

USCORP  
Form 10QSB  
February 20, 2008

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

\_\_\_\_\_  
**FORM 10-QSB**  
\_\_\_\_\_

- Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended December 31, 2007
- or
- Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 000-19061

**USCORP**

(Exact name of registrant as specified in its charter)

Nevada  
(State or other jurisdiction of  
incorporation or organization)

87-0403330  
(I.R.S. Employer  
Identification No.)

4535 W. SAHARA AVE., SUITE 204  
Las Vegas, NV 89102  
(Address of principal executive offices)

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

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 shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934) YES  NO

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As of February 19, 2008, the Registrant had 51,756,416 shares of Common Stock, par value \$.01 per share, outstanding.



USCORP  
TABLE OF CONTENTS

<b><u>PART I — FINANCIAL INFORMATION</u></b>	<b>3</b>
<b>Item 1. Financial Statements</b>	<b>3</b>
Consolidated Balance Sheet as of December 31, 2007 and December 31, 2006 (unaudited)	3
Consolidated Statements of Operations for the Three Months & Quarter Ended December 31, 2007 and December 31, 2006 and from Inception, May 1989 through June 30, 2006 (unaudited)	4
Consolidated Statements of Cash Flows for the Three Months Ended December 31, 2007 and December 31, 2006 and from Inception, May 1989 through June 30, 2006 (unaudited)	5
Consolidated Statements of Changes in Shareholders' Equity from Inception, May 1989 through December 31, 2007	6
Notes to Consolidated Financial Statements (unaudited)	10
<b>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</b>	<b>15</b>
<b>Item 3. Controls and Procedures</b>	<b>16</b>
<b><u>PART II — OTHER INFORMATION</u></b>	<b>17</b>
<b>Item 6. Exhibits</b>	<b>17</b>
<b>SIGNATURES</b>	<b>17</b>

**PART I. FINANCIAL INFORMATION**

**USCorp**  
**(an Exploration Stage Company)**  
**Balance Sheet**  
**As of December 31, 2007 and September 30, 2007**

	<b>31-Dec-07</b>	<b>30-Sep-07</b>
	<b>Unaudited</b>	
<b>ASSETS</b>		
Current assets:		
Cash	\$ 1,350,846	\$ 1,541,001
<b>Total current assets</b>	<b>\$ 1,350,846</b>	<b>\$ 1,541,001</b>
Other assets:		
Equipment- net	4,347	5,431
<b>Total assets</b>	<b>\$ 1,355,193</b>	<b>\$ 1,546,432</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable & accrued expenses	\$ 2,429,028	\$ 2,410,918
Subscriptions payable	569,323	569,323
<b>Total current liabilities</b>	<b>\$ 2,998,351</b>	<b>\$ 2,980,241</b>
Gold bullion loan	1,495,110	1,205,484
Convertible debenture payable	775,429	639,770
Advances payable to shareholder	195,764	205,263
Shareholders' equity:		
Series A preferred stock, one share convertible to eight shares of common; 10% stated dividend, stated value \$0.50, 10,000,000 shares authorized, no shares outstanding at September 30, 2007	0	0
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, 155,000 shares outstanding	70,165	70,165
Common stock B- \$.001 par value, authorized 250,000,000 shares, issued and outstanding, 5,000,000 shares at September 30, 2006 and 5,000,000 at September 30, 2007, non-voting	5,000	5,000
Common stock A- \$.01 par value, authorized 550,000,000 shares, issued and outstanding, 33,856,462 shares at September 30, 2007 and 33,856,462 at December 31, 2007	\$ 338,564	\$ 338,564
Additional paid in capital	7,839,031	7,839,031
Accumulated deficit - exploration stage	(12,362,221)	(11,737,086)
<b>Total shareholders' deficit</b>	<b>(4,184,626)</b>	<b>(3,559,491)</b>
<b>Total Liabilities &amp; Shareholders' Deficit</b>	<b>\$ 1,355,193</b>	<b>\$ 1,546,432</b>

**See the notes to the financial statements.**

3

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**USCorp**  
**(an Exploration Stage Company)**  
**Statements of Operations**  
**For the Quarters Ended December 31, 2007 and December 31, 2006**  
**and from Inception, May 1989 through December 31, 2007**

	<b>31-Dec-07</b>	<b>31-Dec-06</b>	<b>Inception</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>to Date</b>
General and administrative expenses:			
Consulting	\$ 9,310	\$ 5,492	\$ 5,697,646
Administration	146,868	85,763	4,203,287
License expense	0	266	190,684
Professional fees	43,672	9,864	536,999
Total general & administrative expenses	199,850	101,385	10,628,616
Net loss from operations	(\$199,850)	(\$101,385)	(\$10,628,616)
Other income (expenses):			
Interest expense	(150,079)	(14,420)	(403,468)
Loss on unhedged derivative	(275,206)	(45,139)	(730,137)
(Loss) gain on mining claim	0	0	(600,000)
Net loss before provision for income taxes	(\$625,135)	(\$160,944)	(\$12,362,221)
Provision for income taxes	0	0	0
Net loss	(\$625,135)	(\$160,944)	(\$12,362,221)
Basic & fully diluted net loss per common share	(\$0.02)	(\$0.01)	
Weighted average of common shares outstanding:			
Basic & fully diluted	33,856,461	33,807,560	

See the notes to the financial statements.

**USCorp**  
**(an Exploration Stage Company)**  
**Statements of Cash Flows**  
**For the Quarters Ended December 31, 2007 and December 31, 2006**  
**and from Inception, May 1989 through December 31, 2007**

	<b>31-Dec-07</b>		<b>31-Dec-06</b>		<b>Inception</b>
	<b>Unaudited</b>		<b>Unaudited</b>		<b>to Date</b>
<b>Operating Activities:</b>					
Net loss	(\$625,135)		(\$160,944)		(\$12,362,221)
Adjustments to reconcile net income items not requiring the use of cash:					
Loss on sale of mining claim	0		0		600,000
Consulting fees			5,000		1,922,520
Depreciation expense	1,084		1,196		11,567
Interest expense	150,079		14,420		403,468
Impairment expense	0		0		2,449,465
Loss on unhedged underlying derivative	275,206		45,139		730,137
Changes in other operating assets and liabilities :					
Accounts payable and accrued expenses	18,111		3,259		2,429,029
Net cash used by operations	(\$180,655)		(\$91,930)		(\$3,816,035)
<b>Investing activities:</b>					
Purchase of office equipment	\$ 0	\$ 0	\$ 0		(\$15,914)
Net cash used by investing activities	0		0		(15,914)
<b>Financing activities:</b>					
Issuance of common stock	\$ 0	\$ 0	\$ 0	\$	2,151,768
Issuance of preferred stock	0		0		70,165
Issuance of gold bullion note	18,455		0		666,737
Subscriptions received	0		0		569,323
Issuance of convertible notes	0		300,000		1,200,000
Advances received (paid) shareholder	(27,955)		11,789		168,059
Capital contributed by shareholder	0		0		356,743
Net cash provided by financing activities	(9,500)		311,789		5,182,795
Net increase (decrease) in cash during the period	(\$190,155)	\$	219,859	\$	1,350,846
Cash balance at beginning of the fiscal year	1,541,001		83,573		0
Cash balance at December 31st	\$ 1,350,846	\$	303,432	\$	1,350,846
<b>Supplemental disclosures of cash flow information:</b>					
Interest paid during the fiscal year	\$ 0	\$ 0	\$ 0	\$	0
Income taxes paid during the fiscal year	\$ 0	\$ 0	\$ 0	\$	0

**See the notes to the financial statements.**





**USCorp**  
**(an Exploration Stage Company)**  
**Statement of Changes in Shareholders Equity**  
**From Inception, May 1989 to December 31, 2007**

	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

6

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**USCorp**  
**(an Exploration Stage Company)**  
**Statement of Changes in Shareholders Equity**  
**From Inception, May 1989 to December 31, 2007**  
**(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	

**USCorp**  
**(an Exploration Stage Company)**  
**Statement of Changes in Shareholders Equity**  
**From Inception, May 1989 to December 31, 2007**  
**(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	

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Net loss for the fiscal year				(865,287)	(865,287)
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Balance at September 30, 2003	25,793,073 \$	257,931 \$	5,366,425	(\$6,130,345)	(\$505,989)
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8

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**USCorp**  
**(an Exploration Stage Company)**  
**Statement of Changes in Shareholders Equity**  
**From Inception, May 1989 to December 31, 2007**  
**(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
Beneficial conversion feature			648,098		648,098	
				(3,176,745)	(3,176,745)	

Net loss for the fiscal  
year

Balance at September 30, 2007	33,856,462	338,564	7,839,031	(11,737,086)	(3,559,491)
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Net loss for the period				(625,135)	(625,135)
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Balance at September 30, 2007	33,856,462 \$	338,564 \$	7,839,031	(\$12,362,221)	(\$4,184,626)
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\*- Prices adjusted for stock splits.

Please see the notes to the financial statements.

9

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**USCorp**  
**(an Exploration Stage Company)**  
**Notes to the Consolidated Financial Statements**  
**For the Quarters Ended December 31, 2007 and December 31, 2006**

**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 141 Lode Mining Claims in the Eureka Mining District of Yavapai County, Arizona, called the Twin Peaks Project; and owns the mineral rights to 22 Placer and 84 Lode 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 business operations 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.

*Convertible Debentures Payable-* The Company applies Emerging Issues Task Force (EITF) No. 98-5, *Accounting for Convertible Debt Issued with Beneficial Conversion Features*. EITF No. 98-5 requires that a beneficial conversion feature be recognized upon the issuance of the debt with a favorable conversion feature, and the resultant debt discount be amortized to interest expense during the period from the date of issuance to the date the securities become convertible.

*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 are capitalized. Costs to conduct exploration and assay work are expensed as incurred. Costs that are capitalized are periodically assessed for impairment of value and a loss will be recognized at the time of impairment.

*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 principals, 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 is being reviewed by them. Additional applications are being prepared for the Twin Peaks Project and the Picacho Salton Project and are being 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. 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.
- \* In calendar 2008 Management will launch an investor awareness and public relations campaign including coordinated and periodic release of information to the public via press releases, company newsletter and updates to the company's web sites
- \* 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.

11

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\* Rearrange our finances for better return and insured coverage.

### 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 preferred and common stock warrants 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.

Loss per share has been calculated as follows:

	31-Dec-07	31-Dec-06
Net loss before cumulative preferred dividend	(\$625,135)	(\$160,944)
Cumulative dividend preferred	(22,932)	(15,182)
Net loss	(\$648,067)	(\$176,126)
Weighted average	33,856,461	33,807,560
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 \$635,663. The note requires the Company to pay the shareholder 1,634 ounces of Gold Bullion (.999 pure) in September 2007. In September 2007, the holder of the promissory note extended the maturity date until September 27, 2009 at the previous terms. The loss on the underlying derivative gold contract has been calculated as follows.

	31-Dec-07
Carrying value of loan	\$ 764,973
Fair value of loan	1,495,110
Life to date loss on unhedged underlying derivative	(\$730,137)

## 5. Equipment

A summary of equipment at December 31, 2007 and September 30, 2007 is as follows:

	<b>31-Dec-07</b>	<b>30-Sep-07</b>
Office equipment	\$ 15,914	\$ 15,914
Accumulated depreciation	(11,567)	(10,483)
Net equipment	\$ 4,347	\$ 5,431

Depreciation expense for the quarters ended December 31, 2007 and December 31, 2006 was \$1,084 and \$1,196, respectively.

## 6. Preferred Stock Warrants Outstanding

The following is a summary of common stock warrants outstanding at December 31, 2007:

	<b>Amount</b>	<b>Wgt'd Avg Exercise Price</b>	<b>Wgt'd Years to Maturity</b>
Balance at September 30, 2007	4,136,666	\$ 0.40	2.20
Outstanding at December 31, 2007	4,136,666	\$ 0.40	1.78

The warrants to purchase preferred stock expired in October 2007.

	<b>Amount</b>	<b>Wgt'd Avg Exercise Price</b>	<b>Wgt'd Years to Maturity</b>
Outstanding at September 30, 2004	0		
Issued	155,000		
Outstanding at September 30, 2005	155,000	\$ 0.25	2.29
Issued	0		
Outstanding at September 30, 2006	155,000	\$ 0.25	1.55
Issued	0		
Outstanding at September 30, 2007	155,000	\$ 0.25	\$ 0.02
Expired	(155,000)		
Outstanding at December 31, 2007	0	\$ 0.00	0.00

## 7. Convertible Debenture

During the fiscal year ended September 30, 2007, the Company issued convertible debentures with a face value of \$1,200,000. The debentures are convertible into common stock at \$0.125 per share. The debentures have an interest rate of 5% and mature in December 2009 to September 2010. As a result of the issuance of the debentures, the Company allocated \$648,098 to stockholders' equity as a result of the favorable conversion feature of the debentures. The Company is amortizing the beneficial conversion feature to interest expense over the life of the debenture.

The balance of the convertible debt at December 31, 2007 is as follows:

Convertible debt payable	\$ 1,200,000
Unamortized beneficial conversion feature	(424,571)
Net convertible debt payable	\$ 775,429

## 8. Income Tax Provision

Provision for income taxes is comprised of the following:

	31-Dec-07	31-Dec-06
Net loss before provision for income taxes	(\$625,135)	(\$101,385)
Current tax expense:		
Federal	\$ 0	\$ 0
State	0	0
Total	\$ 0	\$ 0
Less deferred tax benefit:		
Timing differences	(565,533)	(94,756)
Allowance for recoverability	565,533	94,756
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:

Timing differences	\$ 565,533	\$ 94,756
Allowance for recoverability	(565,533)	(94,756)
Deferred tax benefit	\$ 0	\$ 0

Note: The deferred tax benefits arising from the timing differences begin to expire in fiscal year 2026 and 2027 and may not be recoverable upon the purchase of the Company under current IRS statutes.

## 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 21E 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-KSB for the fiscal year ended September 30, 2006.

**Results of Operations**

**Comparison of operating results for the three months ended December 31, 2007 and December 31, 2006:**

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

15

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General and administrative expenses were \$199,850 compared to \$101,385 for the same period a year ago. Consulting costs increased from \$5,492 to \$9,310 in the three months ended December 31, 2007 which is mainly due to reclassification by the Company's bookkeeper and accountant for the quarter. Administration costs increased from \$85,763 in the three months ended December 31, 2006 to \$146,868 for the three months ended December 31, 2007 due to increase costs for clerical help, office staff and salaried employees, and investor and public relations costs.

As a result of general and administrative costs, the Company experienced a loss from operations of \$199,850 for the three months ended December 31, 2007, compared to loss from operations of \$101,385 for the same period last year.

Interest expense increased to \$150,079 during the first Three months of fiscal 2008 compared to \$14,420 the first Three months of fiscal year 2007 as a result of the Gold Bullion Loan borrowed at the end of September 2005. The loan is payable in gold bullion at the prevailing rate price and is not hedged. The Company's loss on the unhedged loan is \$275,206 for the first Three months of fiscal year 2008.

Net loss for the first Three months of fiscal year 2008 was \$625,135, or \$0.02 per share compared to a loss of \$160,944, or \$0.01 per share for the same period last year.

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

At December 31, 2007 cash on hand was \$1,350,846 as compared with \$1,541,001 at September 30, 2007. During the first Three months of fiscal year 2007, the Company used \$199,850 for its operations.

At December 31, 2007, the Company had working capital of \$1,350,846 compared to a working capital of \$1,541,001 at September 30, 2007. The decrease is due to costs of continuing exploration and preparations for development of Company's mining properties offset by the Company's on-going successful financing efforts.

Total assets at December 31, 2007 were \$1,355,193 as compared to \$1,543,432 at September 30, 2007. The small decrease is due to costs of continuing exploration and preparations for development of Company's mining properties offset by the Company's on-going successful financing efforts.

The Company's total stockholders' equity decreased to a deficit of \$4,187,626 at December 31, 2007. The decrease in stockholders' equity was the result of operating losses of \$1,199,850 for the three months ended December 31, 2007.

### **Conversion of Convertible Debenture**

On May 2, 2007 we announced in a press release a \$1.2 million commitment by a private Swiss fund. The fourth and final tranche of \$300,000 was received in early October, 2007, completing the commitment. During October, 2007 the first debenture was converted to 2,400,000 shares of common stock. These shares are restricted from resale under rule 144.

### **ITEM 3. CONTROLS AND PROCEDURES**

Under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, the Company has evaluated the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this quarterly report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this quarterly report, the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms.



There has been no change in the Company's internal control over financial reporting during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings.

Previously Reported

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

As previously reported, during fiscal 2007, the Company issued four Convertible Debentures in the principal face amount of \$300,000 each. The Convertible Debenture is convertible in to common stock at the rate of \$0.125 per share anytime within the three year term. The interest rate is 5% of the unpaid principal, payable annually in arrears.

The fourth and final tranch of \$300,000 was received in early October, 2007, completing the \$1.2 million commitment. During October, 2007 the first debenture was converted to 2,400,000 shares of common stock. These shares are restricted from resale under rule 144.

As previously reported on Form 10KSB, in September of 2007 we received \$620,000 from a private east coast finance group as the result of a private placement. The Company offered one unit for \$0.075, each unit consisting of one share of common stock and one warrant to purchase ½ share of common stock at an exercise price of \$0.40 per one full share. The exercise period is two years, expiring in October 2009.

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.

### 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

17

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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

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Robert Dultz  
Chairman, Chief Executive Officer and Acting  
Chief Financial Officer  
Dated: February 19, 2008

18

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