KEWEENAW LAND ASSOCIATION, LIMITED
(A MICHIGAN CORPORATION)

ANNUAL REPORT FOR THE FISCAL YEAR ENDING DECEMBER 31, 2021

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Issuer’s telephone number: (906) 932-3410

Number of shares outstanding of common stock as of March 31, 2022: 1,296,173

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TIMBER LAND MINERALS
KEWEENAW
LAND ASSOCIATION, LIMITED

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

To the Stockholders of Keweenaw Land Association, Limited

Keweenaw completed the sale of its timber assets at the end of last year which was a transformative event for the Company. The Board's recommendation to sell Keweenaw's timberlands was based on a few factors:

- The Company's timber footprint was widely acknowledged as being subscale, given its overhead costs which included substantial annual expense associated with its quasi-public status. Without a larger footprint over which to amortize its fixed cost base, Keweenaw systematically incurred friction costs we estimated as close to $1 million per year.
- The Board undertook benchmarking efforts to identify ways to reduce costs and enhance revenues. These efforts had a positive impact but did not fundamentally alter the Company's longer-term gross revenue potential.
- The Board observed that valuations for timberland operators have faced headwinds for several years as investors move away from NAV-based approaches to valuing timberland assets (i.e., including clear-cutting economics and/or terminal values which embed optionality for clear-cutting in the future), in favor of running yields as a shorthand for sustainable forestry practices- with a "perpetual harvest" approach reflecting the environmental gold standard. Despite this observable trend, timberland assets continue to trade at substantial premiums to values supported by perpetual harvest models -- making growth through acquisition of timberlands problematic at the Company's scale and cost-of-capital.

As a result of these factors, the Board determined the Company's best course of action was to pursue a sale to a buyer with a credible plan for sufficient environmental stewardship. Consequently, the Company focused on taking all the steps necessary to position Keweenaw as a well-managed and high-quality asset warranting a premium from an institutional buyer.

One of the first initiatives was to increase harvest levels to demonstrate the Company's ability to improve significantly upon historical cash flows. Another area of focus for the Company was improving the quality of its inventory data which was a source of criticism from potential buyers during the failed auction in 2017. The Company invested heavily during subsequent periods, and by 2020 its inventory data was first-rate. Management also spent significant efforts to highlight areas where the Company had historically been very diligent. Keweenaw compares favorably to its competitors given its meticulous focus on title and conveyance matters, as well as access which is a common problem for parcels of harvestable land that are surrounded by other private parcels- without an easement or other contractual right to access the property they can become essentially "stranded". The last element subject to the Company's control was timing for a transaction. Prior to the sale process in 2021 that culminated in the transaction, the Company conducted two in-depth processes, before concluding market conditions were not ideal in both cases. When market conditions were ripe, the Company moved very fast to close a transaction.

Ultimately, the Board was very pleased with timing and results of the timberland asset sale. Regarding valuation and structure, the transaction the Company completed is superior to any alternative presented to the Company, and by a substantial margin. While there might have been interesting opportunities to re-invest the sale proceeds in 1031 exchange-eligible assets, for example cash flowing energy-based assets available at attractive running yields, the Company ultimately determined that adhering to Keweenaw's historical mandate- and returning capital to shareholders prior to re-framing a new mandate- was superior to deferring corporate-level taxes.

The Board would again like to extend sincere appreciation to its shareholders for their overwhelming support for the timberland asset sale expressed through the shareholder vote.

Now that the timber sale is behind us, we have turned our focus towards developing opportunities related to the Company's substantial mineral assets. It is important to note that the "new" Keweenaw today bears little resemblance to its former self in several regards, most notably its reduced scale after the majority of the proceeds from the sale have been returned to shareholders. Post-transaction, the risks and rewards related to an investment Keweenaw stock are fundamentally different. We advise investors to take note of all the information presented herein.

Going forward, "remainco" will operate on a much smaller scale than it has previously which has several important implications investors should consider. Perhaps most importantly, the Company does not currently generate sufficient revenue to sustain its operating costs long term and we expect that we will experience negative cash flows for the foreseeable horizon absent new sources of revenue. Currently, we are modeling cash burn of approximately $350 thousand for 2022 (excluding one-time items). On the revenue side, initially, the Company expects only a modest amount of lease income from the Copperwood project. While the timing and amount of revenues from the Copperwood project are difficult to forecast, future expenses are something we feel we have a better ability to estimate and have more control over. As we stated in the proxy, we intended to substantially reduce overhead costs going forward in order to preserve cash and have more resources to fund future investments. We have instituted a bare-bones operational structure as we believe a hyper-attentive focus on managing expenses is more important than ever. As a result, Keweenaw's headcount has been reduced to three employees, with Tim Lynott taking over as President given Mark Sherman's retirement. We are very happy to have Mark on the Board, who now serves alongside myself and Eric Speron. For now, Board members are receiving no compensation. It is quite possible we will announce a fourth Board member in the coming months to provide additional mineral expertise to the Company.

Another area of substantial expense savings will be achieved by returning to an AICPA audit standard (from PCAOB) which has already been implemented by Grant Thornton for 2021. Going forward we are considering retaining a public accounting firm that is capable of providing audits under both formats to maintain our flexibility. Given the more passive nature of mineral ownership relative to the Keweenaw's historical timber operations, we will likely forego the expense of providing quarterly financial statements. This will necessitate us moving from the Pink Current Tier to the Pink Limited Tier which we believe will not negatively impact the ability to trade our stock. We remain committed to transparency and we will continue to provide investors with timely updates via press releases when there is new information to report.

Turning to the balance sheet, Keweenaw today is comprised of a few discrete assets. The first is the escrowed holdback from the timberland sale. In our proxy statement dated November 23, 2021, we discussed that this second distribution was provisionally around $8 per share, and subject to reduction for indemnity claims by the buyer or other contingencies. At present we anticipate a small handful of contingencies that are likely to reduce the available funds for distribution. Our current estimate of the second distribution is approximately $7.00 per share, however it remains subject to potential further reduction. Subject to additional contingencies that may arise, we expect to make the second distribution before the end of 2022.

The next balance sheet item is unencumbered cash of approximately $3 million. Expected cash uses include covering negative operating cash flows for the next several years, plus some cushion over the near term for discretionary needs. It is also possible that we will use a portion of the cash to make incremental investments.

The next asset is 428,789 acres of subsurface mineral rights which we divide into two categories. The first is our ownership of approximately 80% of the mineral acreage underlying the Copperwood project. We know there are a lot of questions about the status of this project and when Keweenaw will begin to receive royalties. Please keep in mind that we are not involved in planning, design, implementation or management of the project - we are passive owners of an uncertain future royalty stream. We possess no non-public information pertaining to Highland Copper or the Copperwood project. We are not inclined to speculate about the project's prospects- particularly given that all previous estimates we have seen as to the timing of these events in the past have proven to be wrong.

The second category is our subsurface mineral rights other than Copperwood. In contrast to the Copperwood project, which is a proven asset and fully permitted, our remaining subsurface acreage is in a much earlier, more speculative phase. Our plan in the past has been to make small strategic expenditures to provide an indication of the potential viability of increased investment. As I discussed in our 2020 annual report, the company spent approximately $250,000 in 2020 to perform some limited drilling and conducted a mineral ownership compilation update. At that time, we said the preliminary results of this phase of the project were encouraging, and that we expected costs to continue to increase in 2021 as we moved to the next stage. While we continued to advance one prospect, which we believe has the potential to generate lease income and commitment for additional exploration by a third party, broader efforts took a back seat during 2021 given the "all hands on deck" efforts required by the sale process. We expect to continue selected efforts to create value for the mineral portfolio in 2022, including possibly entering into additional mineral leases, royalty arrangements, acquisitions, and/or joint venture partnerships.

Our prime directive remains maximizing after tax value per share over the long term. To further this goal, an investor should assume that going forward, Keweenaw's capital allocation mandate will be unconstrained under the direction of the Board. As a Board, we seek to deploy capital using the independent mindedness and dedication to long-term stewardship which are hallmarks of our Board's philosophy. Moreover, the Company has years of experience and institutional knowledge of the region which provides us a strong foundation and has positioned Keweenaw well for future partnering and investment opportunities. These might include the acquisition of new leases / royalty assets or the possibility of joint venture opportunities directly in exploration or production assets. It is possible that we will need to raise more capital in the future to fund investments and we are currently investigating different options.

One option we are in the early stages of exploring is the possibility of giving shareholders the *choice* of receiving the second distribution from the holdback in cash or reinvesting those monies back into the Company. Cornwall and First Foundation (who collectively own approximately 36%) have indicated that they would elect to receive stock in Keweenaw instead of cash, but we recognize that other shareholders might have a different preference. We are currently investigating ways we can distribute cash to those shareholders who want cash while allowing other shareholders to reinvest.

The annual meeting this year has been delayed as we finalize our auditor selection process. We will announce a date for the annual meeting through our website and a press release.

We have accomplished a tremendous amount over the past year. Going forward, Keweenaw has a solid base of mineral assets and is well positioned to take advantage of future opportunities. We are looking forward to updating you on new developments in the future.

Kind Regards,

James A. Mai, Chairman

KEWEENAW LAND ASSOCIATION, LIMITED

TABLE OF CONTENTS

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Report of Keweenaw Land Association, Limited and subsidiaries (“Keweenaw Land Association”, “Keweenaw”, “KLA”, “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,” “anticipate,” “estimate,” “believe,” “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 regarding estimates of contingent liabilities, future payment of dividends and development of the Copperwood project or our other mineral assets. 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; copper, gold and other commodity prices, development of the Copperwood project and discovery and development of other mineral assets. Any deviation from these assumptions may lead to fluctuations in future net income (loss).

Any such forward-looking statements are based on several 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. See Section 1A *Risk Factors* in this Annual Report. With respect to our ongoing business, these risks and uncertainties include, but are not limited to, the risks discussed in Section 1A herein. 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.

Section 1. BUSINESS

Company History

Keweenaw traces its origins to 1865, when Congress granted 400,000 acres of public land to finance the construction of a shipping canal across the base of the Keweenaw Peninsula in Northern Michigan. That same year, Michigan’s legislature authorized the Portage Lake & Lake Superior Ship-Canal Company to build the canal. Keweenaw’s direct lineage traces to 1891, when a successor entity to the Portage Lake Company sold the completed canal to the United States government and contributed its other assets (primarily 400,000 acres of land and mineral rights) to the Keweenaw Association, Limited. That Company was reorganized in 1908, and Keweenaw Land Association, Limited came into existence as a Michigan partnership association. Keweenaw was reorganized again in 1999 as a Michigan corporation.

Until the early 1950’s, Keweenaw was managed with the primary objective of monetizing its assets through liquidating timber, exploiting mineral assets and selling property. During this period, the Company reduced its surface rights from 400,000 acres to 120,000 acres, through a combination of land sales and intentional land forfeitures to extinguish tax liabilities. After clear-cutting most of its harvestable timber acreage during World War II, the Company decided in 1951 to modify its land management strategy. The Company chose to cease land dispositions and allow for the forest to fully regenerate. At the time, the Company expected that the forest would reach maturity by 2010. The Company operated in this mode for the next 40 years, with its primary sources of income being mineral royalties, and stumpage income from selective harvests as the timber assets matured.

In the early 1990's the Company began investing in resources to allow for active management of its forestry operations. From that time until December 27, 2021, the Company has cut, produced, and sold timber as its primary source of business income. On December 27, 2021, the Company closed on the sale of all remaining timberland assets which consisted of 178,479 acres of land as well as the Company's remaining capital assets. The Company retained ownership of its mineral interests.

Timberland Asset Sale and Plan of Partial Liquidation

Management and the Board of Directors of KLA began observing the timberland market for strategic opportunities to unlock shareholder value through a sale of timberland assets in early 2019. Management elected to delay the process in 2020 due to observed uncertainties in the market and process disruptions caused by the Covid-19 Pandemic. Management and the Board observed strength returning to the timberland markets in the first and second quarters of 2021 and engaged in a series of discussions with potential transaction partners. Ultimately, KLA selected LandVest to run a confidentially marketed sale process which culminated in the sale of approximately 178,479 acres of timberland as well as the Company's timber-related capital assets to a U.S. based investment management firm with a long track record of investing in global timberland, and other global investment strategies. The terms of the timberland asset sale and a related plan of partial liquidation were approved by the vote of the KLA shareholders on December 20, 2021, and the transaction closed on December 27, 2021.

Payment of the first special distribution under the plan of partial liquidation of $92.00 per share was made on December 31, 2021, to shareholders of record as of the close of business on December 27, 2021. The plan of partial liquidation also contemplated a second distribution of approximately $8 per share payable on or before December 31, 2022, to shareholders of record as of a future record date to be established for such purpose, provided that the second distribution is subject to potential reduction for indemnity claims or other contingencies.

Prior to electing to distribute after-tax proceeds to shareholders via the plan of partial liquidation, the Company considered the possibility of mitigating corporate-level tax leakage through several structures including a 1031 Exchange. The Company concluded that the opportunity cost associated with not returning cash to shareholders exceeded friction from the corporate-level tax; particularly given the Company's effective tax rate in 2021 was favorable relative to historical levels with future tax risk skewed asymmetrically towards higher rates rather than lower rates.

Mineral Assets

Keweenaw owns 428,789 acres of mineral rights in Michigan and Wisconsin. The majority of the mineral ownership dates back to our original post-civil war Federal land grant. Since 1891, when The Keweenaw Association, Limited was formed, the Company has received significant royalties from iron ore and copper mining activities on its properties. Between 1891 and 1995, when the White Pine copper mine ceased operations, the Company estimates receiving cumulative royalties, adjusted for inflation, exceeding $500 million.

With the culmination of the timberland transaction at the end of 2021, Keweenaw has undergone a transformational change. Despite its substantially smaller scale and current negative cash-flow, the Company believes its vast mineral portfolio and related capital allocation opportunities offer significant potential to create and realize value for shareholders. For the first time in the Company's recent history- and perhaps the first time ever- management is actively focused on building the Company's mineral franchise through capital allocation and allocation of operational resources.

In September of 2021, Keweenaw closed on the acquisition of 29,071 acres of severed mineral properties from Sage Minerals Inc. The primary driver for the purchase was to increase Keweenaw's ownership of the mineral reserves underlying Highland Copper's Copperwood Project. The transaction included 2,500 acres of mineral rights adjacent to our pre-existing interests and increased Keweenaw's mineral tenure to approximately 80% of Copperwood's overall estimated reserves. The Sage acreage is already under a lease and option agreement with Highland Copper Company that has been assumed by Keweenaw and is expected to convert to a royalty once the Copperwood Project goes into production. The Sage Acquisition 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.

Over the last decade, Upper Michigan has seen a renewed interest in mineral exploration and mining development. The Company currently leases mineral rights encompassing a combined total of 5,607 acres to Highland Copper Company Inc. (TSXV: HI) ("Highland") pursuant to three mineral and exploration leases. The leases relate to Highland's Copperwood project in Gogebic County. These leases have been in place since 2008 and the lease amounts escalate each year resulting in higher annual rental payments. Total mineral lease income in 2021 to the Company was $202,148. When the Copperwood project enters into production, the mineral leases will convert to a royalty-based arrangement pursuant to which the amount of copper produced from the mine annually will provide a passive income stream to the Company over the life of mine.

During the course of 2021, mineral commodity prices experienced a sustained increase across base and precious metals. In response, Keweenaw continued its systematic review and compilation of its mineral resources, which included a limited amount of exploration and evaluation work. This work has been completed and is currently under review. Based on positive initial results, Keweenaw is conducting a preliminary review of business development opportunities. We are considering all options, from further development to divestiture, in order to ensure that we secure the highest value to the Company and shareholders. Some alternative arrangements may include entering into additional mineral leases, royalty arrangements and/or joint venture partnerships. While we anticipate these opportunities may ultimately benefit Keweenaw and its shareholders, they are still at a preliminary stage, the Company is generating negative cash-flow and we can make no assurance at the present time that we will realize the full value, or any value, as a result of these opportunities.

Employees

As of December 31, 2021, Keweenaw had four full-time, non-union employees.

Section 1A. RISK FACTORS

The following risk factors 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 this annual report because they could cause the actual results and conditions to differ materially from those projected in forward-looking statements. Before you invest in our common stock, you should know that owning our common stock involves risks, including the risks described below. The risk factors that are highlighted below are not the only ones we face. If any of the adverse matters referred to in any of the risk factors actually occur, our business, financial condition, or operations could be materially 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

Adverse changes in economic conditions may negatively affect our earnings, capital and liquidity.

The financial performance and results of operations for natural resource companies, including ours, may be materially and adversely affected by changes in regional and national economic conditions. We may also be affected by fluctuation in the financial markets, such as rapid increases or decreases in interest rates as well as changes in the monetary and fiscal policies of the federal government. Most of these factors are outside of our control. While we believe that we have positioned Keweenaw to mitigate these types of events in the most efficient way possible, we cannot make any assurances that economic conditions and market forces will not adversely impact our financial performance and result of operations.

Pandemics often have adverse effects on economic growth and overall supply chain efficiencies that could impact our business.

Pandemics, like the 1918 Spanish flu, 2009 influenza H1N1 and the on-going COVID-19 pandemic, can have a significant impact on economic growth and the functioning of the global supply chain. As such, economic recessions and supply chain interruptions associated with pandemics may impact our business directly, and indirectly through our relationships with our suppliers and customers, all of which may result in a negative impact on the results of our operations.

Indemnification claims could impact our financial performance and reduce the special shareholder dividend plan contemplated for fourth quarter 2022.

Keweenaw agreed under terms of the timberland asset sale transaction to indemnify the Buyer for certain breaches of representations, warranties or covenants made by us in the Purchase and Sale Agreement. Significant indemnification claims by the Buyer could materially and adversely affect our business, financial condition and results of operations and reduce or eliminate the funds available for special shareholder dividend which is contemplated for the fourth quarter 2022. Indemnity claims in excess of amounts reserved in the Company's $10,000,000 escrow account could render the Company insolvent.

Contingent liabilities following the consummation of our timberland asset sale may impact our financial performance and our ability to pay special dividends.

Circumstances could arise in which the Company is liable for costs contingent with closing on the timberland asset sale. If such circumstances were to occur, contingent liabilities may ultimately exceed our reserves and thereby adversely affect our financial performance and reduce or eliminate the funds available for special shareholder dividend which is contemplated for fourth quarter 2022.

Our ability to generate cash revenues is limited and dependent to a substantial extent on the Copperwood Project.

The Company currently generates negative cash-flow. Most of our revenue from continuing operations is generated from a single customer whose going-concern value is directly connected to progressing the Copperwood project from its current development status to the next phase which is construction. Should this customer experience financial difficulties, including but not limited to bankruptcy, they may no longer be able to provide us with sustainable operating cash flow, and we may not efficiently, if ever, find reliable replacement customers for this customer. All of this can materially and adversely affect our business.

Our mineral exploration activities may not result in a significant economic benefit to us.

Keweenaw owns 428,789 acres of mineral rights in Michigan and Wisconsin. During 2021, mineral commodity prices experienced a sustained increase across base and precious metals. In response, we conducted a systematic review and compilation of our mineral resources, which included a limited amount of exploration and evaluation work. This work has been completed and is currently under review. Based on positive initial results, we are conducting a preliminary review of business development opportunities. We are considering all options, from further development to divestiture, in order to ensure that we secure the highest value to the Company and shareholders. We have also considered alternative arrangements, including entering into additional mineral leases, royalty arrangements and/or joint venture partnerships. We have not yet determined how we will proceed and caution that, while we anticipate these opportunities may ultimately benefit Keweenaw and its shareholders, they are still at a preliminary stage and we can make no assurance at the present time that we will realize the full value, or any value, as a result of these opportunities.

Mineral exploration or development activities done by others on our minerals properties may not result in a significant economic benefit to us.

Mineral exploration and evaluation is an inherently high-risk business. Few mineral properties that are explored will ultimately be developed. Economic, environmental, social, geographic, political, execution and commodity risk all factor into decisions for advancing exploration properties. Even advanced stage development properties can face challenges regarding permits, mineral reserves, ore grades, and project financing. Most of the mineral opportunities that Keweenaw has identified are at a very early stage which may ultimately benefit Keweenaw and its shareholders, but we can make no assurance at the present time that we will realize the full value, or any value, as a result of these opportunities.

Mineral commodities are exposed to global competition.

If opportunities exist in other geographical jurisdictions where the inputs of production (labor, materials, taxes, regulatory compliance) are more available at more favorable economic terms, this can be detrimental to development on Keweenaw minerals.

We have had a long history of mining activity with some of our properties, and such activity can lead to hazards on our properties, and subsequently can lead to liabilities for our business.

Mining activity can cause subsidence, which is the gradual caving in or sinking of an area of land. Since mining activity has occurred under some of our properties, over long periods of time, this might cause subsidence in the future, which can lead to accidents and other liabilities that can materially and adversely impact our business. We monitor any sites facing such risks of which we are aware and such sites are analyzed annually to minimize loss due to subsidence.

Our operations are geographically concentrated, and we may face greater impacts from localized events than would more geographically diverse mineral companies.

Located primarily in the western upper peninsula of Michigan and in northern Wisconsin, events and complexities affecting specific locales in the northern Michigan/Wisconsin region may impact us more significantly (and potentially negatively) than they would affect a comparable company with more diverse geographical operations. Because the vast majority of our mineral rights are limited to northern Michigan, regional impacts such as growth patterns, weather patterns, and natural disasters, as well as socio-political events such as environmental and land use initiatives, may disproportionately affect that segment more significantly than a company whose operations are less concentrated.

Any damage to our reputation is likely to hurt our business operations.

Over our extended period of operations, we have strived to build a strong reputation for our Company. Any damage to our reputation can hurt our ability to operate or grow our business, and this in turn can materially and adversely impact the results of our operations.

<u>Risks Related to Regulatory and Legal Matters</u>

There are statutory and regulatory restrictions, as well as social factors (e.g., the media), that may negatively impact, or limit, our ability to generate income and cash flow.

Certain activities, related to mineral exploration and mining, are subject to laws, regulations, and court orders that can limit or prevent us from pursuing such activities. Environmental protection initiatives and groups may impose obstacles to our business, including by lobbying for changes to existing laws and regulations that can affect our business negatively and by campaigning against companies with operations like ours in the media.

Certain activists, including environmentalists, may pursue campaigns against companies in our industry and are likely to do so in the future, and such campaigns may have an adverse impact on the value of our assets or on our ability to generate revenues from our minerals.

Environmentalist and other activist groups, political organizations, Native American tribes, and other parties in the legislative, administrative, and judicial spheres may seek the imposition of more stringent regulations on our business, including, with regard to any properties we have that may be in need of environmental remediation. The efforts of activist groups opposed to businesses like ours are not unlikely to abate in the foreseeable future, and in some instances their campaigns may have a material impact upon the revenues we can generate from our properties or upon the costs of generating those revenues.

Changes in mineral tax laws in the States in which we operate may have a negative impact on our business.

Both Michigan and Wisconsin have minimal or no tax laws regarding mineral right ownership. Any changes to these tax laws that would increase the Company's tax liability on these properties would have a detrimental impact on our ability to operate the Company.

From time to time, we may be involved in lawsuits that cost significant time and money.

We cannot predict whether we may sue or be sued from time to time, but any litigation in which we become involved would likely cost us a significant amount of money and can distract management, which in turn can materially adversely affect our business.

Risks Related to Our Common Stock

Our common stock is not registered with the Securities and Exchange Commission and is not listed on, or subject to the regulations of, any stock exchange. Consequently, the Company has not been required to file periodic reports or provide updated information to the market.

Our common stock is traded on the Over-the Counter (OTC) bulletin board, commonly called the "Pink Sheets." It is not registered with the Securities and Exchange Commission, and the shares are not listed on any stock exchange or other regulated trading platform. Consequently, the Company has not been required to make periodic filings of financial and other information, or to publicize material developments in its business. The Company anticipates moving from the OTC Pink Current Information Tier to the OTC Pink Limited Information Tier, which means it would no longer produce quarterly reports. This may negatively impact the liquidity or price of our stock.

We have witnessed relatively low historic trading volumes of our common stock and have limited market capitalization, and, as a result, the trading prices of our common stock may be more volatile than would an investment in a more liquid security.

Our common stock is thinly traded, and we have a small public float. Many brokers are restricted from trading in our stock due to lack of sufficient public information, restrictions on pink sheet securities or other factors. These factors can make trading our stock more volatile than trading in a more heavily traded security, or a security in a larger, more well-established company. This prospective volatility increases the risk of investing in our common stock and can drive down the price of our common stock and reduce opportunities for investors to buy or sell our common stock.

Risks Related to General Matters

We may not be able to retain key management personnel we need to succeed, which could adversely affect our ability to successfully operate our businesses.

To run our day-to-day operations and to successfully manage our businesses we must, among other things, continue to retain key management. We rely on the services of a small team of key executive officers. If any key executive departs, it could have a significant adverse effect upon our business. Also, increased competition for skilled management and staff employees in our businesses could cause us to experience significant increases in operating costs and reduced profitability.

The preceding risk factors could affect our business, financial condition, or results of operations. These risk factors should be read together with the forward-looking statements contained in this Annual Report because they could cause the actual results and conditions to differ materially from those projected in forward-looking statements. Before you invest in our common stock, you should know that owning our common stock involves risks, including the risks described above. The risk factors that are highlighted here are not the only ones Keweenaw faces. 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 price of our common stock could decline, and you may lose all or part of your investment.

Section 2. 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.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Keweenaw Land Association, Limited and Subsidiaries

Opinion
We have audited the consolidated financial statements of Keweenaw Land Association, Limited and Subsidiaries (a Michigan corporation) (the "Company"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of income, stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion
We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the financial statements are issued.

Grant Thornton

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Other information included in the annual report
Management is responsible for the other information included in the annual report. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Grant Thornton LLP

Chicago, Illinois
March 31, 2022

Section 3. FINANCIAL STATEMENTS

KEWEENAW LAND ASSOCIATION, LIMITED
Consolidated Statements of Income
For the Years Ended December 31,

		2021		2020
Revenues				
Lease Income	$	202,148	$	186,377
Expenses				
Selling, General & Administration Expenses		57,676		63,941
Income Before Income Tax Expense		144,472		122,436
Income Tax Expense		37,187		31,515
Income from Continuing Operations		**107,285**		**90,921**
Discontinued Operations (Note 13)				
Earnings from Discontinued Operations		5,972,122		4,424,116
Gain on disposal of Discontinued Operations		146,674,761		-
Income Tax Expense		39,550,088		1,104,272
Income from Discontinued Operations		**113,096,795**		**3,319,844**
Net Income	**$**	**113,204,080**	**$**	**3,410,765**
Net Income Per Share				
Basic Earnings Per Share - Continuing Operations	$	0.08	$	0.07
Dilutive Earnings Per Share - Continuing Operations	$	0.08	$	0.07
Basic Earnings Per Share - Discontinued Operations	$	87.25	$	2.57
Dilutive Earnings Per Share - Discontinued Operations	$	87.25	$	2.56
Weighted Average Shares Outstanding:				
Basic		1,296,173		1,293,727
Diluted		1,296,173		1,294,677

See accompanying notes to consolidated financial statements

KEWEENAW LAND ASSOCIATION, LIMITED
Consolidated Balance Sheets
As of December 31,

	2021	2020
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 41,879,390	$ 1,357,404
Cash Held in Escrow	10,250,000	78,671
Current Assets from Discontinued Operations (Note 13)	847,338	2,778,257
Total Current Assets	**52,976,728**	**4,214,332**
Non-Current Assets		
Mineral Rights	5,142,517	-
Property, Plant, and Equipment, Net of Depreciation	23,045	-
Property, Plant, and Equipment from Discontinued Operations (Note 13)	-	27,695,112
Exploration and Evaluation	306,420	184,421
Other Non-Current Assets from Discontinued Operations (Note 13)	40,800	49,600
Total Non-Current Assets	**5,512,782**	**27,929,133**
Total Assets	**$ 58,489,510**	**$ 32,143,465**
Liabilities and Stockholders' Equity		
Current Liabilities from Discontinued Operations (Note 13)	$ 39,544,727	$ 3,759,223
Non-Current Liabilities		
Non-Current State and Federal Deferred Income Tax Liability	544,306	-
Non-Current Liabilities from Discontinued Operations (Note 13)	-	4,126,608
Total Non Current Liabilities	**544,306**	**4,126,608**
Total Liabilities	**40,089,033**	**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)	84,760	84,599
Retained earnings	18,315,717	24,173,035
Total Stockholders' Equity	**18,400,477**	**24,257,634**
Total Liabilities and Stockholders Equity	**$ 58,489,510**	**$ 32,143,465**

See accompanying notes to consolidated financial statements

KEWEENAW LAND ASSOCIATION, LIMITED
Consolidated Statements of Stockholders' Equity
As of December 31,

	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	-	-	3,410,765	3,410,765
Shares Issued to Directors & Officers	1,879	122	127,057	127,179
Shares Purchased	(14,081)	(920)	(863,075)	(863,995)
Balance, December 31, 2020	**1,293,727**	**$ 84,599**	**$ 24,173,035**	**$ 24,257,634**
Net Income	-	-	113,204,080	113,204,080
Shares Issued to Directors & Officers	2,446	161	186,518	186,679
Cash Dividends Paid	-	-	(119,247,916)	(119,247,916)
Balance, December 31, 2021	**1,296,173**	**$ 84,760**	**$ 18,315,717**	**$ 18,400,477**

KEWEENAW LAND ASSOCIATION, LIMITED
Consolidated Statements of Cash Flows
For the Years Ended December 31,

		2021		2020
Cash Flows from Operating Activities				
Net Income from Continuing Operations	**$**	**107,285**	**$**	**90,921**
Increase (Decrease) in Deferred State and Federal Income Tax		544,306		**-**
Net Cash Provided by Operating Activities - Continuing Operations		651,591		90,921
Net Cash Provided by Operating Activities - Discontinued Operations (Note 13)		3,209,929		1,722,468
Net Cash Provided by Operating Activities		**3,861,520**		**1,813,389**
Cash Flows from Investing Activities				
Purchases of Property and Equipment		(23,045)		-
Exploration and Evaluation		(121,999)		(184,421)
Purchases of Mineral Rights		(5,142,517)		-
Net Cash Used in Investing Activities - Continuing Operations		(5,287,561)		(184,421)
Net Cash Provided by Investing Activities - Discontinued Operations (Note 13)		177,867,272		1,795,270
Net Cash Provided by Investing Activities		**172,579,711**		**1,610,849**
Cash Flows from Financing Activities				
Payments of Dividends - Continuing Operations		(119,247,916)		-
Net Cash Used in Financing Activities - Discontinued Operations (Note 13)		(6,500,000)		(4,563,996)
Net Cash Used in Financing Activities		**(125,747,916)**		**(4,563,996)**
Change in Cash and Cash Equivalents and Cash Held in Escrow	**$**	**50,693,315**	**$**	**(1,139,758)**
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	**$**	**52,129,390**	**$**	**1,436,075**
Reconciliation of Cash, Cash Equivalents and Cash Held in Escrow				
Cash and Cash Equivalents	$	41,879,390	$	1,357,404
Cash Held in Escrow		10,250,000		78,671
Cash Paid during the year for:				
Interest	$	198,765	$	270,168
Federal and State Income Taxes		886,124		1,052,860

See accompanying notes to consolidated financial statements

1. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The 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.

Discontinued Operations

A discontinued operation represents: (1) a component of an entity or group of components that has been disposed of or is classified as held for sale in a single transaction and represents a strategic shift that has or will have a major effect on the Company's operations and financial results or (2) an acquired business that is classified as held for sale on the date of acquisition. Examples of a strategic shift include disposing of: (1) a separate major line of business, (2) a separate major geographic area of operations, or (3) other major parts of the Company. The Company determined that the sale of timberland assets represented a strategic shift that had a major effect on the Company's results and, therefore, qualified as discontinued operation. See Note 13 for further discussion of discontinued operations.

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.

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 Cash 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 funds from the sale of timberland assets.

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.

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. There were no properties designated as held-for-sale as of December 31, 2021, and 2020.

Exploration and Evaluation Costs

Exploration and evaluation costs include those costs associated with mineral resource evaluation and are accumulated on prospective assets that may be advanced for future development. See Note 3 for additional details.

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.

Contingent Liabilities

The Company monitors all potential liabilities and determines whether they are probable to occur, reasonably possible to occur, or remote. Once the probability is determined, the Company evaluates the liability and determines whether to record and disclose based on the guidance of ASC 450 *Contingencies.* See Note 12 for further evaluation and recognition of contingent 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 10 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.

1. Revenue Recognition – Lease Income

The Company currently leases real estate consisting of commercial properties and mineral assets which are accounted for in accordance with ASC Topic 606, *Revenues from Contracts with Customers.* Should the Company enter into a new lease agreement, this agreement will be evaluated against both ASC Topic 842, *Lease Accounting* and ASC Topic 606, *Revenue from Contracts with Customers* to correctly determine the scope under which the agreement falls. Lease contracts related to mining and mineral exploration typically contain provisions for increasing rents to incent project advancement.

The Company reviews the collectability of charges under its current 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. As of December 31, 2021, and 2020, the Company had $0 and $43,981 of lease income receivable, respectively.

The following table includes information regarding the Company's leases under which it is the lessor, for the year ended December 31, 2021, and December 31, 2020.

Lease Income		**2021**		**2020**
Lease Income from Continuing Operations	$	202,148	$	186,377
Lease Income from Discontinued Operations		36,609		22,861
Total Lease Income	$	238,757	$	209,238

	2022	**2023**	**2024**	**2025**	**2026**	**Thereafter**	**Total**
Future Lease Payments	$ 268,525	$ 271,025	$ 354,700	$ 354,700	$ 354,700	$ 3,019,400	$ 4,623,050

2. Mineral Rights

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 $5,142,517 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 engaged an independent third-party valuation expert to assist with the purchase price allocation. The aggregate fair value of the mineral rights acquisition was allocated and is reflected in the consolidated financial statements in accordance with accounting guidance for asset acquisitions. At the time of acquisition, these assets were considered Level 3 fair value measurements. The resulting allocation was $4,011,163 to mineral assets in which the Company holds a lease, option, and royalty agreement, and the remaining $1,131,354 to remaining mineral interests.

3. Exploration and Evaluation

The Company is an owner of 428,789 acres of mineral rights in Michigan and northern Wisconsin. Recently, the Company has advanced activities to systematically review these mineral assets using modern techniques. The Company considers its activities to be early-stage exploration conducive to project generation activities that could lead to developing prospective properties into desirable projects attracting additional investment from market participants.

The Company capitalizes exploration and evaluation expenditures consistent with the full cost method where costs are specifically attributable to identifiable, prospective properties until a determination can be deduced as to the existence of an ore deposit. Phase 1 exploration work may include acquisition rights, prospecting, geophysics, sampling, mapping, drilling, assaying and other work associated with finding ore deposits. The additive capitalized costs that meet these criteria were $121,999 and $184,421 in 2021 and 2020, respectively. The balance of capitalized costs related to exploration and evaluation were $306,420 and $184,421 as of December 31, 2021, and 2020, respectively.

The Company may determine at a point in time that costs accumulated for activities related to specific identifiable properties may be impaired and be required to be written off. Impairment of the asset may be attributed to:

- The right to explore in an area has or will expire soon without renewal
- No further exploration is planned or budgeted
- A decision to discontinue exploration and evaluation based on lack of minerals
- Sufficient data exists that indicates the book value is not recoverable

The Company did not recognize any impairment on its exploration and evaluation assets during the years ending December 31, 2021, and 2020.

4. 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).

As of December 31, 2021, the Company had an irrevocable standby letter of credit amounting to $30,000 for the purpose of backing a performance bond related to the Company's mineral leases with the State of Michigan. No balance was owed on this letter of credit.

The company currently has no outstanding debt obligations as of December 31, 2021. Throughout 2021 the Company had outstanding debt obligations that were paid in full in conjunction with the sale of the timberland assets. Given the payment of debt was a contingency in order to close on the sale, the Company has attributed the debt to discontinued operations. Refer to Note 13 for further disclosure.

5. Income Taxes

The Company recorded the following federal and state income tax expenses from continued and discontinued operations:

Current:	2021	2020
Federal - Continuing Operations	$ 28,519	$ 24,169
Federal - Discontinued Operations	29,774,139	806,534
State - Continuing Operations	8,668	7,346
State - Discontinued Operations	9,381,842	262,950
	39,193,168	1,100,999

Deferred and other:	2021	2020
Federal - Discontinued Operations	313,374	15,120
State - Discontinued Operations	80,733	19,668
	394,107	34,788
Total Income Tax Expense	**$ 39,587,275**	**$ 1,135,787**

The reconciliation between the effective tax rate on income and the statutory tax rate is as follows:

	2021	2020
Tax Provision (Benefit) computed at statutory rate	$ 32,104,993	$ 954,775
State Income taxes net of federal benefit	7,482,282	229,072
2018 Net operating loss carryback	-	(80,254)
Other - Net	-	32,194
Income Tax expense (Benefit)	**$ 39,587,275**	**$ 1,135,787**

Deferred tax liabilities and assets are determined based on the differences between the financial statements carrying amounts and the tax basis of assets and liabilities using enacted tax rates in effect for the years in which differences are expected to reverse.

Significant components of the federal and state deferred tax liability as of December 31, 2021 and 2020, respectively, are as follows:

Non-Current:	2021
Equipment Depreciation	$ 1,636
Logging Roads Depreciation	-
Mineral Rights	(597,510)
Offset for State Deferred Tax Liability	36,390
Other Deferred Liabilities	1,207
Contingent Liability	122,792
Total Non-Current	(435,485)
Total Federal Deferred Tax Liability - Continuing Operations	$ (435,485)

Non-Current:	2021
Equipment Depreciation	$ 483
Logging Roads Depreciation	-
Mineral Rights	(176,539)
Other Deferred Liabilities	2,770
Contingent Liability	64,465
Total Non-Current	(108,821)
Total State Deferred Tax Liability - Continuing Operations	$ (108,821)

Non-Current:		**2020**
Equipment Depreciation	$	144,917
Logging Roads Depreciation		48,152
Offset for State Deferred Tax Liability		(7,352)
Other Deferred Liabilities		(70,529)
Total Non-Current		115,188
Total Federal Deferred Tax Liability - Discontinued Operations	$	115,188

Non-Current:		**2020**
Equipment Depreciation	$	41,405
Logging Roads Depreciation		13,757
Other Deferred Liabilities		(20,151)
Contingent Liability		-
Total Non-Current		35,011
Total State Deferred Tax Liability - Discontinued Operations	$	35,011

6. 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:

		2021		**2020**
Total 401(k) Expense	$	115,964	$	94,888

7. Concentration of Credit Risk

For the year ending December 31, 2021, two customers accounted for 100% of the Company's Income from continuing operations.

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 $51,211,692 and $744,026 in cash and cash equivalents and cash held in escrow as of December 31, 2021, and December 31, 2020, respectively, in excess of FDIC-insured limits.

8. 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 on May 12, 2021, to three of the five independent directors which fully vested as of the grant date. No additional shares were issued during the year ended December 31, 2021.

The following table provides details for the shares issued during years ended December 31,2021 and 2020:

Stock Based Compensation		2021		2020
Fully-vested shares granted		1,496		1,762
Weighted-average grant date fair value per share	$	80.250	$	67.445
Grant date fair value of fully vested stock granted in period	$	120,054	$	118,838

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. Due to the sale of timberland assets, the Compensation Committee of the Board of Directors elected to modify outstanding awards and vest 116 shares scheduled to vest in 2022, as of December 27, 2021. This modification of awards resulted in insignificant expense to stock-based compensation.

Below is a summary of service-based restricted stock grants to the employees for the year ended December 31, 2021, and 2020.

		2021		2020
Shares granted		-		717
Grant date fair value per share	$	-	$	69.75
Grant date fair value of restricted stock	$	-	$	50,011
Shares vested		950		117
Shares unvested		-		950
Fair value of vested stock	$	66,624	$	8,342
Fair value of unvested stock	$	-	$	66,624

9. Earnings Per Share

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

		2021		2020
Income from Continuing Operations	$	107,285	$	90,921
Income from Discontinued Operations		113,096,795		3,319,844
Shares used for basic earnings per common share		1,296,173		1,293,727
Performance or restricted shares		-		950
Shares used for dilutive earnings per common share		1,296,173		1,294,677
Basic earnings per common share - Continuing Operations	$	0.08	$	0.07
Dilutive earnings per common share - Continuing Operations	$	0.08	$	0.07
Basic earnings per common share - Discontinued Operations	$	87.25	$	2.57
Dilutive earnings per common share - Discontinued Operations	$	87.25	$	2.56

On December 31, 2021, the Company paid a special distribution of $92.00 per share to shareholders of record as of December 27, 2021, with an ex-dividend date of January 3, 2022. The gross distribution totaled $119,247,916.

10. 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.

11. Cash Held in Escrow

As part of the timberland asset sale, the Company and the purchaser agreed to set aside $10,000,000 of the purchase proceeds to be held in escrow for purposes of contingent liabilities that could potentially arise between the closing date and December 22, 2022, upon which, the funds will be released to the seller. Additionally, as part of this sale, the buyer required that all property taxes be paid prior to the closing date. The Company set aside an additional $250,000 that is being held with the escrow agent for property taxes to be paid after December 31, 2021. The balance of Cash Held in Escrow is $10,250,000

12. Contingent Liabilities

As part of the timberland asset sale, and in accordance with ASC 450 *Contingencies,* the Company has identified liabilities that it believes are probable to occur and has elected to accrue $723,000 for such liabilities. See Note 14 for further disclosure.

13. Discontinued Operations

On December 27, 2021, the Company closed on the sale of all timberland assets. The Company determined that the sale represented a strategic shift that had a major effect on the Company's results and therefore qualified as a discontinued operation under ASC 205 *Discontinued Operations.* Accordingly, the operations prior to the sale of the timberland assets have been recorded as earnings from discontinued operations on the consolidated statement of income. Assets and liabilities that arose from the operations of the timberland assets prior to sale that were not included as part of the sale have been recorded as assets and liabilities from discontinued operations within the consolidated balance sheets.

The tables below provide information reported in the financial statements from the Company's discontinued operations.

KEWEENAW LAND ASSOCIATION, LIMITED
Statements of Income from Discontinued Operations
For the Years Ended December 31,

	2021	2020
Income from Discontinued Operations:		
Revenues		
Timber Sales	$ 17,120,115	$ 17,285,907
Real Estate Sales	5,180,648	2,952,049
Lease Income and Service Fees	243,783	282,870
Total Revenues	**22,544,546**	**20,520,826**
Cost of Sales		
Timber Cost of Sales	11,405,365	12,299,389
Real Estate Cost of Sales	1,007,127	463,433
Timber Operations Forestry Expense	772,539	702,452
Land Management Costs	380,070	367,974
Total Cost of Sales	**13,565,101**	**13,833,248**
Gross Profit	**8,979,445**	**6,687,578**
Selling, General & Administration Expenses	**2,473,769**	**1,893,033**
Other Expense		
Interest Expense	(198,765)	(370,429)
Loss on Extinguishment of Debt	(334,789)	-
Earnings from Discontinued Operations	**5,972,122**	**4,424,116**
Gain on disposal of Discontinued Operations	**146,674,761**	**-**
Provisions for State and Federal Income Taxes	**39,550,088**	**1,104,272**
Income from Discontinued Operations	**$ 113,096,795**	**$ 3,319,844**

KEWEENAW LAND ASSOCIATION, LIMITED
Balance Sheet from Discontinued Operations
As of December 31,

	2021	2020
ASSETS		
Current Assets		
Accounts Receivable, Net of Allowances for Doubtful Accounts		
of $5,745 and $27,312, respectively	$ 499,517	$ 1,807,096
Prepaid Assets	60,091	167,421
Log Inventory	72,484	551,495
Federal Income Tax Receivable	215,246	215,246
Other Current Assets	-	36,999
Current Assets from Discontinued Operations	**847,338**	**2,778,257**
Non-Current Assets		
Timber & Timberlands, Net of Depletion	-	26,429,508
Prepaid Developed Lot Costs	-	141,035
Property, Plant and Equipment, Net of Depreciation	-	1,124,569
Other Non-Current Assets	40,800	49,600
Non-Current Assets from Discontinued Operations	**40,800**	**27,744,712**
Total Assets from Discontinued Operations	**$ 888,138**	**$ 30,522,969**
Current Liabilities		
Accounts Payable	$ 127,860	$ 186,353
Other Accrued Liabilities	39,416,867	1,112,189
Current Portion of Long Term Debt, net	-	2,460,681
Current Liabilities from Discontinued Operations	**39,544,727**	**3,759,223**
Non-Current Liabilities		
Long Term Debt, net	-	3,976,409
Non-Current State and Federal Deferred Income Tax Liability	-	150,199
Non-Current Liabilities from Discontinued Operations	**-**	**4,126,608**
Total Liabilities from Discontinued Operations	**$ 39,544,727**	**$ 7,885,831**

KEWEENAW LAND ASSOCIATION, LIMITED
Statements of Cash Flows from Discontinued Operations
For the Years Ended December 31,

		2021		2020
Cash Flows From Operating Activities				
Income from Discontinued Operations	**$**	**113,096,795**	**$**	**3,319,844**
Adjustments to Reconcile Income to Net Cash Flow				
From Operating Activities:				
Depletion, Depreciation and Amortization		669,904		707,258
Amortization of Loan Costs		62,910		100,263
(Gain) on Sale of Equipment		(133,938)		-
(Gain) on Sale of Timberland Assets		(146,534,604)		-
(Gain) on Sale of Land		(4,173,521)		(1,640,658)
Stock Based Compensation Expense		186,678		127,180
Changes in Operating Assets and Liabilities				
Decrease (Increase) in Accounts Receivable		1,307,579		(999,286)
Decrease (Increase) in Prepaid Assets		107,330		99,611
Decrease (Increase) in Log Inventory		479,011		(406,953)
Decrease (Increase) in Federal Income Tax Receivable		-		49,407
Decrease (Increase) in Other Current Assets		36,999		-
Decrease (Increase) in Other Non-Current Assets		8,800		(18,900)
Increase (Decrease) in Accounts Payable		(58,493)		(102,160)
Increase (Decrease) in Deferred State and Federal Income Tax		(150,199)		34,788
Increase (Decrease) in Other Accrued Liabilities		38,304,678		452,074
Net Cash Flow Provided by Operating Activities - Discontinued Operations		**3,209,929**		**1,722,468**
Cash Flow From Investing Activities:				
Purchases of Property and Equipment		(235,056)		(37,760)
Proceeds from Sale of Equipment		294,405		-
Primary Road Construction Expenditures		(7,539)		(106,418)
Proceeds from Sale of Timberland Assets		172,934,302		-
Proceeds from Land & Developed Lot Sales, Net		4,881,160		1,939,448
Net Cash Flow Provided by Investing Activities - Discontinued Operations		**177,867,272**		**1,795,270**
Cash Flows From Financing Activities				
Payments on Long Term Debt		(6,500,000)		(3,700,000)
Repurchase of Common Stock		-		(863,996)
Net Cash Flow Used in Financing Activities - Discontinued Operations		**(6,500,000)**		**(4,563,996)**
Net Cash Increase (Decrease) Provided by Discontinued Operations	**$**	**174,577,201**	**$**	**(1,046,258)**

The Company's discontinued timber management business had certain significant accounting policies relevant to those operations. Such policies are disclosed below.

Log Inventory

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

Timber and Timberlands

Timber and Timberlands consisted of the recorded costs of holdings. Timber depletion charges were based on 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.

Property, Plant, and Equipment

Assets were carried at cost and the provision for depreciation was 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 were depreciated over 10-40 years, office furniture and 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 was assigned to vehicles and other significant assets and for those assets, depreciation was used over the useful life until the salvage value was reached. Management reviewed the salvage value of each of these assets at the end of each year to determine if the salvage value was reasonable. If the estimated fair market value was less than the salvage value, the asset was written down to the estimated fair market value

Road Building Costs

The Company had an accounting policy to identify, classify, and depreciate or capitalize road-building costs consistent with GAAP. Logging roads constructed under the policy were classified as either permanent or secondary logging roads. Permanent logging roads were those roads, culverts, bridges, and other improvements constructed to provide regional access to a series of timber stands and/or other logging roads, which were continuously maintained. Secondary logging roads were 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 were capitalized. Roadbed costs were treated as permanent costs of the land. Costs of road surfacing, culverts, bridges, and other improvements on permanent roads were capitalized and depreciated over 15 years.

Prepaid Developed Lot Costs

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

The following notes relate to the financial information reported above as a discontinued operation.

Timber Sales

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

The Company generally satisfied 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 December 31, 2021, or December 31, 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 maintained master contracts or purchase agreements with each of its timber customers. Contract types included: Delivered wood and Stumpage (pay as cut). Specific price lists identified 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 the sale of real estate (Higher and Best Use ("HBU") or Non-core timberland) was recognized upon closing when title passed to the buyer.

Non-Timber revenue

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

Gain on Disposal of Discontinued Operations

Income from the gain on disposal of the timberland assets consisted of monies received from a transaction out of the normal course of business. The following table summarizes the Gain on Disposal of Discontinued Operations for the period ended December 31, 2021:

Other Income	2021
Gain on Sale of Assets	$ 140,156
Gain on Sale of Timberland	146,534,605
Total	$ 146,674,761

Sales, General, and Administrative Expenses

In association with ASC Topic 205 *Discontinued Operations*, the Company evaluated the allocation of Sales, General, and Administrative Expenses and found that expenses associated with operating the Company's timberland business should be allocated solely to expenses from discontinued operations. Expenses associated with the development and exploration of mineral assets that could not be categorized as Exploration and Evaluation expenses, were allocated to expenses from continuing operations. These expenses include items such as professional fees from geological services, permits and licenses, travel, lodging, meals, and other costs incurred associated with the Company's mineral asset portfolio.

Contract Balances

The timing of revenue recognition, invoicing, and cash collections results in accounts receivable on the Consolidated Balance Sheets. Accounts receivables 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 December 31, 2021, and 2020, respectively.

Timber and Timberlands

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

	2021	2020
Land	$ -	$ 9,728,437
Timber	-	23,302,089
Permanent Logging Roads	-	1,203,602
Properties at Cost	-	34,234,128
Less: Accumulated Timber Depletion	-	(7,285,290)
Less: Accumulated Road Depreciation	-	(519,330)
Net Carrying Value	**$ -**	**$ 26,429,508**

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

	2021	2020
Timber Depletion Expense	$ 512,536	$ 548,495
Depreciation Expense for Permanent Logging Roads	$ 35,976	$ 33,496

Property, Plant and Equipment

The following table is a summary of property, plant, and equipment represented as a discontinued operation as of December 31, 2021, and December 31, 2020, respectively:

	2021	2020
Buildings	$ -	$ 415,862
Furniture, Equipment, and Accessories	-	1,088,238
Machinery and Vehicles	-	407,792
Land Improvements	-	884,816
Construction in Progress	-	-
Equipment at Cost	-	2,796,708
Less: Accumulated Depreciation	-	(1,672,139)
Equipment, Net of Depreciation	**$ -**	**$ 1,124,569**

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

	2021	2020
Depreciation Expense	$ 121,392	$ 125,580

Long-term Liabilities

Contingent upon closing on the sale of the timberland assets, the Company was required to pay the remaining

$5,000,000 of its outstanding debt to MetLife. The debt was structured so that the Company's timberland assets could be used as collateral in case of default. Upon selling the collateral properties the Company was required to pay the remaining $3,500,000 portion of the fixed-rate term loan and the $1,500,000 balance of the revolving line of credit. Upon payment in full, the company closed both credit facilities. Contingent with this sale, the Company incurred a prepayment penalty of $315,130 and recognized $19,659 of unamortized loan costs that were anticipated to be recognized over the remainder of the term loan. The Company recognized a loss on extinguishment of debt of $334,789 from discontinued operations.

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

	2021	2020
Long-term Debt	$ -	$ 4,000,000
Five-year Revolver	-	2,500,000
Less Unamortized Loan Costs	-	(62,910)
Total	**$ -**	**$ 6,437,090**

Other Accrued Liabilities

The following table is a summary of the other accrued liabilities recorded on the Balance Sheets from Discontinued Operations as of December 31, 2021, and 2020, respectively:

	2021	2020
Real Estate Taxes Payable	$ 237,938	$ 247,850
Accrued Contingent Liabilities	723,000	-
Income Taxes Payable	38,299,146	585,860
Accrued Professional Services	117,967	43,835
Other Miscellaneous Payables	38,816	234,644
Total	**$ 39,416,867**	**$ 1,112,189**

14. Subsequent Events

In connection with the preparation of its financial statements, the Company has evaluated events that occurred subsequent to December 31, 2021, through the date on which these financial statements were issued to determine whether any of these events required disclosure in the financial statements.

In December of 2020, the Company was notified that it was under audit related to the tax year ending December 31, 2018. As of December 31, 2021, the Company was still under audit related to the 2018 tax year. Since the close of the 2021 fiscal year, the Company has been notified of insignificant changes to taxable income for the year under audit. No changes to the financial statements have been made in relation to this subsequent event.

As of December 31, 2021, the Company identified conditions in a contract that could no longer be fulfilled after the sale of the timberland assets. Prior to issuing the financial statements, the Company agreed in principle to settle with the contracted party for approximately $723,000. This liability has been accrued on the balance sheet under Current Liabilities from Discontinued Operations and its associated expenses were record against the Gain on Disposal of Discontinued Operations.

There were no other reportable subsequent events or transactions.

Section 4. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with Keweenaw's accompanying consolidated financial statements and notes thereto contained in Section 3 of this Annual Report. See also "Cautionary Note Regarding Forward-Looking Statements" preceding Section I of this Annual Report for the year ended December 31, 2021.

Overview

As of December 31, 2021, Keweenaw owned 428,789 acres of subsurface mineral rights in the western Upper Peninsula of Michigan and northern Wisconsin. Keweenaw historically earned the majority of its net income from the sale of logs harvested from its forestlands, and from the sale of selected real estate parcels.

Highlights

"Big Bay" Sale

On March 26, 2021, the Company closed on the sale of its "Big Bay" timberland assets for $2,526,000. The Big Bay tract consisted of 2,067 acres in Marquette County. The proceeds from this sale were entered into a 1031 exchange for the purpose of purchasing mineral assets later in the year.

Sage Minerals Inc Acquisition

On September 21, 2021, the Company closed on the purchase of 29,071 acres of severed mineral properties from Sage Minerals, Inc. for a purchase price of $5,142,517. The primary driver for the purchase was to increase Keweenaw's ownership of the mineral reserves underlying Highland Copper's Copperwood Project. The transaction included 2,500 acres of mineral rights adjacent to our pre-existing interests and increases Keweenaw's mineral tenure to approximately 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 is expected to convert to a royalty once the Copperwood Project goes into production. Total capitalized costs for the purchase were $5,142,517 of which $3,232,261 were paid from cash held in escrow. The remaining payment was made from operating cash.

Timberland Asset Sale Transaction

On December 27, 2021, the Company closed on the sale of all remaining timberland assets which consisted of 178,479 acres of land as well and the Company's timber-related capital assets. The Company retained ownership of its mineral interests. For additional detail see Section I. Business – Timberland Asset Sale Plan and Partial Liquidation.

Plan of Partial Liquidation and Distribution

In connection with the timberland asset sale, the shareholders of Keweenaw approved a Plan of Partial Liquidation of the Company. On December 31, 2021, the Company made the payment of its first special distribution to shareholders of record as of December 27, 2021. The distribution amount was $92.00 per share and had an ex-dividend date of January 3, 2022. The plan of partial liquidation also contemplated a second distribution of approximately $8 per share payable on or before December 31, 2022, to shareholders of record as of a future record date to be established for such purpose, provided that the second distribution is subject to potential reduction for indemnity claims or other contingencies. For additional detail see Section I. Business – Timberland Asset Sale and Plan of Partial Liquidation.

Liquidity and Capital Resources

Keweenaw's cash flow from operations in 2021 was $3,861,520 versus $1,813,389 in the prior year. The primary driver in cash flows from operations was the timberland asset sale, real estate activities, and high margin on log sales. Following the close of the timberland asset sale, the Company's business has fundamentally changed. Keweenaw Land Association, Limited is no longer a timber company. The majority of cash flows from operating activities has been classified as a discontinued operation due to the timberland asset sale.

The company currently holds a total of $52,129,390 in operating cash of which $10,250,000 is held in escrow contingent with the closing terms of the timberland asset sale. Management has accrued approximately $237,000 for the payment of property taxes to be paid from the contingent liability account in 2022 as a requirement of the timberland asset sale. In addition, the estimated $723,000 liability accrued as of December 31, 2021, and other contingent liabilities that should arise as part of the timberland asset sale, will be repaid first from the cash held in escrow which will reduce the anticipated shareholder distribution to be made in 2022. The Company also will be required to pay approximately $38,299,145 in income taxes from operating cash in 2022. This large tax liability is largely due to the limited tax basis in the land-grant properties that were sold by the Company in 2021.

The Company maintained 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. This agreement was terminated in October 2021. The Company maintains a separate Letter of Credit with Associated Bank, N.A. in the amount of $30,000 in relation to our state mineral leases.

Keweenaw paid down a total of $6,500,000 in debt during the year ending December 31, 2021. Contingent upon the closing of the sale of timberland assets, the Company repaid the additional $5,000,000 in debt remaining on the Met Life term loan and revolving line of credit. Associated with this payment, the Company recognized a loss on extinguishment of debt of $334,789 from discontinued operations. A total of $1,500,000 of debt was paid out of operating cash in quarters one and two of 2021.

During the year ending December 31, 2021, the Company expended $121,999 in capitalized cost on the exploration and evaluation of its mineral assets. These expenses included capitalized costs related to compilation activities, drilling, assays work, and professional services.

Section 5. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISKS

None

Section 6. OTHER INFORMATION

None

SIGNATURES

KEWEENAW LAND ASSOCIATION, LIMITED

Date: March 31, 2022,

By: Timothy Lynott