

USCORP  
Form 10-Q  
May 12, 2010

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

---

FORM 10-Q

---

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: March 31, 2010  
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from: \_\_\_\_\_ to \_\_\_\_\_

---

USCORP  
(Exact name of registrant as specified in its charter)

---

Nevada (State or Other Jurisdiction of Incorporation)	000-19061 (Commission File Number)	87-0403330 (I.R.S. Employer Identification No.)
---	--	---

4535 W. Sahara Avenue, Suite 200, Las Vegas, NV 89102  
(Address of Principal Executive Office) (Zip Code)

(702) 933-4034  
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

---

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.       Yes     No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer,

or a smaller reporting company.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).  Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of March 31, 2010.  
101,546,217 shares of Common Class A Stock and 20,000,000 shares of Common Class B Stock issued and  
outstanding.

---

USCORP  
TABLE OF CONTENTS

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

Consolidated Balance Sheet as of March 31, 2010 and March 31, 2009 (unaudited)

Consolidated Statements of Operations for the Three Months and Quarter Ended March 31, 2010 and March 31, 2009 and from Inception, May 1989 through March 31, 2010 (unaudited)

Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2010 and March 31, 2009 and from Inception, May 1989 through March 31, 2010 (unaudited)

Consolidated Statements of Changes in Shareholders' Equity from Inception, May 1989 through March 31, 2010

Notes to Consolidated Financial Statements (unaudited)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Item 4T. Controls and Procedures

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

Item 1A. Risk Factors

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Item 3. Defaults Upon Senior Securities

Item 4. Submission of Matters to a Vote of Security Holders

Item 5. Other Information

---

## PART I. FINANCIAL INFORMATION

USCorp Inc.  
(an Exploration Stage Company)  
Balance Sheet  
As of March 31, 2010 and September 30, 2009

ASSETS	Unaudited 31-Mar-10	30-Sep-09
Current assets:		
Cash	\$ 209,295	\$ 18,527
Total current assets	\$ 209,295	\$ 18,527
Other assets:		
Equipment- net	512	1,030
Total assets	\$ 209,807	\$ 19,557
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable & accrued expenses	\$ 7,849	\$ 8,953
Gold bullion loan	2,147,215	1,786,025
Convertible debenture payable	0	249,955
Subscriptions payable	177,961	93,481
Total current liabilities	\$ 2,333,025	\$ 2,138,414
Convertible debenture payable	677,648	390,661
Due to officer	0	16,349
Shareholders' equity:		
Series A preferred stock, one share convertible to eight shares of common; par value \$0.001, 30,000,000 shares authorized, 6,562,500 shares issued and outstanding at September 30, 2009 and 4,000,000 at March 31, 2010	5,365	8,327
Series B preferred stock, one share convertible to two shares of common; 10% cumulative stated dividend, stated value \$0.50, 50,000,000 shares authorized, 141,687 outstanding at September 30, 2009 and March 31, 2010, stated value; \$0.50	63,498	63,498
Common stock B- \$.001 par value, authorized 250,000,000 shares, issued and outstanding, 5,000,000 shares at September 30, 2009 and 20,000,000 at March 31, 2010	20,000	5,000
Common stock A- \$.01 par value, authorized 550,000,000 shares authorized, issued and outstanding, 74,319,460 shares at September 30, 2009 and 101,546,217 at March 31, 2010	\$ 1,015,463	\$ 743,195
Additional paid in capital	12,929,877	12,183,315
Accumulated deficit - exploration stage	(16,835,069)	(15,529,202)
Total shareholders' deficit	(2,889,729)	(2,602,692)
Total Liabilities & Shareholders' Deficit	\$ 209,807	\$ 19,557

See the notes to the financial statements.

---

Edgar Filing: USCORP - Form 10-Q

USCorp  
(an Exploration Stage Company)  
Statements of Operations  
For the Six and Three Months Ended March 31, 2010 and March 31, 2009  
and from Inception, May 1989 through March 31, 2009

	Unaudited 6 Months 31-Mar-10	Unaudited 6 Months 31-Mar-09	Unaudited 3 Months 31-Mar-10	Unaudited 3 Months 31-Mar-09	Inception to Date
General and administrative expenses:					
Consulting	\$ 331,794	\$ 163,404	\$ 267,685	\$ 78,681	\$ 7,091,297
Administration	555,272	447,758	505,331	200,096	5,955,732
License expense	0	100	0	0	247,559
Professional fees	20,579	44,205	13,696	25,395	697,302
Total general & administrative expenses	907,645	655,467	786,712	304,172	13,991,890
Net loss from operations	\$ (907,645)	\$ (655,467)	\$ (786,712)	\$ (304,172)	\$ (13,991,890)
Other income (expenses):					
Interest income	0	632	0	123	7,908
Interest expense	(65,608)	(125,423)	(30,602)	(54,475)	(997,577)
Gain (loss) on unhedged derivative	(332,614)	(33,729)	3,480	(48,476)	(1,253,510)
Loss on mining claim	0	0	0	0	(600,000)
Net loss before provision for income taxes	\$ (1,305,867)	\$ (813,987)	\$ (813,834)	\$ (407,000)	\$ (16,835,069)
Provision for income taxes	0	0	0	0	0
Net loss	\$ (1,305,867)	\$ (813,987)	\$ (813,834)	\$ (407,000)	\$ (16,835,069)
Basic & fully diluted net loss per common share					
	\$ (0.02)	\$ (0.01)	\$ (0.01)	\$ (0.01)	
Weighted average of common shares outstanding:					
Basic & fully diluted	79,574,934	63,915,751	83,201,313	63,059,058	

See the notes to the financial statements.



Edgar Filing: USCORP - Form 10-Q

USCorp  
(an Exploration Stage Company)  
Statements of Cash Flows

For the Six Months Ended March 31, 2010 and March 31, 2009  
and from Inception, May 1989 through March 31, 2010

	Unaudited 31-Mar-10	Unaudited 31-Mar-09	Inception to Date
<b>Operating Activities:</b>			
Net loss	\$ (1,305,867)	\$ (813,987)	\$ (16,835,069)
Adjustments to reconcile net income items not requiring the use of cash:			
Loss on sale of mining claim	0	0	600,000
Consulting fees	157,191	38,771	2,304,751
Investor relations	503,744	0	503,744
Depreciation expense	518	1,653	17,043
Legal settlement expense	0	0	12,000
Interest expense	65,608	125,423	997,577
Shares issued for mining claim	0	0	2,449,465
Loss on unhedged underlying derivative	332,614	33,729	1,253,510
Changes in other operating assets and liabilities :			
Accounts payable and accrued expenses	(1,104)	(14,618)	2,390,037
Net cash used by operations	\$ (247,296)	\$ (629,029)	\$ (6,306,942)
<b>Investing activities:</b>			
Purchase of office equipment	\$ 0	\$ 0	\$ (17,555)
Net cash used by investing activities	0	0	(17,555)
<b>Financing activities:</b>			
Issuance of common stock	\$ 357,895	\$ 264,000	\$ 3,100,136
Issuance of preferred stock	0	0	78,559
Issuance of gold bullion note	0	0	648,282
Subscriptions received	96,518	0	759,322
Issuance of convertible notes	0	200,000	1,600,000
Advances received (paid) shareholder	(16,349)	0	347,494
Net cash provided by financing activities	438,064	464,000	6,533,793
Net increase (decrease) in cash during the period	\$ 190,768	\$ (165,029)	\$ 209,295
Cash balance at beginning of the fiscal year	18,527	327,945	0
Cash balance at March 31st	\$ 209,295	\$ 162,916	\$ 209,295
<b>Supplemental disclosures of cash flow information:</b>			
Interest paid during the period	\$ 0	\$ 0	\$ 0
Income taxes paid during the period	\$ 0	\$ 0	\$ 0

See the notes to the financial statements.



Edgar Filing: USCORP - Form 10-Q

USCorp  
 (an Exploration Stage Company)  
 Statement of Changes in Shareholders' Equity  
 From Inception in May 1989

	Common Shares	Common Par Value	Paid in Capital	Accumulated Deficit	Total	Stock Price *
Inception	0	\$ 0	\$ 0	\$ 0	\$ 0	
Issuance of common stock	84,688	847	1,185,153		1,186,000	\$ 0.07
Net income fiscal 1990				520,000	520,000	
Balance at September 30, 1990-unaudited	84,688	\$ 847	\$ 1,185,153	\$ 520,000	\$ 1,706,000	
Net income fiscal 1991				1,108,000	1,108,000	
Balance at September 30, 1991-unaudited	84,688	\$ 847	\$ 1,185,153	\$ 1,628,000	\$ 2,814,000	
Issuance of common stock	472	5	32,411		32,416	\$ 0.22
Net income fiscal 1992				466,000	466,000	
Balance at September 30, 1992-unaudited	85,160	\$ 852	\$ 1,217,564	\$ 2,094,000	\$ 3,312,416	
Net loss fiscal 1993				(3,116,767)	(3,116,767)	
Balance at September 30, 1993-unaudited	85,160	\$ 852	\$ 1,217,564	\$ (1,022,767)	\$ 195,649	
Net loss fiscal 1994				(63,388)	(63,388)	
Balance at September 30, 1994-unaudited	85,160	\$ 852	\$ 1,217,564	\$ (1,086,155)	\$ 132,261	
Net income fiscal 1995				(132,261)	(132,261)	
Balance at September 30, 1995-unaudited	85,160	\$ 852	\$ 1,217,564	\$ (1,218,416)	\$ 0	
Net loss fiscal 1996				0	0	
	85,160	\$ 852	\$ 1,217,564	\$ (1,218,416)	\$ 0	

Balance at September 30,  
1996-unaudited

---

Edgar Filing: USCORP - Form 10-Q

USCorp  
(an Exploration Stage Company)  
Statement of Changes in Shareholders' Equity  
From Inception in May 1989  
(Continued)

	Common Shares	Common Par Value	Paid in Capital	Accumulated Deficit	Total	Stock Price *
Stock issued for mining claim	150,000	1,500	598,500		600,000	\$ 0.20
Issuance of common stock	50,000	500	59,874		60,374	\$ 0.06
Stock issued for services	14,878	149	29,608		29,757	\$ 0.10
Net loss fiscal 1997				(90,131)	(90,131)	
Balance at September 30, 1997-unaudited	300,038	\$ 3,001	\$ 1,905,546	\$ (1,308,547)	\$ 600,000	
Capital contributed by shareholder			58,668		58,668	
Net loss fiscal 1998				(58,668)	(58,668)	
Balance at September 30, 1998-unaudited	300,038	\$ 3,001	\$ 1,964,214	\$ (1,367,215)	\$ 600,000	
Capital contributed by shareholder			28,654		28,654	
Net income fiscal 1999				(26,705)	(26,705)	
Balance at September 30, 1999-unaudited	300,038	\$ 3,001	\$ 1,992,868	\$ (1,393,920)	\$ 601,949	
Capital contributed by shareholder			22,750		22,750	
Net loss fiscal 2000				(624,699)	(624,699)	
Balance at September 30, 2000-unaudited	300,038	\$ 3,001	\$ 2,015,618	\$ (2,018,619)	\$ 0	

Edgar Filing: USCORP - Form 10-Q

USCorp  
 (an Exploration Stage Company)  
 Statement of Changes in Shareholders' Equity  
 From Inception in May 1989  
 (Continued)

	Common Shares	Common Par Value	Paid in Capital	Accumulated Deficit	Total	Stock Price *
Issuance of common stock	103,535	1,035	611,943		612,978	\$ 0.15
Issued stock for compensation	50,000	500	19,571		20,071	\$ 0.04
Capital contributed by shareholder			21,719		21,719	
Net loss fiscal 2001				(654,768)	(654,768)	
Balance at September 30, 2001-unaudited	453,573	\$ 4,536	\$ 2,668,851	\$ (2,673,387)	\$ 0	
Issued stock to purchase mining claim	24,200,000	242,000	2,207,466		2,449,466	\$ 0.10
Issued shares to employees	267,500	2,675	(2,675)		0	
Capital contributed by shareholders			143,480		143,480	
Net loss for the fiscal year				(2,591,671)	(2,591,671)	
Balance at September 30, 2002-unaudited	24,921,073	\$ 249,211	\$ 5,017,122	\$ (5,265,058)	\$ 1,275	
Issued stock for services	872,000	8,720	264,064		272,784	\$ 0.31
Beneficial conversion feature			3,767		3,767	
Capital contributed by shareholders			81,472		81,472	
Net loss for the fiscal year				(865,287)	(865,287)	

Edgar Filing: USCORP - Form 10-Q

Balance at September 30, 2003	25,793,073	\$	257,931	\$	5,366,425	\$	(6,130,345)	\$	(505,989)
----------------------------------	------------	----	---------	----	-----------	----	-------------	----	-----------

---

Edgar Filing: USCORP - Form 10-Q

USCorp  
(an Exploration Stage Company)  
Statement of Changes in Shareholders' Equity  
From Inception in May 1989  
(Continued)

	Common Shares	Common Par Value	Paid in Capital	Accumulated Deficit	Total	Stock Price *
Issuance of common stock	550,000	5,500	206,500		212,000	\$ 0.39
Issued stock to pay bills	1,069,945	10,699	460,077		470,776	\$ 0.44
Issued stock for services	2,118,444	21,184	652,714		673,898	\$ 0.32
Net loss for the fiscal year				(964,108)	(964,108)	
Balance at September 30, 2004	29,531,462	\$ 295,314	\$ 6,685,716	\$ (7,094,453)	\$ (113,423)	
Issuance of common stock	150,000	1,500	46,500		48,000	\$ 0.32
Issued stock for services	2,840,000	28,400	331,600		360,000	\$ 0.13
Issued stock to pay debt	400,000	4,000	50,000		54,000	\$ 0.14
Issuance of warrants			1,817		1,817	
Net loss for the fiscal year				(628,337)	(628,337)	
Balance at September 30, 2005	32,921,462	\$ 329,214	\$ 7,115,633	\$ (7,722,790)	\$ (277,943)	
Issued stock for services	885,000	8,850	70,800		79,650	\$ 0.09
Net loss for the period				(837,551)	(837,551)	
Balance at September 30, 2006	33,806,462	\$ 338,064	\$ 7,186,433	\$ (8,560,341)	\$ (1,035,844)	
Issued stock for services	50,000	500	4,500		5,000	\$ 0.10
Issuance of convertible debt			648,098		648,098	
Net loss for the fiscal year				(3,176,745)	(3,176,745)	
Balance at September 30, 2007	33,856,462	338,564	7,839,031	(11,737,086)	(3,559,491)	



Edgar Filing: USCORP - Form 10-Q

USCorp  
(an Exploration Stage Company)  
Statement of Changes in Shareholders' Equity  
From Inception in May 1989  
(Continued)

	Common Shares	Common Par Value	Paid in Capital	Accumulated Deficit	Total	Stock Price *
Issuance of common stock	10,011,879	100,119	638,559		738,678	\$ 0.07
Issued stock for services	9,517,664	95,177	2,447,473		2,542,650	\$ 0.27
Conversion of debentures	7,200,000	72,000	828,000		900,000	\$ 0.13
Conversion of preferred stock	26,626	266	6,401		6,667	\$ 0.25
Issuance of convertible debt			56,000		56,000	
Net loss for the fiscal period- as restated				(2,498,879)	(2,498,879)	
Balance at September 30, 2008	60,612,631	606,126	11,815,464	(14,235,965)	(1,814,375)	
Issuance of common stock	12,261,765	122,618	304,845		427,463	\$ 0.03
Issued stock for services	845,064	8,451	53,939		62,390	\$ 0.07
Issued stock to settle lawsuit	200,000	2,000	10,000		12,000	\$ 0.06
Conversion of Preferred A	400,000	4,000	(3,933)		67	
Issuance of convertible debt			3,000		3,000	
Net loss for the year				(1,293,237)	(1,293,237)	
Balance at September 30, 2009	74,319,460	743,195	12,183,315	(15,529,202)	(2,602,692)	
Issuance of common stock	15,206,385	152,064	205,831		357,895	\$ 0.02
Issued stock for services	2,620,372	26,204	130,987		157,191	\$ 0.06
Issuance of warrants			503,744		503,744	
Converted preferred A	9,400,000	94,000	(94,000)		0	
Net loss for the period				(1,305,867)	(1,305,867)	



Balance at March 31, 2010	101,546,217	\$ 1,015,463	\$ 12,929,877	\$ (16,835,069)	\$ (2,889,729)
---------------------------	-------------	--------------	---------------	-----------------	----------------

Please see the notes to the financial statements.

---

USCorp  
(an Exploration Stage Company)  
Notes to the Consolidated Financial Statements  
For the Six Month Ended March 31, 2010 and March 31, 2009

1. Organization of the Company and Significant Accounting Principles

USCorp (the "Company") is a publicly held corporation formed in May 1989 in the state of Nevada. In April 2002 the Company acquired US Metals, Inc. ("USMetals"), a Nevada corporation, by issuing 24,200,000 shares of common stock. US Metals became a wholly owned subsidiary of the Company.

The Company owns the mineral rights to 177 Lode and Placer Mining Claims in the Eureka Mining District of Yavapai County, Arizona, called the Twin Peaks Project; and owns the mineral rights to 235 Lode and Placer Claims on five properties in the Mesquite Mining District of Imperial County, California, which the Company collectively refers to as the Picacho Salton Project.

The Company has no revenues to date and has defined itself as an "exploration stage" company.

Exploration Stage Company- the Company has no operations or revenues since its inception and therefore qualifies for treatment as an Exploration Stage company as per Statement of Financial Accounting Standards (SFAS) No. 7. As per SFAS No.7, financial transactions are accounted for as per generally accepted accounting principles. Costs incurred during the development stage are accumulated in "accumulated deficit- exploration stage" and are reported in the Stockholders' Equity section of the balance sheet.

Consolidation- the accompanying consolidated financial statements include the accounts of the company and its wholly owned subsidiary. All significant inter-company balances have been eliminated.

Use of Estimates- The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make reasonable estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses at the date of the financial statements and for the period they include. Actual results may differ from these estimates.

Cash and interest bearing deposits- For the purpose of calculating changes in cash flows, cash includes all cash balances and highly liquid short-term investments with an original maturity of three months or less.

Long Lived Assets- The Company reviews for the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized when estimated future cash flows expected to result from the use of the asset and its eventual disposition is less than its carrying amount.

Property and Equipment- Property and equipment are stated at cost. Depreciation expense is computed using the straight-line method over the estimated useful life of the asset, which is estimated at three years.

Income taxes- The Company accounts for income taxes in accordance with the Statement of Accounting Standards No. 109 (SFAS No. 109), "Accounting for Income Taxes". SFAS No. 109 requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for differences between financial statement and income tax bases of assets and liabilities that will result in taxable income or deductible expenses in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce

deferred tax assets and liabilities to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period adjusted for the change during the period in deferred tax assets and liabilities.

---

Mineral Properties- Costs incurred to acquire mineral interest in properties, to drill and equip exploratory sites within the claims groups, to conduct exploration and assay work are expensed as incurred.

Revenue Recognition- Mineral sales will result from undivided interests held by the Company in mineral properties. Sales of minerals will be recognized when delivered to be picked up by the purchaser. Mineral sales from marketing activities will result from sales by the Company of minerals produced by the Company (or affiliated entities) and will be recognized when delivered to purchasers. Mining revenues generated from the Company's day rate contracts, included in mine services revenue, will be recognized as services are performed or delivered.

## 2. Going Concern

The accompanying financial statements have been presented in accordance with generally accepted accounting principles, which assume the continuity of the Company as a going concern. However, the Company has incurred significant losses since its inception and has no business operations and continues to rely on financing and the issuance of shares and warrants to raise capital to fund its business operations.

Management's plans with regard to this matter are as follows:

\* Obtain the necessary approvals and permits to complete exploration and begin test production on our properties as warranted. An application for drilling on Twin Peaks Project has been submitted to the Bureau of Land Management and approved. Applications have been prepared for the Picacho Salton Project and are being reviewed by the Bureau of Land Management; permits are expected soon. Other permits for commercial mining are being prepared and reviewed for submission to Federal, State and local authorities.

\* USCorp plans to begin commercial scale operations on one or more of its properties as soon as the required permits and approvals have been granted and funding obtained. Due to the nature of the ore bodies of the Company's current properties Management believes it will begin commercial scale operations on our Picacho Salton Project. Then Management plans to begin commercial scale operations on the Twin Peaks Project.

\* Continue exploration and ramp up permitting process to meet ongoing and anticipated demand for gold, silver, uranium, aggregate, decorative rock and polymetallic ores resulting from our planned commercial scale production activities.

\* Augment our mining exploration team with quality and results-oriented people as needed. Upon adequate funding management intends to hire qualified and experienced personnel, including additional officers and directors, and mining specialists, professionals and consulting firms to advise management as needed to handle mining operations, acquisitions and development of existing and future mineral resource properties.

\* Put together a strategic alliance of consultants, engineers, contractors as well as joint venture partners when appropriate, and set up an information and communication network that allows the alliance to function effectively under USCorp's management.

\* Attend and exhibit at industry and investment trade shows

\* Acquire additional properties and/or corporations with properties as subsidiaries to advance the company's growth plans.

\* The company has uploaded proprietary information about the company and our properties to a secure web site for the purpose of raising additional capital in order to continue our exploration and development efforts.

Edgar Filing: USCORP - Form 10-Q

\* The Company has curtailed its exploration efforts and drilling program due to the unavailability of a sufficient amount of capital or loans. USCorp filed its annual report on form 10-K for fiscal year ending 9-30-2009 and is filing its first quarter fiscal 2010 Form 10-Q completing calendar 2009 filings. After that, if USCorp has not obtained sufficient funding to maintain its status as a fully reporting company trading on the OTC Bulletin Board, management may allow the company to become a pink sheet traded, non-reporting, public company. A Company may be delisted from the OTC Bulletin Board when it fails to make required filings with the SEC or voluntarily delists from the OTC Bulletin Board and then trades on the PinkSheets. Eliminating the cost associated with being a fully reporting company is the last cost cutting measure available to USCorp.

---

## 3. Net Loss per Share

The Company applies SFAS No. 128, "Earnings per Share" to calculate loss per share. In accordance with SFAS No. 128, basic net loss per share has been computed based on the weighted average of common shares outstanding during the years, adjusted for the financial instruments outstanding that are convertible into common stock during the years. The effects of the common stock options and the debentures convertible into shares of common stock, however, have been excluded from the calculation of loss per share because their inclusion would be anti-dilutive. Net loss per share is computed as follows:

	3/31/2010	3/31/2009
Net loss before cumulative preferred dividend	\$ (1,305,867)	\$ (813,987)
Cumulative dividend preferred payable	(38,828)	(30,599)
Net loss to common shareholders	\$ (1,344,695)	\$ (844,586)
Weighted average	79,574,934	63,915,751
Basic & fully diluted net loss per common share	\$ (0.02)	\$ (0.01)

## 4. Gold Bullion Promissory Note

In September 2005, the Company issued a promissory note to a shareholder and received proceeds of \$648,282. The note requires the Company to pay the shareholder 1,634 ounces of Gold Bullion (.999 pure). Originally, the promissory note came due in September 2007. In September 2007, the holder of the promissory note agreed to extend the maturity date of the note to September 2009. In September 2009, the holder of the promissory note extended the maturity date to January 2010 at the previous terms. The holder has now extended the maturity date on a day-to-day basis.

The loss on the underlying gold derivative on the promissory note has been calculated as follows.

Carrying value of loan	\$ 893,655
Fair value of loan	2,147,215
Life to date loss on unhedged underlying derivative	\$ (1,253,559)

## 5. Equipment

A summary of equipment-net at March 31, 2010 and September 30, 2009 is as follows:

	31-Dec-09	30-Sep-09
Office equipment	\$ 17,555	\$ 17,555
Accumulated depreciation	(17,043)	(16,525)
Equipment- net	\$ 512	\$ 1,030

## 6. Issuances of Common Stock and Preferred Stock

During fiscal year 2009, the Company issued 12,261,765 shares of common stock and received proceeds of \$427,463. Purchasers of the common stock also received the option to purchase an additional 5,354,637 shares of common stock at \$0.03 per share expiring in fiscal year 2010.

During fiscal year 2009, the Company issued 845,064 shares of common stock to consultants for services received valued at \$62,390. In addition, the Company issued 200,000 shares of common stock to settle a lawsuit against the Company by a former consultant. These shares were valued at \$12,000 and recorded in the consolidated statement of operations.

In September 2009, a holder of the preferred A convertible stock converted 50,000 shares of preferred A into 400,000 shares of common stock. Also in September 2009, the Company issued 1,393,750 preferred A shares and received proceeds of \$1,394.

During fiscal year 2010, the Company has issued 15,206,385 shares of common stock for proceeds of \$357,895.

During fiscal year 2010, the Company issued 2,620,372 shares of its commons stock to consultants for services rendered valued at the market price at the date of issuance. The company record consulting expense of \$157,191 as a result of the issuances.

During fiscal year 2010, the holders of the preferred A converted 1,175,000 preferred A into 9,400,000 shares of common stock.

During Fiscal year 2010, the Company issued 15 million Class B common shares to consultants for \$100,000. The Class B shares are non trading.

## 7. Common Stock Options

During fiscal year 2009, the Company issued 5,354,637 options to purchase common stock at \$0.03 per share. These options expire in fiscal year 2010.

Also in fiscal year 2009, the Company issued 1,600,000 options exercisable at \$.40 per share to the purchasers of the debentures discussed in Note 8 and the holders of the gold bullion promissory note discussed in Note 4. These options expired worthless at the beginning of fiscal year 2010.

During fiscal year 2010, the Company issued 8,634,063 options to purchase the company stock at two cents a share expiring in fiscal year 2011.

The Company applies SFAS No. 123, "Accounting for Stock-Based Compensation" to account for its option issues. Accordingly, all options granted are recorded at fair value using a generally accepted option pricing model at the date of the grant. For purposes of determining the option value at issuance, the fair value of each option granted is measured at the date of the grant by the option pricing model with the following assumptions:

Dividend yield	0.00%
Risk free interest rate	1.00%
Volatility	25.00%

---



Edgar Filing: USCORP - Form 10-Q

The fair values generated by option pricing model may not be indicative of the future values, if any, that may be received by the option holder. As a result of the valuation, the Company recorded an expense of \$503,744 in its statement of operations.

The Company provides for a Stock Incentive Plan for its employees. The plan provides for incentive stock options and non-qualified stock options. The Board of Directors will determine whether an option is an incentive stock option or a non-qualified stock option when it grants the option and the option will be evidenced by an agreement describing the material terms of the option. The Board of Directors will determine the exercise price of an employee's option at the date of the grant. The exercise price of an incentive stock option may not be less than the fair market value of the common stock on the date of the grant, or less than 110% of the fair market value if the participant owns more than 10% of the outstanding common stock. The Board of Directors will also determine the term of an option at the date of the grant. The term of an incentive stock option or non-qualified stock option may not exceed ten years from the date of grant, but any incentive stock option granted to a participant who owns more than 10% of the outstanding common stock will not be exercisable after the expiration of five years after the date the option is granted. Subject to any further limitations in the applicable agreement, if a participant's employment terminates, an incentive stock option will terminate and expire no later than three months after the date of termination of employment.

Incentive stock options are also subject to the further restriction that the aggregate fair market value, determined as of the date of the grant, of the market value of the common Stock as to which any incentive stock option first becomes exercisable in any calendar year is limited to \$100,000 per recipient. If incentive stock options covering more than \$100,000 worth of the common stock first become exercisable in any one calendar year, the excess will be non-qualified options. For purposes of determining which options, if any, have been granted in excess of the \$100,000 limit, options will be considered to become exercisable in the order granted.

The following is a summary of common stock warrants outstanding at September 30, 2009:

	Amount	Wgt'd Avg Exercise Price	Wgt'd Years to Maturity
Outstanding at September 30, 2008	5,736,666	\$ 0.40	1.01
Issues	6,954,637		
Exercises	0		
Expired	(3,200,000)		
Outstanding at September 30, 2009	9,491,303	\$ 0.33	0.54
Issues	8,634,063		
Exercises	(6,429,216)		
Expired	(4,136,666)		
Outstanding at March 31, 2010	7,559,484	\$ 0.02	0.71

## 8. Convertible Debentures

During the fiscal year 2007, the Company issued convertible debentures with a face value of \$1,200,000. The debentures were convertible into common stock at \$0.125 per share. The debentures had an interest rate of 5% and a maturity date from December 2009 to September 2010. During the fiscal year 2008, the holder of these debentures converted \$900,000 of the debentures to 7,200,000 shares of common stock. The remaining \$300,000 of 2007 debentures is convertible into common stock at \$0.125 per share, matures in September 2010, and has an interest rate of 5%

In fiscal year 2008 the Company issued an additional convertible debenture to the same holder and received proceeds of \$200,000. This debenture matures in March 2010, is exercisable into common stock at \$0.125 per share, and has an interest rate of 4%. The Company recorded \$56,000 to its stockholder equity as a result of this issuance and is amortizing the amount to interest expense over the life of the debenture.

In fiscal year 2009 the Company issued an additional convertible debenture to the same holder and received proceeds of \$200,000. This debenture matures in April 2010, is exercisable into common stock at \$0.125 per share, and has an interest rate of 4%. The Company recorded \$3,000 to its stockholder equity as a result of this issuance and is amortizing the amount to interest expense over the life of the debenture.

The balance of the convertible debt at March 31, 2010 and September 30, 2009 is as follows:

	31-Mar-10	30-Sep-09
Convertible debt payable	\$ 700,000	\$ 700,000
Unamortized beneficial conversion feature	(22,352)	(59,384)
Net convertible debt payable	\$ 677,648	\$ 640,616

## 9. Income Tax Provision

Provision for income taxes is comprised of the following:

	31-Mar-10	31-Dec-08
Net loss before provision for income taxes	\$ (1,305,867)	\$ (813,987)
Current tax expense:		
Federal	\$ 0	\$ 0
State	0	0
Total	\$ 0	\$ 0
Less deferred tax benefit:		
Tax loss carryforwards	(2,536,429)	(1,457,228)
Allowance for recoverability	2,536,429	1,457,228
Provision for income taxes	\$ 0	\$ 0

A reconciliation of provision for income taxes at the statutory rate to provision for income taxes at the Company's effective tax rate is as follows:

Statutory U.S. federal rate	34%	34%
Statutory state and local income tax	10%	10%
Less allowance for tax recoverability	-44%	-44%
Effective rate	0%	0%

Deferred income taxes are comprised of the following:

Tax loss carryforwards	\$ 2,536,429	\$ 1,457,228
Allowance for recoverability	(2,536,429)	(1,457,228)
Deferred tax benefit	\$ 0	\$ 0

Note: The deferred tax benefits arising from the timing differences begin to expire in fiscal year 2028 and 2029 and may not be recoverable upon the purchase of the Company under current IRS statutes.

#### 10. Concentrations of Credit

The Company continues to rely on the financial support of one creditor. This creditor is the holder of the gold bullion promissory note discussed in Note 4 and the holder of the convertible debentures discussed in Note 8. A withdrawal of support from this creditor would have a material adverse effect on the Company's financial condition.

The Company heavily relies upon the efforts of the Company's chief executive officer and majority shareholder for the success of the Company. A withdrawal of the chief executive's officer efforts would have a material adverse effect on the Company's financial condition.

#### 11. Class B Common Shares

The Class B Common shares are non-voting shares that trade on the Frankfurt stock exchange under the symbol U9C.F. There are 250,000,000 shares authorized and 20,000,000 issued and outstanding. The par value of these shares is \$0.001. These shares do not trade in the United States on any market and the Company has no plans to register these shares for trading on any U.S. market.

#### 12. Subsequent Events

The Company has made a review of material subsequent events from December 31, 2009 through the date of this report and found no material subsequent events reportable during this period.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis in conjunction with the Consolidated Financial Statements and Notes thereto, and the other financial data appearing elsewhere in this Report.

The information set forth in Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") contains certain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21 E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995, including, among others (i) expected changes in the Company's revenues and profitability, (ii) prospective business opportunities and (iii) the Company's strategy for financing its business. Forward-looking statements are statements other than historical information or statements of current condition. Some forward-looking statements may be identified by use of terms such as "believes", "anticipates", "intends" or "expects". These forward-looking statements relate to the plans, objectives and expectations of the Company for future operations. Although the Company believes that its expectations with respect to the forward-looking statements are based upon reasonable assumptions within the bounds of its knowledge of its business and operations, in light of the risks and uncertainties inherent in all future projections, the inclusion of forward-looking statements in this report should not be regarded as a representation by the Company or any other person that the objectives or plans of the Company will be achieved.

The Company's revenues and results of operations could differ materially from those projected in the forward-looking statements as a result of numerous factors, including, but not limited to, the following: (i) changes in external competitive market factors, (ii) termination of certain operating agreements or inability to enter into additional operating agreements, (iii) inability to satisfy anticipated working capital or other cash requirements, (iv) changes in or developments under domestic or foreign laws, regulations, governmental requirements or in the mining industry, (v) changes in the Company's business strategy or an inability to execute its strategy due to unanticipated changes in the market, (vi) various competitive factors that may prevent the Company from competing successfully in the marketplace, and (ix) the Company's lack of liquidity and its ability to raise additional capital. In light of these risks and uncertainties, there can be no assurance that actual results, performance or achievements of the Company will not differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. The foregoing review of important factors should not be construed as exhaustive. The Company undertakes no obligation to release publicly the results of any future revisions it may make to forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

### Significant Accounting Policies and Estimates

Management's Discussion and Analysis of Financial Condition and Results of Operations discusses the Company's consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, management evaluates its estimates and judgments, including those related to reserves and intangible assets. Management bases its estimates and judgments on historical experiences and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The most significant accounting estimates inherent in the preparation of the Company's financial statements include estimates as to the appropriate carrying value of certain assets which are not readily apparent from other sources, primarily allowance for the cost of the Mineral Properties based on the successful efforts method of accounting. These accounting policies are described at relevant sections in this discussion and analysis and in the notes to the consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2009.



## Results of Operations

Comparison of operating results for the three months ended March 31, 2010 and March 31, 2009:

The Company has no revenues through the date of this report.

General and administrative expenses were \$786,712 compared to \$304,172 for the same period a year ago. Consulting costs increased from \$78,681 to \$267,685 in the three months ended March 31, 2010 compared to the same period last year, which is mainly due to an increase in investor and public relations costs. Administration costs increased from \$200,096 in the three months ended March 31, 2009 to \$505,331 for the three months ended March 31, 2010 due to increased costs for clerical help, office staff, the value of payments for professional services with Registered S-8 shares, and the difference between the capitalization received as a result of investors exercising their warrants and the value of shares issued when the warrants were exercised by investors during the period.

As a result of general and administrative costs, the Company experienced a loss from operations of \$786,712 for the three months ended March 31, 2010, compared to loss from operations of \$304,172 for the same period last year.

Interest expense loss decreased to \$30,602 during the second three months of fiscal 2010 compared to -\$54,475 the second three months of fiscal year 2010 as a result of the Gold Bullion Loan borrowed at the end of September 2005 and the change in the price of gold compared to the same period one year ago. The loan is payable in gold bullion at the prevailing rate price and is not hedged. The Company's gain on the unhedged loan is \$3,480 for the second three months of fiscal year 2010 compared to a loss of (\$48,476) for the same period a year ago due to the change in the price of gold over the past year.

Net loss for the second three months of fiscal year 2010 was \$813,864 or \$0.02 per share compared to a loss of \$407,000, or \$0.01 per share for the same period last year.

### Discussion of Financial Condition: Liquidity and Capital Resources

At March 31, 2010 cash on hand was \$209,295 as compared with \$18,527 at September 30, 2009. During the first three months of fiscal year 2010, the Company used \$120,933 for its operations.

At March 31, 2010, the Company had working capital of \$209,295 compared to a working capital of \$18,527 at September 30, 2009. The increase is due to costs of continuing exploration and preparations for development of Company's mining properties offset by the Company's on-going financing efforts.

Total assets at March 31, 2010 were \$209,807 as compared to \$19,557 at September 30, 2009. The increase is due to costs of continuing exploration and preparations for development of Company's mining properties offset by the Company's on-going financing efforts.

The Company's total stockholders' deficit increased to a deficit of \$2,889,729 at March 31, 2010 compared to a deficit of \$2,602,692 at September 30, 2009. The increase in stockholders' deficit was the result of an increase in additional paid in capital and operating losses of \$813,834 for the three months ended March 31, 2010 due to increased costs for clerical help, office staff, the value of payments for professional services with Registered S-8 shares, and the difference between the capitalization received as a result of investors exercising their warrants and the value of shares issued when the warrants were exercised by investors during the period.

As discussed in our January 22, 2010 press release, Robert Dultz, President, Chairman and CEO, and other members of the management and exploration team have been actively involved in correspondence, conference calls, site visits, meetings and review of USCorp's proprietary data, with a variety of people representing more than 10 mining companies, including some contacts directly with their CEOs. The mining companies range in size from junior to

major, and from regional to international in scope. These communications have as their object completing one or more of the following: debt or equity financing, the acquisition of USCorp, or creating a joint venture, merger, or other business combinations whose purpose is development of the Company's California and Arizona properties by well-financed and highly experienced miners.

---

As of the date of this report, USCorp has received several communications from an investment group based in Europe (and not affiliated with any prior European investment group that USCorp has entered into agreements with) to purchase up to 245,000,000 Class B non-voting Common shares via a private placement. Our Class B Common shares trade only outside of the U.S. These proposals were not structured in a way that USCorp was willing to accept due to i) technical issues regarding the mechanics of transferring shares electronically from our transfer agent in the U.S. to the purchaser's brokerage in Switzerland while simultaneously receiving payment (known as Delivery Versus Payment or "DVP), ii) certain rules and regulations that apply to U.S. based public corporations, but do not apply to foreign corporations, and iii) German exchange trading rules and regulations.

During these negotiations, USCorp agreed to sell 15,000,000 Class B Common shares to a Swiss Consulting company for US\$0.03 per share. USCorp received US\$100,000 with a promise to pay the balance of US\$350,000 within 120 days.

Subsequently the parties determined it was not possible to structure the proposed purchase of up to 245,000,000 Class B Common shares under terms and conditions that were acceptable to both parties and it was agreed to unwind the purchase of the 15,000,000 shares. The Consulting company has informed USCorp it sold into the market in Germany 60,000 of the Class B Common shares in its possession, and USCorp has informed the Consulting company it has incurred US\$30,000 in expenses. As of the date of this report USCorp is in negotiations with the Consulting company to return 14,940,000 Class B Common shares and for USCorp to return US\$70,000 to the Consulting company.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

### ITEM 4T. CONTROLS AND PROCEDURES

#### Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (Exchange Act), as of March 31, 2010. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures are effective in alerting them on a timely basis to material information relating to our Company required to be included in our reports filed or submitted under the Exchange Act.

#### Changes in Internal Controls

There were no significant changes (including corrective actions with regard to significant deficiencies or material weaknesses) in our internal controls over financial reporting that occurred during the quarter ended March 31, 2010, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings.

None.

### Item 1A. Risk Factors

Not Applicable.





Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

During the first two quarters of fiscal year 2010, the Company issued 15,206,385 shares of common stock and received proceeds of \$205,831; 2,620,372 shares were issued for services with a value of \$130,981; and 1,175,000 Series A Preferred shares were converted to 9,400,000 Class A Common shares by officers and directors of the corporation.

In December 2009, the Company issued 238,636 shares of common stock to consultants for services rendered valued at \$7,159.

During the first quarter of fiscal year 2010, the Company issued 4,942,912 options to buy its common stock at \$0.03 per share to the purchasers of the common stock described above. The options expire in fiscal year 2011. Also during the quarter, 4,136,666 options to purchase common stock expired unexercised.

During fiscal year 2010, the Company issued 8,634,063 options to purchase the company stock at two cents a share expiring in fiscal year 2011.

As previously reported, in fiscal 2008 we received commitments to finance fiscal 2009 operations in the amount of \$2.19 million. In the last quarter of fiscal 2008 and the last quarter of calendar 2008 the Company received \$400,000 of the \$2.19 million in commitments for fiscal 2009, however no additional payments were received, in breach of their agreement. We have no expectation the Company will receive the rest of the committed funds.

As a result of the failure to meet the commitments to fund USCorp operations in fiscal 2009 there has been substantial damage done to USCorp. During the first nine months of fiscal 2009 we were assured on several occasions that the funds were coming and we delayed seeking other sources of financing while providing the lender with requested due diligence documentation regarding USCorp, our properties, historical mining on those properties and our contemporary exploration efforts on those properties. In addition we were unable to complete the third phase of the Twin Peaks drilling program and therefore were unable to update our resource measurements, making it more difficult to obtain additional financing from other sources, and to complete permitting, causing the inability to pay the bullion loan when due. The bullion loan due date was extended and after January 31, 2010 it is extended on a day-to-day basis. We continue to pursue other sources of financing (see "Discussion of Financial Condition: Liquidity and Capital Resources" above).

The Company claimed an exemption from the registration requirements of the Securities Act of 1933, as amended (the "Act") for the private placement of these securities pursuant to Section 4(2) of the Act and/or Rule 506 of Regulation D promulgated thereunder since, among other things, the transaction did not involve a public offering, the Investor was an "accredited investor" and/or qualified institutional buyers, the Investor had access to information about the Company and its investment, the Investor took the securities for investment and not resale, and we took appropriate measures to restrict the transfer of the securities.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Submission of Matters to a Vote of Security Holders.

There were no matters requiring a vote of security holders during this period. Significant matters voted on were reported in our Form 10-K for period ending September 30, 2009 and our Form 10-Q for period ending December 31, 2009.

Item 5. Other Information.

None.

---

ITEM 6. EXHIBITS

(a) Exhibits:

- 31.1 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

USCORP

By: /s/  
ROBERT  
DULTZ

Robert Dultz  
Chairman, Chief Executive Officer and Acting Chief Financial Officer  
Dated: May 11, 2010

---