

Second Quarter Report
For the Period Ending June 30, 2011
Issue Date July 31, 2011

Highlights

- Second Quarter 2011 Net Loss of \$0.28 Per Share
- David Ayer and Donald J. Hoffman Re-elected to Board of Directors

Keweenaw Land Association, Limited announces a Second Quarter 2011 net loss of \$0.28 per share compared to a net loss of \$0.20 for the same period in 2010. Net income (loss) per share arose from the following sources:

	Earnings Per Share	
	2nd Qtr 11	2nd Qtr 10
Timber Operations Income	\$ (0.18)	\$ (0.15)
Capital Gains-Sale of Land	-	0.02
Capital Gains-Investments	-	-
Other Income	0.08	0.07
Other Expenses	(0.16)	(0.15)
Income Taxes	(0.02)	0.01
	<u>\$ (0.28)</u>	<u>\$ (0.20)</u>

Keweenaw produced 7,469 cord equivalents (cd-eq.) of logs in the second quarter of 2011, compared to 10,568 cd-eq. in 2010. All production for the quarter was on company lands. The product mix included 947 thousand board feet (MBF) of sawtimber and 5,387 cords of pulpwood. Keweenaw log sales amounted to \$837,069, down from \$1,102,529 in 2010. During the quarter, the sales product mix consisted of 28% sawtimber and 72% pulpwood compared to a sales mix of 25% sawtimber and 75% pulpwood realized during the same period in 2010. Sales realization for the quarter compared to last year: Veneer \$1,117 per mbf., up 6%; sawlogs \$395 per mbf, down 1%; sawbolts \$111 per cd., up 4%; and pulpwood \$90 per cd., up 10%. Overall, sales realization per unit was \$112 per cd-eq., compared to \$105 last year.

Production costs amounted to \$619,023 compared to \$839,354 in 2010. Per unit production costs were \$83 per cd-eq. vs. \$80 per cd-eq. in 2010. Gross margins from timber operations were \$218,046 in 2011 compared to \$263,175 last year. Per cd-eq. KLA achieved a gross margin of \$29 vs. \$25 last year.

Because of deep frost and wet conditions, annual springtime weight limits were kept in place nearly three weeks longer than last year. As a result, Keweenaw was unable to resume logging operations until the end of May. In June, the area experienced above average precipitation limiting the delivery of sawtimber and pulpwood to market.

In 2011, the U.S. housing market continues to be in a down cycle. Currently, there are no reliable projections


on when housing starts will begin an upward trend. However, at the close of the first half of 2011, there are encouraging signs in the veneer markets. Veneer demand is up as most of the veneer mills have little or no inventory. Certain mills, severely affected by the housing downturn, are starting to make inquiries about purchasing again. While the demand and pricing for hardwood sawlogs has fluctuated, the company has been able to mitigate price risk through semi-annual contracts. The market outlook for both hardwood and softwood pulpwood continues to strengthen as most customers have indicated high demand for paper at this time. Entering the third quarter, hardwood pulpwood is experiencing its highest price in over a year. Keweenaw continues to value long-term relationships with its customers designed to benefit the company and its shareholders throughout the business cycle.

During the second quarter, Keweenaw's common stock traded in a range of \$87.50 to \$93.50 per share on small trading volume. The quarter ending price was \$92.00. 20,042 KLA shares were traded, 2% of outstanding shares, comparable to the same volume in 2010. 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.

At the May 16, 2011, Annual Meeting of Shareholders held in Ironwood, Michigan, Keweenaw Directors David Ayer and Donald J. Hoffman were re-elected to the Board of Directors for three-year terms. This year, Keweenaw shareholders voted decisively with nearly 86% of the outstanding shares cast, the largest percentage in recent history. For the fourth straight year, dissident shareholder Ronald Gutstein was defeated, receiving less than 25% of the outstanding shares. Keweenaw shareholders also approved the appointment of auditors and the increase of authorized common shares from 2,500,000 to 10,000,000.

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

Sincerely,


David Ayer, Chairman

KEWEENAW LAND ASSOCIATION, LIMITED

CONSOLIDATED FINANCIAL HIGHLIGHTS

For the Quarter	2011		2010	
	2nd Qtr	YTD	2nd Qtr	YTD
Receipts	\$941	\$3,569	\$1,222	\$3,585
Net Income (Loss)	(365)	(436)	(253)	(462)
Comprehensive Income	(274)	(357)	(419)	(479)
Capital Employed	15,979	15,979	15,378	15,378

*Dollar amounts in thousands

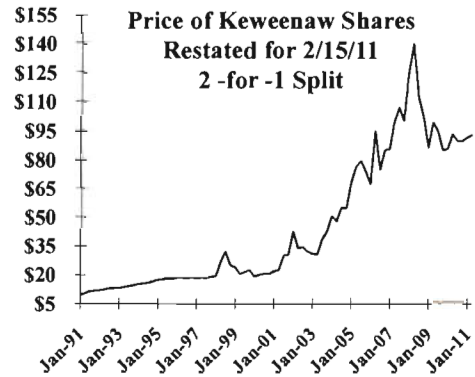
Per Common Share

Net Income	(\$0.28)	(\$0.34)	(\$0.20)	(\$0.36)
Comprehensive Income	(0.21)	(0.28)	(0.33)	(0.37)
Dividends Paid	0.00	0.00	0.00	0.00

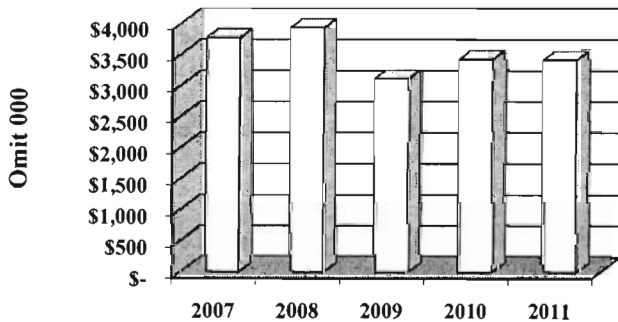
*Based on weighted average shares outstanding. 2010 is restated for the 2/15/11 2-for-1 split

Statistics

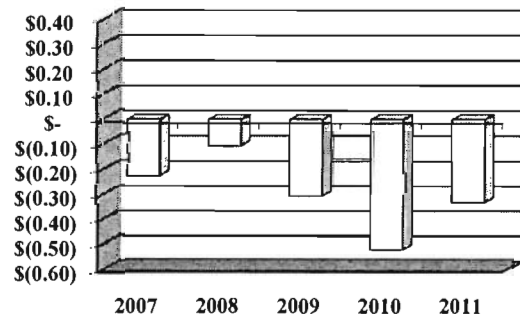
Return on Capital Emp.	-9.1%	-5.5%	-6.6%	-6.0%
Dividend Payout Ratio	0.0%	0.0%	0.0%	0.0%
Avg Shares Outstanding	1,291,490	1,291,390	1,290,630	1,290,630
Curr Shares Outstanding	1,291,490	1,291,490	1,290,630	1,290,630



Keweenaw Log Sales
Year to Date Comparison



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



SHAREHOLDER INFORMATION

Second Quarter 2011 Highlights:

High: \$93.50, Low: \$87.50, Last: \$92.00
Source: Real Tick-Townsend Analytics, Ltd.

Dividend Information:

The Board of Directors eliminated shareholder dividends beginning in 2010.

Keweenaw Contact Information:

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 Exch, POB 64854
South St. Paul, MN 55164-9440
(800) 468-9716 or (651) 450-4002

Stock Exchange Information:

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

GLOSSARY:

Board Foot (BF) - a measurement of sawtimber 12 inches x 12 inches x one inch. When used in conjunction with sawtimber or logs, a measurement system to approximate the output of lumber that can be expected from a given quantity of sawtimber or logs. **Cord Equivalent** - a measurement of logs in cords including logs converted in measurement from other measurement methods. For example, one thousand board feet (MBF) equals approximately 2.2 cords. **Cord** - a measurement of logs containing 128 cubic feet. **MBF** - a thousand board feet. **Production Mix** - the ratio of a category of production to total production. **Pulpwood** - logs cut primarily to be converted to wood pulp for the manufacture of paper and other wood fiber products. **Sawbolt** - a lower grade or smaller size sawlog typically sawn for the manufacture of pallets or other coarse wood products. **Sawlogs** - a higher grade or larger size sawtimber sawn for the manufacture of furniture grade lumber, flooring lumber, or other high quality wood products. **Sawtimber** - a category of logs suitable for veneer, sawlogs, or sawbolts. **Veneer** - a category of sawtimber clear of defects suitable for manufacture as veneer paneling, furniture and cabinetry veneer.

KEWEENAW LAND ASSOCIATION, LIMITED
Consolidated Balance Sheet (Unaudited)
June 30, 2011

ASSETS	<u>Note</u>	<u>Jun. 30, 2011</u>	<u>Jun. 30, 2010</u>	<u>% Chg</u>
Current Assets				
Cash & Cash Equivalents		\$558,250	\$364,998	53%
Accounts Receivable		332,447	251,398	
Investments in Government Obligations		0	0	
Other Current Assets		315,574	345,069	
Total Current Assets		<u>1,206,271</u>	<u>961,465</u>	25%
Investments in Marketable Securities		3,731,249	3,300,191	13%
Other Non-Current Assets		195,866	199,733	
Equipment		563,220	591,086	-5%
Properties		11,610,998	11,651,263	0%
TOTAL ASSETS		<u>\$17,307,604</u>	<u>\$16,703,738</u>	4%
LIABILITIES & CAPITAL				
Current Liabilities				
Accounts & Deposits Payable		\$92,397	\$139,485	
Commercial Lines of Credit & Other Debt		951,987	612,416	
Other Accrued Liabilities		314,105	334,119	
Total Current Liabilities		<u>1,358,489</u>	<u>1,086,020</u>	25%
Non-Current Liabilities				
Long Term Debt		816,578	955,841	
Deferred Federal Income Tax Liability		922,494	851,659	
Non-Current Liabilities		<u>1,739,072</u>	<u>1,807,500</u>	
Total Liabilities		<u>3,097,561</u>	<u>2,893,520</u>	7%
Capital				
Common Stock Issued	(1)	84,453	84,397	
Accumulated Other Comprehensive Income		1,321,992	1,193,565	
Retained Earnings		12,803,598	12,532,256	
Total Capital		<u>14,210,043</u>	<u>13,810,218</u>	3%
TOTAL LIABILITIES & CAPITAL		<u>\$17,307,604</u>	<u>\$16,703,738</u>	4%
Capital Per Common Share		<u>\$11.00</u>	<u>\$10.70</u>	

Notes:

(1) 1,291,490 no par value common shares are issued and outstanding on Jun. 30, 2011. 1,290,630 shares were outstanding on Jun. 30, 2010 (restated for stock split). 10,000,000 shares are authorized.

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

June 30, 2011

	2nd Quarter			Year to Date		
	2011	2010	% Chg	2011	2010	% Chg
INCOME						
Timber Operations						
Timber Sales	\$837,069	\$1,102,529		\$3,415,980	\$3,425,721	
Cost of Sales	619,023	839,354		2,655,546	2,701,403	
Gross Margin on Timber Sales	218,046	263,175	-17%	760,434	724,318	5%
Timber Operations Expenses						
Forestry Expenses	168,509	173,982		348,211	347,904	
Management and General Administration	278,552	281,472		549,972	575,895	
Total Operations Expenses	447,061	455,454		898,183	923,799	
Timber Operations Income	(229,015)	(192,279)	-19%	(137,749)	(199,481)	31%
Real Estate Development						
Developed Lot Sales	0	0		0	0	
Development Costs	0	0		0	0	
Gross Margin on Developed Lot Sales	0	0		0	0	
Total Operations Income	(229,015)	(192,279)	-19%	(137,749)	(199,481)	31%
Other Income						
Mineral Royalties	325	3,145		3,325	6,740	
Lease and Rental Income	22,707	31,276		58,474	55,302	
Investment Earnings	78,662	56,545		83,662	62,215	
Profit (Loss) on Security Sales	0	0		0	0	
Land Sales	0	23,741		0	28,741	
Other	2,278	5,001		7,821	6,571	
Total Other Income	103,972	119,708	-13%	153,282	159,569	-4%
Other Expenses						
Land Management Expenses	120,349	115,349		243,703	234,953	
Board of Directors Expenses	90,797	73,570		184,972	184,872	
Total Other Expenses	211,146	188,919	12%	428,675	419,825	2%
Income Before Income Taxes	(336,189)	(261,490)	-29%	(413,142)	(459,737)	10%
Provision for State and Federal Income Taxes	29,239	(8,497)		23,166	2,131	
Net Income	(365,428)	(252,993)	-44%	(436,308)	(461,868)	6%
Other Comprehensive Income, Net of Tax						
Unrealized Gains (Losses) on Securities						
Unrealized Holding Gains Arising						
During the Period	91,650	(165,717)		79,208	(17,006)	
Less: Reclassification Adj. For Gains Included in Net Income	0	0		0	0	
Other Comprehensive Income	91,650	(165,717)		79,208	(17,006)	
Comprehensive Income	(\$273,778)	(\$418,710)	35%	(\$357,100)	(\$478,874)	25%
Per Share Net Income	(\$0.28)	(\$0.20)		(\$0.34)	(\$0.36)	
Per Share Comprehensive Income	(\$0.21)	(\$0.32)		(\$0.28)	(\$0.37)	
Dividends Per Share	\$0.00	\$0.00		\$0.00	\$0.00	
Based on Weighted Average Shares Outstanding						