

**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:

August 14, 2013

3. News Release:

A press release reporting the material change was issued on August 14, 2013 via Marketwire.

4. Summary of Material Change:

The Corporation announced that a recent fire burned one of JMC's unoccupied leased core storage shed facilities in Cave Junction, Oregon, which housed approximately 15% of the Turner drill core, effectively destroying approximately 12,000 ft (3650 m) of core from the 2011 drilling campaign.

5. Full Description of Material Changes:

The Corporation announced that a recent fire burned one of JMC's unoccupied leased core storage shed facilities in Cave Junction, Oregon, which housed approximately 15% of the Turner drill core, effectively destroying approximately 12,000 ft (3650 m) of core from the 2011 drilling campaign. There were no injuries during the fire. The storage facility had been unoccupied prior to the fire and no JMC employees, contractors or other persons were known to be on site at time of the fire. The original approximately 70,000 ft (21,336 m) of historic core is located in a geographically separate core storage facility and was not affected by this fire. The complete contents of the leased core shed were insured to over \$250,000 of combined personal property and replacement value coverage at the time of the fire and a claim has been made to the insurer. At the time of this press release, JMC has not received any official statement by the authorities on determination of the cause of the fire.

In 2012, JMC had completed the geologic logging of the core and has a high definition digital photographic database of the core. JMC had completed its initial geologic investigation from the 2011 campaign and had sent samples into labs for assay and has already reported all results and updated the resource based on those results. "We are thankful that there were no injuries and that this impacts approximately 15% of our project geologic record, a minority of the project total core footage. JMC is diligently working with the insurance company and the geological staff to minimize the results of this fire." said Robert L. Russell, CEO of JMC. JMC has been working with the insurance company and has already received the first payment on personal property damages from the insurer. JMC has developed an action plan to provide the necessary steps required to move the project forward and best replace and/or augment the approximately 12,000 lineal feet of rock core lost in the core storage shed fire. Final cash settlement with the insurance company is expected within 2-4 weeks.

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:

August 15, 2013