

HUMBOLDT

CAPITAL

CORPORATION

2004

THIRD QUARTER

REPORT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004



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 investments in businesses with the potential for growth and with the objective of realizing capital gains through the increase in the value of its share positions, over the long-term.

In companies where more significant investments are made, Humboldt appoints representatives to the Boards of these companies 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

<i>(Thousands, except per share amounts)</i>	Nine Months Ended September 30		
	2004	2003	2002
Earnings	\$ 7,017	\$ 2,617	\$ 681
per share	\$ 0.57	\$ 0.21	\$ 0.05
Share capital	\$ 1,845	\$ 1,756	\$ 1,799
Unrealized gains	\$ 10,484	\$ 8,388	\$ 1,457
Retained earnings	\$ 29,346	\$ 22,814	\$ 20,422
Shareholders' equity	\$ 41,675	\$ 32,958	\$ 23,678
Shares outstanding	12,353	12,333	12,664
Net asset value, per share	\$ 3.37	\$ 2.66	\$ 1.86

TO THE SHAREHOLDERS

I am pleased to report on the financial and operating results for the nine months ended September 30, 2004.

Humboldt reported earnings of \$7.0 million, or \$0.57 per share compared with earnings of \$2.6 million, or \$0.21 per share a year earlier.

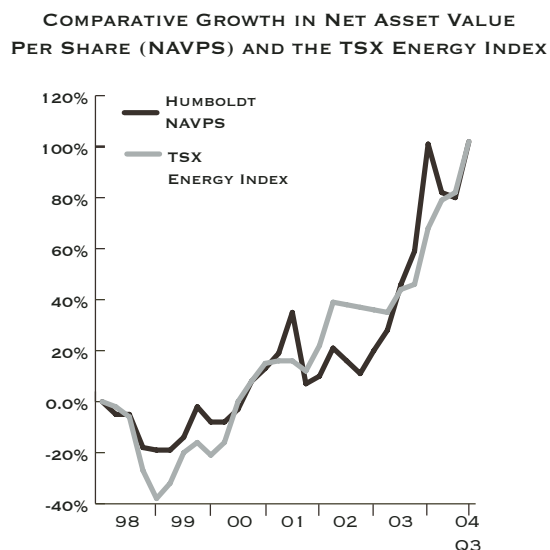
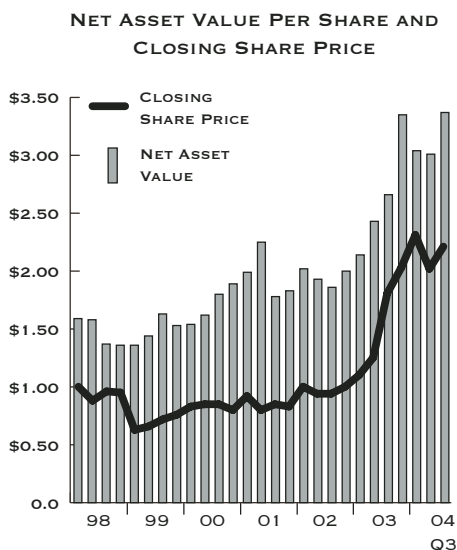
Revenue increased to \$8.6 million for the period compared with \$3.4 million for the same period in 2003. Humboldt's net asset value increased by 27% to \$3.37 per share compared with \$2.66 per share at September 30, 2003.

HUMBOLDT'S INVESTMENT HOLDINGS

Humboldt is an investment company with its holdings primarily in the junior oil and gas sector. Humboldt also has investments in larger, more established energy companies and in exploration companies with international assets in the energy services sector, and in the mining industry.

Humboldt has also made investments in managed funds focused on the oil and gas industry, primarily through its wholly owned fund, Humboldt Energy Fund. The investment results of Humboldt Energy Fund continue to be very satisfactory, with the fund's value increasing to \$3.5 million at September 30, 2004, from \$2.4 million in the prior year.

A fundamental part of Humboldt's business plan has been to assist in the financing and growth of those companies in which it holds significant interests. As a result of advances to companies and accrued interest, to September 30, 2004, Humboldt was owed \$3.2 million from companies in its portfolio. These funds were used 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.



THE ECONOMY AND THE MARKETS

The U.S. economy appears to be steadily recovering and a combination of a low U.S. dollar, together with low interest rates, has stimulated economic growth in 2004. The recovery should lead to higher energy demand, which will continue to result in high oil and gas prices.

Continued uncertainties in the Middle East and Russia, combined with increasing demand from emerging economies such as China, have resulted in oil prices in excess of \$50.00 U.S. per barrel.

Natural gas prices continue to remain at a high level. The overall industry trend continues to be towards reduced gas deliverability, lower reserve additions and increased demand, caused by the economic recovery and prevailing high oil prices. However, higher prices have also resulted in increased natural gas rig activity. Thus, despite high current prices, increased future gas supply could result in lower prices in 2005.

North American stock markets stalled during the first quarter of 2004, however they showed significant strength in the last half of 2004. Energy markets continued to grow throughout the year, primarily due to record high commodity prices. The overall trend in energy prices should remain upward.

STOCK VALUATION AND SHARE BUYBACK

At the end of the quarter, Humboldt's net asset value, after tax, totaled \$41.7 million, or \$3.37 per share, on a fully diluted basis. This value represents a 27% increase from the \$2.66 per share value at September 30, 2003.

The Company's stock continues to trade below its underlying value and consequently, Humboldt has a program in place to repurchase its shares in the marketplace. During 2004, the Company repurchased and cancelled 70,600 common shares. Humboldt has repurchased approximately 4% of its outstanding shares, over the past two years.



OUTLOOK

Humboldt firmly believes that we are in a growth phase of the North American economic cycle and that oil and natural gas prices will be strong participants during this period. 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.

Humboldt has taken advantage of Company takeovers and a high degree of asset growth and has increased its liquidity, finishing the quarter with a cash balance of \$3.4 million. This will allow the Company to take advantage of new opportunities, as they become available.

On behalf of the Board,

“signed”

R.W. Lamond

Chairman of the Board

November 24, 2004



MANAGEMENT'S DISCUSSION AND ANALYSIS

Prepared as of November 24, 2004

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, 2004. 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 risks 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. The interim financial statements for the nine months ended September 30, 2004 and 2003 have not been reviewed by the Company's external auditors.

The following is a summary of the investments held by Humboldt and other components of Humboldt's net asset value, as at September 30, 2004.

Portfolio Summary and Net Asset Value at September 30, 2004

<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	17,869	\$ 9,877	\$ 4,258	\$ 5,618	25.7%	23.7%
Sharon Energy Ltd.	11,495	1,494	(500)	1,994	3.9%	3.6%
Highview Resources Ltd.	6,153	1,446	900	546	3.8%	3.5%
Tuscany Energy Ltd.	4,000	—	(400)	400	0.0%	0.0%
Major Holdings		12,817	4,258	8,559	33.4%	30.8%
Humboldt Energy Fund		3,039	1,208	1,831	7.9%	7.3%
True Energy Inc.	550	1,569	1,013	556	4.1%	3.8%
E3 Energy	571	1,063	288	775	2.8%	2.6%
Luke Energy Ltd.	365	953	314	640	2.5%	2.3%
Rider Resources Ltd.	185	908	497	411	2.4%	2.2%
Endev Energy Ltd.	679	773	56	717	2.0%	1.9%
Purcell Energy Ltd.	220	680	115	565	1.8%	1.6%
AltaCanada Energy Corp.	690	587	167	420	1.5%	1.4%
Trafina Energy Ltd. A	303	545	470	75	1.4%	1.3%
Real Resources Inc.	55	520	198	321	1.4%	1.2%
Aquest Energy Ltd.	214	491	66	425	1.3%	1.2%
Lightning Energy Ltd.	108	428	(147)	575	1.1%	1.0%
Canex Energy Inc.	246	344	169	176	0.9%	0.8%
Bulldog Energy	210	332	117	215	0.9%	0.8%
Triloch Resources Inc.	131	327	22	305	0.9%	0.8%
C1 Energy	167	288	(56)	344	0.7%	0.7%
Goose River Resources	572	286	(38)	323	0.7%	0.7%
Paramount Energy Trust	17	265	76	189	0.7%	0.6%
Mystique Energy Inc.	601	240	71	170	0.6%	0.6%
Result Energy Inc.	500	240	82	158	0.6%	0.6%
Devlan Exploration Inc.	72	217	16	202	0.6%	0.5%
Virtus Energy	496	213	(58)	271	0.6%	0.5%
Forte Resources Inc.	64	198	34	164	0.5%	0.5%
Find Energy	50	173	37	136	0.5%	0.4%
Westchester Resources	250	153	40	113	0.4%	0.4%
Deep Resources Ltd.	158	142	79	63	0.4%	0.3%
Meridian Energy Corp.	44	129	29	100	0.3%	0.3%
Yangerra Resources Inc.	192	127	(37)	164	0.3%	0.3%
Predator Exploration Ltd.	250	123	(2)	125	0.3%	0.3%
Kelso Energy Inc.	610	122	(30)	152	0.3%	0.3%
Rival Energy Inc.	158	106	(127)	232	0.3%	0.3%
Other - CDN Oil & Gas		480	(211)	690	1.2%	1.2%
Canadian Oil & Gas		13,022	3,249	9,772	33.9%	31.3%



HUMBOLDT CAPITAL CORPORATION

Portfolio Summary and Net Asset Value at September 30, 2004 (continued)

<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
Centurion Energy International	214	1,457	1,277	180	3.8%	3.5%
Rio Alto Resources International	603	790	216	573	2.1%	1.9%
Rally Energy Corp.	509	484	163	320	1.3%	1.2%
Avery Resources Inc.	934	448	130	318	1.2%	1.1%
Pan Ocean Energy	18	394	357	38	1.0%	0.9%
Bow Valley Energy	230	363	(8)	371	0.9%	0.9%
Eastcoast Energy Class B	140	333	193	140	0.9%	0.8%
Antrim Energy	128	276	136	139	0.7%	0.7%
Grove Energy Limited	438	180	(8)	187	0.5%	0.4%
Stratic Energy Corp.	350	154	5	149	0.4%	0.4%
Loon Energy	600	126	18	108	0.3%	0.3%
Other - International Oil & Gas		98	48	51	0.3%	0.2%
International Oil & Gas		5,103	2,528	2,574	13.3%	12.2%
Halliburton Co. (Cdn\$)	16	680	233	447	1.8%	1.6%
Williams Brothers (Cdn\$)	30	468	360	108	1.2%	1.1%
Technicoil Corp.	253	417	247	170	1.1%	1.0%
Dynegy (Cdn\$)	60	299	25	274	0.8%	0.7%
El Paso Corporation	20	232	27	205	0.6%	0.6%
HSE Integrated Ltd.	140	161	-	161	0.4%	0.4%
Destiny Resource Services Corp.	701	105	(65)	170	0.3%	0.3%
Wenzel Downhole Tools Ltd.	14	10	1	9	0.0%	0.0%
Energy Services		2,372	828	1,544	6.2%	5.7%
Phelps Dodge (Cdn\$)	2	232	132	101	0.6%	0.6%
Breakwater Resources	400	204	(38)	242	0.5%	0.5%
Quadra Mining Ltd.	33	178	(20)	198	0.5%	0.4%
Eurozinc Mining Corp.	217	167	37	131	0.4%	0.4%
True North Gems	234	164	75	89	0.4%	0.4%
Other - Mining		195	(94)	289	0.5%	0.5%
Mining		1,140	91	1,049	3.0%	2.7%
Canaccord Capital Corp.	45	387	(98)	485	1.0%	0.9%
DeltaOne Energy Fund LP	20	322	72	250	0.8%	0.8%
Other - Investment Companies	480	215	(119)	335	0.6%	0.5%
Investment Companies		924	(145)	1,070	2.4%	2.2%
Total Portfolio		\$38,416	\$12,017	\$26,399	100.0%	92.2%
Loans to associate companies		3,164				7.6%
Cash & other assets less current liabilities		2,487				6.0%
Future tax liability		(2,392)				(5.7)%
Net asset value		\$41,675				100.0%
Net asset value, per share		\$ 3.37				

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.

⁽³⁾ Columns may not add due to rounding.

The first nine months of 2004 was a period of profit taking and Humboldt increased its liquidity to 5% of its assets. During the period ended September 30, 2004, Humboldt took advantage of takeover bids and profit taking on equities in which their share price had outgrown their current potential.

EQUITIES

During the nine months ended September 30, 2004, Humboldt realized capital gains of \$8.3 million and proceeds of \$16.1 million on the sale of equity positions. The Company reinvested \$11.7 million of these proceeds in new equity positions. Total capital invested in equities increased to \$26.4 million at September 30, 2004.

HUMBOLDT'S MAJOR SHAREHOLDING POSITIONS

At September 30, 2004, Humboldt had an investment of \$8.6 million in four closely held companies, which had a market value of \$12.8 million and accounted for 31% of Humboldt's net asset value. A 31% decline in the market value of these holdings accounted for a \$0.46 per share decline in Humboldt's net asset value per share during the nine months ended September 30, 2004.



CANADIAN OIL AND GAS SECTOR

During the nine months ended September 30, 2004, Humboldt realized gains of \$3.2 million and proceeds of \$8.9 million on the disposition of Canadian oil and gas holdings, other than the major holdings referred to above. The Company reinvested \$7.2 million in this sector during the period. The value of the investment in the sector at September 30, 2004 was reduced to \$13.0 million as a result of profit taking and reduced unrealized gains and represented 31% of Humboldt's net asset value.

INTERNATIONAL OIL SECTOR

Humboldt realized gains of \$4.3 million and proceeds of \$5.2 million on sales of equity positions in international companies during the period and reinvested \$1.6 million in this sector and increased its investment to \$2.6 million. The value of Humboldt's investment in the international oil sector was \$5.1 million at September 30, 2004, representing 12% of Humboldt's net asset value.

HUMBOLDT ENERGY FUND

Humboldt's investment of \$1.0 million in the Humboldt Energy Fund in 1999 had increased in value to \$3.6 million, and represents 9% of Humboldt's net asset value at September 30, 2004. Humboldt has increased the funds available for investment in this fund by \$1.0 million in the fourth quarter of 2004.

ENERGY SERVICES SECTOR

Humboldt has invested a total of \$1.2 million in the energy services sector, which has grown to \$1.3 million, representing 3% of the Company's net asset value at September 30, 2004.

LOANS

Humboldt promotes the growth of companies in which it holds significant interest by loaning capital to them for exploration and acquisition activities. At September 30, 2004, Humboldt was owed \$3.2 million from these companies including accrued interest of \$171,000. Humboldt has made an allowance for the impaired value of \$321,000 in relation to a loan to Tuscany Energy Ltd. The net carrying value of loans to associated companies comprised 8% of Humboldt's net asset value at September 30, 2004.

REVENUE

During the nine months ended September 30, 2004, Humboldt reported revenues of \$8.6 million compared with \$3.4 million reported in 2003. The Company's revenue was predominately from capital gains realized on the sale of investments.

At September 30, 2004, Humboldt had before tax unrealized investment gains totaling \$12.0 million. The recognition of these gains as revenue is dependent upon management's decision to sell the investments in any given period. When the gains are recognized, the Company will be obligated to pay income tax on the capital gains. These taxes are currently estimated to be \$2.4 million.

During the nine months ended September 30, 2004, interest revenue generated from associated parties was \$171,000.

**MAJOR HOLDINGS**

Humboldt's investment portfolio is focused on the following three, closely held junior oil and gas companies and the Humboldt Energy Fund. Their market value, together with the carrying values of loans advanced to these companies, comprised 47% of Humboldt's net asset value at September 30, 2004.

Humboldt's investment in these companies have been evaluated at their market value, based on the trading prices of the securities held at the end of the period. The actual value for these holdings, when realized, may vary significantly from the carrying value.

Diaz Resources Ltd.

Share Holdings	Value (Millions)	Percentage of Humboldt's Value	Per Share	
			Cost	Market Value
17,868,792	\$ 9.9	23.7%	\$ 0.31	\$ 0.55

Humboldt's investment in Diaz Resources Ltd. remains the largest holding in the Company's investment portfolio, representing 24% of Humboldt's net asset value. Humboldt owns approximately 31% of the outstanding shares of Diaz at September 30, 2004.

Diaz is an exploration and production company with assets in Alberta and Saskatchewan, in Canada and in Texas, in the United States. Diaz reported excellent financial results for the nine months ended September 30, 2004 with cash flow of \$6.7 million, or \$0.12 per share and production of 1,162 BOEd.

Sharon Energy Ltd.

Share Holdings	Value (Millions)	Percentage of Humboldt's Value	Per Share	
			Cost	Carrying Value
11,495,000 shares 867,000 warrants	\$ 1.5	3.6%	\$ 0.18	\$ 0.13
Loan outstanding – due to Humboldt	\$ 2.8	6.7%		

The carrying value of Humboldt's investment in and loans to Sharon Energy Ltd. represents 10% of the Company's net asset value at September 30, 2004.

Sharon is a Houston, Texas based junior exploration company in the early stage of its development. The company's assets are focused on high impact, deep Wilcox gas prospects in Texas. The exploration program experienced mixed results in Q1 2004 and Sharon's common shares have exhibited limited liquidity.

Humboldt has entered into a financing agreement with Sharon whereby Humboldt agrees to provide a minimum of \$3.0 million revolving loan facility to Sharon for the year 2004.

Highview Resources Ltd.

Share Holdings	Value (Millions)	Percentage of Humboldt's Value	Per Share	
			Cost	Market Value
6,152,833	\$ 1.4	3.5%	\$ 0.08	\$ 0.24
Loan Outstanding - due to Humboldt	\$ 0.4	0.1%		



HUMBOLDT CAPITAL CORPORATION

Highview is a small, Calgary based energy company in which Humboldt owns controlling interest. In the third quarter of 2004, John Cassels and Philip Rodd, experienced oil and gas executives assumed management responsibilities of Highview. In November, the company closed a \$3.6 million resource property acquisition and a \$4.0 million financing. Humboldt participated for \$1.0 million of the financing, increasing its holdings to 12.8 million shares.

Humboldt Energy Fund

<i>(Thousands, except percentage amounts)</i>	September 30		
	2004	2003	2002
Portfolio value	\$ 3,039	\$ 2,356	\$ 1,831
Cash	508	49	101
Total value	\$ 3,547	\$ 2,405	\$ 1,932
Increase in value and realized gain	\$ 1,142	\$ 473	\$ 551
Percentage growth on average capital invested	38%	22%	57%

In 1999, Humboldt established a wholly owned, managed fund to invest in a portfolio of intermediate and junior Canadian oil and gas companies.

Humboldt Energy Fund – Portfolio Summary and Net Asset Value at September 30, 2004

<i>(Thousands, except percentage amounts)</i>	No. of Shares	Carrying Value	Unrealized Gain (Loss) ⁽¹⁾	Investment Cost ⁽²⁾	% of Portfolio	% of Net Asset Value
True Energy Inc.	244	\$ 695	\$ 368	\$ 328	1.8%	1.7%
Real Resources Inc.	43	406	232	174	1.1%	1.0%
Thunder Energy	44	312	165	148	0.8%	0.7%
E3 Energy	130	242	42	200	0.6%	0.6%
Celtic Exploration Ltd.	27	238	56	181	0.6%	0.6%
Compton Petroleum Corp.	26	236	153	82	0.6%	0.6%
Rider Resources Ltd.	41	201	51	150	0.5%	0.5%
Defiant Energy Corp.	46	174	(20)	194	0.5%	0.4%
Atlas Energy Ltd.	50	162	77	85	0.4%	0.4%
NuVista Energy Ltd.	15	145	33	113	0.4%	0.3%
Starpont Energy Ltd.	18	90	40	50	0.2%	0.2%
Other investments		138	11	127	0.4%	0.3%
Humboldt Energy Fund		\$ 3,039	\$ 1,208	\$ 1,831	7.9%	7.3%

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.
- ⁽³⁾ Columns may not add due to rounding.

The Fund has performed well since its organization, increasing in value by 38% over the past year and by a total of 242% since its inception in 1999. The assets of the fund represent 9% of Humboldt's net asset value.

Administration Costs

<i>(Thousands, except percentage amounts)</i>	Nine Months Ended September 30		
	2004	2003	2002
Overhead	\$ 453	\$ 305	\$ 296
Assets under management	\$ 45,377	\$ 35,487	\$ 24,430
Percentage (annualized)	1.3%	1.1%	1.6%

Total administration costs increased by \$100,000 during the period due to increased staffing. This represents 1.3% of the assets under management on an annualized basis.



HUMBOLDT CAPITAL CORPORATION

Stock Valuation and Market Price

<i>(Thousands, except per share amounts)</i>	September 30		
	2004	2003	2002
Net asset value	\$ 41,675	\$ 32,958	\$ 23,678
NAV, per share (diluted)	\$ 3.37	\$ 2.66	\$ 1.86
Market price, per share	\$ 2.20	\$ 1.80	\$ 0.94

Issuer Bid

	Nine Months Ended	Years Ended	
	September 30	September 30	December 31
Shares Purchased	2004	2003	2002
Common	70,600	34,600	–
Subordinate voting	–	74,200	79,200
Multiple voting	–	192,500	98,000
Average cost paid, per share	\$ 2.07	\$ 1.14	\$ 0.96

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 22, 2004, Humboldt filed a notice of intent to continue its Normal Course Issuer Bid. Humboldt may repurchase up to 618,300 of its outstanding common shares, pursuant to the normal course issuer bid, expiring July 25, 2005. 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.

Income Tax

<i>(Thousands)</i>	Nine Months Ended September 30		
	2004	2003	2002
Future income tax liability	\$ 2,392	\$ 2,333	\$ 752
Income tax expense			
Current	\$ 1,302	\$ 72	\$ 10
Future	(201)	406	24
Total income tax expense	\$ 1,101	\$ 478	\$ 34

Future income tax liabilities primarily result from unrealized gains on portfolio holdings. Since the majority of the Company's revenue comes from capital gains, the Company's effective tax rate is reduced by 50%. The federal and provincial income tax rates were reduced in 2004 and as a result, Humboldt's current and future tax expenses were reduced and the effective rate was reduced to 33.1% on taxable income and 17.5% on capital gains for the first nine months of 2004.

Liquidity and Capital Resources

<i>(Thousands)</i>	September 30		
	2004	2003	2002
Working capital	\$ 2,109	\$ 2,305	\$ 3,068

At September 30, 2004, Humboldt held 5% of its net asset value in cash and highly liquid investments, net of current liabilities. The Company has no long-term debt. Humboldt's requirements for overhead are minimal.



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 which are critical to the results.

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

Share holdings having a quoted market value are recorded at the value if they have a sufficiently liquid market. Investments that do not have a liquid market are recorded at their estimated fair value. Loans and other receivables are recorded at their face value unless the value has been impaired.

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 period.

CHANGE IN ACCOUNTING POLICY

The Canadian Institute of Chartered Accountants has adopted new accounting guidelines regarding the accounting treatment for investment companies. In accordance with this guideline, investment companies are required to record all their investments at fair value in their financial statements.

Humboldt's current accounting practice is consistent with the new guidelines, provided Humboldt qualifies as an "investment company" pursuant to the guidelines. In order to qualify as an investment company, Humboldt will be required to reduce the Company's investment in companies in its portfolio to less than 20% of these companies or Humboldt must eliminate the involvement of its direct influence in the management and day-to-day operations of any companies in the portfolio.

If Humboldt does not qualify as an investment company as of January 1, 2005, the Company will be required to carry investments in which it holds less than 20% of the Company's equity at the lower of cost or market. Humboldt would be required to consolidate the financial results of companies in which it owns greater than 20% of the equity.

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 CAPITAL CORPORATION

Humboldt attempts to minimize its investment risk by diversifying its holdings over a large 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.

SELECTED QUARTERLY INFORMATION

Table with 9 columns: (Thousands, except per share amounts), Three Months Ended (2004 Sept. 30, 2004 June 30, 2004 Mar. 31, 2003 Dec. 31, 2003 Sept. 30, 2003 June 30, 2003 Mar. 31, 2002 Dec. 31). Rows include Total revenue, Earnings (loss) per share, basic & diluted.

Table with 9 columns: As at the Period Ended (2004 Sept. 30, 2004 June 30, 2004 Mar. 31, 2003 Dec. 31, 2003 Sept. 30, 2003 June 30, 2003 Mar. 31, 2002 Dec. 31). Rows include Retained earnings, Unrealized gain, Net asset value per share, basic & diluted.

OUTLOOK

Oil and gas prices are currently at cyclical highs and should remain high in the short term. These commodity prices should 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 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 2004	December 31 2003
Assets		
Cash and term deposits	\$ 3,352	\$ 401
Accounts receivable	67	16
	3,419	417
Other assets	218	161
Loans and convertible debt receivable	160	260
Loans to associated companies	3,164	2,247
Investments	38,416	42,048
	41,958	44,716
Total Assets	\$ 45,377	\$ 45,133
Liabilities		
Accounts payable and accrued liabilities	\$ 18	\$ 239
Income tax payable	1,292	-
	1,310	239
Future income tax	2,392	3,879
	3,702	4,118
Shareholders' Equity		
Share capital	1,845	1,762
Retained earnings	29,346	22,447
Unrealized gain on investments	10,484	16,806
Total Shareholders' Equity	41,675	41,015
Total Liabilities and Shareholders' Equity	\$ 45,377	\$ 45,133
Net asset value per share, basic	\$ 3.37	\$ 3.33
Net asset value per share, diluted	\$ 3.37	\$ 3.31

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Approved by the Board

2004
THIRD
QUARTER
REPORT

"signed"

"signed"

R.W. Lamond, Director

C.A. Teare, Director

**CONSOLIDATED STATEMENT OF OPERATIONS***(Thousands, except per share amounts)**(Unaudited)*

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2004	2003	2004	2003
Revenue				
Net gain on sale of investments	\$ 3,412	\$ 262	\$ 8,317	\$ 3,176
Interest, dividends and other	94	60	254	224
	3,506	322	8,571	3,400
Expenses				
General and administrative	145	96	453	305
Earnings before income taxes	3,361	226	8,118	3,095
Income taxes (recovery)				
Current	526	(59)	1,302	72
Future	153	112	(201)	406
	679	53	1,101	478
Net earnings	\$ 2,682	\$ 173	\$ 7,017	\$ 2,617
Earnings per share, basic and diluted	\$ 0.22	\$ 0.01	\$ 0.57	\$ 0.21



CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Thousands)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2004	2003	2004	2003
Share Capital				
Common Shares				
Balance, beginning of period	\$ 1,847	\$ -	\$ 1,762	\$ -
Issued on conversion of Subordinate and Multiple Voting Shares	-	1,760	-	1,760
Issued on exercise of options	-	-	93	-
Purchased for cancellation	(2)	(4)	(10)	(4)
Balance, September 30	1,845	1,756	1,845	1,756
Subordinate Voting Shares				
Balance, beginning of period	-	-	-	1,142
Purchased for cancellation	-	-	-	(13)
Converted to Common Shares	-	-	-	(1,129)
Balance, September 30	-	-	-	-
Multiple Voting Shares				
Balance, beginning of period	-	-	-	652
Purchased for cancellation	-	-	-	(21)
Converted to Common Shares	-	-	-	(631)
Balance, September 30	-	-	-	-
Share Capital	\$ 1,845	\$ 1,756	\$ 1,845	\$ 1,756
Retained Earnings				
Balance, beginning of period	\$ 26,671	\$ 22,676	\$ 22,447	\$ 20,488
Net earnings for the period	2,682	173	7,017	2,617
Cost in excess of stated value of shares repurchased	(7)	(35)	(118)	(291)
Balance, September 30	\$ 29,346	\$ 22,814	\$ 29,346	\$ 22,814
Unrealized Gain (Loss) on Investments				
Balance, beginning of period	\$ 8,671	\$ 5,777	\$ 16,806	\$ 3,087
Increase (decrease) in unrealized gain on investments	4,743	3,041	(4,947)	6,224
Increase in deferred taxes on unrealized gain	(2,930)	(430)	(1,375)	(923)
Balance, September 30	\$ 10,484	\$ 8,388	\$ 10,484	\$ 8,388
Total Shareholders' Equity	\$ 41,675	\$ 32,958	\$ 41,675	\$ 32,958



CONSOLIDATED STATEMENT OF CASH FLOWS

(Thousands)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2004	2003	2004	2003
Cash provided by (used for):				
Operating Activities				
Net earnings	\$ 4,137	\$ 173	\$ 7,017	\$ 2,617
Adjusted for:				
Interest	(176)	(60)	(254)	(224)
Future (recovery) tax	85	112	(201)	406
Net gain on sale of investments	(5,070)	(262)	(8,317)	(3,176)
	(1,024)	(37)	(1,755)	(377)
Change in non-cash working capital	419	131	745	166
	(605)	94	(1,010)	(211)
Investing Activities				
Loans to associated companies	(271)	233	(571)	(67)
Proceeds from sale of investments	10,063	1,865	16,090	7,552
Purchase of investments	(9,224)	(2,760)	(11,748)	(6,901)
Other assets	60	(127)	60	(137)
Interest	59	60	83	224
	687	(729)	3,914	671
Financing Activities				
Shares issued on exercise of options	86	—	93	—
Purchase of shares for cancellation	(132)	(38)	(146)	(337)
	(46)	(38)	(53)	(337)
Increase (decrease) in cash	36	(673)	2,851	123
Cash, beginning of period	3,216	3,114	401	2,318
Cash, end of period	\$ 3,252	\$ 2,441	\$ 3,252	\$ 2,441
Supplementary information regarding cash payments:				
Interest received during the period	\$ (24)	\$ 31	\$ —	\$ 224
Taxes paid (refunded) during the period	\$ (127)	\$ —	\$ —	\$ (127)



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Nine Months Ended September 30, 2004

The financial statements for the nine months ended September 30, 2004 and 2003 have not been reviewed by the Company's external auditors.

1. Significant Accounting Policies

The interim consolidated financial statements of Humboldt Capital Corporation ("Humboldt") have been prepared in accordance with accounting principles generally accepted in Canada. 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. Certain information and disclosures normally required to be included in the notes to the annual consolidated financial statements have been condensed or omitted. The reader should refer to the annual consolidated financial statements of Humboldt at December 31, 2003.

2. Change in Accounting Policy

Stock based compensation

At January 1, 2004, the Company adopted the fair value method for accounting of stock based compensation. The change was accounted for retroactively without restatement of prior period numbers. Using the fair value method, compensation costs of stock based compensation are estimated and charged to earnings in the period of the option grant.

Previously, the Company used the intrinsic value method and no compensation expense was recognized. This change in accounting policy had no effect on the Company's financial statements.

3. Share Capital

a) Authorized

Unlimited number of Common Shares, no stated par value

Unlimited number of First Preference Shares, no stated par value

b) Issued	No. of Shares	Amount <i>(Thousands)</i>
Common Shares		
Balance, December 31, 2003	12,330,878	\$ 1,762
Issued on exercise of options	93,200	93
Purchased for cancellation	(70,600)	(10)
Total Shares Outstanding, September 30, 2004	12,353,478	\$ 1,845

c) 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 period of 5 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.

At September 30, 2004, no options to purchase common shares of the Company were outstanding.



HUMBOLDT CAPITAL CORPORATION

CORPORATE INFORMATION

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Robert L. McPherson ⁽¹⁾
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Calgary, Alberta

(1) Member of the Audit Committee

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AUDITORS

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Calgary, Alberta

OFFICERS

R.W. Lamond
President, Chairman of the Board & 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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