



*The North side of this River from the Seven Islands to  
Quebec, the enlarged draughts of the Traverse & Harbors  
with the Track Soundings & Appearance of Lands was  
carefully copied from Deshayes Original Survey in & Collec-  
tion of the Earl of Marchmont  
The Labrador Coast, with the South side of this River  
from Kamuraska & the Coast of Nova Scotia (see  
Mandalen River to Cape Gaspey) with the Coast  
the River from Quebec to Lake Ontario  
D'Anville's large Map of America  
This Chart agrees with a Drawing  
Collection of G*



Humboldt Capital Corporation  
Q1 Interim Report 2007





## Corporate Profile

Humboldt is an investment company with its holdings concentrated in the resource 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 that have potential for growth, with the objective of realizing capital gains through the increase in the value of its share positions.

The Company's principal business philosophy is to purchase securities for 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 companies, with well thought out growth plans, will benefit the Company's shareholders over a three- to five-year period.

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 also has investments in the mining sector, with a particular emphasis on companies exploring or producing commodities which Humboldt anticipates have further growth potential in this stage of the economic cycle.

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

## Highlights

<i>(Thousands, except per share amounts)</i>	Three Months Ended March 31		
	2007	2006	2005
Earnings (loss)	\$ (5,192)	\$ 5,100	\$ 6,642
Earnings (loss) per share, diluted	\$ (0.42)	\$ 0.41	\$ 0.54
Share capital	\$ 2,080	\$ 1,976	\$ 1,840
Retained earnings	\$ 62,592	\$ 84,900	\$ 54,615
Shareholders' equity	\$ 65,542	\$ 87,152	\$ 56,455
Shares outstanding	12,384	12,377	12,320
Net asset value per share, diluted	\$ 5.08	\$ 6.86	\$ 4.50



## To the Shareholders

The value of Humboldt's investment portfolio declined in the first quarter of 2007 due to the continued weakness in the gas related equities in the portfolio. At March 31, 2007, the net asset value of the Company was \$5.08 per share compared with \$5.47 at the beginning of the period and \$6.86 at March 31, 2006. Subsequent to the end of the quarter, the resource equity market has improved significantly and this should be reflected in a higher value of Humboldt shares in the next quarter.

During the quarter, Humboldt made a decision to reduce its investment in the Canadian oil and gas sector, primarily in gas weighted stocks; more speculative stocks in the international oil and gas sector; and mining stocks with prices ahead of their valuations. The Company realized gains of \$4.0 million and proceeds of \$9.8 million on such sales during the quarter. Humboldt reinvested only \$2.0 million of the proceeds in the equities market, increased its loan to an associated company by \$1.2 million and increased its working capital to \$5.8 million at the end of the quarter.

The gains realized were offset by a decline in unrealized gains on assets held at the end of the quarter and Humboldt incurred a loss of \$5.2 million for the year compared with earnings of \$5.1 million a year earlier.

## The Economy and the Markets

The U.S. economy continues to grow, fuelled by low interest rates and a low U.S. dollar. The impact of this ongoing growth has resulted in an increase in United States demand for almost all commodities. This demand increase, coupled with a growing requirement for industrial commodities in the rapidly expanding economies of China and India, has increased demand and prices for metals including copper, nickel and zinc.

The exploration for each of these metals has attracted very significant capital expenditures over the past year. Demand has, to date, kept metal prices at cyclically high levels. Clearly, supply and demand forces will in due course overtake this situation and result in increasing supplies, with slowly eroding prices.

Oil prices remain fairly stable in the \$65 per barrel range through the first five months of 2007 due to supply problems, higher demand from emerging economies and continued uncertainties due to political unrest in the Middle East.

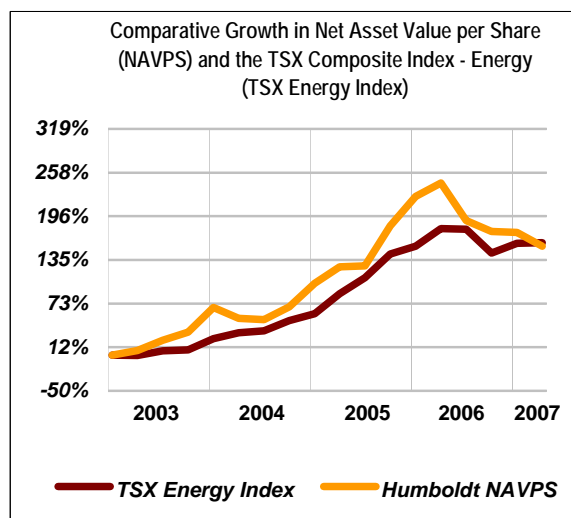
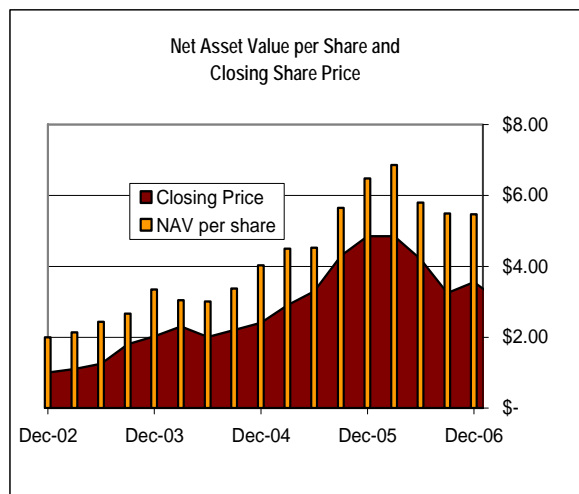
Natural gas prices exhibited a needle-like peak at the end of 2005, due to winter supply constraints and high demand, however significant increases in gas-targeted drilling and the unseasonably warm weather reduced the gas demand and gas prices throughout 2006. Recently, however, the collapse of gas-targeted drilling in Canada and the reversal of the trend to increasing gas storage volumes in the U.S., to a current year-over-year deficit, leads to encouragement that gas prices will continue to improve throughout 2007.

Humboldt's investments in metal exploration companies, especially copper, zinc and nickel, were based on the steady depletion of worldwide inventory levels to near historic lows. During the past two years, inventories of these commodities have significantly dropped due to large, predominantly Far East demand, associated with pricing insensitivity. As a result of the high prices, though, mineral exploration is booming and Humboldt foresees a somewhat lower demand picture with increasing supply developing through 2007. Any negative impact on the pace of worldwide economic growth would speed this process.



## Stock Valuation and Share Buyback

At the end of the quarter, Humboldt's net asset value, after tax, totaled \$65.5 million, or \$5.08 per share, on a fully diluted basis. This value represents a much higher value than the current trading price and Humboldt has a program in place to repurchase its shares in the marketplace.



## Outlook

Humboldt continues to have concerns about the trend in North American equity prices due to the overhang of the United States twin deficits, trade and budget, and further weakening of the U.S. dollar. North American share prices should continue to grow, however an increase in U.S. interest rates or a significant external shock could change this outlook. Finally, the long term impact of the meltdown in the U.S. housing business is hard to quantify, but will not be positive for U.S. growth.

Asian demand should provide a firm base for most internationally traded commodities during 2007. They comprise oil and the principal base metals.

Humboldt's other commodity-based holdings with a favourable outlook include diamonds, where demand continues to outstrip foreseeable supplies; uranium, which has been enormously bid up due to a perceived medium term supply problem; and finally, gold, which essentially acts in an inverse relationship to the U.S. dollar and should remain strong.

As a result of greater uncertainties at this phase of the business cycle, Humboldt has increased its level of liquidity to enable the Company to reinvest more of its capital in the energy business at a more appropriate time. At the time of writing, Humboldt's cash reserves total \$5.8 million.



Finally, the Company remains optimistic that it has retained in its portfolio companies well positioned for growth. With the proceeds from the sale of some of its holdings, Humboldt plans to continue to add to its portfolio, energy companies selected for growth, at reasonable prices.

On behalf of the Board,

*"Signed"*

R.W. Lamond  
Chairman of the Board  
May 24, 2007



## Management's Discussion and Analysis

May 24, 2007

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 three months ended March 31, 2007 and the audited financial statements at December 31, 2006. The reader should be aware that historical results are not necessarily indicative of future performance.

**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. 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 industry involves risks and uncertainties and is subject to change based on various factors.



The following is a summary of the investments held by Humboldt and other components of Humboldt's net asset value, as at March 31, 2007:

**Portfolio Summary and Net Asset Value  
at March 31, 2007**

<i>(Thousands, except percentage and per share amounts)</i>	Carrying Value <sup>(1)</sup>	Unrealized Gain (Loss) <sup>(2)</sup>	Investment Cost <sup>(3)</sup>	% of Portfolio	% of Net Asset Value
Major Holdings	\$ 20,683	\$ 7,098	\$ 13,584	36%	32%
Oil & Gas					
- Canadian	11,003	(1,950)	12,953	19%	17%
- International	13,458	3,034	10,424	24%	21%
Mining	11,267	3,421	7,845	20%	17%
Energy Services	424	(241)	665	1%	1%
Other Equity Investments	107	27	79	0%	0%
<b>Total Portfolio</b>	<b>\$ 56,940</b>	<b>\$ 11,383</b>	<b>\$ 45,557</b>	<b>100%</b>	<b>87%</b>
Loan to associate company	4,762				7.3%
Cash, working capital & other	6,298				9.6%
Current income tax receivable	(54)				-0.1%
Future tax liability	(2,404)				-3.7%
<b>Net asset value</b>	<b>\$ 65,542</b>				<b>100.0%</b>
<b>Net asset value, per share (diluted)</b>	<b>\$ 5.08</b>				

- 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 Gas (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 may not add due to rounding.

**Major Holdings**

The largest percentage of Humboldt's investment portfolio consists of the following five closely held junior oil and gas companies. The market value of Humboldt's investments in these companies declined by 14% in the first quarter of 2007. The \$3.3 million decrease in value of these closely held companies accounted for the majority of Humboldt's loss of value during the quarter. Humboldt advanced a further \$1.2 million to Sharon Energy Ltd. to pursue its participation in a new well in Texas. The market value of Humboldt's major holdings, together with the values of loans advanced to these companies decreased to \$25.4 million, 39.1% of Humboldt's net asset value at March 31, 2007 compared with \$27.4 million or 38.8% of the asset base at December 31, 2006.

Humboldt's investments in these companies have been evaluated at their market value, based on the bid 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	Cost per Share	Market Value per Share
18,263,000	\$ 11.9	18.1%	\$ 0.32	\$ 0.65

Humboldt's investment in Diaz Resources Ltd. remains the largest individual holding in the Company's investment portfolio, representing approximately 18.1% of Humboldt's net asset value. Humboldt owned 29% of the outstanding shares of Diaz at March 31, 2007.

Diaz is an exploration and production company with assets in Alberta and Saskatchewan, in Canada and in Texas, in the United States. For the quarter ended March 31, 2007 Diaz reported cash flow of \$1.6 million, or \$0.02 per share and production averaging 1,017 BOEd. The net present value of reserves, at a 10% discount rate, before tax, was \$93.9 million at year end.

Diaz recently completed a debt financing raising \$7.1 million through the issue of five-year convertible debentures. The proceeds are to fund the company's high impact U.S. gas drilling program. Diaz is currently drilling a significant well in the Wilcox gas trend. The Cheney #1 well commenced drilling on April 17, 2007 and is anticipated to be completed in the third quarter of 2007. Diaz has a 20% interest in the potentially high impact well.

**Sharon Energy Ltd.**

Share Holdings	Value (Millions)	Percentage of Humboldt's Value	Cost per Share	Market Value per Share
17,731,000	\$ 6.2	9.5%	\$ 0.25	\$ 0.35
Loan outstanding - due to Humboldt	\$ 4.7	7.2%		

The carrying value of Humboldt's investment in Sharon Energy Ltd. represents 9.5% of the Company's net asset value at quarter ended March 31, 2007 and the outstanding loan to Sharon of \$4.7 million represents 7.1% of the net asset value. Humboldt owned 33% of the outstanding shares of Sharon at March 31, 2007.

Sharon is a Houston, Texas based junior exploration company in the early stage of its development. The company's exploration is focused on high impact, deep Wilcox gas prospects in Texas. Sharon announced its participation for a 14% working interest in and the commencement of drilling of the Cheney #1 well. This is one of Sharon's potentially higher impact exploration properties in Texas. The well should be completed by the third quarter of 2007.

Humboldt advanced a further \$1.2 million on Sharon's credit facilities in order to financing the drilling of the well. On May 24, 2007, Sharon announced a planned \$6 million financing to finance its continued exploration program in Texas and Canada. Humboldt has agreed to subscribe for \$1.0 million of the offering.

**Tuscany Energy Ltd.**

Share Holdings	Value (Millions)	Percentage of Humboldt's Value	Cost per Share	Market Value per Share
6,298,000	\$ 1.0	1.5%	\$ 0.20	\$ 0.16

During 2006, Tuscany grew as a result of two financings raising \$4.3 million and the acquisition of a producing oil property in west central Saskatchewan. Tuscany has a production base of approximately 160 BOEd, together with some development opportunities to provide the company a base with which to grow in 2007. Humboldt owned 27% of the outstanding shares of Tuscany at March 31, 2007.



**Highview Resources Ltd.**

Share Holdings	Value (Millions)	Percentage of Humboldt's Value	Cost per Share	Market Value per Share
12,819,000	\$ 0.6	0.9%	\$ 0.12	\$ 0.05

Highview is a junior Calgary-based energy company in which Humboldt owns 13.4% of the outstanding shares.

On March 29, 2007 Highview entered into an agreement to sell substantially all of its assets for \$5.0 million the initial step of a corporate restructuring which has been approved by the shareholders of Highview.

The Board of Directors of Highview have appointed a new management team and a reorganization of the share structure by consolidating the shares on a 1 for 10 basis. The company will change its name to Paris Energy Inc.

**Goldmark Minerals Ltd**

Share Holdings	Value (Millions)	Percentage of Humboldt's Value	Cost per Share	Market Value per Share
4,679,000	\$ 1.1	1.6%	\$ 0.09	\$ 0.23

At March 31, 2007 Humboldt owned 39% of the outstanding shares of Goldmark.

Goldmark is a mineral exploration company in the development stages of its operations. Goldmark is currently focused on property acquisitions in Ecuador and Brazil in South America.

In May, the company completed a financing to raise an additional \$2.1 million to fund the exploration program in South America.

**Canadian Oil and Gas Sector**

For reporting purposes, Humboldt has moved the securities managed in the Humboldt Energy Fund into the Canadian oil and gas sector because of the similarity of the size and nature of the holdings. The prior period comparisons have also been revised. During the first quarter of 2007, Humboldt realized gains of \$150,000 and proceeds of \$3.0 million on the disposition of Canadian oil and gas holdings. Humboldt reinvested only \$0.5 million in this sector. The value of the remaining holdings decreased by \$2.0 million thereby reducing its weighting in the sector from 23.4% to 17% of Humboldt's asset value.

**International Oil Sector**

Humboldt realized gains of \$1.9 million and proceeds of \$3.3 million on sales of equity positions in international companies during the period. Humboldt reinvested \$3.2 million in this sector however the sector declined in value by \$1.5 million during the quarter. The value of Humboldt's investment in the international oil sector was \$10.4 million at March 31, 2007, representing 21.0% of Humboldt's net asset value compared with \$10.5 million, or 21% of Humboldt's net asset value at December 31, 2006.



## Mining Sector

During the first quarter of 2007, Humboldt realized a gain of \$1.9 million on proceeds of \$3.5 million in the mining sector. Humboldt reinvested \$0.4 million in the sector during the quarter. The value of the investment in the mining sector was therefore reduced by \$3.0 million to \$11.3 million during the quarter and represents 17% of Humboldt's value at March 31, 2007.

### Administration Costs

<i>(Thousands, except percentage amounts)</i>	March 31		
	2007	2006	2005
General and administrative	\$ 326	\$ 359	\$ 172
Assets under management	\$ 65,542	\$ 87,152	\$ 56,455
Percentage (annualized)	2.0%	1.6%	1.2%

Total general and administrative costs of \$326,000 equaled an annualized 2.0% of the assets under management. In addition, the Company incurred a non-cash remuneration expense of \$200,000 representing the value of options issued to employees and directors during the period.

### Stock Valuation and Market Price

<i>(Thousands, except per share amounts)</i>	March 31		
	2007	2006	2005
Net asset value	\$ 65,542	\$ 87,152	\$ 56,455
NAV, per share (diluted )	\$ 5.08	\$ 6.86	\$ 4.50
Market price, per share	\$ 3.01	\$ 4.85	\$ 2.90

Humboldt's net asset value per share decreased by 7% during the first quarter of 2007 and by 25% over the last year. The market price of Humboldt's shares on March 31, 2007 was \$3.01 and has decreased by 15% during 2007 and by 38% since March 31, 2006.

<i>Issuer Bid</i>	Three months ended	Years ended	
	March 31	December 31	
<i>Shares Repurchased</i>	2007	2006	2005
Common	5,000	11,200	31,000
Average cost paid, per share	\$ 3.06	\$ 3.46	\$ 2.32

Humboldt's shares trade at a discount to their net asset value and as a result, the Company is from time to time repurchasing its shares through a Normal Course Issuer Bid. Humboldt is authorized to purchase further shares under the Normal Course Issuer Bid prior to August 8, 2007.



**Income Tax**

<i>(Thousands, except percentage amounts)</i>	March 31		
	2007	2006	2005
Income tax expense (recovery)			
Current	\$ 618	\$ 731	\$ 2,489
Future	\$ (1,612)	(3,608)	3,740
Total income tax expense (recovery)	\$ (994)	\$ (2,877)	\$ 6,229
Earnings (loss), before tax	\$ (6,186)	\$ (14,841)	\$ 38,190
Effective tax rate	16%	19%	16%

Future income tax liabilities primarily result from unrealized gains from portfolio holdings. Since the majority of the Company's revenue comes from capital gains from long term investments, the Company's effective tax rate is approximately 16%.

**Liquidity and Capital Resources**

<i>(Thousands)</i>	March 31		
	2007	2006	2005
Working capital	\$ 5,784	\$ 2,393	\$ 2,028

Humboldt's portfolio is principally comprised of small capitalization companies listed on Canadian stock exchanges. Approximately 32% of its net asset value is reflected in significant equity positions in five oil and gas corporations, two of which are in the start-up phase and one mining corporation which is also in the start-up phase. The remainder of Humboldt's net asset value is reflected in small equity holdings in numerous oil and gas and mining corporations, the majority of which are characterized by small capitalizations and public floats and trading in low daily volumes at prices under \$1.00 per share. As such, the majority Humboldt's portfolio is generally not highly liquid.

At March 31, 2007, Humboldt had working capital of \$5.8 million. Humboldt's requirements for overhead are minimal in relation to its asset value.

Humboldt has no long term debt and does not plan to use long term debt leverage to increase its investment portfolio.

Cash flow 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.

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 investments that do not have a quoted market price, these are recorded at Management's estimated fair value. Based on the information available to Management, 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 March 31, 2007, investments carried at cost represent 1.8% of the total investment 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 market price for the securities exceeds the stock price for 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 period.

### Change in Accounting Policy

The interim financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements, except as follows:

#### Comprehensive Income

The Company adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1530, Comprehensive Income, on January 1, 2007. The new standard introduces comprehensive income, which consists of net income and other comprehensive income. The Company does not currently have any other comprehensive income items.

#### Financial Instruments

On January 1, 2007, the Company adopted CICA Section 3855, Financial Instruments - Recognition and Measurement. This standard establishes the recognition and measurement criteria for financial assets, liabilities and derivatives. 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 periods 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 designated as "held-for-trading" and are measured at carrying value, which approximates fair value due to the short-term nature of these instruments. Accounts receivable are designated as "loans and receivables" and are carried at cost. Accounts payable are designated as "other financial liabilities" and are carried at cost. Long-term debt is designated as "other financial liabilities" and carried at amortized cost using the effective interest method.

#### 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 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 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.

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

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.

## Quarterly Information

The following table summarizes selected financial results of Humboldt for each of the eight quarters ended March 31, 2007. The information has been summarized from the unaudited financial statements, which were prepared in accordance with Canadian generally accepted accounting principles.

### Selected Quarterly Information

<i>(Unaudited)</i> <i>(Thousands, except per share amounts)</i>	For the Three Months Ended							
	2007		2006			2005		
	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31	Sept. 30	June 30
Total revenue	\$ (5,684)	\$ 2,026	\$ (4,472)	\$ (16,815)	\$ 6,442	\$ 13,260	\$ 18,499	\$ (428)
Earnings (loss)	\$ (5,192)	\$ 838	\$ (3,990)	\$ (13,912)	\$ 5,100	\$ 10,442	\$ 14,588	\$ 289
per share, basic	\$ (0.42)	\$ 0.07	\$ (0.32)	\$ (1.12)	\$ 0.41	\$ 0.86	\$ 1.17	\$ 0.02
per share, diluted	\$ (0.42)	\$ 0.07	\$ (0.32)	\$ (1.10)	\$ 0.41	\$ 0.83	\$ 1.17	\$ 0.02

	As at the Period Ended							
	2007		2006			2005		
	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31	Sept. 30	June 30
Retained earnings	\$ 62,592	\$ 67,798	\$ 66,970	\$ 70,988	\$ 84,900	\$ 79,800	\$ 69,492	\$ 54,904
Net asset value	\$ 65,542	\$ 70,529	\$ 69,283	\$ 73,281	\$ 87,152	\$ 81,947	\$ 71,400	\$ 56,768
per share, basic	\$ 5.29	\$ 5.70	\$ 5.60	\$ 5.92	\$ 7.04	\$ 6.64	\$ 5.78	\$ 4.61
per share, diluted	\$ 5.08	\$ 5.47	\$ 5.49	\$ 5.80	\$ 6.86	\$ 6.48	\$ 5.65	\$ 4.52

## 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, 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. The following table outlines the amounts due from each of the recipients at the end of the past two years and the amount of interest that was charged to these companies on loans outstanding:

(Thousands)	March 31, 2007	
	Balance	Interest Earned
Due from associated companies:		
Sharon Energy Ltd.	\$ 4,669	\$ 83
Goldmark Minerals Ltd.	93	1
	<b>\$ 4,762</b>	<b>\$ 84</b>

***Diaz Resources Ltd.***

At March 31, 2007, Humboldt owned 28.6% of the outstanding shares of Diaz. All of Humboldt’s officers and directors are also officers and/or directors of Diaz.

During Q1 2007, Humboldt paid Diaz \$76,000 as its share of overhead costs. The charge is estimated based on, among other things, the time spent by Diaz employees on Humboldt’s business.

***Sharon Energy Ltd.***

At March 31, 2007, Humboldt owned 33.5% of the outstanding shares of Sharon. Certain of Humboldt’s officers and directors are also officers and directors of Sharon.

Humboldt periodically advances funds to Sharon by way of a revolving secured loan. Humboldt has agreed to a loan in the amount of \$4.8 million Cdn. Humboldt charged Sharon interest on the loan at a simple rate of 10% per annum. The loan is on a revolving and demand basis and has no fixed repayment schedule.

**Capital Stock**

As of May 24, 2007, Humboldt had 12,384,095 common shares outstanding. In addition, at May 24, 2007, the Company has outstanding employee options to purchase an additional 1,135,000 common shares.

**Financial Reporting Update**

The Canadian Institute of Chartered Accountants (“CICA”) is continuously modifying the CICA Handbook with new or amended accounting standards. Humboldt constantly monitors and reviews changes to the CICA Handbook and has determined that no changes were required to its accounting policies during the period ended March 31, 2007. However, several new CICA Handbook sections came into effect January 1, 2007 and were adopted by the Company. Please refer to Note 2, “Changes in Accounting Policies” in the notes to the financial statements for the period ended March 31, 2007.

In December 2006, the CICA issued a new accounting standard: Handbook Section 1535, “Capital Disclosures”, requiring disclosure of information about an entity’s capital and the objectives, policies, and processes for managing capital. The standard is effective for fiscal years beginning on or after October 1, 2007 and we are currently assessing the impact on the consolidated financial statements.



## Internal Controls over Financial Reporting

The Chief Executive Officer and Chief Financial Officer of Humboldt are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. Management has assessed the design of the Company's internal control over financial reporting as at December 31, 2006, and has certified that there were no changes to the controls over financial reporting that occurred during the issuer's most recent interim period that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.

## Disclosure Controls and Procedures

The Company has established disclosure controls, procedures and corporate policies so that the consolidated financial results are presented accurately, fairly and timely. The disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in reports filed or submitted under applicable securities regulation is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. All internal control systems, no matter how well designed, have inherent limitations. Therefore, these systems provide reasonable, but not absolute, assurance that financial information is accurate and complete.

An evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures was conducted as of December 31, 2006, by and under the supervision of management, including the Chief Executive Officer and Chief Financial Officer. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that as of December 31, 2006, the disclosure controls and procedures were effective at providing such reasonable assurance.

## Outlook

Humboldt continues to have concern about the trend in North American equity prices due to the overhang of the United States twin deficits, trade and budget, and further weakening of the U.S. dollar. North American share prices should continue to grow, however an increase in U.S. interest rates or a significant external shock could change this outlook. Finally, the long term impact of the melt down in the U.S. housing business is hard to quantify, but will not be positive for U.S. growth.

Asian demand should provide a firm base for most internationally traded commodities during 2007. They comprise oil and the principal base metals.

Humboldt's other commodity-based holdings with a favourable outlook include diamonds, where demand continues to outstrip foreseeable supplies; uranium, which has been enormously bid up due to a perceived medium term supply problem; and finally, gold, which essentially acts in an inverse relationship to the U.S. dollar and should remain strong.

As a result of greater uncertainties at this phase of the business cycle, Humboldt has increased its level of liquidity to enable the Company to reinvest more of its capital in the energy business at a more appropriate time. At the time of writing, Humboldt's cash reserves total \$5.8 million.

Finally, the Company remains optimistic that it has retained in its portfolio companies positioned for growth. With the proceeds from the sale of some of its holdings, Humboldt plans to continue to add to its portfolio, energy companies selected for growth, at reasonable prices.



**Consolidated Balance Sheet**

(Thousands, except per share amounts)

(unaudited)

	March 31 2007	December 31 2006
<b>Assets</b>		
Cash and term deposits	\$ 6,110	\$ 780
Accounts receivable	4	-
Income tax recoverable	-	225
	<b>6,114</b>	<b>1,005</b>
Loans receivable	207	216
Loans to associated companies (Note 6)	4,762	3,414
Investments (Note 4)	56,940	70,508
Other assets	253	247
	<b>62,162</b>	<b>74,385</b>
<b>Total Assets</b>	<b>\$ 68,276</b>	<b>\$ 75,390</b>
<b>LIABILITIES</b>		
Short term margin debt (Note 3)	\$ 276	\$ 464
Accounts payable and accrued liabilities	-	382
Income tax payable	54	-
	<b>330</b>	<b>846</b>
Future income taxes	2,404	4,015
	<b>2,734</b>	<b>4,861</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 5)		
Common shares	2,080	2,056
Contributed surplus	870	675
Retained earnings	62,592	67,798
<b>Total Shareholders' Equity</b>	<b>65,542</b>	<b>70,529</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 68,276</b>	<b>\$ 75,390</b>
Net asset value per share, basic	\$ 5.29	\$ 5.70
Net asset value per share, diluted	\$ 5.08	\$ 5.47

Approved by the Board:

(Signed) "R.W. Lamond" Director

(Signed) "C.A. Teare" Director



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

(Thousands, except per share amounts)

(Unaudited)

<i>Three Months ended March 31</i>	<b>2007</b>	<b>2006</b>
<b>Revenue</b>		
Net gain on sale of investments	\$ 3,952	\$ 4,397
Unrealized appreciation (depreciation)		
in investment value	(9,763)	1,993
Interest, dividends and other	127	52
	<b>(5,684)</b>	<b>6,442</b>
<b>Expenses</b>		
General and administrative	326	359
Non-cash compensation	201	37
Loan loss expense (recovery)	(25)	-
	<b>502</b>	<b>396</b>
Earnings (loss) before income taxes	<b>(6,186)</b>	<b>6,046</b>
Income taxes (recovery)		
Current	618	479
Future	(1,612)	467
	<b>(994)</b>	<b>946</b>
Net comprehensive income (loss) for the period	<b>(5,192)</b>	<b>5,100</b>
Cost in excess of stated value of shares repurchased	(14)	-
Retained earnings, beginning of period	<b>67,798</b>	<b>79,800</b>
Retained earnings, end of period	\$ <b>62,592</b>	\$ <b>84,900</b>
Earnings (loss) per share, basic	\$ <b>(0.42)</b>	\$ <b>0.41</b>
Earnings (loss) per share, diluted	\$ <b>(0.42)</b>	\$ <b>0.41</b>



**Consolidated Statement of Cash Flows**

(Thousands)

(Unaudited)

<i>Three Months ended March 31</i>	<b>2007</b>	<b>2006</b>
Cash provided by (used for):		
Operating Activities		
Net comprehensive income (loss) for the period	\$ (5,192)	\$ 5,100
Adjusted for:		
Interest, dividends and other	(127)	(52)
Loan loss expense	-	-
Non-cash compensation	201	37
Future income tax recovery	(1,612)	467
Unrealized appreciation of investments	9,763	(1,993)
Net gain on sale of investments	(3,952)	(4,397)
	(919)	(838)
Change in non-cash working capital	(319)	(1,577)
	(1,238)	(2,415)
Investing Activities		
Repayments (advances) to associated companies (net)	(1,219)	2,836
Proceeds from sale of investments	9,807	9,202
Purchase of investments	(2,049)	(7,992)
Other loans and debentures	-	-
Other assets	(6)	-
Interest	30	52
	6,563	4,098
Financing Activities		
Shares issued on exercise of options	20	68
Purchase of shares for cancellation	(15)	-
	5	68
Increase (decrease) in cash	5,330	1,751
Cash, beginning of period	780	1,875
Cash, end of period	\$ 6,110	\$ 3,626
Supplementary information regarding cash payments:		
Interest received during the period	\$ 40	\$ 52
Taxes paid (refunded) during the period	\$ 319	\$ 409
Non-cash items:		
Interest on loans to associated companies	\$ 87	\$ 39



## Notes to the Consolidated Financial Statements For the Three Months Ended March 31, 2007

The financial statements for the three months ended March 31, 2007 and 2006 have not been reviewed by the Company's external auditors.

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. 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, 2006.

### 2. Change in Accounting Policies

The interim financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements, except as follows:

#### *Comprehensive Income*

The Company adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1530, Comprehensive Income, on January 1, 2007. The new standard introduces comprehensive income, which consists of net income and other comprehensive income. The Company does not currently have any other comprehensive income items.

#### *Financial Instruments*

On January 1, 2007, the Company adopted CICA Section 3855, Financial Instruments – Recognition and Measurement. This standard establishes the recognition and measurement criteria for financial assets, liabilities and derivatives. 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 periods 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 designated as "held-for-trading" and are measured at carrying value, which approximates fair value due to the short-term nature of these instruments. Investments and other assets are designated as "held for trading" and are measured at their fair value as determined by the Company. Accounts receivable, loans receivable and loans to associated companies are designated as "loans and receivables" and are carried at cost unless the value has been impaired. Accounts payable are designated as "other financial liabilities" and are carried at cost.



### 3. Margin Debt

Humboldt uses secured margin debt to finance short term cash requirements. These facilities are provided by investment dealers who hold the Company's portfolio securities as security for the debt. Interest rates for the service vary and change in relation to prime rates charged by commercial banks.

### 4. Investments

Investments are comprised of the following:

#### Portfolio Summary and Net Asset Value at March 31, 2007

<i>(Thousands, except percentage)</i>	No. of Shares	Carrying Value <sup>(1)</sup>	Unrealized Gain (Loss) <sup>(2)</sup>	Investment Cost <sup>(3)</sup>	% of Portfolio	% of Net Asset Value
<b>Major Holdings</b>						
Diaz Resources Ltd.	18,263	11,871	5,994	5,877	20.8%	18.1%
Sharon Energy Ltd.	17,731	6,206	1,758	4,448	10.9%	9.5%
Goldmark Minerals Ltd.	4,679	1,053	621	431	1.8%	1.6%
Tuscany Energy Ltd.	6,298	976	(306)	1,282	1.7%	1.5%
Highview Resources Ltd.	12,819	577	(969)	1,546	1.0%	0.9%
<b>Total Major Holdings</b>		<b>20,683</b>	<b>7,098</b>	<b>13,584</b>	<b>36%</b>	<b>32%</b>
<b>Canadian Oil &amp; Gas</b>						
Buffalo Oil Corporation	665	1,024	93	931	1.8%	1.6%
Rider Resources Ltd.	97	826	233	592	1.5%	1.3%
E4 Energy Inc.	732	761	(347)	1,109	1.3%	1.2%
Endev Energy Inc.	588	635	12	622	1.1%	1.0%
Storm Explorations	82	612	237	375	1.1%	0.9%
Wave Energy Ltd.	255	568	0	568	1.0%	0.9%
Trafina Energy Ltd.	303	545	470	75	1.0%	0.8%
Rock Energy Inc.	145	487	(82)	569	0.9%	0.7%
Vero Energy Inc.	80	459	82	377	0.8%	0.7%
Cyries Energy Inc.	35	431	184	247	0.8%	0.7%
Burmis Energy Inc.	168	419	15	404	0.7%	0.6%
NuVista Energy Ltd.	27	402	91	311	0.7%	0.6%
Cork Exploration Inc.	100	365	265	100	0.6%	0.6%
Eastshore Energy Ltd. Class A	733	363	(564)	927	0.6%	0.6%
Titan Exploration Ltd.	158	317	(305)	621	0.6%	0.5%
Result Energy Inc.	597	310	31	279	0.5%	0.5%
West Energy Ltd.	65	256	(106)	362	0.4%	0.4%
Canext Energy Ltd.	343	253	(204)	458	0.4%	0.4%
Rival Energy Inc.	244	241	(110)	351	0.4%	0.4%
Kereco Energy Ltd.	30	215	(41)	256	0.4%	0.3%
Choice Resources Corp.	319	198	(2)	200	0.3%	0.3%
Grand Petroleum Inc.	60	194	(34)	228	0.3%	0.3%
Sure Energy Inc.	151	136	(118)	256	0.2%	0.2%
Nuloch Resources Inc.	200	132	(198)	330	0.2%	0.2%
Javelin Energy Inc.	143	125	(74)	200	0.2%	0.2%
G2 Resources Inc.	203	100	3	97	0.2%	0.2%
Renegade Oil & Gas Ltd.	100	100	0	100	0.2%	0.2%
Other Canadian Oil & Gas		529	(1,481)	2,008	0.9%	0.8%
<b>Total Canadian Oil &amp; Gas</b>		<b>11,003</b>	<b>(1,950)</b>	<b>12,953</b>	<b>19.3%</b>	<b>16.8%</b>



## Portfolio Summary and Net Asset Value at March 31, 2007

<i>(Thousands, except percentage)</i>	No. of Shares	Carrying Value <sup>(1)</sup>	Unrealized Gain (Loss) <sup>(2)</sup>	Investment Cost <sup>(3)</sup>	% of Portfolio	% of Net Asset Value
<b>International Oil &amp; Gas</b>						
Bow Valley Energy Ltd.	381	2,269	1,438	831	4.0%	3.5%
Antrim Energy Inc.	293	1,396	901	495	2.5%	2.1%
Pan Orient Energy Corp.	227	1,023	747	276	1.8%	1.6%
Ithaca Energy Inc.	337	794	56	738	1.4%	1.2%
Gulf Shores Resources Ltd.	873	794	496	298	1.4%	1.2%
Cirrus Energy Corporation	602	789	63	726	1.4%	1.2%
Sterling Resources Ltd.	404	739	261	478	1.3%	1.1%
Benchmark Energy Corp.	584	730	405	325	1.3%	1.1%
BrazAlta Resources Corp.	579	509	207	302	0.9%	0.8%
Excelsior Energy Limited	1,071	450	(48)	498	0.8%	0.7%
EnCore Oil	1,035	411	(95)	507	0.7%	0.6%
Mart Resources Inc.	700	329	(69)	398	0.6%	0.5%
Europa Oil & Gas	600	327	42	285	0.6%	0.5%
Serica Energy PLC	125	325	50	275	0.6%	0.5%
Granby Oil & Gas	245	317	(138)	455	0.6%	0.5%
Loon Energy Inc.	590	307	55	251	0.5%	0.5%
TG World Energy Corp.	200	300	60	240	0.5%	0.5%
Fuel-X International Inc.	522	251	0	251	0.4%	0.4%
Canadian Superior Energy Inc.	80	232	79	153	0.4%	0.4%
Big Sky Energy Corporation	450	187	(456)	642	0.3%	0.3%
TAG Oil Ltd.	545	147	(473)	620	0.3%	0.2%
Genesis Petroleum Corp.	400	145	(154)	299	0.3%	0.2%
Elixir Petroleum Limited	612	137	(236)	373	0.2%	0.2%
Exile Resources Inc.	618	120	(159)	279	0.2%	0.2%
Herald Resources	100	100	13	87	0.2%	0.2%
Drillsearch Energy Limited	820	100	48	51	0.2%	0.2%
Other International		231	(61)	290	0.4%	0.4%
<b>Total International Oil &amp; Gas</b>	<b>0</b>	<b>13,458</b>	<b>3,034</b>	<b>10,424</b>	<b>23.6%</b>	<b>20.5%</b>
<b>Mining</b>						
Alberta Star Development Corp.	300	654	523	131	1.1%	1.0%
Alberta Star Development Corp. (Warrants)	111	159	159	0	0.3%	0.2%
Vaaldiam Resources Ltd.	699	573	123	450	1.0%	0.9%
International PBX Ventures Ltd.	911	528	106	422	0.9%	0.8%
Firestone Ventures Inc.	920	478	318	161	0.8%	0.7%
WSR Gold	1,008	474	(285)	759	0.8%	0.7%
Silver Spruce Resources Inc.	200	350	250	100	0.6%	0.5%
Scorpio Mining Corp.	166	330	139	191	0.6%	0.5%
Christopher James Gold Corp.	388	326	171	155	0.6%	0.5%
Strongbow Exploration Inc.	404	315	210	105	0.6%	0.5%
Firestone Ventures Inc. (Warrants)	834	300	300	0	0.5%	0.5%
Candente Resource Corp.	226	292	109	183	0.5%	0.4%
Shear Minerals Ltd.	403	278	94	184	0.5%	0.4%
Yukon Zinc Corp.	1,217	262	(168)	429	0.5%	0.4%
Nevada Copper Corp.	100	257	157	100	0.5%	0.4%



## Portfolio Summary and Net Asset Value at March 31, 2007

<i>(Thousands, except percentage)</i>	No. of Shares	Carrying Value <sup>(1)</sup>	Unrealized Gain (Loss) <sup>(2)</sup>	Investment Cost <sup>(3)</sup>	% of Portfolio	% of Net Asset Value
Bayswater Uranium Corporation	122	244	144	100	0.4%	0.4%
Silver Spruce Resources Inc. (Warrants)	200	220	220	0	0.4%	0.3%
Capstone Mining Corp.	105	217	118	100	0.4%	0.3%
Chapleau Resources Ltd.	525	210	59	151	0.4%	0.3%
Midlands Minerals Corporation	600	207	47	160	0.4%	0.3%
Global Copper Corp.	100	202	72	130	0.4%	0.3%
Strata Gold Corp.	263	197	49	148	0.3%	0.3%
Indicator Minerals	373	190	13	177	0.3%	0.3%
Alexis Minerals Corporation	200	188	(4)	192	0.3%	0.3%
Commander Resources Ltd.	277	174	72	102	0.3%	0.3%
Full Metal Minerals Ltd.	70	172	12	161	0.3%	0.3%
Golden Reign Resources Ltd.	688	172	22	150	0.3%	0.3%
Atlas Moly Inc.	500	171	0	171	0.3%	0.3%
Ucore Uranium Inc.	123	148	54	93	0.3%	0.2%
Firestone Ventures Inc. (Warrants)	417	142	142	0	0.2%	0.2%
Silvermet Inc.	333	133	33	100	0.2%	0.2%
Verena Minerals Corporation	250	120	63	57	0.2%	0.2%
Uranium Power	100	117	72	45	0.2%	0.2%
Peregrine Metals US	200	114	0	114	0.2%	0.2%
Apoquindo Minerals Inc.	200	112	12	100	0.2%	0.2%
PMI Ventures	400	112	12	100	0.2%	0.2%
Nevada Copper Corp. (Warrants)	100	107	107	0	0.2%	0.2%
Magnum Uranium	83	100	0	100	0.2%	0.2%
Abacus Mining & Exploration	143	100	0	100	0.2%	0.2%
Other Mining Companies		1,822	(105)	1,925	3.2%	2.8%
<b>Total Mining</b>		<b>11,267</b>	<b>3,421</b>	<b>7,845</b>	<b>19.8%</b>	<b>17.2%</b>
<b>Service Industry</b>						
Production Enhancement Group	305	265	(260)	525	0.5%	0.4%
Cabo Drilling	286	124	35	89	0.2%	0.2%
Other Service industry	45	35	(15)	50	0.1%	0.1%
<b>Service Industry Total</b>		<b>424</b>	<b>(241)</b>	<b>665</b>	<b>0.7%</b>	<b>0.6%</b>
<b>Other</b>		<b>107</b>	<b>27</b>	<b>79</b>	<b>0.2%</b>	<b>0.2%</b>
<b>Total Portfolio</b>		<b>56,940</b>	<b>11,383</b>	<b>45,557</b>	<b>100.0%</b>	<b>86.9%</b>
Cash, working capital & other		6,298				9.6%
Loans to associated companies		4,762				7.3%
Current income tax		(54)				-0.1%
Future tax liability		(2,404)				-3.7%
<b>Net asset value</b>		<b>65,542</b>				<b>100.0%</b>
Net asset value, per share (diluted)		\$ 5.08				



5. 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 (Thousands)
<b>Common Shares</b>		
Balance, December 31, 2006	12,380,695	\$ 2,056
Issued on exercise of options	8,400	25
Purchased for cancellation	(5,000)	(1)
<b>Total Shares Outstanding, March 31, 2007</b>	<b>12,384,095</b>	<b>\$ 2,080</b>

	(Thousands)	
<b>Contributed Surplus</b>		
Balance, December 31, 2006	\$	675
Option compensation for the period		201
Options exercised		(6)
<b>Total Shares Outstanding, March 31, 2007</b>	<b>\$</b>	<b>870</b>

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.



A summary of the Company's option plan as at March 31, 2007 and December 31, 2006 are as follows:

	March 31, 2007		December 31, 2006	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of period	1,078,400	\$2.41	486,700	\$2.41
Granted during the period	65,000	\$3.01	655,000	\$3.22
Exercised during the period	(8,400)	\$2.41	(43,300)	\$2.41
Expired during the period			(20,000)	\$2.41
Options outstanding at end of period	1,135,000	\$2.82	1,078,400	\$2.90
Options exercisable at end of period	880,000	\$2.75	490,000	\$2.77

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
\$2.41	415,000	2.7	415,000
\$3.01	120,000	4.2	40,000
\$3.05	600,000	4.8	200,000
Total	1,135,000	3.9	655,000

The Company accounts for its stock based compensation plan using the fair value method, whereby compensation costs are charged to earnings in the period in which they are incurred.

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

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

		Risk Free Interest Rate (%)	Expected Life (Years)	Expected Volatility	Dividends per Share
2005	January	3.00	4	0.34	n/a
2006	April	4.23	4	0.72	n/a
2006	October	4.08	4	0.67	n/a
2007	January	4.03	4	0.67	n/a



**d) 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 over the past two years:

	Three Months Ended March 31	
	2007	2006
<b>Common Shares</b>		
Shares repurchased	5,000	11,200
Weighted average price, per share	3.06 \$	3.46

**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.

(Thousands)	March 31, 2007	
	Balance	Interest Earned
Due from associated companies:		
Sharon Energy Ltd.	\$ 4,669	\$ 83
Goldmark Minerals Ltd.	93	1
	<b>\$ 4,762</b>	<b>\$ 84</b>

In addition, 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. The following table outlines the amounts due from each of the recipients at the end of the past two years and the amount of interest that was charged to these companies on loans outstanding:

**Diaz Resources Ltd.**

At March 31, 2007, Humboldt owned 28.6% of the outstanding shares of Diaz. All of Humboldt's officers and directors are also officers and/or directors of Diaz.

During Q1 2007, Humboldt paid Diaz \$76,000 as its share of overhead costs. The charge is estimated based on, among other things, the time spent by Diaz employees on Humboldt's business.



***Sharon Energy Ltd.***

At March 31, 2007, Humboldt owned 33.5% (2005 – 35.4%) of the outstanding shares of Sharon. Certain of Humboldt's officers and directors are also officers and directors of Sharon.

Humboldt periodically advances funds to Sharon by way of a revolving secured loan. Humboldt has agreed to a loan in the amount of \$4.8 million Canadian. Humboldt charged Sharon interest on the loan at a simple rate of 10% per annum. The loan is on a revolving and demand basis and has no fixed repayment schedule.



## Corporate Information

Suite 1800, 633 – 6th Avenue S.W.  
Calgary, Alberta  
T2P 2Y5  
Telephone: (403) 269-9889  
Fax: (403) 269-9890  
Website: [www.humboldtcapital.com](http://www.humboldtcapital.com)  
Email: [info@humboldtcapital.com](mailto:info@humboldtcapital.com)

### Directors

Robert W. Lamond (1)  
*Calgary, Alberta*

Charles A. Teare  
*Calgary, Alberta*

Robert L. McPherson (1) (2) (3)  
*Calgary, Alberta*

Allan R. Twa (1) (2) (3)  
*Calgary, Alberta*

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

### Legal Counsel

Burnet, Duckworth & Palmer LLP  
*Calgary, Alberta*

### Auditors

PricewaterhouseCoopers LLP  
*Calgary, Alberta*

### Officers

R.W. Lamond  
*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

Computershare Trust Company of Canada  
*Calgary, Alberta*

### Stock Exchange Listing

TSX Venture Exchange  
Trading Symbol: HMB