

**FORM 51-102F3
MATERIAL CHANGE REPORT**

1. Name and Address of Company:

Josephine Mining Corp.
601 West Main Avenue, Suite 600
Spokane, WA
99201

2. Date of Material Change:

October 24, 2012

3. News Release:

A press release reporting the material change was issued on October 24, 2012 via Marketwire.

4. Summary of Material Change:

The Corporation announced an updated resource estimate for the Turner Gold Project increasing the indicated resources by 1.04 million tons with new physical and economic parameters based on updated information from the 11-hole drilling program completed in 2011.

5. Full Description of Material Change:

The Corporation announced an updated resource estimate for the Turner Gold Project increasing the indicated resources by 1.04 million tons with new physical and economic parameters based on updated information from the 11-hole drilling program completed in 2011.

The indicated resource has increased 42.55% in tonnage and shows metal grades of 1.015% copper, 2.91 g/t gold, 13.3 g/t silver and 2.46 % zinc. Encompassed in the indicated resource are a total of 296,493 contained troy ounces of gold, 70.8 million pounds copper, 1.35 million troy ounces silver and 171.8 million lbs. of zinc or alternately 6.1 g/t equivalent gold (equating to 620,891 equivalent troy ounces of gold contained). With this increase to a total of 4.71 million tons of resource above an increased NSR cutoff grade of \$52/ton, JMC is pleased to report the improved delineation of the resource, with the newly compiled 2011 drilling data, moved 1.04 million ounces of the resource from inferred to the indicated category.

In comparing the mineral resource reports from the NI 43-101 compliant May 17, 2010 preliminary economic assessment technical report (the "PEA") filed on www.sedar.com and today's updated resource, the indicated mineral resource increased from 2.447 million tons to 3.488 million tons averaging 6.10 g/t gold equivalent. The inferred category resource now contains 1.225 million tons.

JMC successfully completed its objectives with the 2011 drilling program. As discussed in the PEA, the proposed drilling program "...will provide information for a broad range of topics at Turner in addition to geology and assay information..." As per JMC's May 10, 2011 press release, the intended goal of the drilling program was "To improve the classification of a portion of the mineral resource, as well as increase the total resource tonnage. This program will substantiate the existing results data from earlier drilling." In addition to fulfillment of this goal, JMC has been actively collecting additional data from the core to be used for developing geotechnical assessments of planned mining areas, geochemical characterization and metallurgical evaluation while continuing to pursue a path towards mine permitting.

The average copper grade for the new indicated resource estimate comes in at 1.015% copper and 2.91 g/t gold (see Table 1 below) which is comparable with the previous 2010 estimate of 1.25% copper, and 3.08 g/t (0.09 Oz/ton) gold. As anticipated in this Volcanogenic Massive Sulfide, lens-shaped deposit, the new estimates increased the indicated resource by over 1 million tons with 858,486 tons moved from the inferred resource to indicated resource category with the inferred resource now totaling 1.225 million tons of resource with average grades of 2.61 g/t gold, 0.811% copper, 23.76 g/t silver and 3.66% zinc. The total overall tonnage of combined indicated and inferred resource has increased from 4.53 million to 4.71 million tons.

The total resource represents over 90.6 million pounds of contained copper and 389,600 troy ounces of contained gold. The grade of the measured and indicated mineral resource is 6.1 g/t and 5.8 g/t gold equivalent for the indicated and inferred categories, respectively. (Equivalent gold is calculated to allow for the addition of silver, copper and zinc net values as "equivalent of gold.")

In comparison to the resource reported in the PEA, the updated mineral indicated resource contains more tons and more contained copper and gold with an increased cut-off from 1.20 g/t gold equivalent (\$42/ ton) to 1.48 g/t (\$52/ ton) at metal prices of \$1200/ Troy Oz gold, \$3.00/lb. copper, \$15/ Troy Oz silver and \$0.85/lb. zinc. The indicated resource above cutoff has increased by 1.04 million tons; a 42.55% increase over the PEA indicated resource. The total resource above cutoff has increased by 182,667 tons overall, which is an increase of 4.03% percent total. Contained indicated copper has increased by 9.6 million pounds or 15.7 percent. Contained indicated gold has increased by 76,263 ounces or 34.6 percent over the PEA indicated resource. Updated estimates of gold and copper prices, mining, process, and overhead costs from 2011 and 2012 engineering studies were applied. Table 1 below summarizes the mineral resources at the Turner Gold Project as estimated utilizing the new data from the 2011 drilling program.

Table 1
Turner Gold Deposit
Mineral Resources

Mineral Resources at metal prices: \$1200/oz gold, \$3.00/lb copper, \$15/oz silver and \$.85/lb zinc													
Category	Cutoff NSR/ton	Short tons	Gold g/t	Gold oz/ton	Copper %	Silver oz/ton	Zinc %	Gold Equiv g/t	Gold Equiv oz/ton	Contained Oz Gold	Contained Lbs Cu	Contained Oz Ag	Contained Lbs Zn
Indicated	\$52	3,488,153	2.91	0.085	1.015	0.388	2.464	6.10	0.178	296,493	70,809,506	1,353,403	171,896,180
Inferred	\$52	1,225,514	2.61	0.076	0.811	0.693	3.664	5.80	0.169	93,139	19,877,837	849,281	89,805,666
Total		4,713,667	2.83	0.083	0.962	0.467	2.776	6.02	0.176	389,632	90,687,343	2,202,685	261,701,846

Notes: Calculations are from the block model at the \$52.00/ton NSR Cutoff, (\$ US)

With these increases in mineral resources, the Company is evaluating the planned tonnage throughput for an update to the PEA, planned for completion in 2013. As per the PEA, the base case economic analysis indicates that the project's net present value (NPV) at an 8% discount rate is \$58.5 million, the internal rate of return (IRR) is 32.2% and the payback period is 2.6 years from start of production.

The PEA included inferred mineral resources are part of the mine plan with a mine life of 8 years and 3.585 million mineable tons. This new 2012 update includes an increase to 3.488 million tons in the indicated category. The Company believes it has been successful in reducing the overall risk associated with this project by now being able to place an additional 1.04 million tons in the indicated category.

Allan Schappert of Stantec Consulting Services, Inc of Phoenix, Arizona, the consultant for the feasibility mine design, updated the resource block model for this mineral resource update. The main features of this update are the incorporation of the 11 additional drill holes' assay data from the mid-2011 drilling program and development of a new Vulcan mine model to improve the estimate's fidelity. The further delineation into increased indicated mineral resource is due to the successful drilling program in 2011 and higher prevailing metal prices.

Pursuant to NI 43-101 regulations, only indicated and inferred resource blocks are allowed to contribute to the mineral resource tabulation. A preliminary economic assessment is preliminary in nature, and the included inferred resources are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized. As per the PEA, mineral resources that are not mineral reserves do not have demonstrated economic viability. Please refer to the PEA for the qualifications and assumptions used to reach the preliminary economic assessment.

The Company's key project milestones to be completed during the next twelve months are shown below:

- Final option payment of \$1.35 million (US) to General Moly for the Turner Gold Project
- Begin preparation for application of mineral production permits from Oregon Department of Geology and Mineral Industries (DOGAMI)
- Application for water permits from Oregon Water Resources Department
- Update of the Preliminary Economic Assessment (PEA)
- Feasibility Study; 2013-2014

6. Reliance on subsection 7.1(2) or (3) of National Instrument 51-102:

Not applicable.

7. Omitted Information:

Not applicable.

8. Executive Officer:

For further information, please contact:

Robert L. Russell, President
Telephone: (509)343-1215

9. Date of Report:

October 25, 2012