



Humboldt Capital Corporation

Q2 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>	Six Months Ended June 30		
	2007	2006	2005
Earnings (loss)	\$ (1,319)	\$ (8,812)	\$ 6,931
Earnings (loss) per share, diluted	\$ (0.11)	\$ (0.70)	\$ 0.56
Share capital	\$ 2,080	\$ 1,976	\$ 1,864
Retained earnings	\$ 66,465	\$ 70,988	\$ 54,904
Shareholders' equity	\$ 69,543	\$ 73,281	\$ 56,768
Shares outstanding	12,384	12,377	12,330
Net asset value per share, diluted	\$ 5.38	\$ 5.80	\$ 4.52



To the Shareholders

The value of Humboldt's investment portfolio increased during the second quarter of 2007 primarily due to the recovery of the oil and gas sector of Humboldt's portfolio. At June 30, 2007, the net asset value of the Company, after tax and fully diluted, was \$5.38 per share compared with \$5.08 at March 31, 2007 and \$5.80 at June 30, 2006.

During the first half of 2007, the Company realized gains of \$4.8 million and proceeds of \$13.5 million on sales of portfolio investments. Humboldt reinvested only \$5.6 million of the proceeds in the equities market, and was repaid the \$3.4 million loaned to associated companies. As a result, Humboldt increased its working capital to \$10.6 million at the end of the quarter.

The gains realized on these sales were offset by a decline in unrealized gains on assets held at the end of the quarter and Humboldt incurred a loss of \$1.3 million for the first half of 2007 compared with a loss of \$8.8 million during the first half of 2006.

The Economy and the Markets

During the first half of 2007, the U.S. economy continued to grow, fuelled by low interest rates and a low U.S. dollar. The impact of this ongoing growth 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, 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 inventory levels, with slowly eroding prices.

Oil prices increased to a record high of \$78 in the second quarter and have subsequently settled in the \$70 per barrel range through the first seven months of 2007 due to supply problems, higher demand from emerging economies and continued uncertainties due to political unrest in the Middle East.

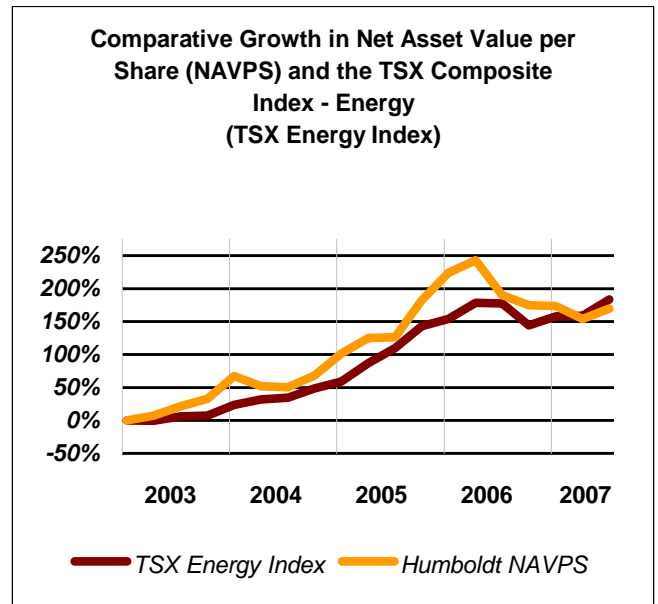
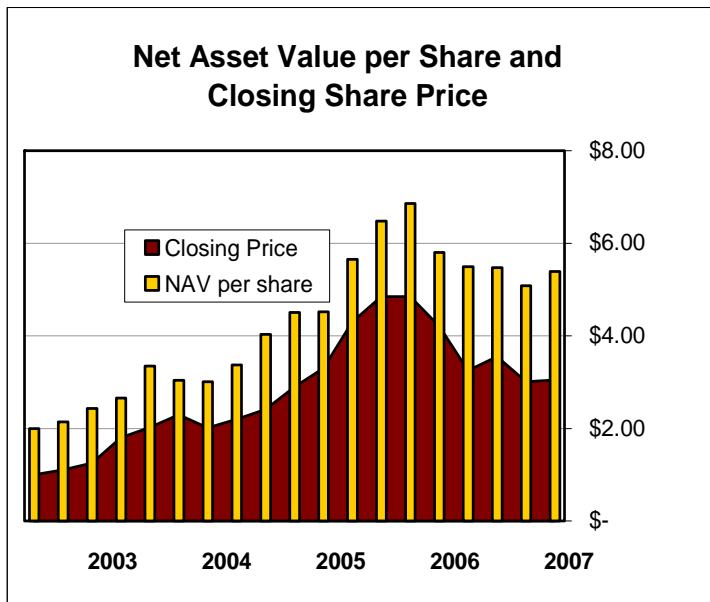
Natural gas prices exhibited a needle-like peak at the end of 2005, due to winter supply constraints and high demand, however significant increases in gas-targeted drilling and the unseasonably warm weather reduced both gas demand and gas prices throughout 2006. Encouraging signs in the first half of 2007 appeared to set the scene for rising gas prices, however, continuing high inventory levels and U.S. drilling with likely result in flat to lower prices for the balance of the year.

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 growing demand, predominantly from the Far East, associated with apparent pricing insensitivity. As a result of the high prices, 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, such as the fall out from the subprime loan problems in the United States, would speed this process.



Stock Valuation and Share Buyback

At the end of the quarter, Humboldt's net asset value, after tax, totaled \$69.5 million, or \$5.38 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 appear to have stalled and the long term impact of the meltdown in the U.S. housing business and subprime lending is hard to quantify, but will not be positive for U.S. growth in the short term.

Asian demand should provide a firm base for most internationally traded commodities such as oil and 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 current level of liquidity to enable the Company to be positioned to reinvest more of its capital in the energy business at a more appropriate time. At the time of writing, Humboldt's cash reserves in excess of \$11 million.



The recent crash in the US and Worldwide stock markets, as a result of a liquidity crunch in the United States, clearly causes concern that growth may be substantially reduced due to credit restrictions. Indeed, there is now a higher likelihood of a US recession. The timely intervention by the US Federal Reserve Board however appears to have stabilized some of the credit issues and Humboldt's management outlook is that after a period of turmoil for the next several months, capital and stock markets will calm down and re-resume slower growth.

The significant correction in stock prices in Humboldt's portfolio, especially related to mining stocks, will result in a short term reduction in Humboldt's per share value. While this reduction could be significant, most of the Company's holdings have been reviewed for financial soundness and ability to continue with their active exploration programs.

Humboldt is also in an enviable position, with a substantial cash balance, to be able to weather any storm. In addition, Humboldt's Board has encouraged the management teams of its major holdings to be prepared to modify their programs to maintain adequate medium-term liquidity. Two of the companies have recently closed financings to add to their stability.

On a positive note, Humboldt's staff is re-reviewing a great number of investment opportunities which, due to the present correction, have been much more attractively priced. Humboldt's focus will as usual be on quality management teams with attractive properties, but now with a greater emphasis on financial reserves with which to continue their exploration.

Finally, Humboldt anticipates that even the oil and gas business, which has suffered a major correction and an extremely negative sector rotation, out of energy stocks, may soon, after almost two years of decline, slowly come back into favour. Hence, Humboldt is presently reviewing this sector with a view to selecting energy companies with positive growth potential, at reasonable prices.

On behalf of the Board,

A handwritten signature in black ink, appearing to read "R. Lamond", is positioned below the text "On behalf of the Board,".

R.W. Lamond
Chairman of the Board
August 16, 2007



Management's Discussion and Analysis

August 16, 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 six months ended June 30, 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 June 30, 2007:

**Portfolio Summary and Net Asset Value
at June 30, 2007**

<i>(Thousands, except percentage and per share amounts)</i>	Carrying Value ⁽¹⁾	Unrealized Gain (Loss) ⁽²⁾	Investment Cost ⁽³⁾	% of Portfolio	% of Net Asset Value
Major Holdings	\$ 22,685	\$ 9,077	\$ 13,609	37%	33%
Oil & Gas					
- Canadian	11,524	(1,183)	12,705	19%	17%
- International	16,077	4,987	11,094	26%	23%
Mining	10,887	2,749	8,132	18%	16%
Energy Services	273	(303)	575	0%	0%
Other Equity Investments	100	13	87	0%	0%
Total Portfolio	\$ 61,541	\$ 15,340	\$ 46,202	100%	89%
Cash, working capital & other	10,753				15%
Loans to associated companies	0				0%
Current income tax receivable	287				0%
Future tax liability	(3,038)				-4%
Net asset value	\$ 69,543				101%
Net asset value, per share (diluted)	\$ 5.38				

- 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 investments in the following five closely held junior resource companies. The market value of Humboldt's investments in these companies has recovered after a first quarter decline of 14% to increase in value by 10% in the second quarter of 2007. During Q2 2007 both companies to which Humboldt had loaned money completed equity financing and repaid their outstanding loans. Humboldt has an agreement with Sharon Energy Ltd. to provide a credit facility of up to a \$4.8 million in order to finance Sharon's ongoing drilling program. The size of the facility is based on Sharon's asset base and is reviewed annually by Humboldt. The market value of Humboldt's major holdings, accounted for \$22.7 million or 33% of Humboldt's net asset value at June 30, 2007 compared with \$24 million or 34% 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
18,273,000	\$ 12.6	18.1%	\$ 0.32	\$ 0.69

Humboldt's investment in Diaz Resources Ltd. remains the holding with the largest value 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 June 30, 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 six months ended June 30, 2007 Diaz reported cash flow of \$3 million, or \$0.5 per share and production averaging 942 BOEd.

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 and its exploration in Canada. Diaz is currently preparing to complete a recently drilled well in the Wilcox gas trend. The Cheney #1 well completed drilling on July 14, 2007 and is anticipated to be completed in the third quarter of 2007. Diaz has a 20% interest in the well.

Sharon Energy Ltd.

Share Holdings	Value (Millions)	Percentage of Humboldt's Value	Cost per Share	Market Value per Share
17,768,000	\$ 7.5	10.7%	\$ 0.25	\$ 0.42

The carrying value of Humboldt's investment in Sharon Energy Ltd. represents 10.7% of the Company's net asset value at June 30, 2007 and Humboldt owned 24% of the outstanding shares of Sharon at June 30, 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 recently completed an equity financing raising \$9.0 million. The proceeds are to fund the company's high impact U.S. gas drilling program and its exploration in Canada. Sharon is currently preparing to complete a recently drilled well in the Wilcox gas trend. The Cheney #1 well completed drilling on July 14, 2007 and is anticipated to be completed in the third quarter of 2007. Sharon has a 14% interest in the well.

Tuscany Energy Ltd.

Share Holdings	Value (Millions)	Percentage of Humboldt's Value	Cost per Share	Market Value per Share
6,324,000	\$ 0.9	1.4%	\$ 0.20	\$ 0.15

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 June 30, 2007.

On July 23, 2007, Tuscany announced that the Board of Directors had authorized management to examine strategic and corporate restructuring alternatives that may be beneficial to Tuscany shareholders.

Paris Energy Inc. (formerly Highview Resources Ltd.)

Share Holdings	Value (Millions)	Percentage of Humboldt's Value	Cost per Share	Market Value per Share
1,282,000	\$ 0.4	0.6%	\$ 1.20	\$ 0.35

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

On March 29, 2007 Paris 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 Paris.

The Board of Directors of Paris has appointed a new management team and a reorganization of the share structure by consolidating the shares on a 1 for 10 basis.

Goldmark Minerals Ltd

Share Holdings	Value (Millions)	Percentage of Humboldt's Value	Cost per Share	Market Value per Share
4,679,000	\$ 1.2	1.7%	\$ 0.09	\$ 0.26

At June 30, 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 exploration programs 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 half of 2007, Humboldt realized a loss of \$930,000 on proceeds of \$3.0 million from the disposition of Canadian oil and gas holdings. Humboldt reinvested only \$1.3 million in this sector. The value of the remaining holdings decreased to \$11.5 million thereby reducing its weighting in the sector from 23% to 17% of Humboldt's asset value.



International Oil Sector

Humboldt realized gains of \$2.1 million and proceeds of \$3.8 million on sales of equity positions in international companies during the period. Humboldt reinvested \$2.3 million in this sector. The balance of the holdings in the sector increased in value during the quarter and the value of Humboldt's investment in the international oil sector totalled \$16.1 million at June 30, 2007, representing 23% of Humboldt's net asset value compared with \$15.1 million, or 21.4% of Humboldt's net asset value at December 31, 2006.

Mining Sector

During the first half of 2007, Humboldt realized a gain of \$3.6 million on proceeds of \$6.6 million in the mining sector. Humboldt reinvested \$1.9 million in the sector during the period. The value of the investment in the mining sector was reduced by \$3.5 million to \$10.9 million during the period and represented 16% of Humboldt's value at June 30, 2007.

Administration Costs

<i>(Thousands, except percentage amounts)</i>	June 30		
	2007	2006	2005
General and administrative	\$ 609	\$ 648	\$ 369
Assets under management	\$ 72,581	\$ 78,360	\$ 61,292
Percentage (annualized)	1.7%	1.2%	1.5%

Total general and administrative costs of \$609,000 equaled an annualized 1.7% of the assets under management. In addition, the Company incurred a non-cash remuneration expense of \$328,000 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>	June 30		
	2007	2006	2005
Net asset value	\$ 69,543	\$ 87,152	\$ 56,455
NAV, per share (diluted)	\$ 5.38	\$ 6.86	\$ 4.50
Market price, per share	\$ 3.05	\$ 4.85	\$ 2.90

Humboldt's net asset value per share decreased by 7% during the second quarter of 2007 and by 25% over the last year. The market price of Humboldt's shares on June 30, 2007 was \$3.05 and has decreased by 14% during 2007 and by 37% since June 30, 2006.

Issuer Bid

	Three months ended	Years ended	
	June 30	December 31	
Shares Repurchased	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 has issued a notice to renew the Normal Course Issuer Bid and has received approval to purchase a further 617,000 shares until August 16, 2008. Anyone



wishing a copy of the notice to purchase shares through the Normal Course Issuer Bid dated August 5, 2007, may obtain one by contacting the Company at 403-269-9889.

Income Tax

<i>(Thousands, except percentage amounts)</i>	June 30		
	2007	2006	2005
Income tax expense (recovery)			
Current	\$ 571	\$ 731	\$ 2,489
Future	\$ (978)	\$ (3,608)	\$ 3,740
Total income tax expense (recovery)	\$ (407)	\$ (2,877)	\$ 6,229
Earnings (loss), before tax	\$ (1,726)	\$ (14,841)	\$ 38,190
Effective tax rate	24%	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, without the effect of tax changes the Company's effective tax rate will be approximately 16%.

Liquidity and Capital Resources

<i>(Thousands)</i>	June 30		
	2007	2006	2005
Working capital	\$ 10,623	\$ 2,393	\$ 2,028

Humboldt's portfolio is principally comprised of junior resource companies listed on Canadian stock exchanges. Approximately 33% of its net asset value is reflected in significant equity positions in five resource 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 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 of Humboldt's portfolio is generally not highly liquid.

At June 30, 2007, Humboldt had working capital of \$10.6 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.

Humboldt has an agreement with Sharon Energy Ltd. to provide a credit facility of up to \$4.8 million in order to finance Sharon's ongoing drilling program. The signed credit facility is based on Sharon's asset base and reviewed annually by Humboldt management.

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 June 30, 2007, investments carried at cost represent 2.5% 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 reduce its investment risk by diversifying its holdings over a large number of companies and industry segments.

Notwithstanding the foregoing, Humboldt currently has approximately 30% of its net asset value represented by its major holdings, comprised of five junior resource companies, two of which comprise 28% of such net asset value. Such major holdings are in companies involved principally in the natural gas exploration and development business in Alberta and Texas, which by its nature is inherently risky.

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 June 30, 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	
	June 30	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31	Sept. 30
Total revenue	\$ 4,870	\$ (5,684)	\$ 2,026	\$ (4,472)	\$ (16,815)	\$ 6,442	\$ 13,260	\$ 18,499
Earnings (loss)	\$ 3,873	\$ (5,192)	\$ 838	\$ (3,990)	\$ (13,912)	\$ 5,100	\$ 10,442	\$ 14,588
per share, basic	\$ 0.31	\$ (0.42)	\$ 0.07	\$ (0.32)	\$ (1.12)	\$ 0.41	\$ 0.86	\$ 1.17
per share, diluted	\$ 0.31	\$ (0.42)	\$ 0.07	\$ (0.32)	\$ (1.10)	\$ 0.41	\$ 0.83	\$ 1.17

	As at the Period Ended							
	2007			2006			2005	
	June 30	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31	Sept. 30
Retained earnings	\$ 66,465	\$ 62,592	\$ 67,798	\$ 66,970	\$ 70,988	\$ 84,900	\$ 79,800	\$ 69,492
Net asset value	\$ 69,543	\$ 65,542	\$ 70,529	\$ 69,283	\$ 73,281	\$ 87,152	\$ 81,947	\$ 71,400
per share, basic	\$ 5.62	\$ 5.29	\$ 5.70	\$ 5.60	\$ 5.92	\$ 7.04	\$ 6.64	\$ 5.78
per share, diluted	\$ 5.38	\$ 5.08	\$ 5.47	\$ 5.49	\$ 5.80	\$ 6.86	\$ 6.48	\$ 5.65

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. At June 30 2007 there was no amount due under these financing arrangements.

Diaz Resources Ltd.

At June 30, 2007, Humboldt owned 29% 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 \$153,000 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 June 30, 2007, Humboldt owned 24% 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 an agreement with Sharon to provide a credit facility of up to \$4.8 million. 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 August 16, 2007, Humboldt had 12,355,795 common shares outstanding. In addition, 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 June 30, 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 June 30, 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 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 appear to have stalled and the long term impact of the meltdown in the U.S. housing business and subprime lending is hard to quantify, but will not be positive for short term U.S. growth.

Asian demand should provide a firm base for most internationally traded commodities such as oil and base metals during 2007.

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 current level of liquidity to enable the Company to be positioned to reinvest more of its capital in the energy business at a more appropriate time. At the time of writing, Humboldt's cash reserves in excess of \$11 million.

The recent crash in the US and Worldwide stock markets, as a result of a liquidity crunch in the United States, clearly causes concern that US and international growth may be substantially reduced due to credit restrictions. Indeed, there is now a higher likelihood of a US recession. The timely intervention by the US Federal Reserve Board however appears to have stabilized some of the credit issues and Humboldt's management outlook is that after a period of turmoil for the next several months, capital and stock markets will calm down and re-resume slower growth.

The significant correction in stock prices in Humboldt's portfolio, especially related to mining stocks, will result in a short term reduction in Humboldt's per share value. While this reduction could be significant, most of the Company's holdings have been reviewed for financial soundness and will be able to continue with their active exploration programs.

Humboldt is also in an enviable position, with a substantial cash balance, to be able to weather any storm. In addition, Humboldt's Board has encouraged the management team of its major holdings to be prepared to modify their programs to maintain adequate medium-term liquidity.

On a positive note, Humboldt's staff is re-reviewing a great number of investment opportunities which, due to the present correction, have been much more attractively priced. Humboldt's focus will as usual be on quality management teams with attractive properties, but now with a greater emphasis on financial reserves with which to continue their exploration.

Finally, Humboldt anticipates that even the energy business, which has suffered a major correction and an extremely negative sector rotation out of energy stocks, may soon, after almost two years of decline slowly come back into favour. Hence, Humboldt is presently re-reviewing this sector again with a view to selecting energy companies with positive growth potential, at reasonable prices.



Consolidated Balance Sheet

(Thousands, except per share amounts)

(unaudited)

	June 30 2007	December 31 2006
Assets		
Cash and term deposits	\$ 10,330	\$ 780
Accounts receivable	6	-
Income tax recoverable	287	225
	10,623	1,005
Loans receivable	167	216
Loans to associated companies (Note 6)	-	3,414
Investments (Note 4)	61,541	70,508
Other assets	250	247
	61,958	74,385
Total Assets	\$ 72,581	\$ 75,390
LIABILITIES		
Short term margin debt (Note 3)	\$ -	\$ 464
Accounts payable and accrued liabilities	-	382
	-	846
Future income tax liability	3,038	4,015
	3,038	4,861
SHAREHOLDERS' EQUITY		
Share capital (Note 5)		
Common shares	2,080	2,056
Contributed surplus	998	675
Retained earnings	66,465	67,798
Total Shareholders' Equity	69,543	70,529
Total Liabilities and Shareholders' Equity	\$ 72,581	\$ 75,390
Net asset value per share, basic	\$ 5.62	\$ 5.70
Net asset value per share, diluted	\$ 5.38	\$ 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)

	Three Months Ended June 30		Six Months Ended June 30	
	2007	2006	2007	2006
Revenue				
Net gain on sale of investments	\$ 801	\$ 2,499	\$ 4,753	\$ 6,896
Unrealized appreciation (depreciation) in investment value	3,957	(19,502)	(5,806)	(17,509)
Interest, dividends and other	112	188	239	240
	4,870	(16,815)	(814)	(10,373)
Expenses				
General and administrative	283	289	609	-
Non-cash compensation	127	41	328	648
Loan loss expense (recovery)	-	-	(25)	78
	410	330	912	726
Earnings (loss) before income taxes	4,460	(17,145)	(1,726)	(11,099)
Income taxes (recovery)				
Current	(47)	174	571	653
Future	634	(3,407)	(978)	(2,940)
	587	(3,233)	(407)	(2,287)
Net comprehensive income (loss) for the period	3,873	(13,912)	(1,319)	(8,812)
Cost in excess of stated value of shares repurchased	-	-	(14)	-
Retained earnings, beginning of period	62,592	84,900	67,798	79,800
Retained earnings, end of period	\$ 66,465	\$ 70,988	\$ 66,465	\$ 70,988
Earnings (loss) per share, basic	\$ 0.31	\$ (1.12)	\$ (0.11)	\$ (0.71)
Earnings (loss) per share, diluted	\$ 0.31	\$ (1.10)	\$ (0.11)	\$ (0.70)



Consolidated Statement of Cash Flows

(Thousands)

(Unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
	2007	2006	2007	2006
Cash provided by (used for):				
Operating Activities				
Net comprehensive income (loss) for the period	\$ 3,873	\$ (13,912)	\$ (1,319)	\$ (8,812)
Adjusted for:				
Interest, dividends and other	(112)	(188)	(239)	(240)
Loan loss expense	25	-	25	-
Non-cash compensation	(529)	41	(328)	78
Future income tax (recovery)	634	(3,407)	(978)	(2,940)
Unrealized appreciation of investments	(3,957)	19,502	5,806	17,509
Net gain on sale of investments	(801)	(2,499)	(4,753)	(6,896)
	(867)	(463)	(1,786)	(1,301)
Change in non-cash working capital	(55)	1,577	(374)	-
	(922)	1,114	(2,160)	(1,301)
Investing Activities				
Repayments (advances) to associated companies (net)	4,633	(704)	3,414	2,132
Proceeds from sale of investments	3,673	4,731	13,480	13,933
Purchase of investments	(3,518)	(5,473)	(5,567)	(13,465)
Other loans and debentures	49	-	49	-
Other assets	3	-	(3)	-
Interest	302	135	332	187
	5,142	(1,311)	11,705	2,787
Financing Activities				
Shares issued on exercise of options	-	(68)	20	-
Purchase of shares for cancellation	-	-	(15)	-
	-	(68)	5	-
Increase (decrease) in cash	4,220	(265)	9,550	1,486
Cash, beginning of period	6,110	3,626	780	1,875
Cash, end of period	\$ 10,330	\$ 3,361	\$ 10,330	\$ 3,361
Supplementary information regarding cash payments:				
Interest received during the period	\$ 292	\$ 135	\$ 332	\$ 187
Taxes paid (refunded) during the period	\$ 312	\$ 976	\$ 631	\$ 1,385
Non-cash items:				
Interest on loans to associated companies	\$ 68	\$ 99	\$ 155	\$ 138



Notes to the Consolidated Financial Statements For the Six months Ended June 30, 2007

The financial statements for the six months ended June 30, 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 June 30, 2007**

<i>(Thousands, except percentage)</i>	No. of Shares	Carrying Value ⁽¹⁾	Unrealized Gain (Loss) ⁽²⁾	Investment Cost ⁽³⁾	% of Portfolio	% of Net Asset Value
Major Holdings						
Diaz Resources Ltd	18,273	12,608	6,725	5,884	20.5%	18.1%
Sharon Energy Ltd.	17,768	7,462	3,001	4,462	12.1%	10.7%
Goldmark Minerals Ltd	4,679	1,217	785	431	2.0%	1.7%
Tuscany Energy Ltd	6,324	949	(337)	1,286	1.5%	1.4%
Paris Energy Inc (Formerly Highview)	1,282	449	(1,097)	1,546	0.7%	0.6%
Total Major Holdings		22,685	9,077	13,609	36.9%	32.6%
Canadian Oil & Gas						
Buffalo Oil Corporation	665	904	(27)	931	1.5%	1.3%
E4 Energy Inc	732	783	(325)	1,109	1.3%	1.1%
Rider Resources Ltd	97	733	140	593	1.2%	1.1%
Storm Explorations	82	701	326	375	1.1%	1.0%
Endev Energy Inc	588	605	(17)	622	1.0%	0.9%
Vero Energy Inc	79	586	210	376	1.0%	0.8%
Rock Energy Inc	145	578	9	569	0.9%	0.8%
Wave Energy Inc	255	568	0	568	0.9%	0.8%
Celtic Exploration Ltd	37	537	236	301	0.9%	0.8%
Burmis Energy Inc	168	474	70	404	0.8%	0.7%
Result Energy Inc	751	458	84	374	0.7%	0.7%
Cyries Energy Inc	35	395	148	247	0.6%	0.6%
NuVista Energy Ltd	27	390	79	311	0.6%	0.6%
Trafina Energy Ltd	303	370	294	75	0.6%	0.5%
Titan Exploration Ltd	158	342	(279)	621	0.6%	0.5%
Canext Energy Ltd	353	290	(168)	458	0.5%	0.4%
West Energy Ltd	65	280	(82)	362	0.5%	0.4%
Grand Petroleum Inc	60	227	(1)	228	0.4%	0.3%
Rival Energy Inc	244	222	(129)	351	0.4%	0.3%
Sure Energy Inc	160	209	(58)	267	0.3%	0.3%
Choice Resources Corp	319	207	7	200	0.3%	0.3%
Crocotta Energy Ltd	135	183	(160)	343	0.3%	0.3%
Painted Pony Petroleum	140	182	147	35	0.3%	0.3%
Cork Exploration Inc	100	177	77	100	0.3%	0.3%
Kereco Energy Ltd	30	177	(80)	256	0.3%	0.3%
Nuloch Resources Inc	200	160	(170)	330	0.3%	0.2%
Renegade Oil & Gas	100	100	0	100	0.2%	0.1%
Other Canadian Oil & Gas		686	(1,514)	2,199	1.1%	1.0%
Total Canadian Oil & Gas		11,524	(1,183)	12,705	18.7%	16.6%



**Portfolio Summary and Net Asset Value
at June 30, 2007**

<i>(Thousands, except percentage)</i>	No. of Shares	Carrying Value ⁽¹⁾	Unrealized Gain (Loss) ⁽²⁾	Investment Cost ⁽³⁾	% of Portfolio	% of Net Asset Value
International Oil & Gas						
Bow Valley Energy Ltd	381	2,311	1,480	831	3.8%	3.3%
Antrim Energy Ltd	293	1,963	1,469	495	3.2%	2.8%
Cirrus Energy Inc.	653	1,456	623	833	2.4%	2.1%
Pan Orient Energy Corp	247	1,200	847	353	1.9%	1.7%
Excelsior Energy Ltd	919	1,029	599	430	1.7%	1.5%
Ithica Resources Inc	337	1,013	275	738	1.6%	1.5%
Sterling Resources Ltd	466	997	385	612	1.6%	1.4%
BrazAlta Resources Corp	579	706	404	302	1.1%	1.0%
Benchmark Energy Corp	364	499	296	203	0.8%	0.7%
EnCore Oil	1,235	487	(107)	595	0.8%	0.7%
Granby Oil & Gas	325	451	(99)	550	0.7%	0.6%
Loon Energy Inc	590	448	197	251	0.7%	0.6%
Mart Resources Ltd	700	339	(59)	398	0.6%	0.5%
Serica Resources PLC	135	300	1	298	0.5%	0.4%
Europa Oil & Gas	600	288	3	285	0.5%	0.4%
Canadian Superior Energy Inc	80	278	126	153	0.5%	0.4%
Fuel X Energy	522	251	0	251	0.4%	0.4%
Gulf Shores	638	249	31	218	0.4%	0.4%
Genesis Petroleum	400	247	(52)	299	0.4%	0.4%
Tag Oil Ltd	1,040	229	(506)	735	0.4%	0.3%
Big Sky Energy Corporation	450	163	(480)	642	0.3%	0.2%
Elixer Petroleum Ltd	612	149	(224)	373	0.2%	0.2%
Drillsearch Energy	820	141	89	51	0.2%	0.2%
Excile Resources Ltd	638	140	(145)	286	0.2%	0.2%
Coastal Energy Company	190	136	(4)	141	0.2%	0.2%
TG World Energy Corp	200	120	(120)	240	0.2%	0.2%
Avery Resources Inc	276	110	(2)	113	0.2%	0.2%
Other International Oil & Gas Companies		377	(40)	418	0.6%	0.5%
Total International Oil & Gas		16,077	4,987	11,094	26.1%	23.1%
Mining						
Vaaldiam Resources Ltd	699	601	151	450	1.0%	0.9%
International PBX Ventures Ltd	957	546	44	501	0.9%	0.8%
Firestone Ventures Warrants	834	450	450	0	0.7%	0.6%
WSR Gold Inc	1,008	353	(406)	759	0.6%	0.5%
Christopher James Gold	388	326	171	155	0.5%	0.5%
Silver Spruce Resources Inc	190	314	219	95	0.5%	0.5%
Global Copper Corp	100	305	175	130	0.5%	0.4%
Goldcrest Resources Ltd	250	295	195	100	0.5%	0.4%
Alberta Star Development Corp	289	292	166	126	0.5%	0.4%
Chapleau Resources Ltd	525	289	138	151	0.5%	0.4%
Firestone Ventures Inc	410	287	215	72	0.5%	0.4%
Capstone Mining Corp	105	285	185	100	0.5%	0.4%
Scorpio Mining Corp	166	277	86	191	0.5%	0.4%
Yukon Zinc Corporation	1,217	274	(156)	429	0.4%	0.4%



**Portfolio Summary and Net Asset Value
at June 30, 2007**

	No. of Shares	Carrying Value ⁽¹⁾	Unrealized Gain (Loss) ⁽²⁾	Investment Cost ⁽³⁾	% of Portfolio	% of Net Asset Value
<i>(Thousands, except percentage)</i>						
Shear Minerals Ltd	403	266	82	184	0.4%	0.4%
Candente Resource Corp	176	258	116	142	0.4%	0.4%
Indicator Minerals Inc	493	242	6	235	0.4%	0.3%
Firestone Ventures Warrants	417	217	217	0	0.4%	0.3%
Midlands Minerals Corp	600	204	44	160	0.3%	0.3%
Silver Spruce Warrants	200	200	200	0	0.3%	0.3%
Full Metal Minerals Ltd	70	196	35	161	0.3%	0.3%
Alexis Minerals Corporation	200	186	(6)	192	0.3%	0.3%
East Asia Minerals Corp	100	175	100	75	0.3%	0.3%
Strongbow Exploration Inc	254	172	124	48	0.3%	0.2%
Atlas Moly Inc	500	171	0	171	0.3%	0.2%
Premium Exploration Inc	450	167	17	150	0.3%	0.2%
Strata Gold Corp	263	160	12	148	0.3%	0.2%
Bayswater Uranium Corp	122	148	48	100	0.2%	0.2%
Ucore Uranium Inc	123	139	46	93	0.2%	0.2%
Capstone Gold Warrants	105	138	138	0	0.2%	0.2%
Silverstone Resource Corp	53	134	40	93	0.2%	0.2%
Kilo Goldmines	375	125	0	125	0.2%	0.2%
Herald Resources	100	120	33	87	0.2%	0.2%
Golden Reign Resources Ltd	688	124	(26)	150	0.2%	0.2%
Silvermet Inc	333	117	17	100	0.2%	0.2%
Peregrine Metals Inc	200	114	0	114	0.2%	0.2%
PMI Ventures	400	110	10	100	0.2%	0.2%
Fury Exploration Ltd	125	104	4	100	0.2%	0.1%
Other Mining Companies		2,006	(141)	2,145	3.3%	2.9%
Total Mining		10,887	2,749	8,132	17.7%	15.7%
Service Industry						
Production Enhancement Group	305	232	(294)	525	0.4%	0.3%
Other Service industry	0	41	(9)	50	0.1%	0.1%
Service Industry Total		273	(303)	575	0.4%	0.4%
Other		100	13	87	0.2%	0.1%
Total Portfolio		61,541	15,340	46,202	100.0%	88.5%
Cash, working capital & other		10,753				15.5%
Loans to associated companies		0				0.0%
Current income tax receivable		287				0.4%
Future tax liability		(3,038)				-4.4%
Net asset value		69,543				100.0%
Net asset value, per share (diluted)		\$ 5.38				

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



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)
Common Shares		
Balance, December 31, 2006	12,380,695	\$ 2,056
Issued on exercise of options	8,400	25
Purchased for cancellation	(5,000)	(1)
Total Shares Outstanding, June 30, 2007	12,384,095	\$ 2,080

(Thousands)

Contributed Surplus		
Balance, December 31, 2006		\$ 675
Option compensation for the period		328
Options exercised		(5)
Total Contributed Surplus, June 30, 2007		\$ 998

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 five years.

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



A summary of the Company's option plan as at June 30, 2007 and December 31, 2006 are as follows:

	June 30, 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 for the period:

	Six Months Ended June 30	
	2007	2006
Common Shares		
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.

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. At June 30 2007 there was no amount due under these financing arrangements.

Diaz Resources Ltd.

At June 30, 2007, Humboldt owned 29% 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 \$153,000 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 June 30, 2007, Humboldt owned 24% 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 an agreement with Sharon to provide a credit facility of up to \$4.8 million. 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

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Directors

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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

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