

KEWEENAW

LAND ASSOCIATION, LIMITED



Third Quarter Report

For the Period Ending September 30, 2014
Issue Date October 20, 2014

Highlights

Net Income of \$0.33 Per Share
Land Purchase of 1,080 Acres in Houghton County

Third Quarter Results:

Keweenaw Land Association, Limited announces a Third Quarter 2014 net income of \$0.33 per share compared to \$0.48 for the same period in 2013. Net income (loss) per share was derived from the following sources:

Keweenaw harvested 21,107 cd-eq on company lands and 1,498 cd-eq from procured sales in the third quarter, compared to 21,211 cd-eq on company lands and no volume from procured sales in 2013. During the quarter, the product mix was 33% sawtimber and 67% pulpwood, in contrast to the 26% sawtimber and 74% pulpwood harvested in the same period in 2013.

While the quarter's total production was approximately 7% more volume than in 2013, sales dollars were up nearly 16%. Sawtimber realization was \$478 per mbf versus \$514 per mbf in the same period in 2013, a 7% decrease, primarily due to a higher concentration of minor species in planned harvest units. However, pulpwood was up nearly \$8 per cd-eq. Overall per unit realization for the quarter was \$138 per cd-eq compared to \$128 in 2013, nearly an 8% increase.

During the quarter, Keweenaw harvest included the following volume:

The company sold logs in the third quarter totaling \$3,125,665, compared to \$2,697,123 over the same period in 2013. For the last three years, Keweenaw has experienced a positive trend in pricing for its major species of wood products and continues to have a market for all of its sawtimber and pulpwood.

	Earnings Per Share	
	3rd Qtr 14	3rd Qtr 13
Timber Operations Income	\$ 0.52	\$ 0.42
Capital Gains-Sale of Land	0.02	-
Capital Gains-Investments	-	0.28
Other Income	0.08	0.06
Other Expenses	(0.10)	(0.12)
Income Taxes	(0.19)	(0.16)
	<u>\$ 0.33</u>	<u>\$ 0.48</u>

3rd Qtr Sales Statistics	2014	2013
Sawtimber Realization (mbf)	\$478	\$514
Pulpwood Realization (cords)	100	92
Average Price Realization (cords)	138	128

3rd Qtr Production Statistics	2014	Mix %	2013	Mix %
Total Harvest Volume (cd-eq)	22,605	100.0	21,211	100.0
Sawtimber (mbf)	3,382	32.9	2,527	26.2
Pulpwood (cords)	15,165	67.1	15,652	73.8

Sales results for the quarter are listed in the table to the right.

3 rd Qtr Gross Margin	2014	%	2013	%
Log Sales	\$3,125,665	100.0	\$2,697,123	100.0
Expenses (COGS)	1,915,983	61.3	1,699,014	63.0
Timber Opns Gross Margin	1,209,682	39.7	998,109	37.0

For the quarter, Timber Operations Income improved by 21% over the same period last year. Through the third quarter, Timber Operations Income was up by \$120,000 year-to-date over 2013. Demand for sawtimber remained high throughout the summer which allowed the company to take advantage of market pricing. Year-to-date Timber Operations results (YTD) are listed in the following table:

Company gross margins continue to show improvement. A better concentration of sawtimber, coupled by higher pricing, increased the weighted average price realization compared to 2013. Cost of goods sold, on a per unit basis, increased by \$5 per unit mainly due to stumpage costs on non-KLA property. At the same time, Keweenaw recognized an increase in the gross margin by \$5 per unit over the same period last year as demonstrated in the table below:

Timber Operations Results (YTD)	2014	2013
Log Sales	\$6,874,694	\$6,006,000
Total Expenses	6,152,073	5,403,444
Timber Operations Income	722,621	602,556

Over the last nine months, diesel fuel prices have stabilized around \$3.75 a gallon, compared to last summer when prices were hovering around \$4.00 a gallon. However, demand for logging contractors has resulted in increased production costs. Product destination and fuel costs have a direct impact on the margins realized by the company.

3rd Qtr Sales Statistics (per unit)	2014	2013
Average Price Realization	\$138	\$128
Cost of Goods Sold	85	80
Gross Margin	53	48

For a second straight summer, the region has received above average precipitation making logging operations more difficult. On the other hand, poor weather results in lower levels of production creating log supply shortages leading to price increases for sawtimber. So far, pulpwood remains in short supply, and we expect prices to remain constant into the next quarter. We also expect pricing for sawtimber to remain at the same level going into the final quarter of 2014.

Land:

In August, the company completed a Section 1031 Like-Kind Exchange of properties, selling a total of 194 acres in Iron and Gogebic County, MI. In return, the company acquired 1,080 acres in Houghton County, MI for \$800,000. The large block of land acquired contains mostly northern hardwoods and is well-aligned with our current timber strategies. The value of the exchange was \$352,380, with Keweenaw providing an additional \$447,620 in cash to complete the transaction.

Lot Sales:

In the third quarter, two rural residential lots from the West Merriman (Dickinson County) project were sold resulting in net value-added income of \$5,563 after prorated expenses and pre-development land income of \$22,146. No lots were sold in the same period in 2013.

Minerals:

In the third quarter, there were no new developments since the formal closing/acquisition of the Copperwood Project by Highland Copper Company Inc. (TSXV: HI) from Orvana Minerals Corp. (TSX: ORV). In June 2014, 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.

Any additional information related to the Copperwood Project can be found on Highland's website, www.highlandcopper.com.

Keweenaw Recognized for 20 Years of Forest Certification:

On September 15, 2014, Keweenaw was recognized by the Rainforest Alliance for 20 years of commitment to being a certified forest under the Forest Stewardship Council® (FSC®) Principles and Standards. (A link to the full presentation can be found on our website.) This is quite a distinction and is sometimes over-looked as to what an accomplishment this truly is. Keweenaw was certified on September 1, 1994. We were the first Forest Management Certificate issued by the Rainforest Alliance in the U.S. and the 5th Forest Management certificate issued globally. (SW-FM/COC-000005, FSC®-C006729). Since that time, the total FSC® Certified acres has grown substantially. Today, there are over 35.3 million FSC® Certified acres in the U.S and over 452 million acres certified world-wide. Keweenaw remains the oldest continuous certificate holder for the Rainforest Alliance worldwide.

Forest certification means more than just sustained-yield forest management. It is verification that a company's forest practices are environmentally sound, economically viable, and socially beneficial. It provides a standard from which to evaluate business practices and is a useful tool for continuous improvement. While the standards and expectations continue to evolve over time, Keweenaw continues to follow the same sound forest management principles since we were first certified. The result is a company whose forests are healthy and growing more timber per acre. It is an accomplishment that you, as a shareholder, can be proud of.

Shareholder Relations & Administrative:

Keweenaw's common shares traded in a range from \$84.00 to \$110.00 per share during the third quarter with an ending price of \$110.00. A total of 22,833 KLA shares were traded, less than 2% of outstanding shares. This compares to 34,467 shares, or approximately 3% of outstanding shares traded during the same period last year. Keweenaw's shares trade in the OTC Pink using the symbol KEWL.

To contact Keweenaw, call (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, along with archived reports from previous years, are posted on the company's web page.

Sincerely,



David Ayer, Chairman

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

INCOME	3rd Quarter			Year to Date		
	2014	2013	% Chg	2014	2013	% Chg
Timber Operations						
Timber Sales	\$3,125,665	\$2,697,123		\$6,874,694	\$6,006,000	
Cost of Sales	1,915,983	1,699,014		4,604,029	4,094,335	
Gross Margin on Timber Sales	1,209,682	998,109	21%	2,270,665	1,911,665	19%
Timber Operations Expense						
Forestry Expenses	211,903	161,889		589,373	476,585	
Management and General Administration	320,479	290,325		958,671	832,524	
Total Operations Expenses	532,382	452,214		1,548,044	1,309,109	
Timber Operations Income	677,300	545,895	24%	722,621	602,556	20%
Real Estate Development						
Developed Lot Sales	56,000	0		56,000	0	
Development Costs	50,437	0		50,437	0	
Gross Margin on Developed Lot Sales	5,563	0		5,563	0	
Total Operations Income	682,863	545,895	25%	728,184	602,556	21%
Other Income						
Mineral Royalties	17,560	1,283		20,714	7,128	
Lease and Rental Income	66,270	55,006		124,884	132,399	
Investment Earnings	10,101	17,190		77,972	93,631	
Profit (Loss) on Security Sales	0	360,721		0	360,721	
Land Sales	22,146	0		221,974	58,831	
Other	7,321	11,001		15,559	24,478	
Total Other Income	123,399	445,201	-72%	461,104	677,188	-32%
Other Expenses						
Land Management Expenses	99,703	122,223		283,929	366,666	
Board of Directors Expenses	33,543	37,294		237,114	257,739	
Total Other Expenses	133,246	159,517	-16%	521,043	624,405	-17%
Income Before State & Federal Income Taxes	673,016	831,579	-19%	668,245	655,339	2%
Provision for State and Federal Income Taxes	245,614	210,122		251,054	241,650	
Net Income (Loss)	427,402	621,457	-31%	417,191	413,689	1%
Other Comprehensive Income, Net of Tax						
Unrealized Gains (Losses) on Securities						
Unrealized Holding Gains Arising During the Period	(44,825)	87,358		22,683	53,110	
Less: Reclassification Adjust For Gains Included in Net Income	0	(238,076)		0	(238,076)	
Other Comprehensive Income	(44,825)	(150,718)		22,683	(184,966)	
Comprehensive Income	\$382,577	\$470,739	-19%	\$439,874	\$228,723	92%
Per Share Net Income	\$0.33	\$0.48		\$0.32	\$0.32	
Per Share Comprehensive Income	\$0.30	\$0.36		\$0.34	\$0.18	
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)
 September 30, 2014

ASSETS	Sep 30, 2014	Sep 30, 2013	% Chg
Current Assets			
Cash & Cash Equivalents	\$1,999,246	\$1,837,430	9%
Accounts Receivable	316,677	304,398	
Investments in Government Obligations	0	0	
Other Current Assets	270,978	303,176	
Total Current Assets	2,586,901	2,445,004	6%
Investments in Marketable Securities	2,825,612	3,776,019	-25%
Other Non-Current Assets	305,655	309,521	
Equipment	579,922	568,898	2%
Properties	17,464,256	11,705,848	49%
TOTAL ASSETS	\$23,762,346	\$18,805,290	26%

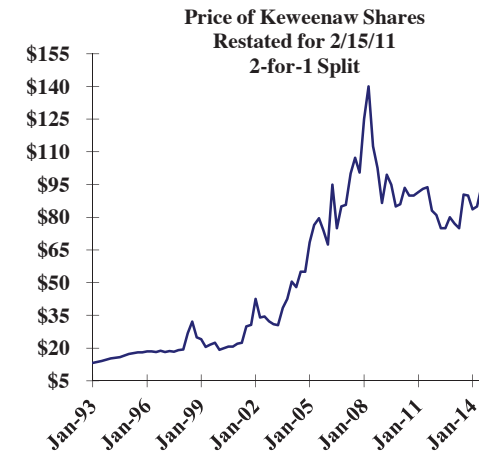
LIABILITIES & CAPITAL

Current Liabilities			
Accounts & Deposits Payable	\$171,032	\$153,951	
Commercial Lines of Credit & Other Debt	240,000	100,191	
Other Accrued Liabilities	407,557	528,156	
Total Current Liabilities	818,589	782,298	5%
Non-Current Liabilities			
Long Term Debt	4,560,000	591,148	
Deferred Federal Income Tax Liability	820,710	782,177	
Total Non-Current Liabilities	5,380,710	1,373,325	
Total Liabilities	6,199,299	2,155,623	188%
Capital			
Common Stock Issued ⁽¹⁾	84,717	84,625	
Accum. Other Comprehensive Income	1,235,648	1,150,614	
Retained Earnings	16,242,682	15,414,428	
Total Capital	17,563,047	16,649,667	5%
TOTAL LIABILITES & CAPITAL	\$23,762,346	\$18,805,290	26%
Capital Per Common Share	\$13.56	\$12.87	

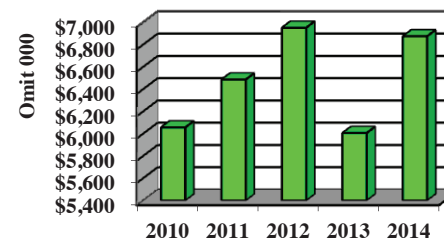
⁽¹⁾1,295,533 no par value common shares are issued and outstanding on Sep. 30, 2014. 1,294,118 shares were outstanding on Sep. 30, 2013. 10,000,000 shares are authorized.

CONSOLIDATED FINANCIAL HIGHLIGHTS

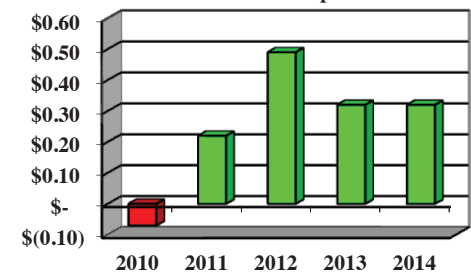
For the Quarter	2014		2013	
	3rd Qtr	YTD	3rd Qtr	YTD
Receipts	\$3,283	\$7,370	\$3,142	\$6,683
Net Income (Loss)	427	417	621	414
Comprehensive Income	383	440	471	229
Capital Employed	22,363	22,363	17,341	17,341
*Dollar amounts in thousands				
Per Common Share				
Net Income	\$0.33	\$0.32	\$0.48	\$0.32
Comprehensive Income	0.30	0.34	0.36	0.18
Statistics				
Return on Capital Emp	7.6%	2.5%	14.3%	3.2%
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

Third Quarter 2014 Highlights:

High: \$110.00, Low: \$84.00, Last: \$110.00

Source: OTC Markets Group, Inc.

Dividend Information:

The Board of Directors eliminated shareholder dividends beginning in 2010.

Keweenaw Contact Information:

Keweenaw Land Association, Limited

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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.