

KEWEENAW LAND ASSOCIATION, LIMITED

1801 East Cloverland Drive, PO Box 188
Ironwood, MI 49938

Offer to Purchase for Cash

Shares of its Common Stock for an Aggregate Purchase Price of Not More
Than \$5,804,604

At a per share purchase price of not less than \$16.50 (the "Offer")

THE OFFER TO PURCHASE EXPIRES

DECEMBER 20, 2022, AT 5:00 P.M. EASTERN TIME ("EXPIRATION TIME")

Keweenaw Land Association, Limited, a Michigan corporation (the "Company," "Keweenaw," "we," "our" or "us"), is offering to purchase for cash shares of its common stock ("Shares") at a price not less than \$16.50 nor greater than \$20.00 per Share on the terms and subject to the conditions described in this Offer to Purchase and in the related letter of transmittal (the "Letter of Transmittal" and, together with this Offer to Purchase, as they may be amended or supplemented from time to time, the "Offer"). We are offering to purchase Shares having an aggregate purchase price of no more than \$5,804,604.

After the Expiration Time, we will, on the terms and subject to the conditions of the Offer, determine a single price per Share (the "Purchase Price"), which will be not less than \$16.50 and not more than \$20 per Share, that we will pay for Shares validly tendered in the Offer and not validly withdrawn. The Purchase Price will be the lowest price per Share of not less than \$16.50 and not more than \$20 per Share that will enable the Company to purchase the maximum number of Shares validly tendered in the Offer and not validly withdrawn having an aggregate purchase price not exceeding \$5,804,604. Only Shares validly tendered at prices at or below the Purchase Price, and not validly withdrawn, will be eligible for purchase in the Offer. Shares validly tendered with a specified price that is greater than the Purchase Price will not be purchased. All Shares purchased pursuant to the Offer will be purchased at the same Purchase Price regardless of whether the Shareholder tendered at a lower price. Because of the proration and "odd lot" priority provisions described in this Offer to Purchase, all of the Shares tendered at or below the Purchase Price may not be purchased if more than the number of Shares having an aggregate purchase price of \$5,804,604 are validly tendered at or below the Purchase Price and not validly withdrawn.

Assuming that the Offer is fully subscribed, if the Purchase Price were determined to be \$16.50 per Share, the minimum Purchase Price under the Offer, the number of Shares to be purchased under the Offer would be 351,794, which would represent 27% of the total number of Shares issued and outstanding as of November 18, 2022. Assuming that the Offer is fully subscribed, if the Purchase Price were determined to be \$20.00 per Share, the maximum Purchase Price under the Offer, the number of Shares to be purchased under the Offer would be 290,230, which would represent 22% of the total number of Shares issued and outstanding as of November 18, 2022. **The Offer is not**

conditioned upon any minimum number of Shares being tendered. The Offer is, however, subject to a number of other terms and conditions. See Section 7.

Our common stock is traded on the OTC Pink Market ("OTC Pink") under the symbol "KEWL". On November 16, 2022, two full trading days prior to our commencement of the Offer, the reported closing price of our common stock on OTC Pink was \$18.72 per share. You are urged to obtain current market quotations for our common stock before deciding whether, and at what price or prices, to tender your shares pursuant to the Offer.

Our Board of Directors authorized the Offer, but none of the Board of Directors, the Company, or any of our affiliates have made, and they are not making, any recommendation to you as to whether you should tender or refrain from tendering your Shares pursuant to the Offer. We also have not authorized any person to make any such recommendation. You must make your own decision as to whether to tender your Shares and, if so, how many Shares to tender and at what price. In doing so, you should read carefully the information in, or referred to in, this Offer to Purchase and in the Letter of Transmittal, including the purpose and effects of the Offer. You are urged to discuss your decision with your own tax, legal and financial advisors and/or broker. See Sections 5 and 15.

Our directors, executive officers and affiliates are entitled to participate in the Offer on the same basis as all other Shareholders. Cornwall Capital, which beneficially owns 25.8% of our outstanding Shares as of October 27, 2022, and First Foundation Advisors, which beneficially owns 10.1% of our outstanding Shares as of October 27, 2022, and our directors and executive officers have informed us that they will not tender any of their Shares pursuant to the Offer. Other than as described above, we are not aware of any affiliates that intend to tender their Shares in the Offer. As a result, the beneficial ownership of our non-tendering directors, executive officers and affiliates will increase as a percentage of our outstanding Shares following the consummation of the Offer. See Section 12.

Our directors, executive officers and affiliates, subject to applicable law and applicable policies of the Company (including its Share ownership and stock trading policies), will in the future sell Shares from time to time in open market or other transactions at prices that may be more or less favorable than the Purchase Price to be paid to our Shareholders pursuant to the Offer.

If the Offer is oversubscribed, we will first purchase Shares owned in "odd lots" that have been validly tendered at or below the Purchase Price and then on a pro rata basis from all Shareholders who validly tender Shares at or below the Purchase Price. See Sections 2 and 4.

Questions, requests for assistance and requests for additional copies of Offer materials may be directed to Information Agent through the contact information mentioned on the back cover page of this Offer to Purchase.

Offer to Purchase, dated November 18, 2022

IMPORTANT

If you want to tender all or any portion of your Shares, you must do one of the following prior to the Expiration Time:

- if your Shares are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, contact the nominee and have the nominee tender your Shares for you;
- if you are an institution participating in The Depository Trust Company ("DTC") and you hold your Shares through DTC, tender your Shares according to the procedures for book-entry transfer described in Section 4; or
- if you hold certificated or book-entry Shares in your own name, complete and sign a Letter of Transmittal according to its instructions and deliver it, together with any required signature guarantees, the certificates for your Shares, if applicable, and any other documents required by the Letter of Transmittal to the Depository at its address shown on the Letter of Transmittal.

If you want to tender your Shares but your required documents cannot be delivered to the Depository prior to the Expiration Time, you may still tender your Shares if you comply with the guaranteed delivery procedures described in Section 4.

Beneficial owners should be aware that their broker, dealer, commercial bank, trust company or other nominee may establish its own earlier deadline for participation in the Offer. Accordingly, beneficial owners wishing to participate in the Offer should contact their broker, dealer, commercial bank, trust company or other nominee as soon as possible in order to determine the times by which such owner must take action in order to participate in the Offer.

If you wish to maximize the chance that your Shares will be purchased in the Offer, you should check the box in the section of the Letter of Transmittal captioned "Shares Tendered at Price Determined Pursuant to Offer." You should understand that this election might lower the Purchase Price and result in your Shares being purchased at the minimum price of \$16.50 per Share.

To tender Shares validly, other than Shares registered in the name of a broker, dealer, commercial bank, trust company or other nominee, you must properly complete and duly execute the Letter of Transmittal.

We are not making the Offer to, and will not accept any tendered Shares from, Shareholders in any jurisdiction where it would be illegal to do so. However, we may, at our discretion, take any actions necessary for us to make the Offer to Shareholders in any such jurisdiction.

We have not authorized any person to make any recommendation on our behalf as to whether you should tender or refrain from tendering your Shares in the Offer. The information in this Offer to Purchase is correct as of the date of this Offer to Purchase. We have not authorized anyone to provide you information or to make any representation in connection with the Offer other than the information contained in or incorporated by reference in this Offer to Purchase or in the Letter of Transmittal and the other information. If anyone makes any recommendation or gives any such information or representation, you must not rely upon that recommendation, information or representation as having been authorized by us, any of our affiliates.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Offer to Purchase and the documents incorporated by reference herein contain forward-looking statements that involve substantial risks and uncertainties. Forward-looking statements are statements as to matters that are not historical facts, and include statements about our plans, objectives, expectations and intentions. In some cases you can identify these statements by forward-looking words such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plans," "planned," "seek," "should," "will," and "would," or similar words. Statements that contain these words and other statements that are forward-looking in nature should be read carefully because they discuss future expectations, contain projections of future results of operations or of financial positions or indicate other "forward-looking" information.

Forward-looking statements are not guarantees of future results and are subject to inherent risks and uncertainties. Forward-looking statements are based on our current expectations and assumptions. Although we believe that our expectations and assumptions are reasonable at this time, they should not be regarded as representations that our expectations will be achieved. You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date they are made. Except as otherwise may be required by law, we undertake no obligation to update or revise any forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or actual operating results.

TABLE OF CONTENTS

1.	BACKGROUND	1
2.	THE OFFER; NUMBER OF SHARES; PRORATION.....	1
3.	PURCHASE PRICE	4
4.	PROCEDURE FOR TENDERING SHARES.....	5
5.	PURPOSE OF THIS OFFER; CERTAIN EFFECTS OF THIS OFFER	9
6.	ACCEPTANCE FOR PAYMENT OF SHARES AND PAYMENT OF PURCHASE PRICE	10
7.	CONDITIONS OF THIS OFFER.....	11
8.	WITHDRAWAL RIGHTS	12
9.	SOURCE AND AMOUNT OF FUNDS	12
10.	CERTAIN INFORMATION CONCERNING THE COMPANY	12
11.	FINANCIAL STATEMENTS	14
12.	SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.....	23
13.	INTEREST OF EXECUTIVE OFFICERS, DIRECTORS, AND AFFILIATES, TRANSACTIONS AND ARRANGEMENTS CONCERNING THE SHARES	24
14.	LEGAL MATTERS; REGULATORY APPROVALS	24
15.	FEDERAL INCOME TAX CONSEQUENCES	24
16.	TERMINATION; AMENDMENTS	29
17.	SOLICITATION FEES AND EXPENSES	29

1. BACKGROUND

On December 20, 2021, the Company's shareholders approved the Plan of Partial Liquidation (the "Plan") in connection with the sale of its timberland assets (the "Timberland Asset Sale"). The Company contemplated payment of special distribution to Shareholders in accordance with the terms of the Plan and the Michigan Business Corporations Act. In executing the special distribution, the Company estimated the payment of such distribution in two installments: An initial distribution of \$92 per share, which was paid on December 31, 2021. The second distribution was estimated to be \$8 per share, and was subject to release of funds held in an indemnity escrow account created in connection with the Timberland Asset Sale (the "Indemnity Escrow Account"). The Company further updated its estimate of second distribution to be about \$7 per share in the Company's Annual Report for the fiscal year ending December 31, 2021 due to the likelihood of occurrence of small contingencies. The second distribution remained subject to potential reduction for indemnity claims or other contingencies. At a special meeting of Shareholders on July 15, 2022, the Shareholders approved the Board to have the option to forego the second special distribution and in lieu thereof conduct a modified "Dutch Auction" tender offer. The Shareholders approved that the funds available for the tender offer would equal the amount disbursed from the Indemnity Escrow Account less a reduction of 35.9% of balance, which is equal to the Shares held by Cornwall Capital and First Foundation Advisors for the reasons described below. As such, the Company anticipates availability of \$5,804,604 for the purposes of the Offer, subject to potential further reduction for indemnity claims or other contingencies ("Offer Amount"). Disbursement of the funds from Indemnity Escrow Account is currently scheduled to occur on or about December 22, 2022. See Section 9.

Cornwall Capital has indicated that it will not participate in the Offer. First Foundation Advisors is a registered investment advisor. It maintains investment discretion over the vast majority of customer accounts that hold the Company's Shares. First Foundation has indicated that it does not intend to exercise its discretion to cause any of its advisory clients to tender shares in this Offer. However, under certain circumstances such as the passing of a beneficial owner, that investment discretion may be revoked and tenders may be made. The Company has deducted from the Indemnity Escrow Amount such value as would have been allocable to 465,160 Shares collectively held by Cornwall Capital and First Foundation Advisors at a rate of \$7 per share due to their intention to not participate in the Offer. To the extent that Shares are tendered by advisory clients of First Foundation, the Company will correspondingly increase the Offer Amount.

2. THE OFFER; NUMBER OF SHARES; PRORATION

On the terms and subject to the conditions of this Offer to Purchase and the Letter of Transmittal, we invite Shareholders to tender their Shares for purchase by us. On such terms, we are offering to purchase Shares pursuant to this Offer at prices specified by the tendering Shareholders of not less than \$16.50 nor greater than \$20.00 per Share. We are offering to purchase Shares having an aggregate purchase price of no more than \$5,804,604.

The Offer will expire at the Expiration Time, which is 5:00 p.m., Eastern Standard Time, at the end of the day on December 20, 2022, unless the Offer is extended or terminated by us. The Offer is not conditioned upon any minimum number of Shares being tendered. The Offer is, however, subject to a number of other terms and conditions. See Section 7.

Unless tendering directly through DTC, Shareholders must complete, among other items, the section of the Letter of Transmittal relating to the price at which they are tendering Shares in order to validly tender Shares. Any Shareholder not tendering directly through DTC who wishes to tender Shares at more than one price must complete a separate Letter of Transmittal for each price at which Shares are being tendered. A Shareholder tendering Shares through DTC using its Automated Tender

Offer Program ("ATOP") who wishes to tender Shares at more than one price must complete a separate ATOP transfer with respect to the Shares to be tendered at each price. The same Shares cannot be tendered at more than one price, unless such Shares have been previously and validly withdrawn. See Section 4.

We will purchase Shares acquired pursuant to the Offer free and clear of all liens, charges, encumbrances, security interests, claims, restrictions and equities whatsoever, together with all rights and benefits arising therefrom, provided that any dividends or distributions which may be declared, paid, issued, distributed, made or transferred on or in respect of such Shares to Shareholders of record on or prior to the date on which the Shares are purchased under the Offer will be for the account of such Shareholders. .

We expressly reserve the right, in our sole discretion, to change the per Share purchase price range and to increase or decrease the value of Shares sought in the Offer, subject to applicable law. We may increase the value of Shares sought in the Offer, subject to applicable law. See Section 16.

Members of our Board of Directors and executive officers beneficially own 466,375 Shares, or 35.9% of our outstanding Shares as of November 18, 2022. Purchases of Shares pursuant to the Offer will increase the percentage equity ownership of non-tendering Shareholders, including our directors, executive officers and affiliates who do not sell Shares in the Offer. Our directors, executive officers and affiliates are entitled to participate in the Offer on the same basis as all other Shareholders. Our directors and executive officers have informed us that they not tender any of their Shares pursuant to the Offer. Certain of our directors and executive officers and their affiliates have sold Shares in the past and in the future will sell or otherwise dispose of Shares, subject to our Share ownership and stock trading policies applicable to directors and executive officers.

Priority of Purchases. On the terms and subject to the conditions of the Offer, if Shares having an aggregate purchase price of less than or equal to \$5,804,604 are validly tendered and not validly withdrawn, we will buy all Shares validly tendered and not validly withdrawn at a price equal to the Purchase Price. On the terms and subject to the conditions of the Offer, if the number of Shares validly tendered at or below the Purchase Price and not validly withdrawn prior to the Expiration Time would result in an aggregate purchase price of more than \$5,804,604, we will purchase Shares:

- first, from all holders of "odd lots" (persons who own fewer than 100 Shares) who validly tender all of their Shares at or below the Purchase Price and do not validly withdraw them prior to the Expiration Time, except that tenders of less than all of the Shares owned by an "odd lot" holder will not qualify for this preference; and
- second, on a pro rata basis from all other Shareholders who validly tender Shares at or below the Purchase Price and do not validly withdraw them before the expiration of the Offer.

It is therefore possible that some or all of the Shares you tender will not be purchased. Moreover, because of the "odd lot" priority and proration provisions described above, we may not purchase all of the Shares that you tender even if you tender them at or below the Purchase Price.

Odd Lots. The term "odd lots" means all Shares validly tendered prior to the Expiration Time at prices at or below the Purchase Price and not validly withdrawn by any person who owned a total of fewer than 100 Shares in the aggregate, whether such Shares are owned beneficially or of record (an "Odd Lot Holder"), and so certified in the appropriate place on the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery. To qualify for this preference, an Odd Lot Holder must tender all Shares owned by the Odd Lot Holder in accordance with the procedures described in Section 4. Odd lots will be

accepted for payment before any proration of the purchase of other tendered Shares. This preference is not available to partial tenders or to holders of 100 or more Shares in the aggregate, whether such Shares are owned beneficially or of record, even if these holders have separate accounts or certificates representing fewer than 100 Shares. By tendering in the Offer, an Odd Lot Holder who holds Shares in his or her name and tenders such Shares directly to the Depositary would not only avoid the payment of brokerage commissions, but also any applicable odd lot discounts that might apply to sales of their Shares in market transactions. Any Odd Lot Holder wishing to tender all of his or her Shares pursuant to the Offer should complete the section entitled "Odd Lots" in the Letter of Transmittal and, if applicable, in the Notice of Guaranteed Delivery.

Proration. The proration period is the period for accepting Shares on a pro rata basis in the event that the Offer is oversubscribed. The proration period will expire at the Expiration Time. If proration of tendered Shares is required, we will determine the proration factor promptly following the Expiration Time. Subject to adjustment to avoid the purchase of fractional Shares, proration for each Shareholder tendering Shares at or below the Purchase Price (other than Odd Lot Holders) will be based on the ratio of the total number of Shares to be purchased by us (excluding Shares purchased from Odd Lot Holders) to the number of Shares validly tendered and not validly withdrawn by all Shareholders (other than Odd Lot Holders) at or below the Purchase Price. This ratio will be applied to Shareholders (other than Odd Lot Holders) validly tendering Shares at or below the Purchase Price to determine the number of Shares that will be purchased from each tendering Shareholder in the Offer. In the event of proration, we will determine the proration factor promptly following the Expiration Time, and the preliminary results of any proration will be announced by press release promptly after the Expiration Time. After the Expiration Time, Shareholders may obtain preliminary proration information from the Information Agent and also may be able to obtain the information from their brokers.

As described in Section 15, the number of Shares that we will purchase from a Shareholder pursuant to the Offer may affect the U.S. federal income tax consequences of the purchase to the Shareholder and, therefore, may be relevant to a Shareholder's decisions whether or not to tender Shares. The Letter of Transmittal affords each Shareholder who tenders Shares registered in such Shareholder's name directly to the Depositary the opportunity to designate the order of priority in which Shares tendered are to be purchased in the event of proration. See Section 2.

This Offer to Purchase and the Letter of Transmittal will be mailed to record holders of the Shares and will be furnished to brokers, dealers, commercial banks, trust companies and other nominee Shareholders and similar persons whose names, or the names of whose nominees, appear on the Company's Shareholder list or, if applicable, who are listed as participants in a clearing agency's security position listing for subsequent transmittal to beneficial owners of Shares.

The Purchase Price will be paid to Shareholders whose Shares are accepted for payment in cash, less any applicable withholding taxes and without interest. Tendering Shareholders who hold Shares registered in their own name and who tender their Shares directly to the Depositary will not be obligated to pay brokerage commissions, solicitation fees or, except as set forth in Section 6 hereof, stock transfer taxes on the purchase of Shares by us pursuant to the Offer. Shareholders holding Shares in a brokerage account or otherwise through a broker, dealer, commercial bank, trust company or other nominee are urged to consult their broker, dealer, commercial bank, trust company or other nominee to determine whether any charges may apply if Shareholders tender Shares through such nominees and not directly to the Depositary. See Section 4.

Any tendering Shareholder or other payee who is a United States Holder (as defined in Section 15) and who fails to complete, sign and return to the Depositary, or other withholding agent, the Internal Revenue Service ("IRS") Form W-9 included with the Letter of Transmittal, and any tendering Shareholder

or other payee who is a Non-United States Holder (as defined in Section 15) and who fails to complete, sign and return to the Depositary, or other withholding agent, the appropriate IRS Form W-8 or other applicable form, may be subject to United States federal income tax backup withholding (currently at a rate of 24%) on the gross proceeds paid to the Shareholder or other payee pursuant to the Offer, unless such holder establishes that such holder is within the class of persons that is exempt from backup withholding. See Section 4. Also, see Section 15 regarding certain United States federal income tax consequences of the Offer.

As of November 18, 2022, there were 1,296,173 Shares outstanding. Since the Purchase Price will only be determined after the Expiration Time, the number of Shares that will be purchased will not be known until after that time. Assuming that the Offer is fully subscribed, if the Purchase Price is determined to be \$16.50 per Share, the minimum Purchase Price under the Offer, the number of Shares that will be purchased under the Offer would be 351,794, which represents 27% of the total number of Shares issued and outstanding as of November 18, 2022. Assuming that the Offer is fully subscribed, if the Purchase Price is determined to be \$20.00 per Share, the maximum Purchase Price under the Offer, the number of Shares that will be purchased under the Offer would be 290,230, which represents 22% of the total number of Shares issued and outstanding as of November 18, 2022.

Our common stock is traded on the OTC Pink Market ("OTC Pink") under the symbol "KEWL". On November 16, 2022, two full trading days prior to our commencement of the Offer, the reported closing price of our common stock on OTC Pink was \$18.72 per share. You are urged to obtain current market quotations for our common stock before deciding whether, and at what price or prices, to tender your shares pursuant to the Offer.

3. PURCHASE PRICE

After the Expiration Time, assuming the conditions to the Offer have been satisfied or waived, we will determine a single price per Share (the Purchase Price), which will be not less than \$16.50 and not more than \$20.00 per Share, that we will pay for Shares validly tendered in the Offer and not validly withdrawn, taking into account the number of Shares tendered. The Purchase Price will be the lowest price per Share of not less than \$16.50 and not more than \$20.00 per Share that will enable us to purchase the maximum number of Shares validly tendered in the Offer and not validly withdrawn having an aggregate purchase price not exceeding \$5,804,604. Shares validly tendered pursuant to this Offer to Purchase at a price that is greater than the Purchase Price will not be purchased. All Shares purchased pursuant to the Offer will be purchased at the same Purchase Price regardless of whether the Shareholder tendered at a lower price. Only Shares validly tendered and not validly withdrawn will be eligible for purchase. Shares tendered but not purchased pursuant to the Offer will be returned promptly following the Expiration Time. See Section 4.

Promptly after determining the Purchase Price, we will publicly announce the Purchase Price and all Shareholders who have validly tendered and not validly withdrawn their Shares at prices equal to or less than the Purchase Price will receive the Purchase Price, payable in cash, less any applicable withholding taxes and without interest, for all Shares purchased on the terms and subject to the conditions of the Offer, including the provisions relating to "odd lot" priority and proration and described in this Offer to Purchase.

Determination of Price Range:

We have largely derived our price range from the low and high closing price of our stock over the last three month period, which has ranged approximately between \$16.50 and \$20.00 per share. We note that the closing price of our common stock as of November 16, 2022 was \$18.72 per share, well within this

range. Our goal in setting the price range for the offering was to approximate intrinsic value. However, intrinsic value of the Company is difficult to determine for the following reasons (among others):

- After the timberland asset sale, the Company has been undergoing a major shift in its business and strategy, and is operating at a much smaller scale than before with an entirely different risk profile.
- The Company has no positive cash flow and the Company's ability to generate future revenues depends significantly on external factors, such as the Copperwood Project discussed elsewhere in this Offer to Purchase, mineral commodity prices, near-term market uncertainty, and inflationary factors. If the revenue from our mineral leases or other mineral projects is not realized or fails to materialize due to factors beyond our control, our cash-flow will be adversely affected (See Risk Factor on page 22).
- The low trading volume of our Shares on OTC Markets results in uncertainty in price formation.

We considered tightening this range, but determined that efforts to do so risked implying a level of certainty regarding the Company's intrinsic value that we do not believe exists. The Board and Management thus determined that the price range of \$16.50 to \$20.00 is appropriate.

4. PROCEDURE FOR TENDERING SHARES

Valid Tender of Shares. For Shares to be tendered validly in the Offer:

- the certificates for the Shares or confirmation of receipt of the Shares under the procedure for book-entry transfer set forth below, together with a properly completed and duly executed Letter of Transmittal, including any required signature guarantees, or an Agent's Message (as defined below) in the case of a book-entry transfer, and any other documents required by the Letter of Transmittal, must be received prior to the end of the day on the Expiration Time by the Depository at its address set forth on the back cover page of this Offer to Purchase; or
- the tendering Shareholder must comply with the guaranteed delivery procedures set forth below.

Notwithstanding any other provisions hereof, payment for Shares tendered and accepted for payment pursuant to the Offer will be made only after timely receipt by the Depository of certificates for such Shares (or a timely confirmation of a book-entry transfer of such Shares into the Depository's account), a properly completed and duly executed Letter of Transmittal (or facsimile thereof) with any required signature guarantees, or an Agent's Message in connection with book-entry delivery and any other documents required by the Letter of Transmittal.

In accordance with Instructions 2 and 3 to the Letter of Transmittal, each Shareholders who is not tendering through DTC and who desires to tender Shares in the Offer must either check (1) one, and only one, of the boxes in the section of the Letter of Transmittal captioned "Shares Tendered at Price Determined by Shareholder," indicating the price (in increments of \$0.25) at which Shares are being tendered or (2) the box in the section of the Letter of Transmittal captioned "Shares Tendered at Price Determined Pursuant to the Offer." Tenders will be rejected from the Offer if the tendering Shareholder checks more than one of the boxes, or if the tendering Shareholder checks no boxes, in the section of the Letter of Transmittal captioned "Shares Tendered at Price Determined by Shareholder."

If tendering Shareholders wish to maximize the chance that their Shares will be purchased, they should check the box in the section of the Letter of Transmittal captioned "Shares Tendered at Price Determined Pursuant to the Offer." You should understand that the "Shares Tendered at Price Determined Pursuant to the Offer" election might cause the Purchase Price to be lower and result in the tendered Shares

being purchased at the minimum price of \$16.50 per Share. See Section 10 for recent market prices for Shares.

If tendering Shareholders using a Letter of Transmittal wish to indicate a specific price (in increments of \$0.25) at which their Shares are being tendered, they must check the box indicating such price under the section captioned "Shares Tendered at Price Determined by Shareholder." Tendering Shareholders should be aware that this election could result in none of their Shares being purchased if the Purchase Price selected by the Company for the Shares is less than the price selected by the Shareholder. A Shareholder not tendering directly through DTC who wishes to tender Shares at more than one price must complete a separate Letter of Transmittal for each price at which Shares are being tendered. A Shareholder tendering Shares through DTC who wishes to tender Shares at more than one price must complete a separate transfer with respect to the Shares to be tendered at each price. The same Shares cannot be tendered (unless previously validly withdrawn in accordance with the terms of the Offer) at more than one price. Separate notices of withdrawal (described in Section 8) are not required for each Letter of Transmittal unless each Letter of Transmittal tenders Shares at different prices; however, absent a valid notice of withdrawal, subsequent Letters of Transmittal do not revoke prior Letters of Transmittal. Shareholders may contact the Depository for additional instructions.

Shareholders holding Shares in a brokerage account or otherwise through a broker, dealer, commercial bank, trust company or other nominee must contact their broker, dealer, commercial bank, trust company or other nominee in order to tender their Shares. Shareholders who hold Shares through nominee Shareholders are urged to consult their nominees to determine whether any charges may apply if Shareholders tender Shares through such nominees and not directly to the Depository.

Odd Lot Holders must tender all of their Shares and also complete the section entitled "Odd Lots" in the Letter of Transmittal and, if applicable, in the Notice of Guaranteed Delivery, if they wish to qualify for the preferential treatment available to Odd Lot Holders as described in Section 2.

Signature Guarantees and Method of Delivery. If a certificate for Shares is registered in the name of a person other than the person executing a Letter of Transmittal, or if payment is to be made, or Shares not purchased or tendered are to be issued, to a person other than the registered holder of the certificate surrendered, then the tendered certificate or Letter of Transmittal must be endorsed or accompanied by an appropriate stock power, signed in either case exactly as the name of the registered holder appears on the certificate, with the signature guaranteed by an Eligible Institution (as defined below). No signature guarantee is required if:

- the Letter of Transmittal is signed by the registered holder of the Shares tendered and the holder has not completed either the section entitled "Special Delivery Instructions" or the section entitled "Special Payment Instructions" in the Letter of Transmittal; or
- Shares are tendered for the account of a broker, dealer, commercial bank, credit union, savings association or other entity which is a member in good standing of the Securities Transfer Agents Medallion Program or a broker, dealer, commercial bank, credit union, savings association or other entity that is also an "eligible guarantor institution," as the term is defined in Rule 17Ad-15 under the Exchange Act (each of the foregoing constituting an "Eligible Institution").

In all cases, payment for Shares tendered and accepted for payment pursuant to the Offer will be made only after timely receipt by the Depository of certificates for the Shares, a properly completed and duly executed Letter of Transmittal, including any required signature guarantees and any other documents required by the Letter of Transmittal.

The method of delivery of all documents, including certificates for Shares, the Letter of Transmittal and any other required documents, is at the sole election and risk of the tendering Shareholder. Shares will be deemed delivered only when actually received by the Depository. If delivery is by mail, then registered mail with return receipt requested, validly insured, is recommended. In all cases, sufficient time should be allowed to ensure timely delivery.

All deliveries made in connection with the Offer, including a Letter of Transmittal and certificates for Shares, must be made to the Depository and not to us. Any documents delivered to us will not be forwarded to the Depository and therefore will not be deemed to be validly tendered.

Book-Entry Delivery. The Depository will establish an account with respect to the Shares for purposes of the Offer at DTC within two business days after the date of this Offer to Purchase, and any financial institution that is a participant in DTC's system may make book-entry delivery of the Shares by causing DTC to transfer those Shares into the Depository's account in accordance with DTC's procedures for that transfer. Although delivery of Shares may be effected through a book-entry transfer into the Depository's account at DTC, either (1) a properly completed and duly executed Letter of Transmittal, with any required signature guarantees, or an Agent's Message, and any other required documents must, in any case, be transmitted to, and received by, the Depository at its address set forth on the back cover page of this Offer to Purchase prior to the Expiration Time or (2) the guaranteed delivery procedures described below must be followed if book-entry transfer of the Shares cannot be effected prior to the Expiration Time.

The confirmation of a book-entry transfer of Shares into the Depository's account at DTC is referred to in this Offer to Purchase as a "book-entry confirmation." Delivery of documents to DTC in accordance with DTC's procedures will not constitute delivery to the Depository.

The term "Agent's Message" means a message transmitted by DTC to, and received by, the Depository and forming a part of a book-entry confirmation, which states that DTC has received an express acknowledgement from the participant tendering Shares through DTC that such participant has received, and agrees to be bound by, the terms of the Letter of Transmittal and that we may enforce such agreement against that participant.

Guaranteed Delivery. If a Shareholder desires to tender Shares in the Offer and cannot deliver all required documents to the Depository prior to the Expiration Time, the Shares may still be tendered if all of the following conditions are satisfied:

- the tender is made by or through an Eligible Institution;
- the Depository receives by mail, overnight courier or facsimile transmission, prior to the Expiration Time, a properly completed and duly executed Notice of Guaranteed Delivery in the form the Information Agent will provide to you upon request (see the last page of this Offer to Purchase), including (where required) a signature guarantee by an Eligible Institution in the form set forth in the Notice of Guaranteed Delivery; and
- a confirmation of a book-entry transfer of such Shares into the Depository's account (or any certificates for such Shares), together with a properly completed and duly executed Letter of Transmittal with any required signature guarantee or an Agent's Message and any other documents required by the Letter of Transmittal, are received by the Depository within two trading days after the date of execution of the Notice of Guaranteed Delivery.

U.S. Federal Income Tax Backup Withholding. Under the U.S. federal income tax backup withholding rules, a portion (24% under current law) of the gross proceeds payable to a Shareholder or other payee pursuant to the Offer may be withheld and remitted to the IRS, unless the Shareholder or other payee (1) properly establishes that it is an "exempt recipient" (as defined below) or otherwise establishes it

is exempt from backup withholding or (2) duly completes, signs and submits IRS Form W-9 included as part of the Letter of Transmittal certifying under penalties of perjury that (A) the tax identification number provided on the IRS Form W-9 is correct, (B) it is a "United States person" for United States federal income tax purposes and (C) it is not subject to backup withholding. If a United States Holder does not provide the applicable withholding agent with the correct taxpayer identification number, the United States Holder may be subject to penalties imposed by the IRS. In addition, the Depositary, or other withholding agent, may be required to report to the IRS the payment of the Offer proceeds to non-exempt recipients.

Certain "exempt recipients" (including, among others, generally all corporations and certain Non-United States Holders (as defined in Section 15) that meet certain certification requirements) are not subject to backup withholding. In order for a Non-United States Holder to qualify as an exempt recipient, it should submit an appropriate IRS Form W-8, signed under penalties of perjury, attesting to its exempt status. This statement can be obtained from the IRS website at www.irs.gov. See Instruction 11 of the Letter of Transmittal.

Backup withholding is not an additional tax. If backup withholding results in an overpayment of taxes, a refund may be obtained from the IRS in accordance with its refund procedures.

Shareholders should consult their own tax advisors regarding the application of backup withholding to their particular circumstances and the availability of, and procedure for obtaining, an exemption from backup withholding.

For a discussion of U.S. federal income tax consequences to tendering Shareholders, see Section 15.

Determination of Validity; Rejection of Shares; Waiver of Defects; No Obligation to Give Notice of Defects. All questions as to the number of Shares to be accepted, the Purchase Price to be paid for Shares to be accepted and the validity, form, eligibility, including time of receipt, and acceptance for payment of any tender of Shares will be determined by the Company in our sole discretion, and will be final and binding on all parties absent a finding to the contrary by a court of competent jurisdiction. The Company reserves the absolute right to:

- reject any or all tenders of any Shares that it determines are not in proper form or the acceptance for payment of or payment for any Shares which it determines may be unlawful;
- waive any of the conditions of the Offer prior to the Expiration Time with respect to all tendered Shares;
- amend the Offer; and
- waive any defect or irregularity in any tender with respect to any particular Shares, whether or not we waive similar defects or irregularities in the case of any other Shareholder.

No tender of Shares will be deemed to have been validly made until all defects or irregularities have been cured by the tendering Shareholder or waived by the Company. The Company will not be liable for failure to waive any condition of the Offer, or any defect or irregularity in any tender of Shares. None of the Company, the Depositary, or the Information Agent, any of our or their respective affiliates or any other person will be obligated to give notice of any defects or irregularities in tenders, nor will any of them incur any liability for failure to give any such notice.

Return of Unpurchased Shares. If any validly tendered Shares are not purchased pursuant to the Offer or are validly withdrawn before the Expiration Time, or if less than all Shares evidenced by a Shareholder's certificates are tendered, certificates for unpurchased Shares will be converted to book-entry system and a statement to that effect will be sent promptly after the expiration or termination of the Offer or the valid withdrawal of the Shares, as applicable, or, in the case of Shares validly tendered by book-entry

transfer, the Shares will be credited to the appropriate account maintained by the tendering Shareholder, in each case without expense to the Shareholder.

Lost, Stolen, Destroyed or Mutilated Certificates. Shareholders whose certificate for part or all of their Shares have been lost, stolen, destroyed or mutilated may contact EQ as Transfer Agent for our Shares, at 1110 Centre Pointe Curve, Suite 101 Mendota Heights, Minnesota 55120. The replacement certificate will then be required to be submitted together with the Letter of Transmittal in order to receive payment for Shares that are tendered and accepted for payment. A bond may be required to be posted by the Shareholder to secure against the risk that the certificates may be subsequently recirculated. Shareholders are urged to contact the Transfer Agent immediately in order to permit timely processing of this Offer to Purchase and to determine if the posting of a bond is required.

CERTIFICATES FOR SHARES, TOGETHER WITH A PROPERLY COMPLETED AND DULY EXECUTED LETTER OF TRANSMITTAL, OR AN AGENT'S MESSAGE, AND ANY OTHER DOCUMENTS REQUIRED BY THE LETTER OF TRANSMITTAL, MUST BE DELIVERED TO THE DEPOSITARY AND NOT TO US OR INFORMATION AGENT. ANY SUCH DOCUMENTS DELIVERED TO US OR THE INFORMATION AGENT WILL NOT BE DEEMED TO BE VALIDLY TENDERED.

5. PURPOSE OF THIS OFFER; CERTAIN EFFECTS OF THIS OFFER

Purpose of this Offer: Following the partial liquidation of substantially all of the Company's timberland assets excluding mineral rights (the "Timberland Asset Sale") in late 2021, the Company's primary business strategy has changed from that of a timber company to a mineral company of much smaller scale with an entirely different investment profile. The Board of Directors believes that having the flexibility to pursue a Tender Offer would provide optionality to shareholders. Specifically, shareholders who wish to exit would have the option for further return of capital, while those who wish to pursue the mineral strategy would be able to remain invested in the Company without receiving a taxable distribution. Those who wish to remain invested in the Company and do not tender shares would generally not recognize additional taxable gain in connection with the Tender Offer.

Certain Effects of the Offer. Shareholders who do not tender their Shares in the Offer and Shareholders who otherwise retain an equity interest in the Company as a result of a partial tender of Shares or proration will continue to be owners of the Company and be subject to the risks of such ownership. If we complete the Offer, those Shareholders will realize an increase in their relative ownership interest in the Company and also will bear the attendant risks associated with the increased ownership interest. Shareholders may be able to sell non-tendered Shares in the future at a net price that may be more or less favorable than the Purchase Price to be paid to our Shareholders pursuant to the Offer. We give no assurance as to the price at which a Shareholder may be able to sell its Shares in the future.

The Offer will reduce our "public float," which is the number of Shares owned by Shareholders and available for trading in the securities markets. This could reduce the volume of trading in our Shares and may affect stock prices and liquidity in the trading of our Shares. In addition, the Offer will increase the proportional ownership of officers and directors who do not participate in the Offer and any other Shareholders who do not participate or participate only in part in the Offer.

Shares we acquire pursuant to the Offer will be cancelled and will be available for us to issue without further Shareholder action (except as required by applicable law or the rules of the OTC) for purposes including, without limitation, acquisitions, raising additional capital and the satisfaction of obligations under existing or future employee benefit or compensation programs or stock plans or compensation programs for directors.

Other Plans. Except as disclosed or incorporated by reference in this Offer to Purchase, we currently have no plans, proposals or negotiations underway that relate to or would result in:

- any extraordinary transaction, such as a merger, reorganization or liquidation, involving us or any of our subsidiaries;
- any purchase, sale or transfer of a material amount of our or our subsidiaries' assets;
- any material change in our present dividend rate or policy, or indebtedness or capitalization;
- any change in our present Board of Directors or management, including, but not limited to, any plans or proposals to change the number or the term of directors, or to change any material term of the employment contract of any executive officer;
- any other material change in our corporate structure or business;
- the acquisition or disposition by any person of our securities, other than the grant of restricted stock, stock options, restricted stock units or other equity awards to directors and employees in the ordinary course of business; or
- any changes in our articles of incorporation or bylaws or other governing documents or other actions that could impede the acquisition of control of the Company.

While we have no definitive plans or proposals regarding any of the foregoing as of the date of this Offer to Purchase (except as described herein and in the documents incorporated herein), our management continually assesses potential opportunities for increasing Shareholder value and we may undertake or plan actions that relate to or could result in one or more of these events. We reserve the right to change our plans and intentions at any time after the date of this Offer to Purchase, subject to our obligation to update this Offer to Purchase to reflect material changes in the information contained herein prior to the Expiration Time. Shareholders tendering Shares in the Offer may run the risk of foregoing the benefit of any appreciation in the market price of the Shares resulting from our deciding to undertake any such alternatives.

6. ACCEPTANCE FOR PAYMENT OF SHARES AND PAYMENT OF PURCHASE PRICE

On the terms and subject to the conditions of the Offer, promptly following the Expiration Time, we will (1) determine the Purchase Price we will pay for Shares validly tendered and not validly withdrawn prior to the Expiration Time, taking into account the number of Shares so tendered and the prices specified by tendering Shareholders, and (2) accept for payment and pay an aggregate purchase price of up to \$5,804,604 for Shares that are validly tendered at prices at or below the Purchase Price and not validly withdrawn prior to the Expiration Time. For purposes of the Offer, we will be deemed to have accepted for payment, subject to the "odd lot" priority and proration provisions of the Offer, Shares that are validly tendered at or below the Purchase Price and not validly withdrawn, only when, as and if we give oral or written notice to the Depositary of our acceptance of the Shares for payment pursuant to the Offer.

On the terms and subject to the conditions of the Offer, we will accept for payment and pay the Purchase Price per Share for all of the Shares accepted for payment pursuant to the Offer promptly after the Expiration Time only after timely receipt by the Depositary of (1) certificates for Shares, or a timely book-entry confirmation of the deposit of Shares into the Depositary's account at DTC, (2) a properly completed and duly executed Letter of Transmittal including any required signature guarantees, or, in the case of a book-entry transfer, an Agent's Message, and (3) any other required documents, provided such payment will not occur prior to December 22, 2022, the scheduled date for release of funds from the Indemnity Escrow Account. If the Offer is completed in 2023, the stock repurchases may be subject to a 1% excise tax (the "1% Excise Tax") enacted under the Inflation Reduction Act of 2022. The 1% Excise Tax would not be incurred if the Offer is completed by December 31, 2022. While we intend to complete the Offer and pay the Purchase Price prior to December 31, 2022, we cannot guarantee that this timeline will be met.

In the event of proration, we will determine the proration factor and pay for those tendered Shares accepted for payment promptly after the Expiration Time. Certificates for all Shares tendered and not purchased, including all Shares tendered at prices in excess of the Purchase Price and Shares not purchased due to proration tenders, will be returned or, to the tendering Shareholder at our expense promptly after the Expiration Time or termination of the Offer.

We will pay for Shares purchased pursuant to the Offer by depositing the aggregate purchase price for such Shares with the Depositary, which will act as agent for tendering Shareholders for the purpose of receiving payment from us and transmitting payment to the tendering Shareholders. See the Letter of Transmittal. Under no circumstances will we pay interest on the Purchase Price, even if there is any delay in making payment. In addition, if certain events occur prior to the Expiration Time, we may not be obligated to purchase Shares pursuant to the Offer. See Section 7.

We will pay all stock transfer taxes, if any, payable on the transfer to us of Shares purchased pursuant to the Offer. If, however, payment of the Purchase Price is to be made to, or (in the circumstances permitted by the Offer) if unpurchased Shares are to be registered in the name of, any person other than the registered holder, or if tendered Shares are registered in the name of any person other than the person signing the Letter of Transmittal, the amount of all stock transfer taxes, if any (whether imposed on the registered holder or the other person), payable on account of the transfer to the person, will be deducted from the Purchase Price unless satisfactory evidence of the payment of the stock transfer taxes, or exemption from payment of the stock transfer taxes, is submitted to the Depositary.

7. CONDITIONS OF THIS OFFER

Notwithstanding any other provision of this Offer, the Company will not be required to accept for payment or pay for any Shares tendered, and may terminate or amend and may postpone acceptance of this Offer, if at any time on or before the expiration date any of the following has occurred:

- (i) new indemnity claims are made or contingencies arise in connection with the Timberland Asset Sale before release of funds from the Indemnity Escrow Account prior to December 22, 2022. The Company may, if required, amend the Offer to such reduced amount as equals the cash released from the Indemnity Escrow Account, subject to extension of the Expiration Time, if necessary, to comply with applicable law. See Section 16.
- (ii) there has been threatened or instituted any action or proceeding by any government or governmental, regulatory or administrative agency or any other person that (a) challenges the acquisition of Shares pursuant to this Offer or otherwise in any manner relates to or affects this Offer;
- (iii) there has been any action threatened, pending or taken, or approval withheld, or any statute, rule, regulation, judgment, order or injunction threatened, proposed, sought, entered or deemed to be applicable to this Offer or the Company, by any legislative body, court, or authority which, in the judgment of the Company, would or might directly or indirectly (a) make the acceptance for payment of, or payment for, some or all of the Shares illegal or otherwise restrict or prohibit consummation of this Offer, or (b) materially affect the business or financial condition, or income, operations or prospects of the Company;

The foregoing conditions are for the Company's benefit and may be asserted by the Company regardless of the circumstances, including any action or inaction by us, giving rise to any of these conditions, and any of these conditions may be waived by the Company in whole or in part, at any time and

from time to time on or prior to the expiration date. Any determination by the Company concerning the events described above will be final and binding on all parties.

8. WITHDRAWAL RIGHTS

Tenders of Shares made pursuant to the Offer may be withdrawn at any time prior to the Expiration Time. Thereafter, such tenders are irrevocable. If we extend the period of time during which the Offer is open, are delayed in accepting for payment or paying for Shares or are unable to accept for payment or pay for Shares pursuant to the Offer for any reason, then, without prejudice to our rights under the Offer, the Depositary may, on our behalf, retain all Shares tendered, and such Shares may not be withdrawn except as otherwise provided in this Section 8, except that we shall either pay the consideration offered, or return the tendered securities, promptly after the termination or withdrawal of the Offer.

For a withdrawal to be effective, a written or facsimile transmission notice of withdrawal must:

- be timely received by the Depositary at its addresses set forth on the back cover of this Offer to Purchase; and
- specify the name of the person who tendered the Shares to be withdrawn, the number of Shares to be withdrawn and the name of the registered holder of the Shares, if different from that of the person who tendered such Shares.

If the Shares to be withdrawn have been delivered to the Depositary, a signed notice of withdrawal with signatures guaranteed by an Eligible Institution (except in the case of Shares tendered by an Eligible Institution) must be submitted prior to the release of such Shares. In addition, such notice must specify, in the case of Shares tendered by delivery of certificates, the name of the registered holder (if different from that of the tendering Shareholder) and, if applicable, the serial numbers shown on the particular certificates evidencing the Shares to be withdrawn or, in the case of Shares tendered by book-entry transfer, the name and number of the account at the Book-Entry Transfer Facility to be credited with the withdrawn Shares.

Withdrawals may not be rescinded, and Shares withdrawn will thereafter be deemed not validly tendered for purposes of the Offer. However, withdrawn Shares may be retendered by following one of the procedures described in Section 4 at any time prior to the Expiration Time.

We will determine all questions as to the form and validity (including time of receipt) of any notice of withdrawal. We also reserve the right to waive any defect or irregularity in the withdrawal of Shares by any Shareholder. None of the Company, the Information Agent, the Depositary, any of our or their respective affiliates or any other person will be under any duty to give notification of any defect or irregularity in any notice of withdrawal or incur any liability for failure to give any such notification.

9. SOURCE AND AMOUNT OF FUNDS

The Offer is not subject to a financing condition. Assuming that the Offer is fully subscribed, the maximum aggregate purchase price of Shares purchased in the Offer will be \$5,804,604. We expect to fund the purchase of Shares in the Offer from the funds held in an Indemnity Escrow Account that was established as part of the Timberland Asset Sale, subject to reduction of funds on account of indemnity claims or contingencies. Further, we expect to pay the fees and expenses in connection with the Offer with cash on hand and existing financial resources.

10. CERTAIN INFORMATION CONCERNING THE COMPANY

General: Keweenaw Land Association, Limited, headquartered in Ironwood, Michigan, previously operated as a forest products and land management company owning substantial subsurface mineral rights. Following the December 27, 2021, sale of its timberland assets, Keweenaw's business is focused on its mineral assets. As of June 30, 2022, 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.

Our common stock is traded on the OTC Pink Market ("OTC Pink") under the symbol "KEWL". We file annual and semi-annual reports, financial statements, and other information on OTC Pink pursuant to OTC rules. You may access the Company's publicly filed documents on www.otcmarkets.com. Most recently, we provided an update via a press release on the execution of Copperwood Project by Highland Copper Company, Inc., status of our mineral project, and strategic measures undertaken by us in light of the current financial environment. You may access this and other press releases on our website (mentioned below). Also, see section entitled Risk Factors on page 21.

Our principal executive offices are located at 1801 East Cloverland Drive, PO Box 188 Ironwood, MI 49938. Our telephone number at that address is (906) 932-3410, and our website address is www.keweenaw.com. The information contained on that website is neither part of, nor incorporated by reference into, this Offer to Purchase.

11. FINANCIAL STATEMENTS

FINANCIAL INFORMATION FOR THE QUARTER ENDED SEPTEMBER 30, 2022

The information furnished in the accompanying unaudited consolidated balance sheets and related consolidated statements of income, stockholders' equity, and statement of cash flows reflect all adjustments, consisting solely of normal and recurring adjustments that are, in managements opinion, necessary for a fair and consistent presentation of the aforementioned financial statements. These results of operations for the nine months ended September 30, 2022, are not necessarily indicative of the operating results expected for the full year.

KEWEENAW LAND ASSOCIATION, LIMITED
Consolidated Statement of Income
(Unaudited)

	Nine Months Ended September 30, 2022
Revenues	
Lease Income	\$ 269,525
Expenses	
Cost of Sales	76,662
Gross Profit (Loss)	192,863
Selling, General & Administration Expenses	497,500
Income (Loss) Before Income Taxes	(304,637)
Income Tax Benefit - Continuing Operations	63,955
Income (Loss) from Continuing Operations	(240,682)
Discontinued Operations (Note 13)	
Earnings (Loss) from Discontinued Operations	(492,535)
Income Tax Benefit - Discontinued Operations	132,985
Income (Loss) from Discontinued Operations	(359,550)
Net Income (Loss)	\$ (600,232)
Net Income Per Share:	
Basic and Dilutive - Continuing Operations	\$ (0.19)
Basic and Dilutive - Discontinued Operations	\$ (0.28)
Weighted Average Shares Outstanding:	
Basic and Diluted	1,296,173

KEWEENAW LAND ASSOCIATION, LIMITED
Consolidated Balance Sheet
(Unaudited)

Nine Months Ended
September 30, 2022

ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 3,283,753
Cash Held in Escrow	9,276,460
Accounts Receivable	101,253
Prepaid Assets	51,377
Federal Income Tax Receivable	23,948
Total Current Assets	12,736,791
Non-Current Assets	
Mineral Rights	5,142,517
Property, Plant, and Equipment, Net of Depreciation	21,893
Exploration and Evaluation	306,420
Total Non-Current Assets	5,470,830
Total Assets	\$ 18,207,621
Liabilities and Stockholders' Equity	
Current Liabilities	
Accounts Payable	27,300
Other Accrued Liabilities	32,709
Total Current Liabilities	60,009
Non-Current Liabilities	
Non-Current State and Federal Deferred Income Tax Liability	347,367
Total Liabilities	407,376
Stockholders' Equity	
Common Stock (10,000,000 shares authorized, no par value, 1,296,173 shares issued and outstanding)	84,760
Retained earnings	17,715,485
Total Stockholders' Equity	17,800,245
Total Liabilities and Stockholders Equity	\$ 18,207,621

KEWEENAW LAND ASSOCIATION, LIMITED
Consolidated Statement of Stockholders' Equity
As of September 30, 2022
(Unaudited)

	Common Stock Issued	Amount	Retained Earnings	Total Stockholders' Equity
Balance, January 1, 2022	1,296,173	\$ 84,760	\$ 18,315,717	\$ 18,400,477
Net Income (Loss)	-	-	(600,232)	(600,232)
Balance, September 30, 2022	1,296,173	\$ 84,760	\$ 17,715,485	\$ 17,800,245

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

	Nine Months Ended September 30, 2022
Cash Flows from Operating Activities	
Net Income (Loss) from Continuing Operations	\$ (240,682)
Depletion, Depreciation and Amortization	1,152
Decrease (Increase) in Accounts Receivable	439,064
Decrease (Increase) in Prepaid Assets	8,714
Decrease (Increase) in Federal Income Tax Receivable	191,298
Increase (Decrease) in Accounts Payable	(100,559)
Increase (Decrease) in Other Accrued Liabilities	(337,566)
Increase (Decrease) in State and Federal Deferred Income Taxes	(196,939)
Net Cash Used by Operating Activities - Continuing Operations	(235,518)
Net Income (Loss) from Discontinued Operations	(359,550)
Decrease (Increase) in Log Inventory	72,484
Increase (Decrease) in Other Accrued Liabilities	(39,046,593)
Net Cash Used by Operating Activities - Discontinued Operations	(39,333,659)
Net Cash Flow Used by Operating Activities	(39,569,177)
Net Cash Flow From Investing Activities	-
Net Cash Flow From Financing Activities	-
Change in Cash and Cash Equivalents and Cash Held in Escrow	\$ (39,569,177)
Cash and Cash Equivalents and Cash Held in Escrow, beginning of period	52,129,390
Cash and Cash Equivalents and Cash Held in Escrow, end of period	\$ 12,560,213
Restricted Cash Held in Escrow	
Cash and Cash Equivalents	\$ 3,283,753
Restricted Cash Held in Escrow	9,276,460
Cash Paid (Received) during the year for:	
Interest Paid	\$ -
Federal and State Income Taxes Paid	38,323,093

KEWEENAW LAND ASSOCIATION, LIMITED
Notes to 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.

The following table summarizes the Company’s current leases under contract:

	2022	2023	2024	2025	2026	2027	Thereafter	Total
Future Lease Payments	\$ -	\$271,025	\$354,700	\$354,700	\$354,700	\$354,700	\$2,664,700	\$4,354,525

Cost of Sales

The Company recognizes costs related to its mineral operations that could not be capitalized under the Company’s Exploration and Evaluation Policy as Cost of Sales.

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 included 2,500 acres that are currently under a lease, option, and royalty agreement. 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. No additive capitalized costs that meet these criteria were incurred as of September 30, 2022. The balance of capitalized costs related to exploration and evaluation was \$306,420 as of September 30, 2022.

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 nine months ended September 30, 2022.

4. Income Taxes

During the nine months ended September 30, 2022, the Company recorded an income tax benefit of \$196,939 associated with its net operating loss to be used against future earnings. This benefit was recorded as a deferred tax asset, currently offsetting the Company's deferred tax liability on the balance sheet.

During the nine months ended September 30, 2022, the Company was required to pay income taxes largely related to the sale of the timberland assets. This payment was a significant cash outflow for the Company in 2022 and is recorded in the Increase (Decrease) in Other Accrued Liabilities line of the Consolidated Statement of Cash Flows. The company classified these payments under the Discontinued Operations Category. A summary of the tax payments made during the six months ended June 30, 2022, and other accrued liabilities is below:

Increase (Decrease) in Other Accrued Liabilities	Nine Months Ended September 30, 2022
State of Wisconsin Taxes	\$ 1,210,000
State of Michigan Taxes	8,012,593
Federal Income Taxes	29,100,500
Contingent Liability	723,500
Other Accrued Liabilities - from Discontinued Operations	39,046,593
Other Accrued Liabilities - from Continuing Operations	344,793
Total	\$ 39,391,386

5. 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. Due to the restrictions on the funds held in escrow, put in place for the security of the Company and the purchaser, the funds are required to be held in a non-interest-bearing account. The balance of Cash Held in Escrow is \$9,276,460.

6. Contingent Liabilities

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 \$723,500. This liability was evaluated in accordance with ASC 450 *Contingencies and* was accrued on the balance sheet under Other Accrued Liabilities. This liability was paid from the funds held in escrow for contingent liabilities related to the timberland transaction during the second quarter of 2022. The Company will continue to monitor its liabilities and evaluate them against ASC 405, should they arise from the timberland sale in 2021.

7. Discontinued Operations

During the nine months ended September 30, 2022, the Company incurred transactions that it considers to be unusual or infrequent and do not relate to the continuing operations of the organization. These expenses have primarily been incurred due to the timberland asset sale. Severance and benefit costs relate to workforce reductions that occurred at the end of 2021 and in the first half of 2022. Professional service costs relate to legal and accounting items related to the Timberland transaction that extended into 2022. During 2022, the Company was obligated to fulfill stumpage contracts that were not transferred to the purchaser during the timberland asset sale and also was responsible for selling the remaining timber that was cut and held in inventory in 2021. A summary of these items below:

Earnings (Loss) from Discontinued Operations	Nine Months Ended September 30, 2022
Other Income - Timber	\$ 168,444
Other Income - Interest	8,995
Other Income - Miscellaneous	7,850
Other Expense - Timber	(200,056)
Severance and Benefits	(282,313)
Professional Services	(170,799)
Other Miscellaneous	(24,656)
Other Income (Loss)	\$ (492,535)

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 1 of this Quarterly Report. See also "Cautionary Note Regarding Forward-Looking Statements" preceding Section I of this Quarterly Report.

Overview

As of September 30, 2022, 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.

Executive Summary

For the first nine months ending September 30, 2022, Keweenaw has completed a number of activities related to streamlining and optimizing the business since completing the Timberland transaction at the end of 2021. These activities include selecting a new auditor to replace Grant Thornton, amending the Plan of Partial Liquidation, and reducing operating costs. Grant Thornton was a very capable and professional auditor, however, for the size of company that is now Keweenaw, the cost structure did not fit. As a result, Keweenaw has returned to our former auditor Anderson Tackman & Co. PLC for the 2022 operating year. The Plan of Partial Liquidation was amended at our annual meeting on July 15, 2022, replacing the dividend originally intended to be completed at the end of 2022, with a modified “Dutch” Tender. The timing and pricing will be determined by the board of directors upon approval. Lastly, significant cost reductions have been the focus of 2022 and over the first nine months which include reductions to legal, accounting, employee workforce, office costs, and insurances. Keweenaw continues to manage these costs and monitor opportunities for further reductions.

Additional work has been conducted over the first nine months of 2022 to pursue business development opportunities. These activities include marketing a specific exploration property to advance partner paid exploration, identifying other areas of interest in our mineral portfolio, and participating in discussions on complementary business opportunities that could add value to Keweenaw’s minerals. Information will be released through our website and the OTC Markets announcing any type of deal or arrangement when our efforts on these business development endeavors are successful.

Liquidity and Capital Resources

Keweenaw’s cash flow from operations as of September 30, 2022, was (\$39,569,167). The primary driver in this cash reduction was the payment of state and federal income taxes of \$38,323,093 in 2022 from the timberland asset sale which closed on December 27, 2021. This reduction in cash flow is recorded in the Other Accrued Liabilities line of the Consolidated Statement of Cash flows and is further described in note 7. This tax liability is largely due to the limited tax basis in the land-grant properties that were sold by the Company in 2021. During 2022, the Company generated a modest amount of cash flow from the sale of timber inventory as well as completed a procured timber sale that remained with the Company prior to the close of fiscal year 2021. While the Company was able to generate some cashflow from these items, the quality of product that remained in stumpage and in inventory was not consistent with historical Company standards, therefore producing lower margins. This activity is recorded in the Discontinued Operations sections of the financial statements.

The company currently holds a total of \$12,560,213 in operating cash of which \$9,276,460 is held in escrow contingent with the closing terms of the timberland asset sale. Pursuant to the escrow agreement in connection with the timberland asset sale, the escrow deposits were required to be held in a non-interest bearing account. These restrictions were for the legal protections of all parties involved in the timberland asset sale. While additional operating cash remained with the Company during the first 9 months of the year, the Company elected to remain liquid with these funds as the Company was reviewing other investment opportunities and had not yet settled into a true operating cash run rate. The Company was also evaluating the tax implications of this sale. Subsequently, we invested excess operating cash in government bills. Throughout fiscal year 2022, the Company has estimated its true operating cash burn to be under \$350,000 for the year.

The Company maintains a Letter of Credit with Associated Bank, N.A. in the amount of \$30,000 in relation to our state mineral leases.

Discontinued Operations

A primary focus of Management and the Board of Directors in 2022 has been the evaluation and overall reduction Sales, General, and Administrative Costs. A number of costs have been incurred that relate to legacy Keweenaw operations or as a result of the Timberland transaction in 2021. The Company has made significant progress to reduce and eliminate these costs during 2022. Management and the Board does not expect these costs to continue beyond 2022 and therefore classifies them under the guidance of ASC 205 *Discontinued Operations*.

RISK FACTORS

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 as lease revenue from a single customer, Highland Copper Company, Inc., whose going-concern value is directly connected to progressing the Copperwood project from its current development status to the next phase which is construction. The Company is not involved in planning, design, implementation or management of the Copperwood project. In addition to the lease revenue, we are passive owners of an uncertain future royalty stream. Highland Copper has failed to meet operational milestones according to its forecasts, including the publication of an updated feasibility study which was expected in June of 2022. It is uncertain, when, if ever, we can expect to receive this royalty stream. Moreover, should Highland Copper experience financial difficulties, including but not limited to bankruptcy, they may no longer be able to provide us with lease revenue, and we may not efficiently, if ever, find reliable replacement customers for this customer. All of this can materially and adversely affect our business.

12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information with respect to the beneficial ownership of the common stock, as of November 18, 2022, by each person or entity known by us to beneficially own more than 5% of the outstanding shares of the common stock, by each of our directors, by each of our executive officers, and by all of our directors and executive officers as a group. The percentage of ownership indicated below is based on the 1,296,173 Shares outstanding as of November 18, 2022. Beneficial ownership is determined in accordance with the rules of the SEC. Except as indicated by footnote, to our knowledge, the persons named in the table below have sole voting and investment power with respect to all shares shown as beneficially owned by them.

Name of Beneficial Owner	Amount Beneficially Owned	Percent of Class Beneficially Owned Prior to the Offer	Percent of Class Beneficially Owned After the Offer [^]
James A. Mai ◦	333,866 ⁽¹⁾	25.8%	35.35%
Eric H. Speron ◦	131,294 ⁽²⁾	10.1%	13.90%
Mark A. Sherman ◦	865	*	*
Timothy G. Lynott, President & CEO	350	*	*
All Directors and Executive Officers as a group (4 persons)	466,375	35.9%	49.38%

◦ *Current Member of our Board of Directors*

* *Less than 1%*

[^] *Assuming sale of maximum number of shares at a Purchase Price of \$16.50*

- (1) Includes shares owned by Cornwall Capital. Mr. Mai is the Chief Investment Officer of Cornwall Capital.
- (2) Includes shares owned by First Foundation. Mr. Speron is the Managing Director of Equities of First Foundation Advisors.

13. INTEREST OF EXECUTIVE OFFICERS, DIRECTORS, AND AFFILIATES, TRANSACTIONS AND ARRANGEMENTS CONCERNING THE SHARES

Shares Outstanding. As of November 18, 2022, we had 1,296,173 Shares outstanding.

Interests of Directors, Executive Officers and Affiliates. Members of our Board of Directors and executive officers beneficially own 466,375 Shares, or 35.9% of our outstanding Shares as of November 18, 2022. These amounts include 333,866 and 131,294 Shares beneficially owned by Cornwall Capital and First Foundation Advisors, respectively, representing 25.8% and 10.1% ownership. Purchases of Shares pursuant to the Offer will increase the percentage equity ownership of non-tendering Shareholders, including our directors, executive officers and affiliates. Both Cornwall Capital and First Foundation have indicated that they will not participate in the Offer.

14. LEGAL MATTERS; REGULATORY APPROVALS

We are not aware of any license or regulatory permit that appears to be material to our business that might be adversely affected by the repurchase of Shares as contemplated herein or of any approval or other action by, or any filing with, any government or governmental, administrative or regulatory authority or agency, domestic or foreign, that would be required for the purchase of Shares as contemplated herein. Should any approval or other action be required, we presently contemplate that the approval or other action will be sought. Our obligation to accept for payment and pay for Shares under the Offer is subject to various conditions, including various legal and regulatory matters. See Section 7.

We are not aware of any jurisdiction where the making of the Offer is not in compliance with applicable law. If we become aware of any jurisdiction where the making of the Offer is not in compliance with any valid applicable law, we will make a good faith effort to comply with such law. If, after such good faith effort, we cannot comply with such law, the Offer will not be made to, nor will elections to tender be accepted from or on behalf of, the members residing in such jurisdiction.

15. FEDERAL INCOME TAX CONSEQUENCES

The following summary is a general discussion of certain of the U.S. federal income tax consequences of the repurchase of shares in the Tender Offer. This discussion is included for general information purposes only, does not propose to consider all aspects of U.S. federal income taxation that might be relevant to a shareholder, and does not constitute, and is not a tax opinion or tax advice to any particular shareholder. This summary is based on the Code, Treasury Regulations, judicial decisions, and administrative pronouncements, each as currently in effect as of the date of this proxy statement. All of the foregoing are subject to change at any time, possibly with retroactive effect, and all are subject to differing interpretation. Any such change could affect the continuing validity of this discussion. No advance ruling has been sought or obtained from the IRS regarding the United States federal income tax consequences of the Tender Offer. As a result, no assurance can be given that the IRS would not assert or that a court would not sustain a position contrary to any of the tax consequences set forth below.

Each shareholder is urged to consult and rely on such shareholder's own tax adviser with respect

to the tax consequences of the Tender Offer.

This summary does not address any tax consequences arising under United States federal tax laws other than United States federal income tax laws, nor does it address the laws of any state, local, foreign, or other taxing jurisdiction, nor does it address any aspect of income tax that may be applicable to non-U.S. Holders of Company shares. In addition, this summary does not address all aspects of United States federal income taxation that may apply to U.S. Holders of Company shares in light of their particular circumstances or U.S. Holders that are subject to special rules under the Code, such as, without limitation, Holders of Company shares that are:

- Partnerships or other pass-through entities (and persons holding their Company stock through partnership or other pass-through entity);
- Persons who acquired Company shares as a result of the exercise of employee stock options or otherwise as compensation or through a tax-qualified retirement plan;
- Controlled foreign corporations, passive foreign investment companies, and corporations that accumulate earnings to avoid U.S. federal income tax;
- Certain former citizens or long-term residents of the United States;
- Persons subject to the alternative minimum tax, including without limitation the corporate alternative minimum tax imposed on the “adjusted financial statement income” of any corporation (other than an S corporation, a regulated investment company and a real estate investment trust) having average “adjusted financial statement income” exceeding \$1,000,000,000 over such corporation’s three preceding taxable years, or the tax on net investment income imposed by Section 1411 of the Code;
- Tax-exempt organizations, financial institutions, broker-dealers, traders in securities that have elected to apply a mark to market method of accounting, insurance companies, persons having a “functional currency” other than the U.S. dollar;
- Real estate investment trusts and, regulated investment companies; and
- Persons holding their Company shares as part of a straddle, hedging, constructive sale or conversion transaction, or other integrated or risk-reduction transaction.

ANY SUCH HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE TREATMENT OF THE ARRANGEMENT TO THEM.

- For purposes of this summary, a “U.S. Holder” is a beneficial owner of Company shares that is for United States federal income tax purposes:
- a United States citizen or resident alien of the United States;
- a corporation or other entity treated as a corporation for United States federal income tax purposes, created or organized under the laws of the United States or any state therein or political subdivision thereof;
- a trust that (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of

the trust, or (2) has a valid election in effect under applicable Treasury Regulations to be treated as a United States person; or

- an estate, the income of which is subject to United States federal income taxation regardless of its source.
- If a partnership (including an entity treated as a partnership for United States federal income tax purposes) holds Company shares, the tax treatment of a partner in the partnership will generally depend on the status of such partner and the activities of the partnership. A Company shareholder, which is a partnership, should consult its tax advisor concerning the tax consequences of the Tender Offer. Company shareholders that are not U.S. Holders may have different tax consequences than those described below, and are urged to consult their tax advisors about the tax treatment of the Tender Offer to them under United States and non-U.S. law.

Treatment of the Tender Offer as a Redemption in Partial Liquidation

In general, a shareholder's exchange of Company Shares for cash pursuant to the Tender Offer will be a taxable transaction for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). The exchange generally will be treated as either a taxable sale or exchange or as a taxable distribution with respect to such Company Shares. It is intended that the Tender Offer would be treated as a distribution, which will constitute a "redemption" within the meaning of Section 317 of the Code, which will result in the following federal income tax consequences.

It is intended that the repurchase of the Company Shares by us in the Tender Offer will be treated as a redemption in partial liquidation of the Company within the meaning of Section 302(b)(4) of the Code. If the Tender Offer qualifies as a redemption in partial liquidation, as more fully described below, the cash received pursuant to the Tender Offer in exchange for your Company Shares will be treated as a distribution from the Company in part or full payment in exchange for the Company Shares tendered. Such treatment will result in a shareholder's recognizing gain or loss equal to the difference between (a) the cash received by the shareholder and (b) the shareholder's adjusted basis in the Company Shares repurchased in the partial liquidation. Assuming the Company Shares are held as a capital asset, such recognized gain or loss will be capital gain or loss. If the Company Shares were held longer than one year, such capital gain or loss will be long-term. No assurance can be given that a partial liquidation of the Company under Section 302(b)(4) of the Code will be satisfied as to any particular shareholder, and thus no assurance can be given that any particular shareholder will not be treated as having received a dividend for U.S. federal income tax purposes.

The receipt of cash by a non-corporate shareholder pursuant to the Tender Offer may qualify as a redemption under a plan of "partial liquidation" under Section 302(b)(4) of the Code if the distribution is "not essentially equivalent to a dividend (determined at the corporate level rather than at the shareholder level)." Under the Code, all distributions under a plan of partial liquidation must be made by the end of the taxable year succeeding the taxable year of the corporation in which such plan of partial liquidation was adopted.

In general, a distribution will not be essentially equivalent to a dividend at the corporate level if (a) it falls within the complete termination safe harbor, discussed below, or (b) it is attributable to a genuine "contraction" in such corporation. The determination of what constitutes a genuine "contraction" of a corporation has primarily been derived from judicially developed law. In determining whether a genuine contraction has occurred, the IRS generally compares the size of the corporation's operations before and after the events that resulted in the distribution being made. A significant

reduction in the corporation's level of business activities (*e.g.*, the number of employees, income, and assets) must be shown. For private letter ruling purposes, the IRS will not ordinarily issue a ruling that a distribution qualifies as a distribution in partial liquidation under the "corporate contraction" theory unless the contraction results in a 20-percent-or-greater reduction in (1) gross revenue, (2) net fair market value of assets, and (3) employees.

As a result of the Company's business strategy, and in accordance with the Plan of Partial Liquidation adopted by Company, the Company believes that there will be a substantial contraction of the Company's operation through the sale or other disposition of the Timberland Assets, and that it will, in fact, achieve a 20-percent-or-greater reduction in its gross revenue, net fair market value of assets, and employees. Therefore, to the extent amounts paid for the repurchase of Company Shares in the Tender Offer constitute proceeds realized from such contraction, such payment to non-corporate shareholder-recipients will qualify under Section 302(b)(4) of the Code as a distribution in partial liquidation. It is anticipated that in excess of 95% of Purchase Price payable pursuant to the sale of the Timberland Assets will be attributable to a genuine contraction in the Company's business. These proceeds are attributable to the sale of the Timberland Assets. These proceeds are subject to adjustment for such items as taxes, reserves, and working capital. Certain of these proceeds will be included in the Purchase Price.

A "safe harbor" for partial liquidation treatment is provided by Section 302(e)(2) of the Code for distributions related to the termination of a business. Under Section 302(e)(2) of the Code, a distribution will be deemed to be "not essentially equivalent to a dividend" determined at the corporate level, and therefore, will qualify as a distribution in partial liquidation, if (a) the distribution is attributable to the distributing corporation's ceasing to conduct, or consists of the assets of, a "qualified trade or business" (*i.e.*, a business that was actively conducted throughout the five-year period ending on the date of the redemption) and, (b) immediately after the distribution, the distributing corporation is actively engaged in the conduct of a "qualified trade or business." The safe harbor is not satisfied, however, unless there is a complete distribution of the proceeds attributable to the discontinued trade or business. That is, all of the proceeds attributable to the terminated business must be distributed to the shareholders to meet this test. The Company does not expect to meet the safe harbor of Section 302(e)(2) of the Code.

Treatment of the Timberland Sale Distribution as a Dividend if Section 302(e) of the Code does Not Apply

If the repurchase of Company Shares in the Tender Offer is not treated as a redemption in partial liquidation of the Company within the meaning of Section 302(b)(4) of the Code, a shareholder of Company Shares will be treated as having received a dividend taxable pursuant to Section 301 of the Code. Generally, the portion of a distribution made from earnings and profits ("E&P") of the Company is treated as a dividend. If Section 301 of the Code applies to the purchase price paid for Company Shares exchanged in the Tender Offer, the Company anticipates that its available E&P will be sufficient for the entire amount treated as a distribution to be taxed as a dividend. The entire amount of a dividend is generally included in the gross income of a shareholder. Any dividend would likely be treated as a "qualified dividend" for purposes of Section 301 of the Code. In the event that the transaction is treated as a dividend distribution to a shareholder for federal income tax purposes, such shareholder's tax basis of the shares actually redeemed will be added to the tax basis of such shareholder's remaining actually owned or constructively owned shares in the Company.

Special Rules for Corporate Shareholders

Because the "partial liquidation" provision of Section 302(b)(4) of the Code is applicable only

to non- corporate shareholders, if the repurchase of Company Shares in the Tender Offer qualifies only as a “partial liquidation,” then a corporate shareholder is deemed to receive a dividend.

Upon receipt of a dividend from the Company, a corporate shareholder who owns less than 20 percent of Company is eligible for a dividends received deduction equal to 50 percent of the amount of the distribution, subject to applicable limitations, including those related to “debt financed portfolio stock” under Section 246A of the Code and to the holding period requirements of Section 246 of the Code.

In addition, any amount received by a corporate shareholder that is treated as a dividend may constitute an “extraordinary dividend” subject to the provisions of Section 1059 of the Code. Generally, Section 1059 of the Code requires a corporate shareholder to reduce the tax basis of its stock in a corporation by the portion of the dividend eligible for the dividends received deduction and, if such portion exceeds the shareholder’s tax basis for the stock, to treat any such excess as gain from the sale of the stock in the year in which a sale or disposition of such stock occurs. The term “extraordinary dividend” includes any dividend if the amount thereof exceeds the greater of 10 percent of the tax basis of the shareholder’s shares or 10 percent of the fair market value of such shares. For this purpose, other dividends received that have ex-dividend dates within the same period of eighty-five consecutive days of a dividend are aggregated. Furthermore, if a taxpayer receives an aggregate amount of dividends in excess of 20 percent of the adjusted basis of the taxpayer’s stock, such dividends having ex-dividend dates within a period of 365 consecutive days, then the dividends also constitute “extraordinary dividends” and the taxpayer must reduce its basis under Section 1059 of the Code.

Section 1059 of the Code applies only to stock that has not been held for more than two years before the dividend announcement date, unless the redemption of stock is part of a partial liquidation or is not pro rata to all shareholders. The Company believes that part of the tender offer proceeds will constitute a distribution in partial liquidation and that the Offer will likely not result in a pro rata distribution to all shareholders. Additionally, if the corporate shareholder is required under Section 1059 of the Code to reduce its stock basis, the nontaxed portion of all dividend distributions within an 85-day or 365-day period referred to above, including regular quarterly dividend distributions; reduce the corporate shareholder’s basis in the Company stock. Corporate shareholders should consult their tax advisers concerning the application of Section 1059 of the Code to their particular situation.

Information Reporting and Backup Withholding

U.S. Holders may be subject to information reporting to the IRS and backup withholding with respect to dividends treated as paid on and any cash proceeds from the sale or other disposition of the Company shares in connection with the Timberland Sale Distribution. Information reporting will apply to amounts treated as payments of dividends on, and to cash proceeds from the sale or other disposition of, the Company shares by a paying agent within the United States to a U.S. Holder, other than a U.S. Holder that are exempt from information reporting and properly certify their exemption. A paying agent within the United States will be required to withhold at the applicable statutory rate, currently 24%, in respect of any amounts treated as payments of dividends on, and the cash proceeds from the disposition of, Company shares within the United States to a holder (other than holders that are exempt from backup withholding and properly certify their exemption) if the holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with applicable backup withholding requirements. U.S. Holders that are required to establish their exempt status generally must provide a properly completed IRS Form W- 9.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a holder’s U.S. federal income tax liability. A holder generally may obtain a refund of

any amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the IRS in a timely manner and furnishing any required information. Each holder is advised to consult with its tax advisor regarding the application of the United States information reporting rules to their particular circumstances.

Non-U.S. Holders

Non-U.S. Holders generally may not be subject to withholding tax if the non-U.S. Holder (i) furnishes a valid IRS Form W-8BEN or IRS Form W-8BEN-E, together with appropriate attachments, certifying under penalties of perjury, its status as a non-U.S. Person, (ii) furnishes an appropriate certificate of non-recognition to avoid withholding tax under Section 1446(f) of the Code, and (iii) has furnished to the payor other documentation upon which it may rely upon in accordance with applicable Treasury Regulations. The appropriate form of IRS Form W-8, which you should use, will depend on your particular circumstances. Additional information may be found on the IRS website (www.irs.gov).

In addition, failure by a non-U.S. Holder to provide a properly completed applicable IRS Form W-8BEN or IRS Form W-8BEN-E may result in withholding under Section 1441 or Section 1442 of the Code and the Foreign Account Tax Compliance Act (“FATCA”). A 30% withholding tax will apply to the gross amount that is paid to a non-U.S. Holder, unless an applicable income tax treaty reduces or eliminates such tax, and the non-U.S. Holder claims the benefit of that treaty by providing a properly completed and duly executed IRS Form W-8BEN or W-8BEN-E, as applicable (or suitable successor or substitute form), establishing qualification for benefits under the treaty, and a certificate of non-recognition, if applicable.

The preceding discussion is intended only as a summary of certain United States federal income tax consequences of the Timberland Sale Distribution. It is not a complete analysis or discussion of all potential tax effects that may be important to you. The Company has not requested and do not intend to request any ruling from the IRS. **YOU ARE URGED TO CONSULT YOUR OWN TAX ADVISOR AS TO THE SPECIFIC TAX CONSEQUENCES RESULTING FROM THE TIMBERLAND SALE DISTRIBUTION, INCLUDING TAX RETURN REPORTING REQUIREMENTS, THE APPLICABILITY AND EFFECT OF ALL FEDERAL, STATE, LOCAL AND OTHER APPLICABLE TAX LAWS WHETHER OR NOT DESCRIBED ABOVE AND THE EFFECT OF ANY PROPOSED CHANGES IN THE TAX LAWS.**

16. TERMINATION; AMENDMENTS

The Company reserves the right, in its sole discretion, (i) to terminate this Offer and not accept for payment any Shares not previously accepted for payment, (ii) to postpone payment for Shares upon the occurrence of any of the conditions specified in Section 7 hereof, and (iii) to amend this Offer in any respect. Amendments or material changes to this Offer may be effected by notice to all Shareholders.

17. SOLICITATION FEES AND EXPENSES

We have retained DF King, an Equiniti company, to act as Information Agent and Equiniti Trust Company as Depositary in connection with the Offer. The Information Agent may contact holders of Shares by mail, e-mail, telephone and in person and may request brokers, dealers, commercial banks, and other nominee Shareholders to forward materials relating to the Offer to beneficial owners. The Information Agent and the Depositary will each receive reasonable and customary compensation for their respective services, will be reimbursed by us for specified reasonable out-of-pocket expenses and will be indemnified against certain liabilities in connection with the Offer, including certain liabilities under the federal securities laws.

We will not pay any fees or commissions to brokers, dealers, commercial banks, trust companies or other persons (other than fees to the Depositary as described above) for soliciting tenders of Shares pursuant to the Offer or otherwise. Shareholders holding Shares through brokers, dealers, commercial banks, trust companies or other nominee Shareholders are urged to consult the brokers, dealers or other nominee Shareholders to determine whether transaction costs may apply if Shareholders tender Shares through the brokers, dealers or other nominee Shareholders and not directly to the Depositary. No broker, dealer, commercial bank or trust company has been authorized to act as our agent or an agent of the Depositary for purposes of the Offer. We will pay or cause to be paid all stock transfer taxes, if any, on our purchase of Shares pursuant to the Offer, except as otherwise provided in Section 6.

Certain officers and employees of the Company may render services in connection with the Offer but will not receive any additional compensation for such services.

The Letter of Transmittal, certificates for Shares and any other required documents should be sent or delivered by each Shareholder of the Company who wishes to tender Shares in the Offer or his or her broker, dealer, commercial bank, trust company or other nominee to the Depositary as follows:

The Depositary for the Offer is:

Equiniti Trust Company

If delivering by mail:

By 5:00 P.M. NYC time on Expiration Date

Equiniti Trust Company

Shareowner Services

Voluntary Corporate Actions

P.O. Box 64858

St. Paul, Minnesota 55164-0858

If delivering by hand, express mail, courier

or any other expedited service:

By 5:00 P.M. NYC time on Expiration Date

Equiniti Trust Company

Shareowner Services

Voluntary Corporate Actions

1110 Centre Pointe Curve, Suite 101

Mendota Heights, Minnesota 55120

Delivery of the letter of transmittal to an address other than as set forth above will not constitute a valid delivery to the Depositary.

Questions or requests for assistance may be directed to the Information Agent at its telephone number and address set forth below. Requests for additional copies of the Offer to Purchase, the related Letter of Transmittal, the Notice of Guaranteed Delivery or the other Offer materials may be directed to the Information Agent at the telephone number and address set forth below. Shareholders may also contact their broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Offer. To confirm delivery of Shares, Shareholders are directed to contact the Depositary.

The Information Agent for the Offer is:

D.F. King & Co., Inc.

48Wall Street, 22nd Floor

New York, NY 10005

Banks & Brokers May Call: (212) 269-5550

All Others Call Toll-Free: (888) 628-9011

Email: kewl@dfking.com