



*Humboldt Capital Corporation*



Q3 Interim Report 2008

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

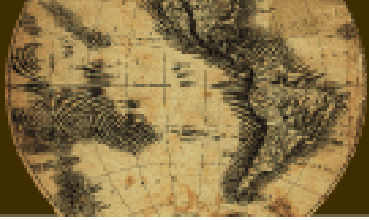
The Company's principal business philosophy is to purchase securities for the long term. This is based on Humboldt's experience that both business cycles and company growth trends provide optimum returns with a longer term investment strategy. As such, Humboldt tends to avoid short term trading positions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

In the current economic environment Humboldt has made a decision to increase its cash reserves.

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

## Highlights

<i>(Thousands, except per share amounts)</i>	Nine Months Ended September 30		
	2008	2007	2006
Earnings (loss)	\$ (10,859)	\$ (12,591)	\$ (12,802)
Earnings (loss) per share, diluted	\$ (0.88)	\$ (1.01)	\$ (1.02)
Share capital	\$ 2,048	\$ 2,076	\$ 1,975
Retained earnings	\$ 41,916	\$ 55,107	\$ 66,970
Shareholders' equity	\$ 45,304	\$ 58,313	\$ 69,283
Cash and term deposits	\$ 22,621	\$ 10,609	\$ 2,078
Shares outstanding	12,207	12,384	12,369
Net asset value per share, diluted	\$ 3.64	\$ 4.56	\$ 5.49



## ***To the Shareholders***

As a result of the deteriorating financial situation prevailing in the United States through 2008, and a significant negative outlook for the US economy, the management of Humboldt continued to liquidate a large portion of its energy and mining portfolio through the third quarter of 2008. Humboldt viewed the summer spike in oil prices as a “blow off top” in the energy bubble, and similarly viewed the high prices of many base metals as unsustainable.

While this continued selling effort has resulted in Humboldt holding the largest block of liquidity since inception, nevertheless, a large portion of Humboldt’s share portfolio was not sold due to either, lack of liquidity in some holdings, or Humboldt’s view that certain companies would exhibit relative strength in a declining market. In addition, Humboldt believed that the maximum benefit to be realized from its major holdings would result in each case by selling the entire company and that this point in the business cycle is not the opportune time to be selling junior resource companies.

As a result, while the management of Humboldt is extremely happy with its decision to sell into a strong market, nevertheless the company suffered substantial losses in value market due to the astounding deterioration of resource based equity prices during the third quarter. The deterioration in the market value of Humboldt’s holdings has unfortunately continued after the quarter end.

By the end of the third quarter of 2008 Humboldt’s working capital had increased to \$22.1 million or 49% of its asset value. During the third quarter, Humboldt’s net asset value decreased by 24% to \$3.64 per share compared with \$4.78 per share at the beginning of the quarter and \$4.42 per share at the beginning of the year.

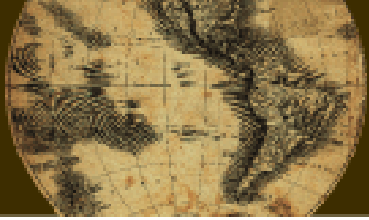
In increasing its liquidity, Humboldt realized \$22.6 million on the sale of equities and invested \$7.8 million during 2008. The company realized a gain of \$7.9 million on the sales.

## ***The Economy and the Markets***

After six years of robust growth the US economy is rapidly heading into a severe recession. The US economy has been shaken by the collapse of the housing sector followed by severe financial problems caused principally by irresponsible lending, as well as the negative impact of high energy prices. The economic slowdown in the United States, and in other countries around the globe, has resulted in a major reduction of demand and price collapses of almost all commodities.

The run-up of oil prices to approximately \$150 per barrel resulted in extremely high gasoline prices and led to major demand destruction, ironically coincident with the steady deterioration of the US economy. Consequently, when the bubble burst, oil has steadily trended downwards and at the time of writing has dropped below \$50 per barrel. With the likelihood of a continued lowering of worldwide demand, only strenuous efforts by OPEC to constrain production will stabilize the price at this level.

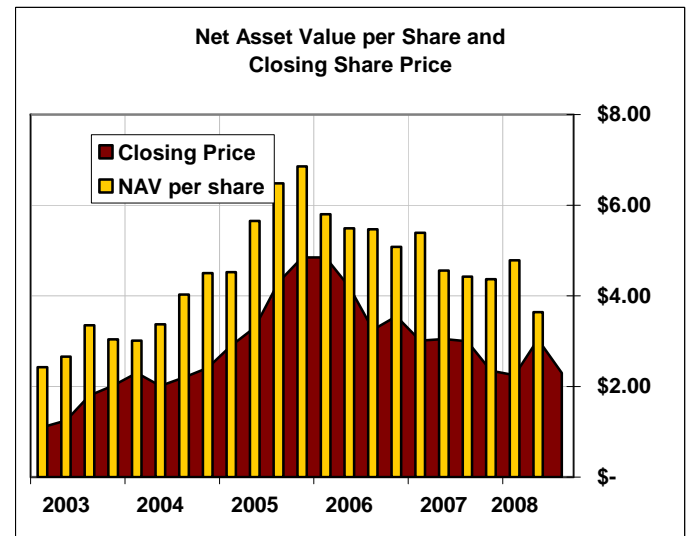
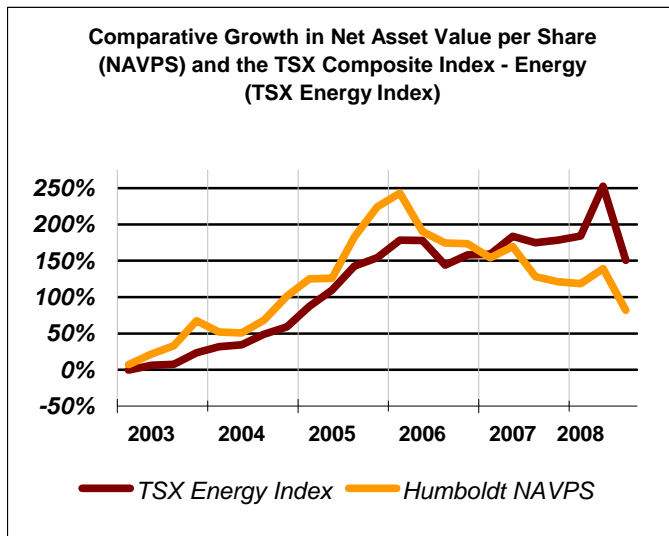
Natural gas prices similarly ran up to extremely high levels during the second quarter of 2008, engendering a drilling boom in the United States. The large number of long reach, fractured shale wells, typically commencing production at very high delivered rates, before declining, has resulted in a similar gas price collapse to oil. The only bright news on the gas scene however is the early onset of winter in eastern North America as well as what may turn out to be the early stage of a collapse in drilling activity in the United States, which would bode well for gas prices in the fall of 2009.



An additional factor of concern for Canadian energy companies is the impending impact of a major royalty increase in Alberta, planned for January 1, 2009. This will increase royalties to unacceptable levels for most of above average wells and will in affect remove the benefits from taking the added risk to drill wells with higher potential productivity. Humboldt's opinion is that this program will remove the incentive to drill high risk wells in the province and will negatively impact the growth of most Alberta focused energy companies.

## Stock Valuation and Share Buyback

At the end of the quarter, Humboldt's net asset value, after tax, totaled \$45.3 million, or \$3.64 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

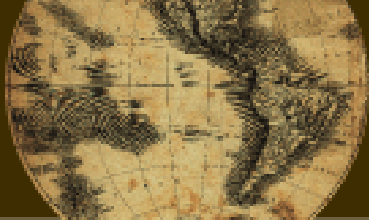


## Outlook

Humboldt's view is quite pessimistic for the balance of 2008 and for the bulk of 2009. Subsequent to the end of the quarter the value of Humboldt's investment portfolio has further declined by almost 40%.

It is clear that the recession in the United States will be a severe one that has already spread to the UK, Japan and Europe. Early indications also point to a potentially severe slowdown in China and other Asian economies.

This current business cycle, while very severe, appears to be following the pattern of previous stock market and economic downturns. Hence, a period of financial crisis is followed by a lengthy period of declining economic fundamentals. Ironically, by the time the worst period of most economic recessions are reached, the stock market has already discounted economic problems and has commenced a recovery phase. Unfortunately though this pattern may not necessarily apply to all resource stocks as commodity prices usually only begin to rise well into an economic recovery. This is due to the availability of existing stockpiles and under-utilized capacity, especially in mining.



Hence, while we appear to be entering a period of extreme gloom and doom, nevertheless, the seeds of the economic recovery have actually been sown. These factors comprise the reappearance of very low interest rates, low energy prices, low metal prices, availability of cheaper labor and finally, an abundance of inexpensive homes and commercial properties.

As a result of these greater uncertainties at this phase of the business cycle, Humboldt has increased its current level of liquidity. At the time of writing, Humboldt's cash reserves were in excess of \$22 million.

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

On another positive note, Humboldt's staff is re-viewing 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 great emphasis on financial resources with which to continue their exploration.

Finally, Humboldt anticipates that even the oil and gas business, which is suffering a major correction in commodity prices, will recover in the future, after input costs come back into line and an extremely negative sector rotation, out of energy stocks, will be reversed.

On behalf of the Board,



R.W. Lamond  
Chairman of the Board  
November 26, 2008



## Management's Discussion and Analysis

November 26, 2008

The following discussion and analysis is management's assessment of Humboldt's historical, financial and operating results, together with future prospects, and should be read in conjunction with the unaudited consolidated financial statements of the Company for the nine months ended September 30, 2008 and the audited financial statements at December 31, 2007. The reader should be aware that historical results are not necessarily indicative of future performance.

### ***Basis of Presentation***

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

***BOE Presentation*** – The terms barrels of oil equivalent (BOE) may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf : 1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. All BOE conversions in this report are derived by converting gas to oil in the ratio of six Mcf of gas to one Bbl of oil.

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

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

Forward-looking statements and other information contained herein concerning the resource industry and the Company's general expectations concerning this industry is based on estimates prepared by management using data from publicly available industry sources, market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the Company is not aware of any misstatements regarding any industry data presented herein, the 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 September 30, 2008:

<b>Portfolio Summary and Net Asset Value at September 30, 2008</b> (Thousands, except percentage and per share amounts)	Carrying Value <sup>(1)</sup>	Unrealized Gain (Loss) <sup>(2)</sup>	Investment Cost <sup>(3)</sup>	% of Portfolio	% of Net Asset Value
Major Holdings	\$ 6,305	\$ (8,007)	\$ 14,312	31%	14%
Oil & Gas					
- Canadian	1,451	(1,714)	3,165	7%	3%
- International	8,509	(5,141)	13,650	42%	19%
Mining	3,738	(5,683)	9,421	18%	8%
Other Equity Investments	203	(444)	648	1%	0%
<b>Total Portfolio</b>	<b>\$ 20,207</b>	<b>\$ (20,989)</b>	<b>\$ 41,196</b>	<b>100%</b>	<b>45%</b>
Working capital	22,130				49%
Other assets	576				1%
Future tax Asset	2,391				5%
<b>Net asset value</b>	<b>\$ 45,304</b>				<b>100%</b>
<b>Net asset value, per share (diluted)</b>	<b>\$ 3.64</b>				

Notes: (1) Carrying Value is the quoted market value for listed securities and the estimated fair value for illiquid securities. Fair value being the expected realization from the orderly disposition of the security in an orderly manner 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.

## Major Holdings

The major holdings consist of Humboldt's investment in the following five junior resource companies. The market value of Humboldt's investments in these companies decreased by 46% in the third quarter of 2008.

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 (Thousands)	Percentage of Humboldt's Value	Cost per Share	Market Value per Share
18,586,000	\$ 2,788	6.2%	\$ 0.32	\$ 0.15

Humboldt's investment in Diaz Resources Ltd. remains the largest individual holding in the Company's investment portfolio, representing approximately 6.2% of Humboldt's net asset value. Humboldt owned 28% of the outstanding shares of Diaz at September 30, 2008.



Diaz is an exploration and production company with assets in Alberta and Saskatchewan, in Canada and in Texas, in the United States. For the nine months ended September 30, 2008 Diaz reported cash flow of \$6.6 million, or \$0.10 per share and production averaging 890 BOEd.

**Sharon Energy Ltd.**

Share Holdings	Value (Thousands)	Percentage of Humboldt's Value	Cost per Share	Market Value per Share
17,860,000	\$ 2,411	5.3%	\$ 0.25	\$ 0.14

The carrying value of Humboldt's investment in Sharon Energy Ltd. represents 5.3% of the Company's net asset value at quarter ended September 30, 2008. Humboldt owned approximately 25% of the outstanding shares of Sharon.

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.

For the six months ended September 30, 2008 Sharon reported cash flow of U.S. \$2.0 million, or \$0.03 per share and production averaged 329 BOEd for the period.

**Tuscany Energy Ltd.**

Share Holdings	Value (Thousands)	Percentage of Humboldt's Value	Cost per Share	Market Value per Share
11,248,000	\$ 731	1.6%	\$ 0.16	\$ 0.07

Humboldt's holding in Tuscany do not make up a large percentage of Humboldt's value, however Humboldt currently owns 28% of the outstanding shares.

Tuscany is mainly focused in Alberta and Saskatchewan. For the nine months ended September 30, 2008 Tuscany's production averaged 183 BOEd and the company reported cash flow of \$1.5 million, or \$0.04 per share.

**Paris Energy Inc. (formerly Highview Resources Ltd.)**

Share Holdings	Value (Thousands)	Percentage of Humboldt's Value	Cost per Share	Market Value per Share
1,467,000	\$ 147	0.3%	\$ 1.12	\$ 0.10

Paris is a junior Calgary-based energy company in which Humboldt owns 14.8% of the outstanding shares.

The Company has undergone a management change and reorganization, and Humboldt has agreed to invest a further \$500,000 in the company during 2008.

**Goldmark Minerals Ltd**

Share Holdings	Value (Thousands)	Percentage of Humboldt's Value	Cost per Share	Market Value per Share
5,079,000	\$ 229	0.5%	\$ 0.09	\$ 0.05

At September 30, 2008 Humboldt owned 29% of the outstanding shares of Goldmark.

Goldmark is a mineral exploration company in the development with prospects in Ecuador and Alaska. Goldmark has working capital of \$1.5 million at September 30, 2008.

**Canadian Oil and Gas Sector**

During the first nine months of 2008, Humboldt realized gains of \$2.7 million and proceeds of \$10.4 million on the disposition of Canadian oil and gas holdings. Humboldt reinvested \$1.3 million in this sector during this period. The value of the remaining holdings decreased to \$1.5 million thereby reducing its weighting in the sector to 3% of Humboldt's asset value.

**International Oil Sector**

The value of Humboldt's investment in the international oil sector was \$8.5 million at September 30, 2008, representing 19% of Humboldt's net asset value compared with \$18.6 million, or 40% of Humboldt's net asset value at December 31, 2007.

During the first nine months of 2008 Humboldt realized a gain of \$4.0 million and proceeds of \$9.2 million on sale of assets in this sector. Humboldt reinvested \$4.9 million into this sector.

**Mining Sector**

During the second half of 2008, Humboldt realized a gain of \$1.2 million on proceeds of \$3.0 million in the mining sector. Humboldt reinvested \$1.4 million in the sector during the period. The value of the investment in the mining sector was reduced by \$3.7 million during the quarter and represents 8% of Humboldt's value at September 30, 2008.

**Administration Expenses**

Administrative costs as a percent of assets (Thousands, except percentage amounts)	For the Nine months ended September 30		
	2008	2007	2006
General and administrative	\$ 754	\$ 901	\$ 905
Assets under management	\$ 45,833	\$ 59,145	\$ 73,287
Percentage (annualized)	2.2%	2.3%	1.6%

Total general and administrative costs of \$754,000 equaled an annualized 2.2% of the assets under management. The Company incurred non-cash remuneration expense of \$125,000 representing the value of options issued to employees and directors during the period.

## Share Value

Stock Valuation and Market Price (Thousands, except per share amounts)	September 30		
	2008	2007	2006
Net asset value	\$ 45,304	\$ 58,313	\$ 69,283
NAV, per share (diluted)	\$ 3.64	\$ 4.56	\$ 5.49
Market price, per share	\$ 2.30	\$ 3.00	\$ 3.25

During the nine months ended September 30, 2008 Humboldt's net asset value per share decreased by 18%. The market price of Humboldt's shares on September 30, 2008 was \$2.30.

Issuer Bid	Nine Months Ended	Years Ended	
	September 30	December 31	
<b>Shares Repurchased</b>	<b>2008</b>	2007	2006
Common	142,700	39,300	11,200
Average cost paid, per share	\$ 2.52	\$ 3.04	\$ 3.46

Humboldt's shares trade at a discount to their net asset value and as a result, the Company from time to time repurchases its shares through a Normal Course Issuer Bid. Humboldt has filed a notice to purchase an additional 611,000 shares under the Normal Course Issuer Bid prior to August 21, 2009. A copy of the notice may be found on the internet at ([www.sedar.com](http://www.sedar.com)) or may be obtained from the company.

## Income Tax

Income Tax (Thousands, except percentage amounts)	For the Nine months ended September 30		
	2008	2007	2006
Income tax expense (recovery)			
Current	\$ 993	\$ 642	\$ 900
Future	\$ (2,778)	(3,244)	(3,947)
Total income tax expense (recovery)	\$ (1,785)	\$ (2,602)	\$ (3,047)
Earnings (loss), before tax	\$ (12,644)	\$ (15,193)	\$ (14,841)
Effective tax rate	14%	17%	21%

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%. Capital losses can be carried back up to three previous years, and as a result Humboldt has reported a future tax asset of \$2.4 million which would be received if Humboldt disposed of its portfolio at a loss and realized the recovery of taxes previously paid.



## Liquidity and Capital Resources

Liquidity (Thousands)	September 30		
	2008	2007	2006
Working capital	\$ 22,130	\$ 11,010	\$ 1,750

Humboldt's portfolio is principally comprised of small capitalization companies listed on Canadian stock exchanges. Approximately 14% of its net asset value is reflected in significant equity positions in four 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 non cash net asset value is invested in equity holdings in numerous oil and gas and mining corporations, the majority of which are characterized by their small capitalizations and public floats. As such, the majority Humboldt's portfolio is generally not highly liquid.

At September 30, 2008, Humboldt had working capital of \$22.1 million. Humboldt will capitalize primarily in vested treasury bills. 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 some investments that do not have a quoted market price, these are recorded at Management's estimated fair value. Humboldt's assessment of value is based on the information available to Management including the price of recent share issues by the Company or private market transaction. In most cases Humboldt's cost of the investment has been used as the most reasonable evidence of fair value. Loans and other receivables are recorded at their face value unless, in the opinion of Management, the value has been impaired. At September 30, 2008, investments carried at cost represent 2.1% 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.



## **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 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 September 30, 2008. The information has been summarized from the unaudited financial statements, which were prepared in accordance with Canadian generally accepted accounting principles.

### Selected Quarterly Information (Unaudited)

(Thousands, except per share amounts)

#### For the Three Months Ended

	2008				2007			2006
	Sept. 30	June 30	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31
Total revenue	\$ (17,518)	\$ 6,553	\$ (756)	\$ (1,858)	\$ (13,043)	\$ 4,870	\$ (5,684)	\$ 2,026
Earnings (loss)	\$ (15,365)	\$ 5,388	\$ (883)	\$ 618	\$ (13,874)	\$ 3,873	\$ (5,192)	\$ 838
per share, basic	\$ (1.25)	\$ 0.44	\$ (0.07)	\$ (0.16)	\$ (0.91)	\$ 0.31	\$ (0.42)	\$ 0.07
per share, diluted	\$ (1.24)	\$ 0.44	\$ (0.07)	\$ (0.16)	\$ (0.90)	\$ 0.31	\$ (0.42)	\$ 0.07

#### As at the Period Ended

	2008				2007			2006
	Sept. 30	June 30	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31
Retained earnings	\$ 41,916	\$ 57,518	\$ 52,130	\$ 53,110	\$ 55,107	\$ 66,465	\$ 62,592	\$ 67,798
Net asset value	\$ 45,304	\$ 60,886	\$ 55,461	\$ 56,397	\$ 58,313	\$ 69,543	\$ 65,542	\$ 70,529
per share, basic	\$ 3.71	\$ 4.95	\$ 4.51	\$ 4.57	\$ 4.72	\$ 5.62	\$ 5.29	\$ 5.70
per share, diluted	\$ 3.64	\$ 4.78	\$ 4.37	\$ 4.42	\$ 4.56	\$ 5.38	\$ 5.08	\$ 5.47

## 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. There was no amounts due from any of the related parties at during the quarter. During the year ended December 31, 2007 Sharon Energy Ltd was indebted to Humboldt as set forth below.

### *Diaz Resources Ltd.*

At September 30, 2008, Humboldt owned 28% of the outstanding shares of Diaz. All of Humboldt's officers and directors are also officers and/or directors of Diaz.

During 2008, Humboldt paid Diaz \$226,800 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 September 30, 2008, Humboldt owned 25% 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. Based on a recent review of the asset base of Sharon, Humboldt has agreed to provide a credit facility to Sharon in the amount of \$1.0 million US. Humboldt charges 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. The loan base will be reviewed annually with the next review due June 30, 2009.

There has been no amounts due from Sharon during 2008. During the year ended December 31, 2007 Sharon was indebted to Humboldt to a maximum amount of \$4.8 million and paid interest of \$153,000.

### **Capital Stock**

As of November 26, 2008, Humboldt had 12,206,295 common shares outstanding and employees and directors had options to purchase an additional 1,050,000 common shares from the Company.

### **Financial Reporting Update**

The Canadian Institute of Chartered Accountants ("CICA") is continuously revising 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 three month period ended June 30, 2008. However, four new Handbook Sections were adopted in the first quarter which affect disclosure and presentation:

- 1) Handbook Section 1535, "Capital Disclosures",
- 2) Handbook Section 3862, "Financial Instruments – Disclosures",
- 3) Handbook Section 3863, "Financial Instruments – presentation", and
- 4) Handbook Section 1400, "General Standards of Financial Statement Presentation".

Please refer to Note 2, "Changes in Accounting Policies" in the notes to the financial statements for the Six months ended June 30, 2008.

### **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, 2007, 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.

## Outlook

Humboldt's view is quite pessimistic for the balance of 2008 and for the bulk of 2009. Subsequent to the end of the quarter the value of Humboldt's investment portfolio has further declined by almost 40%.

It is clear that the recession in the United States will be a severe one that has already spread to the UK, Japan and Europe. Early indications also point to a potentially severe slowdown in China and other Asian economies.

This current business cycle, while very severe, appears to be following the pattern of previous stock market and economic downturns. Hence, a period of financial crisis is followed by a lengthy period of declining economic fundamentals. Ironically, by the time the worst period of most economic recessions are reached, the stock market has already discounted economic problems and has commenced a recovery phase. Unfortunately though this pattern may not necessarily apply to all resource stocks as commodity prices usually only begin to rise well into an economic recovery. This is due to the availability of existing stockpiles and under-utilized capacity, especially in mining.

Hence, while we appear to be entering a period of extreme gloom and doom, nevertheless, the seeds of the economic recovery have actually been sown. These factors comprise the reappearance of very low interest rates, low energy prices, low metal prices, availability of cheaper labor and finally, an abundance of inexpensive homes and commercial properties.

As a result of these greater uncertainties at this phase of the business cycle, Humboldt has increased its current level of liquidity. At the time of writing, Humboldt's cash reserves were in excess of \$22 million.

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

On another positive note, Humboldt's staff is re-viewing 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 great emphasis on financial resources with which to continue their exploration.

Finally, Humboldt anticipates that even the oil and gas business, which is suffering a major correction in commodity prices, will recover in the future, after input costs come back into line and an extremely negative sector rotation, out of energy stocks, will be reversed.

**Consolidated Balance Sheet**(Thousands, except per share amounts)  
(unaudited)September 30,  
2008                      December 31,  
2007**Assets**

Cash and term deposits	\$	22,621	\$	9,458
Accounts receivable		38		25
Income tax recoverable		-		338
		<b>22,659</b>		<b>9,821</b>
Loans receivable		296		128
Investments (Note 3)		20,207		46,929
Future income tax asset		2,391		-
Other assets		280		260
		<b>23,174</b>		<b>47,317</b>
<b>Total Assets</b>	<b>\$</b>	<b>45,833</b>	<b>\$</b>	<b>57,138</b>

**Liabilities**

Accounts payable and accrued liabilities	\$	-	\$	353
Income tax payable		529		-
		<b>529</b>		<b>353</b>
Future income tax liability		-		388
		<b>529</b>		<b>741</b>

**Shareholders' Equity**

Share capital (Note 4)				
Common shares		2,048		2,072
Contributed surplus		1,340		1,215
Retained earnings		41,916		53,110
<b>Total Shareholders' Equity</b>		<b>45,304</b>		<b>56,397</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$</b>	<b>45,833</b>	<b>\$</b>	<b>57,138</b>
Net asset value per share, basic	\$	3.71	\$	4.57
Net asset value per share, diluted	\$	3.64	\$	4.42

Approved by the Board:

(Signed) "R.W. Lamond" Director

(Signed) "C.A. Teare" Director

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

(Thousands, except per share amounts)

(unaudited)

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2008	2007	2008	2007
<b>Revenue</b>				
Net gain on sale of investments	\$ 1,117	\$ 735	\$ 8,069	\$ 5,587
Unrealized (Decrease) in investment value	(18,757)	(13,837)	(19,866)	(19,625)
Interest, dividends and other	122	107	258	346
	<b>(17,518)</b>	<b>(12,995)</b>	<b>(11,539)</b>	<b>(13,692)</b>
<b>Expenses</b>				
General and administrative	225	292	754	901
Brokerage commissions	45	48	226	165
Non-cash compensation	37	132	125	460
Loan loss recovery	-	-	-	(25)
	<b>307</b>	<b>472</b>	<b>1,105</b>	<b>1,501</b>
Loss before income taxes	<b>(17,825)</b>	<b>(13,467)</b>	<b>(12,644)</b>	<b>(15,193)</b>
Income taxes (recovery)				
Current	214	71	993	642
Future	(2,674)	(2,266)	(2,778)	(3,244)
	<b>(2,460)</b>	<b>(2,195)</b>	<b>(1,785)</b>	<b>(2,602)</b>
Loss and comprehensive loss for the period	<b>(15,365)</b>	<b>(11,272)</b>	<b>(10,859)</b>	<b>(12,591)</b>
Cost in excess of stated value of				
shares repurchased	(237)	(86)	(334)	(100)
Retained earnings, beginning of period	57,518	66,465	53,109	67,798
Retained earnings, end of period	\$ 41,916	\$ 55,107	\$ 41,916	\$ 55,107
Net earnings (Loss) per share, basic	\$ (1.25)	\$ (0.91)	\$ (0.88)	\$ (1.02)
Net earnings (Loss) per share, diluted	\$ (1.24)	\$ (0.90)	\$ (0.88)	\$ (1.01)

**Consolidated Statement of Cash Flows**

(Thousands)

(unaudited)

	Three Months Ended		Six Months Ended	
	September 30		September 30	
	2008	2007	2008	2007
Cash provided by (used for):				
Operating Activities				
Loss and comprehensive loss for the period	\$ (15,365)	\$ (11,272)	\$ (10,859)	\$ (12,591)
Adjusted for:				
Loan loss expense	-	-	-	25
Non-cash compensation	37	(132)	125	(460)
Future income tax (recovery)	(2,674)	(2,266)	(2,778)	(3,244)
Unrealized (Decrease) in investments value	18,757	13,819	19,866	19,625
Net gain on sale of investments	(1,117)	(834)	(8,069)	(5,587)
Repayments of Advances to associated companies	-	10	-	3,424
Proceeds from sale of investments	6,115	4,379	22,798	17,859
Purchase of investments	(2,011)	(3,499)	(7,872)	(9,066)
Other loans and debentures	(185)	(10)	(168)	39
Other assets	(15)	(6)	(20)	(9)
Cash flow from operations	3,542	189	13,023	10,015
Change in non cash working capital	325	190	499	(91)
	3,867	379	13,522	9,924
Financing Activities				
Shares issued on exercise of options	-	-	-	20
Purchase of shares for cancellation	(255)	(100)	(359)	(115)
	(255)	(100)	(359)	(95)
Increase in cash	3,612	279	13,163	9,829
Cash, beginning of period	19,009	10,330	9,458	780
Cash, end of period	\$ 22,621	\$ 10,609	\$ 22,621	\$ 10,609
Supplementary information regarding cash payments:				
Interest received during the period	\$ 119	\$ 17	\$ 256	\$ 349
Taxes paid (refunded) during the period	\$ 308	\$ -	\$ 557	\$ 631
Non-cash items:				
Interest on loans to associated companies	\$ -	\$ -	\$ -	\$ 155



## Notes to the Consolidated Financial Statements For the Nine Months Ended September 30, 2008

The financial statements for the nine months ended September 30, 2008 and 2007 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, 2007.

### 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:

The Handbook Sections adopted in the first quarter affect disclosure and presentation requirements but did not result in a change of accounting policy. The new Handbook Sections adopted are:

- 1) Handbook Section 1535, "Capital Disclosures", requires disclosure of information about Humboldt's capital and the objectives, policies, and processes for managing capital;
- 2) Handbook Section 3862, "Financial Instruments - Disclosures" and Handbook Section 3863, "Financial Instruments - presentation", were created to expand upon and replace Handbook Section 3861, "Financial Instrument Disclosures and Presentation"; and
- 3) Handbook Section 1400, "General Standards of Financial Statement Presentation" which aligns Canadian standards of financial statement presentation with those of the International Financial Reporting Standards ("IFRS"). The section includes new required disclosure if an entity is not preparing statements on a going concern basis which does not apply to Humboldt as it is a going concern.

### 3. Investments

#### Portfolio Summary and Net Asset Value at September 30, 2008

(Thousands, except percentage)	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	18,586	2,788	(3,193)	5,981	13.8%	6.2%
Sharon Energy Ltd.	17,860	2,411	(2,068)	4,479	11.9%	5.3%
Tuscany Energy Ltd	11,248	731	(1,046)	1,779	3.6%	1.6%
Goldmark Minerals Ltd	5,079	229	(244)	473	1.1%	0.5%
Paris Energy Inc	1,467	147	(1,454)	1,600	0.7%	0.3%
<b>Total Major Holdings</b>		<b>6,305</b>	<b>(8,007)</b>	<b>14,312</b>	<b>31.2%</b>	<b>13.9%</b>
<b>Canadian Oil &amp; Gas</b>						
Bengal Energy	454	477	(447)	924	2.4%	1.1%
Canext Energy Ltd	300	249	(57)	306	1.2%	0.5%
Crocotta Energy Ltd	45	120	(223)	343	0.6%	0.3%
Trafina Energy Ltd	353	109	6	103	0.5%	0.2%
Sure Energy Inc	160	106	(161)	267	0.5%	0.2%
Renegade Oil & Gas	100	100	0	100	0.5%	0.2%
Nuloch Resources Inc	140	88	(143)	231	0.4%	0.2%
Other Canadian Oil & Gas		201	(690)	892	1.0%	0.4%
<b>Total Canadian Oil &amp; Gas</b>		<b>1,451</b>	<b>(1,714)</b>	<b>3,165</b>	<b>7.2%</b>	<b>3.2%</b>
<b>International Oil &amp; Gas</b>						
Bow Valley Energy Ltd	321	973	273	700	4.8%	2.1%
Cirrus Energy Inc.	265	863	473	390	4.3%	1.9%
EnCore Oil	1,235	786	192	595	3.9%	1.7%
Serica Resources PLC	746	783	(657)	1,440	3.9%	1.7%
Tower Resources	9,500	694	86	607	3.4%	1.5%
Sterling Resources Ltd	515	685	(37)	722	3.4%	1.5%
Bridge Resources	728	655	(87)	742	3.2%	1.4%
Loon Energy Inc	590	295	44	251	1.5%	0.7%
Global Petroleum	3,018	291	(230)	521	1.4%	0.6%
Europa Oil & Gas	600	201	(84)	285	1.0%	0.4%
TG World From March 7/08	802	168	(400)	569	0.8%	0.4%
Petsec Energy	500	159	(31)	190	0.8%	0.4%
Key Petroleum	1,000	151	(80)	231	0.7%	0.3%
Genesis Petroleum	400	147	(152)	299	0.7%	0.3%
Antrim Energy	119	143	(58)	201	0.7%	0.3%
Tarim Resources (Private)	500	125	0	125	0.6%	0.3%
Ithica Resources Inc	87	111	(97)	208	0.5%	0.2%
Benchmark Energy Corp	577	104	(228)	332	0.5%	0.2%
Aminex	500	101	(30)	132	0.5%	0.2%
Cue Energy	633	95	(66)	161	0.5%	0.2%
Tag Oil Ltd	1,040	94	(641)	735	0.5%	0.2%
Dualex Energy	291	76	(143)	219	0.4%	0.2%

## 3. Investments (Continued)

**Portfolio Summary and Net Asset Value  
at September 30, 2008**

<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>						
Excelsior Energy Ltd	709	74	(247)	322	0.4%	0.2%
Mart Resources Ltd	610	73	(273)	347	0.4%	0.2%
Gold Oil	625	72	(29)	101	0.4%	0.2%
Excile Resources Ltd	959	72	(257)	329	0.4%	0.2%
Primeline Energy Holdings Inc	142	68	(22)	90	0.3%	0.2%
Centric Energy	1,100	61	(185)	245	0.3%	0.1%
Petro Uno	200	56	(24)	80	0.3%	0.1%
Argenta Oil & Gas	727	55	(231)	286	0.3%	0.1%
Other International Oil & Gas		280	(1,918)	2,195	1.4%	0.6%
<b>Total International Oil &amp; Gas</b>		<b>8,509</b>	<b>(5,141)</b>	<b>13,650</b>	<b>42.1%</b>	<b>18.8%</b>
<b>Mining</b>						
Apoquindo Minerals	300	240	65	175	1.2%	0.5%
WSR Gold Inc	940	235	(472)	707	1.2%	0.5%
Firestone Ventures from Nov 26/07	1,435	208	54	154	1.0%	0.5%
Scorpio Mining Corp	166	148	(43)	191	0.7%	0.3%
Premium Exploration Inc	550	140	(45)	185	0.7%	0.3%
Freewest Resources Canada Inc	500	133	(59)	192	0.7%	0.3%
Kilo Goldmines	375	125	0	125	0.6%	0.3%
Chapleau Resources Ltd	525	121	(30)	151	0.6%	0.3%
International PBX Ventures Ltd	957	115	(387)	501	0.6%	0.3%
Midlands Minerals Corp	625	113	(55)	167	0.6%	0.2%
Peregrine Metals Inc	200	106	(8)	114	0.5%	0.2%
Alexis Minerals Corporation	200	91	(101)	192	0.5%	0.2%
Western Potash Corp	200	83	5	78	0.4%	0.2%
Silverstone Resource Corp	53	75	(18)	93	0.4%	0.2%
Full Metal Minerals Ltd	110	75	(186)	261	0.4%	0.2%
MineCore International	109	71	(81)	152	0.4%	0.2%
Alberta Star Development Corp	377	68	(132)	200	0.3%	0.2%
Carpathian Gold	343	62	(92)	154	0.3%	0.1%
PMI Ventures	400	56	(44)	100	0.3%	0.1%
Shear Minerals Ltd	366	55	(112)	167	0.3%	0.1%
Indicator Minerals Inc	493	54	(181)	235	0.3%	0.1%
Commander Resources Ltd	568	54	(126)	180	0.3%	0.1%
Other Mining		1,313	(3,636)	4,942	6.5%	2.9%
<b>Total Mining</b>		<b>3,738</b>	<b>(5,683)</b>	<b>9,421</b>	<b>18.5%</b>	<b>8.3%</b>
Other		203	(444)	648	1.0%	0.4%
<b>Total Portfolio</b>		<b>20,207</b>	<b>(20,989)</b>	<b>41,196</b>	<b>100%</b>	<b>45%</b>

Notes: (1) Carrying Value is the quoted market value for listed securities and the estimated fair value for illiquid securities. Fair value being the expected realization from the orderly disposition of the security in an orderly manner 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.

**4. 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**

Common Shares	No. of Shares	Amount (Thousands)
Balance, December 31, 2007	12,349,795	\$ 2,072
Purchased for cancellation	(142,700)	(24)
<b>Total Shares Outstanding, September 30, 2008</b>	<b>12,207,095</b>	<b>\$ 2,048</b>

Contributed Surplus	(Thousands)
Balance, December 31, 2007	\$ 1,215
Option compensation for the period	125
<b>Total Contributed Surplus, September 30, 2008</b>	<b>\$ 1,340</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 September 30, 2008 and December 31, 2007 are as follows:

	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of period	1,135,000	\$2.80	1,078,400	\$2.41
Granted during the period			65,000	\$3.01
Exercised during the period			(8,400)	\$2.41
Expired during the period	(85,000)	\$3.01	-	
Options outstanding at end of period	1,050,000	\$2.80	1,135,000	\$2.81
Options exercisable at end of period	841,700	\$2.74	880,000	\$2.75



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	2.0	415,000
\$3.01	35,000	3.7	26,700
\$3.05	600,000	3.8	400,000
Total	1,050,000	3.7	841,700

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
2006	April	4.23	4	0.72	n/a
2006	October	4.08	4	0.67	n/a
2007	January	3.94	4.5	0.43	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 quarter and the past two years:

Issuer Bid	Nine Months Ended		Years Ended	
	September 30		December 31	
Shares Repurchased	2008		2007	2006
Common	142,700		39,300	11,200
Average cost paid, per share	\$	2.52	\$ 3.04	\$ 3.46

## 5. 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. There were no amounts due from any of the related parties at during the quarter. During the year ended December 31, 2007 Sharon Energy Ltd was indebted to Humboldt as set forth below.

***Diaz Resources Ltd.***

At September 30, 2008, Humboldt owned 28% of the outstanding shares of Diaz. All of Humboldt's officers and directors are also officers and/or directors of Diaz.

During 2008, Humboldt paid Diaz \$226,800 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 September 30, 2008, Humboldt owned 25% 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 provide a loan of \$1.0 million US. 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. The lender base is established by the value of share vs assets and is subject to review at least annually. The next review will be on or before June 30, 2009.

There were no amounts due from Sharon during the quarter.

**6. Financial Instruments**

All financial instruments are required to be measured at fair value on initial recognition of the instrument, except for certain related party transactions. Measurement in subsequent 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. Investments are designated as "held-for-trading" and are measured at fair value, and accounts payable are designated as "other financial liabilities". Financial instruments comprise cash, accounts receivable, investments, accounts payable, loans and debt receivable, loans to associated companies and income taxes payable.



## Corporate Information

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### Directors

Robert W. Lamond <sup>(1)</sup>  
*Calgary, Alberta*

Charles A. Teare  
*Calgary, Alberta*

Robert L. McPherson <sup>(1) (2) (3)</sup>  
*Calgary, Alberta*

Allan R. Twa <sup>(1) (2) (3)</sup>  
*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