



HUMBOLDT CAPITAL CORPORATION



For the Nine Months Ended
September 30, 2011



Corporate Profile

Humboldt Capital Corporation is an investment company with its holdings concentrated in the resource sector.

The Company's principal business philosophy is to purchase securities for investment income and capital appreciation over the long term. This is based on Humboldt's experience that both business cycles and company growth trends provide optimum returns with a longer term investment strategy. As such, Humboldt tends to avoid short term trading positions believing that investments in companies, with well thought out growth plans, will benefit Humboldt's shareholders over the long term.

Humboldt provides early stage risk capital, business experience and guidance to small oil and gas enterprises with attractive prospects and motivated high quality management. Humboldt also makes investments in other businesses that have potential for growth. Humboldt appoints representatives to the Boards of companies in which more significant investments are made, and is proactive in ensuring management maintains well considered, long term business plans.

Humboldt has investments in western Canadian energy companies, international oil and gas companies and in the mining sector, with particular emphasis on companies exploring or producing commodities which Humboldt anticipates have growth potential in this stage of the economic cycle.

Highlights

<i>(Thousands, except per share amounts)</i>	Nine Months Ended September 30,		
	2011	2010	2009
Earnings (loss) and comprehensive earnings (loss) for the period	\$ (20,502)	\$ 2,649	\$ 8,163
Earnings (loss) per share, diluted	\$ (1.71)	\$ 0.22	\$ 0.67
Eligible Dividends paid	\$ -	\$ -	\$ 3,042
Dividends per share	\$ -	\$ -	\$ 0.25
Share capital	\$ 2,066	\$ 2,017	\$ 2,033
Retained earnings	\$ 39,462	\$ 45,783	\$ 35,291
Shareholders' equity	\$ 42,103	\$ 49,297	\$ 38,664
Cash and cash equivalents	\$ 873	\$ 8,261	\$ 14,699
Shares outstanding	11,967	12,022	12,120
Net asset value per share, diluted	\$ 3.45	\$ 3.99	\$ 3.16



To the Shareholders

At the quarter end, shareholders' equity totaled \$42.1 million or \$3.45 per share, fully diluted, compared with \$49.3 million or \$3.99 per share reported at September 30, 2010. Humboldt did not escape the general market slump of 2011 and the shareholders equity was down \$20.5 million from a value of \$62.6 million from December 31, 2010.

At the time of writing, the general market is continuing to show weakness due to debt issues in Europe and the U.S. and a general concern regarding the slow recovery of world economies. In addition, there is concern that China may be entering a slower growth phase and may have its own debt issues, which negatively impacts the outlook for commodity prices.

Prevailing low interest rates, policies promoting economic stimulus, as well as improving confidence in key economic jurisdictions should lead to improved world economic growth in the future. Economic policies in the United States should also be relatively accommodative to economic growth with 2011 being a key, pre-election year.

The Economy and the Markets

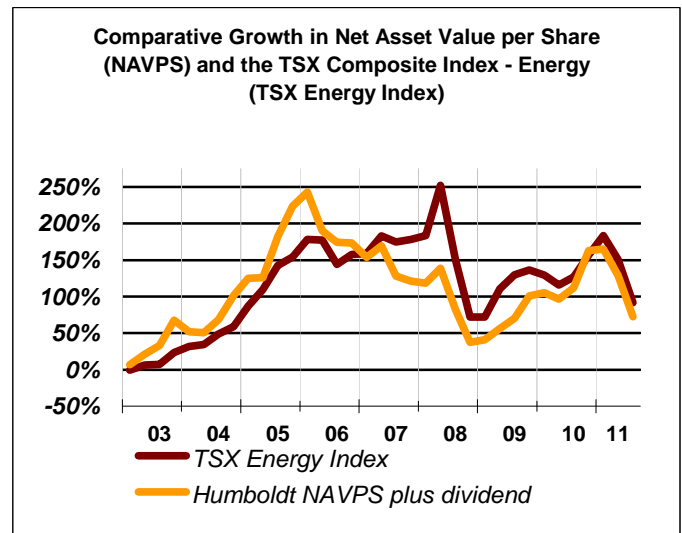
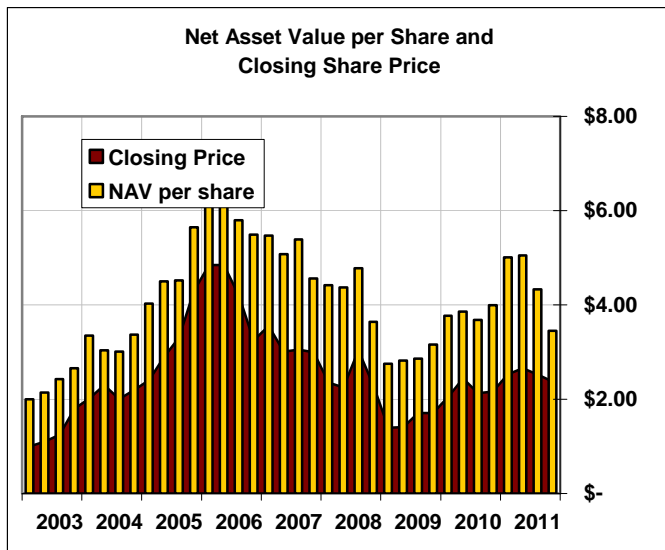
By the end of Q1 2011 international stock markets had completed the second year of a significant recovery, from the lows reached during the first quarter of 2009. The market recovery, particularly in relation to commodity stocks, had been strong due to rebounding prices related to the rapid growth of Far Eastern economies.

However, in Q2 2011 the market began a correction, which became a significant general decline in share prices and has continued its weakness to the present. The market contraction is driven by concerns about government debt, particularly in Europe and the US. The recent steep decline was also exacerbated by the market reaction to Standard and Poor's reduction of their U.S. debt rating.

The current business cycle, while very severe, seems to be following a similar pattern of previous stock market and economic downturns, whereby a year of financial crisis is followed by a lengthy period of declining economic fundamentals. Ironically, by the time the worst of most economic recessions is reached, the stock market usually has already discounted economic problems and has commenced a recovery phase. This pattern appears to be unfolding in the familiar way, with very strong stock market recoveries since the market capitulation early in 2009, continuing into the first quarter of 2011. The current correction is to be expected from time to time in such a long recovery and probably represents an extreme example of summer and early fall capitulation.

The fundamental seeds of the current global economic recovery have been in place for some time. These comprise very low interest rates, a highly positive yield curve, reasonable energy and metal prices, and the availability of inexpensive labour. While the problems resulting from steady debt liquidation will hang over the Western economies for the next several years, most of the serious concerns now seem to be known and will gradually be eliminated.

Ironically, in this unusual economic climate, corporations, and not governments, are the bastions of economic strength and during the downturn most companies, except for banks, have reduced their costs, strengthened their balance sheets and have exhibited steady growth in earnings. Most governments, however are faced with the ugly realization that they have over promised benefits, using taxpayers money, and in many cases have reached the end of their credibility and fundraising abilities. While unfortunate for the citizens of these countries, the move to hard assets such as commodities should be a means of retaining values, until the financial storm blows itself out.



Commodities - General

Since early 2009, Humboldt focused on purchasing shares in companies in the oil, copper and precious metals businesses. The pricing of these three commodities have been positively impacted by the worldwide economic recovery and concerns over the value of the US dollar.

Firstly, OPEC production curtailments and increased demand have shored up the price of oil. In the case of copper, the resumption of rapid growth, principally in the Far East led to an early rebound in the price of this metal. Lastly the pricing of precious metals have principally been driven upwards by a fear of a major financial implosion and concerns regarding the over issuance of fiat currencies.

Commodities - Oil & Gas

Due to rapid demand destruction, oil prices collapsed to the \$40 per barrel level early in 2009. Only the strenuous efforts by OPEC to constrain production brought supply back into line with demand and resulted in the gradual recovery of oil prices to a current level in the \$95 per barrel level.

This natural gas cycle has been quite different, with greatly increased supply resulting from a boom in drilling of long reach horizontal wells, targeting fractured shale gas deposits. These wells actually increased the supply of gas during the demand downturn! This excess supply has now moved the BTU equivalent of gas to oil from a historic ratio in the 6:1 range, to a hitherto unheard of ratio of over 30:1.

The only bright note regarding the future balance of gas supply and demand in North America is the recognition that many of the horizontal gas wells have much lower estimated ultimate recoveries per well than the operators originally hoped for. Indeed some large fractured gas fields may be sub-economic as a result of very high capital costs, rapid production declines and low prevailing gas prices. However, a great number of major energy companies are now entering this field, incurring very high acquisition costs in the hope that gas development on these projects is simply a “manufacturing process” in which they can lower the cost of production. While many of these acquisitions may turn out to be ill timed, the size and staying power of these companies may prolong the gas surplus for a substantial period.



Commodities - Mining

The mining sector has had excellent growth since the market capitulation of May 2009, for two fundamentally different reasons.

Firstly, gold and silver prices have steadily trended upwards as a result of the “safe haven” aspect of these metals. Indeed they appear now not to be an inflation hedge but, a catastrophe hedge as an investment medium, in case of significant sovereign debt defaults.

Secondly base metals which are easier to evaluate on a supply/demand basis, have been impacted positively by Far Eastern, principally Chinese, buying especially affecting copper and nickel prices. The continued rapid expansion of Asian economies has provided steady price increases in these metals, and should spill over into related metals such as molybdenum and tungsten in 2011. Tungsten has recently shown substantial price increases and Humboldt is adding some new positions in this sector.

Related Energy Companies

During the past year Humboldt’s management has spent a considerable effort to assist in financing and planning issues related to a number of its principal holdings. The operations of some of these companies were adversely affected by the decline of natural gas prices. The resulting reduction of capital to invest in maintaining production volumes magnified the problem.

Hence, a process was set in motion in these companies in 2009, to switch from natural gas targets to the development of heavy oil prospects on the Alberta/Saskatchewan border.

Diaz Resources Ltd - Financing

Diaz was particularly hard hit by low gas prices and the resulting decline in cash flow made it difficult for Diaz to invest the necessary capital to increase oil production and reduce its dependence on gas. As a consequence, in the second quarter of 2011, Diaz’s lender indicated its intention to reduce its credit facility by \$3 million.

Humboldt’s analysis of the Diaz financial situation is as follows:

- Diaz had a significant asset in its undeveloped oil properties but lacked the working capital to realize this value;
- Diaz required \$4.0 million to satisfy reduction in bank line and its short-term working capital shortfall; and
- Diaz required a further \$4.0 million to allow it to continue its oil focused development drilling program.

Therefore, Humboldt purchased \$7.43 million of an \$8.0 million issue by Diaz of 10.5% convertible secured subordinated debentures. The debenture will have a term of five years and will be convertible into Diaz common shares at \$0.075 per share. Humboldt will benefit through the recovery in the value of the 25.1 million common shares of Diaz that it currently holds and the attractive interest rate and conversion terms of the Diaz debenture issue.

A negative in this transaction was that Humboldt greatly reduced its working capital, in fact to under \$1 million, but at the time of writing Humboldt has increased its liquidity over \$1.7 million. This extra cash will enable the Company to benefit from inexpensive equity purchases which are available during this time of stress.

As a result of this financing and the proceeds of asset sales, Diaz has managed to drill three successful developed wells in Lloydminster without resorting to its bank line. Furthermore, at the time of writing Diaz is completing the drilling of a third successful oil well at Macklin, Saskatchewan. Results at Macklin look quite promising, in particular



the oil pay thickness, the structure and the current productivity of the initial well. This heavy oil development project could turn out to be of great significance to Diaz and as a result to the Company.

Tuscany and Sharon Merger

In Q2 2011 the shareholders of two of Humboldt's principal holdings, Tuscany and Sharon, approved a business combination whereby Tuscany acquired all of Sharon's issued and outstanding common shares in exchange for 62.1 million Tuscany shares. Following completion of the transaction, Tuscany had approximately 125 million common shares outstanding. Based on December 31, 2010 evaluations, Tuscany had total proved plus probable reserves of approximately 1,345,000 BOE, approximately 17,000 net acres of undeveloped land and sufficient working capital to accelerate the pace of its oil drilling program.

Subsequent to the merger Tuscany has drilled 5 new horizontal wells on its heavy oil play in the Evesham area of Saskatchewan, one new horizontal oil well at Macklin Saskatchewan and a horizontal oil well at Lloydminster, Alberta. To September 30, 2011, Tuscany reported substantial improvements in revenue and cash flow, and had \$0.9 million of working capital, investments having a market value of \$1.3 million and an undrawn line of credit of \$4.6 million. The company is continuing its active drilling program in Q4 2011.

International Energy Focus

Humboldt commenced to rebuild and expand upon its international energy holdings during 2010 as a result of the potential increase in share prices especially when compared with gas or Alberta focused energy companies. In addition, Humboldt believed that exposure to large energy projects in favorable jurisdictions, would lead to significant gains as a result of careful risk assessment. Hence, Humboldt has increased its exposure to exploration companies operating in Europe, Australia, Africa, and the Far East while maintaining a substantial exposure to North Sea oil stocks.

Outlook

The stock market capitulation in Q1 09, clearly indicated the panic bottom for this market cycle and with the steady increase in worldwide indices since, bodes well for a sustained, but choppy, upward move. Humboldt anticipates that the recent summer correction was a "sell in May" event and will soon fade and a year end recovery will commence.

Since the beginning of the economic recovery, many of Humboldt's holdings have shown significant gains. This has resulted from higher commodity prices, companies focusing on their best projects, increased access to capital for substantial exploration targets and to general sector rotation back into high impact energy exploration.

Humboldt is in an enviable position, with a cash balance and other liquidity to allow it to weather any significant economic and stock market set back. From this position of strength Humboldt plans to continue to upgrade the quality of its holdings while reducing its portfolio diversity over the next year.

On behalf of the Board,

R.W. Lamond
Chairman of the Board
November 23, 2011



Management's Discussion and Analysis

November 23, 2011

The following discussion and analysis is management's assessment of Humboldt's historical, financial and operating results, together with future prospects, and should be read in conjunction with the unaudited financial statements of the Company for the nine months ended September 30, 2011 and the audited financial statements of the Company for the year ended December 31, 2010. The reader should be aware that historical results are not necessarily indicative of future performance.

The financial statements have not been reviewed by the Company's auditors.

Basis of Presentation

The financial data presented herein has been prepared in accordance with accounting principles generally accepted in Canada. All dollar amounts are in Canadian dollars unless otherwise indicated.

BOE Presentation –The term “barrels of oil equivalent” (BOE) may be misleading, particularly if used in isolation. All BOE conversions in this report are derived by converting gas to oil in the ratio of six Mcf of gas to one Bbl of oil. A BOE conversion ratio of six Mcf to one Bbl of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Forward-looking Statements – Certain of the statements contained herein including, without limitation, financial and business prospects and financial outlook may be forward-looking statements. Words such as "may", "will", "should", "could", "anticipate", "believe", "expect", "intend", "plan", "potential", "continue" and similar expressions may be used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve significant risk and uncertainties.

A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, changes in investment climate, interest rates, commodity prices, income tax obligations and economic conditions. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could effect Humboldt's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com) or at Humboldt's website (www.humboldtcapital.com). Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, management cannot assure that actual results will be consistent with these forward-looking statements. Investors should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and the Company assumes no obligation to update or review them to reflect new events or circumstances except as required by applicable securities laws.

Forward-looking statements and other information contained herein concerning the resource industry and the Company's general expectations concerning this industry is based on estimates prepared by management using data from publicly available industry sources, market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the Company is not aware of any misstatements regarding any industry data presented herein, the resource industry involves risks and uncertainties and is subject to change based on a wide variety of factors.



Financial Summary

During the nine months ended September 30, 2011 Humboldt reported a loss of \$20.5 million, or \$1.71 per share, compared with earnings of \$2.6 million, or \$0.22 per share for the same period in 2010. In Q3 2011 the Company's loss was \$11.7 million compared with a loss of \$9.1 million for Q2 2011.

Humboldt realized capital gains totaling \$3.9 Million in the first half of 2011 and a further \$0.4 million in Q3 2011 for an aggregate realized capital gain of \$4.3 million for the nine months ended September 30, 2011. The total realized capital gain for the nine months ended September 30, 2010 was \$1.6 million.

Humboldt's net asset value at the end of the period was \$42.1 million or \$3.45 per share compared with \$49.2 million, or \$3.99 per share a year earlier.

The following is a summary of the investments held by Humboldt and other components of Humboldt's net asset value, as at September 30, 2011:

Portfolio Summary and Net Asset Value at September 30, 2011

(Thousands, except percentage and per share amounts)	Carrying Value ⁽¹⁾	Unrealized Gain (Loss) ⁽²⁾	Investment Cost ⁽³⁾	% of Portfolio	% of Net Asset Value
Related Companies	\$ 6,885	\$ (9,298)	\$ 16,182	21%	16%
Oil & Gas					
- Canadian	2,785	105	2,678	8%	7%
- International	15,973	(4,478)	20,443	48%	38%
Mining	7,388	(3,572)	10,972	22%	18%
Total Portfolio	\$ 33,031	\$ (17,243)	\$ 50,275	100%	78%
Investment in debentures of related parties	\$ 7,670				18%
Working capital less current portion of investment in related parties	672				2%
Other assets	319				1%
Future tax liability	411				1%
	1,402				
Net asset value	\$ 42,103				100%
Net asset value, per share (diluted)	\$ 3.45				

Notes: (1) Carrying Value is the quoted market value for liquid securities and the estimated fair value for illiquid securities. Fair value being the expected realization from the orderly disposition of the illiquid security over a reasonable time period.

(2) Unrealized Gain (Loss) is the Carrying Value less Investment Cost.

(3) Investment Cost represents the original cost of the security less any permanent impairment and cost recovery.

(4) Columns and rows may not add due to rounding.

World equity markets declined in value through the first nine months of 2011 as investors concerned about European and U.S. debt levels and a slowing economic recovery, exited the market. Humboldt's equity portfolio declined by \$23.8 million during the period as a result of the sale of portfolio holdings, realizing \$7.7 million, the reinvestment of \$5.1 million in other portfolio securities and the declining market value of equities held. The decline in unrealized capital gains resulted in a \$2.0 million recovery of future income taxes during the period.

In addition in Q2 2011 Humboldt invested \$7.34 million in a secured convertible debenture of Diaz Resources Ltd., one of Humboldt's portfolio holdings.

Related Holdings

The Related Holdings consist of Humboldt's investment in three junior resource companies. These stocks declined in value by \$3.1 million during the first half of 2011.

Humboldt's investments in these companies have been evaluated at their fair value, based on the bid prices of the securities held at the end of the quarter.

Tuscany Energy Ltd.

Share Holdings	Value (Thousands)	Percentage of Humboldt's Value	Cost per Share	Value per Share
40,898,000	\$ 5,317	12.6%	\$ 0.19	\$ 0.13

The value of Humboldt's holding in Tuscany was 13% of Humboldt's net asset value at September 30, 2011 and Humboldt owned 32.8% of the outstanding shares of Tuscany.

The Merger

In Q2 2011 the shareholders of two of Humboldt's principal holdings, Tuscany and Sharon, approved a business combination whereby Tuscany acquired all of Sharon's issued and outstanding common shares in exchange for 62.1 million Tuscany shares. Following completion of the transaction, Tuscany had approximately 125 million common shares outstanding. Based on December 31, 2010 evaluations, Tuscany has total proved plus probable reserves of approximately 1,345,000 BOE, approximately 17,000 net acres of undeveloped land and sufficient working capital to accelerate the pace of its oil drilling program. Subsequent to the merger Tuscany has drilled 5 new horizontal wells on its heavy oil play in the Evesham area of Saskatchewan, one new horizontal oil well at Macklin Saskatchewan and a horizontal oil well at Lloydminster, Alberta. At September 30, 2011 Tuscany had \$0.9 million of working capital, investments having a market value of \$1.3 million and an undrawn line of credit of \$4.6 million. The company is continuing its active drilling program in Q4 2011.

Diaz Resources Ltd.

Share Holdings	Value (Thousands)	Percentage of Humboldt's Value	Cost per Share	Value per Share
25,182,000	\$ 1,385	3.3%	\$ 0.26	\$ 0.05
Convertible debenture	\$ 7,340	17.4%		
Total investment value	\$ 8,725	20.7%		

The value of Humboldt's investment in the common shares of Diaz Resources Ltd. declined to approximately \$1.3.

Diaz Debenture Financing

Diaz was particularly hard hit by low gas prices and the resulting decline in cash flow made it difficult for Diaz to invest the necessary capital to increase oil production and reduce its dependence on gas. As a consequence, in the second quarter of 2011, Diaz's lender indicated its intention to reduce its credit facility by \$3 million.



Humboldt's analysis of the Diaz financial situation is as follows:

- Diaz had a significant asset in its undeveloped oil properties but lacked the working capital to realize this value;
- Diaz required \$4.0 million to satisfy reduction in bank line and its short-term working capital shortfall; and
- Diaz required a further \$4.0 million to allow it to continue its oil focused development drilling program.

Therefore, Humboldt purchased \$7.43 million of an \$8.0 million issue by Diaz of 10.5% convertible secured subordinated debentures. The debenture will have a term of five years and will be convertible into Diaz common shares at \$0.075 per share. Humboldt will benefit through the recovery in the value of the 25.1 million common shares of Diaz that it currently holds and the attractive interest rate and conversion terms of the Diaz debenture issue.

A negative in this transaction was that Humboldt greatly reduced its working capital, in fact to under \$1 million, but at the time of writing Humboldt has increased its liquidity over \$1.7 million. This extra cash will enable the Company to benefit from inexpensive equity purchases which are available during this time of stress.

As a result of this financing and the proceeds of asset sales, Diaz has managed to drill three successful developed wells in Lloydminster without resorting to its bank line. Furthermore, at the time of writing Diaz is completing the drilling of a third successful oil well at Macklin, Saskatchewan. Results at Macklin look quite promising, in particular the oil pay thickness, the structure and the current productivity of the initial well. This heavy oil development project could turn out to be of great significance to Diaz and as a result to the Company.

At September 30, 2011 Humboldt owned 27.7% of the outstanding shares of Diaz and R. W. Lamond, Humboldt's controlling shareholder, owns a further 5.8% of the Diaz common shares. Assuming the debenture is converted in to common shares Humboldt will own 123.0 million common shares or 62.3% of the then outstanding Diaz shares.

Paris Energy Inc.

Share Holdings	Value (Thousands)	Percentage of Humboldt's Value	Cost per Share	Value per Share
3,048,000	\$ 183	0.4%	\$ 0.56	\$ 0.06
Convertible debenture	\$ 330	0.8%		
Total investment value	\$ 513	1.2%		

Paris has a declining asset base and is currently in financial difficulty. Humboldt believes a solution to Paris' current financial situation is to sell a significant interest in the company to a new management group with the ability to grow the company. Humboldt and Lamond each have invested a further \$100,000 through a private placement of Paris common shares at \$.075/share. The private placement has been approved by Paris shareholder. This has stabilized the company's financial issues and will allow for the eventual sale of the company.

In addition, subsequent to the quarter end Humboldt exercised it right to convert its \$330,000 debenture into 5,500,000 common shares of Paris.



Canadian Oil and Gas Sector

During the first nine months of 2011 Humboldt realized a gain of \$467,000 and proceeds of \$960,000 on sales of shares in this sector. Humboldt reinvested \$314,000 in the sector. This combined with a change in the value of the Company's remaining holdings in Canadian oil and gas sector, resulted in a decline of \$3.1 million in this sector.

International Oil Sector

Humboldt remained optimistic about the international oil sector throughout 2010 and this confidence was rewarded and the value of Humboldt's holdings increased to \$26.1 million by the end of 2010. In the nine months of 2011 Humboldt realized a gain of \$1.9 million and proceeds of \$3.1 million on the sale of shares in its international oil holdings and reinvested \$2.2 million in the sector. This sector of the portfolio decreased in value by \$10.1 million during the period. The international oils sector represents 38% of Humboldt's net asset value at September 30, 2011.

Mining Sector

During the first nine months of 2011, Humboldt realized a gain of \$1.9 million and proceeds of \$3.6 million from the disposition of shares in the mining sector. The Company increased its investments in other mining companies by \$2.3 million during the period and the value of the Company's holdings in the sector decreased by \$7.4 million. The sector represents 22% of Humboldt's asset value.

Administration Costs

Administrative costs as a percent of assets

Nine months ended September 30,

(Thousands, except percentage amounts)	2011	2010	2009
General and administrative	\$ 1,052	\$ 965	\$ 720
Stock based Compensation	\$ 108	\$ 156	\$ -
Total administration costs	\$ 1,160	\$ 1,121	\$ 720
Assets under management	\$ 42,573	\$ 49,362	\$ 38,664
Percentage (annualized)	3.6%	3.0%	2.5%

Total administrative costs, including the cost of stock based compensation, was \$1.2 million, or 3.6% on an annualized basis.

Stock Valuation and Market Price

September 30,

(Thousands, except per share amounts)	2011	2010	2009
Net asset value	\$ 42,103	\$ 49,297	\$ 38,664
NAV, per share (diluted)	\$ 3.45	\$ 3.99	\$ 6.16
Market price, per share	\$ 2.37	\$ 2.16	\$ 1.71

At September 30, 2011 Humboldt's net asset value per share was \$3.45 per share. The market price of Humboldt's shares on September 30, 2011 was \$2.37.



<i>Issuer Bid</i>	Nine months ended September 30,		Year Ended December 31,	
	2011	2010	2009	
Shares repurchased	61,000	107,800	85,500	
Average cost paid, per share	\$ 2.47	\$ 2.19	\$ 1.54	

Humboldt's shares trade at a discount to their net asset value and as a result, the Company from time to time repurchases its shares for cancellation, through the TSX venture exchange pursuant to a Normal Course Issuer Bid. The Company has repurchased a total of 254,300 shares over the past three years, or 2.1% of the outstanding shares.

Income Tax

(Thousands, except percentage amounts)	Nine months ended September 30,		
	2011	2010	2009
Income tax expense (recovery)			
Current	\$ 379	\$ -	\$ (220)
Future	(1,998)	271	205
Total income tax expense (recovery)	\$ (1,619)	\$ 271	\$ (15)
Earnings (loss), before tax	\$ (22,121)	\$ 2,920	\$ 8,148

Future income tax assets and liabilities primarily result from unrealized gains or losses on portfolio holdings. Since the majority of the Company's revenue comes from capital gains from long term investments, the Company's tax rate should be approximately 13% in the current tax regime.

At September 30, 2011 the adjusted cost base, for tax purpose, of Humboldt's holdings exceeded the fair value of the assets by \$14.3 million. This represents a potential future Income tax asset of \$1.8 million, however because the realization of this asset is dependent on an increase in the value of the company's holdings, which cannot be predicted, Humboldt has recorded a valuation allowance of \$1.3 million. This amount will still be available to shelter future taxable gains, when and if they are realized.

Liquidity and Capital Resources

Liquidity	September 30,		
(Thousands)	2011	2010	2009
Working capital	\$ 1,002	\$ 8,517	\$ 14,926

Humboldt's portfolio is principally comprised of small capitalization companies listed primarily on Canadian, Australian and British stock exchanges. Approximately 16% of its net asset value is in significant equity positions in three related oil and gas corporations and a further 18% represents debt instruments in these companies. The remainder of Humboldt's non cash net asset value is invested in equity holdings in numerous resource industry corporations, the majority of which are characterized by their small capitalizations and public floats and low trading volumes. As such, the majority of Humboldt's portfolio is generally not highly liquid.

At September 30, 2011, Humboldt had working capital of \$1.0 million. Included in Humboldt's working capital is a \$330,000 debenture due from Paris. On October 7, 2011 Humboldt exercised its conversion right and convert the



debenture into 5.5 million Paris common shares. The balance of Humboldt's working capital is invested primarily in investment certificates and government treasury bills and with financial institutions.

Humboldt has no long term debt and does not plan to use long term debt leverage as part of its capital resources.

Humboldt's requirements for overhead are minimal in relation to its liquid asset value. The net proceeds from sale of investments and interest are anticipated to exceed general and administrative expenses during the next year.

Critical Accounting Estimates

In the preparation of the financial statements and management's discussion and analysis, the Company utilized a number of different accounting estimates that are critical to the results.

Portfolio Value

The most significant estimates for Humboldt are the evaluation of the Company's portfolio of investments, loans and other assets.

Shareholdings having a quoted market price are recorded at the value of the last bid for the shares. Humboldt makes some investments that do not have a quoted market price; these are recorded at Management's estimated fair value. Humboldt's assessment of fair value is based on the information available to Management including the price of recent share issues by the companies or recent private market transaction for the shares. In some cases, where other evidence is not available, Humboldt's cost of the investment has been used as the most reasonable evidence of fair value. Loans and other receivables are recorded at their face value unless, in the opinion of management, the value has been impaired. At September 30, 2011, investments carried at Humboldt's valuation of fair value; using other than the last bid price, represent approximately \$0.8 million or 2.5% of the total value of the Humboldt portfolio. Humboldt also holds warrants to purchase shares of resource companies. Humboldt has valued these warrants at the amount at which the bid price for the securities exceeds the strike price for purchasing shares pursuant to the warrants.

Estimates of liquidity, fair value and the recoverability of loans are made using the information that is available to Management at the time of the decision. Changing economic conditions may have a material effect on these estimates. Changes in the estimates will affect the Company's net asset value, unrealized gain on investments and earnings for the year.

Income Tax Accounting

The determination of the Company's income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. All tax filings are subject to audit and potential reassessment after the lapse of considerable time. Accordingly, the actual income tax liability may differ significantly from that estimated and recorded by management.

Financial Reporting Update

Canadian GAAP for most public companies will transition to International Financial Reporting Standards ("IFRS") over the next year by incorporating the complete IFRS into Canadian GAAP. The transition for most companies is to be completed by January 1, 2011. The AcSB decided that entities currently applying Accounting Guideline AcG-18, Investment Companies can continue to apply existing Canadian standards until fiscal years beginning on or after January 1, 2013, although earlier application would be permitted.



Humboldt has developed a changeover plan to IFRS to meet the timetable published by the CICA. However the final plan has been delayed until standards have been finalized, with respect to investment companies' requirement to consolidate investments in entities which are controlled by them.

The key elements of the plan include:

- Identification of key differences between IFRS and GAAP;
- Determination of appropriate changes to accounting policies, if any, and required amendments to financial statement disclosures;
- Identification and implementation of changes in associated processes and information systems;
- Determination of any changes required to internal control processes;
- Communication of any collateral impacts on business processes outside of accounting and financial reporting; and
- Education and training of internal and external stakeholders.

An assessment has not been finalized, because the IFRS for investment companies has not been finalized and therefore the Company is not able to assess the impact on net asset value from the changeover to IFRS. Except for the issues regarding the consolidation of controlled companies, the impact of IFRS on accounting policies and implementation decisions will mainly be in the areas of additional note disclosures in the financial statements of the Company.

Risks

Humboldt's external business risks arise from the economic environment in which the Company makes investment decisions.

Humboldt is engaged in making investments in a range of very small to large companies, which are in turn engaged in the exploration, development, production and acquisition of crude oil and natural gas or minerals, or companies which provide services to such companies.

Humboldt's business is inherently risky in that there is no assurance that the Company will be able to sell shares or realize value for any investments in any of these companies in the future.

Humboldt records its investments on its balance sheet on the basis of the Company's estimate of their fair value, as of the balance sheet date. Humboldt reports unrealized gains or losses on shares based on the Company's estimate of the value of the shares held at the end of the reporting period. The estimates in part are based on a quoted market price. The companies in which Humboldt holds shares have varying degrees of liquidity and there is no assurance that the investments can be sold at the quoted market price.

Markets on which the shares held by the Company trade may experience significant fluctuations on the valuation date and therefore the market value of the holdings may change significantly after the valuation date.

The Company held a small weighting in private companies, 1.2 % of its net asset value at period end, which are typically more illiquid than publicly listed securities. The holding of privately held entities presents additional market price risk as there is no actively traded market that enables these investments to be valued on a daily basis, as exists for publicly traded entities.

Humboldt loans monies to companies in which it has large equity investments. There can be no assurance that such loans will be repaid in accordance with their terms, and actions by Humboldt to enforce repayment of such loans may have an adverse effect on the value of Humboldt's equity position in these companies.

Humboldt attempts to limit some of the adverse effects of these investment risks by maintaining sufficient financial liquidity in order to retain the ability to assist its portfolio companies in working through financing difficulties and to provide short-term capital in order to take advantage of growth opportunities.

An economic downturn may have a significant impact on the value and liquidity of Humboldt's investments. Resulting tight credit markets and reduced access to equity markets increase the risk that some of the companies in which Humboldt invests will not remain solvent.

Quarterly Information

The following table summarizes selected financial results of Humboldt for each of the eight quarters ended September 30, 2011. The information has been summarized from the unaudited financial statements, which were prepared in accordance with Canadian generally accepted accounting principles.

Selected Quarterly Information (Unaudited) (Thousands, except per share amounts)

	For the Three Months Ended								
	2011				2010				2009
	Sept. 30	June 30	Mar 31	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31	
Total revenue	\$ (11,454)	\$ (9,760)	\$ 328	\$ 15,624	\$ 5,638	\$ (2,602)	\$ 1,098	\$ 8,730	
General and administrative	\$ 300	\$ 570	\$ 182	\$ 229	\$ 452	\$ 222	\$ 291	\$ 246	
Earnings (loss)	\$ (11,672)	\$ (9,050)	\$ 220	\$ 13,318	\$ 4,376	\$ (2,369)	\$ 642	\$ 8,036	
per share, basic	\$ (0.97)	\$ (0.75)	\$ 0.02	\$ 1.11	\$ 0.36	\$ (0.20)	\$ 0.05	\$ 0.66	
per share, diluted	\$ (0.97)	\$ (0.75)	\$ 0.02	\$ 1.11	\$ 0.36	\$ (0.20)	\$ 0.05	\$ 0.66	

	As at the Period Ended								
	2011				2010				2009
	Sept. 30	June 30	Mar 31	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31	
Cash and cash equivalents	\$ 873	\$ 873	\$ 7,465	\$ 6,497	\$ 8,261	\$ 9,221	\$ 9,408	\$ 10,376	
Share Capital	\$ 2,066	\$ 2,012	\$ 2,012	\$ 2,015	\$ 2,017	\$ 2,029	\$ 2,033	\$ 2,033	
Retained earnings	\$ 39,462	\$ 51,134	\$ 60,184	\$ 59,964	\$ 45,783	\$ 42,416	\$ 44,677	\$ 43,996	
Net asset value	\$ 42,103	\$ 53,805	\$ 62,803	\$ 62,605	\$ 49,297	\$ 44,924	\$ 47,336	\$ 46,694	
per share, basic	\$ 3.52	\$ 4.49	\$ 5.24	\$ 5.21	\$ 4.10	\$ 3.71	\$ 3.91	\$ 3.85	
per share, diluted	\$ 3.45	\$ 4.34	\$ 5.04	\$ 5.01	\$ 3.99	\$ 3.68	\$ 3.86	\$ 3.77	

Humboldt's net asset value has increased steadily over the seven quarters ended in Q1 2011. The decline in world equity markets in Q2 2011 reversed this trend and eliminated most of the gains for the previous two quarters. This market decline has continued into Q3 2011. Humboldt had accumulated a large cash position in 2009 however with the investment in Diaz convertible debentures the cash position has been reduced to \$0.8 million at September 30, 2011.

Related Party Transactions

Humboldt, and certain officers, holds significant interests in some of the companies in its investment portfolio and certain officers and directors of Humboldt are also officers and directors of some of the companies, and as such, they are considered related parties to Humboldt. Humboldt's business includes the acquisition and sale of the



securities of such related parties through the market and directly from the companies through public and private offerings. All such offerings are at market values and approved by the appropriate regulatory bodies.

In addition, from time to time Humboldt provides financing to companies in which it holds significant share positions. The financing is provided on an interest bearing debt basis at negotiated interest rates between Humboldt and the recipients. There were no amounts outstanding at the end of the period.

Diaz Resources Ltd.

At September 30, 2011, Humboldt owned 27.7% (2009 – 29%) of the outstanding shares of Diaz and \$7.34 million, face value, of a debenture convertible, at the option of Humboldt, into 97.87 million common shares. All of Humboldt's officers and the majority of its directors are also officers and/or directors of Diaz.

On April 29, 2011 Humboldt agreed to provide Diaz with bridge financing by way of a short term demand loan of \$1.0 million at 10.5% interest. On June 14, 2011 Humboldt purchased \$7.34 million of a Diaz \$8.0 million 10.5% convertible secured subordinated debenture financing. Diaz repaid the \$1.0 million bridge financing loan plus interest of \$12,945. The debenture has a term of five years and will be convertible into Diaz common shares at \$0.075 per share. The transactions were recorded at the exchange value.

During 2010, Humboldt, Diaz, Tuscany, Sharon, and Paris entered into an overhead sharing agreement pursuant to which the companies shared certain costs in managing and administering the companies on the basis of time spent on each of the companies. Pursuant to this agreement Humboldt paid Diaz \$300,000 (2009 - \$240,000) as its share of overhead costs. The transaction was recorded at the exchange value. The charge is based on, among other things, the time spent by Diaz employees on Humboldt's business.

Tuscany Energy Ltd.

At September 30, 2011, Humboldt owned 32.8% (2010 – 39%) of the outstanding common shares of Tuscany Energy Ltd. Certain of Humboldt's officers and directors are also officers and directors of Tuscany.

On June 2, 2011 the shareholders of two of Humboldt's principal holdings, Tuscany and Sharon, approved a business combination whereby Tuscany acquired all of Sharon's issued and outstanding common shares on the basis of 0.84 common shares of Tuscany for each Sharon common share. Following completion of the transaction, Tuscany has approximately 125 million common shares outstanding.

During 2010 Humboldt acquired an additional 1,833,334 common shares, at \$0.15 per share, of Tuscany as part of a private placement of 8,000,000 common shares.

Paris Energy Inc.

At September 30, 2011, Humboldt owned 25.8% (2010 – 18%) of the outstanding common shares of Paris Energy Inc. and a \$330,000 debenture convertible into an additional 5,500,000 Paris common shares. Certain of Humboldt officers and directors are also officers and directors of Paris.

Each of Humboldt and R W Lamond purchased 1,334,000 common shares of Paris through a private placement at \$0.075/share. The private placement was approved by the shareholders of Paris.

On October 7, 2011 Humboldt exercised the right to convert its \$330,000 investment in the Paris debenture into 5,500,000 Paris common shares.



Capital Stock

As of November 23, 2011, Humboldt had 11,966,695 common shares outstanding and employees and directors had options to purchase an additional 420,000 common shares from the Company.

Outlook

The stock market capitulation in Q1 09, clearly indicated the panic bottom for this market cycle and with the steady increase in worldwide indices since, bodes well for a sustained, but choppy, upward move. Humboldt anticipates that the recent summer correction was a “sell in May” event and will soon fade and a year end recovery will commence.

Since the beginning of the economic recovery, many of Humboldt’s holdings have shown significant gains. This has resulted from higher commodity prices, companies focusing on their best projects, increased access to capital for substantial exploration targets and to general sector rotation back into high impact energy exploration.

Humboldt is in an enviable position, with a cash balance and other liquidity to allow it to weather any significant economic and stock market set back. From this position of strength Humboldt plans to continue to upgrade the quality of its holdings while reducing its portfolio diversity over the next year.



Balance Sheet

(Thousands, except per share amounts) (unaudited)	September 30, 2011	December 31, 2010
Assets		
Cash and cash equivalents	\$ 873	\$ 6,497
Accounts receivable	269	141
Current portion of loans receivable (Note 4)	330	330
Income tax recoverable	-	175
	\$ 1,472	\$ 7,143
Related companies convertible debt (Note 4)	7,340	-
Investments (Note 2)	33,031	56,897
Future income tax asset	411	-
Other assets	319	316
	41,101	57,213
Total Assets	\$ 42,573	\$ 64,356
Liabilities		
Accounts payable and accrued liabilities	\$ 91	\$ 163
Income tax payable	379	-
	470	163
Future income tax liability	-	1,588
	470	1,751
Shareholders' Equity		
Share capital (Note 3)	2,066	2,015
Contributed surplus	575	626
Retained earnings	39,462	59,964
Total Shareholders' Equity	42,103	62,605
Total Liabilities and Shareholders' Equity	\$ 42,573	\$ 64,356
Net asset value per share, basic (Note 3)	\$ 3.52	\$ 5.21
Net asset value per share, diluted (Note 3)	\$ 3.45	\$ 5.01

See accompanying Notes to financial statements

Approved by the Board:

(Signed) "R.W. Lamond" Director

(Signed) "C.A. Teare" Director



**Statement of Operations,
Comprehensive Earnings and Retained Earnings**

(Thousands, except per share amounts)

(unaudited)	Three Months Ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Revenue				
Net gain on sale of investments	\$ 426	\$ 296	\$ 4,345	\$ 1,608
Unrealized increase (decrease) in investment value	(12,087)	5,308	(25,547)	2,477
Interest, dividends and other	207	33	316	48
	(11,454)	5,637	(20,886)	4,133
Expenses				
General and administrative	300	452	1,052	965
Brokerage commissions	6	34	75	93
Stock based compensation	32	156	108	156
	338	643	1,235	1,214
Earnings (loss) before income taxes	(11,792)	4,994	(22,121)	2,919
Income taxes (recovery)				
Current	31	-	379	-
Future tax	(151)	668	(1,998)	271
	(120)	668	(1,619)	271
Net earnings (loss) and comprehensive earnings for the period	(11,672)	4,326	(20,502)	2,648
Dividend	-	-	-	-
Retained earnings, beginning of period	51,134	41,554	59,964	43,320
Retained earnings, end of period	\$ 39,462	\$ 45,880	\$ 39,462	\$ 45,968
Net earnings (loss) per share, basic (Note 3)	\$ (0.97)	\$ 0.36	\$ (1.71)	\$ 0.22
Net earnings (loss) per share, diluted (Note 3)	\$ (0.97)	\$ 0.36	\$ (1.71)	\$ 0.22

See accompanying Notes to financial statements



Statement of Cash Flows

(Thousands)

(unaudited)	Three Months Ended		Nine months ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Cash and cash equivalents provided by (used for):				
Operating Activities				
Net earnings (loss) and comprehensive (loss) earnings for the period	\$ (11,672)	\$ 4,376	\$ (20,502)	\$ 2,649
Adjusted for:				
Stock based compensation	32	156	108	156
Future income tax	(151)	668	(1,998)	271
Unrealized increase in investments value	12,087	(5,308)	25,547	(2,477)
Net (gain) loss on sale of investments	(426)	(296)	(4,345)	(1,608)
Proceeds from sale of investments	871	2,235	7,717	6,829
Purchase of investments	(503)	(2,962)	(5,054)	(8,104)
Other loans and debentures	-	-	(7,340)	-
Other assets	(3)	(5)	(3)	(10)
Cash flow from (used in) operations	235	(1,136)	(5,870)	(2,294)
Change in non cash working capital	(143)	337	354	381
	92	(799)	(5,516)	(1,913)
Financing Activities				
Issued on exercise of options	43	-	43	-
Purchase of shares for cancellation	(105)	(161)	(151)	(202)
	(62)	(161)	(108)	(202)
Increase (decrease) in cash and cash equivalents	30	(960)	(5,624)	(2,115)
Cash and cash equivalents, beginning of period	843	9,221	6,497	10,376
Cash and cash equivalents, end of period	\$ 873	\$ 8,261	\$ 873	\$ 8,261
Supplementary information regarding cash payments:				
Interest received during the period	\$ 30	\$ 33	\$ 56	\$ 48
Taxes paid (refunded) during the period	\$ (0)	\$ (439)	\$ (205)	\$ (439)
Non-cash items:				
Interest on loans to associated companies	\$ 13	\$ 33	\$ 13	\$ 33

See accompanying Notes to financial statements



Notes to the Financial Statements

For the Nine Months Ended September 30, 2011 and 2010

Humboldt Capital Corporation (“Humboldt” or the “Company”) is a corporation subject to the Business Corporations Act (Alberta) and its shares are listed on the TSX Venture Exchange. The Company’s principal business activity consists of investing in resource companies.

1. Summary of Significant Accounting Policies

The financial statements include the accounts of the Company.

Investment Company Guidelines

The Company’s accounting policies are in accordance with CICA standards as outlined under accountant guideline AcG-18 .

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally acceptable accounting principles “GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. The Black-Scholes option pricing model is used to estimate stock option values based on estimates of the current risk free interest rate, expected life of the options and expected volatility of the underlying common share price. Actual results could differ from those estimates. In particular, the valuation of private companies when actual values are not available requires significant use of estimates. The determination of the Company’s income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. All tax filings are subject to audit and potential reassessment after the lapse of considerable time. Accordingly, the actual income tax liability may differ significantly from that estimated and recorded by management. Management has made the necessary estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses in the preparation of the financial statements. Accordingly, actual results may differ from estimated amounts but management does not believe such differences will materially affect Humboldt’s financial position or results of operations.

Financial Instruments

All financial instruments are required to be measured at fair value on initial recognition of the instrument, except for certain related party transactions. Measurement in subsequent years depends on whether the financial instrument has been classified as “held-for-trading,” “available-for-sale,” “held-to-maturity,” “loans and receivables” or “other financial liabilities” as defined by the standard.

Cash and cash equivalents are classified as held for trading and are carried at fair value. Due to its short-term nature, fair value approximates book value. Accounts receivable are classified as loans and receivable and carried at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities and carried at amortized cost.

Investments

The Company’s accounting policies are in accordance with CICA standards as outlined under accountant guideline AcG-18. Investments are classified as held for trading and are recorded at fair value. Fair value of securities having quoted market values and a sufficiently liquid market are valued at the closing bid value on the balance sheet date. Investments that do not have a quoted market value are recorded at an estimate of fair value using available sources of information and commonly used valuating technologies, using primarily observant updates, as approved



by the Board of Directors. Fair value is defined as the expected realization if investments were disposed of in an orderly manner over a reasonable period of time. The investment valuation procedure includes a quarterly review by the Board of Directors on the status of each investment. This process has inherent uncertainties and the values may differ from values that would be obtained if an available market existed for such investments.

Gains or losses on disposition of investments and unrealized gains or losses in the value of investments are recorded on the statement of operations.

The investing policy of the Company is to dispose of the investments in due course and in an orderly manner. Events occurring during the holding of an investment may result in the Company having the right to elect a majority of the Board of Directors. However, because such control may be waived and is not expected to continue, a parent-subsidiary relationship does not exist. Accordingly, the accounts of such companies in which the Company holds greater than 20% of the voting rights are not equity accounted with those of the Company.

Loans

Loans and convertible debt receivable are carried at the value of the debt, increased to the fair value of the underlying right to convert to the securities into which the debt is convertible, unless the value of the loan has been impaired. The value is considered impaired when the recovery of the principal and interest is not reasonably assured. When the value is impaired, the carrying value is reduced to the fair value and a charge is made to earnings.

Revenue recognition

Investment transactions are recorded on the trade date. Realized and unrealized gains and losses from investment transactions are calculated on an average cost of the investment basis.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. These costs are expensed and are included in the statements of operations.

Dividend income is recorded on the ex-dividend date. Interest income is recognized as earned.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with a maturity of three months or less at the time of acquisition.

Foreign Currency Translation

Foreign currency balances are expressed in Canadian dollars on the following basis:

Monetary assets and liabilities – at the period end rate of exchange;

Other assets and liabilities – at historical rates of exchange; and

Revenues and expenses – at rate of exchange at the time of the transaction.

Earnings per share

The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method, only “in-the-money” dilutive instruments impact the dilution calculation.

Basic earnings per share are calculated by dividing the weighted average number of the aggregate outstanding shares during the period into net earnings attributable to the shareholders. Diluted earnings per share are calculated by dividing the diluted weighted average number of aggregate outstanding shares during the period into the net earnings for the period.

Shares repurchased for cancellation

The Company repurchases previously issued shares and cancels the shares. Share capital is reduced by the paid up capital of the shares purchased and the excess of the cost of the shares repurchased over the paid up capital is applied to reduce contributed surplus, if any, with any excess being applied to retained earnings. The Company has reclassified certain amounts, from prior periods between contributed surplus and retained earnings to comply with this policy.

Share based compensation plan

The Company has a stock based compensation plan, which is described in Note 3. The Company has adopted the fair value method for accounting for stock based compensation whereby the fair value of the option granted is estimated on the date of the grant using the Black-Scholes option pricing model. Using the fair value method, compensation costs of stock based compensation are estimated and charged to earnings over the vesting period of the options.

2. Investments

Investments are comprised of the following:

Portfolio Summary and Net Asset Value at September 30, 2011

<i>(Thousands, except percentage)</i>	No. of Shares	Carrying Value ⁽¹⁾	Unrealized Gain (Loss) ⁽²⁾	Investment Cost ⁽³⁾	% of Portfolio	% of Net Asset Value
Major Holdings						
Tuscany Energy Ltd	40,898	5,317	(2,484)	7,800	16.1%	12.6%
Diaz Resources Ltd	25,182	1,385	(5,276)	6,661	4.2%	3.3%
Paris Energy Inc	3,048	183	(1,538)	1,721	0.6%	0.4%
Total Major Holdings		6,885	(9,298)	16,182	20.8%	16.4%
Canadian Oil & Gas						
Trafina Energy Ltd	2,850	670	(317)	987	2.0%	1.6%
Exall Energy Corp	492	630	219	410	1.9%	1.5%
Sure Energy Inc	424	551	262	289	1.7%	1.3%
Border Petroleum Corp	1,919	384	94	290	1.2%	0.9%
Torquay Oil Corp (Class A)	200	178	15	164	0.5%	0.4%
Torquay Oil Corp (Class B)	18	91	(89)	180	0.3%	0.2%
Forent Energy Ltd	700	81	(25)	105	0.2%	0.2%
Hemisphere Energy Corp	150	78	18	60	0.2%	0.2%
Border Warrant	625	31	31	0	0.1%	0.1%
Portal Resources Ltd	250	30	(20)	50	0.1%	0.1%
Other Canadian Oils		61	(83)	143	0.2%	0.1%
Total Canadian Oil & Gas		2,785	105	2,678	8.4%	6.6%



**Portfolio Summary and Net Asset Value
at September 30, 2011**

<i>(Thousands, except percentage)</i>	No. of Shares	Carrying Value ⁽¹⁾	Unrealized Gain (Loss) ⁽²⁾	Investment Cost ⁽³⁾	% of Portfolio	% of Net Asset Value
International Oil & Gas						
Mart Resources Inc	4,217	1,898	1,240	657	5.7%	4.5%
Africa Oil Corp	1,015	1,319	825	494	4.0%	3.1%
Ithaca Energy Inc	470	757	449	308	2.3%	1.8%
Bengal Energy Ltd	584	731	(238)	968	2.2%	1.7%
Molopo Energy Ltd	914	648	(407)	1,054	2.0%	1.5%
Global Petroleum Ltd	2,596	604	193	411	1.8%	1.4%
Magnum Hunter Resources Corp	175	602	309	293	1.8%	1.4%
Petsec Energy Ltd	3,675	521	(390)	911	1.6%	1.2%
Canacol Energy Ltd	800	504	368	136	1.5%	1.2%
Neon Energy Ltd	1,600	486	313	173	1.5%	1.2%
Dominion Petroleum Ltd	4,750	444	(109)	553	1.3%	1.1%
Sterling Resources Ltd	419	415	(171)	586	1.3%	1.0%
Iona Energy Inc	1,150	391	81	310	1.2%	0.9%
EnCore Oil Plc	300	376	232	144	1.1%	0.9%
Antrim Energy Inc	435	352	(59)	411	1.1%	0.8%
Suroco Energy Inc	900	351	11	340	1.1%	0.8%
Tap Oil Ltd	500	334	81	253	1.0%	0.8%
Valeura Energy Inc	196	314	(489)	802	1.0%	0.7%
Australian Oil Company Ltd	3,500	283	(55)	338	0.9%	0.7%
Canadian Overseas Petroleum Ltd	885	270	(173)	443	0.8%	0.6%
Madalena Ventures Inc	540	259	160	99	0.8%	0.6%
Roc Oil Co Ltd	800	259	(111)	370	0.8%	0.6%
ADX Energy Ltd	2,750	251	(15)	265	0.8%	0.6%
Bombora Energy Ltd	5,000	250	194	56	0.8%	0.6%
Sea Dragon Energy Inc	2,531	215	(466)	681	0.7%	0.5%
Mako Energy Ltd	1,500	213	57	156	0.6%	0.5%
Wolf Minerals Ltd	740	210	22	187	0.6%	0.5%
Exile Resources Inc	2,884	202	(373)	575	0.6%	0.5%
Madison Petrogas Ltd	400	200	0	200	0.6%	0.5%
Serica Resources PLC	870	191	(1,225)	1,416	0.6%	0.5%
New Zealand Energy Corp	160	170	130	40	0.5%	0.4%
United Hunter Oil & Gas Corp	2,001	150	(119)	269	0.5%	0.4%
Oklo Resources Ltd	4,845	147	(110)	257	0.4%	0.3%
Cue Energy Resources Ltd	633	141	(20)	161	0.4%	0.3%
Tarim Resources	500	125	0	125	0.4%	0.3%
Brownstone Energy Inc	399	124	(83)	207	0.4%	0.3%
Primeline Energy Holdings Inc	502	120	(62)	182	0.4%	0.3%
Vanoil Energy Ltd	221	95	(13)	108	0.3%	0.2%
Europa Oil & Gas Plc	600	93	(190)	283	0.3%	0.2%
Dualex Energy International Inc	2,041	92	(332)	423	0.3%	0.2%
Hawkstone Energy Corp	1,500	83	(218)	301	0.3%	0.2%
Redhill Resources Corp	1,667	83	(131)	214	0.3%	0.2%
Groundstar Resources Ltd	1,774	80	(455)	535	0.2%	0.2%
Tower Resources Plc	1,550	79	(11)	90	0.2%	0.2%
Bolivar Energy Corp	1,375	69	(415)	484	0.2%	0.2%
Sagres Energy Inc	1,123	56	(177)	233	0.2%	0.1%
Longford Energy Inc	700	46	(235)	280	0.1%	0.1%
Orion Petroleum Ltd	1,000	40	(9)	49	0.1%	0.1%
Bridge Resources Corp	1,576	39	(841)	880	0.1%	0.1%



Portfolio Summary and Net Asset Value at September 30, 2011

<i>(Thousands, except percentage)</i>	No. of Shares	Carrying Value ⁽¹⁾	Unrealized Gain (Loss) ⁽²⁾	Investment Cost ⁽³⁾	% of Portfolio	% of Net Asset Value
International Oil & Gas continued						
Riedel Resources Ltd	300	39	3	37	0.1%	0.1%
Shelton Petroleum	39	39	(43)	81	0.1%	0.1%
Loon Energy Corp	1,521	38	(116)	154	0.1%	0.1%
TVI Pacific Inc	629	35	(595)	630	0.1%	0.1%
Other International Oils		140	(690)	830	0.4%	0.3%
Total International Oil & Gas		15,973	(4,478)	20,443	48.4%	37.9%
Mining						
Western Potash Corp	395	332	98	233	1.0%	0.8%
Alcoa Inc	30	298	(100)	398	0.9%	0.7%
International PBX Ventures Ltd	1,167	257	(260)	517	0.8%	0.6%
Amerigo Resources Ltd	379	254	(30)	284	0.8%	0.6%
Commander Resources Ltd	1,548	217	(127)	344	0.7%	0.5%
Solimar Energy Ltd	3,500	213	(134)	347	0.6%	0.5%
Peregrine Diamonds Ltd	100	198	141	57	0.6%	0.5%
Boxxer Gold Corp	1,494	194	42	152	0.6%	0.5%
Harry Winston Diamond Corp	18	191	(17)	207	0.6%	0.5%
Carpathian Gold Inc	343	178	26	153	0.5%	0.4%
Geologix Explorations Inc	750	176	(9)	185	0.5%	0.4%
Celeste Copper Corp	1,000	150	38	112	0.5%	0.4%
Frontline Gold Corp	2,339	140	(207)	348	0.4%	0.3%
Abacus Mining & Exploration Corp	859	138	(131)	269	0.4%	0.3%
Pacific Rim Mining Corp	860	138	(65)	202	0.4%	0.3%
Ucore Rare Metals Inc	293	136	(10)	146	0.4%	0.3%
Kilo Goldmines Ltd	675	135	(50)	185	0.4%	0.3%
Panoro Minerals Ltd	330	125	44	82	0.4%	0.3%
Blue Gold Mining Inc	100	105	5	100	0.3%	0.2%
AQM Copper Inc	280	104	(60)	163	0.3%	0.2%
Constantine Metal Resources	765	99	(54)	153	0.3%	0.2%
Firestone Ventures Inc	1,930	97	(107)	203	0.3%	0.2%
PhosCan Chemical Corp	273	97	(22)	118	0.3%	0.2%
Mediterranean Resources Ltd	765	96	32	64	0.3%	0.2%
Glass Earth Gold Ltd	250	95	45	50	0.3%	0.2%
Plains Creek Phosphate Corp	1,180	94	(19)	113	0.3%	0.2%
Northern Tiger Resources Inc	475	93	(28)	121	0.3%	0.2%
Belvedere Resources Ltd	671	91	(44)	135	0.3%	0.2%
BCGold Corp	1,000	90	0	90	0.3%	0.2%
Vena Resources Inc	493	89	(9)	98	0.3%	0.2%
Candente Copper Warrant	209	88	88	0	0.3%	0.2%
Woulfe Mining Corp	410	74	(24)	98	0.2%	0.2%
EMC Metals Corp	527	71	(29)	100	0.2%	0.2%
Full Metal Minerals Ltd	247	67	(36)	102	0.2%	0.2%
Arch Coal Inc	5	66	(44)	111	0.2%	0.2%
Centurion Minerals Ltd	150	66	(94)	160	0.2%	0.2%
Channel Resources Ltd	300	62	(37)	99	0.2%	0.1%
Helio Resources Corp	192	61	(23)	84	0.2%	0.1%
ATG Resources Inc	300	60	0	60	0.2%	0.1%
Sandstorm Metals and Energy Ltd	150	59	(9)	68	0.2%	0.1%
Candente Gold Corp	180	58	(21)	78	0.2%	0.1%
Belo Sun Mining Corp	50	55	43	12	0.2%	0.1%



Portfolio Summary and Net Asset Value at September 30, 2011

<i>(Thousands, except percentage)</i>	No. of Shares	Carrying Value ⁽¹⁾	Unrealized Gain (Loss) ⁽²⁾	Investment Cost ⁽³⁾	% of Portfolio	% of Net Asset Value
Mining continued						
Rye Patch Gold Corp	155	55	(22)	78	0.2%	0.1%
Strongbow Exploration Inc	353	55	(21)	76	0.2%	0.1%
IBC Advanced Alloys Corp	264	54	40	15	0.2%	0.1%
Southern Legacy Minerals	200	52	0	52	0.2%	0.1%
Candente Copper Corp	55	51	31	19	0.2%	0.1%
Midlands Minerals Corp	790	51	(160)	212	0.2%	0.1%
Geodex Minerals Ltd	450	50	0	50	0.2%	0.1%
Silver Spruce Resources Inc	716	50	(152)	202	0.2%	0.1%
Alexander Nubia International Inc	920	46	(121)	167	0.1%	0.1%
Cartier Resources Inc	150	46	(11)	57	0.1%	0.1%
First Point Minerals Corp	80	46	6	40	0.1%	0.1%
Merrex Gold Inc	100	45	3	41	0.1%	0.1%
Sultan Minerals Inc	1,370	41	(85)	126	0.1%	0.1%
International Millennium Mining Corp	265	40	(9)	49	0.1%	0.1%
Rae-Wallace Mining Co	220	40	(10)	50	0.1%	0.1%
Roca Mines Inc	350	40	(51)	91	0.1%	0.1%
Stay Gold Inc	500	40	0	40	0.1%	0.1%
ICN Resources Ltd	150	39	(6)	45	0.1%	0.1%
Armistice Resources Corp	150	38	(26)	64	0.1%	0.1%
Eagle Star Minerals Corp	300	38	(3)	40	0.1%	0.1%
Sage Gold Inc	332	37	(24)	61	0.1%	0.1%
Silvermet Inc	333	37	(63)	100	0.1%	0.1%
Suparna Gold Corp	100	37	(18)	55	0.1%	0.1%
Silver Mountain Mines Inc	200	36	(14)	50	0.1%	0.1%
Canadian Platinum Corp	160	35	0	35	0.1%	0.1%
Mexivada Mining Corp	500	35	(15)	50	0.1%	0.1%
Arcus Development Group Inc	250	34	(16)	50	0.1%	0.1%
Carmax Mining Corp	250	33	(18)	50	0.1%	0.1%
Golden Dory Resources Corp	300	33	(6)	39	0.1%	0.1%
Mukuba Resources Ltd	200	33	3	30	0.1%	0.1%
Adex Mining Inc	248	32	(36)	68	0.1%	0.1%
Indicator Minerals Inc	1,273	32	(302)	333	0.1%	0.1%
Orex Minerals Inc	56	31	(62)	93	0.1%	0.1%
International Northair Mines Ltd	150	30	(15)	45	0.1%	0.1%
Sierra Madre Developments Inc	167	30	5	25	0.1%	0.1%
Other Mining Companies		559	(1,196)	1,773	1.7%	1.3%
Total Mining		7,388	(3,572)	10,972	22.4%	17.5%
Total Portfolio		33,031	(17,243)	50,275	100%	78.5%

- Notes: (1) Carrying Value is the quoted market value for liquid securities and the estimated fair value for illiquid securities. Fair value being the expected realization from the orderly disposition of the illiquid security over a reasonable time period.
- (2) Unrealized Gain (Loss) is the Carrying Value less Investment Cost.
- (3) Investment Cost represents the original cost of the security less any permanent impairment and cost recovery.
- (4) Columns and rows may not add due to rounding.



3. Share Capital

Authorized

Unlimited number of Common Shares, no stated par value
 Unlimited number of First Preference Shares, no stated par value

Issued

Common Shares	No. of Shares	Amount (Thousands)
Balance, December 31, 2009	12,115,395	\$ 2,033
Purchased for cancellation	(107,800)	(18)
Balance, December 31, 2010	12,007,595	2,015
Exercise of options	20,000	61
Purchased for cancellation	(61,000)	(10)
Balance, September 30, 2011	11,966,595	\$ 2,066

Humboldt is an investment company and its common shares are not redeemable at the request of shareholders.

Contributed Surplus	(Thousands)
Balance, December 31, 2009	\$ 664
Cost in excess of stated value of shares repurchased	(218)
Option compensation for the period	180
Balance, December 31, 2010	626
Transferred to common shares on exercise of options	(19)
Cost in excess of stated value of shares repurchased	(140)
Option compensation for the period	108
Balance, June 30, 2011	\$ 575

Share based compensation plan

The Company established an employee compensation plan, which was approved by the shareholders on May 28, 2003. Pursuant to the plan, the Company may grant to employees and directors options to purchase up to 1,240,000 of its shares outstanding at the time of the grant. Options are exercisable for a maximum of five years.

One-third of the options granted vest on the day of the grant, one-third vest after one year and the balance vest after two years. The exercise price for the options is set by the Board of Directors at market, or higher, on the date of the grant.



A summary of the Company's option plan as at September 30, 2011 and December 31, 2010 are as follows:

	September 30, 2011		December 31, 2010	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of the period	1,030,000	\$2.68	1,005,000	\$2.78
Granted during the period	60,000	\$2.52	395,000	\$2.16
Exercised during the period	(20,000)	\$2.16		
Expired during the period	(50,000)	\$2.16	(370,000)	\$2.41
Options outstanding at end of the period	1,020,000	\$2.70	1,030,000	\$2.68
Options exercisable at end of the period	868,331	\$2.78	766,666	\$2.86

A summary of the exercise price and the weighted average remaining life of the options outstanding are as follows:

Exercise Price	Options Outstanding	Weighted Average	
		Remaining Contract Life	Options Exercisable
\$2.16	360,000	3.8	156,663
\$3.05	600,000	0.1	600,000
\$2.52	60,000	4.8	20,000
Total	1,020,000	1.6	776,663

The Company accounts for its stock based compensation plan using the fair value method whereby compensation costs for share options granted to employees and directors have been recognized in the financial statements and charged to earnings in the period in which they are incurred.

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option pricing model using the following assumptions:

Year	Risk free interest rate	Expected life	Expected volatility
2010	2.29	4 years	0.4903
2011	2.10	4 years	0.5012

Earnings and net asset value per share

Earnings (loss) per share are calculated using the weighted average number of shares outstanding during the period of 11,980,474 (2010-12,101,332). Diluted weighted average shares outstanding during the period were 11,980,474 (2010-12,101,332). The net asset value per share is calculated using the number of shares outstanding at the period end of 11,966,595 (2010-12,021,895). Net asset value per diluted share is calculated based on outstanding options being exercised and the proceeds being added to the net asset value. The diluted number of shares outstanding at period end was 12,986,595 (2010-13,051,895).



Normal Course Issuer Bid

Humboldt has received approval from the TSX Venture Exchange to repurchase its common shares through the exchange under a securities exemption for Normal Course Issuer Bids. Shares repurchased are cancelled. The following table sets forth a summary of the repurchases made pursuant to such Normal Course Issuer Bids for the period:

Issuer Bid	Nine months ended September 30, 2011	Year ended December 31, 2010
Common Shares		
Shares repurchased	61,000	107,800
Weighted average price, per share	\$ 2.47	\$ 2.19

4. Loans Receivables

(Thousands)	September 30, 2011	December 31, 2010
Loans receivable related parties	\$ 7,670	\$ 330
Loan receivable other	37	37
Allowance for loan impairment	(37)	(37)
Carrying value of loans after allowance	7,670	330
Current portion of Loans receivable *	(330)	(330)
Loans receivable not due within one year	\$ 7,340	\$ -

* A Loan receivable in the amount of \$330,000 is due on October 7, 2011 and therefore has been reclassified as a current asset.

5. Financial Instruments risks

The Company is an investment company.

In the normal course of operations, the Company's activities expose it to a variety of financial risks; credit risk, liquidity risk and market risk (defined as interest rate risk, currency risk and other price risk). In general, Management seeks to minimize the potential adverse effects of these risks on the Company's performance by employing professional, experienced managers, by daily monitoring of the Company's positions and market events, and by diversifying the investment portfolio within the policies and guidelines set by the Board of Directors of the Company in a manner consistent with the investment objective. Security selection is the primary criteria for managing risk. In order to mitigate risk, depending on conditions, Management considers other criteria such as industry, country and currency.



Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's main exposure to credit risk consists of secured loans to related parties and investments in debt instruments, including short-term securities, bond and preferred shares, as well as amounts due from brokers. The fair value of debt instruments includes consideration of the credit worthiness of the debt issuer. The carrying amount of debt instruments, as presented on the balance sheet, represents the maximum credit risk exposure as at September 30, 2011. This also applies to the other assets, as these have a short term to settlement. As at September 30, 2011, except for the loans receivable (representing 18% of the Company's net asset value) the Company's investments in debt instruments were limited to guaranteed investment certificates and Government Treasury Bills.

All of the Companies cash is held as deposits with Canadian Chartered Banks or segregated funds with various brokerage firms.

All transactions in listed securities are settled/paid for on delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

As the Company has a fixed number of common shares outstanding, it is not exposed to the liquidity risk associated with daily cash redemptions of securities.

Liquidity risk is managed by investing a significant amount of the Company's assets in investments that are traded in an active market and which can be readily disposed of and by retaining sufficient cash and cash equivalent positions to maintain liquidity. Leverage decisions, whether in the form of bank borrowings or bond or preference share issues from treasury, are at the discretion of the Company's Board of Directors.

The Company held a small weighting in private companies which are typically more illiquid than publicly listed securities. The holding of privately held entities presents additional market price risk as there is no actively traded market that enables these investments to be valued on a daily basis, as exists for publicly traded entities.

Humboldt loans monies to companies in which it has large equity investments. There can be no assurance that such loans will be repaid in accordance with their terms, and actions by Humboldt to enforce repayment of such loans may have an adverse effect on the value of Humboldt's equity position in these companies.

During the quarter Humboldt purchased \$7.34 million of Diaz 10.5% convertible secured subordinated debentures. These securities are anticipated to have limited liquidity.

Humboldt has no obligation to redeem its common shares at the request of shareholders.



Market risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest bearing financial assets and financial liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The Company may invest in interest bearing financial instruments, however the substantial majority of the Company's financial assets and financial liabilities are non-interest bearing or have short maturities. As a result, the Company is not subject to significant amounts of risk on its investments due to fluctuations in the prevailing levels of market interest rates.

As at September 30, 2011, the Company's investments in debt instruments include a \$7.34 million, 5 year convertible debenture with Diaz Resources Ltd., a \$330,000 convertible debenture with Paris Energy Inc. and interest bearing securities with maturity dates of less than one year. The value of fixed interest securities is inversely sensitive to changes in interest rates. The Company has minimal sensitivity to changes in interest rates on short term interest bearing securities, as it is anticipated that they are usually held to maturity.

Interest rate risk (Cdn\$ Thousand)	Effect of 0.25% Change in rate	Investment in short term interest bearing Securities
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Currency risk

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar, which is the Company's reporting currency. The Company is exposed to the risk that the value of securities denominated in other currencies will fluctuate due to changes in exchange rates. Equities trading in foreign currencies are also exposed to currency risk, as the price in local terms in the foreign market is converted to Canadian dollars to determine fair value. The Company's policy is not to enter into any hedging arrangements.

As at September 30, 2011, the Company's investment portfolio had a 16% weighting in foreign currencies and the Company had no funds on deposit in foreign currencies. The foreign currencies assets were as follows:

Foreign currencies risk Thousand except % amounts)	(Cdn\$	Cash deposits	Investments	Percentage of Net asset Value
US dollars	\$	-	\$ 1,013	2.4%
UK pound sterling	\$	-	\$ 1,020	2.4%
Australian dollars	\$	-	\$ 4,678	11.1%
Swedish Krona	\$	-	\$ 39	0.1%
	\$	-	\$ 6,751	16.0%



As at September 30, 2011, had the Canadian dollar strengthened or weakened by 5% in relation to all currencies represented in the portfolio as at September 30, 2011, with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$338,000 (approximately 0.8% of total net assets).

Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether these changes are caused by factors specific to an individual investment or its issuer or by factors affecting all similar instruments traded in a market or market segment. All securities present a risk of loss of capital. Management moderates this risk through a careful selection of securities and other financial instruments within the parameters of the investment strategy and by maintaining a well diversified portfolio. The maximum risk resulting from financial instruments is equivalent to their fair value. The Company's equity and debt (if any) instruments are susceptible to other price risk arising from uncertainty about future prices of the instruments.

As at September 30, 2011, a 5% increase or decrease in market price in the investment portfolio, excluding short-term securities, with all other variables held constant, would have resulted in the net assets of the Company increasing or decreasing, respectively, by approximately \$1.65 million (approximately 4.0% of total net assets).

Sensitivity analyses are provided for information purposes only. In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Fair Value Measurement

Financial Instruments – Disclosures requires disclosures about inputs to fair value measurement, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 Inputs that are not based on observable market data.

If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at September 30, 2011 and December 31, 2010.



Assets at fair value as at June 30, 2011

(Thousands)	Level 1	Level 2	Level 3	Total
Equities	\$ 32,085	\$ -	\$ 800	\$ 32,885
Loans to related parties	\$ -	\$ -	\$ 7,670	\$ 7,670
Warrants	\$ -	\$ 147	\$ -	\$ 147
	\$ 32,085	\$ 147	\$ 8,470	\$ 40,702

Assets at fair value as at December 31, 2010

(Thousands)	Level 1	Level 2	Level 3	Total
Equities	\$ 54,063	\$ -	\$ 786	\$ 54,849
Warrants	\$ -	\$ 2,048	\$ -	\$ 2,048
	\$ 54,063	\$ 2,048	\$ 786	\$ 56,897

Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3.

Cash and cash equivalents – The Company’s cash and cash equivalents are carried at fair value level 2. They are classified as held-for-trading and are reported at fair value

Equities – The Company’s equity positions are classified as Level 1 when the security is actively traded and a reliable quote is observable. Certain of the Company’s equities may not trade frequently and therefore observable prices may not be available. In such cases, if they exist, fair value is determined using observable market data (e.g., transactions for similar securities of the same issuer) and is classified as Level 2, unless the determination of fair value requires significant unobservable data, in which case the measurement is classified as Level 3.

Warrants - The Company holds warrants which are effectively call options on equities. Options that are valued using a Black-Scholes Option Pricing Model (“Black-Scholes”) are classified as Level 2 unless a significant input (e.g., volatility, current stock price, commodity price or credit risk) is unobservable, in which case it is classified as Level 3. Options held by the Company are comprised primarily of warrants for which there is a limited or no active market for the underlying equity security or some of the input assumptions for the Black-Scholes cannot be accurately estimated and therefore significant judgment may be required in determining the current price and volatility of the underlying security to use the model. All of the warrants held by the Company fit into this category. These warrants are valued based on the difference between the value of the underlying security and the strike price of the warrant. Such warrants make up 0.4% of the companies Net asset value and are classified as Level 2.

6. Related Party Transactions

Humboldt, and certain officers, holds significant interests in some of the companies in its investment portfolio and certain officers and directors of Humboldt are also officers and directors of some of the companies, and as such, they are considered related parties to Humboldt. Humboldt’s business includes the acquisition and sale of the securities of such related parties through the market and directly from the companies through public and private offerings. All such offerings are at market values and approved by the appropriate regulatory bodies.

In addition, from time to time Humboldt provides financing to companies in which it holds significant share positions. The financing is provided on an interest bearing debt basis at negotiated interest rates between Humboldt and the recipients. There were no amounts outstanding at the end of the period.



Diaz Resources Ltd.

At September 30, 2011, Humboldt owned 27.7% (2009 – 29%) of the outstanding shares of Diaz and \$7.34 million, face value, of a debenture convertible, at the option of Humboldt, into 97.87 million common shares. All of Humboldt's officers and the majority of its directors are also officers and/or directors of Diaz.

On April 29, 2011 Humboldt agreed to provide Diaz with bridge financing by way of a short term demand loan of \$1.0 million at 10.5% interest. On June 14, 2011 Humboldt purchased \$7.34 million of a Diaz \$8.0 million 10.5% convertible secured subordinated debenture financing. Diaz repaid the \$1.0 million bridge financing loan plus interest of \$12,945. The debenture has a term of five years and will be convertible into Diaz common shares at \$0.075 per share. The transactions were recorded at the exchange value.

During 2010, Humboldt, Diaz, Tuscany, Sharon, and Paris entered into an overhead sharing agreement pursuant to which the companies shared certain costs in managing and administering the companies on the basis of time spent on each of the companies. Pursuant to this agreement Humboldt paid Diaz \$300,000 (2009 - \$240,000) as its share of overhead costs. The transaction was recorded at the exchange value. The charge is based on, among other things, the time spent by Diaz employees on Humboldt's business.

Tuscany Energy Ltd.

At September 30, 2011, Humboldt owned 32.8% (2010 – 39%) of the outstanding common shares of Tuscany Energy Ltd. Certain of Humboldt's officers and directors are also officers and directors of Tuscany.

On June 2, 2011 the shareholders of two of Humboldt's principal holdings, Tuscany and Sharon, approved a business combination whereby Tuscany acquired all of Sharon's issued and outstanding common shares on the basis of 0.84 common shares of Tuscany for each Sharon common share. Following completion of the transaction, Tuscany has approximately 125 million common shares outstanding.

During 2010 Humboldt acquired an additional 1,833,334 common shares, at \$0.15 per share, of Tuscany as part of a private placement of 8,000,000 common shares.

Paris Energy Inc.

At September 30, 2011, Humboldt owned 25% (2010 – 18%) of the outstanding common shares of Paris and a \$330,000 debenture convertible into an additional 5,500,000 Paris common shares. Certain of Humboldt officers and directors are also officers and directors of Paris.

Each of Humboldt and R W Lamond purchased 1,334,000 common shares of Paris through a private placement at \$0.075/share. The private placement was approved by the shareholders of Paris.

On October 7, 2011 Humboldt exercised the right to convert its \$330,000 investment in the Paris debenture into 5,500,000 Paris common shares.

7. Capital management

The Company considers capital to be comprised primarily of its shareholders' equity which was \$42 million at September 30, 2011 (2010 - \$50 million).



The Company's primary objective when managing its capital is to ensure that activities are carried out in accordance with the investment objective of the Company. The Company does not use debt as part of its primary source of capital.

Basic net asset value per share is calculated by dividing the number of the aggregate outstanding shares at the balance sheet date into net asset value attributable to the shareholders. Diluted net asset value per share is calculated by dividing the diluted number of outstanding shares at the balance sheet date into the net asset value increased by the value of any dilutive securities. The diluted number of shares is calculated by adding the number of securities which could be issued at a price which is less than the basic net asset value per share to the number of shares outstanding at the balance sheet date.



Corporate Information

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(2) Member of the Compensation Committee
(3) Member of the Corporate Governance Committee*

Legal Counsel

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Calgary, Alberta

Auditors

PricewaterhouseCoopers LLP
Calgary, Alberta

Officers

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President, Chairman of the Board & CEO

C.A. Teare
Executive Vice President & CFO

D.K. Clark
Vice President, Operations

C.S. Cohen
Corporate Secretary

Registrar and Transfer Agent

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