
CORNWALL CAPITAL

March 15, 2018

FELLOW KEWEENAW SHAREHOLDERS,

Keweenaw Land Association, Limited's ("Keweenaw" or the "company") April 12th Annual Meeting is quickly approaching, and the company is at a crossroads: stay the course on a path of continued shareholder value destruction or **add new directors to the board, who will bring fresh perspectives and catalyze meaningful change to increase value for all stakeholders.**

I am requesting your support to ensure the latter: meaningful change through the election of Cornwall's nominees – Mr. Ian Haft, Mr. Steve Winch, and Mr. Paul Sonkin – who have the required expertise and skill-set to right the ship at Keweenaw.

Given the board's misguided strategy, Keweenaw operates at the bottom of its peer group on almost every operating metric imaginable. Over the past several years, Keweenaw's lack of cash flow and continued pursuit of a reckless land acquisition strategy have also resulted in a significant increase in leverage, without any discernable benefit to the company.

Left unchecked, this trend could be disastrous for our company. **It is clear that change is required at the board level in order to put Keweenaw back on a path towards success.**

As Keweenaw's largest shareholder and a longstanding investor in the company, Cornwall's interests are directly aligned with those of our fellow shareholders.

Accordingly, I strongly urge you to voice your opinion in this important election by voting the WHITE proxy card **"FOR"** Cornwall's nominees, who if elected, will work alongside the incumbent Keweenaw directors to increase shareholder value at the company for the benefit of ALL shareholders.

KEWEENAW'S TIMBER MANAGEMENT STRATEGY HAS FAILED

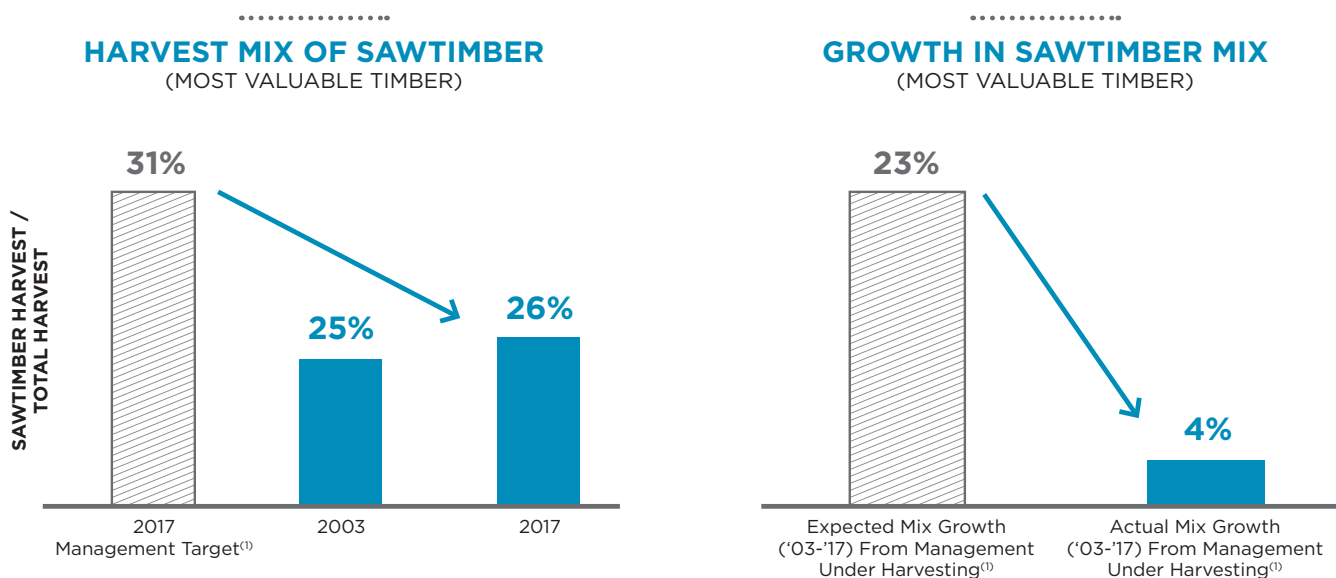
For decades, Keweenaw has pursued a timber management strategy that involves under-harvesting in an attempt to upgrade timberland inventory and improve the value of the harvest in the future.

*"The management program intends to increase the percentage of hardwood sawtimber [the most valuable timber] as a percentage of the overall harvest mix and correspondingly decrease the pulpwood product category [the least valuable timber] ...Within the next 15 years, it is expected that **sawtimber will represent 29%-32% of the harvest mix**" (Pg. 5, 2003 Keweenaw Value Analysis Update)*

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To state more plainly, the company tells us the only reason for under harvesting (and thus sacrificing near-term cash flows) is to increase the mix of the most valuable timber (sawtimber) harvested at some point in the future. *How has the company performed versus this goal?* If Keweenaw's timberlands grew by 0.65 cords per acre per year over the aforementioned 15-year period (consistent with data-points provided in company reports and appraisals), **the company under harvested by an incredible 30%, sacrificing millions in revenue and cash flows.**

In return for this sacrifice, the company should have seen a significant increase in the mix of valuable sawtimber logs that it sells. In fact, as highlighted above, management set a target that would imply valuable sawtimber mix grow by 23% (mid-point) through execution of this strategy. **Instead, between 2003 and 2017, the mix of valuable sawtimber only grew by a mere 4%, missing its mix growth target by a staggering 84%.** Given there are potentially irreversible damages to suppressing the availability of timber in its markets, **Keweenaw should recognize that its timber management strategy was not successful and immediately stop under harvesting.**



Source: Company filings and Cornwall estimates.

⁽¹⁾ Management Target and Expected Mix growth based on the mid-point of the 15-year target sawtimber harvest mix target that Keweenaw set in its 2003 Value Analysis Update.

Putting aside the missed harvest targets, the company might still argue that its strategy has been validated by the increases in standing timber values. **This is misleading. In fact, the company recently completed its first comprehensive timber cruise in history, which resulted in a meaningful inventory restatement.** As a result, any historical statements about



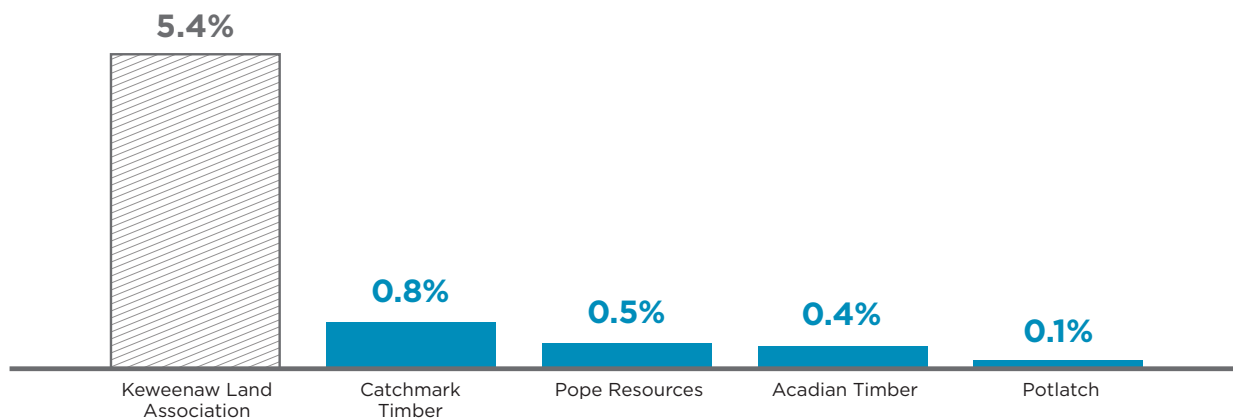
inventory quality and quantity are inherently speculative, and if anything, would suggest the **company is under-harvesting more than our previous figures have suggested.**

KEWEENAW'S OPERATING EXPENSES ARE EXCESSIVE AND ONLY RISING

In 2017, Keweenaw spent just under \$3,000,000 in operating expenses, excluding non-recurring expenses, such as capitalized costs in connection with its failed timberland fund and expenses related to the strategic review. On almost any metric relative to the scale of the company, this amount seems excessive when compared to peers. For example, in 2017, **Keweenaw's operating expenses were 25% of its revenues.** On this same metric, Acadian Timber was at 10%, a fraction of Keweenaw's ratio.

An example of Keweenaw's excessive expenses is the amount the company spends on board and board-related expenses. **In 2017 alone, we estimate that Keweenaw spent approximately \$616,000 on board and board-related expenses. Not only is this figure high versus Keweenaw's much larger peers, but it's astounding when you consider it relative to the revenues of the company.** These high expenses are driven in part by board meetings that have been frequently scheduled at popular tourist destinations – including Salt Lake City, Portland, Boston and Dallas – all of which are far away from the company's corporate headquarters and in states where the company has no operations.

BOARD OF DIRECTORS' AND RELATED EXPENSES / TOTAL REVENUE ⁽¹⁾

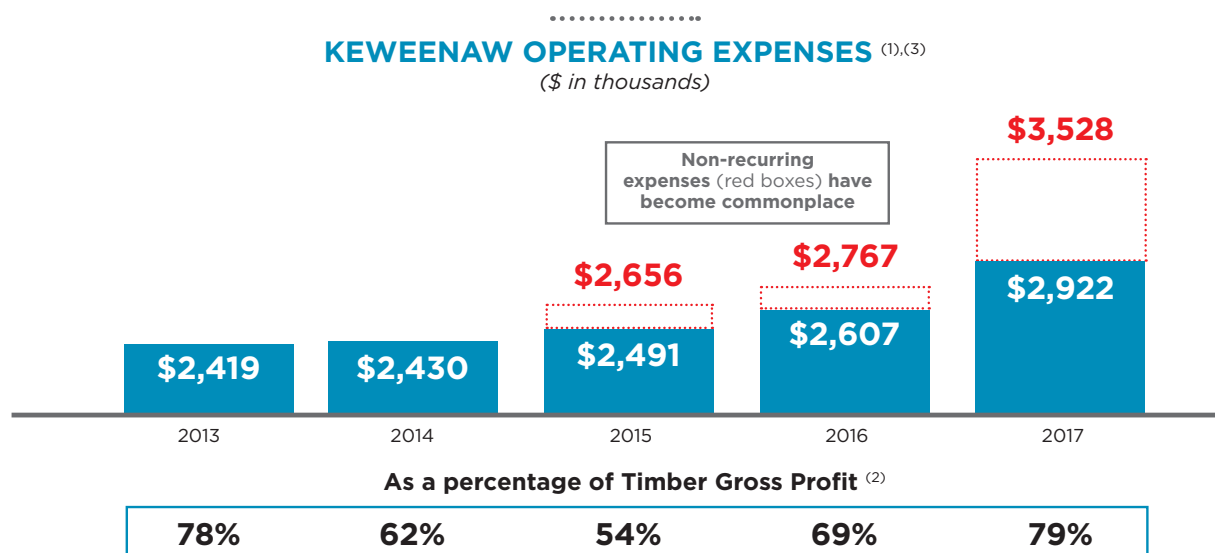


Source: Company filings and Cornwall estimates. Figures calculated for most recent period where board related costs were available for each company.

(1) Keweenaw revenue includes revenues/income generated from mineral rights and leases. Board of Directors' and Related expenses includes \$433,510 in Directors' Expenses and supplemental payments from the 2017 Proxy filing, an estimated Chairman's fee of \$127,000 from the 2014 Proxy filing and an estimated travel expense of \$55,360 based on realized values between 2014 and 2016.

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Not only are operating expenses excessive versus peers, but they have also been steadily rising without a corresponding increase in gross timber profit. **In 2017, operating expenses consumed 79% of the company's timber gross profit, thus contributing to the company's peer lagging margins.**



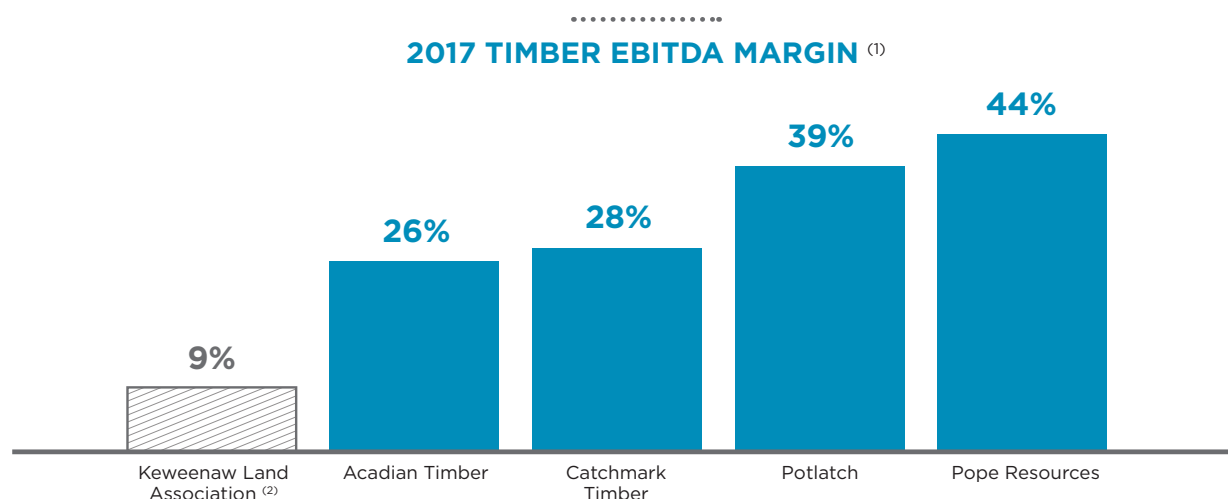
Source: Company filings, Cornwall estimates.

(1) Keweenaw Operating Expenses include Forestry Management & General Admin and Other Land & Board Expense. 2017 figures as disclosed in the Fourth Quarter Report 2017 released on February 6, 2018. Operating Expenses exclude non-recurring items, such as Stifel related fees and the Timberland fund write off in 2017, and consulting fees toward land and capital-raising opportunities in 2015 and 2016.

(2) Represents timber gross profit and includes income from mineral royalties and lease and rental payments.

(3) Red colored boxes illustrate amounts spent on non-recurring item (defined above) and red colored numbers are operating expenses including non-recurring items.

With a misguided under-harvesting strategy and excessive expenses, it is not surprising that Keweenaw's operating performance ranks at the bottom of any peer set.



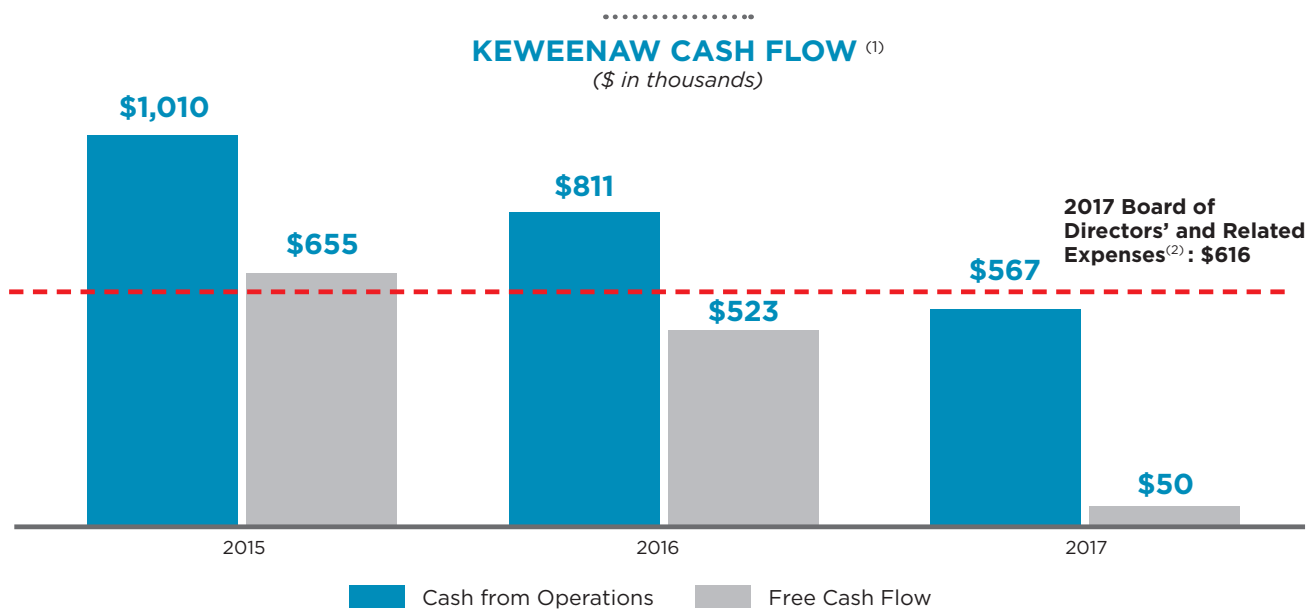
Source: Company filings and Cornwall estimates.

(1) Represents Timber EBITDA margin for each company. Excludes gains/(losses) from developed lot and timberland sales and other non-timber related income. Revenue and gross profit to include income from mineral royalties and lease and rental payments.

(2) 2017 figures as disclosed in the Fourth Quarter Report 2017 released on February 6, 2018. Keweenaw Timber EBITDA margin adjusted to remove the impact of non-recurring items, such as Stifel related fees and the Timberland fund write off in 2017.



Furthermore, Keweenaw has very low cash flow and the company frequently spends as much on its board expenses as it generates from its cash flow from operations or its free cash flow. **Simply put, our shared investment is being wasted on extraordinary and unnecessary corporate expenses.**



Source: Company filings and Cornwall estimates.

(1) Free Cash Flow represents Cash Flow from Operations less Net Purchases of Property & Equipment, and Road Construction expenditures.

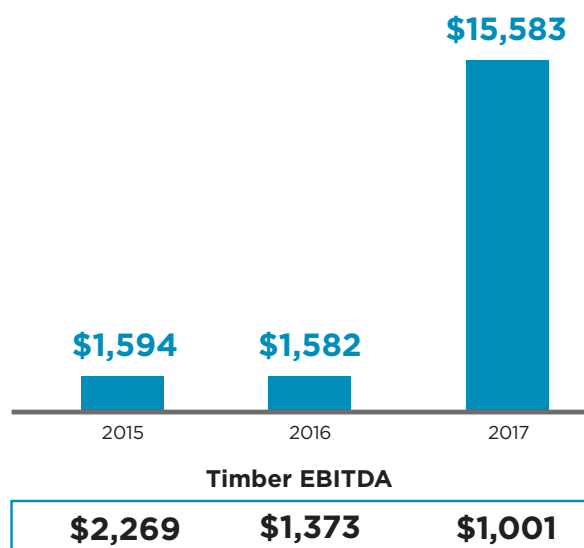
(2) Board of Directors' and Related expenses includes \$433,510 in Directors' Expenses and supplemental payments from the 2017 Proxy filing, an estimated Chairman's fee of \$127,000 from the 2014 Proxy filing and an estimated travel expense of \$55,360 based on realized values between 2014 and 2016.

KEWEENAW HAS EMBARKED ON A PERILOUS AND ILL-CONCEIVED ACQUISITION STRATEGY

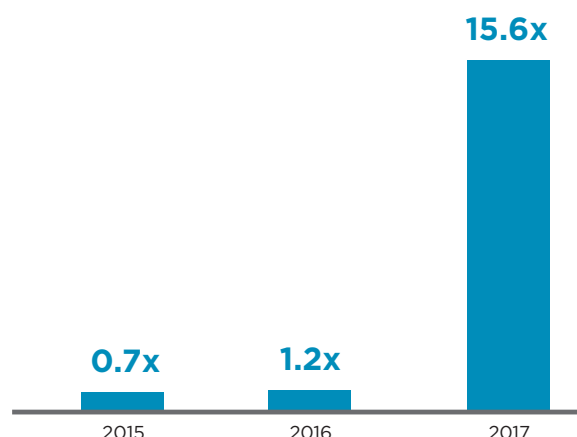
A failed timber management strategy, coupled with excessive and rising operating expenses, has left the company generating de minimis cash flow. As the company has spent over \$22,000,000 in land purchases over the past 5 years, with almost no corresponding free cash flow generation, the company has accumulated a dangerous amount of debt. In a testament to the capital allocation practices of the company, **this increase in debt has NOT corresponded with any growth in its business.**

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NET DEBT BALANCE VERSUS TIMBER EBITDA ^{(1),(2)}
(\$ in thousands)



NET DEBT TO TIMBER EBITDA ^{(1),(2)}



Source: Company filings and Cornwall estimates.

(1) 2017 figures as disclosed in the Fourth Quarter Report 2017 released on February 6, 2018. Keweenaw Timber EBITDA adjusted to remove the impact of one-off one-off items, such as Stifel related fees and the Timberland fund write off in 2017, and consulting fees toward land and capital-raising opportunities in 2015 and 2016. EBITDA includes revenues/income generated from mineral rights and leases.

(2) Net debt defined as short-term and long-term debt less cash and equivalents.

BOARD CHANGE IS REQUIRED TO RESOLVE KEWEENAW'S OPERATIONAL SHORTCOMINGS

Operational challenges have plagued Keweenaw for some time, and it is clear to us that the incumbent directors are taking no steps to change the status quo. Instead, the incumbent directors are watching on the sidelines as management continues to lead the company down a path of operational and financial destruction. Oversight and accountability are nowhere to be found.



As shareholders, we deserve better. We deserve directors who will act as true fiduciaries – directors who will hold management accountable for unnecessary corporate costs and ensure shareholders’ dollars are put to good use. Cornwall’s three highly-experienced nominees pledge to act in the best interests of **ALL** shareholders by holding management accountable for their operational missteps and ensuring these operational issues are resolved as swiftly as possible.

I strongly encourage you to protect your investment by voting **“FOR”** Cornwall’s nominees on your **WHITE** proxy card today.

Sincerely,

JAMES A. MAI

Managing Member of Cornwall GP,
the General Partner of Cornwall Master LP

VOTE THE WHITE PROXY CARD TODAY!

REMEMBER:

You can vote your shares by telephone or via the internet. Please follow the easy instructions on the enclosed white proxy card. Even if you have already voted, you can still return the **WHITE** card to change your vote – only your most recent vote counts.

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If you have any questions or need assistance in voting your shares, please call our proxy solicitor,

Innisfree M&A Incorporated

Toll-free, at 1-888-750-5834



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