KEWEENAW LAND ASSOCIATION, LIMITED

(A MICHIGAN CORPORATION)

QUARTERLY REPORT
FOR THE PERIOD ENDED SEPTEMBER 30, 2021

1801 East Cloverland Drive, PO Box 188
Ironwood, MI 49938
(Address of principal executive offices)

Issuer's telephone number: **(906) 932-3410**

Number of common shares outstanding as of November 15, 2021: 1,296,173

TABLE OF CONTENTS

GLOSSARY

The following abbreviations, acronyms, or terms may be used in this document and shall have the adjacent meanings set forth below:

Board Foot (BF) - A measurement of solid lumber 12 inches x 12 inches x 1 inch. When used in conjunction with sawtimber or logs, it is a measurement system to approximate the output of lumber that can be expected from a given quantity of sawtimber or logs when the measurement system was developed in the 1800's. Sawmill technology has changed since the scale was originally created and the actual output of lumber from a Board Feet of Logs varies from mill to mill, depending on their technology but it is the standard unit of measurement for buying and selling logs.

MBF - A thousand board feet.

Cord - A measurement of piled logs measuring 4'X 4'X 8' equaling 128 cubic feet**.** The number of cubic feet of solid wood per cord is not constant but varies based on characteristics of the wood and method of piling. The actual cubic foot volume of solid wood ranges from 64 to 91 cubic feet per cord. Due to this variability the conversion of cord to board foot measurement also varies. Keweenaw uses the conversion of 2.2 cords per 1,000 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 manufacturing of paper, fiberboard, or other wood fiber products.

Sawbolts – A lower grade or smaller size sawtimber typically sawn for the manufacture of pallets or other coarse wood products.

Sawtimber – A category of logs suitable for veneer, sawlogs, or sawbolts.

Veneer – A category of sawtimber clear of defects suitable for manufacturing veneer paneling, furniture, and cabinetry.

Strata Timber Inventory – Strata level inventory is a methodology of grouping forest stands of similar species, stocking, and relative age for estimating timber volumes and other metrics. It allows for developing strong statistical standards and forest volumes estimates at the total property and species level.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Quarterly Report of Keweenaw Land Association, Limited and subsidiaries ("Keweenaw Land Association", "Keweenaw", "the Company", "we", "our", or "us") may be considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In addition, Keweenaw Land Association, or the executive officers on Keweenaw Land Association's behalf, may from time to time make forward-looking statements in reports and other documents or in connection with written or oral statements made to the press, potential investors, or others. Keweenaw intends for all such forward-looking statements to be covered by the applicable safe harbor provisions for forward-looking statements contained in the Securities Act and the Exchange Act.

Forward-looking statements can generally be identified by our use of forward-looking terminology such as "may," "will," "expect," "intend," "estimate," "continue," or other similar words. However, the absence of these or similar words or expressions does not mean that a statement is not forward-looking. Forward-looking statements are not guarantees of performance and are based on certain assumptions. Forward-looking statements discuss future expectations, describe plans and strategies, contain projections of results of operations or of financial condition or state other forward-looking information. Forward-looking statements in this report include statements anticipating delivery of income, value and long-term returns through sustainable harvests, opportunistic asset sales, and selective acquisitions. Expected future net income (loss) depends on many factors including among others expected uses of cash generated from operations; expected sources and adequacy of capital resources and liquidity; change in depletion rates; change in merchantable timber book value and standing timber inventory volume. Any deviation from these assumptions may lead to fluctuations in future net income (loss).

Any such forward-looking statements are based on a number of assumptions involving judgments and are subject to risks, uncertainties, and other factors that could cause actual results to differ materially from our historical experience and our present expectations. With respect to our ongoing business, these risks and uncertainties include, but are not limited to, the risks discussed in Section 5. *Risk Factors*, herein and our 2020 Annual Report. Accordingly, readers are cautioned not to place undue reliance on our forward-looking statements, which speak only as of the date of this report. Keweenaw makes no representations or warranties (express or implied) about the accuracy of any such forward-looking statements contained in this report, and Keweenaw does not intend to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law.

Issuer Information

Title and class of security:	Common Shares (no par value)
Transfer Agent:	EQ Shareowner Services 1110 Centre Point Curve Suite 101 Mendota Heights, MN 55120
Chief Executive Officer:	Mark A. Sherman
Board of Directors:	John D. Enlow, Sr. Peter C. Madden James A. Mai Eric H. Speron Steven Winch

Section 1. FINANCIAL INFORMATION

The information furnished in the accompanying unaudited condensed consolidated balance sheets and related condensed consolidated statements of income, stockholders' equity, and statement of cash flows reflect all adjustments, consisting solely of normal and recurring adjustments that are, in managements opinion, necessary for a fair and consistent presentation of the aforementioned financial statements. These results of operations for the three and nine months ended September 30, 2021, are not necessarily indicative of the operating results expected for the full year.

KEWEENAW LAND ASSOCIATION, LIMITED
Condensed Consolidated Statements of Income
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	**2020**	**2021**	**2020**
Revenues				
Timber Sales	$ 5,310,888	$ 4,927,502	$ 12,984,387	$ 12,723,007
Real Estate Sales	933,125	359,500	4,167,098	747,334
Lease Income, Mineral Royalties and Service Fees	140,315	160,796	463,512	361,520
Total Revenues	**6,384,328**	**5,447,798**	**17,614,997**	**13,831,861**
Cost of Sales				
Timber Cost of Sales	3,430,906	3,364,518	8,754,430	9,327,901
Real Estate Cost of Sales	157,465	38,136	793,300	91,976
Timber Operations Forestry Expense	205,703	165,233	580,892	539,500
Land Management Costs	87,727	91,365	281,445	287,885
Total Cost of Sales	**3,881,801**	**3,659,252**	**10,410,067**	**10,247,262**
Gross Profit	**2,502,527**	**1,788,546**	**7,204,930**	**3,584,599**
Selling, General & Administration Expenses	484,465	489,899	1,593,308	1,450,089
Operating Income	2,018,062	1,298,647	5,611,622	2,134,510
Other Expense				
Interest Expense	(48,741)	(66,459)	(153,283)	(232,771)
Earnings Before Income Taxes	**1,969,321**	**1,232,188**	**5,458,339**	**1,901,739**
Provisions for State and Federal Income Taxes	515,312	301,102	1,432,522	486,545
Net Income (Loss)	**$ 1,454,009**	**$ 931,086**	**$ 4,025,817**	**$ 1,415,194**
Net Income Per Share:				
Basic	$ 1.12	$ 0.72	$ 3.11	$ 1.09
Diluted	$ 1.12	$ 0.72	$ 3.11	$ 1.09
Weighted Average Shares Outstanding:				
Basic	1,295,340	1,293,445	1,295,340	1,293,445
Diluted	1,296,173	1,293,678	1,296,173	1,293,678

See accompanying notes to condensed consolidated financial statements

KEWEENAW LAND ASSOCIATION, LIMITED
Condensed Consolidated Balance Sheets
(Unaudited)

	September 30, 2021	December 31, 2020
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 1,193,936	$ 1,357,404
Cash Held in Escrow	-	78,671
Accounts Receivable, Net of Allowances for Doubtful Accounts of $23,676 and $27,312, respectively	1,032,697	1,807,096
Prepaid Assets	181,659	167,421
Log Inventory	195,422	551,495
Federal Income Tax Receivable	215,246	215,246
Other Current Assets	36,739	36,999
Total Current Assets	**2,855,699**	**4,214,332**
Non-Current Assets		
Timber, Timberlands, and Minerals, Net of Depletion	30,652,684	26,429,508
Prepaid Developed Lot Costs	59,969	141,035
Property, Plant and Equipment, Net of Depreciation	1,097,112	1,124,569
Exploration and Evaluation	306,420	184,421
Other Non-Current Assets	49,600	49,600
Total Non-Current Assets	**32,165,785**	**27,929,133**
TOTAL ASSETS	**$ 35,021,484**	**$ 32,143,465**
LIABILITIES & STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable	$ 150,112	$ 186,353
Other Accrued Liabilities	615,974	1,112,189
Current Portion of Long Term Debt, net	1,490,170	2,460,681
Total Current Liabilities	**2,256,256**	**3,759,223**
Non-Current Liabilities		
Long Term Debt, net	3,479,358	3,976,409
Non-Current State and Federal Deferred Income Tax Liability	874,022	150,199
Total Non-Current Liabilities	**4,353,380**	**4,126,608**
Total Liabilities	**6,609,636**	**7,885,831**
Stockholders' Equity		
Common Stock (10,000,000 shares authorized, no par value, 1,296,173 and 1,293,727 shares issued and outstanding, respectively)	84,705	84,599
Retained Earnings	28,327,143	24,173,035
Total Stockholders' Equity	**28,411,848**	**24,257,634**
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	**$ 35,021,484**	**$ 32,143,465**

See accompanying notes to condensed consolidated financial statements

KEWEENAW LAND ASSOCIATION, LIMITED

Condensed Consolidated Statements of Stockholders' Equity

(Unaudited)

	Common Stock Issued	Amount	Retained Earnings	Total Stockholders' Equity
Balance, January 1, 2021	**1,293,727**	**$ 84,599**	**$ 24,173,035**	**$ 24,257,634**
Net Income	-	-	2,283,195	2,283,195
Balance, March 31, 2021	**1,293,727**	**84,599**	**26,456,230**	**26,540,829**
Net Income	-	-	288,613	288,613
Shares Issued to Directors & Officers	1,496	98	119,956	120,054
Balance, June 30, 2021	**1,295,223**	**84,697**	**26,864,799**	**26,949,496**
Net Income	-	-	1,454,009	1,454,009
Shares Issued to Directors & Officers	117	8	8,335	8,343
Balance, September 30, 2021	**1,295,340**	**$ 84,705**	**$ 28,327,143**	**$ 28,411,848**

	Common Stock Issued	Amount	Retained Earnings	Total Stockholders' Equity
Balance, January 1, 2020	**1,305,929**	**$ 85,397**	**$ 21,498,288**	**$ 21,583,685**
Net Income	-	-	564,402	564,402
Shares Purchased	(5,623)	(368)	(364,110)	(364,478)
Balance, March 31, 2020	**1,300,306**	**85,029**	**21,698,580**	**21,783,609**
Net Income	-	-	(80,291)	(80,291)
Shares Purchased	(8,458)	(552)	(498,966)	(499,518)
Balance, June 30, 2020	**1,291,848**	**84,477**	**21,119,323**	**21,203,800**
Net Income	-	-	931,086	931,086
Shares Issued to Directors & Officers	1,597	104	108,327	108,431
Balance, September 30, 2020	**1,293,445**	**84,581**	**22,158,736**	**22,243,317**
Net Income	-	-	1,995,568	1,995,568
Shares Issued to Directors & Officers	282	18	18,731	18,749
Balance, December 31, 2020	**1,293,727**	**$ 84,599**	**$ 24,173,035**	**$ 24,257,634**

See accompanying notes to condensed consolidated financial statements

KEWEENAW LAND ASSOCIATION, LIMITED
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Cash Flows From Operating Activities		
Net Income	**$ 4,025,817**	**$ 1,415,194**
Adjustments to Reconcile Net Income to Net Cash Flow From Operating Activities:		
Depletion, Depreciation and Amortization	518,068	521,915
Amortization of Loan Costs	32,438	17,694
(Gain) on Sale of Equipment	(133,938)	-
(Gain) on Sale of Land	(3,364,412)	(653,478)
Stock Based Compensation Expense	128,397	108,431
Changes in Operating Assets and Liabilities		
Decrease (Increase) in Accounts Receivable	774,399	(112,494)
Decrease (Increase) in Prepaid Assets	(14,238)	44,205
Decrease (Increase) in Log Inventory	356,073	(133,719)
Decrease (Increase) in Federal Income Tax Receivable	-	231,582
Decrease (Increase) in Other Current Assets	260	(56,993)
Increase (Decrease) in Accounts Payable	(36,241)	69,984
Increase (Decrease) in Deferred State and Federal Income Tax	723,823	11,045
Increase (Decrease) in Other Accrued Liabilities	(496,215)	65,118
Net Cash Flow From Operating Activities	**2,514,231**	**1,528,484**
Cash Flow From Investing Activities:		
Purchases of Property and Equipment	71,370	-
Exploration and Evaluation Expenditures	(121,999)	(175,977)
Primary Road Construction Expenditures	(7,538)	(81,888)
Purchases of Minerals	(5,142,517)	-
Proceeds from Land & Developed Lot Sales, Net	3,944,314	688,804
Net Cash Flow From Investing Activities	**(1,256,370)**	**430,939**
Cash Flows From Financing Activities		
Payments on Long Term Debt	(1,500,000)	(500,000)
Repurchase of Common Stock	-	(863,996)
Net Cash Flow From Financing Activities	**(1,500,000)**	**(1,363,996)**
Change in Cash and Cash Equivalents and Cash Held in Escrow	(242,139)	595,427
Cash and Cash Equivalents and Cash Held in Escrow, beginning of period	**1,436,075**	**2,575,833**
Cash and Cash Equivalents and Cash Held in Escrow, end of period	**$ 1,193,936**	**$ 3,171,260**
Reconciliation of Cash, Cash Equivalents and Cash Held in Escrow		
Cash and Cash Equivalents	$ 1,193,936	$ 3,092,589
Restricted Cash Held in Escrow	-	78,671
Cash Paid during the year for:		
Interest	$ 120,845	$ 224,457
Federal and State Income Taxes	1,161,892	389,119

See accompanying notes to condensed consolidated financial statements

KEWEENAW LAND ASSOCIATION, LIMITED
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The condensed consolidated financial statements include the accounts of the Company and all of its wholly owned subsidiaries. Significant inter-company accounts and transactions have been eliminated. The financial statements are prepared in accordance with Generally Accepted Accounting Principles ("GAAP") of the United States of America.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and to disclose contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the period.

Segment Reporting

The Company is primarily in the business of managing and harvesting timber which is considered to be one reporting segment. The Company has no other reportable segments.

Reclassification

Certain prior period amounts may have been reclassified to conform with the current period's financial statement presentation. Unless otherwise noted, any such reclassifications had no impact on net income or stockholders' equity as previously reported.

Cash and Equivalents and Cash Held in Escrow

Highly liquid investments with maturity of three months or less when purchased are generally considered to be cash equivalents. Cash held in escrow represents funds being held by a title company related to a 1031 exchange in addition to amounts being held by a third-party brokerage for the purposes of facilitating the Company's share repurchase program.

Accounts Receivable and Bad Debts

The Company extends unsecured credit to some of its customers and uses the allowance method for accounting for bad debts. Management evaluates all accounts receivable at the balance sheet date to determine the allowance.

Log Inventory

Log inventory is valued at the lower of cost or net realizable value using the average cost method.

Timber and Timberlands

Timber and Timberlands consist of the recorded costs of holdings. Timber depletion charges are based on these recorded values and the properties' merchantable timber inventory, utilizing the pooling method. In addition, permanent logging road construction costs incurred net of related depreciation have been capitalized and included in timber and timberlands.

Road Building Costs

The Company has an accounting policy to identify, classify, and depreciate or capitalize road-building costs consistent with GAAP. Logging roads constructed under the policy are classified as either permanent or secondary logging roads. Permanent logging roads are those roads, culverts, bridges, and other improvements constructed to provide regional access to a series of timber stands and/or other logging roads, which are continuously maintained for an indefinite period. Secondary logging roads are those roads, culverts, bridges, and other improvements constructed for the sole purpose to provide access to particular, identifiable stands of timber for the purpose of harvest and transport of logs from those specific stands. The accounting treatment adopted is that costs expended on permanent roads are capitalized. Roadbed costs are treated as permanent costs of the land. Costs of road surfacing, culverts, bridges, and other improvements on permanent roads are capitalized and depreciated over 15 years.

Prepaid Developed Lot Costs

Prepaid developed lot costs include the costs of those properties assigned for development, as well as all accumulated expenditures for lot development.

Assets Held for Sale

The Company reviews all assets being considered for disposal at the end of each accounting period to determine if they should be classified as held-for-sale based on specific criteria set out in ASC 360. As of September 30, 2021, there were no properties designated as held-for-sale.

Exploration and Evaluation Cost

Exploration and evaluation costs include those costs associated with mineral resource evaluation and are accumulated on prospective properties that may be advanced for future development.

Property, Plant, and Equipment

Assets are carried at cost and the provision for depreciation is generally computed using the straight-line method over the estimated useful lives of the assets among major asset classes from 3 to 40 years. Buildings are depreciated over 10-40 years, office furniture, machinery and equipment over 3 to 7 years, vehicles over 5 years, and land improvements over 15 years, all using the straight-line method. Salvage value is assigned to vehicles and other significant assets and for those assets, depreciation is used over the useful life until the salvage value is reached. Management reviews the salvage value of each of these assets at the end of each year to determine if the salvage value is reasonable. If the estimated fair market value is less than the salvage value, the asset is written down to the estimated fair market value.

Mineral Rights

The Company currently owns 428,789 acres of sub-surface mineral rights. No value was previously assigned to these minerals on the balance sheet as these assets had no basis or fair value and were acquired as part of a land grant from the federal government in the early 1900's. All subsequent mineral asset purchases will be recorded on the balance sheet at acquisition cost and will be evaluated in accordance with ASC 805-50 *Asset Acquisition.* See Subsequent Events for additional detail.

Deferred Income Taxes

Deferred income taxes are determined utilizing a liability approach. This method gives consideration to the future tax consequences associated with the differences between the financial accounting and tax basis of assets and liabilities.

Common Stock

All Keweenaw common shares previously purchased by the Company are considered authorized but unissued shares. The cost basis for Keweenaw's common shares was determined to be $0.065392 per share. This is the amount credited to common stock when stock is issued. The excess of the issue price over cost is credited to retained earnings.

Fair Value Measurements

Management has reported all significant financial assets and liabilities at their fair value in note 12 to the financial statements. The Company's estimates of fair value of financial and non-financial assets and liabilities are based on the framework established in the fair value accounting guidance. The framework specifies a hierarchy of valuation inputs which was established to increase consistency, clarity and comparability in fair value measurements and related disclosures. The hierarchy contains three levels of inputs that may be used to measure fair value, two of which are considered observable and one that is considered unobservable. The following describes the three levels:

Level 1 – Valuation is based upon quoted prices in active markets for identical assets or liabilities.

Level 2 – Valuation is based upon inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets.

Level 3 – Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include option pricing models, discounted cash flow models and similar techniques.

Recent Accounting Pronouncements:

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326), which requires companies to utilize a new impairment model known as the current expected credit loss ("CECL") model to estimate the lifetime "expected credit loss" and record an allowance that, when deducted from the amortized cost basis of the financial asset, presents the net amount expected to be collected on the financial asset. The CECL model applies to all financial assets, including trade receivables. ASU No. 2016-13 is effective for annual periods beginning after December 15, 2022. The Company is still evaluating the impact the guidance may have on the Company's Consolidated Financial Statements.

Revenue Recognition

Timber Sales

The Company recognizes revenue when control of promised goods or services ("performance obligations") is transferred to a customer in an amount that reflects the consideration expected in exchange for those goods or services ("transaction price").

The Company generally satisfies performance obligations within a year of entering into a contract, and therefore has applied the disclosure exemption found under ASC 606-10-50-14. There were no unsatisfied performance obligations as of September 30, 2021, or September 30, 2020. The Company generally collects payment within a year of satisfying performance obligations, and therefore has elected not to adjust revenues for a financing component.

The Company maintains master contracts or purchase agreements with each of its timber customers. Contract types include: Delivered wood and Stumpage (pay as cut). Specific price lists identify prices, terms and conditions for the transaction price and delivery point for each sale. Price lists are updated periodically to reflect market conditions.

Contract Type	Performance Obligation	Revenue Recognition	General Terms of Payment
Delivered Wood	Wood type delivered to customer	Upon Delivery (point-in-time)	Weekly or Net 15
Stumpage (pay as cut)	Harvest rights	Paid as Cut (point-in-time)	Weekly or Net 15

Real Estate Sales

Revenue from sale of real estate (Higher and Best Use ("HBU") or Non-core timberland) is recognized upon closing when title passes to the buyer.

Non-Timber revenue

Non-timber revenue generally comprises gravel royalties and lease income from hunting, recreational and mineral leases. This income is generally recognized according to the contractual terms which renew on an annual basis.

Revenue from Contracts with Customers

The following tables present our revenue from contracts with customers disaggregated by product type:

	Three Months Ended September 30,		Nine Months Ended September 30,	
Revenue From Contracts with Customers	**2021**	**2020**	**2021**	**2020**
Sawtimber	$ 2,857,217	$ 2,212,111	$ 6,226,457	$ 5,170,105
Pulpwood	2,453,671	2,715,391	6,757,930	7,552,902
Total Timber Revenue	**$ 5,310,888**	**$ 4,927,502**	**$ 12,984,387**	**$ 12,723,007**
Mineral Royalties	23,742	20,536	25,769	33,619
Service Contracts	32,812	78,016	99,580	150,134
Lease Income	50,000	62,244	123,623	177,767
Total Non-Timber Revenue	**$ 106,554**	**$ 160,796**	**$ 248,972**	**$ 361,520**
Non-strategic Timberland Sales	930,325	359,500	4,162,948	747,334
Total Real Estate Sales	**$ 930,325**	**$ 359,500**	**$ 4,162,948**	**$ 747,334**
Total Revenue from Contracts with Customers	**$ 6,347,767**	**$ 5,447,798**	**$ 17,396,307**	**$ 13,831,861**

The following tables present our timber revenue disaggregated by contract type:

	Three Months Ended September 30,		Nine Months Ended September 30,	
Timber Revenue Disaggregated by Contract Type	**2021**	**2020**	**2021**	**2020**
Delivered Wood	$ 4,448,641	$ 4,927,502	$ 12,015,663	$ 12,624,121
Stumpage (Pay as Cut)	862,247	-	968,724	98,886
Total Timber Revenue	**$ 5,310,888**	**$ 4,927,502**	**$ 12,984,387**	**$ 12,723,007**

Contract Balances

The timing of revenue recognition, invoicing, and cash collections results in accounts receivable on the Consolidated Balance Sheets. Accounts receivable are recorded when the Company has an unconditional right to consideration for completed performance under the contract. There were no contract liabilities related to payments received in advance of performance under any contract as of September 30, 2021 and 2020, respectively.

2. Timber, Timberlands, and Minerals

The following is a summary of the timber and timberlands and permanent logging roads at cost, less accumulated depletion and road depreciation as of September 30, 2021, and December 31, 2020, respectively:

	September 30, 2021	December 31, 2020
Land and Mineral Holdings	$ 14,794,809	$ 9,728,437
Timber	22,946,125	23,302,089
Permanent Logging Roads	1,211,141	1,203,602
Properties at Cost	38,952,075	34,234,128
Less: Accumulated Timber Depletion	(7,752,137)	(7,285,290)
Less: Accumulated Road Depreciation	(547,254)	(519,330)
Net Carrying Value	**$ 30,652,684**	**$ 26,429,508**

On September 21, 2021, Keweenaw Land Association, Ltd. closed on a transaction to acquire 29,071 acres of minerals rights from Sage Minerals Inc. for approximately $5,100,000 in an all-cash purchase. The acquisition was partially funded with like-kind exchange proceeds generated from previous real estate sales. The acquisition included 2,500 acres that are currently under a lease, option, and royalty agreement. The Company has evaluated this transaction under US GAAP, specifically ASC 805, and concluded this purchase meets the definition of an asset acquisition. Given the purchase was completed on September 21, 2021, the Company has not completed our initial purchase price accounting. The Company has preliminarily recorded the purchase the purchase price to the Timber and Timberlands, Net of Depletion line item within the Condensed Consolidated Balance Sheet; however, may allocate a portion of the purchase price to lease and other intangibles upon the completion of our purchase price accounting.

The timber depletion expense and depreciation expense for permanent logging roads is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Timber Depletion Expense	$ 168,050	$ 170,786	$ 400,120	$ 403,435
Depreciation Expense for Permanent Logging Roads	$ 8,973	$ 8,389	$ 27,035	$ 24,608

3. Prepaid Developed Lot Costs

The Company capitalizes the costs related to the development of land available for sale. These costs are presented on the balance sheet. There were four lot sales in the third quarter of 2021. On September 30, 2021, there were 5 lots remaining for sale.

4. Exploration and Evaluation

The Company capitalizes the exploration and evaluation costs of mineral resources and these expenditures are shown on the balance sheet. During the third quarter of 2021, the Company expended $4,071 to explore prospective mineral properties within the Company’s mineral portfolio.

5. Property, Plant, and Equipment

A summary of property, plant and equipment, at cost, less accumulated depreciation is as follows:

	September 30, 2021	December 31, 2020
Buildings	$ 415,862	$ 415,862
Furniture, Equipment, and Accessories	1,088,238	1,088,238
Machinery and Vehicles	383,846	407,792
Land Improvements	884,816	884,816
Construction in Progress	30,212	-
Equipment at Cost	2,802,973	2,796,708
Less: Accumulated Depreciation	(1,705,862)	(1,672,139)
Equipment, Net of Depreciation	**$ 1,097,112**	**$ 1,124,569**

The Company recorded depreciation expense for property, plant and equipment as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Depreciation Expense	$ 29,443	$ 26,083	$ 90,913	$ 88,864

6. Lines of Credit and Long-Term Debt

Keweenaw Land Association, Limited maintains banking relationships with Associated Bank, N.A., Wells Fargo Bank, N.A., and Metropolitan Life (MetLife).

The Company has a combined unsecured line of credit with Wells Fargo Bank in the amount of $750,000 to be used as an operating line of credit, and also for the purpose of standby letter of credit availability at a variable interest rate equal to the Wells Fargo Bank index rate plus 1% for a one-year commitment and interest to be paid monthly. There is no balance outstanding on this line as of September 30, 2021.

A ten-year interest-only loan with MetLife at 3.05% per annum, principal balance of $5,000,000, dated December 9, 2016, had a balance of $4,000,000 as of December 31, 2020. According to the terms of the loan, up to 10% of the original principal balance can be repaid annually during the life of the loan without penalty. The maturity date on this loan is December 9, 2026. During the first quarter of 2021, $500,000 was paid down without penalty. As of September 30, 2021, the outstanding balance was $3,500,000.

Keweenaw also maintains a five-year revolving line of credit in the amount of $25,000,000 with a maturity date of December 6, 2021, with MetLife which carries an interest rate of 3-month LIBOR plus 150 basis points and .0875% on the uncommitted funds if the average unused portion is more than 50% of the maximum draw. If the average unused portion is 50% or less of the maximum draw, interest of .0375% is charged. Once the facility is used, there is the option of terming out the amount borrowed at the existing 10-year Treasury note rate plus 150 basis points. In 2020, $3,200,000 was applied to the outstanding balance of the MetLife line of credit. A total of $1,500,000 remains drawn on this line of credit as of September 30, 2021. $1,000,000 was paid towards the outstanding balance during the second quarter 2021. A significant covenant under this arrangement with MetLife requires Keweenaw not to allow the outstanding principal balance of the loan to exceed 35% of the value of the timberlands owned by Keweenaw. As security for these loans, MetLife is a lienholder on 164,311 acres of Keweenaw's timberlands.

In addition to the financial covenants listed above, the debt agreements include customary covenants that limit the incurrence of debt and the disposition of assets, among others. As of September 30, 2021, Keweenaw was in compliance with all applicable covenants.

As of September 30, 2021, the Company had one standby letter of credit amounting to $30,000 for the purpose of backing a performance bond related to the Company's mineral lease with the State of Michigan. No balance was owed on the $30,000 committed against the $750,000 line of credit as of September 30, 2021.

The following table summarizes the total outstanding debt of the Company on September 30, 2021, and December 31, 2020:

	September 30, 2021	December 31, 2020
Long-term Debt	$ 3,500,000	$ 4,000,000
Five-year Revolver	1,500,000	2,500,000
Less Unamortized Loan Costs	(30,472)	(62,910)
Total	**$ 4,969,528**	**$ 6,437,090**

The Company's total outstanding debt obligations are outlined below:

Facility Name	Maturity Date	Interest Rate	Unused Commitment Fee	Total Capacity	Outstanding Balance [1]	Available
MetLife Fixed Rate Loan	12/09/2026	FIXED 3.05%	-	$ 5,000,000	$ 3,500,000	$ -
MetLife Revolving Line of Credit	12/01/2021	LIBOR + 1.50%	0.0875%	25,000,000	1,500,000	23,500,000
Wells Fargo Line of Credit	11/03/2020	PRIME + 1.0%	-	750,000	-	750,000
				$ 30,750,000	$ 5,000,000	$ 24,250,000

[1]Unamortized loan costs associated with the Met Life credit facility are ($30,472) reducing total debt reported on the Balance Sheet to $4,969,528. Of this, $1,490,170 is classified as current.

The Company's debt maturity is outlined below:

	Total	2021	2022	2023	2024	2025	Thereafter
Debt obligations	$5,000,000	$1,500,000	$ -	$ -	$ -	$ -	$3,500,000

7. Retirement Plans

The Company is the sponsor of a 401(k) deferred compensation plan. The Company makes matching contributions equal to 50 percent of employee elective deferrals, not to exceed 5 percent of compensation as defined in the plan. In addition, the Company makes discretionary contributions to the plan in the amount of 5 percent of base compensation. Expenses related to the Company's 401(k) plan were:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Total 401(k) Expense	$ 27,589	$ 23,059	$ 87,146	$ 70,887

8. Concentration of Credit Risk

Keweenaw is located in Ironwood, Michigan. The Company grants credit without collateral to certain approved customers, most of whom are located in Wisconsin and Upper Michigan. The Company has not experienced any significant losses from uncollectible customer accounts. For the quarter ending September 30, 2021, four customers accounted for approximately 58% and 59% of the Company's consolidated net sales and receivables, respectively. For the quarter ending September 30, 2020, four customers accounted for approximately 56% and 62% of the Company's consolidated net sales and receivables, respectively.

Cash and cash equivalents consist of cash on hand and demand deposits in banks. The Company considers all highly liquid investments purchased with original maturities of three months or less to be cash and cash equivalents. The Company, at times throughout the year, may, in the ordinary course of business, maintain cash balances in excess of Federal Deposit Insurance Corporation ("FDIC") insurance coverage, and as a result, there is concentration of credit risk related to amounts on deposits in excess of FDIC insurance coverage. The Company had $753,504 and $744,026 in cash and cash equivalents and cash held in escrow as of September 30, 2021, and December 31, 2020, respectively, in excess of FDIC-insured limits.

9. Leases

The Company's current lease environment consists of commercial, surface, recreational, mineral, gravel, and mining leases. The company evaluated current leases under contract and contracts that may contain a lease under the guidance of ASC 842 to determine the accounting treatment for each lease. After evaluation, the Company determined all commercial, surface, and recreational leases to be accounted for as operating leases under ASC 842. All leases determined to fall under the scope of ASC 842 as operating leases contained similar terms. Leases are typically long-term and do not contain a transfer of ownership, purchase option, or are available for an alternative use. Leases do not contain an option to extend and once the lease term has expired, a new lease agreement must be signed by the new or existing tenant. No leases in the Company's lease portfolio contain variable lease payment options.

All leases under which the Company is a lessee were separately evaluated using guidance from ASC 842 to determine proper accounting treatment. After evaluation, the Company found that only its lease for the right to use office equipment was appropriately classified as an operating lease subject to ASC 842. All other Leases under which the Company is a lessee were excluded as they were immaterial. During the periods ended September 30, 2021, and September 30, 2020, lease expense was $57,383 and $111,700, respectively.

Lease Income

The Company leases real estate consisting of commercial, surface, and recreational properties which are accounted for as operating leases. Under this method, lease income is recognized on a straight-line basis over the lease term. The Company also leases property for the purposes of mining, mineral exploration, and gravel extraction. Lease revenue related to mining, mineral, and gravel is excluded from the scope of ASC 842 and is recognized in accordance with ASC topic 606, *Revenues from Contracts with Customers*. Lease contracts related to mining and mineral exploration typically contain provisions for increasing rents to incent project advancement.

The balance of straight-line lease income receivable as of September 30, 2021, was $23,731. The Company reviews the collectability of charges under its current operating leases on a regular basis taking into consideration changes in factors such as tenant payment history, financial condition, business conditions of the industry, and economic conditions of the area. In the event collectability from lease charges becomes unlikely, the Company will recognize an adjustment to lease income.

The following table includes information regarding the Company's operating leases under which it is the lessor, for the nine-month period ended September 30, 2021.

	Three Months Ended September 30,		Nine Months Ended September 30,	
Lease Income	**2021**	**2020**	**2021**	**2020**
Lease Income from Operating Leases	$ 27,541	$ 12,244	$ 74,382	$ 40,267
Other Lease Income	50,000	50,000	123,623	137,500
Total Lease Income	$ 77,541	$ 62,244	$ 198,005	$ 177,767

10. Stock Based Compensation

Equity Compensation for Independent Directors

On August 27, 2018, the Company established the Stock Incentive Plan of 2018 for eligible employees (the "Incentive Plan"). The Company issued 1,496 shares pursuant to the Incentive Plan during the quarter ending June 30, 2021. The shares were issued on May 12, 2021, to three of the five independent directors and are fully vested as of the grant date. No additional shares were issued during the period ending September 30, 2021.

The following table provides details for the shares issued during the third quarter 2021 and 2020:

Stock Based Compensation	**September 30, 2021**	**September 30, 2020**
Fully-vested shares granted	-	1,480
Weighted-average grant date fair value per share	$ -	$ 67.625
Grant date fair value of fully vested stock granted in period	$ -	$ 100,085

Service-based Restricted Stock Grants to Employees

On July 9, 2019, the Company granted 350 shares of service-based restricted stock to eligible executive officers, approved by the Compensation Committee of the board of directors. Additionally, the Compensation Committee issued shares to eligible employees on December 28, 2020, in the amount of 717 shares. These shares will vest exactly one year after issuance. The 2019 service awards will vest in three equal installments in July of 2020, 2021, and 2022

Below is a summary of service-based restricted stock grants to the employees for the periods ended September 30, 2021, and 2020.

	September 30, 2021	September 30, 2020
Shares granted	-	-
Grant date fair value per share	$ -	$ -
Grant date fair value of restricted stock	$ -	$ -
Shares vested	117	117
Shares unvested	834	233
Fair value of vested stock	$ 8,342	$ 8,342
Fair value of unvested stock	$ 58,353	$ 16,613

Restricted shares vesting in the third quarter of 2021 and 2020 were 117 and 117, respectively. Restrictions apply to certain shares including forfeiture should the employees not meet the terms of the vesting period.

11. Earnings Per Share

The following table provides the details and calculations of the basic and diluted earnings per share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net Income (Loss)	$ 1,454,009	$ 931,086	$ 4,025,817	$ 1,415,194
Shares used for basic earnings per common share	1,295,340	1,293,445	1,295,340	1,293,445
Restricted shares	833	233	833	233
Shares used for dilutive earnings per common share	1,296,173	1,293,678	1,296,173	1,293,678
Basic earnings per common share	$ 1.12	$ 0.72	$ 3.11	$ 1.09
Dilutive earnings per common share	$ 1.12	$ 0.72	$ 3.11	$ 1.09

12. Fair Value Measurements

The carrying value of cash and cash equivalents, receivables and account payable and accrued liabilities are reasonable estimates of their fair values because of the short maturity of these financial instruments.

The fair value of the revolving line of credit is estimated to be the carrying value of $1,490,170 as of September 30, 2021.

13. Cash Held in Escrow

In order to qualify for like-kind exchange ("LKE") treatment, the proceeds from real estate sales must be deposited with a third-party intermediary. These proceeds are accounted for as cash held in escrow until a suitable replacement property is acquired. In the event that the LKE purchases are not completed, the proceeds are returned to the Company after 180 days and reclassified as available cash. As of September 30, 2021, the Company had no cash classified as restricted as it was used to purchase LKE qualified property. Any additional amount of cash held in escrow was returned to cash on hand for the Company as of September 30, 2021.

14. Subsequent Events

In connection with the preparation of its financial statements, the Company has evaluated events that occurred subsequent to September 30, 2021, through the date on which these financial statements were issued to determine whether any of these events required disclosure in the financial statements.

There were no reportable subsequent events or transactions.

Section 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our accompanying condensed consolidated financial statements and notes thereto. See also "Cautionary Statement Regarding Forward-Looking Statements" and "Risk Factors".

Overview

As of September 30, 2021, Keweenaw, a land and timber management company, owned 179,090 acres of surface land and 428,789 acres of subsurface mineral rights in the western Upper Peninsula of Michigan and northern Wisconsin. Keweenaw derives the majority of its net income from the sale of logs harvested from its timberlands, and from the sale of real estate. Keweenaw also generates revenue from timber harvested from other ownerships, recreational leases, mineral rights leases, sale of sand and gravel, and by providing wood scaling and inventory management services for various customers.

Results of Operation

Timber Sales & Operations

For the quarter ended September 30, 2021, the Company's timber sales volume totaled 42,371 cords (101,688 tons). The 2021 sales volume increased by 6,152 cords (14,765 tons) or 17% compared to the prior year period. Sales for the third quarter 2021 included 38,467 cords from Company lands and 3,904 cords from procured stumpage. This is an increase of 2,272 cords from Company land and an increase of 3,880 cords from procured stumpage sources, over the prior year period. The increase in total volume was driven by improved demand for all forest products versus the constrained markets experienced during the same period in 2020 due to the COVID-19 pandemic.

Gross timber revenues during the third quarter of 2021were up $383,386 to $5,310,888, equating to an increase of 17% compared to the prior year period. During the third quarter of 2021, timber revenue from Company timberland was $4,701,682 and procured stumpage sales were $609,206. This reflected a decrease in revenue from Company land of 5% and an increase from procured sources of 261% compared to the prior year period. The decrease in Company land revenue year over year was driven by the significant increase in the sale of stumpage in 2021 versus 2020.

Total net sales price was $44.37 per cord in the third quarter of 2021, a 4% increase over the $42.60 per cord in the prior year period. The driver behind the overall increase was the 39% improvement in sawtimber net sales price in the third quarter of 2021 over the prior year period. The sawtimber net sales price was $127.62 per cord in the third quarter 2021 compared to $91.51 per cord in the prior year period. The sawtimber increase was propelled by the significant increases in net sales price for veneer and sawlogs in response to increased hardwood lumber demand and pricing over the same period in 2020. Pulpwood net sales prices decreased by 49% year over year, from $20.34 per cord in the third quarter of 2020 to $10.27 per cord in the third quarter of 2021. The driver in the significant decline in pulpwood net sale price was driven by the increase in procured harvest and the sale of stumpage volumes. Both the procured harvest and stumpage net sales prices are less than those of direct sales from Company land.

Timber sale volumes, sale product mix and net sales prices as a quarter over quarter comparison are shown in the following tables.

Timber Sales Volume (cords)	Three Months Ended September 30 2021	2020	% Change	Nine Months Ended September 30 2021	2020	% Change
Sawtimber	12,312	11,326	8.7%	27,949	27,731	0.8%
Pulpwood	30,059	24,893	20.8%	71,493	71,252	0.3%
Total	42,371	36,219	17.0%	99,442	98,983	0.5%
Product Mix						
Sawtimber	29%	31%		28%	28%	
Pulpwood	71%	69%		72%	72%	
Net Timber Sales Price (per cord)						
Sawtimber	$127.62	$91.51	39.5%	$119.09	$80.65	47.7%
Pulpwood	10.27	20.34	-49.5%	13.46	16.53	-18.6%
Total	44.37	42.60	4.2%	43.33	34.49	25.6%

Net prices per cord are net of logging, hauling, road, stumpage and depletion costs

The increase in third quarter 2021 timber revenues over the prior year period was primarily driven by the overall increase in sales volume over the prior year period. Total sawtimber sales revenue increased by 8.7% and pulpwood sales increased by 20.8%. Revenues were also favorably impacted by improved product mix and sawtimber product pricing. The total impact of those changes are reflected in the table below:

Sales	Three Months Ended September 30, 2021	2020	Changes Attributed to: Volume	Price/Mix	Nine Months Ended September 30, 2021	2020	Changes Attributed to: Volume	Price/Mix
Sawtimber	$ 2,857,217	$ 2,212,111	8.7%	20.5%	$ 6,226,457	$ 5,170,105	0.8%	19.6%
Pulpwood	$ 2,453,671	2,715,391	20.8%	-30.4%	$ 6,757,930	7,552,902	0.3%	-10.9%
Total	$ 5,310,888	$ 4,927,502	17.0%	-7.6%	$ 12,984,387	$ 12,723,007	0.5%	1.5%

Costs of Operations

Total third quarter 2021 logging and freight costs decreased by 12% to $2,766,181 versus the prior year period. The overall production costs decreased, despite an overall increase in sales volume of 17%. On a per cord basis, third quarter 2021 logging and freight costs decreased by $21.69 per cord to $65.29 versus the prior year period of $86.98 per cord. The per cord and overall decrease in production cost was due to a significant increase in stumpage sales in the third quarter of 2021 versus the prior year period. Stumpage sales do not have any logging and freight expense associated with them and consequently reduce overall production expense.

Road-building expenses in the third quarter of 2021 were $281,181, up 9% versus the prior year period. The increase in road costs was attributable to the increase in production volume in the quarter compared to the prior year period.

Depletion and procured stumpage expenses increased by $151,311 in the third quarter of 2021, up 88% from the prior year period. The increase in depletion expense was driven by the 17% or 6,152 cord harvest volume increase year over year. The stumpage expense increase was a result of the increased procured harvest volume of 3,800 cord year over year.

Yard costs are associated with the costs of operating Keweenaw's merchandising woodyard. Those costs were $77,546 in the third quarter of 2021, approximately 12% higher than in the prior year period.

The 2021 and 2020 logging/freight, road, depletion/stumpage, and other costs are listed below.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Production Costs				
Logging & Freight	$ 2,766,181	$ 3,150,325	$ 6,979,555	$ 7,907,552
Roads	281,764	255,165	550,968	614,871
Depletion/Stumpage	322,465	171,154	568,669	683,654
Yard Costs	77,546	69,456	221,970	233,857
Production Costs per Cord	**2021**	**2020**	**2021**	**2020**
Logging & Freight	$ 65.29	$ 86.98	$ 70.19	$ 79.89
Roads	6.65	7.05	5.54	6.21
Depletion/Stumpage	7.61	4.73	5.72	6.91
Yard Costs	1.83	1.92	2.23	2.36
	$ 81.38	**$ 100.67**	**$ 83.68**	**$ 95.37**

Non-Timber Revenue and Real Estate Sales

Non-timber revenue and real estate sales for the third quarter 2021 income includes mineral royalties, lease and rental income, service fees and land sales of $1,073,440, an increase of $553,144 from the prior year period.

Income levels from these sources are unpredictable and can vary widely from year to year. The breakdown of non-timber revenue and real estate sales by category is reflected below.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Lease Income, Mineral Royalties and Service Fees	$ 140,315	$ 160,796	$ 329,574	$ 361,520
Gain on the Sale of Equipment	-	-	133,938	-
Easement Sales	2,800	2,000	4,150	2,000
Development Lot Sales	65,500		204,000	
Real Estate	864,825	357,500	3,958,948	745,334
Total Non-timber Revenue and Real Estate Sales	$ 1,073,440	$ 520,296	$ 4,630,610	$ 1,108,854

	Three Months Ended September 30,		Nine Months Ended September 30,	
Real Estate Sales	2021	2020	2021	2020
Acres Sold	657	366	3,207	585
Gross	$ 864,825	$ 357,500	$ 3,958,948	$ 745,334
$ Acre/Gross	$ 1,316	$ 977	$ 1,235	$ 1,279

Liquidity and Capital Resources

Keweenaw's cash flow from operations in the third quarter of 2021 was $1,136,926 versus $1,141,028 in the prior year period. Overall timber sale volume increased by 17% in the third quarter 2021 over the prior year period, an increase of 6,152 cords. With the increase in sales volume, the timber revenue increased by $383,386 compared to the prior year period.

Keweenaw sold 657 acres of forest land in the third quarter of 2021 for a gross total of $864,825 or a per acre gross value of $1,316 per acre. The real estate market across the Upper Peninsula of Michigan has experienced an increase in activity since the COVID-19 pandemic started in early 2020 and we believe this trend has continued in the third quarter of 2021.

During the third quarter of 2021, the Company was able to leverage stumpage sales and robust markets for higher margin logs to increase profits while maintaining consistent costs.

Cash flows for investing activities in the third quarter of 2021 totaled ($4,296,430) compared to $213,637 in the prior year period. The large outflow of cash was used to purchase the 29,071 acres of Sage Mineral rights including an additional 2,500 acres at the Copperwood Project which is under a lease, option and royalty agreement. The activity was funded from cash held in escrow and cash on hand.

No dividends were paid to shareholders during the third quarter of 2021 or 2020, respectively and no shares were issued during this period. On September 30, 2021, Keweenaw had $1,193,936 in cash and cash equivalents and $0 in cash held in escrow compared to $3,092,589 and $78,671, respectively, at the end of the prior year period. The cash held in escrow was used to facilitate the Sage Minerals purchase and these funds qualified for a 1031 exchange status as an investment in real property. The 1031 exchange allowed the Company to defer over $750,000 in taxes year to date.

The Company maintains a credit arrangement at Wells Fargo Bank Michigan N.A., which provides for a $750,000 operating line-of-credit availability to satisfy short-term operating cash needs and to also fund standby letters-of-credit in guarantee of performance on public bid timber stumpage contracts with the USDA Forest Service or state mineral leases.

Keweenaw did not borrow on its short-term line of credit with Wells Fargo during the third quarter of 2021 or during the prior year period. On September 30, 2021, there was no outstanding balance on its short-term line of credit. If necessary, short-term borrowing and repayment would occur using the automatic balance transfer feature of Keweenaw's primary business checking account and its operating line of credit. On Keweenaw's $750,000 operating line of credit, one letter of credit totaling $30,000 was outstanding as of September 30, 2021, upon which no balance was owed.

In December 2016, the Company borrowed $5,000,000 from MetLife at an interest rate of 3.05% and paid off the principal balance of $4,320,000 remaining on its original loan with Wells Fargo. Keweenaw originally borrowed $4,800,000 in November 2013 to help finance a 4,979-acre land purchase. Terms of the new 10-year interest-only loan with MetLife include quarterly interest payments at 3.05%. Up to 10% of the principal balance may be paid annually without prepayment penalty. An installment payment of $500,000 was paid in the first quarter of 2021 reducing the principal balance to $3,500,000. The balance of this loan remains the same as of September 30, 2021. The maturity date on the loan is December 9, 2026. Total interest expense in the third quarter of 2021 on this loan was $26,688 compared to $30,500 in the prior year period.

Also, in December 2016 Keweenaw entered into a debt facility with MetLife in the form of a $25,000,000 revolver allowing the Company immediate access to cash for general corporate purposes. In March 2017, the Company borrowed $12,700,000 against the revolver to fund the purchase of 14,356 acres of timberland in Iron County, Wisconsin. An additional $1,000,000 was borrowed to fund the purchase of 2,784 acres in Gogebic County, Michigan. By the end of 2020, the Company had repaid all but $2,500,000 of those amounts. The Company repaid an additional $1,000,000 in the second quarter of 2021, such that as of September 30, 2021, a total of $23,500,000 remained available for the strategic needs of the Company. Fees and interest associated with the revolver include quarterly payments on the unused facility of 0.0875%. Once the facility is used, there is an option to finance the amount borrowed at the existing 10-year Treasury note rate plus 150 basis points. Interest expense in the second quarter of 2021 on this loan totaled $11,241 compared to $30,584 in the prior year period.

Section 3. OTHER MANAGEMENT DISCUSSIONS

Keweenaw Land Association, Limited completed the purchase of 29,071 acres of severed mineral properties from Sage Minerals Inc. for $5,000,000 in cash. The primary driver for the purchase was to increase Keweenaw's ownership of the mineral reserves underlying Highland Copper's Copperwood Project. The transaction includes 2,500 acres of mineral rights adjacent to our existing interests and increases Keweenaw's mineral tenure to around 80% of Copperwood's overall estimated reserves. The newly acquired acreage is already under a lease and option agreement with Highland Copper Company that has been assumed by Keweenaw and will convert to a royalty once the Copperwood Project goes into production.

The mineral package Keweenaw acquired also contained 26,571 acres of mineral properties located in historic copper producing districts in Michigan and Northern Wisconsin, which includes prospective and underexplored properties in Gogebic, Ontonagon, and Baraga counties. 18,426 acres of the acquired mineral properties in Gogebic County are largely contiguous to mineral properties already owned by Keweenaw. The remaining acres are located in Arenac and Bay counties in Michigan's lower peninsula and Ashland and Douglas counties in Wisconsin, which are areas where Keweenaw had not previously owned any minerals.

As a real property investment, the transaction qualifies as a 1031 exchange. Over 60% of the purchase price was funded from cash held in escrow from recent land sales, including the Big Bay property sale in March of this year. Accordingly, Keweenaw expects to defer more than $800,000 in cash taxes during 2021.

Section 4. LEGAL PROCEEDINGS

From time to time, we are party to legal proceedings, which arise in the ordinary course of our business. We are not currently involved in any legal proceedings of which the outcome is reasonably likely to have a material effect on our results of operations or financial condition, nor are we aware of any such legal proceedings contemplated by governmental authorities or any other parties.

Section 5. RISK FACTORS

The following risk factors supplement the risk factors contained under the heading "Risk Factors" set forth in Section 1A of our 2020 Annual Report. The risk factors contained in our 2020 Annual Report and supplemented hereby could affect our business, financial condition, or results of operations. These risk factors should be considered in connection with evaluating the forward-looking statements contained in the 2020 Annual Report and this Quarterly Report, as applicable, because they could cause the actual results and conditions to differ materially from those projected in forward-looking statements. Before you buy our common stock, you should know that investing in our common stock involves risks, including the risks described below and in the 2020 Annual Report. The risk factors that are highlighted here and in the 2020 Annual Report are not the only ones we face. If the adverse matters referred to in any of the risk factors actually occur, our business, financial condition, or operations could be adversely affected. In that case, the trading price of our common stock could decline, and you may lose all or part of your investment.

Risks Related to Our Industry and Our Business

The novel coronavirus disease (COVID-19) pandemic has impacted and is expected to continue to impact our business, financial condition, and results of operations.

The COVID-19 pandemic has now had over fifteen months of impact on local, regional, national and international economies, and this has impacted our operations and financial results. As previously disclosed, Keweenaw's business model meets an exemption that has allowed us to continue operations despite broad-based shutdowns over the course of the pandemic. Our financial results, however, along with those of all market participants, have inevitably been impacted. We have experienced, for example, mixed results with somewhat reduced pulpwood demand, but also stronger sawtimber pricing due to new construction starts. These and other market disruptions continued during the third quarter of 2021, and the extent and duration of the pandemic and related governmental responses remain unclear. We expect that this matter may continue to impact our results, but due to the uncertainty inherent in this challenging environment, the related financial impact cannot be reasonably estimated at this time.

Section 6. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISKS

As a result of our debt facilities, Keweenaw is exposed to interest rate changes. Keweenaw closely monitors interest rates and will continue to consider the sources and terms of its borrowing facilities to determine whether Keweenaw has appropriately guarded itself against the risk of increasing interest rates in future periods. Keweenaw does not enter into financial instruments for trading or speculative purposes.

A listing of Keweenaw's debt facilities can be found in note 6 of the Notes to the Condensed Consolidated Financial Statements.

Section 7. OTHER INFORMATION

SIGNATURES

KEWEENAW LAND ASSOCIATION, LIMITED

By:____________________________________

Date: November 12, 2021