TIMBER
LAND
MINERALS

KEWEENAW
LAND ASSOCIATION, LIMITED

2012 ANNUAL REPORT

CONSOLIDATED FINANCIAL HIGHLIGHTS

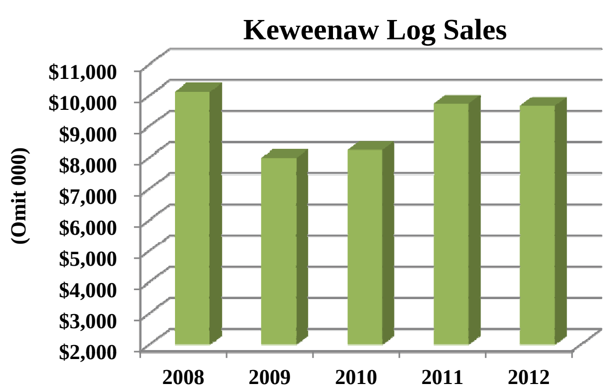
For the Year	2012	2011	2010	2009	2008
Receipts*	$10,509	$10,390	$9,170	$9,097	$11,238
Net Income after Tax*	1,041	521	164	291	1,363
Capital Employed*	17,093	15,838	15,709	16,353	16,508

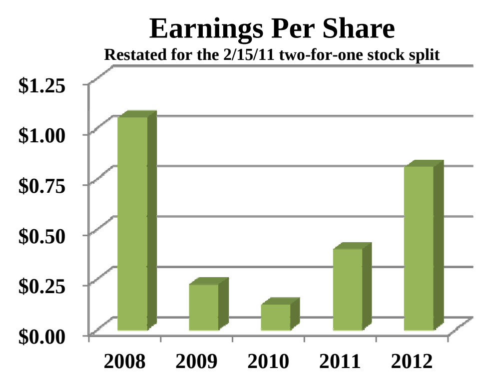
* Values in Rounded Thousands

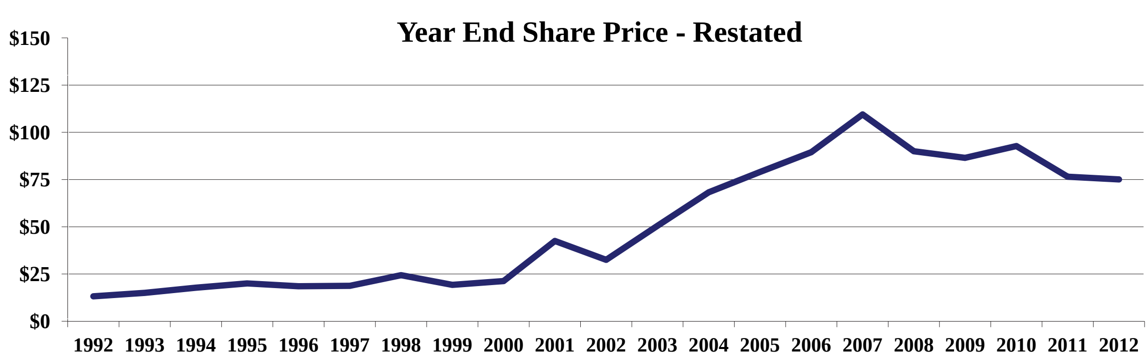
Per Share					
Earnings**	$0.81	$0.40	$0.13	$0.23	$1.06
Dividends Paid **	0.00	0.00	0.00	0.40	0.40

**Based on weighted average shares outstanding. Adjusted for the 2/15/11 2-for-1 forward stock split.

Statistics					
Return on Capital	6.1%	3.3%	1.0%	1.8%	8.3%
Dividend Payout Ratio	0.0%	0.0%	0.0%	177.8%	37.9%
Average Shares Outstanding **	1,292,681	1,291,488	1,290,660	1,290,670	1,289,654
Shares Outstanding at Year End **	1,292,858	1,291,865	1,290,890	1,290,030	1,289,798







Cover photo: Looking north from KLA ownership near Copp's Creek in Gogebic County, MI.

Report to Shareholders

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Glossary of Terms Used in This Report

Board Foot (BF) – a measurement of lumber 12 inches x 12 inches x 1 inch. When used in conjunction with sawtimber or logs, it is a measurement system to approximate the output of lumber that can be expected from a given quantity of sawtimber or logs. **Cord Equivalent (cd-eq)** – a measurement of logs in cords including logs converted in measurement from other measurement methods. 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. **Sawbolts** – a lower grade or smaller size sawtimber 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.

Chairman's Letter

To our Shareholders:

As you have seen, KLA had an excellent year in 2012; net income was in excess of $1 million and timber operations income increased by $263,000 over 2011 while harvesting less volume. Pre-tax profit per cord was $17.43, up from $13.38 in 2011.

Keweenaw takes pride in being a reliable supplier to its customer base, allowing us to do well when the timber prices are low as well as high. The company has successfully come through the recession years and is looking forward to improved economic conditions.

As you are aware, there has been increased interest in mineral exploration in our area. Keweenaw's policy is to retain mineral rights whenever possible. Although these rights are very difficult to value standing alone, they become quite valuable when exploration companies enter into mineral leases with us. We currently have three leases; Orvana Minerals Corp., Trans-Superior Resources, and Keweenaw Copper Company. Orvana's Copperwood Project is moving along and we refer you to their website www.orvana.com for updates.

We continue in our efforts to raise a timber investment fund, leveraging our knowledge and market position in the Lake States. Although there has been expressed interest, the overall process is slow and I cannot report any formal commitments by outside investors at this time. Simultaneously, the company continues to look into complimentary uses for its lands such as easements, carbon credits, wetland mitigation banks, etc. Other than the market for easements, these other areas are not clearly established. Keweenaw has done well over the years by not jumping into other "hot" areas and regretting it later as some other companies have done.

You will see the results of the 2012 Timberland Appraisal in the report. As always, it was executed by an independent third-party appraisal firm. The overall appraised value is $865 per acre up from $800 in December of 2009. The standing timber value increased to $134.1 million, up 14% from 2009. The underlying timber assets of the company have improved in a time of economic uncertainty.

In 2012, the total volume of shares traded was 159,114 or a little over 12% of the outstanding shares. The high and low share price for 2012 was $88.75 and $71.75 respectively.

Keweenaw is in excellent shape. Brian Glodowski, our new President/Operations Manager, and Jim Simmons, CFO, have done a fine job both in terms of producing operating results and maintaining a good working atmosphere. As always, our employees have worked extremely hard, and we thank them for their dedication to our company.

I would especially like to thank our shareholders for their continuing support. As I have said before, there are few companies you can own where value can be taken along the way while the assets continue to appreciate over time. Keweenaw is such a company.

I look forward to seeing you at our annual meeting in Ironwood, Michigan at the Gogebic Community College on May 20, 2013, 9:00 am CDT.

Sincerely,

David Ayer

David Ayer, Chairman

Company Profile

Keweenaw Land Association, Limited is organized under Michigan law as a corporation. The company is managed under the direction of a six-member board of directors. Current board members and officers are:

David Ayer, Director, Chairman of the Board
John E. Earhart, Director
Donald J. Hoffman, Director
Marjorie E. Nesbitt, Director
James P. Totten, Director
Frederick J. Weyerhaeuser, Director
Brian D. Glodowski, Manager of Operations and President/Secretary
James J. Simmons, Jr., Controller and Treasurer

Keweenaw owns and manages 161,930 surface acres and 401,643 acres of both severed and attached mineral rights in the Upper Peninsula of Michigan. Keweenaw's ownership includes approximately 153,547 acres of productive timberlands. Included in Keweenaw's ownership are nearly four miles of inland lake frontage, over four miles along Lake Superior, and approximately 30 miles of frontage along major rivers. Approximately 2,500 acres are comprised of commercial, recreational, or city properties. When appropriate, the company sells or leases parcels for commercial and/or residential development. Log sales, developed lot sales, investment portfolio income, gravel royalties, and commercial lease income are the primary sources of revenue for the company.

Company History

Keweenaw Land Association, Limited traces its origins to the period immediately following the Civil War and the construction of the ship canal across the Keweenaw Peninsula of Upper Michigan by the Portage Lake & Lake Superior Ship-Canal Company. A land grant by the 38th Congress was promised to the company completing the canal. After experiencing financial difficulties in completing the canal, the assets of the Portage Lake & Lake Superior Ship-Canal Company, including 400,000 acres of land grant properties in the Upper Peninsula of Michigan, were purchased by the financiers of the original project, and the Lake Superior Ship Canal Railway and Iron Company was formed. In 1891, the LSSCR&I Co sold the completed ship canal to the U.S. government, and the remainder of the assets, including the 400,000 acres of land, was transferred to the company's successor, the Keweenaw Association, Limited. That company was reorganized in 1908, and Keweenaw Land Association, Limited came into existence as a Michigan partnership association. Keweenaw was reorganized again in 1999 as a Michigan corporation.

Since the 1908 reorganization, Keweenaw has been managed both passively and actively, receiving timber stumpage and mineral royalty income. During the World Wars, Keweenaw timber properties were harvested heavily for war needs. In the early 1950's, Keweenaw began to manage its timber assets by practicing sustainable forestry in order to maximize the value of its timberland assets over the long term. The current and more proactive operating management commenced in 1992. The company's forest management practices have been audited and certified by the Forest Stewardship Council since 1994.

Value Analysis

Approximately every three years starting in 1998, Keweenaw management has engaged the services of an independent, certified, general appraisal firm to perform a third-party evaluation of KLA's primary assets, its land and timber. The purpose of this process is to inform the KLA shareholders about the underlying value of their land and timber assets only, as well as show the incremental changes in these asset values. These assessments are performed in accordance with the National Uniform Standards of Professional Appraisal Practices (USPAP) and represents the appraiser's professional analysis, opinions, and conclusions with respect to the market value of Keweenaw's land and timber assets. Following is a summary of appraisal results:

A. Value of Timber Assets (Excluding Land)

Valuation Date	Acres	Total Timber Value (in millions)	Timber Value Per Acre
May 1998	156,400	$ 72.53	$464
Dec. 2000	155,882	$ 93.23	$598
Dec. 2003	155,839	$104.16	$668
Dec. 2006	158,153	$132.36	$837
Dec. 2009	161,061	$117.31	$728
Dec. 2012	161,940	$134.12	$828
% Change (1998-2012)	3.5%	84.9%	77.9%
Annual % Change	0.2%	5.8%	5.3%

Total timber value increased by over 14% since 2009 as a result of improved demand for logs and pulpwood since the economic decline, which began in 2008. The volume of standing timber also increased by 2.6% between 2009 and 2012.

It should be understood that the gross timber values noted above represent a valuation of timber on Keweenaw property as a pure stand-alone asset and is a method of measuring timber value from period to period based on stumpage rates and product mix together with the timber volume. These appraisals do not necessarily represent the amount at which the timber could be sold in a single transaction. Accordingly, the sale of timber, either as part of a harvest or together with the sale of the underlying land, might result in a price that could be significantly different than the values set forth above.

B. Appraisal Comparisons of Land and Timber

Appraisal	Comparable Sales Approach		Discounted Cash Flow Approach		Overall Appraised Value	
Date	Value (in millions)	Per Acre	Value (in millions)	Per Acre	Value (in millions)	Per Acre
May 1998	$ 66.47	$425	$ 54.98	$352	$ 63.00	$403
Dec. 2000	$ 85.74	$550	$ 84.11	$540	$ 85.74	$550
Dec. 2003	$102.85	$660	$107.40	$689	$102.85	$660
Dec. 2006	$118.61	$750	$121.88	$771	$118.61	$750
Dec. 2009	$128.85	$800	$132.75	$824	$128.85	$800
Dec. 2012	$133.60	$825	$141.21	$872	$140.10	$865
% Change 1998-2012	101.0%	94.1%	156.8%	148.0%	122.4%	114.7%
Annual % Change	6.9%	6.4%	10.7%	10.1%	8.4%	7.9%

C. Summary

The overall appraised value of the land and timber increased at an annualized rate of 8.4% over the past 14 plus years. The gross timber value as a stand-alone asset increased at an annualized rate of 5.3% over the same period. Even with the economic downturn that began in 2008, the appraised value of Keweenaw's land and timber assets continues to increase in value.

The foregoing information is presented only to demonstrate the continuing growth in value of Keweenaw's land and timber assets. The values were provided by an independent licensed appraiser and represent their opinion of value based on an analysis of market conditions along with other factors. Investors and other users of this information shouldn't necessarily construe that this data represents the price potential of Keweenaw common stock in any current or future market transaction. Historically, Keweenaw shares have traded infrequently and with very little volume. As with any investment, investors should make a careful decision in purchasing Keweenaw stock.

Timber Operations

2012 was a very solid year for Keweenaw's timber operations. Revenue from the sale of logs and pulpwood was $9,668,988 in 2012 compared to $9,736,841 in 2011 and $8,239,174 in 2010. Sales realization improved by over 5% to $117 per cd-eq compared to $111 per cd-eq in 2011 and $99 per cd-eq in 2010.

Total harvest production in 2012 was 82,493 cd-eq compared to the 2011 harvest level of 87,706 cd-eq and 83,294 cd-eq in 2010. Harvest production from company lands totaled 74,229 cd-eq, a decrease of 10% from the 2011 harvest level of 82,392 cd-eq and 6% lower than the 2010 harvest of 78,623 cd-eq. Volume harvested from procured-sale contracts in 2012 was 8,228 cd-eq, a 55% increase over the 2011 harvest of 5,314 cd-eq and a 76% increase over the 4,671 cd-eq harvested in 2010.

Timber operations income reached $1,438,157 in 2012 compared to $1,175,158 in 2011, and $88,868 in 2010. Strong demand and favorable pricing allowed Keweenaw to sell all products and species harvested at improved margins during the year. Keweenaw continues to adhere to its core philosophy of sustained-yield management while pursuing its goal of improving forest productivity through its management practices. This will ensure Keweenaw's reputation as a reliable long-term supplier of quality logs and pulpwood.

Keweenaw continued efforts to develop a timberland management business as a way to leverage its forestry operation and timberland acquisition expertise. This separate business line would provide timberland management services to institutional investors that own timberland properties. Under this arrangement, Keweenaw would be paid fees for acquisition, management, and eventual sale of timberlands. The process has not yielded a client, however discussion with institutional investors is still ongoing. There can be no assurance that Keweenaw will be successful in implementing this strategy in the coming year

Minerals

Positive activity surrounding Keweenaw's mineral holdings continued in 2012. On April 30, 2012, Orvana Resources U.S. Corp., which holds a mineral lease with Keweenaw, received its Part 632 Mining Permit from the Michigan Department of Environmental Quality (MDEQ). This was followed by Orvana's November 14, 2012, announcement that the MDEQ issued the National Pollutant Discharge Elimination System Permit (NPDES) for treated sanitary and process wastewaters related to the Copperwood Project. While these are positive developments, additional permits are still required before Orvana can begin mining operations. All current information regarding Orvana and the Copperwood Project can be found at their website at http://www.orvana.com.

On December 3, 2012, Keweenaw entered into a mineral lease agreement with Keweenaw Copper Co., a wholly-owned subsidiary of Highland Copper Company Inc., a Canadian exploration company. The lease encompasses approximately 6,400 acres and has a primary term of ten years which may be extended for an additional ten years under certain conditions. The financial terms call for an annual rental payment and additional payments upon achievement of certain milestones as well as a sliding scale net smelter return royalty upon commencement of production. All current information regarding

Keweenaw Copper Co. and Highland Resources can be found at their website at http://www.highlandcopper.com/s/keweenaw.asp.

On August 26, 2012, Gogebic Taconite of Michigan, LLC of Palm Beach Gardens, Florida terminated a 20-year lease agreement with Keweenaw. Gogebic Taconite conducted a small drilling campaign on the property but did not find sufficient mineralization to warrant pursing additional development at this time.

Keweenaw continues to make its mineral information available to bonafide mineral exploration and/or mining companies. A map of Keweenaw's mineral ownership can be found on our website at www.keweenaw.com.

Real Estate Program

Keweenaw continued efforts to upgrade and consolidate timberland holdings, while selling isolated timberlands and certain other properties having greater value for purposes other than timber management.

One property totaling 627 acres of commercial timberland was acquired in Gogebic County during the year at a cost of $183,081. Three parcels totaling 183 acres of non-strategic land were sold generating cash of $508,821 and recognized capital gains of $497,019.

No rural residential lots were sold from Keweenaw development projects during the year as persistently high unemployment across the Upper Peninsula of Michigan and Northern Wisconsin continues to weigh on the market. Markets for these types of recreational properties remain sensitive to changes in various economic indicators such as disposable income, the housing market, and the overall health of the economy. Demand for these properties is expected to rise as economic conditions improve.

TRANSACTED ACRES
BY COUNTY, 2012

County	Acres Sold	Acres Acqd
Baraga	0	0
Bayfield, WI	0	0
Dickinson	60	0
Florence, WI	0	0
Forest, WI	0	0
Gogebic	43	627
Houghton	0	0
Iron	0	0
Iron, WI	0	0
Keweenaw	0	0
Marquette	80	0
Ontonagon	0	0
Schoolcraft	0	0
Total	183	627

Lease Income

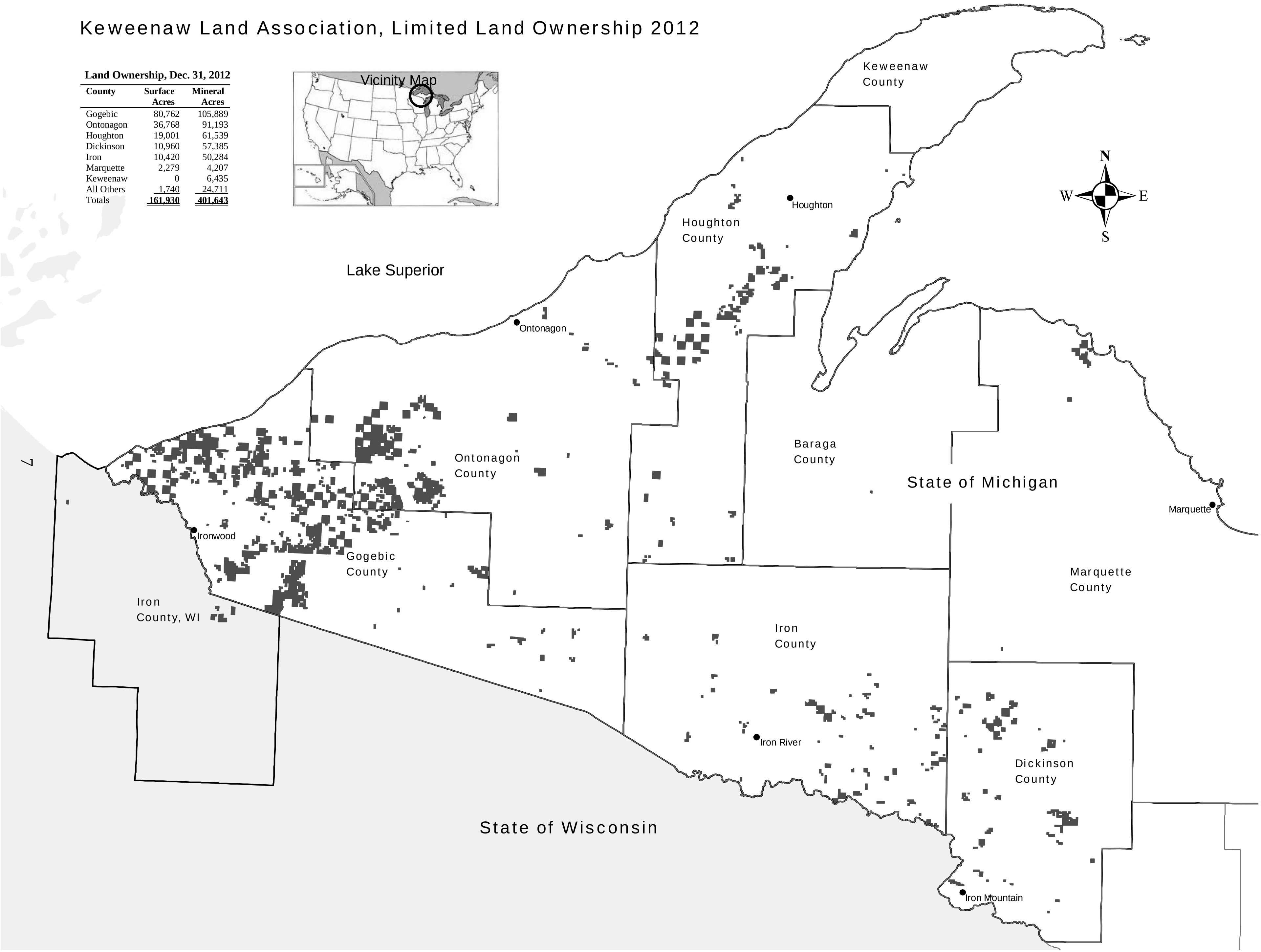
In 2012, Keweenaw received $172,479 in rental income from surface, commercial, mineral exploration, and recreational camp leases and the sales of easements. This compares to $153,595 in 2011 and $118,671 in 2010. Sand and gravel royalties contributed an additional $51,066 in 2012 compared to $39,839 in 2011 and $55,415 in 2010.

Income from leasing activity increased primarily from the inclusion of the Keweenaw Copper Co. lease, which was signed in December 2012. Income from sand and gravel leases rose as activity on state and federal infrastructure projects increased.

Keweenaw Land Association, Limited Land Ownership 2012

Land Ownership, Dec. 31, 2012

County	Surface Acres	Mineral Acres
Gogebic	80,762	105,889
Ontonagon	36,768	91,193
Houghton	19,001	61,539
Dickinson	10,960	57,385
Iron	10,420	50,284
Marquette	2,279	4,207
Keweenaw	0	6,435
All Others	1,740	24,711
Totals	161,930	401,643



Capital Resources and Liquidity - 2012

Keweenaw's cash flow from operations was a positive $939,440 in 2012, a positive $406,443 in 2011, and a negative $216,135 in 2010. The positive cash flow for the second straight year from operating activities is a direct result of higher margins after the economic slump experienced during the recession. Timber operations income was $1,438,157 in 2012 compared to $1,175,158 in 2011 and $88,868 in 2010. Increased sales realization on a per-cord equivalent has significantly improved income and available cash. Price realization across all products lines continue to increase. Product prices for 2012 were above those realized in both 2011 and 2010, although not quite at the higher levels experienced pre-recession in 2008. Log product mix was equal to 2011 and more favorable to 2010.

In 2012, Keweenaw made a direct land purchase of $183,081, compared to $0 in 2011 and $128,015 in 2010. During the year, KLA received $508,821 from three land sale transactions totaling 183 acres. The properties sold were unrelated to the company's forestry program. No developed lots were sold in 2012 or 2011, compared to one lot sold in 2010. For the fourth straight year, interest in lots was down compared to prior years due to continuing uncertainties in the real estate market across the Upper Peninsula. In other transactions affecting cash, Keweenaw purchased equity shares for $176,457. At year end, the company's investment portfolio held equity securities, including ETF funds, valued at $3,951,788 and money market funds amounting to $330,709. Capital expenditures totaled $56,375 in 2012 for the replacement of equipment and capitalized logging roads. In 2012, no dividends were paid to shareholders. Keweenaw issued shares to the Board of Directors and Officers with a cost amounting to $72,847. On December 31, 2012, Keweenaw had $1,899,402 in cash and cash equivalents on hand compared to $894,398 at the end of 2011 and $1,025,882 at the end of 2010.

The company has three credit arrangements at Wells Fargo Bank Michigan N.A.: 1) a $2,500,000 operating line of credit available to satisfy short-term operating cash needs, 2) a $900,000 line of credit available to provide a source for funding standby letters of credit to guarantee performance on public bid timber stumpage contracts from the USDA Forest Service, and 3) a six-year fixed-rate loan.

Keweenaw did not borrow on its short-term line of credit in 2012 compared to $2,570,640 borrowed and $2,803,980 repaid in 2011 and $3,448,804 borrowed and $3,220,360 repaid in 2010. At the end of 2012, no outstanding balance remained on its short-term line of credit. Short-term borrowing and repayment occurs as needed using the automatic balance transfer feature of Keweenaw's primary business checking account and its operating line of credit. On Keweenaw's $900,000 line of credit, four letters of credit totaling $561,000 were outstanding at the end of 2012, though no balance was owed on any of the letters. On its six-year fixed-rate loan, a principal balance of $766,483 remains, down from the initial balance of $1,001,913 in September 2010. Terms of the loan are 71 principal payments of $8,349 each and one final principal and interest payment of $400,611 due in September 2016. In 2012, a total of $100,191 in principal payments were made on this loan. See Note I of the Notes to the Consolidated Financial Statements for an expanded discussion of the company's available credit facilities.

Results of Operations

The company's management objective is to consolidate, protect, and improve its timberland assets by employing sustainable forestry management. Our forest management practices have resulted in an improved product mix and increased production volume through better utilization of resources. Technological changes in equipment over the last ten years have also contributed to increased production and utilization of our forest resources. The company's use of the single tree selection method for marking timber improves log quality and maximizes sales dollars over the long term. Improving the quality and quantity of standing timber is our long-term objective. Keweenaw also actively seeks to improve its forestland holdings through land acquisitions and like-kind exchanges. By managing the company's timberland assets with these long-term goals in mind, the board believes it benefits the company's shareholders by increasing the value of its assets, while providing a reasonable level of operations income. This strategy helped Keweenaw through the severe economic recession and preserved its market share, along with its ability to sell all harvested volume. Again in 2012, SmartWood, a third-party forest practices certification organization, under the auspices of the Forest Stewardship Council, has certified the company's sustainable forestry practices as "well-managed," the highest category available. Keweenaw has proudly held this distinction since 1994. Under this certification, Keweenaw's timber management policy states it will not harvest timber beyond its growth rate as determined over a ten-year period.

The company's total log production in 2012 was 82,457 cd-eq compared to 87,706 cd-eq in 2011 and 83,294 cd-eq in 2010. Log production on purchased timber contracts amounted to 8,228 cd-eq during the year compared to 5,314 cd-eq in 2011 and 4,671 cd-eq in 2010. Since the mid-1990's, Keweenaw has purchased private timber contracts in order to boost its market share, provide additional income, and to expand logging and trucking opportunities for our independent contractors when seasonal restrictions exist on company lands. Some of the contracts have provisions for indexing market conditions, and the USFS has allowed for time extensions on such contracts.

Timber Sales

As in past years, Keweenaw Land Association, Limited receives most of its income from the sale of logs harvested from its timberlands and private timber contracts. Since 1993, Keweenaw Land Association, Limited has employed direct marketing of its forest products allowing the company to negotiate with customers and profit from market opportunities. The company continues to "re-manufacture" logs at its sorting facility in Ironwood, Michigan to maximize the value of logs and meet customer needs. Keweenaw's sustainable forestry program insures an available log supply into the future.

Demand for Keweenaw forest products was strong in 2012 and the company was able to meet all log sale commitments to its customers. Since late 2008, the forest products industry continues to rebound from a down cycle. Keweenaw remains determined to provide its customers with a superior product for the best market price possible. Over the years, Keweenaw has built long-term relationships with its customers allowing the sale of all of its production at positive margins. The company reported log sales in 2012 totaling $9,668,988 compared to $9,736,841 and $8,239,174 in 2011 and 2010 respectively. Product pricing and gross margin improvement over 2011 allowed Keweenaw to finish the year with its best timber operating income since 2008. It is notable that these results were achieved on approximately 6% less volume than in 2011. Product mix in 2012 yielded 23.0% sawtimber, same as the mix of 23.0% in 2011 and compared to the mix of 19.7% in 2010. In 2010, the company harvested timberlands on low ground with poorer soils in which normal seasonal access is limited and difficult. These stands were higher in pulpwood containing less sawtimber. In future years, the company continues to expect the product mix to improve on its timberlands.

The following table reflects the 2012 product mix and associated sales dollar impact compared to the two prior years:

	Percent of Sales Product Mix			Product Mix Impact in Dollars	
	2012	2011	2010	2012 vs. 2011	2012 vs. 2010
Veneer Logs	2.2%	2.4%	2.0%	($70,518)	$79,920
Sawlogs	11.6%	11.1%	8.7%	70,513	419,436
Sawbolts	9.2%	9.5%	9.0%	(23,818)	25,026
Pulpwood Logs	77.0%	77.0%	80.3%	(3,320)	(227,637)
Total Production	100.0%	100.0%	100.0%	($27,143)	$296,745

Pulpwood continues to remain the largest percentage of the yearly sales volume. In 2012, pulpwood accounted for 77% of the total sales volume. Pulp prices for 2012 were up over 5% over 2011 and 16% over 2010. While pulp prices continue to improve, they remain well below 2008 when market pricing reached its peak prior to the recession. Sawtimber prices in 2012 are up 7% over 2011 and 13% over 2010, but also are under 2008 levels. In 2012, there was strong demand for veneer grade logs. Average veneer price realization increased nearly 13% from 2011 and was 22% above 2010. Sawlog price realization was up 6% over both 2011 and 2010. Sawbolts, used in the flooring and pallet industries, increased 7% over 2011 and 14% from 2010. In 2012, sawbolt and pulpwood price realization, as reported below was affected by true price change as well as customer destination. As the economy improves, we expect to realize increased prices for all of our forest products.

Changes in specie mix composition along with the dynamics of the price changes reflected above resulted in the following product sales realization per unit for the years shown:

	Log Sales Realization Per Unit		
	2012	2011	2010
Veneer Logs (Per MBF)	$1,147	$1,018	$939
Sawlogs (Per MBF)	411	389	389
Sawbolts (Per Cord)	122	114	107
Pulpwood Logs (Per Cord)	95	90	82
Total Sales (Per Cd-eq)	$117	$111	$99

The total impact on log sales resulting from all previously discussed factors are reflected below:

	Impact on Log Sales Dollars	
Impact From	2012 Vs. 2011	2012 Vs. 2010
Changes in Prices	$597,117	$1,225,868
Changes in Specie Mix	(49,700)	(6,563)
Changes in Product Mix	(27,142)	296,745
Changes in Production Volume	(588,128)	(86,236)
Net Increase (Decrease) in Timber Sales	($67,853)	$1,429,814

Total log sales by specie groups are represented below:

	2012			2011			2010		
	Cords	Sales	% of Vol	Cords	Sales	% of Vol	Cords	Sales	% of Vol
Northern Hardwood	65,461	$8,070,273	79%	74,066	$8,517,214	84%	66,547	$6,846,200	80%
Aspen	5,547	517,425	7%	4,428	379,253	5%	5,909	491,493	7%
Softwoods	11,485	1,081,290	14%	9,302	840,374	11%	10,910	901,481	13%
	82,493	$9,668,988	100%	87,796	$9,736,841	100%	83,366	$8,239,174	100%

Cost of Sales

Keweenaw's cost of log sales for 2012 amounted to $6,567,931 compared to $6,776,399 in 2011 and $6,270,099 in 2010. The company harvested 82,457 cd-eq in 2012, 87,706 cd-eq in 2011, and 83,294 cd-eq in 2010. Production in 2012 was down 6% from 2011 and down 1% from 2010. Logging and freight costs continue to represent the majority of log production expense. These costs amounted to $5,626,826 in 2012, $5,860,208 in 2011, and $5,349,962 in 2010. Logging and trucking contractors constantly face increasing fuel, operating, and equipment costs. We continue to provide our reliable loggers, truckers, and subcontractors with competitive pay and logging opportunities.

Timber depletion on Keweenaw lands amounted to $146,535 in 2012, $168,245 in 2011, and $161,902 in 2010. KLA also incurred procured stumpage costs of $220,178 in 2012, $111,004 in 2011, and $70,492 in 2010. The company continues to keep an eye on current market conditions to maximize revenue from our existing multi-year contracts on USDA Forest Service lands. In the last few years, certain contracts would have produced negative returns based on market pricing had the company not deferred harvest. Because conditions changed in 2012, the company was able to harvest several units at a positive return. Usually, long-term procured stumpage contracts enable Keweenaw to manage its production schedule to better utilize the company's contractors when company land sustainable harvest limits are reached. The additional volume provided by federal and private contracts help the company maintain its reputation as a reliable supplier, adding to market share and securing additional profit for timber operations. Logging and delivery costs of procured production are similar to those from company land but also have the added cost of stumpage (the cost to purchase the standing timber from the seller). Stumpage costs amounted to $27 per cord in 2012 compared to $21 in 2011 and $15 in 2010. Keweenaw continues to bid on federal, state, and local contracts if they are profitable. No new federal or state timber-cutting contracts were added in 2012. As in 2011, small and profitable private timber contracts were harvested in 2012.

Maintenance and improvement of the company's logging road infrastructure is another major element of Keweenaw's production cost. In 2012 road-building costs were $399,459, or around 6% of the total cost of log sales. This compares to $459,848 in 2011 and $511,398 in 2010. Company policy is to construct or improve summer logging roads at least a year prior to planned production. Road spending in 2012 was $60,389 less than in 2011 mostly due to re-entering existing harvest sites where little maintenance was necessary. Road expenditures are either deferred or written off in the year when actual harvest production occurs. Costs of snow removal and "freeze-in" of roads for winter operations amounted to 19% of total road spending in 2012 compared to the 17% in 2011 and 25% in 2010. Lake effect snow along with temperature changes can cause considerable variance in the cost of winter road preparation from season to season. Road expenditures made in 2011 amounting to $79,187 were written off in 2012 as harvest production occurred on affected properties. $74,417 of 2012 road spending, relating to 2013 timber operations, was deferred until 2013. Per unit of production costs for 2012, 2011, and 2010 are reflected below:

	Cost Per Cord Produced		
Production Cost Factor	2012	2011	2010
Logging Costs	$40	$40	$38
Freight Costs	28	27	26
Sort Yard Expenses	2	2	2
Logging Road Costs	5	5	6
Timber Depletion & Procured Stumpage Costs	5	3	3
Inventory Change & Other Costs	0	0	0
Total Costs Per Cord	$80	$77	$75

Gross Margin

The gross margin from timber operations in 2012 was $3,101,057 compared to $2,960,442 in 2011 and $1,969,075 in 2010, a 5% increase from 2011 and a 57% increase from 2010. On a unit of sales basis, gross margins were:

	Per Cord Equivalent		
	2012	2011	2010
Log Sales	$117	$111	$99
Cost of Sales	80	77	75
Gross Margin	$37	$34	$24

In 2012, Keweenaw recorded a gross margin of $41 per cd-eq on company land production. On procured production, a gross margin of $11 per cd-eq was achieved.

Operations Expenses

The company's operating expenses amounted to $1,662,900 in 2012, $1,785,284 in 2011, and $1,880,207 in 2010. These costs on a unit of production basis were $20 per cd-eq for 2012 and 2011, and $23 per cd-eq in 2010. Employee salaries and benefits represented 71% of total operating costs. For the third year in a row, management restructured the company's employee medical insurance for cost savings, while maintaining a suitable level of coverage. Medical insurance expense for 2013 will only increase by 5%, compared to the 16% average increase for Michigan. All employee benefit plans are reviewed annually to ensure cost effectiveness for both the company and employee. As a percent of total operating cost, other operating expenses in 2012 included: chairman's fee and professional services 14%, office and equipment costs 9%, travel expense 2%, and other 4%. The company's interest expense declined in 2012 by its non-use of the operating line of credit and the reduced principal balance on the land acquisition loan first acquired in 2007. Interest amounted to $43,784 in 2012, $67,782 in 2011, and $57,449 in 2010.

Other Income

Keweenaw Land Association has a long standing policy to upgrade and consolidate its timberland holdings, while simultaneously divesting of isolated timberlands and certain other properties having higher and better use for purposes other than timber management. In 2012, the company sold three parcels of land amounting to 143 acres. In these transactions, Keweenaw recognized $497,019 in capital gains income. As mentioned earlier, Keweenaw Properties LLC, did not sell any developed lots.

Royalties totaling $51,066 were received from the sale of gravel from the company's leased pits during 2012. This compares to $39,839 in 2011 and to $55,415 in 2010. The company's gravel production is used mainly in commercial construction and highway infrastructure improvements. The amount of royalties Keweenaw receives can change annually depending on the location of new projects. Availability of state and federal funding plays a large role in the timing of receipts. In 2012, $172,479 in rental income from surface, commercial, mineral exploration, and recreational camp leases and the sale of easements was recognized compared to $153,595 in 2011 and $118,671 in 2010. These totals include $35,955 received in 2012 from Orvana Resources U.S. Corp. as a result of their 2008 mining lease with the company. Annually increasing lease payments will be received throughout the 20-year agreement or until termination of the lease or mining commences. If Orvana engages in mining operations, a variable net smelter royalty agreement will replace lease payments. Exploratory leases with Trans-Superior Resources and Keweenaw Copper Company yielded $18,600 and $30,000 respectively.

Dividend and interest income on the company's financial investments totaled $103,865 in 2012, $109,161 in 2011, and $78,833 in 2010. In 2012, there were no sales of equity investments. The company's 2012 year-end investment portfolio allocation was 77% equity securities, 15% exchange traded bond funds, and 8% money market funds. Total investment income over the three-year period is summarized below:

Source	2012	2011	2010
Dividends	$103,817	$109,095	$78,780
Interest Income	48	66	53
Net Realized Capital Gains (Loss)	0	213,498	428,587
Total	$103,865	$322,659	$507,420

The market value of Keweenaw's investment portfolio on December 31, 2012, was $4,282,497 compared to $3,918,030 in 2011 and $4,118,307 in 2010. Unrecognized gains remaining in the portfolio were $2,023,605 at the end of 2012. Everett Harris and Company of Los Angeles made and implemented investment decisions.

Other Expenses

Keweenaw recorded other expenses in 2012, including expenditures for land management and board of director activities. Personnel costs of $12,951 represented 3% of land management expense. Property taxes were $327,829, or 81% of the total. Other expenses included administrative costs of $63,812, or 16%. Total land management expense was $404,592 compared to $483,212 and $478,604 in 2011 and 2010 respectively. Board-of-director expenses in 2012 amounted to $213,577,

$253,154 in 2011, and $252,593 in 2010. Expenditures connected with board election contests and other proxy related matters were $23,501 in 2012 and $55,518 and $64,375 in 2011 and 2010 respectively. The remaining $190,076 of board costs in 2012 were composed of directors' fees 78%; travel expense and insurance costs represent the remaining 22%.

Net Income

Keweenaw Land Association, Limited net income for 2012 was $1,041,096 compared to net income of $520,820 in 2011 and $164,183 in 2010. Net income per share (split-adjusted) was $0.81, $0.40, and $0.13 in 2012, 2011, and 2010, respectively. Weighted average common shares outstanding (split-adjusted) were 1,292,681 shares in 2012, 1,291,488 shares in 2011, and 1,290,660 shares in 2010. No dividends were paid to shareholders in 2012, 2011, and 2010.

ANDERSON, TACKMAN & COMPANY, PLC

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Keweenaw Land Association, Limited and Subsidiaries

We have audited the accompanying consolidated financial statements of Keweenaw Land Association, Limited and subsidiaries, which comprise the consolidated statements of assets, liabilities, and capital as of December 31, 2012, 2011 and 2010, and the related consolidated statements of income and expense, capital, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to the above present fairly, in all material respects, the financial position of Keweenaw Land Association, Limited and subsidiaries, as of December 31, 2012, 2011 and 2010, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Anderson, Tackman & Company, PLC

Certified Public Accountants
Marquette, Michigan

February 18, 2013

KEWEENAW LAND ASSOCIATION, LIMITED

Statement of Consolidated Income and Expenses

		Year Ended December 31		
		2012	2011	2010
Timber Operations Income	Timber Sales	**$9,668,988**	$9,736,841	$8,239,174
	Cost of Sales	**6,567,931**	6,776,399	6,270,099
	Gross Margin on Timber Sales	**3,101,057**	2,960,442	1,969,075
	Operations Expenses	**1,662,900**	1,785,284	1,880,207
	Timber Operations Income	**1,438,157**	1,175,158	88,868
Real Estate Development	Developed Lot Sales	**0**	0	20,000
	Development Costs	**0**	0	21,142
	Gross Margin on Developed Lot Sales	**0**	0	(1,142)
	Total Operations Income	**1,438,157**	1,175,158	87,726
Other Income	Mineral Royalties	**51,066**	39,839	55,415
	Leases & Rentals	**172,479**	153,595	118,671
	Investment Earnings	**103,865**	109,161	78,833
	Profit (Loss) on Security Sales	**0**	213,498	428,587
	Land Sales	**497,019**	126,577	229,625
	Other	**15,778**	10,266	7,625
	Total Other Income	**840,207**	652,936	918,756
Other Expenses	Land Management Expenses	**404,592**	483,212	478,604
	Board of Directors' Expenses	**213,577**	253,154	252,593
	Total Other Expenses	**618,169**	736,366	731,197
	Income Before State and Federal Income Taxes	**1,660,195**	1,091,728	275,285
	Provision for State and Federal Income Taxes	**619,099**	570,908	111,102
	Net Income	**1,041,096**	520,820	164,183
Other Comprehensive Income	Unrealized Gains (Losses) on Securities,			
	Net of Taxes:			
	Unrealized Holding Gains (Losses)			
	Arising During the Year	**240,517**	(6,813)	315,080
	Less: Reclassification Adjustment			
	for Gains (Losses) in Net Income	**0**	(140,909)	(282,867)
	Other Comprehensive Income	**240,517**	(147,722)	32,213
	Total Comprehensive Income	**$1,281,613**	$373,098	$196,396
Per Share	**Net Income Per Share***	**$0.81**	$0.40	$0.13
	Total Comprehensive Income Per Share	**$0.99**	$0.29	$0.15
	Cash Dividends Per Share	**$0.00**	$0.00	$0.00

***Net income per share is calculated based on the weighted average number of common shares outstanding.**
Adjusted for the 2-for-1 forward stock split which occurred on 2/15/11.
See Notes to Consolidated Financial Statements

KEWEENAW LAND ASSOCIATION, LIMITED

Statement of Consolidated Assets, Liabilities, and Capital

		December 31		
		2012	2011	2010
Assets	**CURRENT ASSETS**			
	Cash & Cash Equivalents	**$1,899,402**	$894,398	$1,025,882
	Receivables, Net of Allowance for Doubtful Accounts of $5,039 in 2012, of $16,071 in 2011, and of $2,020 in 2010	**213,842**	446,659	171,198
	Inventory	**58,296**	60,013	63,573
	Prepaid Expenses	**189,651**	149,495	260,031
	Total Current Assets	**2,361,191**	1,550,565	1,520,684
	INVESTMENTS IN MARKETABLE SECURITIES	**3,951,788**	3,410,912	3,142,484
	PROPERTIES			
	Mineral, Timber, and Land, Net of Accumulated Depletion of $4,916,434 in 2012, $4,743,052 in 2011, and $4,547,628 in 2010	**5,550,900**	5,582,088	5,731,140
	Land	**6,021,972**	5,953,699	5,953,699
	EQUIPMENT			
	Equipment, at Cost, Net of Accumulated Depreciation of $1,286,108 in 2012, $1,215,019 in 2011, and $1,169,305 in 2010	**491,807**	556,543	544,090
	OTHER NON-CURRENT ASSETS	**302,422**	188,826	236,324
	TOTAL ASSETS	**$18,680,080**	$17,242,633	$17,128,421
Liabilities & Capital	**CURRENT LIABILITIES**			
	Accounts & Deposits Payable	**$107,964**	$117,907	$67,394
	Commercial Line of Credit	**0**	0	233,340
	Current Portion of Long Term Debt	**100,191**	100,191	100,191
	Accrued Liabilities	**617,707**	502,274	483,072
	Total Current Liabilities	**825,862**	720,372	883,997
	LONG TERM LIABILITIES			
	Long Term Debt	**666,291**	766,483	866,674
	Deferred Federal and State Income Tax Liability	**861,798**	784,109	868,807
	Total Liabilities	**2,353,951**	2,270,964	2,619,478
	CAPITAL			
	Common Stock: 10,000,000 Shares Authorized, 1,292,858 Shares of No Par Value Issued	**84,543**	84,478	84,414
	Accumulated Other Comprehensive Income, Net of Taxes	**1,335,579**	1,095,062	1,242,784
	Retained Earnings	**14,906,007**	13,792,129	13,181,745
	Total Capital	**16,326,129**	14,971,669	14,508,943
	TOTAL LIABILITIES & CAPITAL	**$18,680,080**	$17,242,633	$17,128,421

See Notes to Consolidated Financial Statements

KEWEENAW LAND ASSOCIATION, LIMITED

Statement of Consolidated Capital

	Retained Earnings	Accumulated Other Comprehensive Income	Common Stock Issued	Total Capital
December 31, 2009, Balance	$12,943,165	$1,210,570	$84,357	$14,238,092
Changes during 2010:				
Comprehensive Income:				
Net Income	164,183			164,183
Other Comprehensive Income:				
Unrealized Gains (Losses) on Securities, Net of Tax, Arising During the Year, Net of Reclassification Adjustment to Net Income		32,214		32,214
Impact of Shares Issued to Directors & Officers	74,397		57	74,454
December 31, 2010, Balance	$13,181,745	$1,242,784	$84,414	$14,508,943
Changes during 2011:				
Comprehensive Income:				
Net Income	520,820			520,820
Other Comprehensive Income:				
Unrealized Gains (Losses) on Securities, Net of Tax, Arising During the Year, Net of Reclassification Adjustment to Net Income		(147,722)		(147,722)
Impact of Shares Issued to Directors & Officers	89,564		64	89,628
December 31, 2011, Balance	$13,792,129	$1,095,062	$84,478	$14,971,669
Changes during 2012:				
Comprehensive Income:				
Net Income	1,041,096			1,041,096
Other Comprehensive Income:				
Unrealized Gains (Losses) on Securities, Net of Tax, Arising During the Year, Net of Reclassification Adjustment to Net Income		240,517		240,517
Impact of Shares Issued to Directors & Officers	72,782		65	72,847
December 31, 2012, Balance	$14,906,007	$1,335,579	$84,543	$16,326,129

See Notes to Consolidated Financial Statements

KEWEENAW LAND ASSOCIATION, LIMITED
Consolidated Statement of Cash Flow

		Year Ended December 31		
		2012	2011	2010
Cash Flows Provided by Operating Activities	**Net Income**	**$1,041,096**	$520,820	$164,183
	Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
	Depletion and Depreciation	**259,171**	282,316	291,852
	Changes in Operating Assets and Liabilities:			
	Decrease (Increase) in Accounts Receivable	**402,581**	(406,700)	79,435
	Decrease (Increase) in Prepaid Expenses	**(327,382)**	192,111	(3,938)
	Decrease (Increase) in Inventory	**1,718**	3,559	(2,132)
	Increase (Decrease) in Deposits and Accounts Payable	**(9,942)**	50,512	(56,750)
	Increase (Decrease) in Deferred Income Taxes Payable	**(46,215)**	84,698	(8,589)
	Increase (Decrease) in Accrued Liabilities	**117,482**	19,043	(23,026)
	(Gain) Loss on Sale of Securities	**0**	(213,498)	(428,587)
	(Gain) Loss on Sale/Retirement of Equipment	**(2,050)**	159	(100)
	(Gain) Loss on Sale of Land	**(497,019)**	(126,577)	(228,483)
	Net Cash Flows Provided by Operating Activities	**939,440**	406,443	(216,135)
Cash Flows Provided by (Used for) Investing Activities	Net Purchases of Property and Equipment	**(17,234)**	(95,504)	(32,131)
	Purchases of Securities	**(176,457)**	(516,018)	(118,570)
	Proceeds from Sale of Securities	**0**	237,267	779,439
	Road Construction	**(39,141)**	(48,495)	(30,995)
	Purchases of Land	**(183,081)**	0	(128,015)
	Proceeds from Land Sales	**508,821**	128,726	225,001
	Lot Development	**0**	0	17,653
	Net Cash Flows Provided by (Used for) Investing Activities	**92,908**	(294,024)	712,382
Cash Flows Provided by (Used for) Financing Activities	Issuance (Purchase) of Stock	**72,847**	89,628	74,455
	Payment of Dividends	**0**	0	0
	Commercial Line of Credit Borrowing	**0**	2,570,640	3,448,804
	Commercial Line of Credit Payments	**0**	(2,803,980)	(3,220,360)
	Commercial Installment Loan Payments	**(100,191)**	(100,191)	(1,143,381)
	Net Cash Flows Used for Financing Activities	**(27,344)**	(243,903)	(840,482)
	NET CASH FLOW	**1,005,004**	(131,484)	(344,235)
	Beginning Cash and Cash Equivalents	**894,398**	1,025,882	1,370,117
	ENDING CASH AND CASH EQUIVALENTS	**$1,899,402**	$894,398	$1,025,882
Supplementary Cash Flow Information	Interest Paid	**($43,784)**	($67,782)	($57,449)
	Federal and State Income Taxes Paid	**($555,311)**	($347,671)	($89,432)

See Notes to Consolidated Financial Statements

Note A: Summary of Significant Accounting Policies

Principles of Consolidation: The consolidated financial statements include the accounts of the company and all of its wholly owned subsidiaries. Significant inter-company accounts and transactions have been eliminated.

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Equivalents: Highly liquid investments with maturity of three months or less when purchased are generally considered to be cash equivalents.

Investments in Debt and Equity Securities: Management determines the appropriate classification of its investments in debt and equity securities at the time of purchase and re-evaluates such determination at each balance sheet date. Debt securities for which the company does not have the intent or ability to hold to maturity are classified as available for sale, along with the company's investment in equity securities. Securities available for sale are carried at fair market value, with the unrealized gains and losses, net of tax, reported as Accumulated Other Comprehensive Income in a separate component of capital. For the three years reported, the company classified no investments as trading or held to maturity types.

The amortized cost of debt securities classified as available for sale is adjusted for amortization of premiums and accretion of discounts to maturity or, in the case of mortgage-backed securities, over the estimated life of the security. Such amortization and interest are included in other income or expense. The cost of securities sold is based on the specific identification method.

Inventories: Inventories are valued at the lower of cost or market using the average cost method.

Properties: Properties consist of the recorded costs of mineral, timber, and land holdings. These holdings include the undeveloped, "as-is" market value of properties assigned for development, as well as all accumulated expenditures for lot development that have not been previously recognized as expense. Timber depletion charges are based on these recorded values and the properties' estimated reserves, utilizing the pooling method. In addition, permanent logging road construction costs incurred have been capitalized and included in properties. That portion of permanent road costs for road surfacing, culverts, bridges, and other improvements will be depreciated over 15 years using the straight-line method.

Equipment: Equipment is carried at cost and the provision for depreciation is generally computed using the straight-line method over the estimated useful lives of the assets.

Deferred Income Taxes: Deferred income taxes are determined utilizing a liability approach. This method gives consideration to the future tax consequences associated with the differences between the financial accounting and tax bases of assets and liabilities.

Fair Value Measurements: Management has reported all significant financial and non-financial assets and liabilities at their fair value in Footnote G to the financial statements. With the exception of financial investments which are carried at fair value in the balance sheet, all other assets and liabilities are represented in the balance sheet at historical cost.

Subsequent Events: The company has evaluated events and transactions through February 18, 2013, the date these financial statements were issued, for items that should potentially be recognized or disclosed.

Note B: Investments in Debt and Equity Securities

The following is a summary of investment securities classified as available for sale as of December 31, 2012:

	Cost	Unrealized Holding Gains	Fair Value
Non Current Investments:			
Equity Securities	$1,928,183	$2,023,605	$3,951,788
Current Investments:			
Government Obligations	0	0	0
Investments Available for Sale	$1,928,183	$2,023,605	$3,951,788

Realized gains and losses are determined on the basis of the specific identification method. During 2012, 2011, and 2010, sales proceeds and gross realized gains and losses on securities available for sale were:

	2012	2011	2010
Sale Proceeds	$0	$237,267	$779,439
Gross Realized Gains	$0	$213,498	$534,562
Gross Realized Losses	$0	$0	($105,975)

Realized gains and losses reflected in net income appear in the company's Statement of Consolidated Income and Expenses under the heading "Profit (Loss) on Security Sales".

At December 31, 2012, 2011, and 2010, shareholders' equity, as reflected in the company's Statement of Consolidated Assets, Liabilities, and Capital, include an accumulated unrealized gain, net of taxes, on securities classified as available for sale in the amounts of $1,335,579, $1,095,062, and $1,242,784 respectively.

The following is a summary of investment securities classified as available for sale as of December 31, 2011:

	Cost	Unrealized Holding Gains	Fair Value
Non Current Investments:			
Equity Securities	$1,751,727	$1,659,185	$3,410,912
Current Investments:			
Government Obligations	0	0	0
Investments Available for Sale	$1,751,727	$1,659,185	$3,410,912

The following is a summary of investment securities classified as available for sale as of December 31, 2010:

	Cost	Unrealized Holding Gains	Fair Value
Non Current Investments:			
Equity Securities	$1,259,468	$1,883,016	$3,142,484
Current Investments:			
Government Obligations	0	0	0
Investments Available for Sale	$1,259,468	$1,883,016	$3,142,484

Note C: Comprehensive Income

Comprehensive income is a more inclusive financial reporting methodology that includes disclosures of certain financial information that historically have not been recognized in the calculation of net income.

For the year 2012, Keweenaw held securities, classified as available for sale, which incurred unrealized gains of $240,517 before tax and are reflected as other comprehensive income (losses). The before tax and after tax amounts for these gains and losses incurred, as well as the tax (expense)/benefit, are summarized below:

	Before Tax	Tax (Expense) /Benefit	After Tax
Unrealized Holding Gains (Losses)	$364,420	($123,903)	$240,517
Reclassification for Gains (Losses) in Net Income	0	0	0
Net Change in Unrealized Holding Gains (Losses)	$364,420	($123,903)	$240,517

For the year 2011, Keweenaw held securities, classified as available for sale, which incurred unrealized losses of $223,821 before tax and are reflected as other comprehensive income (losses). The before tax and after tax amounts for these gains and losses incurred, as well as the tax (expense)/benefit, are summarized below:

	Before Tax	Tax (Expense) /Benefit	After Tax
Unrealized Holding Gains (Losses)	($10,323)	$3,510	($6,813)
Reclassification for Gains (Losses) in Net Income	(213,498)	72,589	(140,909)
Net Change in Unrealized Holding Gains (Losses)	($223,821)	$76,099	($147,722)

For the year 2010, Keweenaw held securities, classified as available for sale, which incurred unrealized gains of $48,808 before tax and are reflected as other comprehensive income (losses). The before tax and after tax amounts for these gains and losses incurred, as well as the tax (expense)/benefit, are summarized below:

	Before Tax	Tax (Expense) /Benefit	After Tax
Unrealized Holding Gains (Losses)	$477,395	($162,314)	$315,081
Reclassification for Gains (Losses) in Net Income	(428,587)	145,719	(282,868)
Net Change in Unrealized Holding Gains (Losses)	$48,808	($16,595)	$32,213

Note D: Properties

The following is a summary of the land, timber and mineral holdings, and permanent logging roads at cost, less accumulated depletion and road depreciation:

	2012	2011	2010
Land	$5,544,870	$5,471,682	$5,471,682
Timber and Mineral Holdings	9,741,248	9,638,195	9,640,317
Accumulated Costs of Lot Development	477,102	482,017	482,017
Permanent Logging Roads	726,086	686,945	638,450
Properties at Cost	16,489,306	16,278,839	16,232,466
Less: Accumulated Timber Depletion	4,614,512	4,467,929	4,299,657
Less: Accumulated Road Depreciation	301,922	275,123	247,970
Net Carrying Value	$11,572,872	$11,535,787	$11,684,839

On December 31, 2012, Keweenaw owned 161,930 surface acres, primarily timberlands, and 401,643 acres of sub-surface mineral rights. In 2012, the company had $146,535 in depletion expense, compared to $168,245 in 2011 and $161,902 in 2010.

Note E: Equipment

At December 31, a summary of equipment, at cost, less accumulated depreciation is as follows:

	2012	2011	2010
Buildings	$371,643	$371,643	$371,643
Furniture, Equipment, and Accessories	685,568	679,423	649,240
Machinery and Vehicles	419,799	421,451	408,408
Land Improvements	300,905	299,045	284,105
Equipment at Cost	1,777,915	1,771,562	1,713,396
Less: Accumulated Depreciation	1,286,108	1,215,019	1,169,306
Equipment, Net of Depreciation	$491,807	$556,543	$544,090

The company charged depreciation expense to operations in the amounts of $81,970, $83,052, and $97,425, for 2012, 2011, and 2010, respectively.

Note F: Income Taxes

Keweenaw recorded year-end federal and state tax liabilities (assets), according to the following table for December 31, 2012, 2011, and 2010:

	2012	2011	2010
Federal:			
Current Provision for Federal Income Tax	$536,573	$330,223	$79,424
Adjustment to Current Liability	0	0	0
Current Federal Tax Deposits Net of Refund	(415,204)	(291,040)	(70,000)
Prior Year Federal Tax Over-Deposit	0	0	0
Federal Income Tax Liability (Assets)	$121,369	$39,183	$9,424

	2012	2011	2010
State (Michigan and Wisconsin):			
Provision for State Income Tax	$116,260	$64,590	$25,872
Provision for State Gross Receipts Tax	0	56,411	48,553
Current Year State Tax Deposits	(80,064)	(79,933)	(44,021)
Prior Year State Tax Over-Deposit	0	0	0
State Tax Liability (Assets)	$36,196	$41,068	$30,404

The provision for federal and state income taxes consists of the following for the years ending December 31:

	2012		2011		2010	
	Tax	% of Taxable Income	Tax	% of Taxable Income	Tax	% of Taxable Income
Federal Income Taxes:						
Tax Provision Computed At Statutory Rate	$564,466	34.0%	$371,187	34.0%	$93,597	34.0%
Impact of IRC Section 631A Election	0	0.0%	0	0.0%	0	0.0%
Impact of IRC Graduated Statutory Rates	0	0.0%	0	0.0%	(10,130)	-3.7%
Tax vs. Book Income Timing Differences	(27,893)	-1.7%	(40,964)	-3.8%	(4,041)	-1.5%
Foreign Taxes Paid	9,519	0.6%	10,122	0.9%	6,758	2.5%
Change in Prior Year Tax Estimate	462	0.0%	188	0.0%	5,192	1.9%
Total Current Federal Tax Provision	546,554	34.0%	340,533	31.2%	91,376	33.2%
Deferred Federal Taxes Exclusive of Net Unrealized Gain/Loss on Investments	(64,815)	-4.0%	4,816	0.4%	(9,302)	-3.4%
Total Provision for Federal Income Tax	481,739	30.0%	345,349	31.6%	82,074	29.8%
State Income Tax-Michigan and Wisconsin:						
Tax Provision Computed At Statutory Rate	131,839	7.9%	66,337	6.1%	16,730	6.1%
Tax vs. Book Income Timing Differences	(5,517)	-0.3%	4,151	0.4%	4,713	1.7%
State Surtax	0	0.0%	7,215	0.7%	2,622	1.0%
State Tax Credits	0	0.0%	(6,038)	-0.6%	0	0.0%
Change in Prior Year Tax Estimate	(7,861)	-0.5%	(7,562)	-0.7%	3,670	1.3%
Total State Current Tax Provision	118,460	7.1%	64,103	5.9%	27,734	10.1%
Deferred State Taxes Exclusive of Net Unrealized Gain/Loss on Investments	18,900	1.1%	161,456	14.8%	1,295	0.5%
Total Provision for State Income Tax	137,360	8.3%	225,559	20.7%	29,028	10.5%
Provision for Taxes	$619,099	37.3%	$570,908	52.3%	$111,102	40.4%

The table above reflects current Michigan Corporate Income Tax (MCT) which became effective on January 1, 2012, and the former Michigan Business Tax (MBT) ending on December 31, 2011. Under the former MBT, a state business income tax and a state gross receipts tax were used. Beginning in 2008, nexus was recognized in state taxes between Michigan and Wisconsin.

In 2008, management made a federal tax election to treat certain qualifying timber income as capital gains income under Section 631 of the IRC. This change was to take advantage of significantly lower tax rates offered in the "Heartland, Harvest, and Horticulture Act of 2008" (Farm Bill). This legislation reduced the company's tax burden in 2009 and 2008. In 2009 the company received a federal income tax refund on 2008 taxes of $318,678 because of this change in method. The federal tax election was in effect for the year 2010; however, the reduced tax rate benefits are no longer available under current legislation.

Deferred tax liabilities and assets are determined based on the differences between the financial statement carrying amounts and the tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse.

The significant components of the federal deferred tax liability as of December 31 are as follows:

Current:	2012	2011	2010
Unrealized Gains (Losses) on Investments	$0	$0	$0
Total Current	0	0	0
Non Current:			
Equipment Depreciation	76,992	95,481	91,099
Logging Roads Depreciation	6,877	6,889	6,455
Unrealized Gains (Losses) on Investments	688,026	564,122	640,222
Offset for State Deferred Tax Liability	(46,314)	0	0
Total Non Current	725,581	666,492	737,776
Total Federal Deferred Tax Liability	$725,581	$666,492	$737,776

The significant components of the State Deferred Tax Liability as of December 31 are as follows:

Non Current:	2012	2011	2010
Equipment Depreciation	$13,587	$16,850	$16,180
Logging Roads Depreciation	1,214	1,216	1,146
Unrealized Gains (Losses) on Investments	121,416	99,551	113,705
Total State Deferred Tax Liability	$136,217	$117,617	$131,031

The company recorded Michigan deferred tax liability on December 31, 2007, for the first time. This value was not charged against income for 2007 but was charged to a long-term prepaid asset displayed in the company's balance sheet. During 2011, the Michigan Legislature repealed the 2007 Michigan Business Tax (MBT), replacing it with the Michigan Corporate Income Tax (MCT) at a flat 6% tax rate effective January 1, 2012. Under the 2007 MBT, Keweenaw was subject to a two-part taxation including a Gross Receipt Tax and a Business Income Tax. Many businesses in Michigan, including Keweenaw, were hit hard by the tax changes under the MBT, which began in 2007. To help offset this harsh result under the MBT, there was a provision for the establishment of a Michigan Deferred Tax Asset to be written off over ten years beginning in 2014. The consolidated deferred tax asset on January 1, 2007 was valuated at $174,871. Because there were no provisions made by the Michigan Legislature to retain the deferred tax asset under the new MCT after December 31, 2011, the entire asset needed to be removed from the accounting records at the end of 2011. However, a deferred tax liability remains at a 6% rate for the periods ending December 31, 2011 and December 31, 2012.

There are no material uncertain tax positions requiring recognition in the company's consolidated financial statements. Keweenaw Land Association and its subsidiaries are subject to United States Federal Income Tax, Michigan and Wisconsin Corporate Income Tax. The company is no longer subject to examination by taxing authorities for years before 2009.

Note G: Fair Value of Assets and Liabilities

Under FASB Accounting Standards Codification ASC 820, the company has complied with the fair value reporting of non-financial assets and liabilities. Fair value measurements of these assets and liabilities as of December 31, 2012, 2011, and 2010 are as follows:

	2012	2011	2010
Land and Timber	$140,100,000	$129,074,396	$129,312,624
Mineral Rights	9,021,000	4,666,000	2,075,700
Available for Sale Investment Securities	3,951,788	3,410,912	3,142,484
Other Assets and Liabilities – Net	1,567,951	891,645	648,485
Long-term Debt	766,483	866,674	966,865

The following table presents the company's fair value hierarchy for the above assets and liabilities measured at fair value on a recurring basis as of December 31, 2012:

	Quoted Market Prices in Active Markets (Level I)	Other Observable Inputs (Level II)	Un-Observable Inputs (Level III)
Land and Timber		$140,100,000	
Mineral Rights			9,021,000
Available for Sale Investment Securities	3,951,788		
Other Assets and Liabilities – Net			1,567,951
Long-term Debt		766,483	

The following table presents the company's fair value hierarchy for the above assets and liabilities measured at fair value on a recurring basis as of December 31, 2011:

	Quoted Market Prices in Active Markets (Level I)	Other Observable Inputs (Level II)	Un-Observable Inputs (Level III)
Land and Timber		$129,074,396	
Mineral Rights			4,666,000
Available for Sale Investment Securities	3,410,912		
Other Assets and Liabilities – Net			891,645
Long-term Debt		866,674	

The following table presents the company's fair value hierarchy for the above assets and liabilities measured at fair value on a recurring basis as of December 31, 2010:

	Quoted Market Prices in Active Markets (Level I)	Other Observable Inputs (Level II)	Un-Observable Inputs (Level III)
Land and Timber		$129,312,624	
Mineral Rights			2,075,700
Available for Sale Investment Securities	3,142,484		
Other Assets and Liabilities – Net			648,485
Long-term Debt		966,865	

The following table presents the company's assets measured at fair value on a reoccurring basis using significant unobservable inputs:

	Land & Timber (Level II)	Other Assets/Liabilities (Level III)	Minerals (Level III)
December 31, 2011, Balance	$129,074,396	$891,645	$4,666,000
Appraisal Valuation	11,025,604		
Purchases/Sales – Appraisal Valuation			
Growth factor, net of harvest			
Change in discount rate assumptions			4,355,000
Net Change in Cost Basis		676,306	
December 31, 2012, Balance	$140,100,000	$1,567,951	$9,021,000

There are three general valuation techniques that may be used to measure fair value, as described below:

A) Market approach—Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other sources;
B) Cost approach—Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and
C) Income approach—Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate interest rate.

Financial assets and liabilities valued using Level I inputs are based on unadjusted quoted market prices within active markets.

Other non-financial assets and liabilities valued using Level II inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. The Level II land and timber valuation is based on an independent, third-party tri-annual appraisal of all of the land and timber within the company. Considered in the valuation were current timber stumpage values (cost approach), comparable land sale transactions (market approach), and a discounted cash flow model (income approach). The overriding valuation ultimately was derived from a market approach of comparable transactions. For long-term debt, also Level II, the fair value was based on the interest rate being marked to market on a monthly basis, thereby representing present value.

Non-financial assets or liabilities using Level III inputs were primarily valued using management's assumptions that market participants would utilize in pricing the asset or liability. The mineral rights valuation used an income approach comprised of a series of mineral royalty income streams on mineral reserves on which there is current interest for mineral development and those on which there is recent mining history. Discount rates used are composed of a current market interest rate and an appropriate rate for inherent risk and uncertainty, rates ranging from 25% to 75%. Risk factors considered included, but not limited to the following at this time, are: 1) the reliability of historical mineral core drilling samples; 2) the wide fluctuations in refined base metal prices; 3) the uncertainty of production, smelting and refining costs; 4) the lack of regional smelting capability; 5) the untested character of Michigan's non-ferrous mining law; 6) potential for legislative changes; and 7) the potential for environmental risks. Other Level III non-financial assets are valued at their historical costs.

In 2010, management adopted FASB Accounting Standards Codification 820 "Fair Value Measurements and Disclosures" (ASC 820). In January 2010, the FASB's Accounting Standards Update No. 2010-6 disclosed changes to ASC 820 concerning "Fair Value Measurements and Disclosures". The impact of that change requires the disclosure of transfers in and out of Level I and Level II fair value measurements. Further, Level III fair value measurements must disclose components of the valuation, not just the net value.

Note H: Retirement Plans

For the three years reported, Keweenaw was the sponsor of a single retirement plan for its employees, a 401(k) deferred compensation plan known as "Keweenaw Land Association, Limited 401(k) Profit Sharing Plan." The plan funding and benefit arrangements were insurance, and the insurance carrier was the Principal Life Insurance Company. Keweenaw was the fiduciary administrator of the plan. An IRC Form 5500 "Annual Report" and related schedules were filed annually with the Employee Benefits Security Administration as required by law. The company made matching contributions into this plan in the amount of 50% of employee elective deferrals, not to exceed 5% of base salary for the three years reported. In 2012, 2011, and 2010, the company made discretionary contributions to the plan in the amount of 5% of base salaries. Pension expense was:

	2012	2011	2010
401(k) Profit Sharing Plan			
Matching Contributions	$26,777	$33,521	$35,013
Discretionary Contributions	35,531	41,494	44,019
Other Pension Costs	1,250	1,250	1,250
Total Pension Expense	$63,558	$76,265	$80,282

Note I: Short and Long Term Bank Credit Facilities

Keweenaw Land Association, Limited maintains its banking relationships with Wells Fargo Bank, N.A. Wells Fargo Bank extended the following credit facilities to the company in 2012:

1. An unsecured line of credit in the amount of $2,500,000 to be used as an operating line of credit at a variable interest rate equal to the Wells Fargo Bank prime rate with a minimum of 4.75% for a two-year commitment and interest to be paid monthly. No fees were charged in 2012.
2. An unsecured line of credit of $900,000 for the purpose of standby letter of credit availability, at a variable interest rate equal to the Wells Fargo Bank prime rate with a minimum of 5%, if used, for a term of one year. No fees were charged in 2012.
3. A six-year fixed-rate loan, principal balance of $1,001,913, dated September 8, 2010, was utilized by Keweenaw in 2012. Beginning in October 2010, 71 principal payments of $8,349 each plus interest is due, and one final principal and interest payment of $400,611 is due in September 2016. In October 2012, the interest rate on the loan was renegotiated from 5.50% to 4.50% and is computed on the 365/360 basis.

Affirmative covenants of all credit facilities required the following of the company:

1. To maintain its accounting records and to submit to the bank Keweenaw's annual financial statements audited in accordance with Generally Accepted Accounting Principles;
2. To submit to the bank Keweenaw's quarterly internal financial statements;
3. To maintain a ratio of total liabilities to tangible net worth of less than .50 to 1.00; and
4. To maintain a debt service ratio of 1.25 to 1.00:

There were no violations to these covenants in 2012. Promissory notes were duly executed on all the previously mentioned credit facilities. Terms of the notes require repayment in full on the maturity dates. The bank is under no obligation to refinance the loans on those dates.

Keweenaw utilized the $2,500,000 operating line of credit, a $900,000 standby letter of credit line, and a six-year fixed-rate term loan in 2012. During the year, the operating line of credit was not used and the ending balance at the end of 2012 was $0. Keweenaw continued to make principal and interest payments in 2012 on a six-year, fixed-rate loan dated September 2010, refinanced in October 2012 dropping the interest rate from 5.50% to 4.50%. The loan's initial balance of $1,001,913 had been reduced to $766,483 as of December 31, 2012. Terms of the loan are 71 principal payments of $8,349 each, and one final principal and interest payment of $400,611 is due in September 2016. In 2012, a total of $100,191 in principal payments were made on the fixed-term loan. No new letters of credit were issued on the $900,000 standby letter of credit line in 2012. On December 31, 2012, four standby letters of credit were outstanding totaling $561,000. Three of the standby letters of credit amounting to $61,000 were for the purpose of backing performance bonds required by the USDA Forest Service in connection with on-going timber stumpage and road use contracts with the company. The fourth standby letter in the amount of $500,000 was intended as a payment bond to the Forest Service. No balance was owed on the $900,000 line of credit as of December 31, 2012.

When use of the operating line of credit becomes necessary, Wells Fargo provides a four-way automatic balance transfer service for the company's primary checking account, its investment account, and its $2,500,000 operating line of credit. This service enables the company to reduce its net interest expense by being able to reduce the outstanding line of credit balance by the amount of Keweenaw checks in transit.

The following table summarizes the long-term debt of the company on a six-year fixed-rate term loan:

	2012	2011	2010
Long-term Debt	$766,483	$866,674	$966,865
Less: Current Portion	100,191	100,191	100,191
Total - Net of Current Portion	$666,292	$766,483	$866,674

The maturities on the six-year fixed-rate term dated September 28, 2010, are as follows:

Year	2013	2014	2015	2016
Amount	$100,191	$100,191	$100,191	$465,910

Total interest paid on all lines of credit in 2012, 2011, and 2010 was $43,784, $67,782, and $57,449, respectively. Balances on the operating line of credit at the end of 2012, 2011, and 2010 were $0, $0, and $233,340 respectively. The December 31, 2012, balance on the six-year fixed-rate term loan was $766,483. The current interest rate on that date was 4.50%.

Note J: Concentrations of Credit Risk

Keweenaw is located in Ironwood, Michigan. The company grants credit without collateral to its approved customers, most of whom are located in Wisconsin and Upper Michigan. The company has not experienced any significant losses from un-collectible customer accounts.

The locations and percent of sales dollars of major customers are shown by product line below:

	Regional Distribution of Sales Dollars by Product Category			
Location	Veneer	Sawlog	Sawbolt	Pulpwood
Upper Michigan	50%	23%	82%	68%
Lower Michigan	10%	0%	0%	0%
Northern Wisconsin	34%	77%	18%	9%
Central Wisconsin	5%	0%	0%	11%
Minnesota	0%	0%	0%	12%
Export	0%	0%	0%	0%
Other	1%	0%	0%	0%
Total	100%	100%	100%	100%
Number of Customers by Product	14	7	11	10
Percent of Gross Sales by Product	10%	18%	10%	62%
Percent of Volume by Product	2%	12%	9%	77%

Note K: KLA Capital Accounts and Treasury Stock

In 2006, the company changed its method of recognizing treasury stock in its financial records to more closely conform to the State of Michigan's Business Corporation Act. By resolution of the Keweenaw Board of Directors, all Keweenaw common shares previously purchased by the company are now considered authorized but un-issued shares. Accordingly, the balance sheet capital accounts were restated back to the date of incorporation, July 16, 1999. The revised cost basis for KLA's common shares was then determined as follows:

As Reported 7/31/1999	
Common Stock	$40,000.00
Capital Surplus	64,627.10
Subtotal	$104,627.10
Shares Issued	800,000
Restated Cost Per Common Share	$0.130784

Restated for 2/15/11 Stock Split	
Common Stock	$40,000.00
Capital Surplus	64,627.10
Subtotal	$104,627.10
Shares Issued	1,600,000
Restated Cost Per Common Share	$0.065392

Common stock issued and outstanding (restated for the 2/15/11 two-for-one forward stock split) on December 31 of 2012, 2011, and 2010, respectively, are presented in the following table:

	2012	2011	2010
Shares Outstanding	1,292,858	1,291,865	1,290,890
Restated Cost Per Common Share	$0.065392	$0.065392	$0.065392
Recorded Common Stock	$84,543	$84,478	$84,414

Note L: Road Building

The company has an accounting policy to identify, classify, and depreciate, or capitalize road-building costs consistent with Generally Accepted Accounting Principles and Internal Revenue Service guidelines. The construction of logging roads under the policy is classified as either primary or secondary logging roads. Primary logging roads are those roads, culverts, bridges, and other improvements constructed to provide regional access to a series of timber stands and/or secondary logging roads, and which are continuously maintained for an indefinite period. Secondary logging roads are those roads, culverts, bridges, and other improvements constructed for the sole purpose to provide access to particular, identifiable stands of timber for the purpose of harvest and transport of logs from those specific stands. The accounting treatment adopted is that costs expended on primary roads will be capitalized. Roadbed costs are treated as permanent costs of the land. Costs of road surfacing, culverts, bridges, and other improvements on primary roads will be capitalized and depreciated over 15 years. All expenditures for secondary roads will be charged to prepaid expenses and written off over the period of the scheduled, related timber stand harvest. The following is a reconcilement of road building expenditures capitalized, deferred, or reflected in expense:

	Capitalized	Prepaid Expense	Expense in Cost of Sales	Expense in Admin. Costs
12/31/09 Balance	$388,143	$212,401		
2010 Expenditures:				
On Primary Roads	30,995			
On Secondary Roads			454,175	
Secondary Road Expenditures Deferred to 2011		130,781	(130,781)	
Prior Year Deferrals Written Off Primary Road Costs Retired		(160,529)	160,529	
Depreciation	(28,658)		27,475	1,183
12/31/10 Balance	$390,480	$182,653	$511,398	$1,183
2011 Expenditures:				
On Primary Roads	48,495			
On Secondary Roads			361,732	
Secondary Road Expenditures Deferred to 2012		80,581	(80,581)	
Prior Year Deferrals Written Off Primary Road Costs Retired		(152,728)	152,728	
Depreciation	(27,152)		25,969	1,183
12/31/11 Balance	$411,823	$110,506	$459,848	$1,183
2012 Expenditures:				
On Primary Roads	39,141			
On Secondary Roads			369,073	
Secondary Road Expenditures Deferred to 2013		74,417	(74,417)	
Prior Year Deferrals Written Off Primary Road Costs Retired		(79,187)	79,187	
Depreciation	(26,799)		25,616	1,183
12/31/12 Balance	$424,165	$105,736	$399,459	$1,183

Note M: Timber Investment Fund

Since August 2010, a total of $287,226 in deferred expenditures, classified as a non-current asset, have accumulated as part of Keweenaw’s development of a timber investment fund in the Lake States. Spending by year include $117,462 in 2012, and $131,239 and $38,525 in 2011 and 2010 respectively. As the project continues to move forward, more pre-development costs are expected to be incurred.

Investor Information

Corporate Offices

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KLA on the Internet

Interested parties with access to the Internet may obtain the company's corporate information at http://www.keweenaw.com.

Stock Transfer Agent & Registrar

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213-625-2677

Annual Meeting

The next annual shareholders' meeting will be held at 9:00 a.m. CDT Monday, May 20, 2013. A formal notice will be mailed on or about March 23, 2013, to shareholders of record at the close of business on March 22, 2013.

Market Makers

The following firms were market makers for Keweenaw Land Association, Limited stock in 2012:

- Access Securities Inc, Stamford CT
- Archipelago Trading Services Inc, Chicago IL
- Automated Trading Desk Financial Services, Mt Pleasant SC
- Cantor Fitzgerald & Co., New York NY
- Carr Securities Corp, Port Washington NY
- Citadel Securities, Chicago IL
- Collins Stewart, Inc., New York NY
- G 1 Execution Services, LLC, Chicago IL
- Knight Equity Market LP, Jersey City NJ
- McAdams Wright Ragen, Portland OR
- Monroe Securities Inc, Chicago IL
- Rafferty Capital Markets, LLC, New York NY
- StockCross Financial Services, Lake Mary FL
- UBSS Securities, LLC, Stamford CT
- Vandham Securities Corp., Woodcliff Lake NJ

Reports and Publications

Quarterly reports are mailed to shareholders in April, July, October, and January for the prior quarter ended. Annual reports are available after mid-April of each year and are sent to shareholders of record at that time. Reports may be viewed on Keweenaw's web site, or copies may be obtained free of charge upon request.

Market Price

	High	Low	Close
2010 *	$	$	$
1st Quarter	98.00	82.50	95.00
2nd Quarter	98.00	84.00	89.50
3rd Quarter	93.50	84.00	90.00
4th Quarter	99.50	87.00	92.75
2011			
1st Quarter	101.00	88.00	93.75
2nd Quarter	93.50	87.50	92.00
3rd Quarter	93.74	82.25	89.99
4th Quarter	87.00	70.50	76.50
2012			
1st Quarter	82.99	71.75	74.99
2nd Quarter	78.95	73.50	75.00
3rd Quarter	88.75	72.50	79.90
4th Quarter	85.00	72.50	75.07

*** 2010 restated for the 2/15/11 stock split**

Keweenaw Land Association, Limited stock is traded in the pink sheets under the symbol "KEWL".

Mailing List

Keweenaw maintains a direct mailing list for timely receipt of information by shareholders whose units are held in brokerage accounts. To be included, contact Keweenaw corporate headquarters.

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