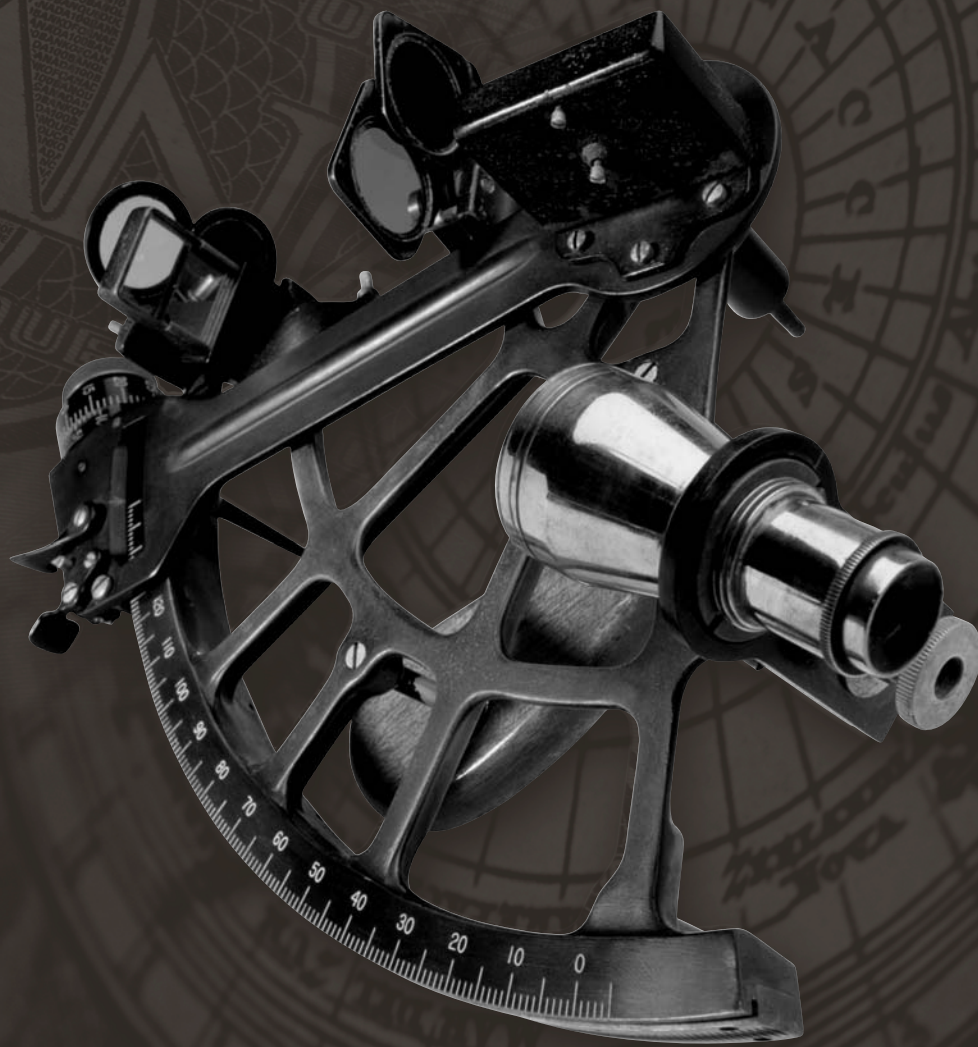




Humboldt Capital Corporation

2003 Third Quarter Report



For the nine months ended September 30, 2003

Humboldt Corporate Profile



Humboldt is an investment company with its holdings concentrated in the junior oil and gas sector. 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 makes sizeable investments in businesses with the potential for growth, with the objective of realizing significant capital gains through the increase in the value of its share positions, over the long-term.

Due to the size of its investments, Humboldt has representatives on the Boards of companies in which it has a significant investment and is proactive in ensuring management maintains well considered, long-term business plans.

In addition to its major holdings, Humboldt has a portfolio of medium-sized energy and service companies and also invests in this more established segment of the energy industry through its wholly owned affiliate, Humboldt Energy Fund.

Humboldt's shares trade on the TSX Venture Exchange, symbol HMB.

HIGHLIGHTS

	Nine Months Ended September 30	
	2003	2002
<i>(Thousands, except per share amounts)</i>		
Earnings	\$ 2,617	\$ 681
Earnings per share	\$ 0.21	\$ 0.05
Share capital	\$ 1,756	\$ 1,799
Unrealized gains	\$ 8,388	\$ 1,457
Retained earnings	\$ 22,814	\$ 20,422
Shareholders' equity	\$ 32,958	\$ 23,678
Net asset value, per share	\$ 2.66	\$ 1.86
Shares outstanding	12,333	12,664

To the Shareholders



I am pleased to report that, during the nine months ended September 30, 2003, Humboldt increased its net asset value to \$2.66 per share, an increase of 43%, and reported earnings of \$2.6 million, or \$0.21 per share compared with earnings of \$681,000, or \$0.05 per share a year earlier.

Humboldt's revenue for the nine months ended September 30, 2003 totaled \$3.4 million compared with \$1.0 million reported for the same period in 2002.

HUMBOLDT'S INVESTMENT HOLDINGS

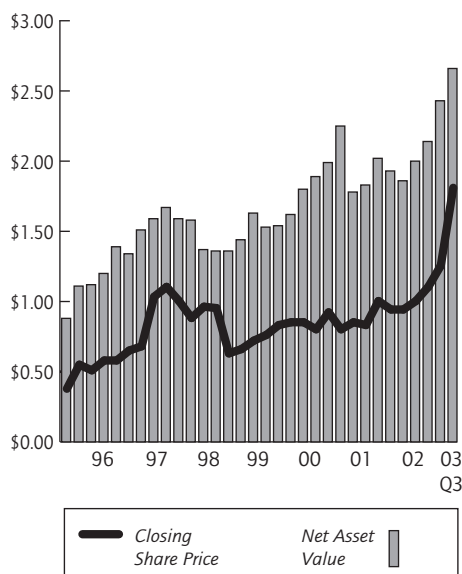
Humboldt is an investment company with its holdings primarily in the junior oil and gas sector and principally in a number of well-managed, rapidly growing, smaller energy companies. Humboldt also has investments in larger, more established energy companies, to benefit from their improved liquidity and generally higher market multiples and in exploration companies with international assets, to benefit from the higher potential impact of their exploration successes.

In addition, Humboldt has recently made investments in the energy services sector, to benefit from its improving prospects as the energy industry reinvests increased cash flow from higher commodity prices and in the mining industry, to benefit from its commodity price cycles.

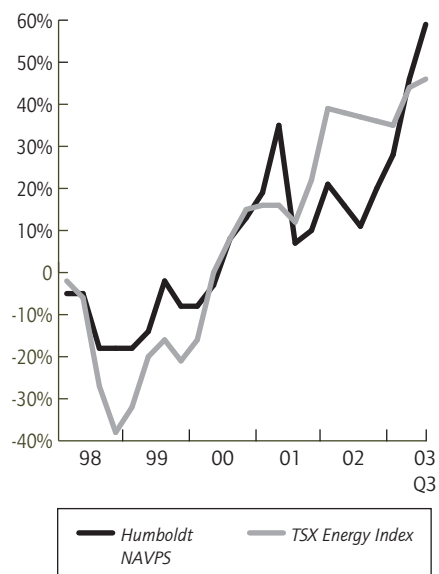
Humboldt has also made investments into managed funds focused on the oil and gas industry. The investment results of the wholly owned Humboldt Energy Fund continue to be very satisfactory, with the fund's value increasing to \$2.4 million, from \$1.0 million at its inception in 1999.

A fundamental part of Humboldt's business plan is to retain sufficient liquidity to, from time to time, assist in the financing and growth of those companies in which it holds a major interest. As a result, to September 30, 2003, Humboldt had advanced \$2.1 million to companies in its portfolio to accelerate their active exploration programs and improve their growth potential. Humboldt anticipates that these advances will be repaid from cash flow or from further financing of these companies and that Humboldt will benefit both from the interest on funds advanced and through the leveraged growth of its shareholdings in these companies.

Net Asset Value Per Share and Closing Share Price



Comparative Growth in Net Asset Value Per Share (NAVPS) and the TSX Energy Index





THE ECONOMY AND THE MARKETS

The North American economy is in a steady recovery phase, fuelled by lower interest rates in both Canada and the United States. The impact of this continuing recovery helped increase both oil and natural gas prices in the first half of 2003.

Oil prices have remained strong due to increased North American economic growth and continued political uncertainties in the Middle East. The slower than anticipated return of Iraq's oil production has also raised concerns over oil supplies. These factors are likely to continue throughout the year and should result in stable or higher oil prices.

Natural gas prices increased during the first nine months of 2003 due to reduced U.S. natural gas storage volumes resulting from high winter withdrawals. The overall industry trend continues to be one of reduced gas deliverability, lower reserve additions and increased demand caused by the economic recovery. However, higher prices have also resulted in increased natural gas rig activity, lower demand and a return of storage to normal levels. Hence, despite high current prices, increased gas supply could result in lower prices in 2004.

North American stock markets are steadily improving due to a recognition of the U.S. economic recovery. The overall trend should remain upwards due to the continuing economic recovery, driven by historically low interest rates.

SHARE CAPITAL REORGANIZATION

At its shareholders' meeting on May 28, 2003, the Company's shareholders approved the amendment to the Articles of the Company to convert Multiple Voting Shares and Subordinate Voting Shares into one class of Common Shares, on a one-for-one basis. As a result, the Company has only one class of shares outstanding.

STOCK VALUATION AND SHARE BUYBACK

At the end of the quarter, Humboldt's net asset value, after tax, totaled \$33.0 million, or \$2.66 per share, on a fully diluted basis. This value represents a 43% increase from the \$1.86 per share value one year earlier. However, the Company's share price continues to trade at a significant discount to this value.

Consequently, Humboldt has a program in place to repurchase its shares in the marketplace and during 2003, the Company repurchased and cancelled 74,200 Subordinate Voting Shares, 192,500 Multiple Voting Shares and 26,000 Common Shares. Humboldt has repurchased approximately 7% of its outstanding shares since the commencement of this program in 2001.

OUTLOOK

Humboldt firmly believes that we are in the recovery phase of the North American economic cycle and that oil and natural gas companies will be strong participants in this phase. As a result, energy stocks should be steadily repriced higher, with Humboldt in an excellent strategic position to benefit from this phase of the energy cycle.

On behalf of the Board,

(signed)

R.W. Lamond
Chairman of the Board

November 19, 2003

Management's Discussion and Analysis



Portfolio Summary and Net Asset Value at September 30, 2003

<i>(Thousands, except percentage and per share amounts)</i>	No. of Shares	Carrying Value	Unrealized Gain (Loss) ⁽¹⁾	Investment Cost ⁽²⁾	% of Portfolio	% of Net Asset Value
Diaz Resources Ltd.	16,486	\$ 7,190	\$ 2,154	\$ 5,036	23.4	21.8
Sharon Energy Ltd.	11,328	2,997	1,023	1,974	9.8	9.1
Highview Resources Ltd.	6,903	1,381	710	671	4.5	4.2
Tuscany Energy Ltd.	4,000	480	80	400	1.6	1.5
Major Holdings		12,048	3,967	8,081	39.2	36.6
Humboldt Energy Fund		2,356	647	1,709	7.7	7.1
Connacher Oil & Gas Ltd.	1,764	1,323	722	601	4.3	4.0
Winstar Resources Ltd.	691	926	701	225	3.0	2.8
Rider Resources Ltd.	185	701	290	411	2.3	2.1
Seventh Energy Ltd.	832	649	271	378	2.1	2.0
True Energy Inc.	457	553	143	410	1.8	1.7
New North Resources Ltd.	1,054	527	211	316	1.7	1.6
Ranchgate Oil & Gas Limited	495	525	110	415	1.7	1.6
Luke Energy Ltd.	238	470	123	347	1.5	1.4
Aquest Explorations Ltd.	755	355	10	345	1.2	1.1
Flowing Energy Corporation	117	328	229	99	1.1	1.0
Trafina Energy Ltd.	303	303	228	75	1.0	0.9
Rival Energy Inc.	238	297	(79)	376	1.0	0.9
Triloch Resources Inc.	93	270	65	205	0.9	0.8
Canadian Superior Energy	130	268	(74)	342	0.9	0.8
Oiltec Resources Ltd.	220	253	(2)	255	0.8	0.8
Case Resources Inc.	200	240	6	234	0.8	0.7
Energy North Inc.	442	216	62	154	0.7	0.7
E3 Energy Inc.	180	207	24	183	0.7	0.6
Starpoint Energy Ltd.	70	203	27	176	0.7	0.6
Cavell Energy Corporation	90	183	94	89	0.6	0.6
High Point Resources Inc.	110	175	(21)	196	0.6	0.5
Veteran Resources Inc.	287	172	(42)	214	0.6	0.5
Eastshore Energy Ltd.	84	139	122	17	0.5	0.4
Surge Petroleum Inc.	396	111	(4)	115	0.4	0.3
Mustang Resources Inc.	31	103	3	100	0.3	0.3
Result Energy Inc.	333	103	3	100	0.3	0.3
Viracocha Energy Inc.	45	101	4	97	0.3	0.3
Raptor Capital: Debenture		100	-	100	0.3	0.3
Other - CDN Oil & Gas		702	(16)	718	2.3	2.1
Canadian Oil & Gas		10,503	3,210	7,293	34.2	31.9
Centurion Energy International	797	1,395	837	558	4.5	4.2
Oilexco Inc.	333	333	251	82	1.1	1.0
Oilexco Inc. Warrants	300	195	195	-	0.6	0.6
Bow Valley Energy Ltd.	192	312	16	296	1.0	0.9
Rio Alto Resources International	274	238	25	213	0.8	0.7
Pan Ocean Energy Corporation	30	201	124	77	0.7	0.6
Rally Energy Corp.	373	183	(41)	224	0.6	0.6
Rally Energy Corp. Debenture	-	100	-	100	0.3	0.3
Antrim Energy Corp.	104	109	23	86	0.4	0.3
Other - International Oil & Gas		79	(45)	124	0.3	0.2
International Oil & Gas		3,145	1,385	1,760	10.2	9.5
Halliburton Co.	16	614	167	447	2.0	1.9
Williams Brothers Ltd.	30	382	274	108	1.2	1.1
Precision Drilling Ltd.	6	281	86	195	0.9	0.9
Dynegy Inc.	30	146	40	106	0.5	0.4
Technicoil Corp.	341	123	(17)	140	0.4	0.4
Other - Energy Services		114	(111)	225	0.4	0.3
Energy Services		1,660	439	1,221	5.4	5.0
Phelps Dodge Corp.	2	126	25	101	0.4	0.4
True North Gems	132	121	71	50	0.4	0.4
True North Gems: Warrants	132	55	55	-	0.2	0.2
Arch Coal Inc.	3	90	7	83	0.3	0.3
Other - Mining	261	157	(104)	261	0.5	0.5
Mining		549	54	495	1.8	1.7
Managed Funds		451	(66)	506	1.5	1.4
Total Portfolio		\$ 30,712	\$ 9,636	\$ 21,065	100.0	93.2
Loans to associate companies		2,114				6.4
Cash & other assets		2,465				7.5
Future tax liability		(2,333)				(7.1)
Net asset value		\$ 32,958				100.0
Net asset value, per share		\$ 2.66				

Notes: ⁽¹⁾ Unrealized Gain (Loss) is the Carrying Value less Investment Cost.

⁽²⁾ Investment Cost represents the original cost of the securities less any permanent impairment and cost recovery.



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 consolidated financial statements of the Company for the nine months ended September 30, 2003. The reader should be aware that historical results are not necessarily indicative of future performance.

This discussion and the Company's third quarter interim report contain forward-looking statements that involve risk and uncertainties. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated in the statements made.

REVENUE

During the nine months ended September 30, 2003, Humboldt reported revenues of \$3.4 million. The Company realized a gain of \$3.2 million on the sale of assets having a cost of \$4.4 million, a 73% increase in value. The sale of Nycan shares generated \$2.4 million of the gain; the Humboldt Energy Fund realized \$119,000; and a net gain of \$681,000 was realized on the balance of Humboldt's portfolio. Humboldt also reported interest and other income of \$224,000, of which \$135,000 was earned from associated companies.

INVESTMENT ACTIVITY

During the first nine months of 2003, Humboldt invested a total of \$6.9 million in new equities and realized \$7.6 million in proceeds from the sale of shares. The unrealized gain on investments held at the end of the period increased by \$2.7 million and future tax on the unrealized gain increased by \$0.5 million.

MAJOR HOLDINGS

A significant part of Humboldt's investment portfolio is focused on the following four, closely held junior oil and gas companies and the Humboldt Energy Fund, which together comprise 47% of the portfolio value at September 30, 2003.

Diaz Resources Ltd.

Share Holdings	Value (Millions)	Percentage of Humboldt's Value	Per Share	
			Cost	Market Value
16,486,000	\$ 7.2	21.8%	\$ 0.31	\$ 0.38

Humboldt's investment in Diaz Resources Ltd. remains the largest holding in the Company's investment portfolio, representing 22% of Humboldt's net asset value and 36% of the outstanding shares of Diaz.

Diaz is an exploration and production company with assets in Alberta and Saskatchewan, in Canada and in Texas, in the United States. Diaz's share price has shown recent strength after the company announced exploration successes in two deep Wilcox wells in Texas and in natural gas drilling in Alberta. Further success in its next exploration wells in Texas, combined with a lower risk development program in Canada, could substantially increase the value of the company's shares over the balance of 2003. Subsequent to the end of the period, Humboldt participated in a \$4.0 million Diaz equity issue, purchasing an additional 1.2 million shares of the company for \$500,000.

Sharon Energy Ltd.

Share Holdings	Value (Millions)	Percentage of Humboldt's Value	Per Share	
			Cost	Market Value
11,328,000 shares/ 867,000 warrants	\$ 3.0	9.1%	\$ 0.17	\$ 0.29
Loan outstanding – due to Humboldt	\$ 1.4	4.0%		



Humboldt's investment in and loans to Sharon Energy Ltd. represents 13.1% of the Company's net asset value at September 30, 2003.

Sharon is a junior exploration company in an early stage in its development. The company's assets are focused on high impact, deep Wilcox gas prospects in Texas. The company announced a significant exploration success in its first exploration well on the play and subsequently drilled a second successful well on the prospect. Sharon also plans to drill an exploration well on a second Wilcox prospect before the year end.

In order to finance the exploration and the development of the Wilcox prospects, Sharon raised \$1.2 million through the sale of new equity in July 2003. Humboldt purchased 1.8 million of the issue and increased its investment by \$131,000. In addition, Humboldt has entered into a financing agreement with Sharon whereby Humboldt agrees to provide a \$1.6 million revolving loan facility to Sharon for at least the next year.

Highview Resources Ltd.

Share Holdings	Value (Millions)	Percentage of Humboldt's Value	Per Share	
			Cost	Market Value
6,903,000	\$ 1.4	4.2%	\$ 0.10	\$ 0.14
Loan outstanding – due to Humboldt	\$ 0.4	1.0%		

Highview Resources Ltd. is a small Calgary based energy company in which Humboldt owns controlling interest. The company currently participates, on a limited scale, in a southern Alberta exploration program.

On August 20, 2003, Highview's Board of Directors appointed J. Rene Rosales as President and CEO of the company and with the addition of Elizabeth B. Mitchell as Technical Advisor to the company, plans to grow the company through the acquisition of gas and light oil assets in Western Canada. Humboldt sold 1.5 million shares to the new management team.

Tuscany Energy Ltd.

Share Holdings	Value (Millions)	Percentage of Humboldt's Value	Per Share	
			Cost	Market Value
4,000,000	\$ 0.5	1.5%	\$ 0.10	\$ 0.07
Loan outstanding – due to Humboldt	\$ 0.2	1.0%		

Tuscany is a start-up company with a significant tax pool base. The Board of Tuscany plans to combine the company with an oil and gas management team in order to reactivate the company.

Humboldt Energy Fund

<i>(Thousands, except percentage amounts)</i>	September 30		
	2003	2002	2001
Portfolio value	\$ 2,356	\$ 1,831	\$ 957
Cash	49	101	424
Total value	\$ 2,405	\$ 1,932	\$ 1,381
Annual increase in value	\$ 473	\$ 551	\$ 243
Percentage annual growth on average capital invested for the year ended June 30	22%	33%	35%

In 1999, Humboldt established a wholly owned, managed fund to invest in a portfolio of intermediate and junior Canadian oil and gas companies. The Fund has performed well since its organization, increasing in value by 22% over the past year and by a total of 141% since its inception in 1999. The assets of the fund represent 7% of Humboldt's net asset value.



Humboldt Energy Fund – Portfolio Summary and Net Asset Value at September 30, 2003

<i>(Thousands, except percentage amounts)</i>	No. of Shares	Carrying Value	Unrealized Gain (Loss) ⁽¹⁾	Investment Cost ⁽²⁾	% of Portfolio	% of Net Asset Value
Atlas Energy Ltd.	50	175	90	85	0.6	0.5
Cavell Energy Corporation	53	108	8	100	0.4	0.3
Celtic Exploration Ltd.	17	102	(1)	103	0.3	0.3
Cequel Energy Inc.	36	240	49	191	0.8	0.7
Compton Petroleum Corp.	26	148	66	82	0.5	0.4
Defiant Energy Corp.	24	98	–	98	0.3	0.3
Great Northern Explorations Ltd.	20	91	–	91	0.3	0.3
Luke Energy Ltd.	5	9	3	6	0.0	0.0
NuVista Energy Ltd.	15	103	(10)	113	0.3	0.3
Olympia Energy Inc.	67	190	31	159	0.6	0.6
Real Resources Inc.	33	150	40	110	0.5	0.5
Rider Resources Ltd.	26	98	2	96	0.3	0.3
Starpoint Energy Ltd.	18	53	3	50	0.2	0.2
Storm Energy Ltd.	16	80	25	55	0.3	0.2
Thunder Energy Inc.	44	286	138	148	0.9	0.9
True Energy Inc.	110	133	39	94	0.4	0.4
Zargon Oil & Gas Ltd.	24	292	164	128	1.0	0.9
Humboldt Energy Fund		\$ 2,356	\$ 647	\$ 1,709	7.7	7.1

Notes: ⁽¹⁾ Unrealized Gain (Loss) is the Carrying Value less Investment Cost.

⁽²⁾ Investment Cost represents the original cost of the securities less any permanent impairment and cost recovery.

CANADIAN OIL AND GAS SECTOR

With the additional liquidity resulting from the sale of Humboldt's investment in Nycan Energy Corp., during the second quarter of 2003, the Company increased its net investment in Canadian oil and gas companies, excluding major holdings, to \$7.3 million. The value of the holdings increased by \$3.2 million over the period, to \$10.5 million, representing 31.9% of the Company's net asset value.

INTERNATIONAL OIL SECTOR

Humboldt also increased its investment in the international oil sector by \$42,000, to \$1.8 million. The value of the investment increased by \$1.4 million during the quarter, to \$3.1 million, representing 9.5% of Humboldt's net asset value.

ENERGY SERVICES SECTOR

Humboldt decreased its investment in the energy services sector during the quarter ended September 30, 2003 by \$174,000, to \$1.2 million. This sector represents 5.0% of the Company's net asset value.

MINING SECTOR

There was little change in the investment and the value of the mining sector during the quarter. Approximately 1.7% of Humboldt's net asset value, or \$549,000, is invested in the mining sector.

LOANS

During the quarter, Humboldt decreased its receivables from related parties by \$304,000, to \$2.1 million. Humboldt also earned interest of \$35,000 from related party loans during the quarter. These loans totaled 6.4% of the Company's value.

Administration Costs

<i>(Thousands, except percentage amounts)</i>	For the Nine Months Ended September 30		
	2003	2002	2001
Overhead	\$ 305	\$ 296	\$ 282
Assets under management	\$ 35,487	\$ 24,430	\$ 24,285
Percentage (annualized)	1.7%	2.4%	2.3%



Humboldt continues to keep administration costs below 2% of its assets under management. The annualized rate of overhead was 1.7% during the nine months ended September 30, 2003.

Liquidity and Capital Resources

<i>(Thousands)</i>	September 30		
	2003	2002	2001
Working capital	\$ 2,305	\$ 3,068	\$ 8,143

At September 30, 2003, Humboldt held 7% of its net asset value in cash and highly liquid investments, net of current liabilities. Humboldt has no long-term debt.

Stock Valuation and Market Price

<i>(Thousands, except per share amounts)</i>	September 30		
	2003	2002	2001
Net asset value	\$ 32,958	\$ 23,678	\$ 23,473
NAV, per share	\$ 2.66	\$ 1.86	\$ 1.78
Market price, per share	\$ 1.80	\$ 0.94	\$ 0.85

Issuer Bid

	For the Nine Months Ended September 30		
	2003	2002	2001
Shares Purchased			
Common	26,000	–	–
Subordinate voting	74,200	62,000	74,400
Multiple voting	192,500	77,000	28,200
Average cost paid, per share	\$ 1.15	\$ 0.95	\$ 0.94

Humboldt's shares trade at a significant discount to their net asset value. The Company is actively repurchasing its shares through a Normal Course Issuer Bid.

On July 18, 2003, Humboldt filed a notice of intent to repurchase up to 617,900 of its outstanding Common Shares, pursuant to a normal course issuer bid, expiring July 22, 2004. The shares will be purchased on the TSX Venture Exchange. Copies of the notice can be obtained by contacting the Company at (403) 269-9889.

BUSINESS 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 its investments in any of these companies in the future.

Humboldt records its investments on its balance sheet on the basis of their quoted market value, as of the balance sheet date. 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 price.

Humboldt attempts to minimize its investment risk by diversifying its holdings over a number of companies.

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 the adverse effects of these investment risks by maintaining a significant portion of its funds in cash or highly liquid investments 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.



OUTLOOK

Oil and gas prices are currently at cyclical highs and should remain high throughout the winter heating season. These high commodity prices will result in increasingly positive cash flows and earnings trends for the companies in Humboldt's portfolio.

In addition, Humboldt's management looks for a continued trend for a number of its investments to be the targets of takeover bids by growing oil and gas trusts.

Consolidated Balance Sheet



(Thousands, except per share amounts)
(Unaudited)

As at	September 30, 2003	December 31, 2002
ASSETS		
Cash and term deposits	\$ 2,441	\$ 2,318
Accounts receivable	60	12
Income tax receivable	–	24
	2,501	2,354
Other assets	160	298
Loans to associated companies	2,114	2,047
Investments	30,712	21,811
	32,986	24,156
Total Assets	\$ 35,487	\$ 26,510
LIABILITIES		
Accounts payable and accrued liabilities	\$ 21	\$ 138
Income tax payable	175	–
	196	138
Future income taxes	2,333	1,003
	2,529	1,141
SHAREHOLDERS' EQUITY		
Share Capital		
Common shares	1,756	–
Subordinate voting shares	–	1,142
Multiple voting shares	–	652
	1,756	1,794
Retained earnings	22,814	20,488
Unrealized gain on investments	8,388	3,087
Total Shareholders' Equity	32,958	25,369
Total Liabilities and Shareholders' Equity	\$ 35,487	\$ 26,510
Net asset value per share, basic	\$ 2.67	\$ 2.01
Net asset value per share, diluted	\$ 2.66	\$ 2.00

Approved by the Board:

(signed)

R.W. Lamond, Director

(signed)

C.A. Teare, Director

Consolidated Statement of Operations

(Thousands, except per share amounts)
(Unaudited)



	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2003	2002	2003	2002
Revenue				
Net gain on sale of investments	\$ 262	\$ 71	\$ 3,176	\$ 836
Interest, dividends and other	60	72	224	175
	322	143	3,400	1,011
Expenses				
General and administrative	96	98	305	296
Earnings before income taxes	226	45	3,095	715
Income taxes (recovery)				
Current	(59)	(52)	72	10
Future	112	26	406	24
	53	(26)	478	34
Net earnings	\$ 173	\$ 71	\$ 2,617	\$ 681
Earnings per share, basic and diluted	\$ 0.01	\$ 0.01	\$ 0.21	\$ 0.05

Consolidated Statement of Changes in Shareholders' Equity



(Thousands)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2003	2002	2003	2002
Share Capital				
Common Shares				
Balance, beginning of period	\$ -	\$ -	\$ -	\$ -
Issued on conversion of Subordinate and Multiple Voting Shares	1,760	-	1,760	-
Purchased for cancellation	(4)	-	(4)	-
Balance, September 30	1,756	-	1,756	-
Subordinate Voting Shares				
Balance, beginning of period	-	1,145	1,142	1,155
Purchased for cancellation	-	-	(13)	-
Converted to Common Shares	-	(1)	(1,129)	(11)
Balance, September 30	-	1,144	-	1,144
Multiple Voting Shares				
Balance, beginning of period	-	655	652	663
Purchased for cancellation	-	-	(21)	(8)
Converted to Common Shares	-	-	(631)	-
Balance, September 30	-	655	-	655
Share Capital	\$ 1,756	\$ 1,799	\$ 1,756	\$ 1,799
Retained Earnings				
Balance, beginning of period	\$ 22,676	\$ 20,353	\$ 20,488	\$ 19,853
Net earnings for the period	173	71	2,617	681
Cost in excess of stated value of share repurchase	(35)	(2)	(291)	(112)
Balance, September 30	\$ 22,814	\$ 20,422	\$ 22,814	\$ 20,422
Unrealized Gain (Loss) on Investments				
Balance, beginning of period	\$ 5,777	\$ 2,371	\$ 3,087	\$ 1,779
Decrease in unrealized gain on investments	3,041	(1,186)	6,224	(443)
Decrease (increase) in deferred taxes on unrealized gain	(430)	272	(923)	121
Balance, September 30	\$ 8,388	\$ 1,457	\$ 8,388	\$ 1,457
Total Shareholders' Equity	\$ 32,958	\$ 23,678	\$ 32,958	\$ 23,678

Consolidated Statement of Cash Flows



(Thousands)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2003	2002	2003	2002
Cash provided by (used for):				
Operating Activities				
Net earnings	\$ 173	\$ 71	\$ 2,617	\$ 681
Adjusted for:				
Interest	(60)	(78)	(224)	(175)
Future taxes	112	26	406	24
Net gain on sale of investments	(262)	(71)	(3,176)	(836)
	(37)	(52)	(377)	(306)
Change in non-cash working capital	131	89	166	328
	94	37	(211)	22
Investing Activities				
Loans to associated companies	233	6	(67)	(537)
Proceeds from sale of investments	1,865	831	7,552	3,393
Purchase of investments	(2,760)	(1,571)	(6,901)	(5,026)
Other assets	(127)	-	(137)	-
Interest	60	(18)	224	79
	(729)	(752)	671	(2,091)
Financing Activities				
Purchase of shares for cancellation	(38)	(3)	(337)	(131)
	(38)	(3)	(337)	(131)
Increase (decrease) in cash	(673)	(718)	123	(2,200)
Cash, beginning of period	3,114	3,488	2,318	4,970
Cash, end of period	\$ 2,441	\$ 2,770	\$ 2,441	\$ 2,770
Supplementary information regarding cash payments:				
Interest income	\$ 31	\$ 16	\$ 224	\$ 79
Interest expense	\$ -	\$ -	\$ -	\$ -
Income tax recovered	\$ (127)	\$ -	\$ (127)	\$ -

Notes to the Interim Financial Statements



For the Nine Months Ended September 30, 2003

1. Accounting Policies

The interim financial statements follow the same accounting policies and methods of their application as the annual financial statements for the year ended December 31, 2002.

2. Share Capital

	No. of Shares	Amount (Thousands)
Common Shares		
Balance, December 31, 2002	–	\$ –
Issued on conversion of Multiple Voting Shares	6,583,739	1,129
Issued on conversion of Subordinate Voting Shares	5,774,939	631
Purchased for cancellation	(26,000)	(4)
Balance, September 30, 2003	12,332,678	\$ 1,756
Subordinate Voting Shares		
Balance, December 31, 2002	6,657,939	\$ 1,142
Purchased for cancellation	(74,200)	(13)
Converted to Common Shares	(6,583,739)	(1,129)
Balance, September 30, 2003	–	\$ –
Multiple Voting Shares		
Balance, December 31, 2002	5,967,439	\$ 652
Purchased for cancellation	(192,500)	(21)
Converted to Common Shares	(5,774,939)	(631)
Balance, September 30, 2003	–	\$ –
Total Shares Outstanding, September 30, 2003	12,332,678	\$ 1,756

Share Capital Reorganization

On May 28, 2003, the shareholders approved the amendment to the Articles of the Company to convert all of the Subordinate Voting Shares and Multiple Voting Shares into Common Shares on a one-for-one basis.

Options

100,000 Subordinate Voting Shares have been reserved for issuance for employees and directors. Options outstanding are at an exercisable average price of \$1.00 per share.

Corporate Information



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⁽¹⁾ *Member of the Audit Committee*

Legal Counsel

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PricewaterhouseCoopers LLP
Calgary, Alberta

Officers

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President, Chairman of the Board and CEO

C.A. Teare
Executive Vice President and CFO

D.K. Clark
Vice President, Operations

C.S. Cohen
Corporate Secretary

Registrar and Transfer Agent

Computershare Trust Company of Canada
Calgary, Alberta

Stock Exchange Listing

TSX Venture Exchange
Trading Symbol:
Common Shares: HMB



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