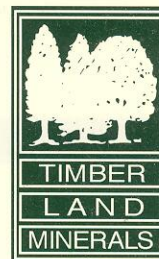


KEWEENAW

LAND ASSOCIATION, LIMITED



Second Quarter Report For the Period Ending June 30, 2007 Issue Date July 31, 2007

Highlights

- Second Quarter 2007 Net Loss of \$0.25 Per Share
- 2,385 Acres of Timberland Acquired

To Our Share Holders:

Keweenaw Land Association, Limited announces Second Quarter 2007 net loss of \$0.25 per share compared to a net loss of \$0.01 for the same period in 2006. Results were derived from the following sources:

	Earnings Per Share	
	2nd Qtr 07	2nd Qtr 06
Timber Operations Income	\$ (0.20)	\$ 0.03
Capital Gains-Sale of Land	0.02	0.02
Capital Gains-Investments	-	0.02
Other Income	0.18	0.18
Other Expenses	(0.24)	(0.25)
Income Taxes	(0.01)	(0.01)
	<u>\$ (0.25)</u>	<u>\$ (0.01)</u>

Operating results were disappointing but not unexpected, as the log market trend experienced throughout the forest products industry in latter 2006 continued into 2007. Keweenaw's logging operations resumed in late May getting up to full stride by mid June as county road restrictions were lifted following spring breakup. For the quarter, Keweenaw produced 9,705 cord equivalents (cd-eq.) compared to 10,582 (cd-eq.) last year, down 8%. Significant rainfall in the early part of June was a contributing factor to this downturn. 91% of quarterly production was on company timberlands, while 9% was harvested on purchased timber contracts. The product mix included 1,069 thousand board feet (MFB) of sawtimber and 7,352 cords of pulpwood. The company recorded log sales of \$1,114,760, down from \$1,296,597 last year, a 14% reduction. Of this, 33% resulted from reduced log prices (partially offset by favorable specie mix), 36% resulted from greater product mix in logs of lower quality, and 31% resulted from reduced product volume. Log prices generally were unfavorable for lower value products, which are the majority of KLA's production. Sawbolt prices averaged 13% below last year, while pulpwood prices were down 10%. Overall, sales realization per cd-eq. was \$112 compared to \$124 last year, down 10%.

Total production costs were \$800,776 compared to \$858,433 last year, down 7%. This decrease was primarily a function of decreased production volume. Per cd-eq., production costs were \$80 vs. \$82 for the same period of 2006. The resulting gross margin from timber operations was \$313,984 compared to \$438,164 last year, a 28% decrease. On a unit of sales basis, KLA achieved a gross margin of \$32 per cd-eq. vs. \$42 per cd-eq. last year.

Veneer log markets remain very strong with buyers inquiring almost daily about availability, Hard Maple being the most sought after veneer product. Red Oak veneer has experienced some slowing in market demand. With respect to sawlogs, most regional sawmills are now in operation, some coming off extended downtime to reduce lumber inventories. Most mills reflect continuing concerns about reduced hardwood lumber prices, but all indications are that all of KLA sawlog customers will continue to purchase logs for the remainder of the year. Issues relating to pulpwood, Keweenaw's largest product by volume, vary widely. Poor oriented strand board (OSB) markets have put pressure on some mills. However, most hardwood pulp mills came off spring breakup at close to normal inventory levels, some even below normal. Pulpwood demand should remain consistent with these customers.

During the quarter, Keweenaw acquired 2,385 acres of northern hardwood timberlands in Gogebic and Ontonagon Counties from Longyear Realty Corporation. These parcels block well with current KLA ownership, allowing synergies in forest management, and improve access to several existing properties. The transaction was financed primarily with bank debt.

Keweenaw's common stock traded in a price range of \$182 to \$221 per share during the quarter ending at \$221. A total of 81,417 shares traded, just under 13% of outstanding shares. This compares to 47,758 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.

On June 25, the 2007 Annual Meeting of Shareholders was held in Ironwood, Michigan. 542,163 shares, or 84% of outstanding shares, were represented in person or by proxy. John E. Earhart and Marjorie E. Nesbitt were each re-elected as Directors of the company for three-year terms, receiving 503,372 votes and 497,842 votes respectively in favor of their re-election. The 2006 accomplishments of the company were reported on and continuing pressure on log markets discussed as due to reduced housing starts and regional oversupply in pulpwood markets. In conclusion it was reiterated, KLA's land and timber assets continue to grow in value and future prospects look good.

Sincerely,

David Ayer, Chairman

KEWEENAW LAND ASSOCIATION, LIMITED

CONSOLIDATED FINANCIAL HIGHLIGHTS

For the Quarter	2007		2006	
	2nd Qtr	YTD	2nd Qtr	YTD
Receipts	\$1,262	\$4,037	\$1,459	\$4,621
Net Income (Loss)	(161)	(225)	(6)	314
Comprehensive Income	(179)	(176)	28	402
Capital Employed	16,266	16,266	13,889	13,889

*Dollar amounts in thousands

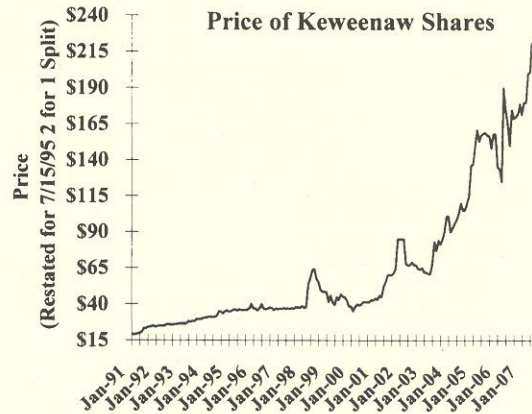
Per Common Share

Net Income	(\$0.25)	(\$0.35)	(\$0.01)	\$0.49
Comprehensive Income	(0.28)	(0.27)	0.04	0.63
Dividends Paid	0.20	0.40	0.20	0.40

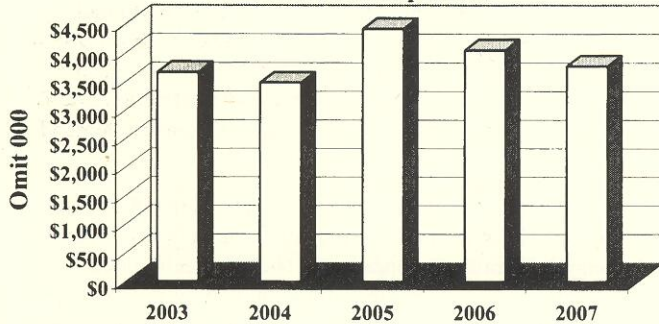
*Based on weighted average shares outstanding

Statistics

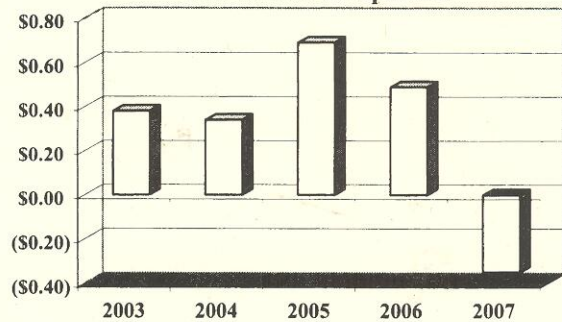
Return on Capital Emp.	-4.0%	-2.8%	-0.2%	4.5%
Dividend Payout Ratio	-80.0%	-114.3%	-2000.0%	81.6%
Avg Shares Outstanding	644,031	643,907	643,223	643,191
Curr Shares Outstanding	644,059	644,059	643,260	643,260



Keweenaw Log Sales
Year to Date Comparison



Keweenaw Earnings Per Share
Year to Date Comparison



SHAREHOLDER INFORMATION

Second Quarter 2007 Highlights:

High: \$221.00, Low: \$182.00, Last: \$221.00
Source: Real Tick-Townsend Analytics, Ltd.

Second Quarter Dividend Information:

Dividend Rate: \$0.20 per share
Payable Date: September 15, 2007
Record Date: August 15, 2007
Declaration Date: June 25, 2007

Dividend Disbursing Agent:

Keweenaw Land Association, Limited
1801 E Cloverland Dr, PO Box 188
Ironwood MI 49938
Phone: (906) 932-3410 or
Toll Free: (877) 539-3362
Fax: (906) 932-5823
Email: investors@keweenaw.com
Web Page: www.keweenaw.com

Transfer Agent:

Wells Fargo Shareowner Services
161 N. Concord Exchange
PO Box 64854
South St. Paul, MN 55164-9440
(800) 468-9716 or (651) 450-4002

Stock Exchange Information:

Keweenaw common stock trades in the Pink Sheets under the symbol "KEWL"

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, fiberboard, or 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.

KEWEENAW LAND ASSOCIATION, LIMITED

Consolidated Balance Sheet (Unaudited)

June 30, 2007

ASSETS	Note	Jun. 30, 2007	Jun. 30, 2006	% Chg
Current Assets				
Cash & Cash Equivalents		\$1,186,010	\$1,070,497	11%
Accounts Receivable		275,396	441,695	
Investments in Government Obligations		500,470	799,597	
Other Current Assets		221,274	246,547	
Total Current Assets		<u>2,183,150</u>	<u>2,558,336</u>	-15%
Investments in Marketable Securities		3,743,932	3,051,646	23%
Other Non-Current Assets		29,894	24,138	
Equipment		710,228	732,329	-3%
Properties		10,962,962	8,638,510	27%
TOTAL ASSETS		<u><u>\$17,630,166</u></u>	<u><u>\$15,004,959</u></u>	<u>17%</u>
LIABILITIES & CAPITAL				
Current Liabilities				
Accounts & Deposits Payable		\$154,235	\$141,251	
Commercial Lines of Credit & Other Debt		290,000	80,000	
Other Accrued Liabilities		316,714	312,235	
Total Current Liabilities		<u>760,949</u>	<u>533,486</u>	43%
Non-Current Liabilities				
Long Term Debt		2,495,000	720,000	
Deferred Federal Income Tax Liability		893,177	662,789	
Non-Current Liabilities		<u>3,388,177</u>	<u>1,382,789</u>	
Total Liabilities		<u>4,149,126</u>	<u>1,916,275</u>	117%
Capital				
Common Stock Issued	(1)	84,233	84,121	
Accumulated Other Comprehensive Income		1,521,562	1,075,330	
Retained Earnings		11,875,245	11,929,233	
Total Capital		<u>13,481,040</u>	<u>13,088,684</u>	3%
TOTAL LIABILITIES & CAPITAL		<u><u>\$17,630,166</u></u>	<u><u>\$15,004,959</u></u>	<u>17%</u>
Capital Per Common Share		\$20.93	\$20.35	

Notes:

(1) 644,059 no par value common shares are issued and outstanding on June 30, 2007. 643,260 shares were outstanding on June 30, 2006. 2,500,000 shares are authorized.

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

June 30, 2007

	2nd Quarter			Year to Date		
	2007	2006	% Chg	2007	2006	% Chg
INCOME						
Timber Operations						
Timber Sales	\$1,114,760	\$1,296,597		\$3,768,051	\$4,045,623	
Cost of Sales	800,776	858,433		2,894,167	2,872,057	
Gross Margin on Timber Sales	313,984	438,164	-28%	873,884	1,173,566	-26%
Timber Operations Expenses						
Forestry Expenses	144,616	157,664		309,797	326,489	
Management and General Administration	301,110	261,174		608,726	548,925	
Total Operations Expenses	445,726	418,838		918,523	875,414	
Timber Operations Income	(131,742)	19,326	-782%	(44,639)	298,152	-115%
Real Estate Development						
Developed Lot Sales	34,950	42,500		58,450	204,500	
Development Costs	30,809	41,500		55,378	105,549	
Gross Margin on Developed Lot Sales	4,141	1,000		3,072	98,951	
Total Operations Income	(127,601)	20,326	-728%	(41,567)	397,103	-110%
Other Income						
Mineral Royalties	912	12,289		6,207	17,925	
Lease and Rental Income	32,864	34,633		79,018	88,386	
Investment Earnings	65,417	45,520		94,205	62,338	
Profit (Loss) on Security Sales	0	12,722		0	12,722	
Land Sales	7,277	8,691		18,350	204,608	
Other	14,183	16,088		32,359	27,237	
Total Other Income	120,653	129,943	-7%	230,139	413,216	-44%
Other Expenses						
Land Management Expenses	115,871	117,033		232,036	228,842	
Board of Directors Expenses	43,675	45,960		177,112	118,952	
Total Other Expenses	159,546	162,993	-2%	409,148	347,794	18%
Net Income Before Federal Income Taxes	(166,494)	(12,724)	-1209%	(220,576)	462,525	-148%
Provision for Federal Income Taxes	(5,624)	(6,508)		4,604	148,502	
Net Income	(160,870)	(6,216)	-2488%	(225,180)	314,023	-172%
Other Comprehensive Income, Net of Tax						
Unrealized Gains (Losses) on Securities						
Unrealized Holding Gains Arising						
During the Period	(18,355)	42,251		49,159	96,819	
Less: Reclassification Adj. For Gains	0	(8,397)		0	(8,397)	
Included in Net Income	(18,355)	33,854		49,159	88,422	
Other Comprehensive Income	(18,355)	33,854		49,159	88,422	
Comprehensive Income	(\$179,224)	\$27,638	-748%	(\$176,020)	\$402,445	-144%
Per Share Net Income	(\$0.25)	(\$0.01)		(\$0.35)	\$0.49	
Per Share Comprehensive Income	(\$0.28)	\$0.04		(\$0.27)	\$0.63	
Dividends Per Share	\$0.20	\$0.20		\$0.40	\$0.40	

Based on Weighted Average Shares Outstanding