FOURTH QUARTER 2013 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 30, 2014

FLORENCE COPPER INC.

FLORENCE COPPER INC.
1575 W. Hunt Highway, Florence, Arizona 85132 USA
florencecopper.com

January 30, 2014

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

Sent U.S. Certified Mail
#7010 1670 0001 3086 2406
Return Receipt Requested

Subject: Fourth Quarter 2013 Monitoring Report
Underground Injection Control (UIC) Permit Number AZ396000001

Dear Ms. Rumrill:

Florence Copper Inc. (formerly Curis Resources (Arizona) Inc.) 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 October 1 through December 31, 2013. 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 of the original pilot test facility 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 well field. Figure 2 shows the approximate layout of the well field 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 quarterly compliance sampling on November 4 through 11, 2013. A verification sample of O49-GL was collected on October 11, 2013 and subsequent monthly samples were collected on November 6 and December 4, 2013.

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.

For the Fourth Quarter 2013, ten results exceeded the approved laboratory alert levels (ALs). In September 2013, magnesium, sulfate, and total dissolved solids (TDS) exceeded the ALs in well O49-GL. No Aquifer Quality Limits (AQLs) have been set for the parameters and there are no established Aquifer Water Quality Standards (AWQS). Verification sampling performed in October 2013 confirmed the exceedances. The ADEQ and USEPA were notified of the exceedances on October 28, 2013 with a demonstration that the exceedances are believed to be the result of damage to the well and are not related to the permitted mining activities. This letter is included in Attachment 2. Monthly monitoring of O49-GL was initiated in November 2013. Results for November and December 2013 continued to exceed the ALs for the three parameters.

Sulfate also continues to exceed the AL in upgradient well M1-GL. Sulfate has exceeded the AL in M1-GL since the Third Quarter of 2011. No AQL has been set for sulfate and there is no established AWQS. A report has been submitted demonstrating that the AL exceedance is not related to the permitted mining activities. On May 10, 2012, as part of a six-month summary report of the results for M1-GL, it was stipulated that if there were no AL exceedances of the biennial monitoring parameters for the well, the monitoring frequency of M1-GL would be reduced to quarterly for the indicator suite. All biennial results for M1-GL were below the ALs. Thus, routine quarterly monitoring for the well resumed during the Fourth Quarter 2012 event.

(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 on 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.

Florence Copper believes that you will find this report complete and in compliance with all permit conditions. Please contact me at (520) 374-3984 should you have any questions regarding this report.

Sincerely,

Florence Copper Inc.

Daniel Johnson
Vice President Environment and Technical Services

BAS:cr

Attachments
cc: Florence Copper File

HUNT HIGHWAY

M28-LBF
M29-UBF
M6-GU
M8-0
M27-LBF
O19-GL
M26-O
M7-GL
M20-O
M19-LBF
M31-LBF
M30-O
M21-UBF
P19-1-0
M33-UBF
M23-UBF
M22-O
M14-GL
M15-GU
M32-UBF
NORTH CANAL
EXISTING FACILITIES
M25-UBF
M24-O
M16-GU
M17-GL
WELL FIELD
POND
O49-GL
P49-0
M18-GU
M1-GL
TANK FARM
M4-0
M2-GU
M3-GL
GILA RIVER

0 400 800
APPROXIMATE SCALE IN FEET

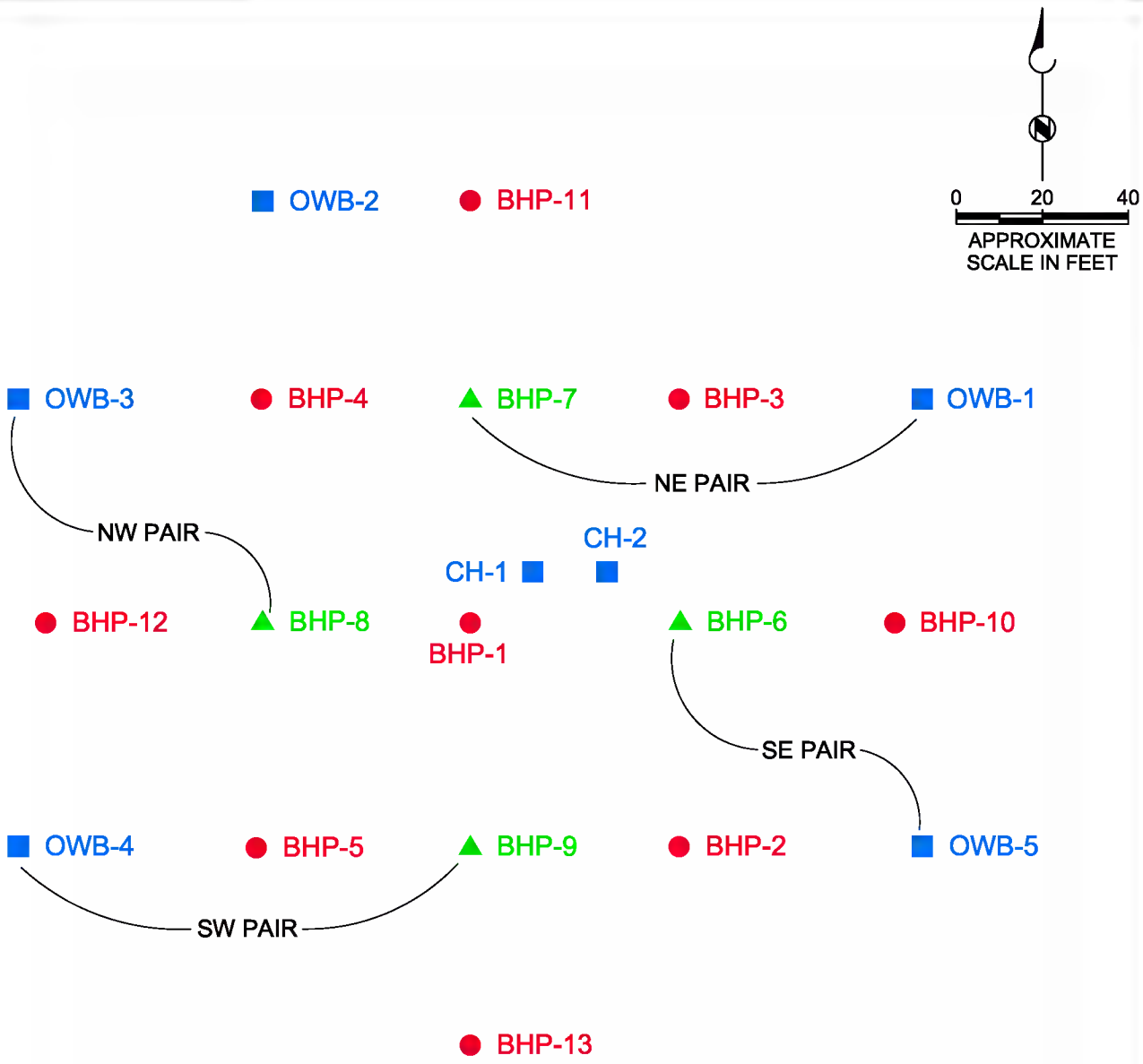
EXPLANATION

- 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

P:\Hunter Dickinson\138799 - Curis Florence Copper Permitting\Drawings\ES\138799010.dwg Dec 05, 2011 - 7:26am jollier



EXPLANATION

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

Brown AND Caldwell

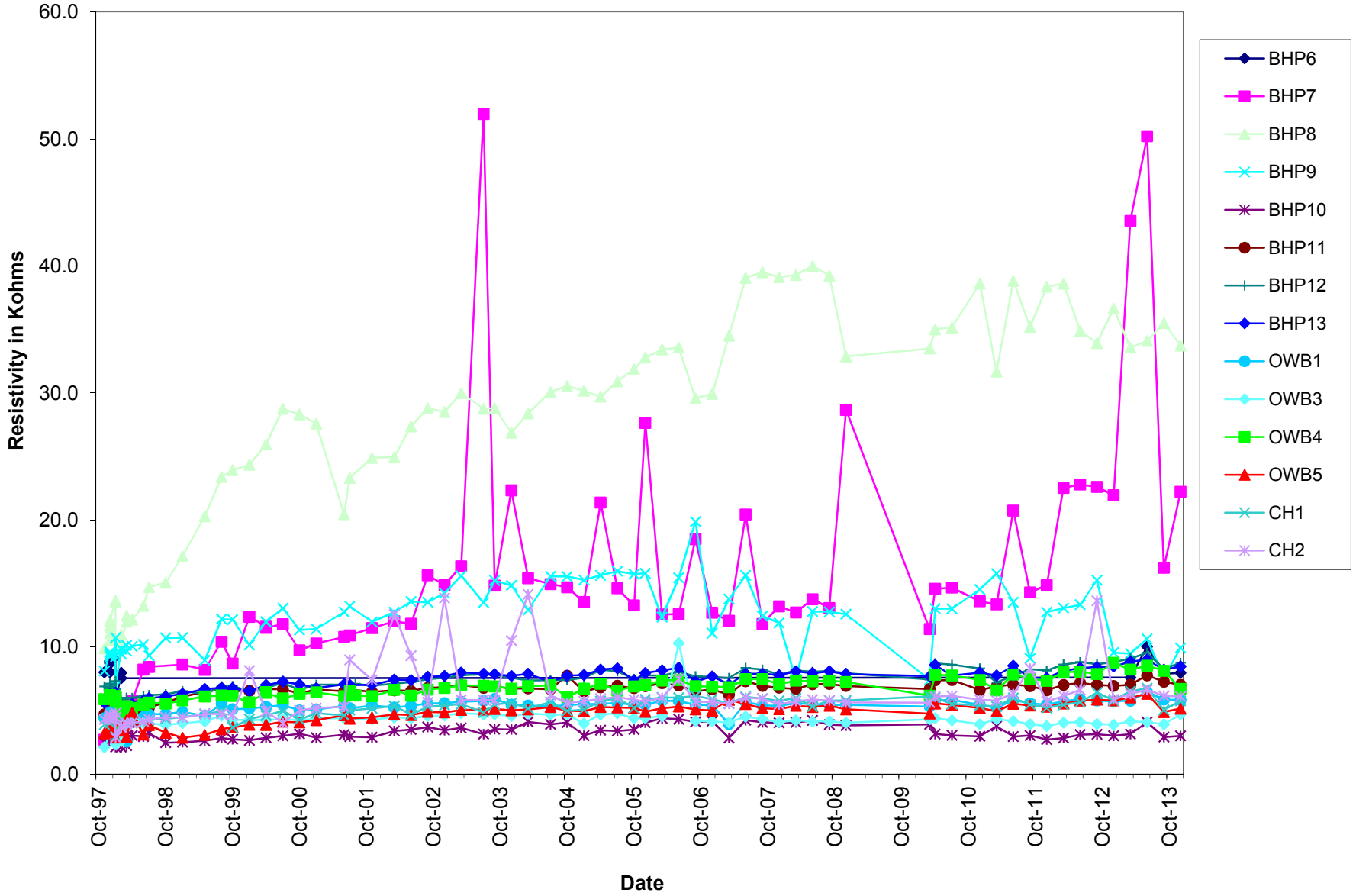
Figure 2

WELL FIELD LAYOUT

FLORENCE COPPER PROJECT

FLORENCE, ARIZONA

Figure 3 - Well Field Annular Resistivity



ATTACHMENT 1

POC Quarterly Compliance Monitoring Report

Sampling Activities

Groundwater sampling at the Florence Copper Project site took place on November 5 through 11, 2013 (Fourth Quarter 2013). A verification sample of 049-GL was collected on October 11, 2013 and subsequent monthly samples were collected on November 6 and December 4, 2013. 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. The field parameters of dissolved oxygen (DO) and turbidity are also monitored to determine stabilization of wells sampled using low-flow purging methods, but are not reported.

During the Fourth Quarter 2013 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 - Phoenix (TestAmerica). Analytical results for the quarterly parameters are provided in Table 1, and field parameters measured during sampling are indicated in Table 2.

The majority of the monitoring well network is equipped with low-flow bladder pumps. Low-flow sampling was conducted in accordance with Section 2.5.3 (Groundwater Monitoring and Sampling Protocols). Wells M20-0, M22-0, M24-0, 049-GL and P49-0 are equipped with stainless-steel electric pumps. The wells were sampled by purging a minimum of three borehole volumes, except for M20-0 which is purged dry for two consecutive days and allowed to recharge prior to sampling. No reduced pumping volumes occurred, and there were no other modified sampling procedures noted.

In Third Quarter 2013, monitoring well 049-GL was sampled on September 19, 2013. The results were reported on September 30, 2013 and alert level (AL) exceedances of magnesium, sulfate, and TDS were observed. There are no Aquifer Water Quality Standards (AWQSs) or Aquifer Quality Limits (AQLs) for the parameters. A verification sample was collected on October 11, 2013. The confirmation results were reported on October 22, 2013. The results confirmed the initial exceedance.

- Magnesium – 31 milligrams per liter (mg/L), above the AL of 18 mg/L;
- Sulfate – 266 mg/L, above the AL of 159 mg/L;
- TDS – 1,470 mg/L, above the AL of 849 mg/L; and
- Fluoride – 0.773 mg/L, below the AL of 1.0 mg/L.

In accordance with permit conditions, the Arizona Department of Environmental Quality (ADEQ) and the U.S. Environmental Protection Agency (USEPA) were notified of the exceedances in a letter dated October 28, 2013 (attached).

Under prevailing conditions, 049-GL is a cross-gradient, background well in relation to the BHP 1997-98 pilot test area. Because the BHP pilot test facility is inactive, and has not been active for a period of 15 years, and is located cross-gradient a distance of 1,800 feet from POC well 049-GL, the increased concentrations are not indicated to be related to past permitted mining operations. It appears that a defect in the well casing or well construction has allowed groundwater from the Upper Basin Fill Unit (UBFU) to leak downward either inside or outside of the well casing.

Well 049-GL was drilled in 1995 and is completed in the Lower Basin Fill Unit (LBFU). A video log conducted in 1997 shows a small hole in the steel casing at 220 feet. An inner casing string was installed in August 1997 to address the apparent leakage at 220 feet. Similar water quality conditions were observed in 1997, prior to the operation of the BHP test, and prior to the installation of the inner casing string. The standard sampling procedure for this well includes purging until field parameters are within the historical range. Subsequent to the Second Quarter 2013 monitoring event, the condition of the well appears to have changed to the point that extended purging did not bring the field parameters into the historical range. In September 2013, a portion of inner well casing, from land surface to approximately 500 feet below land surface, was removed and a packer was installed above the submersible pump to attempt to isolate the lower portion of the well from leakage inside the well casing and above the screen. Field parameters remained elevated during the Fourth Quarter 2013 sampling events. As the well cannot be rehabilitated, Florence Copper submitted an “Other” Amendment to ADEQ requesting permission to replace the well in accordance with Permit Section 2.5.3.1. The “Other” Amendment was approved in January 2014 and a replacement well is being installed.

The water quality observed at 049-GL during the sampling event resembles the long term water quality observed in the UBFU. The elevated concentrations of magnesium, sulfate, and TDS observed at 049-GL during this sampling event are similar to the range of values observed at nearby POC well M25-UBF for pre-mining, ambient conditions. For this reason, it is believed that a defect in the well casing or well construction has allowed groundwater from the UBFU to leak downward either inside or outside of the well casing.

There were no other exceedances of ALs in the monitoring network during the Fourth Quarter 2013 sampling event, with the exception of sulfate in upgradient well M1-GL at 118 mg/L, above the AL of 109 mg/L.

There were no other exceedances of alert levels in the monitoring network during the Third Quarter 2013 sampling event, with the exception of sulfate in M1-GL. Sulfate has exceeded the AL in M1-GL since the Third Quarter of 2011. A general increase in the sulfate concentrations in M1-GL has been observed since 2000. The remaining three indicator parameters at M1-GL are relatively stable and well below the established ALs. Since M1-GL is an upgradient, background well to the BHP 1997-98 pilot test area, the increased sulfate concentration is not attributed to operation of that permitted facility.

On May 10, 2012, Florence Copper submitted a six-month summary report of the results for M1-GL in accordance with Permit Section 2.6.2.3.2.7. A copy of the report was also supplied to the USEPA. In the report it was stipulated that if there were no AL exceedances of the biennial monitoring parameters for the well, the monitoring frequency of M1-GL would be reduced to quarterly for the indicator suite. All biennial results for M1-GL were below the ALs. Thus routine quarterly monitoring for the well resumed during the Third Quarter 2012 event.

As described above, a general increase in sulfate concentrations in M1-GL has been observed since 2000. A similar general increase has been observed in sulfate concentrations in M27-LBF since 2000; however there is no sulfate increase in nearby wells M28-LBF which is screened below M27-LBF, or M29-UBF which is screened above M27-LBF. Recently, concentrations of magnesium, sulfate, and TDS appear to be increasing in upgradient wells M2-GU, M3-GL, and M4-0. In the upper aquifer, a decreasing trend for magnesium concentrations and an increasing trend for fluoride concentrations were observed from 2000 to 2008, stabilizing since 2008. Rising concentrations were also observed in upgradient wells M2-GU and M18-GU for magnesium, sulfate, and TDS from 2005 to 2007, 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, and have been relatively stable or have recovered slightly since 2004.

Of the 24 wells with low-flow pumps, some changes in water quality have been observed, since these pumps were installed between the Third Quarter 2011 and the First Quarter of 2012. Concentrations of the indicator parameters in M26-0, and M28-LFB have decreased on an average basis from 5 percent to 50 percent. Concentrations in M4-0 have increased on an average basis from 20 percent to 80 percent. The changes of concentrations are likely related to the change of sampling methodology.

Contingency Sampling Plans

Verification sampling of 049-GL was performed on October 11, 2013. The exceedances were verified. The monitoring frequency has been increased to monthly. Florence Copper has requested permission from the ADEQ to replace the well.

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	Nov 11 2013	20	31	**118**	109	0.57	1.3	688	1028
M2-GU	Nov 11 2013	24	39	151	275	0.69	1.4	836	1496
M3-GL	Nov 11 2013	22	36	162	187	0.57	1.3	724	1157
M4-O	Nov 11 2013	7.3	15	80.6	405	2.13	5.1	501	1072
M6-GU	Nov 06 2013	2.4	5.1	53.1	86	0.55	1.3	309	620
M7-GL	Nov 07 2013	<0.2	1	24.8	82	0.76	1.7	274	464
M8-O	Nov 07 2013	<0.2	1	49.0	122	1.97	3.6	347	609
M14-GL	Nov 08 2013	2.2	23	61.0	144	0.52	1.4	443	874
M14-GL (Dup)	Nov 08 2013	2.2	23	61.0	144	0.52	1.4	445	874
M15-GU	Nov 07 2013	20	44	66.3	126	<0.4	1.2	651	1359
M16-GU	Nov 08 2013	27	52	177	248	0.44	1.1	943	1635
M17-GL	Nov 08 2013	3.9	9.3	67.2	209	0.57	1.6	364	831
M18-GU	Nov 11 2013	20	36	157	288	0.74	1.6	798	1323
M19-LBF	Nov 05 2013	11	21	45.1	89	<0.4	1	424	794
M20-O	Nov 07 2013	7.5	14	65.5	112	0.64	1.7	467	809
M21-UBF	Nov 05 2013	28	87	201	487	0.61	1.1	986	2867
M22-O	Nov 07 2013	5.6	8.6	53.7	86	0.59	1.3	415	1094
M23-UBF	Nov 07 2013	30	69	242	411	0.62	1.3	1150	2392
M24-O	Nov 08 2013	9.4	19	737	1364	0.96	2.5	1300	2363
M25-UBF	Nov 11 2013	37	76	265	387	0.54	1.6	1400	2683
M26-O	Nov 05 2013	<0.2	1	54.5	105	1.23	3.4	301	556
M27-LBF	Nov 05 2013	31	51	139	179	<0.4	1	1080	1745
M28-LBF	Nov 06 2013	0.85	2.6	14.9	81	0.63	1.6	274	610
M29-UBF	Nov 05 2013	30	84	227	465	0.57	1.1	1060	2751
M30-O	Nov 05 2013	11	18	59.5	102	0.59	1.6	491	824
M30-O (Dup)	Nov 05 2013	11	18	59.6	102	0.6	1.6	474	824
M31-LBF	Nov 05 2013	22	46	174	330	0.73	1.3	828	1665
O19-GL	Nov 06 2013	11	17	58.1	99	0.5	1.4	427	770
O19-GL (Dup)	Nov 06 2013	11	17	58.2	99	0.5	1.4	413	770
O49-GL	Oct 11 2013	**31**	18	**266**	159	0.77	1	**1470**	849
O49-GL	Nov 06 2013	**31**	18	**260**	159	0.73	1	**1400**	849
O49-GL	Dec 04 2013	**31**	18	**274**	159	0.7	1	**1480**	849
P19-1-O	Nov 06 2013	5.2	12	65.5	107	1.42	2.8	400	767
P49-O	Nov 07 2013	3.2	6.2	101	181	0.82	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	Nov 11 2013	21.2	70.2	7.20	1224
M2-GU	Nov 11 2013	20.9	69.6	7.20	1370
M3-GL	Nov 11 2013	21.4	70.5	7.25	1200
M4-O	Nov 11 2013	21.7	71.1	7.50	843
M6-GU	Nov 06 2013	24.7	76.5	7.48	784
M7-GL	Nov 07 2013	23.7	74.7	8.92	494
M8-O	Nov 07 2013	24.1	75.4	8.72	613
M14-GL	Nov 08 2013	22.5	72.5	8.27	827
M15-GU	Nov 07 2013	22.6	72.7	7.49	1135
M16-GU	Nov 08 2013	22.6	72.7	7.28	1568
M17-GL	Nov 08 2013	22.5	72.5	8.60	720
M18-GU	Nov 11 2013	20.8	69.4	7.20	1414
M19-LBF	Nov 05 2013	23.0	73.4	7.25	889
M20-O	Nov 07 2013	22.5	72.5	7.70	770
M21-UBF	Nov 05 2013	23.3	73.9	6.93	1877
M22-O	Nov 07 2013	27.1	80.8	8.00	800
M23-UBF	Nov 07 2013	23.6	74.5	7.10	1888
M24-O	Nov 08 2013	29.9	85.8	7.65	1990
M25-UBF	Nov 11 2013	20.9	69.6	6.89	2290
M26-O	Nov 05 2013	23.4	74.1	8.54	546
M27-LBF	Nov 05 2013	23.2	73.8	7.24	1610
M28-LBF	Nov 06 2013	23.6	74.5	8.84	689
M29-UBF	Nov 05 2013	23.4	74.1	6.93	1523
M30-O	Nov 05 2013	22.6	72.7	7.17	935
M31-LBF	Nov 05 2013	22.6	72.7	7.09	1600
O19-GL	Nov 06 2013	22.8	73.0	7.30	880
O49-GL	Oct 11 2013	21.0	69.8	7.17	2400
O49-GL	Nov 06 2013	20.5	68.9	7.23	2550
O49-GL	Dec 04 2013	20.4	68.7	7.12	2480
P19-1-O	Nov 06 2013	23.1	73.6	7.12	825
P49-O	Nov 07 2013	27.1	80.8	7.66	836

°C = Degrees Celcius
°F = Degrees Fahrenheit
µmhos/cm = Micromhos per Centimeter

ATTACHMENT 2

Exceedance Notification Letter

FLORENCE COPPER INC.

FLORENCE COPPER INC.
1575 W. Hunt Highway, Florence, Arizona 85132 USA
florencecopper.com

October 28, 2013

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

U.S. Certified Mail
#7011 2000 0001 9572 9907
Return receipt requested

Subject: 5-Day Notification and 30-Day Report of Alert Level Exceedances;
Aquifer Protection Permit (APP) No. 101704

Dear Ms. Colquitt:

In accordance with Aquifer Protection Permit (APP) No. P-101704, Florence Copper Inc. (formerly Curis Resources (Arizona) Inc.) is providing the Arizona Department of Environmental Quality (ADEQ) with this notification of alert level (AL) exceedances in a point-of-compliance (POC) monitor well at the Florence Copper project. Concurrent notification is also being made to the U.S. Environmental Protection Agency (USEPA).

As you are aware, in February 2010, Florence Copper Inc. (Florence Copper) purchased all of the assets of BHP 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 an amendment request and assumed the compliance obligations of those permits. The amended APP transferring the permit to Curis Arizona was issued August 12, 2011.

The Florence Copper project is a proposed in-situ copper extraction facility. The facility has been inactive since a BHP pilot test in 1997-1998, which was performed in a very limited portion of the permitted area
The permit requires quarterly monitoring of four indicator parameters, fluoride, magnesium, sulfate and total dissolved solids (TDS). The quarterly parameters were selected on the basis of theoretical impact by the in-situ process. In the event of a discharge, all four parameters would be expected to increase significantly.

Monitoring well O49-GL was sampled on September 12, 2013. The results were reported on September 30, 2013 and alert level exceedances of magnesium, sulfate, and TDS were observed. A verification sample was collected on October 11, 2013, and the results were reported on October 22, 2013. In accordance with permit conditions 2.6.2.3 (Exceeding of Alert Levels in Groundwater Monitoring Wells) and 2.7.3 (Permit Violations and Alert Level Status Reporting), we are providing this 5-day notification and 30-day report.

The following concentrations were reported for the primary and verification samples.

WELL ID	SAMPLE DATE	ANALYTE	RESULT	ALERT LEVELS	UNITS
O49-GL	9/12/2013	Magnesium	**29.2**	18	mg/L
O49-GL	9/12/2013	Fluoride	0.775	1.0	mg/L
O49-GL	9/12/2013	Sulfate	**273**	159	mg/L
O49-GL	9/12/2013	TDS	**1,470**	849	mg/L
O49-GL	10/11/2013	Magnesium	**31**	18	mg/L
O49-GL	10/11/2013	Fluoride	0.773	1.0	mg/L
O49-GL	10/11/2013	Sulfate	**266**	159	mg/L
O49-GL	10/11/2013	TDS	**1,470**	849	mg/L

Figure 1 shows graphs of the historical data for O49-GL. With the exception of Fluoride (4mg/L), there are no Aquifer Water Quality Standards (AWQS) or Aquifer Quality Limits (AQLs) for the parameters.

Under prevailing conditions, O49-GL is a cross-gradient, background well in relation to the to the BHP 1997-98 pilot test area. Because the BHP pilot test facility is inactive, and has not been active for a period of 15 years, and is located cross-gradient a distance of 1,800 feet from POC well O49-GL, the increased concentrations are not indicated to be related to past permitted mining operations. It appears that a defect in the well casing or well construction has allowed groundwater from the UBFU to leak downward either inside or outside of the well casing.

Well O49-GL was drilled in 1995 and is completed in the Lower Basin Fill Unit (LBFU). A video log conducted in 1997 shows a hole in the steel casing at 220 feet. An inner casing string was installed in August 1997 to address the apparent leakage at 220 feet. Figure 1 shows that similar water quality conditions were observed in 1997, prior to the operation of the BHP test, and prior to the installation of the inner casing string. The standard sampling procedure for this well includes purging until field parameters are within the historical range. Subsequent to the last quarterly monitoring event, the condition of the well appears to have changed to the point that extended purging did not bring the field parameters into the historical range. In September, a portion of inner well casing, from land surface to approximately 500 feet below land surface, was removed and a packer was installed above the submersible pump to attempt to isolate the lower portion of the well from leakage inside the well casing and above the screen. Field parameters remained elevated during the Third Quarter 2013 sampling event.

The water quality observed at O49-GL during these two sampling events resembles the long term water quality observed in the Upper Basin Fill Unit (UBFU). The elevated concentrations of magnesium, sulfate, and TDS observed at O49-GL during this sampling event are similar to the range of values observed at nearby POC well M25-UBF for pre-mining, ambient conditions. For this reason, it is believed that a defect in the well casing or well construction has allowed groundwater from the UBFU to leak downward either inside or outside of the well casing.

There were no other exceedances of alert levels in the monitoring network during the Third Quarter 2013 sampling event, with the exception of sulfate in M1-GL. Sulfate has exceeded the AL in M1-GL since the Third Quarter of 2011. A general increase in the sulfate concentrations in M1-GL has been observed since 2000. The remaining three indicator parameters at M1-GL are relatively stable and well below the established ALs. Since

M1-GL is an upgradient, background well to the BHP 1997-98 pilot test area, the increased sulfate concentrations is not attributed to operation of that permitted facility.

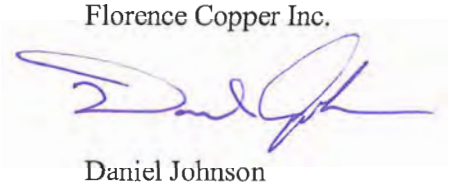
On May 10, 2012, Curis Arizona submitted a six-month summary report of the results for M1-GL in accordance with permit condition 2.6.2.3.2.7. A copy of the report was also supplied to the USEPA. In the report it was stipulated that if there were no AL exceedances of the biennial monitoring parameters for the well, the monitoring frequency of M1-GL would be reduced to quarterly for the indicator suite. All biennial results for M1-GL were below the ALs. Thus routine quarterly monitoring for the well resumed during the Third Quarter 2012 event.

Based on the water quality observed during the Third Quarter 2013 sampling event, permit condition 2.6.2.3.2.2 requires that monitoring frequency of O49-GL be increased to monthly for the quarterly indicator parameters. Since the observed changes in concentrations are not indicated to be related to the permitted activities, we are reviewing the condition of the well and evaluating further actions to repair or replace the POC well.

We appreciate your consideration of this request. Please contact me at (520) 374-3984 should you have any questions regarding this report.

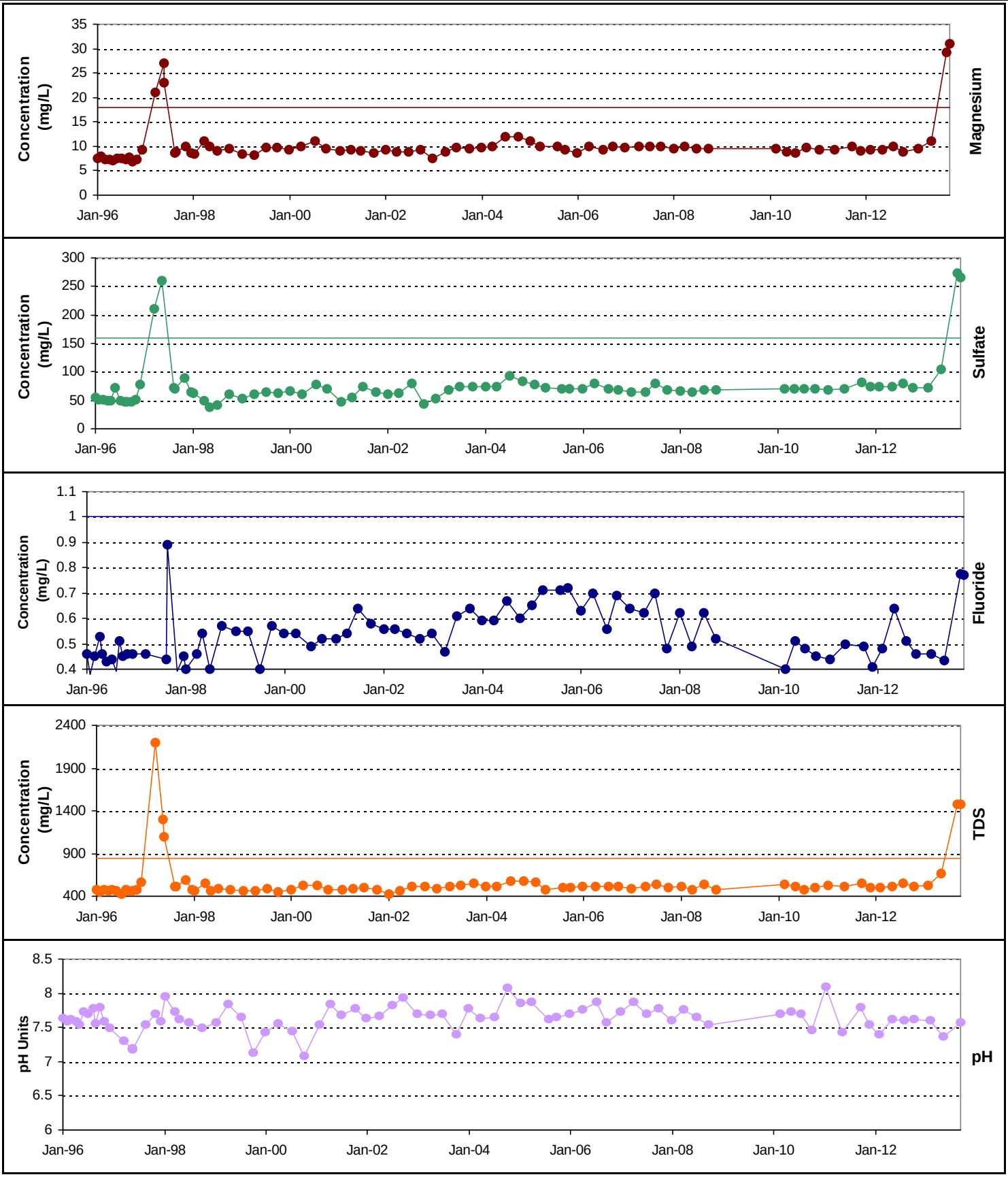
Sincerely,

Florence Copper Inc.



Daniel Johnson
Vice President / Environment and Technical Services

BAS:ds
Attachments
cc: Florence Copper File
Rita Maguire, Esq.



Brown AND Caldwell

O49-GL
QUARTERLY PARAMETERS
CURIS RESOURCES (ARIZONA) INC.
FLORENCE, ARIZONA