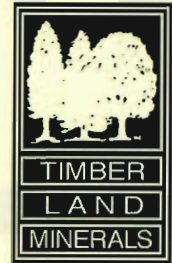


# KEWEENAW

LAND ASSOCIATION, LIMITED



## Third Quarter Report For the Period Ending September 30, 2011 Issue Date October 31, 2011

### Highlights

Third Quarter 2011 Net Income of \$0.56 per Share • Gogebic Taconite Enters Into Mineral Lease with KLA

Keweenaw Land Association, Limited announces Third Quarter 2011 net income of \$0.56 per share compared to \$0.29 (split-adjusted) for the same period in 2010. Net income (loss) per share arose from the following sources:

	Earnings Per Share	
	3rd Qtr 11	3rd Qtr 10
Timber Operations Income	\$ 0.53	\$ 0.23
Capital Gains-Sale of Land	-	0.13
Capital Gains-Investments	0.17	(0.01)
Other Income	0.07	0.07
Other Expenses	(0.11)	(0.11)
Income Taxes	(0.09)	(0.02)
	<u>\$ 0.56</u>	<u>\$ 0.29</u>

The Company harvested 25,315 cord equivalents (cd-eq) of logs in the quarter compared to 25,092 cd-eq during the same period in 2010. During the quarter, 99% of production came from Company timberlands and less than 1% from purchased timber contracts. The product mix included 3,066 thousand board feet (MBF) of sawtimber and 18,570 cords of pulpwood. This represents a product mix of 27% sawtimber and 73% pulpwood, up significantly from the product mix experienced during the third quarter in 2010. Keweenaw recorded log sales of \$3,070,164, up from \$2,630,787 last year, an increase of 17%. Per unit of production, log sales were \$121 per cd-eq compared to \$105 in 2010, a 15% improvement.

Production costs in the quarter were \$1,963,717 compared to \$1,872,637 the same period last year, up 5%. This increase was mainly due to the increased costs of diesel fuel and product destination. Per unit, production costs amounted to \$78 per cd-eq versus \$75 per cd-eq in 2010. Gross margins from timber operations were \$1,106,447 compared to \$758,150 last year, up 46% over last year. Per cd-eq KLA achieved a gross margin of \$44 versus \$30 last year.

In the quarter, demand for veneer was steady. Prices for veneer have increased slightly as mills are looking to build inventory to carry operations into the early winter. Demand for sawlogs and bolts have kept pace with company production, leaving Keweenaw with no excess inventory. Demand for pulpwood continues to grow and is expected to continue through the rest of the year. In early September, the New Page Corporation filed for Chapter 11 Bankruptcy protection. However, Keweenaw does not expect to write off any receivables from New Page. By a U.S. Bankruptcy Court order, any pulpwood deliveries made within twenty days of the Chapter 11 filing will be paid in full.

During the quarter, Keweenaw recognized a capital gain of \$213,498 on the sale of common stock from its investment portfolio. Gravel royalties in the quarter were \$10,083 compared to \$32,784 last year. Keweenaw recorded \$71,094 in lease income versus \$43,033 recognized in the same period last year.

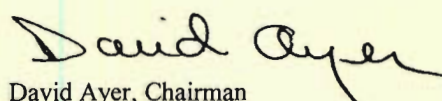
During the quarter, Keweenaw's common stock traded in a range of \$82.25 to \$93.74 per share. The quarter ending price was \$89.99. Over the three-month period, 31,202 KLA shares were traded, under 3% of outstanding shares. This compares to 35,012 shares traded in the quarter last year. As with any investment, past performance is not a guarantee of future results. Keweenaw's shares trade in the pink sheets using the symbol KEWL.

Gogebic Taconite entered into a 20-year exploratory mineral/mining lease with Keweenaw in the quarter. This lease covers 3,320 acres in Gogebic County.

On September 26, 2011, Orvana Resources US Corp. (Orvana) announced its submission of the mine permit application for the Copperwood project to the Michigan Department of Environmental Quality (MDEQ) as prescribed in Part 632 of the Michigan Nonferrous Metallic Mining regulation. In September 2008, Keweenaw leased to Orvana certain mineral rights in an area known as the "Western Syncline," located 20 miles northeast of Ironwood in northern Gogebic County. Under the lease, Orvana will have access to mineral rights on 681 acres. Keweenaw also extended an exclusive option to Orvana to lease mineral rights on an additional 2,382 acres in the same general area. A copy of Orvana's press release and other related information on the Copperwood Project can be found on the website: <http://www.orvana.com/news/pdf/110926.pdf>

Alan W. Steege, KLAL Operations Manager and corporate secretary, is retiring at year-end. Brian D. Glodowski, who has been with Keweenaw since 1993, will become the new Operations Manager. Brian's vast knowledge and background in forestry and real estate will be an asset as the company moves forward. Over the past sixteen years, Al has been an excellent manager serving the long-term interests of the company and its shareholders. His strong leadership brought a positive direction to Keweenaw and will be greatly missed by all. We wish Al and his wife Terry the very best in their retirement years.

Sincerely,



David Ayer, Chairman

## KEWEENAW LAND ASSOCIATION, LIMITED

### CONSOLIDATED FINANCIAL HIGHLIGHTS

For the Quarter	2011		2010	
	3rd Qtr	YTD	3rd Qtr	YTD
Receipts	\$3,373	\$6,942	\$2,871	\$6,456
Net Income (Loss)	723	286	374	(88)
Comprehensive Income	373	16	565	86
Capital Employed	15,718	15,718	15,628	15,628

\*Dollar amounts in thousands

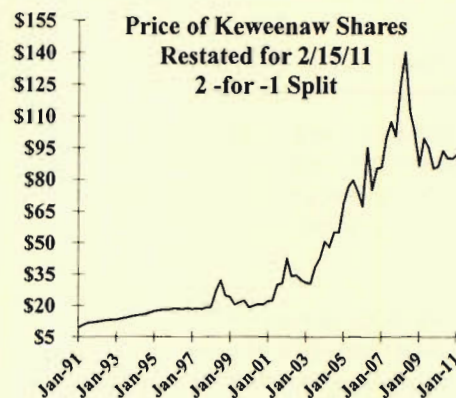
#### Per Common Share

Net Income	\$0.56	\$0.22	\$0.29	(\$0.07)
Comprehensive Income	0.29	0.01	0.44	0.07
Dividends Paid	0.00	0.00	0.00	0.00

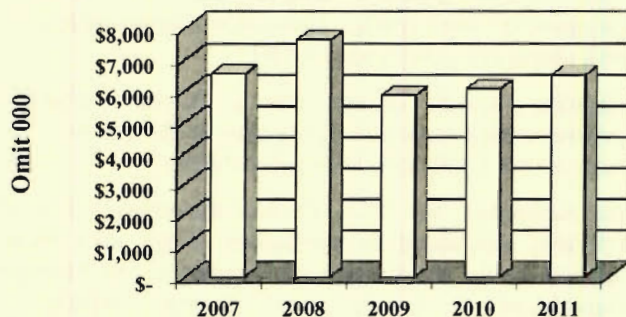
\*Based on weighted average shares outstanding. 2010 is restated for the 2/15/11 2-for-1 split

#### Statistics

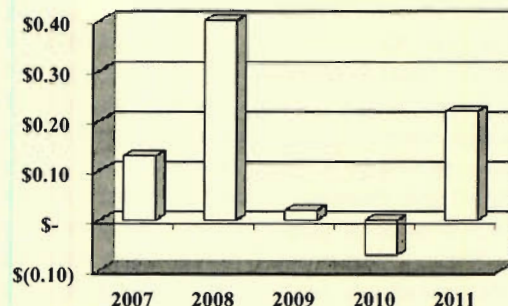
Return on Capital Emp.	18.4%	2.4%	9.6%	-0.7%
Dividend Payout Ratio	0.0%	0.0%	0.0%	0.0%
Avg Shares Outstanding	1,291,490	1,291,423	1,290,630	1,290,630
Curr Shares Outstanding	1,291,490	1,291,490	1,290,630	1,290,630



**Keweenaw Log Sales**  
Year to Date Comparison



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



### SHAREHOLDER INFORMATION

#### Third Quarter 2011 Highlights:

High: \$93.74, Low: \$82.25, Last: \$89.99  
Source: Real Tick-Townsend Analytics, Ltd.

#### 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](mailto:investors@keweenaw.com)  
Web Page: [www.keweenaw.com](http://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

#### Dividend Information:

The Board of Directors eliminated shareholder dividends beginning in 2010.

#### 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)**  
**September 30, 2011**

ASSETS	Note	Sep. 30, 2011	Sep. 30, 2010	% Chg
<b>Current Assets</b>				
Cash & Cash Equivalents		\$558,505	\$427,184	31%
Accounts Receivable		549,824	256,766	
Investments in Government Obligations		0	0	
Other Current Assets		290,762	354,908	
<b>Total Current Assets</b>		<u>1,399,091</u>	<u>1,038,858</u>	35%
Investments in Marketable Securities		3,225,666	3,519,854	-8%
Other Non-Current Assets		194,899	198,766	
Equipment		560,638	567,708	-1%
Properties		11,570,395	11,731,651	-1%
<b>TOTAL ASSETS</b>		<u><u>\$16,950,689</u></u>	<u><u>\$17,056,837</u></u>	<u><u>-1%</u></u>
<b>LIABILITIES &amp; CAPITAL</b>				
<b>Current Liabilities</b>				
Accounts & Deposits Payable		\$98,437	\$64,972	
Commercial Lines of Credit & Other Debt		343,058	330,935	
Other Accrued Liabilities		423,134	402,760	
<b>Total Current Liabilities</b>		<u>864,629</u>	<u>798,667</u>	8%
<b>Non-Current Liabilities</b>				
Long Term Debt		791,530	922,026	
Deferred Federal Income Tax Liability		711,069	961,171	
<b>Non-Current Liabilities</b>		<u>1,502,599</u>	<u>1,883,197</u>	
<b>Total Liabilities</b>		<u>2,367,228</u>	<u>2,681,864</u>	-12%
<b>Capital</b>				
Common Stock Issned	(1)	84,453	84,397	
Accumulated Other Comprehensive Income		972,800	1,384,277	
Retained Earnings		13,526,208	12,906,299	
<b>Total Capital</b>		<u>14,583,461</u>	<u>14,374,973</u>	1%
<b>TOTAL LIABILITIES &amp; CAPITAL</b>		<u><u>\$16,950,689</u></u>	<u><u>\$17,056,837</u></u>	<u><u>-1%</u></u>
Capital Per Common Share		\$11.29	\$11.14	

**Notes:**

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

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

September 30, 2011

	3rd Quarter			Year to Date		
	2011	2010	% Chg	2011	2010	% Chg
<b>INCOME</b>						
<b>Timber Operations</b>						
Timber Sales	\$3,070,164	\$2,630,787		\$6,486,144	\$6,056,508	
Cost of Sales	1,963,717	1,872,637		4,619,263	4,574,040	
Gross Margin on Timber Sales	1,106,447	758,150	46%	1,866,881	1,482,468	26%
<b>Timber Operations Expenses</b>						
Forestry Expenses	187,713	181,984		535,924	529,888	
Management and General Administration	237,419	280,315		787,391	856,210	
Total Operations Expenses	425,132	462,299		1,323,315	1,386,098	
Timber Operations Income	681,315	295,851	130%	543,566	96,370	464%
<b>Real Estate Development</b>						
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	681,315	295,851	130%	543,566	96,370	464%
<b>Other Income</b>						
Mineral Royalties	10,083	32,784		13,408	39,524	
Lease and Rental Income	71,094	43,033		129,568	98,335	
Investment Earnings	6,606	6,746		90,268	68,961	
Profit (Loss) on Security Sales	213,498	(9,435)		213,498	(9,435)	
Land Sales	0	165,588		0	194,329	
Other	1,451	1,401		9,272	7,972	
Total Other Income	302,732	240,117	26%	456,014	399,686	14%
<b>Other Expenses</b>						
Land Management Expenses	120,080	107,017		363,783	341,970	
Board of Directors Expenses	29,301	32,877		214,273	217,749	
Total Other Expenses	149,381	139,894	7%	578,056	559,719	3%
Income Before Income Taxes	834,666	396,074	111%	421,524	(63,663)	762%
Provision for State and Federal Income Taxes	112,055	22,032		135,221	24,163	
Net Income	722,611	374,042	93%	286,303	(87,826)	426%
<b>Other Comprehensive Income, Net of Tax</b>						
<b>Unrealized Gains (Losses) on Securities</b>						
<b>Unrealized Holding Gains Arising</b>						
During the Period	(208,283)	184,486		(129,075)	167,480	
Less: Reclassification Adj. For Gains						
Included in Net Income	(140,909)	6,227		(140,909)	6,227	
Other Comprehensive Income	(349,192)	190,713		(269,984)	173,707	
Comprehensive Income	\$373,419	\$564,755	-34%	\$16,319	\$85,881	-81%
Per Share Net Income	\$0.56	\$0.29		\$0.22	(\$0.07)	
Per Share Comprehensive Income	\$0.29	\$0.44		\$0.01	\$0.07	
Dividends Per Share	\$0.00	\$0.00		\$0.00	\$0.00	
Based on Weighted Average Shares Outstanding						