

KEWEENAW

LAND ASSOCIATION, LIMITED



Second Quarter Report For the Period Ending June 30, 2015 Issue Date July 20, 2015

Highlights

Net Income of \$0.09 Per Share

Income Statement Restated in EBITDA Format

Glodowski Elected and Weyerhaeuser Re-elected to the KLA Board of Directors

Keweenaw Land Association, Limited announces Second Quarter 2015 Net Income of \$0.09 per share compared to a net loss of \$0.11 for the same period in 2014. Net Income (loss) per share, which is shown in the adjacent table is in the EBITDA format (Earnings Before Interest, Taxes, Depreciation, and Amortization).

| | Earnings p/Share (EBITDA) | |
|----------------------------|---------------------------|------------------|
| | 2nd Qtr 15 | 2nd Qtr 14 |
| Timber Operations Income | \$ 0.18 | \$ (0.06) |
| Capital Gains-Sale of Land | 0.09 | - |
| Capital Gains-Investments | | - |
| Other Income | 0.10 | 0.08 |
| Other Expenses | (0.14) | (0.12) |
| Interest & Depreciation | (0.08) | (0.08) |
| Income Taxes | (0.06) | 0.07 |
| | <u>\$ 0.09</u> | <u>\$ (0.11)</u> |

Second Quarter Results:

Favorable logging conditions allowed the company to move into its summer logging

schedule much earlier than in the last two seasons. In both 2013 and 2014, heavy spring snowfall and the late lifting of seasonal road restrictions severely hampered the startup of harvest operations until early to mid-June. In comparison, 2015 production levels were up 37% over 2014 and up 107% over 2013.

In the second quarter, a total of 10,736 cd-eq were harvested. The product mix contained 38% sawtimber and 62% pulpwood,

| 2 nd Qtr Production Statistics | 2015 | Mix% | 2014 | Mix% |
|---|--------|-------|-------|-------|
| Total Harvest Volume (cd-eq) | 10,736 | 100.0 | 7,817 | 100.0 |
| Sawtimber (mbf) | 1,861 | 38.1 | 1,026 | 27.5 |
| Pulpwood (cords) | 6,641 | 61.9 | 5,559 | 72.5 |

compared to 28% sawtimber and 72% pulpwood in the same period of 2014.

The company sold logs totaling \$1,547,069 compared to \$1,035,223 in 2014, a 49% increase. Keweenaw realized a 42% gross margin compared to 35% in 2014. Better sawtimber pricing and stable operating costs helped increase the bottom line.

| 2 nd Qtr Gross Margin EBITDA | 2015 | % | 2014 | % |
|---|-------------|-------|-------------|-------|
| Log Sales | \$1,547,069 | 100.0 | \$1,035,223 | 100.0 |
| Expenses (COGS) | 896,914 | 58.0 | 672,380 | 65.0 |
| Timber Opns Gross Margin | 650,155 | 42.0 | 362,843 | 35.0 |

Sawtimber realization for the quarter was \$413 per mbf compared to \$431 in 2014, primarily driven by a higher concentration of sawbolts. Pulpwood pricing was \$118 per cd-eq versus \$98 in the second quarter last year. On a year-to-date comparison, the overall sawtimber realization was \$419 per mbf compared to \$403 per mbf in 2014.

Gross Margin on a per cd-eq basis (EBITDA) was \$61 per cd-eq for the quarter, up \$17 per unit, compared to \$44 per cd-eq in the same period last year. Cost of Goods Sold remained at \$83 per unit. Excellent product mix and pricing allowed the company to finish the quarter and the first half of 2015 with better margins than in the same period last year.

| 2 nd Qtr Sales (p/cd-eq) EBITDA | 2015 | 2014 |
|--|-------|-------|
| Average Price Realization | \$144 | \$127 |
| Cost of Goods Sold | 83 | 83 |
| Gross Margin | 61 | 44 |

As the company moves into the second half of 2015, there are strong indicators pointing to lower pricing for sawtimber and pulpwood due to softening demand for sawlogs and sawbolt material. Because of Keweenaw's long-term marketing strategy, the company has been able to mitigate some price reductions.

Land/Lot Sales:

In the second quarter, one residential lot from the West Merriman (Dickinson County) project and one residential lot from the Isaacson Lake (Iron County) project were sold resulting in net value-added income of \$3,939 after prorated expenses and pre-development land income of \$23,795. One lot remains to be sold in the West Merriman development. No lots were sold in the same period of 2014.

In April, a total of 80 acres of non-strategic land in Bayfield County, Wisconsin was sold for \$103,000, resulting in a capital gain of \$87,544.

Minerals:

On May 11, 2015, Highland Copper Company Inc. (TSXV: HI) issued a press release announcing the resource estimate for the Copperwood Project. The mineral resource estimate prepared by G Mining Services, Inc. ("G Mining"), an independent Canadian mining consulting firm, has been estimated at 29.1 million tonnes grading an average of 1.65% copper and 4.51 g/t silver containing 1.06 billion pounds of copper and 4.2 million ounces of silver in the measured and indicated resource category, using a cutoff grade of 1.0%.

Additionally, on June 29, 2015, Highland Copper filed a technical report supporting the results of the mineral resource estimate. The independent technical entitled "NI 43-101 Technical Report on the Copperwood Copper Project, Michigan USA" has an effective date of April 15, 2015. The report is available on both SEDAR www.sedar.com and on Highland's website, www.highlandcopper.com, along with other specific information relating to the Copperwood Project.

EBITDA Reporting:

Beginning this quarter, Keweenaw has reformatted the Income Statement to reflect the EBITDA format. In accounting and finance terms, EBITDA stands for "Earnings before Interest, Taxes, Depreciation, and Amortization." Basically, it is the operating income of the company with these expenses backed out.

EBITDA is a measure of profitability. Currently, there is no legal requirement under Generally Accepted Accounting Principles (GAAP) for publicly-held companies to disclose EBITDA in their financial reporting. However, many companies and shareholders find the format useful to analyze and compare profitability, especially between companies and industries. EBITDA can be used to quickly calculate long-term profitability and whether or not a company can pay the interest on business ventures it has undertaken.

Because of the change in reporting, Timber Operations Income, year-to-date and prior year, has been restated in the newsletter to reflect the EBITDA format. Net Income, both year-to-date and prior year, is not affected by the change. In addition to the EBITDA format, we are including a year-to-date Cash Flow Statement reflecting changes in available cash from operations in the quarterly newsletter. We will provide this information in all future quarterly letters and annual reports.

TIMBER OPERATIONS INCOME RESTATED (EBITDA)

| Prior Reporting Format | | | | |
|--|--------------------------------|------------------|--------------------------------|------------------|
| | 2nd Qtr 2015 | YTD 2015 | 2nd Qtr 2014 | YTD 2014 |
| Timber Operations: | | | | |
| Timber Sales | \$1,547,069 | \$4,587,303 | \$1,035,223 | \$3,749,029 |
| Cost of Sales | (934,298) | (2,968,076) | (701,369) | (2,688,046) |
| Gross Margin on Timber Sales | 612,771 | 1,619,227 | 333,854 | 1,060,983 |
| Forestry, Management & General Admin | (484,221) | (1,036,387) | (504,468) | (1,015,662) |
| Timber Operations Income | 128,550 | 582,840 | (170,614) | 45,321 |
| New EBITDA Reporting Format | | | | |
| | 2nd Qtr 2015 | YTD 2015 | 2nd Qtr 2014 | YTD 2014 |
| Timber Operations: | | | | |
| Timber Sales | \$1,547,069 | \$4,587,303 | \$1,035,223 | \$3,749,029 |
| Cost of Sales | (896,914) | (2,869,521) | (672,380) | (2,592,957) |
| Gross Margin on Timber Sales | 650,155 | 1,717,782 | 362,843 | 1,156,073 |
| Forestry, Management & General Admin | (417,362) | (902,159) | (432,696) | (873,296) |
| Timber Operations Income (EBITDA) | 232,793 | 815,623 | (69,853) | 282,777 |
| Reclassified Items: | | | | |
| Timber Depletion in Cost of Sales | 32,086 | 87,901 | 23,495 | 84,082 |
| Road Depreciation in Cost of Sales | 5,298 | 10,654 | 5,494 | 11,008 |
| Interest Expense in Operations | 46,236 | 92,432 | 49,067 | 97,067 |
| Fixed Assets Depreciation in Operations | 20,623 | 41,796 | 22,705 | 45,299 |

KEWEENAW LAND ASSOCIATION, LIMITED

Consolidated Statement of Cash Flows Ending June 30, 2015

| | Dec 31, 2014 | 2015 YTD |
|---|--------------------|--------------------|
| Net Income | \$855,860 | \$264,270 |
| Adjustments to Reconcile Net Income to Net Cash | | |
| Provided by Operating Activities: | | |
| Depletion and Depreciation | 322,351 | 140,682 |
| Changes in Operating Assets and Liabilities: | | |
| Decrease (Increase) in Accounts Receivable | (43,470) | 46,091 |
| Decrease (Increase) in Prepaid Expenses | 37,068 | 35,846 |
| Decrease (Increase) in Inventory | (2,594) | 3,511 |
| Increase (Decrease) in Deposits/Accts Pybl | (91,473) | 102,631 |
| Increase (Decrease) in Deferred/Income Taxes | 23,924 | (15,231) |
| Increase (Decrease) in Accrued Liabilities | 45,782 | (163,478) |
| (Gain) Loss on Sale of Securities | 0 | 0 |
| (Gain) Loss on Sale/Retirement of Equipment | 0 | 0 |
| (Gain) Loss on Sale of Land | (273,082) | (115,278) |
| Net Cash Flows Provided by Operating Activities | 874,366 | 299,044 |
| Net Purchases of Property and Equipment | (215,428) | (226,150) |
| Purchases of Securities | 0 | (101,715) |
| Proceeds from Sale of Securities | 0 | 0 |
| Road Construction | (13,161) | (7,355) |
| Purchases of Land | (447,620) | 0 |
| Proceeds from Land Sales | 256,186 | 93,947 |
| Lot Development | 50,665 | 57,668 |
| Net Cash Flows Provided by (Used for) Investing Activities | (369,358) | (183,605) |
| Issuance (Purchase) of Stock | 118,648 | 143,190 |
| Commercial Installment Loan Borrowing | 0 | 0 |
| Commercial Installment Loan Payments | (240,000) | 0 |
| Net Cash Flows Provided by (Used for) Financing Activities | (121,352) | 143,190 |
| NET CASH FLOW | 383,656 | 258,629 |
| Beginning Cash and Cash Equivalents | 1,666,840 | 2,050,496 |
| ENDING CASH AND CASH EQUIVALENTS | \$2,050,496 | \$2,309,125 |

Shareholder Relations & Administrative:

At the Annual Meeting of Keweenaw Shareholders held Monday, May 4, 2015, in Ironwood, MI, Brian D. Glodowski was elected and Frederick J. Weyerhaeuser was re-elected to the Board of Directors for three-year terms. Keweenaw shareholders also approved Anderson, Tackman & Company as the company's auditors for 2015. No other proposals were brought to the shareholders for consideration this year. Over 87% of outstanding shares were represented in this year's voting.

Keweenaw's common shares traded in a range from \$94.75 to \$119.00 per share during the second quarter with an ending price of \$96.00. A total of 56,214 shares were traded representing approximately 4% of outstanding shares. This compares to 40,578 KLA shares traded during the same period in 2014, around 3% of outstanding shares. 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
EBITDA Consolidated Statement of Income and Expense (Unaudited)
June 30, 2015

| INCOME | 2nd Quarter | | | Year-to-Date | | |
|---|-----------------|-------------------|-------------|------------------|------------------|-------------|
| | 2015 | 2014 | % Chg | 2015 | 2014 | % Chg |
| Timber Operations: | | | | | | |
| Timber Sales | \$1,547,069 | \$1,035,223 | | \$4,587,303 | \$3,749,029 | |
| Cost of Sales | 896,914 | 672,380 | | 2,869,521 | 2,592,957 | |
| Gross Margin on Timber Sales | 650,155 | 362,843 | 79% | 1,717,782 | 1,156,073 | 49% |
| Forestry, Management & General Administration | 417,362 | 432,696 | | 902,159 | 873,296 | |
| Timber Operations Income(EBITDA) | 232,793 | (69,853) | ** | 815,623 | 282,777 | 188% |
| Real Estate Development | | | | | | |
| Developed Lot Sales | 64,500 | 0 | | 64,500 | 0 | |
| Development Costs | 60,561 | 0 | | 60,561 | 0 | |
| Gross Margin on Developed Lot Sales | 3,939 | 0 | | 3,939 | 0 | |
| Total Operations Income | 236,732 | (69,853) | ** | 819,562 | 282,777 | 190% |
| Other Income | | | | | | |
| Mineral Royalties | 4,438 | 3,000 | | 4,438 | 3,154 | |
| Lease and Rental Income | 36,380 | 29,700 | | 41,058 | 58,614 | |
| Investment Earnings | 60,440 | 62,666 | | 66,191 | 67,871 | |
| Profit (Loss) on Security Sales | 0 | 0 | | 0 | 0 | |
| Land Sales | 111,339 | 1,373 | | 111,339 | 199,828 | |
| Other | 30,285 | 2,198 | | 47,709 | 8,238 | |
| Total Other Income | 242,882 | 98,937 | 145% | 270,734 | 337,705 | -20% |
| Other Land & Board Expense | 171,169 | 156,332 | 9% | 423,348 | 386,736 | 9% |
| EBITDA | 308,444 | (127,248) | ** | 666,948 | 233,745 | 185% |
| Interest Expense | 46,236 | 49,067 | | 92,432 | 97,067 | |
| Depletion, Depreciation, and Amortization | 59,138 | 52,273 | | 142,615 | 141,449 | |
| Earnings Before Income Taxes | 203,070 | (228,588) | ** | 431,901 | (4,771) | ** |
| Provision for Federal & State Income Taxes | 81,633 | (86,415) | | 167,631 | 5,440 | |
| Net Income (Loss) | 121,437 | (142,174) | ** | 264,270 | (10,211) | ** |
| Other Comprehensive Income, Net of Tax | | | | | | |
| Unrealized Gains (Losses) on Securities | | | | | | |
| During the Period | (63,042) | 73,578 | | (65,115) | 67,508 | |
| Less: Reclassification Adj For Gains | | | | | | |
| Included in Net Income | 0 | 0 | | 0 | 0 | |
| Other Comprehensive Income | (63,042) | 73,578 | | (65,115) | 67,508 | |
| Comprehensive Income | \$58,395 | (\$68,586) | ** | \$199,155 | \$57,297 | 248% |
| Per Share Net Income | \$0.09 | (\$0.11) | | \$0.20 | (\$0.01) | |
| Per Share Comprehensive Income | \$0.05 | (\$0.05) | | \$0.15 | \$0.04 | |

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, 2015

| ASSETS | Jun 30, 2015 | Jun 30, 2014 | % Chg |
|---------------------------------------|---------------------|---------------------|------------|
| Current Assets | | | |
| Cash & Cash Equivalents | \$2,309,125 | \$1,734,197 | 33% |
| Accounts Receivable | 446,136 | 270,494 | |
| Investments in Government Obligations | 0 | 0 | |
| Other Current Assets | 312,266 | 444,318 | |
| Total Current Assets | 3,067,527 | 2,449,009 | 25% |
| Investments in Marketable Securities | 2,874,394 | 2,893,530 | -1% |
| Other Non-Current Assets | 302,755 | 306,621 | |
| Equipment | 863,954 | 600,189 | 44% |
| Properties | 17,267,407 | 17,099,698 | 1% |
| TOTAL ASSETS | \$24,376,037 | \$23,349,047 | 4% |

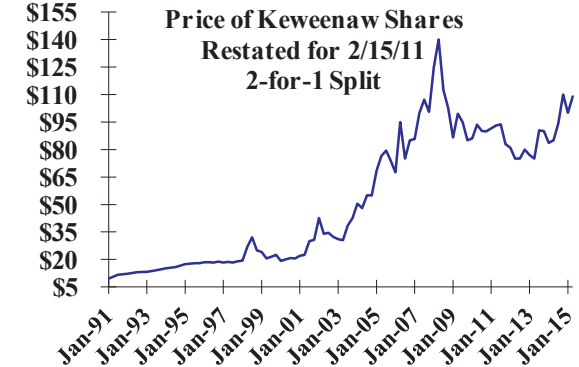
LIABILITIES & CAPITAL

| | | | |
|---|---------------------|---------------------|------------|
| Current Liabilities | | | |
| Accounts & Deposits Payable | \$193,211 | \$167,450 | |
| Commercial Lines of Credit & Other Debt | 240,000 | 240,000 | |
| Other Accrued Liabilities | 410,619 | 349,564 | |
| Total Current Liabilities | 843,830 | 757,014 | 10% |
| Non-Current Liabilities | | | |
| Long Term Debt | 4,320,000 | 4,560,000 | |
| Deferred Federal Income Tax Liability | 820,142 | 851,563 | |
| Total Non-Current Liabilities | 5,140,142 | 5,411,563 | |
| Total Liabilities | 5,983,972 | 6,168,577 | -3% |
| Capital | | | |
| Common Stock Issued ⁽¹⁾ | 84,827 | 84,717 | |
| Accum. Other Comprehensive Income | 1,200,712 | 1,280,473 | |
| Retained Earnings | 17,106,526 | 15,815,280 | |
| Total Capital | 18,392,065 | 17,180,470 | 7% |
| TOTAL LIABILITES & CAPITAL | \$24,376,037 | \$23,349,047 | 4% |
| Capital Per Common Share | \$13.26 | \$13.26 | |

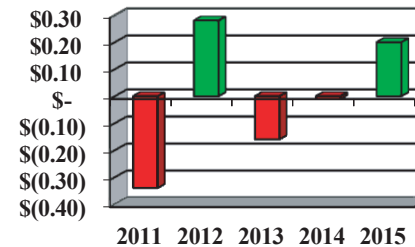
⁽¹⁾1,297,206 no par value common shares are issued and outstanding on Jun. 30, 2015. 1,295,533 shares were outstanding on Jun. 30, 2014. 10,000,000 shares are authorized.

CONSOLIDATED FINANCIAL HIGHLIGHTS

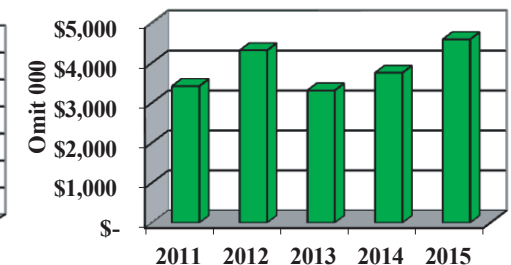
| For the Quarter | 2015 | | 2014 | |
|------------------------------|-----------|-----------|-----------|-----------|
| | 2nd Qtr | YTD | 2nd Qtr | YTD |
| Receipts | \$1,831 | \$4,899 | \$1,134 | \$4,087 |
| Net Income (Loss) | 121 | 264 | (142) | (10) |
| Comprehensive Income | 58 | 199 | (69) | 57 |
| Capital Employed | 22,952 | 22,952 | 21,980 | 21,980 |
| *Dollar amounts in thousands | | | | |
| Per Common Share | | | | |
| Net Income (Loss) | \$0.09 | \$0.20 | (\$0.11) | (\$0.01) |
| Comprehensive Income | 0.05 | 0.15 | (0.05) | 0.04 |
| Statistics | | | | |
| Return on Capital Emp | 2.1% | 2.3% | -2.6% | -0.1% |
| Avg Shares Outstanding | 1,297,206 | 1,297,206 | 1,295,533 | 1,295,533 |
| Curr Shares Outstanding | 1,297,206 | 1,297,206 | 1,295,533 | 1,295,533 |



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



Keweenaw Log Sales
 Year-to-Date Comparison



SHAREHOLDER INFORMATION

Second Quarter 2015 Highlights:

High: \$119.00, Low: \$94.75, Last: \$96.00

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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Ironwood MI 49938

Phone: (906) 932-3410 or

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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.

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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.

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