



First Quarter Report For the Period Ending March 31, 2017 Issue Date April 21, 2017

Highlights

Purchased 14,000 acres of Timberland in Iron County, Wisconsin for \$12.8 Million
Net Loss of \$0.13 per Share

First Quarter Results:

Keweenaw Land Association, Limited announces a First Quarter 2017 net loss of \$0.13 per share compared to net income of \$0.19 for the same period in 2016. Net income (loss) per share arose from the following sources in the table below:

Weak log markets continued into the first quarter adversely impacting timber operations income. Log price realization declined by 13% compared to the same period in 2016 as prices were lower across all products. The company harvested a total of 25,796 cd-eq, including

	Earnings p/Share (EBITDA)	
	1st Qtr 17	1st Qtr 16
Timber Operations Income	\$ 0.24	\$ 0.50
Capital Gains-Sale of Land	-	0.02
Capital Gains-Investments	-	-
Other Income	0.07	0.05
Other Expenses	(0.28)	(0.19)
Interest & Depreciation	(0.14)	(0.11)
Income Taxes	(0.02)	(0.08)
	<u>\$ (0.13)</u>	<u>\$ 0.19</u>

2,181 cd-eq from procured sales, during the first three months of 2017. This compares to the 24,409 cd-eq, including 1,466 cd-eq from procured sales, produced during the same period in 2016. This is an increase of nearly 1,400 cd-eq over the same period last year. In 2017, harvest production in the first quarter contained more pulpwood and less sawtimber, which resulted in a lower product mix compared to last year. The winter logging season came to an early end approximately three weeks earlier when local authorities imposed seasonal road restrictions on February 17, 2017, compared to last year when restrictions were placed on March 7, 2016. As the woods continue to dry up, it is anticipated that logging operations will begin earlier than last year.

During the quarter, Keweenaw harvest volume included the following:

1st Qtr Production Statistics	2017	Mix %	2016	Mix %
Total Harvest Volume (cd-eq)	25,796	100.0	24,409	100.0
Sawtimber (mbf)	2,751	23.5	2,943	26.5
Pulpwood (cords)	19,743	76.5	17,935	73.5

During the first quarter, the company sold logs totaling \$2,945,609, compared to \$3,213,130 in 2016, down by over 8%. The decrease in log sales was driven by lower

market prices than in the first quarter of 2016. While the total cost of goods sold increased from \$2,095,759 in 2016 to \$2,129,504 in 2017, the per unit cd-eq expenditures dropped by \$3 per cd-eq mainly due to lower logging cost as more pulpwood was produced. While Keweenaw harvested more timber than in the same period of 2016, gross margin was down. The net result was a decrease in timber operations income by 51% from the same period in 2016.

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

Timber Operations Income EBITDA (through 3/31/17)	2017	%	2016	%
Log Sales	\$2,945,609	100.0	\$3,213,130	100.0
Expenses (COGS)	(2,129,504)	72.3	(2,095,759)	65.2
Gross Margin	816,105	27.7	1,117,371	34.8
Forestry/Management Exp	(500,374)		(469,616)	
Timber Operations Income	\$315,731		\$647,755	

Overall sales realization for the first quarter was down approximately \$17 per cd-eq due to weaker demand resulting in lower delivered prices compared to the same period in 2016. On the expense side, the company restructured logging rates with our contractors to reflect the current market conditions. This, along with offsets in other production expenses, lowered the cost of goods sold by \$3 per cd-eq from 2016 as described in the table below:

1st Qtr Sales Statistics (per unit)	2017	2016
Average Price Realization	\$114	\$131
Cost of Goods Sold	(82)	(85)
Gross Margin (EBITDA)	32	46

Sales realization was lower across all categories due to lower pricing and less Hard Maple. Veneer realization was \$916 per mbf, compared to \$1,097 in 2016, a 17% decrease. Sawlog realization was \$456 per mbf versus \$492 per mbf in the same period in 2016, a 7% decrease.

Boltwood realization was \$128 per cd-eq, down almost 9% from \$140 per cd-eq in 2016. Market demand for pulpwood continues to remain low and prices were down from the first quarter of 2016. Pulpwood realization for the quarter was \$97 per cd-eq compared to \$106 in 2016, a 9% decrease from the same period last year. In the winter, harvest units usually contain more lower-quality logs and other minor species compared to summer logging when more higher-quality products are harvested. The first quarter sales realization by product is listed in the above table. Keweenaw continues to remain focused on maximizing its sales dollars during lower market conditions while maintaining long-term business relationships with its customers.

1 st Qtr Sales Realization	2017	2016
Veneer (mbf)	\$916	\$1,097
Sawlog (mbf)	456	492
Boltwood (cord)	128	140
Pulpwood (cord)	97	106
Overall Realization (cd-eq)	\$114	\$131

Land Purchases/Sales:

On March 1, 2017, Keweenaw completed the acquisition of approximately 14,000 acres of timberland in northern Wisconsin from Great Northern Forest, LLC for \$12.8 million. The property is located in Iron County, Wisconsin near the company's Ironwood office and log yard. The newly-acquired lands are comprised of a mix of quality northern hardwood and softwood timber. The property has been well-managed and will provide significant near-term harvest volumes and cash flows. This acquisition is part of Keweenaw's continuing strategy of acquiring and managing quality timberland properties in the Lake States Region for long-term growth and capital appreciation. With this acquisition, Keweenaw will own and manage over 182,500 acres in the western Upper Peninsula of Michigan and northern Wisconsin.

In the first quarter of 2017, there were no land sales of recreational properties or lot developments, compared to one residential lot sold during the same period in 2016.

Shareholder Relations & Administrative:

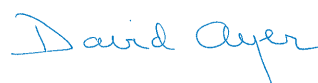
Keweenaw's common shares traded in a range from \$96.00 to \$108.00 per share during the first quarter with an ending price of \$101.99. 16,671 KLA shares were traded, a little over 1% of outstanding shares. This compares to 14,740 shares traded last year. As with any investment, past performance is not a guarantee of future results. Keweenaw's shares trade in the pink sheets using the symbol KEWL.

The company, with the direction of the special committee and the assistance of Stifel, continues to consider strategic alternatives and explore ways to create value for all of its shareholders. The process is still in its early stages and there is no timeframe when the review will be completed. As previously stated, the Board remains committed to exploring all opportunities. The Board will provide updates on this process in the event of any material developments.

The 2017 Annual Meeting of Keweenaw Shareholders will be held at 9:00 am CDT on Monday, May 8, 2017, in Ironwood, MI. Notices and voting information were provided for shareholders of record at the end of business on Friday, March 10, 2017. 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



Brian D. Glodowski, President/CEO

KEWEENAW LAND ASSOCIATION, LIMITED
EBITDA Consolidated Statement of Income and Expense (Unaudited)
March 31, 2017

INCOME	1 st Quarter		
	2017	2016	% Chg
Timber Operations			
Timber Sales	\$2,945,609	\$3,213,130	
Cost of Sales	2,129,504	2,095,759	
Gross Margin on Timber Sales	816,105	1,117,371	-27%
Timber Operations Expense			
Forestry, Management & General Admin	500,374	469,616	
Timber Operations Income (EBITDA)	315,731	647,755	-51%
Real Estate Development			
Developed Lot Sales	0	45,000	
Development Costs	0	41,696	
Gross Margin on Developed Lot Sales	0	3,304	
Total Operations Income	315,731	651,059	-52%
Other Income			
Mineral Royalties	4,110	56	
Lease and Rental Income	17,216	8,779	
Investment Earnings	7,449	6,167	
Profit (Loss) on Security Sales	0	0	
Land Sales	0	23,528	
Other	68,521	46,735	
Total Other Income	97,296	85,265	14%
Other Land & Board Expense	359,742	243,966	
EBITDA	53,285	492,358	-89%
Interest Expense	71,736	44,160	
Depletion, Depreciation, and Amortization	114,366	97,385	
Earnings Before Income Taxes	(132,817)	350,813	**%
Provision for Federal and State Income Taxes	31,720	100,181	
Net Income (Loss)	(164,537)	250,632	**%
Other Comprehensive Income, Net of Tax			
Unrealized Gains (Losses) on Securities			
Unrealized Holding Gains Arising			
During the Period	101,992	45,136	
Less: Reclassification Adj For Gains			
Included in Net Income	0	0	
Other Comprehensive Income	101,992	45,136	
Comprehensive Income	(\$62,545)	\$295,768	**%
Per Share Net Income	(0.13)	0.19	
Per Share Comprehensive Income	(0.05)	0.23	
Based on Weighted Avg Shares Outstanding			

** Percentage Change is not provided if either the latest period or year-ago period contains a net loss.

KEWEENAW LAND ASSOCIATION, LIMITED
Consolidated Balance Sheet (Unaudited)
March 31, 2017

ASSETS	Mar 31, 2017	Mar 31, 2016	% Chg
Current Assets			
Cash & Cash Equivalents	\$3,010,808	\$3,239,119	-7%
Accounts Receivable	270,954	213,442	
Investments in Government Obligations	0	0	
Other Current Assets	535,660	418,426	
Total Current Assets	3,817,422	3,870,987	-1%
Investments in Marketable Securities	3,099,742	2,934,237	6%
Other Non-Current Assets	526,066	449,855	
Equipment	1,238,320	945,740	31%
Properties	30,571,771	17,144,413	78%
TOTAL ASSETS	\$39,253,321	\$25,345,232	55%
LIABILITIES & CAPITAL			
Current Liabilities			
Accounts & Deposits Payable	\$39,684	\$20,000	
Commercial Lines of Credit/Other Debt	0	240,000	
Other Accrued Liabilities	392,620	416,785	
Total Current Liabilities	432,304	676,785	-36%
Non-Current Liabilities			
Long Term Debt	17,700,000	4,080,000	
Deferred Federal Income Tax Liability	965,171	874,081	
Total Non-Current Liabilities	18,665,171	4,954,081	
Total Liabilities	19,097,475	5,630,866	239%
Capital			
Common Stock Issued ⁽¹⁾	85,021	84,916	
Accum. Other Comprehensive Income	1,274,922	1,273,576	
Retained Earnings	18,795,903	18,355,874	
Total Capital	20,155,846	19,714,366	2%
TOTAL LIABILITIES & CAPITAL	\$39,253,321	\$25,345,232	55%
Capital Per Common Share	\$15.50	\$15.18	

⁽¹⁾ 1,300,174 no par value common shares are issued and outstanding on Mar. 31, 2017. 1,298,568 shares were outstanding on Mar. 31, 2016. 10,000,000 shares are authorized.

KEWEENAW LAND ASSOCIATION, LIMITED

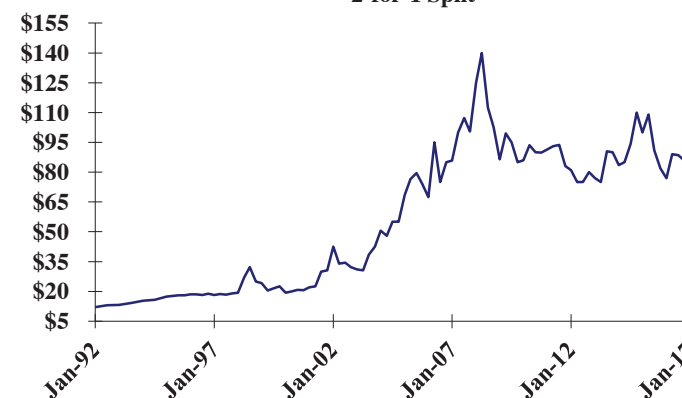
Consolidated Statement of Cash Flows Ending March 31, 2017

	Mar 30, 2017	Dec 31, 2016
Net Income	(\$164,537)	\$698,682
Adjustments to Reconcile Net Income to Net Cash		
Provided by Operating Activities:		
Depletion and Depreciation	108,110	360,422
Changes in Operating Assets and Liabilities:		
Decrease (Increase) in Accounts Receivable	96,720	57,072
Decrease (Increase) in Prepaid Expenses	41,201	(164,268)
Decrease (Increase) in Inventory	5,123	(30,947)
Increase (Decrease) in Deposits/Accts Pybl	(19,694)	30,524
Increase (Decrease) in Deferred/Income Taxes	31,720	69,970
Increase (Decrease) in Accrued Liabilities	(177,494)	18,427
(Gain) Loss on Sale of Securities	0	(132,062)
(Gain) Loss on Sale/Retirement of Equipment	0	(3,485)
(Gain) Loss on Sale of Land	0	(93,175)
Net Cash Flows Provided by Operating Activities	(78,851)	811,160
Net Cash Flows Provided by (Used for) Investing Activities	(13,149,499)	(924,595)
Net Sales (Purchases) of Property and Equipment	(348,772)	(111,766)
Purchases of Securities	0	(175,976)
Proceeds from Sale of Securities	0	144,572
Road Construction	(447)	(176,272)
Purchases of Land	(12,800,280)	(714,850)
Proceeds from Land Sales	0	68,959
Lot Development	0	40,738
Net Cash Flows Provided by (Used for) Financing Activities	12,821,080	805,045
Issuance (Purchase) of Stock	121,080	125,045
Commercial Installment Loan Borrowing	12,700,000	5,000,000
Commercial Installment Loan Payments	0	(4,320,000)
NET CASH FLOW	(407,270)	691,610
Beginning Cash and Cash Equivalents	3,418,078	2,726,468
ENDING CASH AND CASH EQUIVALENTS	\$3,010,808	\$3,418,078

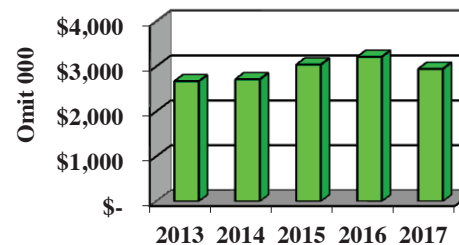
CONSOLIDATED FINANCIAL HIGHLIGHTS

	2017		2016	
For the Quarter	1st Qtr	YTD	1st Qtr	YTD
Receipts	\$3,043	\$3,043	\$3,320	\$3,320
Net Income (Loss)	(165)	(165)	251	251
Comprehensive Income	(63)	(63)	296	296
Capital Employed	37,856	37,856	24,034	24,034
*Dollar amounts in thousands				
Per Common Share				
Net Income	(\$0.13)	(\$0.13)	\$0.19	\$0.19
Comprehensive Income	(0.05)	(0.05)	0.23	0.23
Statistics				
Return on Capital Emp	-1.7%	-1.7%	4.2%	4.2%
Avg Shares Outstanding	1,300,174	1,300,174	1,298,568	1,298,568
Curr Shares Outstanding	1,300,174	1,300,174	1,298,568	1,298,568

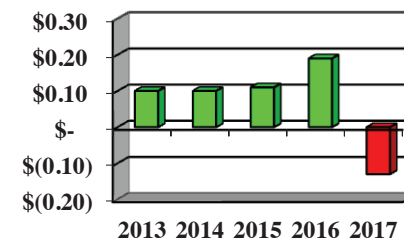
Price of Keweenaw Shares
Restated for 2/15/11
2-for-1 Split



Keweenaw Log Sales
Year-to-Date Comparison



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



SHAREHOLDER INFORMATION

First Quarter 2017 Highlights:

High: \$108.00, Low: \$96.00, Last: \$101.99

Source: OTC Markets Group, Inc.

Dividend Information:

The Board of Directors eliminated shareholder dividends beginning in 2010.

Keweenaw Contact Information:

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Web Page: www.keweenaw.com

Keweenaw's quarterly reports and latest annual report, along with archived reports from previous years, are posted on the company's web page.

Transfer Agent:

Wells Fargo Shareowner Services

PO Box 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.