

KEWEENAW

LAND ASSOCIATION, LIMITED



Fourth Quarter Report

For the Period Ending December 31, 2012
Issue Date January 22, 2013

Highlights

Fourth Quarter Net Income of \$0.32 Per Share
Net Income for 2012 Exceeds \$1 Million

Keweenaw Land Association, Limited announces a Fourth Quarter 2012 net income of \$0.32 per share compared to \$0.18 for the same period in 2011. Net income (loss) per share arose from the following sources:

	Earnings Per Share	
	4th Qtr 12	4th Qtr 11
Timber Operations Income	\$ 0.38	\$ 0.49
Capital Gains-Sale of Land	0.19	0.10
Capital Gains-Investments	-	-
Other Income	0.09	0.05
Other Expenses	(0.13)	(0.12)
Deferred Tax Asset Reversal		(0.14)
Income Taxes	(0.21)	(0.20)
	<u>\$ 0.32</u>	<u>\$ 0.18</u>

Fourth Quarter Results:

In the final three months of 2012, Keweenaw Land produced 22,498 cord equivalents (cd-eq) compared to 27,901 cd-eq in 2011, a 19% decrease. During the quarter, production on Company timberlands was 88% of total volume and 12% from purchased timber contracts, compared to 94% on Company lands and 6% purchased timber in 2011. A total of 2,179 thousand board feet (mbf) of sawtimber and 17,705 cords of pulpwood were harvested, or a product mix of 21% sawlogs and 79% pulpwood, compared to the same period in 2011 when the product mix contained 27% sawlogs and 73% pulpwood.

During the quarter, Keweenaw harvest included the following volume:

4th Qtr Production Statistics	2012	Mix %	2011	Mix %
Total Harvest Volume (cd-eq)	22,498		27,901	
Sawtimber (mbf)	2,179	21.3	3,473	27.4
Pulpwood (cords)	17,705	78.7	20,260	72.6

The Company sold logs in the fourth quarter totaling \$2,716,919, compared to \$3,250,697 over the same period in 2011. We continue to see a favorable trend in pricing for both our major and minor species of sawtimber. The cost of goods sold (COGS) in the fourth

quarter was \$1,817,475 compared to \$2,157,136 last year. Decreased production volume led to lower cost of sales. Gross margin from timber operations was \$899,444 compared to \$1,093,561 last year.

Sales results and gross margin for the quarter are listed in the table below:

4th Qtr Gross Margin	2012	%	2011	%
Log Sales	\$2,716,919	100.0	\$3,250,697	100.0
Expenses (COGS)	1,817,475	66.9	2,157,136	66.4
Timber Opns Gross Margin	899,444	33.1	1,093,561	33.6

On a per-unit basis, production costs amounted to \$81 per cd-eq vs. \$77 per cd-eq in 2011, primarily driven by higher fuel costs. Per cd-eq, KLA achieved a gross margin of \$40 vs. \$39 last year.

4th Qtr Sales Statistics (per unit)	2012	2011
Average Price Realization	\$121	\$116
Cost of Goods Sold	81	77
Gross Margin	40	39

Keweenaw was able to sell its sawtimber and pulpwood at higher realizations on a per unit basis. Veneer realization was \$1,331 per mbf, compared to \$1,014, a 31% increase, primarily due to a better species mix in planned harvest units. Sawtimber realization was \$483 per mbf versus \$394 per mbf in the same period in 2012, nearly a 23% increase. Pulpwood realization for the quarter was \$94 per cd-eq compared to \$93 in 2011, approximately a 1% increase.

4th Qtr Sales Statistics	2012	2011
Veneer Realization (mbf)	\$1,331	\$1,014
Sawtimber Realization (mbf)	483	394
Pulpwood Realization (cords)	94	93

Timber operations income significantly improved in 2012, compared to 2011, and the recession-driven years of 2010 and 2009. Through the end of 2012, timber operations income was up \$263,000 year-to-date over 2011. It is notable that the Company was able to achieve these strong operating results while harvesting 6% less volume than in 2012.

Year-to-date timber operations results are listed in the table below:

Timber Operations Results (YTD)	2012	2011
Log Sales	\$9,668,988	\$9,736,841
Total Expenses	8,230,831	8,561,683
Timber Operations Income	1,438,157	1,175,158

Demand for veneer and sawlogs increased during the last six months of the year and shows no sign of declining. Keweenaw has been able to raise its prices for veneer and sawlogs, including some minor species. Demand for pulpwood was also strong during 2012, and the Company was able to sell all of its pulpwood at prices nearly 5% higher than last year. As we enter into the New Year, we anticipate a slight weakening of pulpwood pricing because of higher inventory volumes at the mills. Excellent weather conditions during the past three months led to increased production in excess of market need. Keweenaw continues to leverage its position to maximize favorable timber market conditions and to enhance shareholder value.

Land:

During the quarter, Keweenaw sold 42.72 acres of land along a former railroad grade in Gogebic County to the State of Michigan for recreational use. The gross sales price for the property was \$250,200 or \$5,857 per acre. This property was considered non-strategic to our timberland program.

Other Income:

Portfolio income decreased slightly during the quarter with the Company earning \$18,096 on its investments compared to \$18,893 during the same period last year. Final investment earnings for 2012 totaled \$103,865 compared to \$109,161 in 2011, a decrease of 5%. During the quarter, Keweenaw did not have any proceeds from the sale of securities. Gravel royalties in the fourth quarter were \$40,000 compared to \$26,431 last year. Overall for 2012, gravel sales were up \$11,227 over last year because of increased construction and road improvement projects in the area. Lease and rental income for the fourth quarter was \$52,362, more than double the \$24,027 received in the fourth quarter last year. For 2012 as a whole, lease and rental income totaled \$172,479 compared to \$153,595 in 2011, an increase of 12%.

SmartWood Certification:

SmartWood conducted an annual forest management audit on Company lands in the fall based on Forest Stewardship Council (FSC) guidelines. Keweenaw has been recertified for the 19th straight year and takes pride in its commitment to the environment. The Company's sustained-yield management approach in growing its timber assets not only results in value for our shareholders, but provides a long-term supply of forest products to the region which stimulates the local economy.

Minerals:

On December 3, 2012, Keweenaw Land Association entered into a mineral lease with Keweenaw Copper Co., a wholly-owned subsidiary of Highland Copper Company from Quebec, Canada. Further information about Highland and Keweenaw Copper can be found on Highland Copper Company's website, www.highlandcopper.com.

At the close of 2012, Orvana Resources US Corp. (Orvana), a wholly-owned subsidiary of Orvana Minerals Corp. (TSX symbol: ORV) of Toronto, Ontario, continues to apply for the necessary permits from the Michigan Department of Environmental Quality (MDEQ) for the Copperwood Project to advance. Additional information can be found on Orvana's website, www.orvana.com.

Shareholder Relations & Administrative:

Keweenaw's common stock traded in a range of \$72.00 to \$85.00 per share in the fourth quarter. The quarter and year ending price per share was \$75.07. Over the three-month period, 78,316 KLA shares were traded, approximately 6% of outstanding shares. This compares to 21,687 shares traded in the final quarter last year. As with any investment, past performance is not a guarantee of future results. Keweenaw's shares trade in the OTC Pinks 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)
December 31, 2012**

Income	4th Quarter			Year to Date		
	2012	2011	% Chg	2012	2011	% Chg
Timber Operations						
TIMBER SALES	\$2,716,919	\$3,250,697		\$9,668,988	\$9,736,841	
COST OF SALES	1,817,475	2,157,136		6,567,931	6,776,399	
GROSS MARGIN ON TIMBER SALES	899,444	1,093,561	-18%	3,101,057	2,960,442	5%
TIMBER OPERATIONS EXPENSES						
FORESTRY EXPENSES	150,166	184,482		644,622	720,406	
MANAGEMENT AND GENERAL ADMINISTRATION	252,893	277,487		1,018,278	1,064,878	
TOTAL OPERATIONS EXPENSES	403,059	461,969		1,662,900	1,785,284	
TIMBER OPERATIONS INCOME	496,385	631,592	-21%	1,438,157	1,175,158	22%
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	496,385	631,592	-21%	1,438,157	1,175,158	22%
Other Income						
MINERAL ROYALTIES	40,000	26,431		51,066	39,839	
LEASE AND RENTAL INCOME	52,362	24,027		172,479	153,595	
INVESTMENT EARNINGS	18,096	18,893		103,865	109,161	
PROFIT (LOSS) ON SECURITY SALES	0	0		0	213,498	
LAND SALES	246,983	126,577		497,019	126,577	
OTHER	3,170	994		15,778	10,266	
TOTAL OTHER INCOME	360,611	196,922	83%	840,207	652,936	29%
Other Expenses						
LAND MANAGEMENT EXPENSES	135,042	119,429		404,592	483,212	
BOARD OF DIRECTORS EXPENSES	39,139	38,881		213,577	253,154	
TOTAL OTHER EXPENSES	174,181	158,310	10%	618,169	736,366	-16%
INCOME BEFORE INCOME TAXES	682,815	670,204	2%	1,660,195	1,091,728	52%
Provision for State and Federal Income Taxes	271,722	435,687*		619,099	570,908*	
NET INCOME	411,093	234,517	75%	1,041,096	520,820	100%
Other Comprehensive Income, Net of Tax						
UNREALIZED GAINS (LOSSES) ON SECURITIES						
UNREALIZED HOLDING GAINS ARISING During the Period	100,462	122,262		240,517	(6,813)	
Less: Reclassification Adj. For Gains Included in Net Income	0	0		0	(140,909)	
OTHER COMPREHENSIVE INCOME	100,462	122,262		240,517	(147,722)	
COMPREHENSIVE INCOME	\$511,555	\$356,779	43%	\$1,281,613	\$373,098	244%
Per Share Net Income	\$0.32	\$0.18		\$0.81	\$0.40	
Per Share Comprehensive Income	\$0.40	\$0.28		\$0.99	\$0.29	
Dividends Per Share	\$0.00	\$0.00		\$0.00	\$0.00	

Based on Weighted Average Shares Outstanding

*Included a 4th Quarter net effect of a Michigan Deferred Income Tax change recorded on 12/31/11. **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)
December 31, 2012

ASSETS

	Note	Dec. 31, 2012	Dec. 31, 2011	% Chg
Current Assets				
CASH & CASH EQUIVALENTS		\$1,899,402	\$894,398	112%
ACCOUNTS RECEIVABLE		213,842	616,423	
INVESTMENTS IN GOVERNMENT OBLIGATIONS		0	0	
OTHER CURRENT ASSETS		247,947	39,744*	
TOTAL CURRENT ASSETS		2,361,191	1,550,565	52%
Investments in Marketable Securities		3,951,788	3,410,912	16%
Other Non-Current Assets		302,422	188,826*	
Equipment		491,807	556,543	-12%
Properties		11,572,872	11,535,787	0%
TOTAL ASSETS		\$18,680,080	\$17,242,633	8%

LIABILITIES & CAPITAL

Current Liabilities				
ACCOUNTS & DEPOSITS PAYABLE		\$107,964	\$117,907	
COMMERCIAL LINES OF CREDIT & OTHER DEBT		100,191	100,191	
OTHER ACCRUED LIABILITIES		617,707	502,274	
TOTAL CURRENT LIABILITIES		825,862	720,372	15%
Non-Current Liabilities				
LONG TERM DEBT		666,291	766,483	
DEFERRED FEDERAL INCOME TAX LIABILITY		861,798	784,109	
NON-CURRENT LIABILITIES		1,528,089	1,550,592	
Total Liabilities		2,353,951	2,270,964	4%
Capital				
COMMON STOCK ISSUED	(1)	84,543	84,478	
ACCUMULATED OTHER COMPREHENSIVE INCOME		1,335,579	1,095,062	
RETAINED EARNINGS		14,906,007	13,792,129	
Total Capital		16,326,129	14,971,669	9%
TOTAL LIABILITIES & CAPITAL		\$18,680,080	\$17,242,633	8%
Capital Per Common Share		\$12.63	\$11.59	

Notes:

(1) 1,292,858 no par value common shares are issued and outstanding on Dec. 31, 2012. 1,291,865 shares were outstanding on Dec. 31, 2011. 10,000,000 shares are authorized.

*Includes an asset reclass from 12/31/11, no net effect on Total Assets.

CONSOLIDATED FINANCIAL HIGHLIGHTS

For the Quarter	2012		2011	
	4th Qtr	YTD	4th Qtr	YTD
Receipts	\$3,078	\$10,509	\$3,448	\$10,390
Net Income (Loss)	411	1,041	235	521
Comprehensive Income	512	1,282	357	373
Capital Employed	17,093	17,093	15,838	15,838

*Dollar amounts in thousands

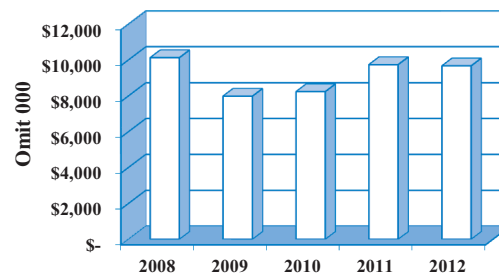
Per Common Share

Net Income	\$0.32	\$0.81	\$0.18	\$0.40
Comprehensive Income	0.40	0.99	0.28	0.29
Dividends Paid	0.00	0.00	0.00	0.00

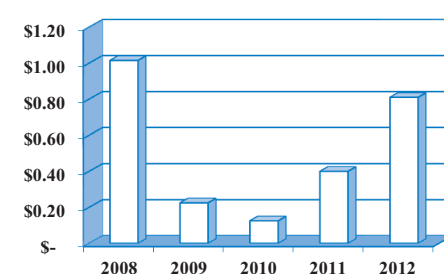
Statistics

Return on Capital Emp.	9.6%	6.1%	5.9%	3.3%
Dividend Payout Ratio	0.0%	0.0%	0.0%	0.0%
Avg Shares Outstanding	1,292,729	1,292,681	1,291,682	1,291,488
Curr Shares Outstanding	1,292,858	1,292,858	1,291,865	1,291,865

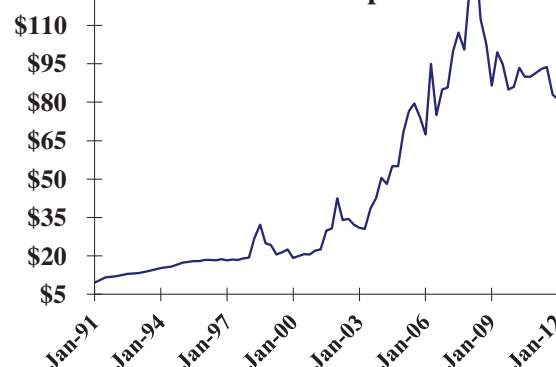
Keweenaw Log Sales
Year to Date Comparison



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



Price of Keweenaw Shares
Restated for 2/15/11
2-for-1 Split



SHAREHOLDER INFORMATION

Fourth Quarter 2012 Highlights:

High: \$85.00, Low: \$72.00, Last: \$75.07

Source: Real Tick-Townsend Analytics, Ltd.

Dividend Information:

The Board of Directors eliminated shareholder dividends beginning in 2010.

Keweenaw Contact Information:

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Transfer Agent:

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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.