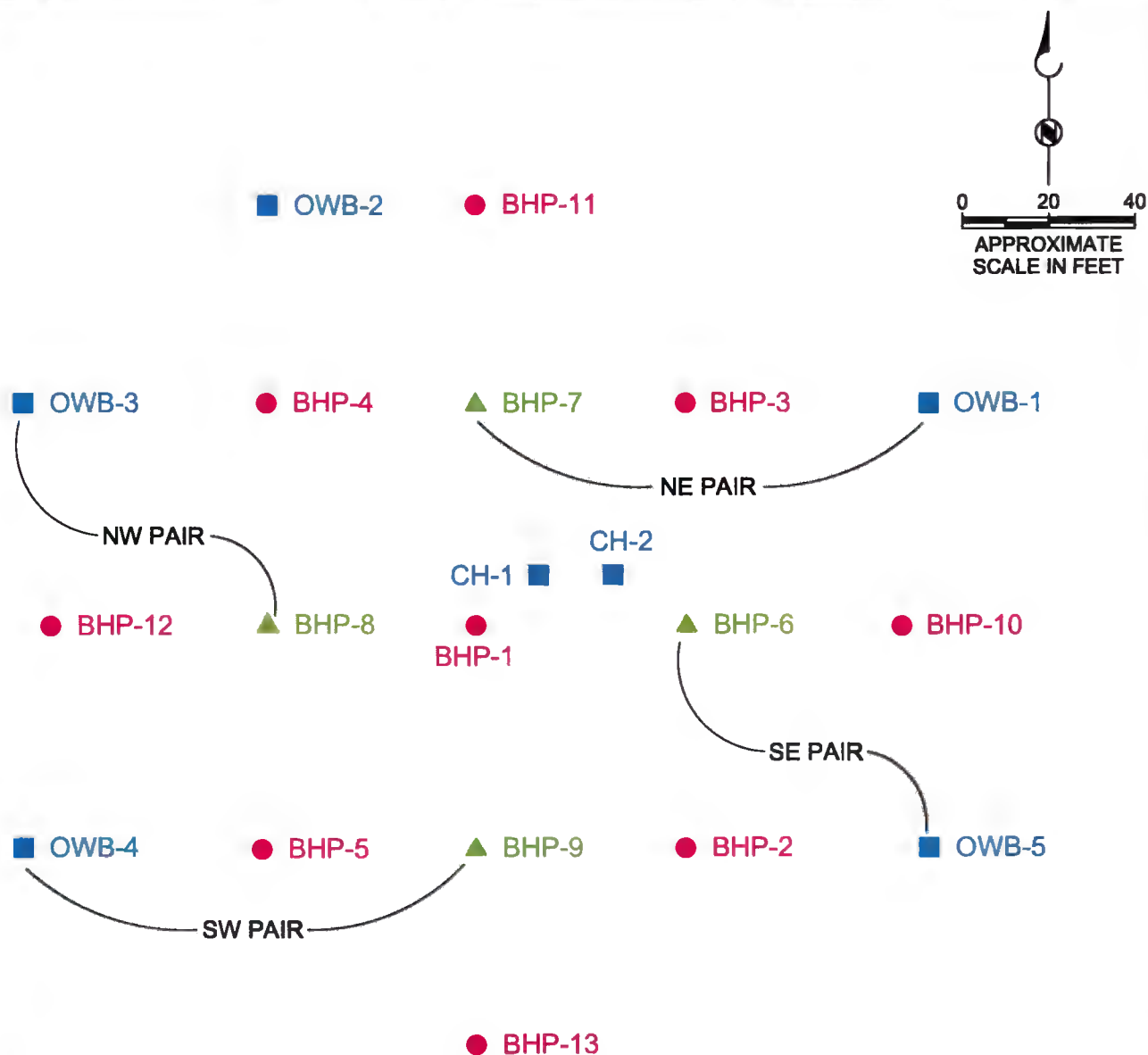


EXPLANATION

- 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



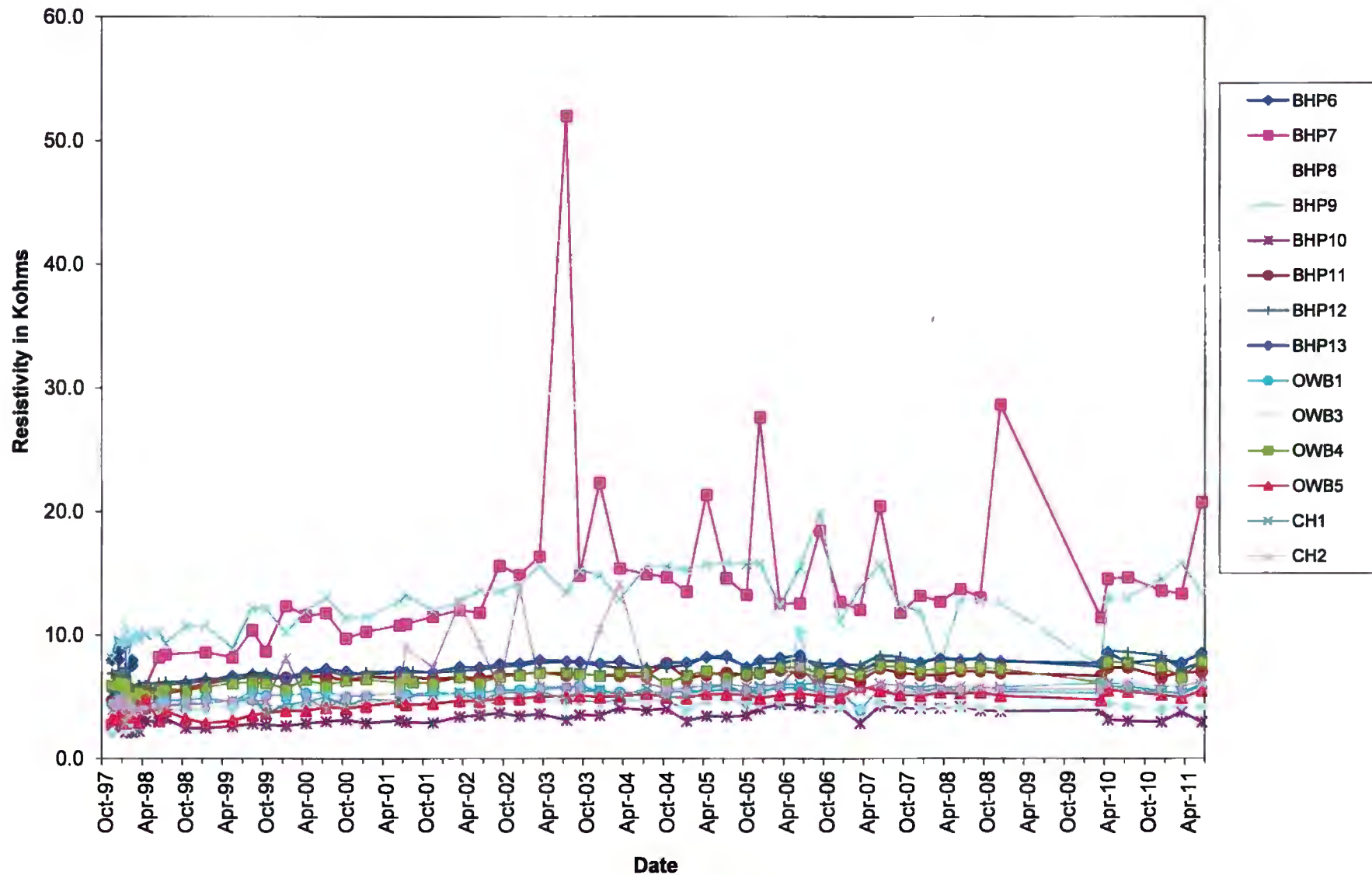
EXPLANATION

- 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

Figure 3 - Well Field Annular Resistivity



ATTACHMENT 1

POC Quarterly Compliance Monitoring Report

FLORENCE COPPER PROJECT
QUARTERLY COMPLIANCE MONITORING REPORT
THIRD QUARTER 2011



Sampling Activities

Quarterly compliance monitoring was conducted for the Florence Copper Project on September 7, 8, 20, 21, 27, and 30, 2011 (Third Quarter 2011). Groundwater sampling and analysis was conducted in accordance with the requirements of Aquifer Protection Permit (APP) No. 101704, Section 2.5.3 (Groundwater Monitoring and Sampling Protocols) and Underground Injection Control (UIC) Permit No. AZ396000001 Part II.F. Quarterly parameters, as listed in Section 4.0 Table 4.5 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 2011 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.

During the Third Quarter 2011, the Florence Copper Project began replacing the stainless-steel pumps with low-flow bladder pumps. The pumps were replaced in wells, M6-GU, M7-GL, M8-O, M16-GU, M17-GL, M20-O, M24-O, and M26-O. Low-flow sampling was conducted in accordance with Section 2.5.3 (Groundwater Monitoring and Sampling Protocols). All remaining wells were purged a minimum of three borehole volumes. No reduced pumping volumes occurred and there were no modified sampling procedures noted.

For the Third Quarter 2011 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 119 milligrams per liter (mg/L), which exceeded the AL of 109 mg/L. A verification sample was collected on September 20, 2011. The concentration of the verification sample was 118 mg/L, confirming the exceedance. No other results exceeded established ALs. The Arizona Department of Environmental Quality (ADEQ) was notified of the exceedance in a letter dated September 30, 2011 (attached) and a copy of this letter was provided to the U.S. Environmental Protection Agency (USEPA).

A general increase in the sulfate concentrations in M1-GL has been observed from 2000 to 2010. The facility has been inactive since the pilot test in 1998, which was performed in a very limited portion of the permitted area. Since M1-GL is an upgradient, background well to this pilot test area, the increased concentrations are not believed to be related to permitted mining operations. Quarterly monitoring of the well will continue and no further action is anticipated.

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.

Of the eight wells with low-flow pumps, only M24-O had any significant change in water quality. Concentrations of the indicator parameters in M24-O increased; however, none of the results were above an alert level. As the facility has been inactive, any change in M24-O is not related to the permitted facility.

Contingency Sampling Plans

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

Issues

There were no other issues to report during the Third Quarter 2011.

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	Sep 08 2011	20.0	31	119	109	0.72	1.3	660	1028
M1-GL	Sep 20 2011	20.0	31	118	109	0.78	1.3	640	1028
M2-GU	Sep 08 2011	25.0	39	205	275	0.83	1.4	880	1496
M3-GL	Sep 20 2011	20.0	36	158	187	0.74	1.3	690	1157
M3-GL (Dup)	Sep 20 2011	20.0	36	159	187	0.72	1.3	710	1157
M4-O	Sep 08 2011	4.0	15	60	405	2.6		410	1072
M6-GU	Sep 21 2011	4.1	5.1	57	86	0.67	1.3	360	620
M7-GL	Sep 21 2011	<0.2	1	39	82	0.92	1.7	270	464
M8-O	Sep 21 2011	<0.2	1	82	122	2.2	3.6	390	609
M14-GL	Sep 07 2011	2.0	23	63	144	0.56	1.4	390	874
M15-GU	Sep 07 2011	24.0	44	81	126	0.45	1.2	720	1359
M15-GU (Dup)	Sep 07 2011	23.0	44	81	126	0.46	1.2	750	1359
M16-GU	Sep 21 2011	31.0	52	207	248	0.49	1.1	950	1635
M17-GL	Sep 27 2011	4.9	9.3	94	209	0.63	1.6	410	831
M18-GU	Sep 08 2011	21.0	36	183	288	0.89	1.6	820	1323
M19-LBF	Sep 08 2011	12.0	21	59	89	0.42	1	470	794
M20-O	Sep 21 2011	7.4	14	73	112	0.83	1.7	450	809
M21-UBF	Sep 08 2011	22.0	87	172	487	0.86	1.1	830	2867
M21-UBF (Dup)	Sep 08 2011	22.0	87	167	487	0.85	1.1	820	2867
M22-O	Sep 30 2011	5.9	8.6	59	86	0.72	1.3	420	1094
M23-UBF	Sep 07 2011	37.0	69	283	411	0.68	1.3	1300	2392
M24-O	Sep 27 2011	14.0	19	1100	1364	1.2	2.5	1700	2363
M25-UBF	Sep 08 2011	38.0	76	279	387	0.6	1.6	1400	2683
M26-O	Sep 27 2011	<0.2	1	56	105	1.4	3.4	290	556
M27-LBF	Sep 07 2011	32.0	51	164	179	<0.4	1	1200	1745
M28-LBF	Sep 07 2011	1.6	2.6	53	81	0.72	1.6	340	610
M29-UBF	Sep 07 2011	27.0	84	240	465	0.64	1.1	970	2751
M30-O	Sep 07 2011	11.0	18	64	102	0.64	1.6	480	824
M31-LBF	Sep 07 2011	20.0	46	164	330	0.93	1.3	760	1665
O19-GL	Sep 07 2011	9.7	17	61	99	0.54	1.4	440	770
O49-GL	Sep 30 2011	10.0	18	81	159	0.49	1	550	849
P19-1-O	Sep 07 2011	5.5	12	70	107	1.6	2.8	430	767
P49-O	Sep 08 2011	3.4	6.2	113	181	0.99	2	460	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	Sep 08 2011	22.2	72.0	7.43	1079
M1-GL	Sep 20 2011	22.2	72.0	7.38	1127
M2-GU	Sep 08 2011	20.7	69.3	7.10	1330
M3-GL	Sep 20 2011	22.0	71.6	7.08	1162
M4-O	Sep 08 2011	23.8	74.8	7.19	665
M6-GU	Sep 21 2011	25.4	77.7	8.39	661
M7-GL	Sep 21 2011	27.2	81.0	9.29	373
M8-O	Sep 21 2011	25.4	77.7	8.96	480
M14-GL	Sep 07 2011	27.9	82.2	8.42	750
M15-GU	Sep 07 2011	25.7	78.3	7.33	1162
M16-GU	Sep 21 2011	22.3	72.1	7.42	858
M17-GL	Sep 27 2011	22.6	72.7	7.44	731
M18-GU	Sep 08 2011	21.1	70.0	7.29	1250
M19-LBF	Sep 08 2011	23.4	74.1	7.46	811
M20-O	Sep 21 2011	28.8	83.8	7.80	773
M21-UBF	Sep 08 2011	22.4	72.3	7.11	1329
M22-O	Sep 30 2011	29.3	84.8	8.11	742
M23-UBF	Sep 07 2011	22.8	73.0	6.95	1790
M24-O	Sep 27 2011	21.8	71.2	7.00	2218
M25-UBF	Sep 08 2011	22.3	72.1	7.13	2084
M26-O	Sep 27 2011	22.0	71.6	8.20	504
M27-LBF	Sep 07 2011	22.4	72.3	7.40	1530
M28-LBF	Sep 07 2011	26.4	79.5	8.22	633
M29-UBF	Sep 07 2011	23.0	73.4	7.03	1424
M30-O	Sep 07 2011	25.8	78.4	7.30	769
M31-LBF	Sep 07 2011	23.6	74.5	7.30	1131
O19-GL	Sep 07 2011	24.2	75.6	7.67	710
O49-GL	Sep 30 2011	26.2	79.2	7.79	942
P19-1-O	Sep 07 2011	24.7	76.5	7.46	677
P49-O	Sep 08 2011	28.3	82.9	7.62	752

°C = Degrees Celcius

°F = Degrees Fahrenheit

µmhos/cm = Micromhos per Centimeter



October 19, 2011

Ms. Nancy Rumrill
U.S. Environmental Protection Agency
Region 9, Ground Water Office, W1R-9
75 Hawthorne Street
San Francisco, California 94105-3901

Subject: Notification of Alert Level Exceedance for Sulfate;
UIC Permit No. AZ396000001

Dear Ms. Rumrill:

In accordance with UIC Permit No. AZ396000001, Curis Resources (Arizona) Inc. (Curis Arizona) is providing the U.S. Environmental Protection Agency (USEPA) with this notification of an alert level (AL) exceedance for sulfate in an upgradient well at the Florence Copper Project.

On September 30, 2011, Curis Arizona provided notification to the Arizona Department of Environmental Quality of an alert level exceedance. This letter is attached for your reference. This provides notification and evaluation of the exceedance. Since the exceedance occurred in an upgradient well, we believe no further action is required.

Please contact me at (520) 374-3984 should you have any questions regarding this report.

Sincerely,

CURIS RESOURCES (ARIZONA) INC.

A handwritten signature in blue ink, appearing to read "Daniel Johnson".

Daniel Johnson
Environment and Technical Services Manager

BAS:ld
Attachments
cc: Florence Copper File





U.S. Mail
Certified #7010 1060 0001 6604 1263
Return Receipt Requested

September 30, 2011

Ms. Kathryn Boland
ADEQ Water Quality Compliance Section
Mail Code 5415B-1
1110 West Washington Street
Phoenix, Arizona 85007

Subject: 5-Day Notification of Alert Level Exceedance for Sulfate:
Aquifer Protection Permit (APP) No. 101704

Dear Ms. Boland:

In accordance with Aquifer Protection Permit (APP) # P-101704, Curis Resources (Arizona) Inc. (Curis Arizona) is providing the Arizona Department of Environmental Quality (ADEQ) with this notification of an alert level (AL) exceedance at the Florence Copper Project.

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 APP and Underground Injection Control (UIC) Permit. Curis Arizona submitted a significant amendment request in January 2011 and although the permit transfer is not complete, Curis Arizona is assuming the compliance obligations of those permits.

The permit requires quarterly monitoring of four indicator parameters, fluoride, magnesium, sulfate and total dissolved solids (TDS). Monitoring well M1-GL, located upgradient of the test site, was sampled on September 8, 2011. The initial sulfate concentration of 119 milligrams per liter (mg/L) exceeded the AL of 109 mg/L. The results were reported on September 15, 2011 and a verification sample was collected on September 20, 2011. The concentration of the verification sample was 118 mg/L, confirming the exceedance. The confirmation results were reported on September 27, 2011. In accordance with permit condition II.F.4 (Contingencies for Alert Level (AL) and Aquifer Quality Limit (AQL) Exceedances), we are providing this 5 day notification.

A general increase in the sulfate concentrations in M1-GL has been observed from 2000 to 2010. As you are aware, the facility has been inactive since the pilot test in 1998, which was performed in a very limited portion of the permitted area. Since M1-GL is an upgradient, background well to this pilot test area, the increased concentrations are not believed to be related to permitted mining operations. Therefore we believe no further action is required. We will continue to monitor M1-GL for the quarterly indicator suite.

Ms. Kathryn Boland
September 30, 2010
Page 2

Please contact me at (520) 374-3984 should you have any questions regarding this report.

Sincerely,

CURIS RE-SOURCES (ARIZONA) INC.

A handwritten signature in blue ink, appearing to read "Daniel Johnson", is written over a light blue rectangular background.

Daniel Johnson
Environment and Technical Services Manager

BAS:ld
Attachments
cc: Florence Copper File