



Fourth Quarter Report

For the Period Ending December 31, 2015
Issue Date January 26, 2016

Highlights

Record Timber Operations Income in 2015
Net Income for 2015 Exceeds \$1.15 Million
Fourth Quarter Earnings of \$0.25 Per Share

Fourth Quarter Results:

Keweenaw Land Association, Limited announces Fourth Quarter 2015 Net Income of \$0.25 per share compared to \$0.34 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).

In the final three months of 2015, a total of 21,423 cd-eq were harvested, compared to 21,218 cd-eq produced in the same period last year. The product mix in the fourth quarter contained 29% sawtimber and 71% pulpwood, compared to 26% sawtimber and 74% pulpwood in 2014. Above normal temperatures throughout the Upper Peninsula and Midwest hampered the start of December logging operations by a couple weeks until winter roads could be frozen in for the transportation of heavy logging equipment and trucks. As the quarter came to an end, production reached near full capacity.

Keweenaw's quarterly production statistics for 2015 are 2014 are illustrated in the adjacent table covering both volume and product mix.

	Earnings p/Share (EBITDA)	
	4th Qtr 15	4th Qtr 14
Timber Operations Income	\$ 0.65	\$ 0.66
Capital Gains-Sale of Land	0.03	0.04
Capital Gains-Investments	-	-
Other Income	0.08	0.08
Other Expenses	(0.26)	(0.12)
Interest & Depreciation	(0.10)	(0.10)
Income Taxes	(0.15)	(0.22)
	<u>\$ 0.25</u>	<u>\$ 0.34</u>

4 th Qtr Production Statistics	2015	Mix%	2014	Mix%
Total Harvest Volume (cd-eq)	21,423	100.0	21,218	100.0
Sawtimber (mbf)	2,821	29.0	2,535	26.3
Pulpwood (cords)	15,216	71.0	15,641	73.7

The company sold logs totaling \$3,088,864 compared to \$3,007,195 in 2014, a 3% increase. Keweenaw realized a 41% gross margin during the quarter, comparable to the 42% realized in the same period in 2014.

Sawtimber realization for the quarter was \$465 per mbf compared to \$506 in 2014, primarily driven by species mix. Pulpwood pricing was \$116 per cd-eq versus \$110 in the fourth quarter last year. Using a full year-to-date comparison, the overall sawtimber realization for 2015 and 2014 was \$445 and \$455 per mbf respectively.

4 th Qtr Gross Margin EBITDA	2015	%	2014	%
Log Sales	\$3,088,864	100.0	\$3,007,195	100.0
Expenses (COGS)	(1,817,560)	58.8	(1,732,086)	57.6
Timber Opns Gross Margin	1,271,304	41.2	1,275,109	42.4

For the quarter, Gross Margin on a per cd-eq basis (EBITDA) was \$58 per cd-eq, a slight decrease from the \$60 per cd-eq realized in the same period last year. Cost of Goods Sold was \$85 per unit compared to \$82 per unit last year. In 2015, constrained logging and trucking capacity led to higher rates.

4 th Qtr Sales (p/cd-eq) EBITDA	2015	2014
Average Price Realization	\$143	\$142
Less: Cost of Goods Sold	(85)	(82)
Gross Margin	58	60

In the fourth quarter, Timber Operations Income on an EBITDA basis was \$841,386, slightly less than the \$857,668 realized in 2014. Timber Operations Income for the full year was \$2,686,387, compared to \$1,957,035 realized in 2014, up nearly \$730,000 or over 37%. A summary of the results are listed in the adjacent table.

Timber Operations Income (EBITDA)	4 th Qtr 2015	YTD 2015	4 th Qtr 2014	YTD 2014
Log Sales	\$3,088,864	\$11,283,793	\$3,007,195	\$9,881,889
Total Expenses	(2,247,478)	(8,597,406)	(2,149,527)	(7,924,854)
Timber Operations Income	\$841,386	\$2,686,387	\$857,668	\$1,957,035

In the second half of 2015, the demand for pulpwood and certain types of sawtimber decreased from the levels of late 2014 and early 2015. As discussed in the newsletter last quarter, the overall timber market has softened and price reductions are anticipated moving into the first quarter of 2016. Inventory levels at mills are more than double those of last year causing the mills to impose inventory-control quotas. Fortunately, the quotas had a minimal effect and Keweenaw was able to sell all of its production for the quarter without disrupting its normal operations. Keweenaw continues to employ a long-term diversification strategy enabling it to be a dependable and consistent supplier of raw forest products, regardless of market conditions.

Land Sales:

During the quarter, a 20-acre parcel of non-strategic land in Dickinson County was sold for \$40,000 resulting in a capital gain of \$38,923. The company also conducted a Section 1031 Like-kind Exchange selling 20 acres in Dickinson County and buying 40 acres in

Houghton County, Michigan, resulting in a capital gain of \$1,207 after expenses. In addition, the company directly purchased 80 acres in Houghton County for \$85,000.

In December, the James W. Sewall Company conducted a third-party evaluation of our company's primary assets, consisting of its land and timber. Sewall, founded in 1880, is the oldest forestry consulting firm in North America and has 134 years of experience in forestry, surveying, and civil engineering. The purpose of Keweenaw obtaining an appraisal, undertaken every three years, is to inform our shareholders about the underlying value of their land and timber assets only.

As with past tri-annual land appraisals, details will be released in the upcoming 2015 Annual Report.

Minerals:

On October 5, 2015, Highland Copper Company Inc. (TSXV: HI) announced a private placement with Osisko Gold Royalties, Ltd (TSX:OR), and completed the placement on October 7, 2015. Highland expects to use the proceeds to advance its projects in the Upper Peninsula of Michigan.

In December, Highland Copper relinquished 3,870 acres from its original mineral lease of 6,928 acres with Keweenaw Land Association, Limited. Other provisions in the 20-year mineral lease remain unchanged.

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

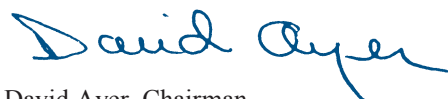
Shareholder Relations & Administrative:

Keweenaw Land Association, Limited has engaged a consulting firm with the intention of seeking land and capital-raising opportunities designed to grow the company and improve its overall market capitalization. In the fourth quarter, the company expensed \$165,035 in professional services related to this endeavor under Other Land & Board Expense on the Income Statement.

Keweenaw's common shares traded in a range of \$78.00 to \$85.73 per share during the fourth quarter with an ending price of \$81.00. A total of 22,718 shares traded representing less than 2% of outstanding shares. This compares to 43,069 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

EBITDA Reporting:

Beginning in the Second Quarter 2015, Keweenaw reformatted the Income Statement to reflect the EBITDA format. Currently, there is no legal requirement under Generally Accepted Accounting Principles (GAAP) for publicly-held companies to disclose EBITDA in their financial reporting. 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 (SEE Timber Operations Income Restated table). Net Income, both year-to-date and prior year, is not affected by the change. We will continue to provide this information in all future quarterly letters and annual reports and will provide the restatement of Timber Operations Income through the First Quarter of 2016.

In accounting and finance terms, EBITDA is a measure of profitability and stands for “*Earnings before Interest, Taxes, Depreciation, and Amortization.*” It is a non-GAAP measure of profitability. Many companies and shareholders continue to find the format useful to analyze and compare profitability, especially between companies and industries.

TIMBER OPERATIONS INCOME RESTATED (EBITDA)

Prior Reporting Format				
	4th Qtr 2015	YTD 2015	4th Qtr 2014	YTD 2014
Timber Operations:				
Timber Sales	\$3,088,864	\$11,283,793	\$3,007,195	\$9,881,889
Cost of Sales	(1,885,265)	(7,092,616)	(1,801,501)	(6,405,530)
Gross Margin on Timber Sales	1,203,599	4,191,177	1,205,694	3,476,359
Forestry, Management & General Admin	(498,832)	(2,024,130)	(485,035)	(2,033,079)
Timber Operations Income	704,767	2,167,047	720,659	1,443,280
New EBITDA Reporting Format				
	4th Qtr 2015	YTD 2015	4th Qtr 2014	YTD 2014
Timber Operations:				
Timber Sales	\$3,088,864	\$11,283,793	\$3,007,195	\$9,881,889
Cost of Sales	(1,817,560)	(6,846,794)	(1,732,086)	(6,171,750)
Gross Margin on Timber Sales	1,271,304	4,436,999	1,275,109	3,710,139
Forestry, Management & General Admin	(429,918)	(1,750,612)	(417,441)	(1,753,104)
Timber Operations Income (EBITDA)	841,386	2,686,387	857,668	1,957,035
Reclassified Items:				
Timber Depletion in Cost of Sales	62,409	224,663	64,021	211,905
Road Depreciation in Cost of Sales	5,295	21,159	5,394	21,875
Interest Expense in Operations	45,094	184,176	47,546	193,680
Fixed Assets Depreciation in Operations	23,821	89,342	20,048	86,295

KEWEENAW LAND ASSOCIATION, LIMITED
EBITDA Consolidated Statement of Income and Expense (Unaudited)
December 31, 2015

INCOME	4th Quarter			Year-to-Date		
	2015	2014	% Chg	2015	2014	% Chg
Timber Operations:						
Timber Sales	\$3,088,864	\$3,007,195		\$11,283,793	\$9,881,889	
Cost of Sales	1,817,560	1,732,086		6,846,794	6,171,750	
Gross Margin on Timber Sales	1,271,304	1,275,109	-0%	4,436,999	3,710,139	20%
Forestry, Management & General Administration	429,918	417,441		1,750,612	1,753,104	
Timber Operations Income (EBITDA)	841,386	857,668	-2%	2,686,387	1,957,035	37%
Real Estate Development						
Developed Lot Sales	0	0		64,500	56,000	
Development Costs	0	0		60,561	50,437	
Gross Margin on Developed Lot Sales	0	0		3,939	5,563	
Total Operations Income	841,386	857,668	-2%	2,690,326	1,962,598	37%
Other Income						
Mineral Royalties	28,810	40,013		74,989	60,727	
Lease and Rental Income	38,341	50,135		138,432	175,019	
Investment Earnings	10,433	9,869		86,906	87,842	
Profit (Loss) on Security Sales	0	0		(13,983)	0	
Land Sales	40,130	45,546		206,919	267,520	
Other	29,439	9,671		109,041	25,230	
Total Other Income	147,153	155,234	-5%	602,304	616,338	-2%
Other Land & Board Expense	337,698	154,740	118%	900,698	674,141	34%
EBITDA	650,841	858,162	-24%	2,391,932	1,904,795	26%
Interest Expense	45,094	47,547		184,176	193,680	
Depletion, Depreciation, and Amortization	92,654	90,096		339,690	322,350	
Earnings Before Income Taxes	513,093	720,519	-29%	1,868,066	1,388,765	35%
Provision for Federal & State Income Taxes	192,570	281,850		712,227	532,904	
Net Income (Loss)	\$320,523	\$438,669	-27%	\$1,155,839	\$855,860	35%
Other Comprehensive Income, Net of Tax						
Unrealized Gains (Losses) on Securities						
During the Period	(24,458)	30,179		(46,616)	52,862	
Less: Reclassification Adj For Gains						
Included in Net Income	0	0		9,229	0	
Other Comprehensive Income	(24,458)	30,179		(37,387)	52,862	
Comprehensive Income	\$296,065	\$468,848	-37%	\$1,118,452	\$908,722	23%
Per Share Net Income	\$0.25	\$0.34		\$0.89	\$0.66	
Per Share Comprehensive Income	\$0.23	\$0.36		\$0.86	\$0.70	

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)
December 31, 2015

ASSETS	Dec 31, 2015	Dec 31, 2014	% Chg
Current Assets			
Cash & Cash Equivalents	\$2,726,468	\$2,050,496	33%
Accounts Receivable	424,746	492,227	
Investments in Government Obligations	0	0	
Other Current Assets	462,013	349,691	
Total Current Assets	3,613,227	2,892,414	25%
Investments in Marketable Securities	2,865,848	2,871,338	-0%
Other Non-Current Assets	450,822	304,688	
Equipment	909,997	679,340	34%
Properties	17,229,275	17,395,535	-1%
TOTAL ASSETS	\$25,069,169	\$24,143,315	4%
LIABILITIES & CAPITAL			
Current Liabilities			
Accounts & Deposits Payable	\$28,854	\$90,581	
Lines of Credit/Other Short-term Debt	240,000	240,000	
Other Accrued Liabilities	560,512	580,513	
Total Current Liabilities	829,366	911,094	-9%
Non-Current Liabilities			
Long Term Debt	4,080,000	4,320,000	
Deferred Federal Income Tax Liability	830,711	862,502	
Total Non-Current Liabilities	4,910,711	5,182,502	
Total Liabilities	5,740,077	6,093,596	-6%
Capital			
Common Stock Issued ⁽¹⁾	84,839	84,730	
Accum. Other Comprehensive Income	1,228,440	1,265,826	
Retained Earnings	18,015,813	16,699,163	
Total Capital	19,329,092	18,049,719	7%
TOTAL LIABILITES & CAPITAL	\$25,069,169	\$24,143,315	4%
Capital Per Common Share	\$14.90	\$13.93	

⁽¹⁾1,297,398 no par value common shares are issued and outstanding on Dec. 31, 2015. 1,295,726 shares were outstanding on Dec. 31, 2014. 10,000,000 shares are authorized.

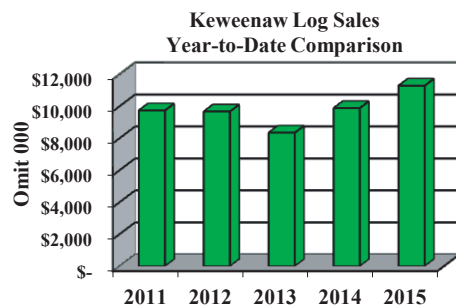
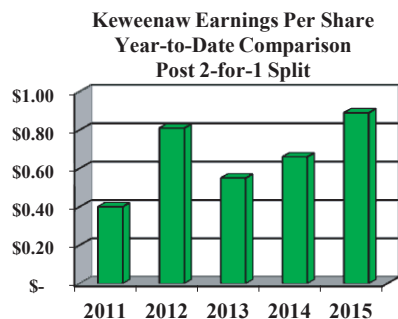
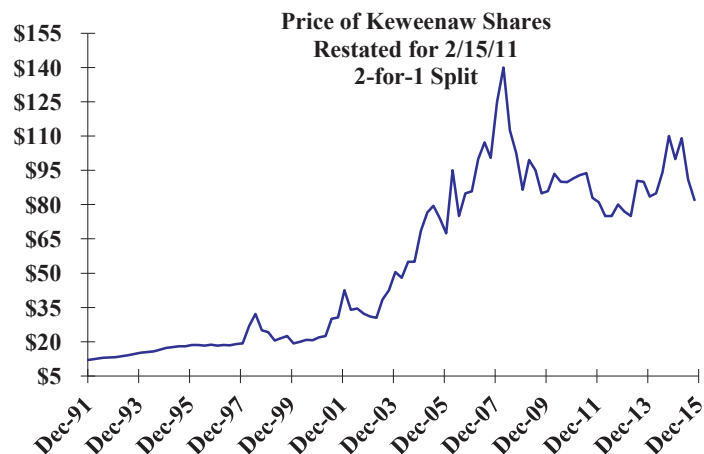
KEWEENAW LAND ASSOCIATION, LIMITED

Consolidated Statement of Cash Flows Ending December 31, 2015

	2014 YTD	2015 YTD
Net Income	\$855,860	\$1,155,839
Adjustments to Reconcile Net Income to Net Cash		
Provided by Operating Activities:		
Depletion and Depreciation	322,351	335,824
Changes in Operating Assets and Liabilities:		
Decrease (Increase) in Accounts Receivable	(43,470)	67,482
Decrease (Increase) in Prepaid Expenses	37,068	(283,289)
Decrease (Increase) in Inventory	(2,594)	24,832
Increase (Decrease) in Deposits/Accts Pybl	(91,473)	(61,727)
Increase (Decrease) in Deferred/Income Taxes	23,924	(53,240)
Increase (Decrease) in Accrued Liabilities	45,782	20,707
(Gain) Loss on Sale of Securities	0	13,983
(Gain) Loss on Sale/Retirement of Equipment	0	0
(Gain) Loss on Sale of Land	(273,082)	(210,858)
Net Cash Flows Provided by Operating Activities	874,366	1,009,553
Net Cash Flows Provided by (Used for) Investing		
Net Purchases of Property and Equipment	(215,428)	(319,476)
Purchases of Securities	0	(101,715)
Proceeds from Sale of Securities	0	36,575
Road Construction	(13,161)	(35,408)
Purchases of Land	(447,620)	(85,790)
Proceeds from Land Sales	256,186	193,643
Lot Development	50,665	57,668
Net Cash Flows Provided by (Used for) Investing	(369,358)	(254,503)
Net Cash Flows Provided by (Used for) Financing		
Issuance (Purchase) of Stock	118,648	160,921
Commercial Installment Loan Borrowing	0	0
Commercial Installment Loan Payments	(240,000)	(240,000)
Net Cash Flows Provided by (Used for) Financing	(121,352)	(79,079)
NET CASH FLOW	383,656	675,972
Beginning Cash and Cash Equivalents	1,666,840	2,050,496
ENDING CASH AND CASH EQUIVALENTS	\$2,050,496	\$2,726,468

CONSOLIDATED FINANCIAL HIGHLIGHTS

For the Quarter	2015		2014	
	4th Qtr	YTD	4th Qtr	YTD
Receipts	\$3,236	\$11,927	\$3,162	\$10,532
Net Income (Loss)	321	1,156	439	856
Comprehensive Income	305	1,118	469	909
Capital Employed	23,649	23,649	22,850	22,850
*Dollar amounts in thousands				
Per Common Share				
Net Income (Loss)	\$0.25	\$0.89	\$0.34	\$0.66
Comprehensive Income	0.23	0.86	0.36	0.70
Statistics				
Return on Capital Emp	5.4%	4.9%	7.7%	3.7%
Avg Shares Outstanding	1,297,270	1,297,222	1,295,597	1,295,549
Curr Shares Outstanding	1,297,398	1,297,398	1,295,726	1,295,726



SHAREHOLDER INFORMATION

Fourth Quarter 2015 Highlights:

High: \$85.73, Low: \$78.00, Last: \$81.00

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

Toll Free: (877) 539-3362

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.

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 (bd ft) – 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.