



Management's Discussion and Analysis
Three month periods ended March 31, 2011 and 2010
June 20, 2011

JOSEPHINE MINING CORP.
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2011 AND 2010

Introduction

This management discussion and analysis is dated June 20, 2011 and is in respect of the three month periods ended March 31, 2011 and 2010. All dollar amounts referenced, unless otherwise indicated, are expressed in Canadian dollars. References to "US\$" mean United States dollars.

The following discussion of the financial condition and results of operations of the Company should be read in conjunction with its condensed interim consolidated financial statements and related notes for the three month periods ended March 31, 2011 and 2010. This section contains forward-looking statements that involve risks and uncertainties. The Company's actual results may differ materially from those discussed in forward-looking statements as a result of various factors, including those described under "Forward-Looking Information".

Forward Looking Information

Certain statements in this MD&A are forward-looking statements or information (collectively "forward-looking statements"). The Company is hereby providing cautionary statements identifying important factors that could cause the actual results to differ materially from those projected in the forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "may", "is expected to", "anticipates", "estimates", "intends", "plans", "projection", "could", "vision", "goals", "objective" and "outlook") are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. In making these forward-looking statements, the Company has assumed that the current market for gold will continue and grow and that the risks listed below will not adversely impact the Company's business.

Specific forward looking statements include:

- the Company's current drill program will be completed in 2011;
- a preliminary feasibility study will be complete by 2012.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond the control of the Company, that could influence actual results include, but are not limited to: limited operating history; exploration, development and operating risks; regulatory risks; substantial capital requirements and liquidity; financing risks and dilution to shareholders; competition; reliance on management and dependence on key personnel; fluctuating mineral prices and marketability of minerals; title to properties; local resident concerns; no mineral reserves or mineral resources; environmental risks; governmental regulations and processing licenses and permits; conflicts of interest of management; uninsurable risks; exposure to potential litigation; dividends; and other factors beyond the control of the Company.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Company undertakes no obligation to update any forward-

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looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. See "Risk Factors".

Overall Performance

The Company is a mineral exploration company incorporated under the laws of British Columbia and, together with its subsidiaries, is engaged in the exploration and development of the Turner Gold property ("the Turner Gold Property") in southern Oregon. Prior to March 24, 2011 the Company was classified as a Capital Pool Company within the meaning ascribed by TSX Venture Exchange (the "Exchange") policy and the British Columbia Securities Act.

On March 24, 2011, the Company completed its Qualifying Transaction, as defined under the rules of the Exchange, when its wholly-owned subsidiary 0890810 B.C. Ltd. ("Subco") amalgamated with 0854742 B.C. Ltd. ("0854742"), formerly known as Josephine Mining Corp. Since incorporation, 0854742's sole activities have related to the acquisition and exploration of the Turner Gold Property (including ancillary properties).

In March 2008, the Company completed an initial public offering of 3,000,000 common shares. The Company's shares began trading on the Exchange on March 24, 2008 under the trading symbol "GRP.P". The Company was required to complete its Qualifying Transaction within 24 months of listing on the Exchange, which was March 24, 2010.

On October 19, 2010, the Company's listing transferred to NEX, a separate board of the Exchange, as a result of not completing its Qualifying Transaction in the prescribed time frame. The trading symbol for the Company was changed from "GRP.P" to "GRP.H" upon transfer to NEX.

In March 2010, the Company entered into a letter agreement to purchase all of the issued and outstanding securities of 0854742. The acquisition of 0854742, then known as Josephine Mining Corp., constituted the Company's Qualifying Transaction under the policies of the Exchange. 0854742 was at arm's length to the Company. On March 24, 2011, the Qualifying Transaction was completed.

In connection with the Qualifying Transaction, the Company changed its name to Josephine Mining Corp., ceased to be a Capital Pool Company ("CPC") as defined in Policy 2.4 of the Exchange and commenced trading as a Tier 2 mining issuer on the Exchange on March 29, 2011. On commencement of trading the Company's trading symbol changing from "GRP.H" to "JMC".

Current Highlights

On March 25, 2011 the Company announced that it had completed the Qualifying Transaction and related transactions as outlined in the Filing Statement dated October 8, 2010, including a concurrent private placement that raised gross proceeds of \$7,000,000.

On May 10, 2011 the Company announced that it had initiated a 12,000 foot infill drilling program on the Turner Gold Property in an effort to expand its reportable resources.

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Turner Gold Property

Located in southern Oregon, the Turner Gold Property is the Company's primary property and the focus of all of its operations to date.

On June 30, 2009, 08544742 entered into an agreement with Russell Mining & Minerals, Inc. ("RMMI"), a British Columbia corporation that is not at arm's length to the Company due to common management. Pursuant to this agreement, 08544742 acquired the rights to explore the Turner Gold Property in exchange for shares of 08544742, warrants to acquire shares of 08544742 and US\$1,500,000 due in installments after commencement of commercial production from the Turner Gold Property.

Since 08544742 amalgamated with Subco immediately prior to the Qualifying Transaction, the Company obtained the rights to explore the Turner Gold Property by effecting the Qualifying Transaction.

Pursuant to an agreement dated June 26, 2009 between 08544742 and General Moly, Inc. ("GMI"), 08544742 acquired an option to acquire a 100% interest in the Turner Gold Property and certain properties contiguous to the Turner Gold Property. The option agreement entailed a US\$100,000 payment upon inception of the agreement, a US\$300,000 payment on December 26, 2010 and a US\$1,600,000 payment upon the earlier of December 26, 2011 and 08544742 obtaining all permits and approvals to commence mining operations at the Turner Gold Property. As of the date hereof, the Company, through its subsidiaries, has made all payments required by the property option agreement.

During the option term, 08544742 will have possession of and maintain the Turner Gold Property, including paying all claim maintenance fees. GMI retains a net smelter royalty ("NSR") on the Turner Gold Property, entitling GMI to 1.5% of all net smelter returns on future production of all metals from the Turner Gold Property. The NSR is to be calculated by deduction from gross sale proceeds of all minerals from the Turner Gold Property of the following: sales taxes, transportation costs, smelting and refinement costs, and all assaying and umpire fees.

Summary of Quarterly Results

A summary of selected financial information for the three month periods ended March 31, 2011 and 2010 is as follows:

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Two Year Quarterly Financial Data

| 2009 | June 30/09 | Sept 30/09 | Dec 31/09 | Mar 31/10 |
|------------------------------|-------------------|-------------------|------------------|------------------|
| Total Revenue (\$) | - | - | - | - |
| Total Income (loss) (\$) | (5,930) | (244,307) | (321,773) | (211,768) |
| Income (loss) per share (\$) | (0.01) | (0.22) | (0.29) | (0.19) |
| 2010 | June 30/10 | Sept 30/10 | Dec 31/10 | Mar 31/11 |
| Total Revenue (\$) | - | - | - | - |
| Total Income (loss) (\$) | (211,131) | (117,362) | (39,718) | (637,150) |
| Income (loss) per share (\$) | (0.19) | (0.11) | (0.05) | (0.23) |

Note: The Company recently changed its year end from November 30 to December 31.

Results of Operations

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards and are expressed in Canadian dollars.

Three month periods ended March 31, 2011 and March 31, 2010

Total Net Loss and Operating Expenses

For the three months ended March 31, 2011 the Company generated a net loss of \$637,150, or \$0.23 per share, compared to net loss of \$211,768, or \$0.19 per share, in the three months ended March 31, 2010. The primary reason for the increase in net loss was the \$458,329 public company listing expense incurred in conjunction with the Qualifying Transaction and included in the calculation of net loss for the three months ended March 31, 2011. This public company listing expense was calculated in accordance with IFRS 2 – Share Based Payment and reflects the fair value of the consideration transferred pursuant to the Qualifying Transaction less the value of net assets acquired in the Qualifying Transaction.

General and administrative expense for the three months ended March 31, 2011 was \$118,332, as compared to \$57,057 in the three months ended March 31, 2010. The increase in general and administrative expense during the three months ended March 31, 2011 was primarily as a result of legal costs incurred in conjunction with the Company's Qualifying Transaction. Results for the three months ended March 31, 2011 also included stock compensation expense, public company filing expenses and payroll expenses not present in the three months ended March 31, 2010. The increase in general and administrative expenses during the three months ended March 31, 2011 was offset by a decrease in exploration expenses relative to the three months ended March 31, 2010. Exploration expense for the three months ended March 31, 2011 was \$31,428 as compared to exploration expense of \$154,711 during the three months ended March 31, 2011.

The Company capitalized US\$40,180 in exploration expenses during the three months ended March 31, 2011. Due to currency translation and the change in exchange rates during the three months ended March 31, 2011 the increase in the property purchase option asset was \$7,781.

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The Company capitalized US\$22,052 in exploration expenses during the three months ended March 31, 2010. Due to currency translation and the change in exchange rates during the three months ended March 31, 2010 the increase in the property purchase option asset was \$32,431.

All of the company's exploration expenditures related to the Turner Gold Property in both the three months ended March 31, 2011 and the three months ended March 31, 2010.

Outlook

The Company's main focus is to bring its Turner Gold Property into production. Work in respect to environmental, geotech and mine design is ongoing with a view of completing a preliminary feasibility study in 2012. A 12,000 foot drilling program is also underway to provide further confidence as to structure and to increase reportable resources, and is expected to be completed in 2011.

The Company anticipates raising additional funds in the equity markets this year in order to meet its capital needs. Although the price of gold and silver remains high, equity markets have pulled back in recent months. However, given the advanced stage of the project and management's track record, the Company feels it will be able to raise the required funds.

Capital Resources and Liquidity

As at March 31, 2011, the Company had cash and cash equivalents of \$6,222,342 compared to \$16,022 on December 31, 2010. Working capital as at March 31, 2011 was \$5,712,068 as compared to a working capital deficit of \$533,038 as at December 31, 2010. The improvement in working capital was primarily a result of the financing and Qualifying Transaction completed in March of 2011.

The Company manages liquidity risk through maintaining sufficient cash or credit terms with its suppliers to meet the operating requirements of the business and investing excess funds in highly liquid short term cash deposits. Maintaining surplus working capital in highly liquid short term deposits allows the Company to meet its primary objectives by being able to fund new development and acquisition opportunities at short notice.

Contractual Obligations

On June 26, 2009, 0854742, then known as Josephine Mining Corp., entered into an option to purchase agreement (the "Option") for land, patented mining claims and unpatented mining claims in Josephine County, Oregon, USA. This Option relates to a mineral exploration property known as the Turner Gold Property and related properties. The Option gives the Company the exclusive option to purchase the property for a period of eighteen (18) months commencing June 26, 2009. 0854742 made an initial payment of US\$100,000 pursuant to this agreement. The Option provided for the extension of the Option term for an additional twelve months as a result of an additional payment of US\$300,000 on December 26, 2010, increasing the Option term to thirty (30) months.

On December 14, 2010, the Option was amended to extend the payment date on the remaining US\$300,000 payment due on December 26, 2010. 0854742 was required to pay US\$15,000 by December 26, 2010 and the balance of US\$285,000 was to be paid on or before January 25, 2011.

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0854742 made the US\$300,000 extension payment on December 26, 2010 and therefore the Option term increased to thirty months from the effective date of June 26, 2009.

The total purchase price of the Turner Gold Property is US\$2 million, and all payments made on the Option terms apply to the final purchase price. In the event the Company completes the Option, the remaining \$1,600,000 is due in full upon the earlier of: December 26, 2011, or upon the Company obtaining all permits and/or approvals necessary to commence mining operations plus three months from the date of the execution of the permit.

If the Company does not exercise the Option and purchase the Turner Gold Property, all amounts paid by the Company are forfeited.

Transactions with Related Parties

On June 22, 2009 0854742 entered into a finder's agreement with Russell Mining and Minerals Inc. ("RMMI") for the mining claims located in Josephine County, Oregon. Pursuant to this agreement, RMMI agreed to advance the Company funds and provide the technical support to complete a reserve study on the claims. The agreement also contemplates RMMI and the Company entering into a management agreement for RMMI to provide technical and administrative services to the Company. In return, the Company agreed to pay RMMI the following:

- 10,500,000 common shares of 0854742 (issued during the period ended December 31, 2009);
- 5,250,000 warrants to acquire shares of 0854742, each with a 5 year term and an exercise price of US\$1.50 (issued during the period ended December 31, 2009);
- 5,250,000 warrants to acquire shares of 0854742, each with a 5 year term and an exercise price of US\$2.00 (issued during the period ended December 31, 2009);
- A fee of \$1,500,000 USD due in 24 equal installments beginning when production begins on the property.

Pursuant to the Qualifying Transaction, the Company issued 10,500,000 shares to RMMI in exchange for the 10,500,000 common shares of 0854742. The Company also granted 10,500,000 finder's warrants to RMMI to replace the finder's warrants granted to RMMI by 0854742.

The Company, through 0854742, is party to a consulting agreement with RMMI dated April 15, 2009, pursuant to which RMMI provides services and office space. During the three month period ended March 31, 2011 the Company incurred US\$2,250 in rent expense to RMMI and no other costs were accrued or incurred to RMMI during the period.

The above transactions were conducted in the normal course of operations and measured at the agreed upon exchange amounts, which is the amount of consideration established and agreed to by the related parties and which is similar to those negotiated with third parties.

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Off Balance Sheet Arrangements

As March 31, 2011 the Company had no material off balance sheet arrangements.

Financial Instruments and Other Instruments

The fair values of the Company's cash and cash equivalents, accounts receivable and accounts payables approximate their carrying values because of the short-term nature of these instruments.

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest risk and commodity price risk.

a) Currency risk

The Company's property interests in the United States make it subject to foreign currency fluctuations which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and foreign functional currencies. The Company does not invest in foreign currency contracts to mitigate the risks.

A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net loss by \$14,358.

b) Credit risk

The Company's cash and cash equivalents are held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper in its short-term investments. The Company's receivable consists of goods and services tax due from the federal government of Canada.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure.

Accounts payable and accrued liabilities are due within twelve months of the balance sheet date.

d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments is limited because these investments, although available for sale, are generally held to maturity.

e) Commodity price risk

The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of gold and other precious metals. The Company has not hedged any of its potential future gold sales. The Company's input costs are also affected by the price of fuel. The

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Company monitors gold and fuel prices to determine the appropriate course of action to be taken by the Company.

Outstanding Share Data

As at June 15, 2011 the Company's outstanding equity securities are described as follows:

| | Outstanding |
|---|--|
| Voting equity securities issued and outstanding | 25,432,010 common shares |
| Securities convertible or exercisable into voting equity securities – stock options | Stock options to acquire up to 1,945,000 common shares |
| Securities convertible or exercisable into voting equity securities – warrants | Warrants to acquire up to 18,640,000 common shares |

Management and Directors' Options Outstanding

| Number | Exercise Price \$ | Expiry Date |
|---------------|--------------------------|--------------------|
| 19,000 | 0.50 | March 28, 2013 |
| 76,000 | 0.50 | March 25, 2012 |
| 1,850,000 | 0.50 | March 25, 2016 |

The following warrants were also outstanding:

| Number | Exercise Price \$ | Expiry Date |
|---------------|--------------------------|--------------------|
| 7,405,000 | 0.75 | March 24, 2013 |
| 735,000 | 0.50 | March 24, 2013 |
| 5,250,000 | 1.50 | June 26, 2014 |
| 5,250,000 | 2.00 | June 26, 2014 |

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Risks and Uncertainties

No History of Earnings

The Company has no history of earnings. Additional external financing will be required to develop the Turner Gold Property. There can be no assurances that any of the Company's properties contain an economic ore body.

Title Risks

Although the Company has exercised due diligence with respect to determining title to the properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company's mineral property interest may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. Until competing interests, if any, in the mineral lands have been determined, the Company can give no assurance as to the validity of title to those lands or the size of such mineral lands.

Exploration and Development

Resource exploration and development is a highly speculative business activity, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals the Company may acquire or discover may be affected by numerous factors that are beyond its control and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, the import and export of minerals and environmental protection, the combination of such factors may result in the Company not receiving an adequate return of investment capital.

The Turner Gold Property in the development stage and is without a known commercially-mineable ore body.

There is no assurance that the Company's mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of its operations will in part be directly related to the costs and success of its development programs, which may be affected by a number of factors.

Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

The Company is required to obtain required permits from various government departments to carry out its work programs. There is no guarantee all required permits will be granted on terms satisfactory to the Company, or at all. If such permits are not received, the Company may not be able to carry out or complete its business objectives.

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Uninsured or Uninsurable Risks

Exploration, development and production of mineral properties is subject to certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to insure fully against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or for other reasons. Should such liabilities arise, they could have a material adverse impact on the Company's operations and could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

Operating Hazards and Risks

Mineral exploration and development involves risks which even a combination of experience, knowledge and careful examination may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to hazards and risks normally incidental to exploration, developments and production of minerals, any of which could result in work stoppages, damage to or destruction of property, loss of life and environmental damage. The nature of these risks is such that liabilities might exceed insurance policy limits, the liabilities and hazards might not be insurable or the Company may elect not to insure itself against such liabilities due to high premium costs or other factors. Such liabilities may have a materially adverse effect upon the Company's financial condition.

Environmental Risks, Regulations, Permits and Licenses and Other Regulatory Requirements

The Company's operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas that would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means standards are stricter, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

The Company's operations, including development activities and commencement of production on its properties, require permits from various federal, provincial or territorial and local governmental authorities, and such operations are and will be governed by laws, and regulations governing prospecting, development, mining, production, exports, taxes, labor standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters.

Such operations and exploration activities are also subject to substantial regulation under applicable laws by governmental agencies that may require that the Company obtains permits from various governmental agencies. There can be no assurance, however, that all permits that the Company may require for its operations and exploration activities will be obtainable on reasonable terms or on a timely basis or that such laws and regulations will not have an adverse effect on any mining project which it might undertake.

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Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fine or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Competition

The mining industry is intensely and increasingly competitive in all its phases, and the Company will compete with other companies that have greater financial and technical resources. Competition in the precious metals mining industry is primarily for mineral rich properties which can be developed and produced economically and businesses compete for the technical expertise to find, develop, and produce such properties, the skilled labor to operate the properties and the capital for the purpose of financing development of such properties. Such competition could adversely affect the Company's ability to acquire suitable producing properties or prospects for mineral exploration, recruit or retain qualified employees or acquire the capital necessary to fund its operations and develop its properties.

Dependence on Management

The Company is largely dependent on the performance of its directors and officers. There is no assurance the Company will be able to maintain the services of its directors and officers or other qualified personnel required to operate its business. The loss of the services of these persons could have a material adverse affect on the Company and its prospects.

Fluctuating Mineral Prices

The mining industry is heavily dependent upon the market price of metals or minerals being mined. There is no assurance that, even if commercial quantities of mineral resources are discovered, a profitable market will exist at the time of sale. Factors beyond the Company's control may affect the marketability of metals or minerals discovered, if any. Metal prices have fluctuated widely, particularly in recent years, and the Company will be affected by numerous factors beyond the control of the Company. The effect of these factors on the Company's operations cannot be predicted. If mineral prices decline significantly, it could affect the Company's decision to proceed with further exploration of its properties.

Future Financing

The Company's continued operation will be dependent upon its ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained on acceptable terms to the Company, if at all. Failure to obtain additional financing on a timely basis may result in delay or indefinite postponement of further exploration and

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development or forfeiture of some rights in some or all of the Company's properties. If additional financing is raised by the issuance of shares from treasury, control of the Company may change and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may not be able to further explore and develop its properties, take advantage of other opportunities, or otherwise remain in business. Events in the equity market may impact the Company's ability to raise additional capital in the future.

Future Acquisitions

As part of the Company's business strategy, it may seek to grow by acquiring companies, assets or establishing joint ventures that it believes will complement its current or future business. The Company may not effectively select acquisition candidates or negotiate or finance acquisitions or integrate the acquired businesses and their personnel or acquire assets for its business. The Company cannot guarantee that it can complete any acquisition it pursues on favorable terms, or that any acquisitions completed will ultimately benefit its business.

Volatility of Share Price

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the shares will be subject to market trends and conditions generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings.

Conflicts of Interest

Certain directors and officers of the Company will and may continue to be involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Company. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers may conflict with the interest of the Company. Directors and officers of the Company with conflicts of interest will be subject to and follow procedures set out in applicable corporate and securities legislation, regulation, rules and policies.

Reliability of Historical Information

The Company has relied, in part, upon historical data compiled by previous parties involved with the La Josefina project. To the extent that any of such historical data is inaccurate or incomplete, the Company's exploration plans may be adversely affected.

Dividends

The Company has never paid a dividend on its common shares. It is not anticipated that the Company will pay any dividends on its common shares in the foreseeable future.

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Adverse fluctuations in currency exchange rates

The Company will be subject to fluctuations in the rates of currency exchange between the Canadian dollar and the United States dollar and these fluctuations could materially affect the Company's financial position and results of operations as costs may be higher than anticipated. The costs of goods and services could increase due to changes in the value of the Canadian dollar or the United States dollar. Consequently, operation and development of the Company's properties might be more costly than the Company anticipates.

Current Global Economic Conditions

Recent market events and conditions, including disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions, could impede the Company's access to capital or increase its cost of capital. Failure to raise capital when needed or on reasonable terms may have a material adverse effect on the Company's business, financial condition and results of operations.

Service of Process

A majority of the directors and all of the officers of the Company will reside outside of Canada and it will therefore be difficult to effect service of process (service of legal proceedings) on such directors and officers.

Critical Accounting Policies and Estimates

Details regarding the Company's accounting policies are presented in Note 4 to the interim condensed consolidated financial statements for the three months ended March 31, 2011 and March 31, 2010.

**Multilateral Instrument 52-109 Disclosure Evaluation
Evaluation of Disclosure Controls and Procedures**

The Company has evaluated the effectiveness of its disclosure controls and procedures and have concluded that they are sufficiently effective to provide reasonable assurance that material information relating to the Corporation is made known to management and disclosed in accordance with applicable securities regulations.

Additional Disclosure

| | March 31, 2011 | March 31, 2010 |
|--|-----------------------|-----------------------|
| Exploration | \$31,428 | \$154,711 |
| Stock based compensation | \$8,972 | NIL |
| Public Company Listing | \$458,329 | NIL |
| Total general and administrative costs | \$118,332 | \$57,057 |

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| Capitalized exploration expenses, by property: | March 31 2011 | December 31, 2010 |
|---|----------------------|--------------------------|
| Turner Gold Property | \$476,794 | \$460,193 |

Further information with respect to the Corporation can be found on its website at www.josephinemining.com and on the SEDAR website.