



**SECOND 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**

July 28, 2010



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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: Second 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 April 1 through June 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 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 – Second 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 May 18 through May 20, June 14, and June 24, 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).

During the previous sampling event, nitrate in M27-LBF was reported above the Arizona Aquifer Water Quality Standard (AWQS) of 10 milligrams per liter (mg/L); however, no AL or AQL has been set for nitrate in the POC network. The well was resampled for nitrate in the Second Quarter 2010, and the result was consistent with the First Quarter result. Since an AL has not been set for nitrate in any of the wells and the elevated concentrations are believed to be naturally occurring, no further action is required.

The UIC Permit sets an upper AL for field pH by well, and requires that the biennial measurement of laboratory pH be compared to the same ALs; although samples cannot be transported to the laboratory within the required 15-minute hold time. During the previous sampling event, laboratory pH in M21-UBF and M29-UBF exceeded the ALs; however, the field

pH results were below the ALs. Both wells were resampled for laboratory pH in the Second Quarter 2010. The result for M21-UBF again exceeded the AL, while M29-UBF was below the AL. The field pH for both wells was below the ALs, thus the field pH does not verify the laboratory pH results. Furthermore, as elevated pH concentrations are not related to the permitted mine activities, which would lower pH, no further action is required.

(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.

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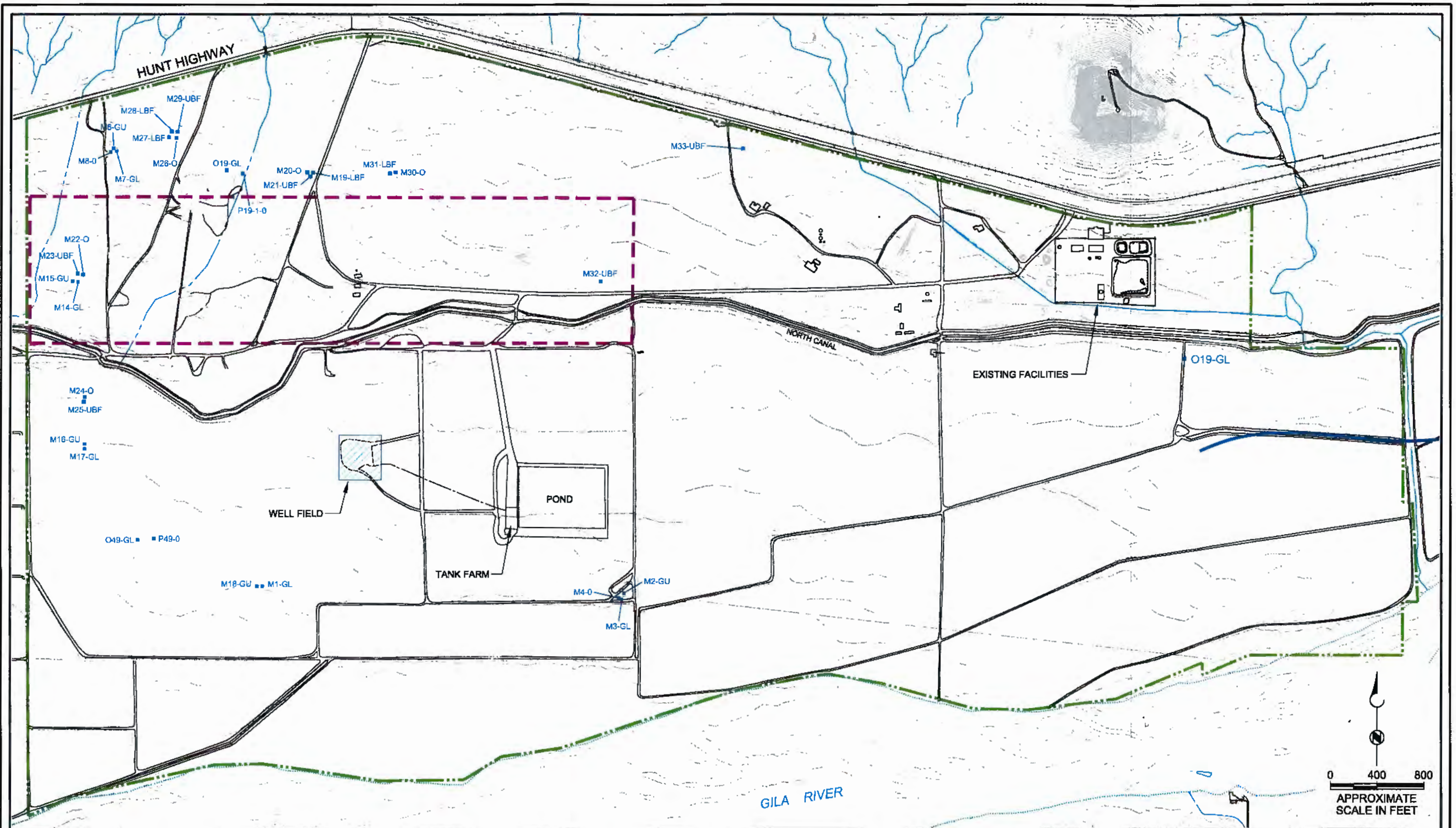
Curis Resources believes that you will find this report complete and in compliance with all permit conditions. Please contact me at (604) 684-6365 should you have any questions regarding this report.

Sincerely,

CURIS RESOURCES (ARIZONA) INC.


Loretta Ford
Environmental Manager

BAS:ld
Attachments
cc: Florence Copper File

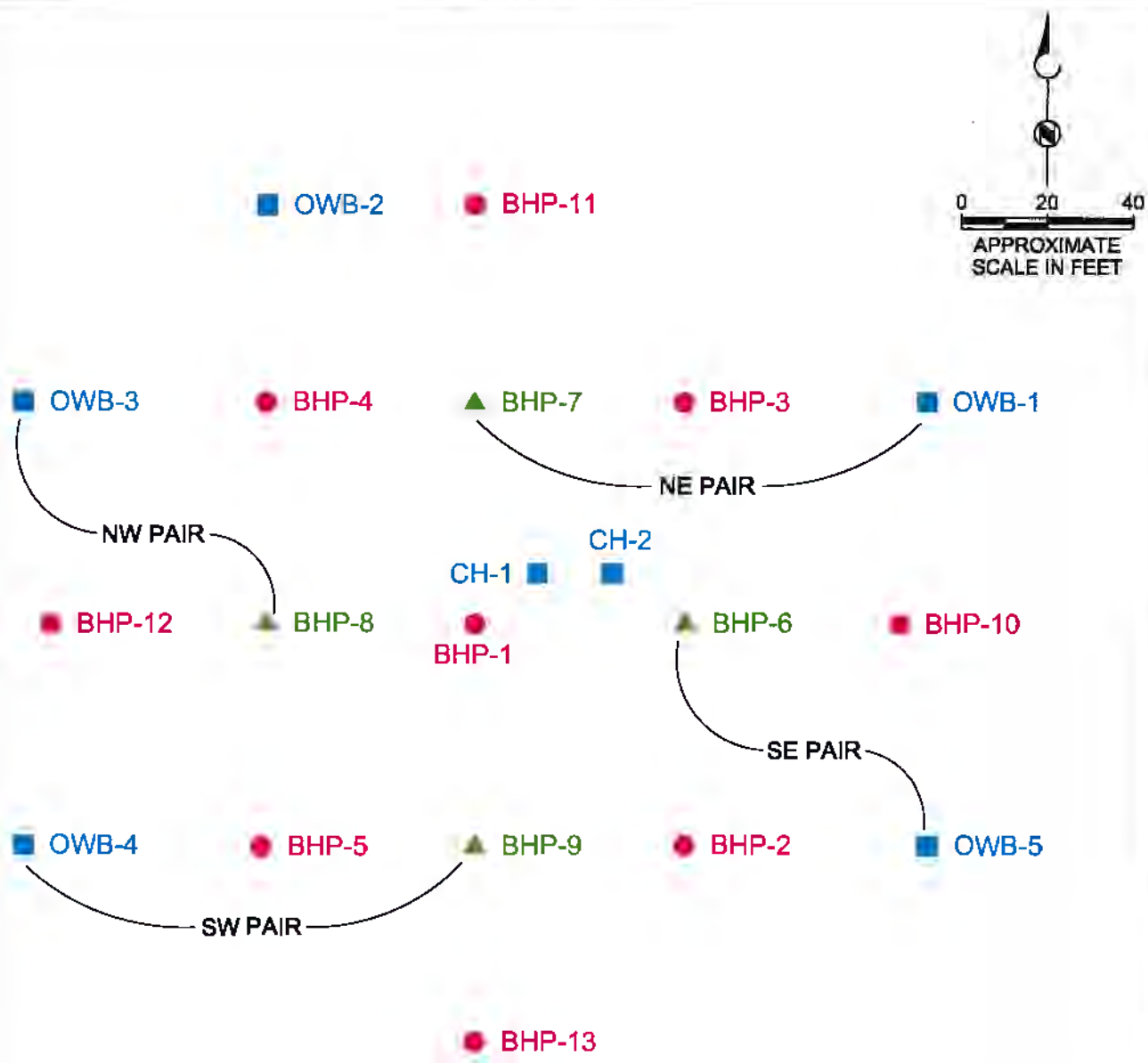


EXPLANATION

- APPROXIMATE PROPERTY BOUNDARY
- STATE LEASE LAND BOUNDARY
- M1-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)



Figure 2
WELL FIELD LAYOUT
FLORENCE COPPER PROJECT
FLORENCE, ARIZONA

ATTACHMENT 1

Mine Operations Monitoring

Well Field Water Level Elevations Second Quarter 2010								
Date	BHP-6	BHP-7	BHP-8	BHP-9	OWB-1	OWB-3	OWB-4	OWB-5
04/05/10	1271.5	1271.1	1271.0	1271.0	1271.5	1270.0	1270.7	1272.1
04/12/10	1263.3	1263.1	1262.6	1262.5	1263.6	1261.8	1262.1	1263.8
04/19/10	1263.0	1262.8	1262.3	1262.2	1263.4	1262.6	1262.8	1263.6
04/26/10	1262.5	1262.3	1261.8	1261.7	1262.9	1262.2	1262.3	1263.1
05/03/10	1262.6	1262.4	1261.9	1261.8	1263.0	1262.3	1262.4	1263.3
05/10/10	1266.7	1266.3	1266.2	1266.0	1266.8	1265.1	1265.5	1267.3
05/17/10	1256.7	1255.8	1256.2	1256.5	1256.5	1254.1	1256.0	1258.3
05/24/10	1264.9	1264.5	1264.1	1264.2	1265.0	1263.3	1263.6	1265.4
05/31/10	1270.5	1270.2	1270.4	1270.3	1270.4	1269.5	1270.2	1271.0
06/07/10	1255.9	1255.1	1255.6	1255.8	1255.8	1256.5	1255.3	1257.5
06/14/10	1258.3	1257.9	1257.4	1257.3	1258.6	1256.5	1256.8	1258.7
06/21/10	1267.6	1267.3	1267.4	1267.3	1267.7	1266.7	1267.1	1268.2
06/28/10	1249.1	1248.3	1248.3	1248.5	1249.1	1246.5	1247.9	1250.5

All Water Level Elevations in Feet Above Mean Sea Level

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

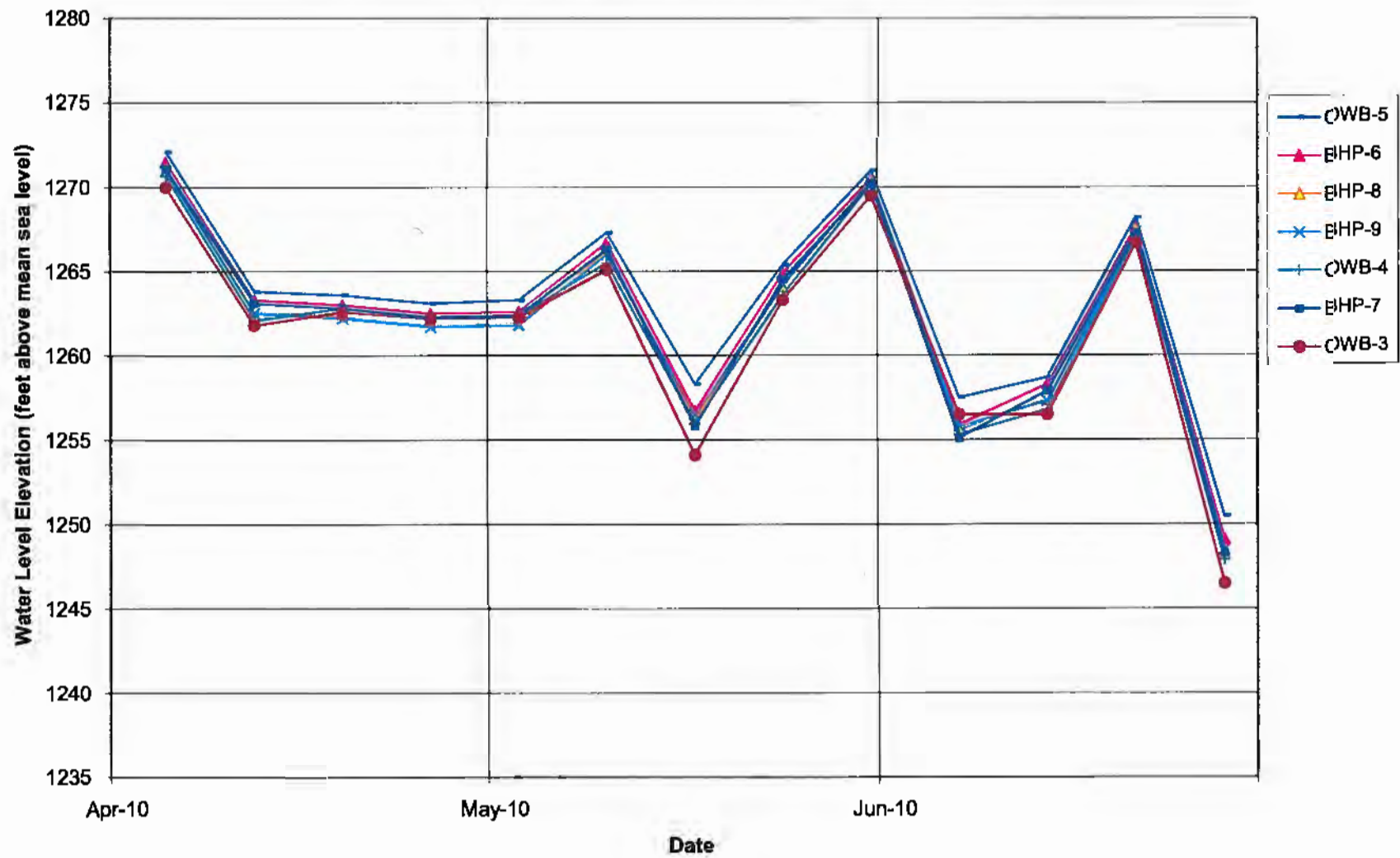
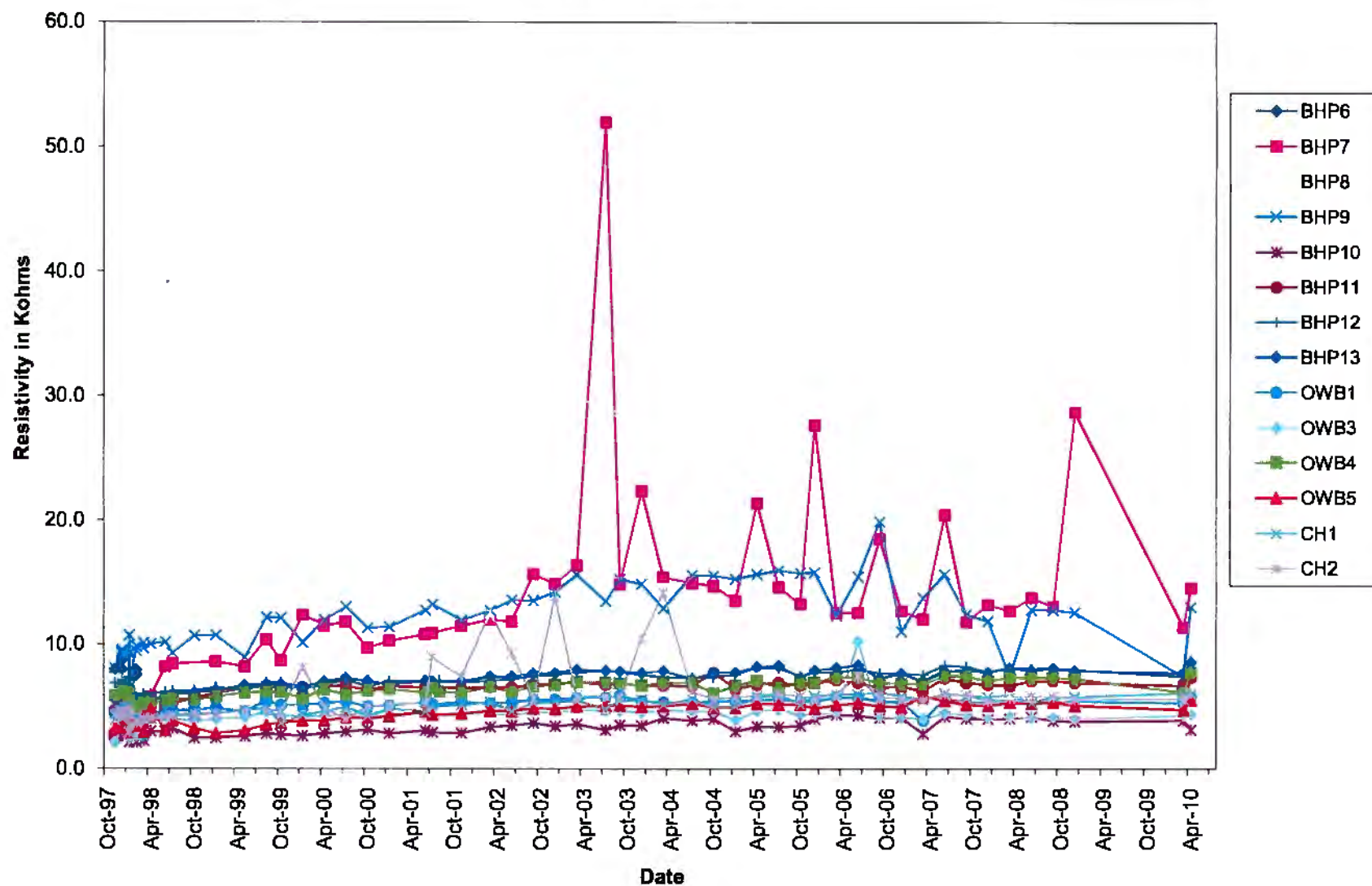


Figure 2 - Well Field Annular Resistivity



Brown - Caldwell

ATTACHMENT 2

POC Quarterly Compliance Monitoring Report

**FLORENCE COPPER PROJECT
QUARTERLY COMPLIANCE MONITORING REPORT
SECOND QUARTER 2010**



Sampling Activities

Quarterly compliance monitoring was conducted for the Florence Copper Project on May 18 through May 20, June 14, and June 24, 2010 (Second 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 Second 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 Second 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 110 milligrams per liter (mg/L), which exceeded the AL of 109 mg/L. A verification sample was collected on June 16, 2010. The concentration of the verification sample was 104 mg/L, thus the exceedance was not verified.

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. Upward trends have also been observed in upgradient wells M2-GU and M18-GU for magnesium, sulfate, and TDS. 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.

During the Second Quarter, additional samples were collected to confirm nitrate and pH results from the biennial sampling event which took place during the First Quarter 2010.

During the biennial sampling event, nitrate in M27-LBF was reported at 11 mg/L, which is above the Aquifer Water Quality Standard (AWQS) of 10 mg/L. No AL or Aquifer Quality Limit (AQL) has been set for nitrate for any of the POC wells, thus resampling was not required. Florence Copper voluntarily resampled the well for nitrate in the Second Quarter and the result was consistent with the First Quarter result at a concentration of 11 mg/L.

The nitrate results are within two standard deviations of the historical average for the well. No increase in nitrate was observed in wells M28-LBF or M29-UBF which are located within 100 feet of M27-LBF, and are screened above and below M27-LBF respectively. These results are likely the result of a natural change to the aquifer conditions. Since no AL or AQL has been set for nitrate for any of the POC wells and the elevated concentrations are not related to the permitted mine operation, no further action is required.

Additionally M21-UBF and M29-UBF were sampled for laboratory pH. The UIC Permit sets an upper AL for field pH by well, and requires that the biennial measurement of laboratory pH be compared to the same ALs. The APP does not set ALs for pH. During the biennial sampling event, laboratory pH in M21-UBF and M29-UBF exceeded the ALs; however, the field pH results were below the limits.

Both wells were sampled on May 18, 2010 for the quarterly parameters with field pH, and were resampled on June 24, 2010 for laboratory pH. The results are summarized below. The field pH results were consistently below the ALs. The laboratory pH for M21-UBF decreased for the June resample event, although it was above the AL. The result for M29-UBF was below the AL.

Well ID	Sample Date	Field pH	Lab pH	AL
M21-UBF	2/18/2010	7.45	7.89	7.6
M21-UBF	5/18/2010	7.35	NA	7.6
M21-UBF	6/24/2010	7.28	7.70	7.6
M29-UBF	2/18/2010	7.24	7.85	7.6
M29-UBF	5/18/2010	7.23	NA	7.6
M29-UBF	6/24/2010	7.24	7.49	7.6

The field results are consistent with historical results for both wells. The United States Environmental Protection Agency (USEPA) method for laboratory pH specifies a 15-minute hold time. Because the transportation time from the site to the laboratory exceeds this hold time, field measurements are considered to be more accurate than laboratory measurements.

In general, the field pH in these two wells has increased somewhat above the historical background results, while water levels in the wells have decreased by more than 50 feet. Thus the change in pH concentrations is likely related to natural changes in aquifer conditions. Since pH of the permitted mine operation would lower ambient pH concentrations, this change cannot be related to the mining operations. As a result, no further action is required.

Contingency Sampling Plans

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

Issues

There were no other issues to report during the Second 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	May 20 2010	21.0	31	110	109	0.77	1.3	630	1028
M1-GL	Jun 14 2010	20.0	31	104	109	0.66	1.3	680	1028
M2-GU	May 20 2010	24.0	39	165	275	0.97	1.4	860	1496
M3-GL	May 20 2010	20.0	36	135	187	0.74	1.3	630	1157
M4-O	May 20 2010	4.3	15	58	405	2.7	5.1	380	1072
M6-GU	May 19 2010	2.5	5.1	53	86	0.68	1.3	360	620
M7-GL	May 19 2010	<0.25	1	38	82	0.92	1.7	290	464
M8-O	May 19 2010	<0.25	1	74	122	2.2	3.6	390	609
M8-O (Dup)	May 19 2010	<0.25	1	74	122	2.2	3.6	380	609
M14-GL	May 19 2010	2.3	23	59	144	0.61	1.4	430	874
M15-GU	May 19 2010	24.0	44	87	126	0.5	1.2	830	1359
M16-GU	May 20 2010	29.0	52	183	248	0.61	1.1	990	1635
M17-GL	May 20 2010	5.6	9.3	115	209	0.85	1.6	490	831
M17-GL (Dup)	May 20 2010	5.3	9.3	114	209	0.78	1.6	490	831
M18-GU	May 20 2010	23.0	36	192	288	0.9	1.6	860	1323
M19-LBF	May 18 2010	11.0	21	56	89	0.54	1	470	794
M20-O	May 18 2010	7.9	14	69	112	0.97	1.7	490	809
M21-UBF	May 18 2010	22.0	87	170	487	0.82	1.1	800	2867
M22-O	May 19 2010	5.7	8.6	56	86	0.73	1.3	420	1094
M23-UBF	May 19 2010	36.0	69	278	411	0.72	1.3	1400	2392
M24-O	May 20 2010	11.0	19	762	1364	1.2	2.5	1300	2363
M25-UBF	May 20 2010	37.0	76	259	387	0.71	1.6	1300	2683
M26-O	May 18 2010	0.49	1	64	105	1.7	3.4	350	556
M27-LBF	May 18 2010	31.0	51	153	179	<0.4	1	1000	1745
M27-LBF (Dup)	May 18 2010	32.0	51	153	179	<0.4	1	1100	1745
M28-LBF	May 18 2010	1.7	2.6	50	81	0.78	1.6	370	610
M29-UBF	May 18 2010	34.0	84	285	465	0.68	1.1	1200	2751
M30-O	May 18 2010	10.0	18	60	102	0.79	1.6	520	824
M31-LBF	May 18 2010	16.0	46	138	330	0.98	1.3	720	1665
O19-GL	May 19 2010	7.8	17	67	99	0.64	1.4	410	770
O49-GL	May 18 2010	8.8	18	70	159	0.51	1	520	849
P19-1-O	May 19 2010	5.5	12	66	107	1.6	2.8	450	767
P49-O	May 18 2010	3.5	6.2	110	181	0.91	2	450	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	May 20 2010	21.9	71.4	7.64	1054
M1-GL	Jun 14 2010	21.6	70.9	7.52	999
M2-GU	May 20 2010	19.8	67.6	7.45	1207
M3-GL	May 20 2010	21.6	70.9	7.61	1021
M4-O	May 20 2010	23.6	74.5	7.53	640
M6-GU	May 19 2010	24.8	76.6	8.68	677
M7-GL	May 19 2010	24.4	75.9	9.59	488
M8-O	May 19 2010	28.9	84.0	9.00	657
M14-GL	May 19 2010	27.3	81.1	8.65	795
M15-GU	May 19 2010	25.0	77.0	7.58	1357
M16-GU	May 20 2010	23.8	74.8	7.59	1501
M17-GL	May 20 2010	28.0	82.4	8.46	824
M18-GU	May 20 2010	20.3	68.5	7.44	1257
M19-LBF	May 18 2010	23.1	73.6	7.74	764
M20-O	May 18 2010	23.9	75.0	7.62	746
M21-UBF	May 18 2010	22.5	72.5	7.35	1308
M21-UBF	Jun 24 2010	22.8	73.0	7.28	1291
M22-O	May 19 2010	28.4	83.1	8.20	783
M23-UBF	May 19 2010	22.0	71.6	7.23	1981
M24-O	May 20 2010	30.5	86.9	7.81	1933
M25-UBF	May 20 2010	21.2	70.2	7.30	1825
M26-O	May 18 2010	28.8	83.8	8.63	584
M27-LBF	May 18 2010	23.2	73.8	7.54	1597
M28-LBF	May 18 2010	26.0	78.8	8.51	665
M29-UBF	May 18 2010	22.7	72.9	7.23	1790
M29-UBF	Jun 24 2010	22.3	72.1	7.24	1535
M30-O	May 18 2010	24.2	75.6	7.48	780
M31-LBF	May 18 2010	22.5	72.5	7.59	1093
O19-GL	May 19 2010	23.8	74.8	7.94	757
O49-GL	May 18 2010	25.4	77.7	7.72	898
P19-1-O	May 19 2010	24.4	75.9	7.74	722
P49-O	May 18 2010	27.5	81.5	7.73	796

*C = Degrees Celcius

*F = Degrees Fahrenheit

µmhos/cm = Micromhos per Centimeter