

KEWEENAW LAND ASSOCIATION, LIMITED



First Quarter Report For the Period Ending March 31, 2013 Issue Date April 18, 2013

Highlights

Net Income of \$0.10 Per Share
Sawtimber Pricing Continues to Improve

Keweenaw Land Association, Limited announces a First Quarter 2013 net income of \$0.10 per share compared to net income of \$0.16 for the same period in 2012. This is the second year in a row Keweenaw has realized a net operating income in the first operating quarter of the year since the housing market collapse in 2008. Net income (loss) per share arose from the following sources:

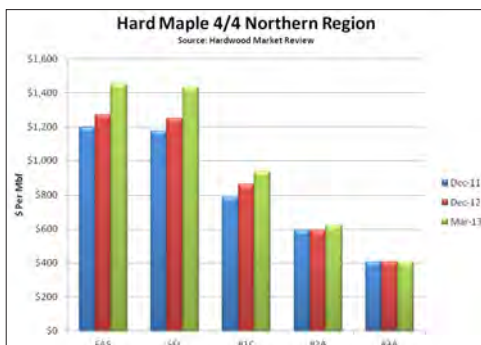
	Earnings Per Share	
	1st Qtr 13	1st Qtr 12
Timber Operations Income	\$ 0.24	\$ 0.31
Capital Gains-Sale of Land	0.05	-
Capital Gains-Investments	-	-
Other Income	0.05	0.05
Other Expenses	(0.18)	(0.13)
Income Taxes	(0.06)	(0.07)
	<u>\$ 0.10</u>	<u>\$ 0.16</u>

A comprehensive review of the operating results will be shown later in this quarterly letter.

Hardwood Lumber Pricing Trends:

Hardwood sawlogs are manufactured into various lumber grades and thickness and then kiln or air-dried before being sold to a secondary manufacturer. The volume of grade lumber recovered from a log is highly dependent on the quality of the log and its size but can be influenced by other factors such as mill configuration. The best grades include FAS (Firsts and Seconds) and Select which are typically used for high quality furniture, cabinets, and moulding where appearance is key. Less than 20% of the lumber sawn from a grade log will make these grades. The remaining grades include #1 Common, #2A, and #3A and are used in flooring and furniture parts where some visual defects are permitted or appearance is not as important.

Hardwood lumber prices peaked in 2006 and then declined precipitously along with the rest of the US economy. The lumber market bottomed out in 2009 but has been slowly recovering since. Over the past few months, improved lumber demand combined with



spot shortages of grade logs in the region has driven lumber prices higher, especially for the better grades.

Lumber prices generally lead log prices but a mill's log inventory can dictate prices in the short term especially during the summer months when logs can spoil and stain before they can be sawn. Spot market prices for logs can move in the opposite direction of lumber prices which is a major reason Keweenaw places an emphasis on developing long-term relationships with its sawlog customers to ensure steady prices and dependable markets for its sawlogs.

First Quarter 2013 Results:

The company experienced excellent winter logging conditions due to favorable temperatures allowing for normal production. Planned winter production contained less sawtimber and more pulpwood. First quarter production volume included 23,805 cd-eq from company land, or 95% of total production. Keweenaw also produced 1,368 cd-eq from procured timber sales. The company was able to sell all of its winter production at positive margins during the quarter.

During the quarter, Keweenaw harvest included the following:

1 st Qtr Production Statistics	2013	%	2012	%
Total Harvest Volume (cd-eq)	25,173		26,166	
Sawtimber (mbf)	1,827	16.0	2,729	22.9
Pulpwood (cords)	21,153	84.0	20,161	77.1

Timber operations income has been up significantly for the last two years. The company sold logs totaling \$2,669,995, compared to \$2,895,168 in 2012.

Year-to-date timber operations results are listed in the table below:

Timber Operations Income (thru 3/31/13)	2013	%	2012	%
Log Sales	\$2,669,995	100.0	\$2,895,168	100.0
Expenses (COGS)	1,924,497	72.1	2,045,974	70.7
Gross Margin	745,498	27.9	849,194	29.3
Forestry/Management Exp	430,416		445,995	
Timber Operations Income	\$315,082		\$403,199	

Veneer and sawlog prices continue to improve as the housing market slowly rebounds. Industry demand for pulpwood has weakened slightly causing a drop in price beginning late last year. Because pulpwood is the dominant product in any given harvest stand, a drop in price has an effect on margins as demonstrated in the table below.

1 st Qtr Sales Statistics (per unit)	2013	2012
Average Price Realization	\$106	\$110
Cost of Goods Sold	76	78
Gross Margin	30	32

Sawtimber sales realizations were higher on a per unit basis compared to the same period in 2012. Veneer realization was \$1,054 per mbf, compared to \$943 in 2012, a 13% increase, primarily due to a better pricing coupled with increased demand. Sawlog realization was \$409 per mbf versus \$351 per mbf in the same period in 2012, nearly a 17% increase. Boltwood, the last component of our sawtimber, was also up 9%. Pulpwood realization for the quarter was \$90 per cd-eq compared to \$95 in 2012, a 5% decrease. Because pulpwood represented 84% of the quarter's production, the overall sales realization was driven down by \$4 per cord as demonstrated in the table below:

1st Qtr Sales Realization	2013	2012
Veneer (mbf)	\$1,054	\$943
Sawlog (mbf)	409	351
Boltwood (cord)	127	116
Pulpwood (cord)	90	95
Overall Realization (cd eq)	\$106	\$110

Traditionally, the winter mix of timber contains a higher percentage of minor species and lower quality logs, compared to summer logging when more Hard Maple, a more valuable species, is harvested. Moving into the summer months, we expect the positive trend in pricing to continue for sawtimber.

Over the years, Keweenaw's marketing strategy places strong emphasis on maximizing its sales dollars, while at the same time, diligently looking for ways to reduce the cost of goods sold. For the longest time, the price of diesel fuel has been above \$4 a gallon in our region. Even though fuel prices were 5% higher than 2012, the company's combined logging and freight costs averaged \$1 per cd-eq less than in the prior year, primarily due to change in destination. On top of economics, weather has a direct impact on our cost. Road expense amounted to \$137,370, compared to \$102,725 in 2012, a 34% increase, primarily due to heavier snowfall than last year.

Winter logging effectively came to an end on March 15th when local authorities imposed weight restrictions on most roads in the region, preventing further trucking of logs to market until the middle to late May.

Land:

On March 27, 2013, Keweenaw acquired 157 acres of land in Houghton County. This small block of property aligns with the company's current ownership in the area and is well-stocked with hardwood timber. The total acquisition price for the land was \$188,755 or \$1,202 per acre.

Minerals:

The Orvana Copperwood Project continues to move closer to reality on the Gogebic Range. On February 25, 2013, Orvana Resources US Corp. (Orvana), a wholly-owned subsidiary of Orvana Minerals Corp. (TSX symbol: ORV) of Toronto, Ontario, announced that the Michigan Department of Environmental Quality (MDEQ), granted the Wetlands Part 303 and the Inland Lakes and Streams Part 301 permits for the proposed Copperwood mine.

While there are other permits to be obtained, this was the last major permit necessary prior to the actual construction of the mine. Additional information concerning the Copperwood Project can be found on Orvana's website, www.orvana.com.

Shareholder Relations & Administrative:

Keweenaw's common shares traded in a range from \$68.25 to \$80.50 per share during the first quarter with an ending price of \$70.05. 75,519 KLA shares were traded, approximately 6% of outstanding shares. This compares to 31,276 shares traded last year. As with any investment, past performance is not a guarantee of future results. Keweenaw's shares trade in the pink sheets using the symbol KEWL.

The annual meeting of Keweenaw shareholders will be held on Monday, May 20, 2013, in Ironwood, MI. Notices and voting information was provided for shareholders of record at the end of business on Friday, March 22, 2013. We look forward to seeing you there.

To contact Keweenaw, call (906) 932-3410 or use our toll free line (877) 539-3362. You may also reach us by e-mail at investors@keweenaw.com. Keweenaw's quarterly letters and latest annual report, along with archived reports from previous years, are posted on the company's web page.

Sincerely,



David Ayer, Chairman

KEWEENAW LAND ASSOCIATION, LIMITED
Consolidated Statement of Income and Expense (Unaudited)
March 31, 2013

INCOME	1st Quarter		
	2013	2012	% Chg
Timber Operations			
TIMBER SALES	\$2,669,995	\$2,895,168	
COST OF SALES	1,924,497	2,045,974	
GROSS MARGIN ON TIMBER SALES	745,498	849,194	-12%
TIMBER OPERATIONS EXPENSES			
FORESTRY EXPENSES	159,383	172,334	
MANAGEMENT AND GENERAL ADMINISTRATION	271,033	273,661	
TOTAL OPERATIONS EXPENSES	430,416	445,995	
TIMBER OPERATIONS INCOME	315,082	403,199	-22%
Real Estate Development			
DEVELOPED LOT SALES	0	0	
DEVELOPMENT COSTS	0	0	
GROSS MARGIN ON DEVELOPED LOT SALES	0	0	
TOTAL OPERATIONS INCOME	315,082	403,199	-22%
Other Income			
MINERAL ROYALTIES	2,552	2,103	
LEASE AND RENTAL INCOME	49,777	52,989	
INVESTMENT EARNINGS	6,182	5,491	
PROFIT (LOSS) ON SECURITY SALES	0	0	
LAND SALES	58,831	0	
OTHER	12,501	1,098	
Total Other Income	129,843	61,681	111%
Other Expenses			
LAND MANAGEMENT EXPENSES	120,203	88,346	
BOARD OF DIRECTORS EXPENSES	122,875	85,821	
TOTAL OTHER EXPENSES	243,078	174,167	40%
INCOME BEFORE INCOME TAXES	201,847	290,713	31%
Provision for State and Federal Income Taxes	76,901	87,743	
NET INCOME	124,946	202,970	38%
Other Comprehensive Income, Net of Tax			
UNREALIZED GAINS (LOSSES) ON SECURITIES			
UNREALIZED HOLDING GAINS ARISING DURING THE PERIOD	153,818	213,801	
LESS: RECLASSIFICATION ADJ. FOR GAINS INCLUDED IN NET INCOME	0	0	
OTHER COMPREHENSIVE INCOME	153,818	213,801	
COMPREHENSIVE INCOME	\$278,764	\$416,771	33%
Per Share Net Income	\$0.10	\$0.16	
Per Share Comprehensive Income	\$0.22	\$0.32	
Dividends Per Share	\$0.00	\$0.00	
<i>Based on Weighted Average Shares Outstanding</i>			

KEWEENAW LAND ASSOCIATION, LIMITED
Consolidated Balance Sheet (Unaudited)
March 31, 2013

ASSETS	Note	Mar. 31, 2013		Mar 31, 2012		% Chg
		Mar. 31, 2013	Mar 31, 2012	Mar 31, 2012	% Chg	
Current Assets						
CASH & CASH EQUIVALENTS		\$1,494,984	\$1,005,392		49%	
ACCOUNTS RECEIVABLE		161,575	112,489			
INVESTMENTS IN GOVERNMENT OBLIGATIONS		0	0			
OTHER CURRENT ASSETS		334,353	265,626			
TOTAL CURRENT ASSETS		1,990,912	1,383,507		44%	
Investments in Marketable Securities		4,184,846	3,734,853		12%	
Other Non-Current Assets		311,455	218,181			
Equipment		594,373	543,996		9%	
Properties		11,708,596	11,667,920		0%	
TOTAL ASSETS		\$18,790,182	\$17,548,457		7%	
LIABILITIES & CAPITAL						
Current Liabilities						
ACCOUNTS & DEPOSITS PAYABLE		\$62,383	\$46,959			
COMMERCIAL LINES OF CREDIT & OTHER DEBT		100,191	100,191			
OTHER ACCRUED LIABILITIES		296,592	347,278			
TOTAL CURRENT LIABILITIES		459,166	494,428		-7%	
Non-Current Liabilities						
LONG TERM DEBT		641,244	741,435			
DEFERRED FEDERAL INCOME TAX LIABILITY		990,064	866,153			
NON-CURRENT LIABILITIES		1,631,308	1,607,588			
Total Liabilities		2,090,474	2,102,016		-1%	
Capital						
COMMON STOCK ISSUED	(1)	84,625	84,530			
ACCUMULATED OTHER COMPREHENSIVE INCOME		1,489,397	1,308,863			
RETAINED EARNINGS		15,125,686	14,053,048			
Total Capital		16,699,708	15,446,441		8%	
TOTAL LIABILITIES & CAPITAL		\$18,790,182	\$17,548,457		7%	
Capital Per Common Share		\$12.90	\$11.95			

Notes:

(1) 1,294,118 no par value common shares are issued and outstanding on Mar. 31, 2013. 1,292,665 shares were outstanding on Mar. 31, 2012. 10,000,000 shares are authorized.

CONSOLIDATED FINANCIAL HIGHLIGHTS

For the Quarter	2013		2012	
	1st Qtr	YTD	1st Qtr	YTD
Receipts	\$2,800	\$2,800	\$2,957	\$2,957
Net Income (Loss)	125	125	203	203
Comprehensive Income	279	279	417	417
Capital Employed	17,441	17,441	16,288	16,288

*Dollar amounts in thousands

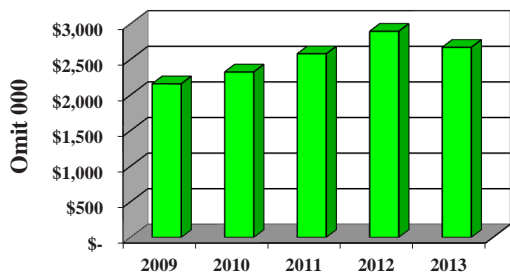
Per Common Share

Net Income	\$0.10	\$0.10	\$0.16	\$0.16
Comprehensive Income	0.22	0.22	0.32	0.32
Dividends Paid	0.00	0.00	0.00	0.00

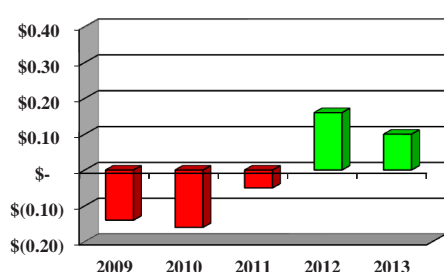
Statistics

Return on Capital Emp.	2.9%	2.9%	5.0%	5.0%
Dividend Payout Ratio	0.0%	0.0%	0.0%	0.0%
Avg Shares Outstanding	1,294,118	1,294,118	1,292,665	1,292,665
Curr Shares Outstanding	1,294,118	1,294,118	1,292,665	1,292,665

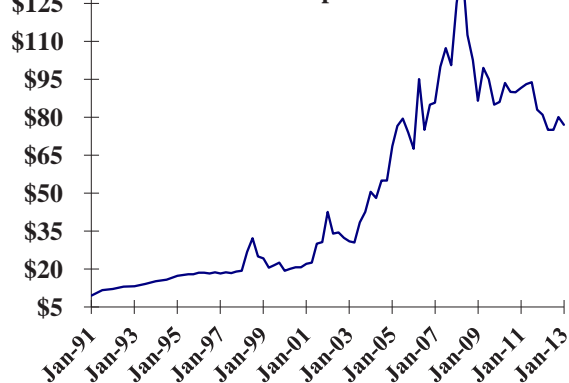
Keweenaw Log Sales
Year-to-Date Comparison



Keweenaw Earnings Per Share
Year-to-Date Comparison - Post 2-for-1 Split



Price of Keweenaw Shares
Restated for 2/15/11
2-for-1 Split



SHAREHOLDER INFORMATION

First Quarter 2013 Highlights:

High: \$80.50, Low: \$68.25, Last: \$70.05

Source: Real Tick-Townsend Analytics, Ltd.

Dividend Information:

The Board of Directors eliminated shareholder dividends beginning in 2010.

Keweenaw Contact Information:

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Transfer Agent:

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POB 64854

South St. Paul, MN 55164-0854

(800) 689-8788 or (651) 450-4002

Stock Exchange Information:

Keweenaw's common stock trades under "KEWL" in the Pink Sheets.

GLOSSARY:

Board Foot (BF) - a measurement of sawtimber 12 inches x 12 inches x one inch. When used in conjunction with sawtimber or logs, a measurement system to approximate the output of lumber that can be expected from a given quantity of sawtimber or logs.

Cord Equivalent - a measurement of logs in cords including logs converted in measurement from other measurement methods. For example, one thousand board feet (MBF) equals approximately 2.2 cords.

Cord - a measurement of logs containing 128 cubic feet.

MBF - a thousand board feet.

Production Mix - the ratio of a category of production to total production.

Pulpwood - logs cut primarily to be converted to wood pulp for the manufacture of paper and other wood fiber products.

Sawbolt - a lower grade or smaller size sawlog typically sawn for the manufacture of pallets or other coarse wood products.

Sawlogs - a higher grade or larger size sawtimber sawn for the manufacture of furniture grade lumber, flooring lumber, or other high quality wood products.

Sawtimber - a category of logs suitable for veneer, sawlogs, or sawbolts.

Veneer - a category of sawtimber clear of defects suitable for manufacture as veneer paneling, furniture and cabinetry veneer.