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**KEWEENAW**  
LAND ASSOCIATION, LIMITED

& IRONWOOD MINES CORPORATION  
*a subsidiary of Keweenaw Land Association, Limited*

## **Keweenaw Land Association, Limited Response to Proxy Solicitation by Ronald S. Gutstein**

On April 4, 2011, Mr. Ronald S. Gutstein issued a proxy solicitation to the shareholders of Keweenaw Land Association asking shareholders at the May 16 annual meeting to vote:

1. For himself and David Ayer as Directors
2. To approve the appointment of Anderson, Tackman & Company as the Company's auditors
3. Against the Board proposal to increase the number of shares outstanding.

The Company is taking this opportunity to respond to Mr. Gutstein's proxy solicitation and offers the following responses:

1. Mr. Gutstein did not have David Ayer's authorization to include David as a candidate on his proxy. We are not sure what is going on here. On the one hand Mr. Gutstein states that "management has failed to take advantage of opportunities available to it" and "lacks a strategy" and is "entrenched" and that the Board "lacks independence", and that David has served as President "for years" and that his distant family relationship with another director somehow creates a conflict of interest and that "I was able to confirm some of my suspicions at the annual meeting".

So why is he asking you to vote for David Ayer, given this long list of presumed issues? Why did he not seek David's permission to include him as a candidate on Mr. Gutstein's proxy solicitation? And finally, why would he want to reelect an "entrenched management" candidate to the Board when the candidate he seeks to replace, Donald Hoffman, is an independent director with long and distinguished experience in the Forest Products Industry, both domestically and internationally?

Mr. Gutstein clearly wants to be on the Board. His written statements and actions reflect a politician's instincts to say whatever you want to say and hope if he says it often enough, enough people will believe it and elect you. But this time he has gone too far! His unethical and dishonest conduct of including David Ayer as part of his proxy "slate" without authorization or permission—in an attempt to mislead the shareholders—shows that he lacks the integrity and credibility to be a Director of Keweenaw!

2. Mr. Gutstein would like you to vote against the Board's proposal to increase the number of common shares outstanding. Again, we are not sure why he is against this proposal. He cites "highest SG&A %", and the Company "failed to take advantage of opportunities available to it", all of which argues for the Company to increase in scale. A simple look at our balance sheet would tell the reader that a major change in scale would require an increase in capitalization, which is one of the possible uses of the additional authorized shares.

Once again, Mr. Gutstein is arguing like a politician instead of a credible director candidate. Does he want Keweenaw to grow by taking advantage of opportunities or to shrink by "buying significant stock in the open market" which would take cash we do not have and further reduce our ability to take advantages of growth opportunities.

Does Mr. Gutstein want us to grow or shrink? It is unclear to us and probably to most shareholders.

3. In his proxy statement, Mr. Gutstein's very first "strategy" to "explore unrealized value" is to register the Company's shares with the Securities and Exchange Commission—a proposal that he presented to the shareholders last year and which was rejected by 76% of the shares voted! Mr. Gutstein is presenting this year the very same arguments he did last year. The shareholders heard him then—and overwhelmingly said "NO". Apparently he feels he is either smarter than, or knows better than, our shareholder body. How can he claim that his interests will be aligned with the rest of the shareholders when he so cavalierly dismisses the resounding majority shareholder opinion?
4. Keweenaw's governance is portrayed as being in need of reform. We find this a bit amusing since in 2008-10, Access Securities solicited proxies for two candidates, Ron Gutstein and Scott Frisoli. Mr. Frisoli owns the firm that Mr. Gutstein works for and is presumably the source of the funds for the Keweenaw shares that Mr. Gutstein is apparently authorized to represent. How in the world could these two candidates present themselves as independent from each other for the past three years? We think maybe taking the log out of one's eye is a first requirement for finding a speck in someone else's eye.

Keweenaw is well governed and already meets many of the standards of the Sarbanes-Oxley Act of 2002, even though not required to do so by law. Keweenaw has Audit and Compensation Committees chaired by independent directors that meet regularly with outside experts. Periodically, Keweenaw has engaged independent counsel to review best governance practices and make recommendations to the Board for consideration and action. Finally, our annual report and quarterly reports far exceed the legal minimum standards for a company such as Keweenaw, and we have been told by a number of shareholders that our disclosures and transparency are a model for small companies.

Keweenaw does not "do business" with any company where any Keweenaw Director has a personal or financial interest in the results of that company's operations. There is nothing broken here that needs fixing!

5. Mr. Gutstein is apparently unfamiliar with timberland appraisal methods and the resulting opinions of value. Keweenaw has used an independent third party to conduct appraisals of our entire timber holdings since 1998, approximately once every three years. Timberland appraisals contain three methodologies:

- The standing value of all the timber, which takes all species, types and sizes and applies a current market value to the resulting volumes to come up with a snapshot value which assumes 100% could be marketed and sold at the time of the appraisal. This value is especially useful in tracking the improvement in the forest over time since Keweenaw is harvesting less than it is growing, and the percentage of high valued timber is improving over time, none of which is reflected in the current earnings of the Company.
- The NPV value of the timber holdings. Using a sustainable timber harvesting plan, this measures the income production over a number of timber harvesting rotations, discounted by the cost of capital, to come up with the operating value of the land.
- The comparables method, looks at actual timberland transactions, adjusted for location, forest cover and land quality, then gauges what buyers and sellers might pay for a large timberland tract. In the past six years, more than 1,600,000 acres have changed hands in the Lake States in transactions which averaged 114,000 acres in size and \$653 per acre in price. RISI, an independent, third party economic firm that specializes in the Forest Products Industry also publishes a quarterly market letter on timberland transactions world wide including acres and prices paid.

The job of the appraiser is to state an opinion of value which draws from these sources of data.

We are not sure what to make of the math included in Mr. Gutsteins proxy. We have not "cut the value" of anything. Highest and Best Use (HBU) land such as developed lots or undeveloped lake and riverfront land, is worth more than swamp, low site, or winter logging only, hardwood land. Timber is selling for less today than two years ago but more in 2008 than in 1998. Improving the land base, by increasing the amount of sawtimber and total inventory, is best measured by the standing timber valuation methodology and will eventually result in improved NPV values (hence value creation), but it may not be quickly reflected in comparable timberland sales if no one is selling this type of timber at the present time.

Finally, to our knowledge no other public company besides Keweenaw publishes third party appraisal data on their entire land holdings. So we believe that the statement "releasing less now than before" is quite interesting. We are getting criticized for releasing less data than before, when we release more than anyone else.

6. Keweenaw's auditors (who are supported by Mr. Gutstein) review and sign off on the methodology we use to value minerals. Accounting standards have changed since 2003 and we believe that our current methodology reflects the best estimate as to the present value of our mineral holdings. Our two active mineral leases show promise for increased royalty income in the next few years. But knowing there are minerals in the ground and having a permitted mine in operation and producing a royalty stream are two quite different things. There are still a considerable amount of copper reserves in the White Pine Mine and iron ore reserves in the Groveland mine. Clearly, these minerals would have a lot more value if mines were operating than they have today.
7. Keweenaw's land produces less fiber per acre than those in other regions of the Country. So instead of comparing Keweenaw to the Pacific Northwest or the South, a fair comparison is how we are doing compared to other companies in the Lake States. We believe our value creation compares very favorably to both TIMO's and REIT's on their Lake States holdings.
8. Finally, why does Mr. Gutstein keep suggesting strategies to "unlock" value and none to "create" value? The job of the Keweenaw Board is to insure strategies are in place to create long-term shareholder value, and let the market value those accomplishments. If an investor thinks there is

hidden value in the Company, the investor should buy more shares. If the investor believes the Company is overvalued, the investor should sell its shares. Financial engineering, which is what Mr. Gutstein seems to favor, only takes you so far, and for only one time. In contrast, Keweenaw is dedicated to creating and maintaining sustainable shareholder value over the long-term.

By his own admission, Ron Gutstein is again trying to block a quorum by asking you to vote on his card. He is trying to deprive you from having an annual meeting. Let your vote count! Please vote on our **Green** proxy card or voting instruction form. If you have any questions or need assistance voting your shares, please contact our proxy solicitor, Georgeson, at 800-314-4549.

Keweenaw Land Association, Limited

April 15, 2011