

KEWEENAW LAND ASSOCIATION, LIMITED



Second Quarter Report For the Period Ending June 30, 2014 Issue Date July 23, 2014

Highlights

Net Loss of \$0.11 Per Share

Ayer and Hoffman Re-elected to the KLA Board of Directors

Keweenaw Land Association, Limited announces a Second Quarter 2014 net loss of \$0.11 per share compared to a net loss of \$0.26 for the same period in 2013. Net income (loss) per share arose from the following sources:

Second Quarter Results:

Winter weather extended into the Second Quarter of 2014, allowing for limited production in April near all-season access roads. However, as in 2013, late season snowfall and unseasonably cold weather delayed the lifting of annual springtime hauling weight restrictions by local authorities until the first week of June. This prevented the startup of harvest operations, which normally begin around the middle of May.

	Earnings Per Share	
	2nd Qtr 14	2nd Qtr 13
Timber Operations Income	\$ (0.13)	\$ (0.20)
Capital Gains-Sale of Land	-	-
Capital Gains-Investments	-	-
Other Income	0.08	0.08
Other Expenses	(0.12)	(0.17)
Income Taxes	0.06	0.03
	<u>\$ (0.11)</u>	<u>\$ (0.26)</u>

In the quarter, a total of 7,817 cd-eq were harvested. The product mix contained 28% sawtimber and 72% pulpwood, a lower mix

2nd Qtr Production Statistics	2014	Mix%	2013	Mix%
Total Harvest Volume (cd-eq)	7,817	100.0	5,177	100.0
Sawtimber (mbf)	1,026	27.5	908	38.6
Pulpwood (cords)	5,559	72.5	3,180	61.4

compared to the same period in 2013. The company sold logs totaling \$1,035,223 compared to \$638,882 in 2013. Because of the extended winter logging season going into April, the company was able to sell more sawtimber and pulpwood than in the same period in 2013. As in 2013, there was a higher concentration of softwood bolts as a result of residual production from the end of March. Sawtimber realization for the quarter was \$431 per mbf compared to \$329 in 2013. Pulpwood pricing was \$98 per cd-eq versus \$96 in the second quarter last year.

On a year-to-date comparison, our overall sawtimber realization was \$403 per mbf compared to \$383 per mbf in 2013. The upward trend in price realization is expected to continue through the second half of 2014.

Better pricing and product mix enabled the company to make the best out of what is traditionally a slow period. For the quarter, gross margin on a per unit basis was \$41 per cd-eq, up \$10 per unit compared to \$31 per cd-eq in the same period last year.

2nd Qtr Sales Statistics (per unit)	2014	2013
Average Price Realization	\$127	\$117
Cost of Goods Sold	86	86
Gross Margin	41	31

Timber operations gross margin increased in the quarter compared to the same period last year. Keweenaw realized a 32% gross margin

2 nd Qtr Gross Margin	2014	%	2013	%
Log Sales	\$1,035,223	100.0	\$638,882	100.0
Expenses (COGS)	701,369	67.8	470,824	73.7
Timber Opns Gross Margin	333,854	32.2	168,058	26.3

compared to 26% in 2013. While the second quarter had limited production, better pricing for sawtimber and stable operating costs helped increase the bottom line. As always, fixed costs on limited production are weighted more heavily as part of the cost of goods sold.

As we move into the second half of 2014, there are strong economic indicators pointing to a higher demand for sawtimber and pulpwood. For the second straight year, a prolonged spring breakup has caused a dramatic drop in the existing inventory levels at area sawmills. A reduction in log availability is likely to result in higher prices for veneer and sawlogs. Continued improvement in new housing starts and home remodeling should further strengthen markets for Keweenaw's veneer and sawlogs.

Land:

During the quarter, Keweenaw conducted a Section 1031 Like-kind Exchange of 41 acres of land in Iron and Dickinson Counties for a 36-acre parcel in Iron County, MI. After the transaction, the company netted \$1,373 in capital gains. The properties sold were considered non-strategic to our timberland program. The acquisition enhanced blocking of current ownership and increased the amount of hardwood acreage.

Minerals:

On June 17, 2014, Highland Copper Company, Inc. (TSXV:HI) announced the formal closing/acquisition of Copperwood from Orvana Minerals Corp. (TSX: ORV) in which Highland acquired all rights, title, and interest in the Copperwood Project from Orvana through the acquisition of all of the outstanding shares of Orvana Resources US Corp. Keweenaw entered into a mining lease with Orvana in 2008 for a portion of the area encompassed by the Copperwood Project. In 2012, Keweenaw entered into a mineral lease and exploration agreement with Keweenaw Copper Company, a subsidiary of Highland Copper Company, for properties in the western Upper Peninsula of Michigan. As previously stated, Keweenaw welcomes this development and feels it is a positive step forward for the Copperwood Project and for KLA shareholders. Any additional information related to the Copperwood Project can now be found on Highland's website, www.highlandcopper.com.

Comparison of the Lake States and Southeast US Forest Products Industry:

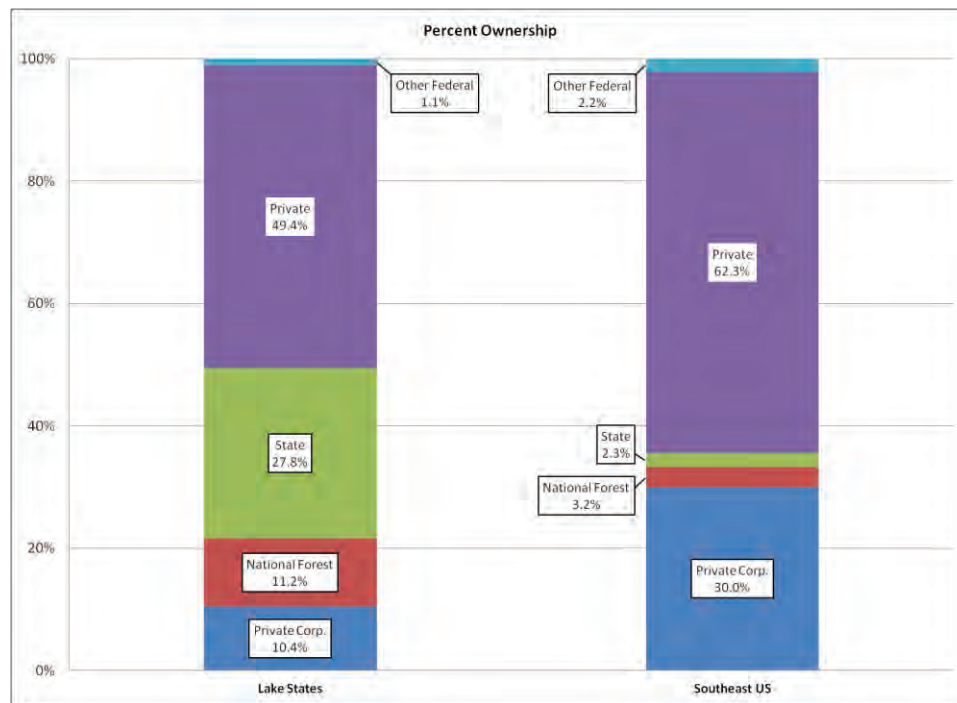
The Lakes States forest products industry is a vital part of the regional and US economy and is comparable with other timber producing states in other regions. While the entire Southern US forest products industry stretches from Virginia to Texas, the Southeast [Alabama, Georgia, and South Carolina] is nearly equivalent in terms of manufacturing output and acres of timberland.

According to data compiled by the American Forest & Paper Association, the combined value of industry shipments from Michigan, Wisconsin, and Minnesota in 2012 totaled \$32.9 billion. This is similar to the combined value generated by Alabama, Georgia, and South Carolina, which totaled \$34.5 billion. Both regions generated 77% of this value from paper manufacturing, while the balance was produced by the solid wood products manufacturing sector.

Comparing total timberland acreage, the Lake States has 50.2 million acres while the Southeast has 59.5 million acres. One major difference between the two regions is who owns the timberland. In the Lake States, 39.5% of the timberland is owned by State, County, and National Forests, with the remaining 60.5% held by private and commercial/industrial owners. In the Southeast, only 5.5% of

the timberland is held by a public agency, with the remaining 94.5% held by private and commercial/industrial owners.

Public agencies typically have more land dedicated to other uses besides active forest management, which has implications when considering availability of timber for harvest. For private timberland owners, it is important to recognize the effect this has on the overall supply and prices of standing timber, especially in the Lake States.



Shareholder Relations & Administrative:

Keweenaw's common shares traded in a range from \$78.81 to \$93.00 per share during the quarter with an ending price of \$93.00. A total of 23,596 shares, or 2% of outstanding shares, traded. This compares to 40,578 KLA shares, or 3% of outstanding shares, traded in the same period of 2013. Keweenaw's shares trade in the OTC Pink using the symbol KEWL.

At the Annual Meeting of Keweenaw Land Association, Limited Shareholders held Monday, May 19, 2014, David Ayer and Donald J. Hoffman were re-elected to the Board of Directors for three-year terms, and Anderson, Tackman & Company was approved as the company's auditors for 2014. No other proposals were brought for shareholder consideration. Over 86% of outstanding shares were represented in this year's voting.

Sincerely,

David Ayer, Chairman

KEWEENAW LAND ASSOCIATION, LIMITED
Consolidated Statement of Income and Expense (Unaudited)
June 30, 2014

INCOME	2nd Quarter			Year to Date		
	2014	2013	% Chg	2014	2013	% Chg
Timber Operations						
Timber Sales	\$1,035,223	\$638,882		\$3,749,029	\$3,308,887	
Cost of Sales	701,369	470,824		2,688,046	2,395,321	
Gross Margin on Timber Sales	333,854	168,058	99%	1,060,983	913,556	16%
Timber Operations Expense						
Forestry Expenses	180,291	155,313		377,470	314,696	
Management and General Administration	324,177	271,166		638,192	542,199	
Total Operations Expenses	504,468	426,479		1,015,662	856,895	
Timber Operations Income	(170,614)	(258,421)	**	45,321	56,661	-20%
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	(170,614)	(258,421)	**	45,321	56,661	-20%
Other Income						
Mineral Royalties	3,000	3,293		3,154	5,845	
Lease and Rental Income	29,700	27,616		58,614	77,393	
Investment Earnings	62,666	70,259		67,871	76,441	
Profit (Loss) on Security Sales	0	0		0	0	
Land Sales	1,373	0		199,828	58,831	
Other	2,198	976		8,238	13,477	
Total Other Income	98,937	102,144	-3%	337,705	231,987	46%
Other Expenses						
Land Management Expenses	88,792	124,240		184,226	244,443	
Board of Directors Expenses	68,121	97,570		203,571	220,445	
Total Other Expenses	156,913	221,810	-29%	387,797	464,888	-17%
Income Before Income Taxes	(228,590)	(378,087)	**	(4,771)	(176,240)	**
Provision for State and Federal Income Taxes	(86,416)	(45,373)		5,440	31,528	
Net Income (Loss)	(142,174)	(332,714)	**	(10,211)	(207,768)	**
Other Comprehensive Income, Net of Tax						
Unrealized Gains (Losses) on Securities						
Unrealized Holding Gains Arising						
During the Period	73,578	(188,066)		67,508	(34,248)	
Less: Reclassification Adj For Gains						
Included in Net Income	0	0		0	0	
Other Comprehensive Income	73,578	(188,066)		67,508	(34,248)	
Comprehensive Income	(\$68,596)	(\$520,780)	**	\$57,297	(\$242,016)	**
Per Share Net Income	(\$0.11)	(\$0.26)		(\$0.01)	(\$0.16)	
Per Share Comprehensive Income	(\$0.05)	(\$0.40)		\$0.04	(\$0.19)	
Based on Weighted Average Shares Outstanding						

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

KEWEENAW LAND ASSOCIATION, LIMITED
 Consolidated Balance Sheet (Unaudited)
 June 30, 2014

ASSETS	Jun 30, 2014	Jun 30, 2013	% Chg
Current Assets			
Cash & Cash Equivalents	\$1,734,197	\$1,118,967	55%
Accounts Receivable	270,494	238,666	
Investments in Government Obligations	0	0	
Other Current Assets	444,318	329,520	
Total Current Assets	2,449,009	1,687,153	45%
Investments in Marketable Securities	2,893,530	3,899,897	-26%
Other Non-Current Assets	306,621	310,488	
Equipment	600,189	573,002	5%
Properties	17,099,698	11,720,608	46%
TOTAL ASSETS	\$23,349,047	\$18,191,148	28%

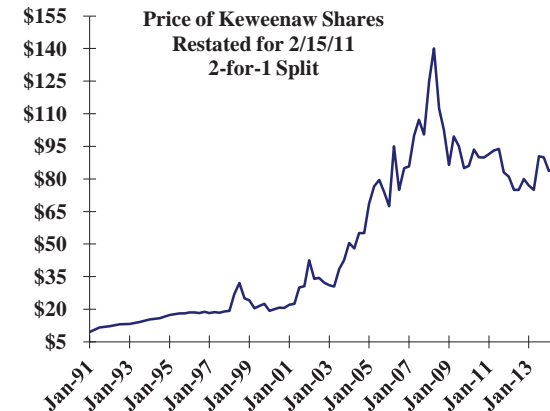
LIABILITIES & CAPITAL

Current Liabilities			
Accounts & Deposits Payable	\$167,450	\$88,583	
Commercial Lines of Credit & Other	240,000	100,191	
Debt			
Other Accrued Liabilities	349,564	331,569	
Total Current Liabilities	757,014	520,343	45%
Non-Current Liabilities			
Long Term Debt	4,560,000	616,196	
Deferred Federal Income Tax Liability	851,563	875,681	
Total Non-Current Liabilities	5,411,563	1,491,877	
Total Liabilities	6,168,577	2,012,220	207%
Capital			
Common Stock Issued ⁽¹⁾	84,717	84,625	
Accum. Other Comprehensive Income	1,280,473	1,301,331	
Retained Earnings	15,815,280	14,792,972	
Total Capital	17,180,470	16,178,928	6%
TOTAL LIABILITES & CAPITAL	\$23,349,047	\$18,191,148	28%
Capital Per Common Share	\$13.26	\$12.50	

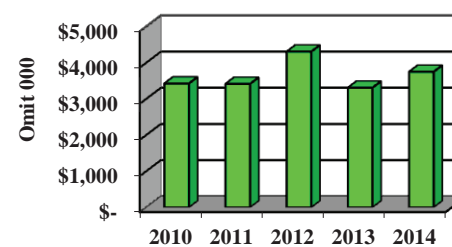
⁽¹⁾1,295,533 no par value common shares are issued and outstanding on Jun. 30, 2014. 1,294,118 shares were outstanding on Jun. 30, 2013. 10,000,000 shares are authorized.

CONSOLIDATED FINANCIAL HIGHLIGHTS

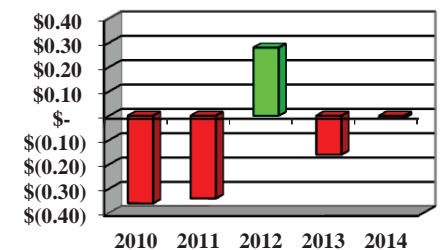
For the Quarter	2014		2013	
	2nd Qtr	YTD	2nd Qtr	YTD
Receipts	\$1,134	\$4,087	\$741	\$3,541
Net Income (Loss)	(142)	(10)	(333)	(208)
Comprehensive Income	(69)	57	(521)	(242)
Capital Employed	21,980	21,980	16,895	16,895
*Dollar amounts in thousands				
Per Common Share				
Net Income	(\$0.11)	(\$0.01)	(\$0.26)	(\$0.16)
Comprehensive Income	(0.05)	0.04	(0.40)	(0.19)
Statistics				
Return on Capital Emp	-2.6%	-0.1%	-7.9%	-2.5%
Avg Shares Outstanding	1,295,533	1,295,533	1,294,118	1,294,118
Curr Shares Outstanding	1,295,533	1,295,533	1,294,118	1,294,118



Keweenaw Log Sales Year-to-Date Comparison



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



SHAREHOLDER INFORMATION

Second Quarter 2014 Highlights:

High: \$93.00, Low: \$78.81, Last: \$93.00

Source: OTC Markets Group, Inc.

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

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

Transfer Agent:

Wells Fargo Shareowner Services

PO Box 64854

South St Paul MN 55164-0854

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

Stock Exchange Information:

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

Glossary:

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