

KEWEENAW LAND ASSOCIATION, LIMITED



Third Quarter Report For the Period Ending September 30, 2013 Issue Date October 17, 2013

Highlights

Net Income of \$0.48 Per Share
Sawtimber Realization Continues to Improve

Keweenaw Land Association, Limited announces a Third Quarter 2013 net income of \$0.48 per share compared to \$0.21 for the same period in 2012. Net income (loss) per share was derived from the following sources:

	Earnings Per Share	
	3rd Qtr 13	3rd Qtr 12
Timber Operations Income	\$ 0.42	\$ 0.38
Capital Gains-Sale of Land	-	-
Capital Gains-Investments	0.28	-
Other Income	0.06	0.05
Other Expenses	(0.12)	(0.09)
Income Taxes	(0.16)	(0.13)
	<u>\$ 0.48</u>	<u>\$ 0.21</u>

Third Quarter 2013 Results:

Keweenaw harvested 21,211 cd-eq on company lands and no volume on procured sales in the third quarter, compared to 20,449 cd-eq on company lands and 1,657 cd-eq from procured sales in 2012. During the quarter, the product mix was 26% sawtimber and 74% pulpwood, in contrast to the 23% sawtimber and 77% pulpwood harvested in the same period in 2012. Keweenaw continues to have a market for all of its high-value sawtimber and pulpwood.

While the quarter's total production resulted in less volume than in 2012, sales dollars were up slightly. Keweenaw was able to sell its sawtimber and pulpwood at higher realizations on a per unit basis. Sawtimber realization was \$514 per mbf versus \$471 per mbf in the same period in 2012, a 9% increase. Overall per unit realization for the quarter was \$128 per cd-eq compared to \$120 in 2012, nearly a 7% increase.

3rd Qtr Sales Statistics	2013	2012
Sawtimber Realization (mbf)	\$514	\$471
Pulpwood Realization (cords)	92	92
Average Price Realization (cords)	128	120

During the quarter, Keweenaw harvest included the following volume:

3rd Qtr Production Statistics	2013	Mix%	2012	Mix%
Total Harvest Volume (cd-eq)	21,211		22,106	
Sawtimber (mbf)	2,527	26.2	2,312	23.0
Pulpwood (cords)	15,652	73.8	17,020	77.0

The company sold logs in the third quarter totaling \$2,697,123, compared to \$2,644,039 over the same period in 2012. Since the end of the recession, the company has experienced a positive trend in pricing for its major species of wood products. Sales results for the quarter are listed in the table below:

3rd Qtr Gross Margin	2013	%	2012	%
Log Sales	\$2,697,123	100.0	\$2,644,039	100.0
Expenses (COGS)	1,699,014	63.0	1,760,895	66.6
Timber Opns Gross Margin	998,109	37.0	883,144	33.4

Timber operations income improved over the second quarter, even though it was hampered by a prolonged spring break-up and record levels of precipitation. Through the third quarter, timber operations income was down nearly \$340,000 year-to-date over 2012. Timber operations income is up nearly 12% in the third quarter over the same period last year. While 2013 continues to be the wettest season on record, Keweenaw was able to take advantage of market pricing to make the third quarter successful. Year-to-date timber operations results are listed in the table below:

Timber Operations Results (YTD)	2013	2012
Log Sales	\$6,006,000	\$6,952,069
Total Expenses	5,403,444	6,010,297
Timber Operations Income	602,556	941,772

Company gross margins continue to show improvement. A better concentration of sawtimber, coupled by higher pricing, increased the weighted average price realization compared to 2012. Cost of goods sold on a per unit basis, remained constant over the same period as last year as demonstrated in the table below:

3rd Qtr Sales Statistics (per unit)	2013	2012
Average Price Realization	\$128	\$120
Cost of Goods Sold	80	80
Gross Margin	48	40

Because of increased fuel cost, pulpwood mills in the region continue to pay a fuel bonus based on a price index. Diesel fuel prices have stayed close to the \$4.00 a gallon mark, compared to last summer when prices were exceeding \$4.25 a gallon. Fuel costs continue to impact the margins realized by Keweenaw.

As mentioned earlier, the Upper Peninsula/Northern Wisconsin, along with the rest of the Midwest, has been hit with unusually high levels of precipitation since April. This has made logging operations difficult across the region, but has also created a higher demand for our sawtimber. The overabundance of pulpwood that hit the markets last fall and early winter, has somewhat stabilized allowing prices to remain level. We expect pricing for sawtimber to increase slightly going into the final quarter of 2013 and for pulp prices to stay about the same.

Land:

In July, the company completed a Section 1031 Like-Kind exchange of properties, selling a total of 185 acres in Iron and Dickinson County, MI. In return, the company acquired 268 acres in western Iron County, MI. The parcel essentially contains 100% upland northern hardwoods and is well-aligned with our current timber strategies. The value of the exchange was \$221,100, with Keweenaw providing an additional \$18,837 in cash to complete the transaction.

Minerals:

Orvana Resources US Corp. (Orvana), a wholly-owned subsidiary of Orvana Minerals Corp. (TSX symbol: ORV) of Toronto, Ontario, provided a company update through a press release on September 23, 2013, stating that the Company has now obtained all major permits for the Copperwood Project. Orvana is in the process of completing an independent concentrate marketing study and continues to explore options for placing the mine into production.

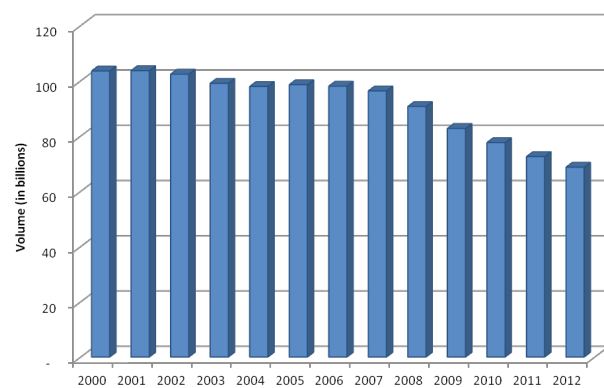
Additional press releases, along with comprehensive information concerning the the Copperwood Project, can be found on Orvana's website, www.orvana.com.

The Future of Pulpwood:

At a recent forestry conference, there was much discussion regarding the future of the wood products industry and in particular, the declining markets for pulp and paper products. With nearly 80% of wood harvested from Keweenaw's forests classified as pulpwood, this is an area that we remain extremely focused on as long-term timberland managers.

Clearly, the pulp and paper industry has been struggling since early 2000. The volume of paper used for newsprint has fallen by nearly 50% since 2005 and demand for certain uncoated and mechanical paper grades have declined between 30% and 40%. Greater use of electronic media and declines in traditional uses of paper such as first-class mail have been primary drivers behind the erosion in demand for paper products. There is also a substitution effect for hardwood with eucalyptus which makes a high quality paper at a lower cost.

First Class Mail Volume
(Number of Pieces Mailed)



Source: US Postal Service

To address this trend, Keweenaw has concentrated on improving the quality of the standing timber through proper forest management. Since 1998, the standing timber inventory on Keweenaw's timberlands has improved from 15% sawtimber to nearly 19% sawtimber. This was achieved through the application of sound forestry practices that focused on removing lower valued trees and concentrating the growth on higher quality and higher valued trees.

We have also worked to maintain a solidly diverse customer base for our low-value pulpwood. The primary end use of pulpwood (nearly 65%) produced from our forest is for the production of coated and uncoated papers. However, nearly 13% of our pulpwood is sold to customers that manufacture oriented strand board used in building construction

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INCOME	3rd Quarter			Year to Date		
	2013	2012	% Chg	2013	2012	% Chg
Timber Operations						
TIMBER SALES	\$2,697,123	\$2,644,039		\$6,006,000	\$6,952,069	
COST OF SALES	1,699,014	1,760,895		4,094,335	4,750,456	
GROSS MARGIN ON TIMBER SALES	998,109	883,144	13%	1,911,665	2,201,613	-13%
TIMBER OPERATIONS EXPENSES						
FORESTRY EXPENSES	161,889	150,974		476,585	494,456	
MANAGEMENT AND GENERAL ADMINISTRATION	290,325	242,710		832,524	765,385	
TOTAL OPERATIONS EXPENSES	452,214	393,684		1,309,109	1,259,841	
Timber Operations Income	545,895	489,460	12%	602,556	941,772	-36%
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	545,895	489,460	12%	602,556	941,772	-36%
Other Income						
MINERAL ROYALTIES	1,284	3,781		7,128	11,066	
LEASE AND RENTAL INCOME	55,006	41,092		132,399	120,117	
INVESTMENT EARNINGS	17,189	6,248		93,631	85,769	
PROFIT (LOSS) ON SECURITY SALES	360,721	0		360,721	0	
LAND SALES	0	0		58,831	250,036	
OTHER	11,001	10,709		24,478	12,608	
Total Other Income	445,201	61,830	620%	677,188	479,596	41%
Other Expenses						
LAND MANAGEMENT EXPENSES	122,223	92,489		366,666	269,550	
BOARD OF DIRECTORS EXPENSES	37,294	27,945		257,739	174,438	
TOTAL OTHER EXPENSES	159,517	120,434	32%	624,405	443,988	41%
INCOME BEFORE INCOME TAXES	831,579	430,856	93%	655,339	977,380	-33%
Provision for State and Federal Income Taxes	210,122	165,553		241,650	347,377	
NET INCOME (LOSS)	621,457	265,303	134%	413,689	630,003	-34%
Other Comprehensive Income, Net of Tax						
UNREALIZED GAINS (LOSSES) ON SECURITIES						
UNREALIZED HOLDING GAINS ARISING DURING THE PERIOD	87,358	63,026		53,110	140,055	
LESS: RECLASSIFICATION ADJ. FOR GAINS INCLUDED IN NET INCOME	(238,076)	0		(238,076)	0	
OTHER COMPREHENSIVE INCOME	(150,718)	63,026		(184,966)	140,055	
COMPREHENSIVE INCOME	\$470,739	\$328,329	43%	\$228,723	\$770,058	-70%
Per Share Net Income	\$0.48	\$0.21		\$0.32	\$0.49	
Per Share Comprehensive Income	\$0.36	\$0.25		\$0.18	\$0.60	
Dividends Per Share	\$0.00	\$0.00		\$0.00	\$0.00	

Based on Weighted Average Shares Outstanding

**Percentage Change is not provided if either the latest period or year-ago period contains a net loss.

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while another 8% goes to mills that produce corrugated medium used for packaging. The remaining 13% is sold to a mill that produces chemical cellulose which is used in the manufacturing of textiles and clothing.

Keweenaw also continues to explore alternative uses for its pulpwood production. In 2010, we conducted a feasibility study for the development of a commercial wood pellet mill operation. While the economics were not favorable, we continue to monitor developments in this and other bio-energy markets for opportunities that make financial sense to pursue.

Shareholder Relations & Administrative:

Keweenaw's common shares traded in a range from \$80.00 to \$93.00 per share during the third quarter with an ending price of \$93.00. 34,467 KLA shares were traded, less than 3% of outstanding shares. This compares to 14,457 shares, or approximately 1% 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.

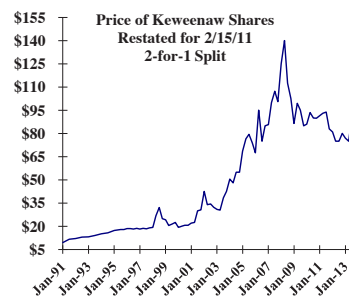
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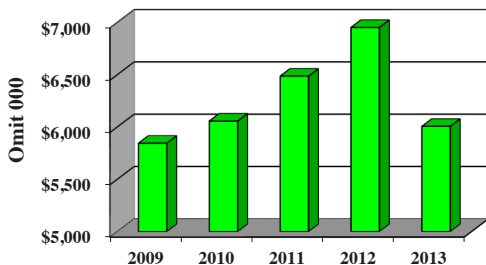
David Ayer, Chairman

CONSOLIDATED FINANCIAL HIGHLIGHTS

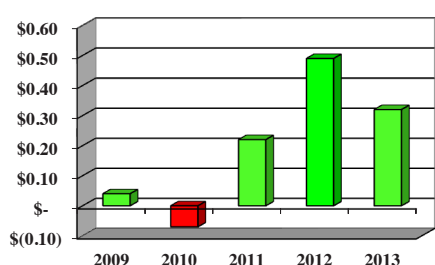
For the Quarter	2013		2012	
	3rd Qtr	YTD	3rd Qtr	YTD
Receipts	\$3,142	\$6,683	\$2,706	\$7,432
Net Income (Loss)	621	414	265	630
Comprehensive Income	471	229	328	770
Capital Employed	17,341	17,341	16,591	16,591
*Dollar amounts in thousands				
Per Common Share	2013		2012	
Net Income	\$0.48	\$0.32	\$0.21	\$0.49
Comprehensive Income	0.36	0.18	0.25	0.60
Dividends Paid	0.00	0.00	0.00	0.00
Statistics				
Return on Capital Emp.	14.3%	3.2%	6.4%	5.1%
Dividend Payout Ratio	0.0%	0.0%	0.0%	0.0%
Avg Shares Outstanding	1,294,118	1,294,118	1,292,665	1,292,665
Curr Shares Outstanding	1,294,118	1,294,118	1,292,665	1,292,665



Keweenaw Log Sales
Year-to-Date Comparison



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



KEWEENAW LAND ASSOCIATION, LIMITED Consolidated Balance Sheet (Unaudited) September 30, 2013

ASSETS

	Note	Sep. 30, 2013	Sep. 30, 2012	% Chg
Current Assets				
CASH & CASH EQUIVALENTS		\$1,837,430	\$1,191,362	54%
ACCOUNTS RECEIVABLE		304,398	227,158	
INVESTMENTS IN GOVERNMENT OBLIGATIONS		0	0	
OTHER CURRENT ASSETS		303,176	264,416	
TOTAL CURRENT ASSETS		2,445,004	1,682,936	45%
Investments in Marketable Securities		3,776,019	3,761,724	0%
Other Non-Current Assets		309,521	273,388	
Equipment		568,898	510,003	12%
Properties		11,705,848	11,611,913	1%
TOTAL ASSETS		\$18,805,290	\$17,839,964	5%

LIABILITIES & CAPITAL

Current Liabilities				
ACCOUNTS & DEPOSITS PAYABLE		\$153,951	\$78,064	
COMMERCIAL LINES OF CREDIT & OTHER DEBT		100,191	100,191	
OTHER ACCRUED LIABILITIES		528,156	359,433	
TOTAL CURRENT LIABILITIES		782,298	537,688	45%
Non-Current Liabilities				
LONG TERM DEBT		591,148	691,339	
DEFERRED FEDERAL INCOME TAX LIABILITY		782,177	811,210	
NON-CURRENT LIABILITIES		1,373,325	1,502,549	
Total Liabilities		2,155,623	2,040,237	6%
Capital				
COMMON STOCK ISSUED	(1)	84,625	84,530	
ACCUMULATED OTHER COMPREHENSIVE INCOME		1,150,614	1,235,117	
RETAINED EARNINGS		15,414,428	14,480,080	
Total Capital		16,649,667	15,799,727	5%
TOTAL LIABILITIES & CAPITAL		\$18,805,290	\$17,839,964	5%
Capital Per Common Share		\$12.87	\$12.22	

Notes:

(1) 1,294,118 no par value common shares are issued and outstanding on Sep. 30, 2013. 1,292,665 shares were outstanding on Sep. 30, 2012. 10,000,000 shares are authorized.

SHAREHOLDER INFORMATION

Third Quarter 2013 Highlights:

High: \$93.00, Low: \$80.00, Last: \$93.00

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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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.