

USCORP  
Form 10KSB  
December 29, 2006

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-KSB

(Mark One)

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended September 30, 2006

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)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Names of each exchange on which registered</u>
None	None

Securities registered pursuant to Section 12(g) of the Act:

Common Shares, \$0.01 Par Value

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 x No o

Edgar Filing: USCORP - Form 10KSB

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. x

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

State the issuer's revenues for its most recent fiscal year. \$0.0

State the aggregate market value of the voting stock held by non-affiliates computed by reference to the price at which the stock was sold, or the average bid and asked price of such stock, as of a specified date within the past 60 days. As of December 20, 2006, the value of such stock was \$1,405,222 . Shares of common stock held by each executive officer and director and by certain persons who own 5% or more of the outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

Number of shares outstanding of Issuer's class A common stock, \$0.01 par value, outstanding on December 20, 2006: 33,806,461 Number of shares outstanding of Issuer's class B common stock, \$0.01 par value, outstanding on December 20, 2006: 5,000,000.

Documents Incorporated by Reference: NONE

Transitional Small Business Disclosure Format (Check one): Yes o; No x

\*\*\*

---

**FORM 10-KSB**  
**September 30, 2006**  
**USCORP**

**TABLE OF CONTENTS**

<b>FORWARD LOOKING STATEMENTS</b>		<b>2</b>
<b>PART I</b>		
ITEM 1	Description of Business	3
ITEM 2	Description of Property	19
ITEM 3	Legal Proceedings	19
ITEM 4	Submission of Matters to a Vote of Security Holders	19
<b>PART II</b>		
ITEM 5	Market for Registrant’s Common Equity and Related Stockholder Matters	19
ITEM 6	Management’s Discussion and Analysis of Financial Condition and Results of Operations	21
ITEM 7	Financial Statements	24
ITEM 8	Changes in and Disagreements with Accountants	42
ITEM 8A	Controls and Procedures	42
ITEM 8B	Other Information	42
<b>PART III</b>		
ITEM 9	Directors, Executive Officers, Promoters and Control Persons	43
ITEM 10	Executive Compensation	44
ITEM 11	Security Ownership of Certain Beneficial Owners and Management	44
ITEM 12	Certain Relationships and Related Transactions	44
ITEM 13	Exhibits	45
ITEM 14	Principal Accountant Fees and Services	45
Signatures		46
<b>PART F/S</b>		
Financial Statements		

**FORWARD LOOKING STATEMENTS**

Some of the information contained in this Report may constitute forward-looking statements or statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on current expectations and projections about future events. The words “estimate”, “plan”, “intend”, “expect”, “anticipate” and similar expressions are intended to identify forward-looking statements which involve, and are subject to, known and unknown risks, uncertainties and other factors which could cause Registrant’s actual results, financial or operating performance, or achievements to differ from future results, financial or operating performance, or achievements expressed or implied by such forward-looking statements. Projections and assumptions contained and expressed herein were reasonably based on information available to Registrant at the time so furnished and as of the date of this

filing. All such projections and assumptions are subject to significant uncertainties and contingencies, many of which are beyond Registrant's control, and no assurance can be given that the projections will be realized. Potential investors are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date hereof. Registrant undertakes no obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

## PART I

### ITEM 1. DESCRIPTION OF BUSINESS

#### BACKGROUND

USCorp. (the “Company” or “Registrant”) was formed in May 1989 in the state of Nevada as The Movie Greats Network, Inc. In August 1992, the Company changed its name to The Program Entertainment Group, Inc. In August 1997, the Company changed its name to Santa Maria Resources, Inc. In September 2000, the Company changed its name to Fantasticon, Inc. and in January 2002 the Company changed its name to US Corp.

In April 2002, the Company acquired US Metals, Inc. (“USMetals”), a Nevada corporation, by issuing 24,200,000 shares of Company Common Stock. US Metals became a wholly owned subsidiary of the Company.

#### OVERVIEW

USCorp. is an “exploration stage” company. The Company’s operations center on completing exploration of USMetals’ mining property known as the Twin Peaks Mine, and Southwest’s mining property known as the Chocolate Mountain Region claims. The Company has realized no revenues from operations to date.

All of the Company’s mining business activities are conducted at this time through its subsidiaries, USMetals, Inc. and Southwest Resource Development, Inc.

The Company, through its wholly-owned subsidiary, USMetals, owns 141 Lode Mining Claims in the Eureka Mining District of Yavapai County, Arizona, called the Twin Peaks Mine; and through its wholly-owned subsidiary, Southwest Resource Development, Inc., owns 8 Lode and 21 Placer Claims in the Mesquite Mining District of Imperial County, California, which the Company refers to as the Chocolate Mountain Region Claims.

#### A. Recent Developments.

On September 29, 2006 the Company’s Registration Statement on Form SB-2 was declared effective by the US Securities and Exchange Commission registering 6,700,000 shares of the Company’s Class A common stock for resale pursuant to an equity line arrangement with Dutchess Private Equities Fund, LP. The total amount under the equity line is \$10,000,000.

On May 16, 2006, the Company announced that it was informed by the Deutsche Borse that its Class B non-voting Common Shares (“Class B Shares”) issued by the Company have been included in that Exchange trading within the Open Market (Freiverkehr). The shares of Class B Common Shares were issued by the Company pursuant to a Regulation S offering. The Exchange trading (Quotation) of the Class B Common Shares started on May 11, 2006, under the Symbol “U9C” and the WKN# is A0JEQQ. The Class B Common Shares were issued to a private European fund in exchange for up to \$17,000,000. It is anticipated that the capitalization will allow the Company to advance its exploration program so that it can focus on extracting the mineral resources from its properties that management believes may result in profitable revenue streams to USCorp. The Class B non-voting Common Shares will trade outside of the United States and the Company has no current plans to register these shares for trading in the United States. The European fund has listed these shares on the Open Market (Freiverkehr) of Frankfurt Exchange in Germany through a trading member.

On February 14, 2005 the Company filed a Form 8-K with the Securities and Exchange Commission reporting that the Company concluded the acquisition of 2 additional gold mining claims located near Kingman, Arizona from a private corporation. Subsequently these claims were returned to the prior owners due to certain conditions of the acquisition

not being met. (See "SOUTHWEST RESOURCE DEVELOPMENT, INC. - **Summary of Organization and Business**"  
**below**)

3

---

## **B. DESCRIPTION OF CURRENT BUSINESS OPERATIONS.**

Registrant's plan of operation and business objectives will be to engage in (a) the precious metals exploration, mining, and refining business, and (b) the acquisition of qualified candidates engaged in businesses that would complement the Company's existing or proposed operations. All of the Company's business operations are conducted through its subsidiaries

### **USMETALS - Summary of Organization and Business.**

USMetals ("USMetals") was formed and organized under the laws of the State of Nevada on May 3, 2000. On or about April 2, 2002, Registrant acquired USMetals; including its 141 lode mining claims (the "Mining Claims"). The purpose of USMetals is to engage in the business of acquiring and developing mineral properties, exploring for gold, silver, and other non-ferrous metals and minerals within the contiguous United States. It is the further intention of USMetals to mine and to process any commercially-proven resources developed at its properties.

The Mining Claims of USMetals are located in West-Central Arizona, in the Eureka Mining District of Yavapai County, Arizona, approximately 42 miles west of Prescott, Arizona. Within the boundaries of USMetals' Mining Claims, more commonly referred to as the "Twin Peaks Mine," are the historic sites of the Crosby, Hayes, Swiss Belle and Glory Hole Mines, past producers of gold and silver. The claims are geographically located in the southwestern division of the Eureka Mining District, which includes many significant mines and prospects. The exceptions are the tungsten mines in the Camp Wood area, to the northeast, the existing historic gold mines and prospects, which abut USMetals' property to the southeast along the Santa Maria River, and tungsten, copper, and zinc mines to the south and southeast. The area has a long history of mining activities. Mining companies and prospectors can obtain experienced labor, affordable housing, equipment repair, and mining services within the district.

The Santa Maria River traverses the Mining Claims and USMetals is the only company that holds water rights to that section of the river, a valuable asset for a mining company in this arid country.

All of USMetals' mining properties are unpatented mining claims; consequently, Registrant has only possessory title with respect to such properties. The claims were duly transferred by official deed from the prior owner to USMetals on March 22, 2002. The real property upon which USMetals' claims are located is subject to a paramount lien by the United States of America; all of USMetals' claims are subject to the applicable rules and regulations of the United States Department of the Interior, Bureau of Land Management, which administers USMetals' use and activities on said Mining Claims. USMetals has paid all of the required fees in order to maintain the 141 Mining Claims, which USMetals owns, for the current periods. All of the necessary documents and affidavits have been filed with the Yavapai County Recorder, as was mentioned hereinabove.

Registrant and USMetals have had a number of strategic working relationships with various independent contractors in order to develop its Mining Claims. USMetals further relies on the declarations and valuations formed and given in past geological exploration and geochemical studies. USMetals has had consulting relationships with International Energy and Resources, Inc., It should be noted that if USMetals was forced to disassociate itself with one or more of the abovementioned independent contractors, it could readily secure the services of other individuals or entities to perform the work or services of equal or greater quality; the loss of any one or all of the abovementioned contractors would not cause USMetals material adverse effects; however, each of these firms has demonstrated its capability and reliability in assisting Registrant and USMetals to develop the Mining Claims, and, to date, the abovementioned companies have provided invaluable assistance to Registrant's senior executive management in evaluating the potential represented by USMetals' Mining Claims.

**SOUTHWEST RESOURCE DEVELOPMENT, INC. - Summary of Organization and Business**

Southwest Resource Development, Inc. ("Southwest") was formed and organized under the laws of the State of Nevada on April 3, 2004 as a wholly owned subsidiary of USCorp. On or about May 29, 2004, Southwest acquired 8 lode and 21 placer mining claims (the "Mining Claims") known as the Chocolate Mountain Region Claims and the Picacho Area Claims. The purpose of Southwest is to engage in the business of acquiring and developing mineral properties, exploring for gold, silver, and other non-ferrous metals and minerals within the contiguous United States. It is the further intention of Southwest to mine and to process any commercially-proven resources developed at its properties.

In lieu of cash payment for the claims the Company entered into what is essentially a joint venture with the former owners whereby the Company is obligated to commence production on these claims within two years with the former owners entitled to receive 20% of all net smelter returns of gold after expenses, whether paid in cash or in kind.

Registrant has spent the last 3 years developing a plan that would bring multiple properties under Company ownership. Through its wholly owned subsidiary, Southwest Resource Development, Inc., Registrant has acquired for development of a total of 3,520 acres of precious metal properties located in the Chocolate Mountain region of Imperial County, California: Geological testing has successfully recovered gold and silver from dry washes and feeder rills. Laboratory analysis indicates these findings warrant continued development.

The Chocolate Mountains region, located in southeastern Imperial county of California, includes the Picacho State Park and surrounding areas that has a rich history of gold mining activities dating back to 1775. This property is in a district that has been producing gold since the 1800s. In 1890 a large stamp mill was built beside the Colorado River at the town of Picacho. The Picacho Mine was opened in the Picacho Basin area and a narrow gauge railroad began hauling ore from the mine to the mill. By 1904, the town of Picacho had a population of 2,500 people. The ruins of the mill are a few miles from USCorp's newly acquired claims in the Picacho State Recreation Area. Thousands of people visit the old mill ruins each year. To the south and west of the claims there are ruins of many old placer and lode workings as well as recently producing major mining operations.

Numerous discoveries of placer gold throughout Imperial County have remained undeveloped due to a common problem encountered by small miners. Due to the lack of an adequate water supply to support placer gold recovery operations in the region, scores of small and medium size mining operations have failed to successfully recover precious metals known to exist throughout the region. Southwest believes it has located a potentially adequate water source. Southwest intends to use a state of the art gold recovery system designed and developed by the Company's Process Engineer for the specific conditions found on these properties. Based on the recent reports of geologists and engineers, Southwest believes this property has the potential to develop into a significant gold producing operation.

Historically, mining has been carried out in the Mesquite Mining District of Imperial County using old hard rock mining and placer methods. However, in 1984, new mining methods ("heap leaching") were used to develop and mine low-grade ore bodies, with an economically viable cut-off grade as low as .01 to .02 ounces of gold per ton. The geology and history of this area indicate it is rich in gold deposits. Test production will determine the cutoff grade and the economic viability of this property. Southwest intends to go into production as soon as possible after approvals and financing are obtained.

On February 14, 2005 the Company filed a Form 8-K with the Securities and Exchange Commission reporting that the Company concluded the acquisition of 2 additional gold mining claims located near Kingman, Arizona from a private corporation. In lieu of cash payment for the claims the Company entered into what is essentially a joint venture with the former owners whereby the Company is obligated to commence production on these claims within two years with the former owners entitled to receive 30% of all net smelter returns of gold, whether paid in cash or in kind.



Under the terms of the acquisition, the Company granted the former owners of the claims the choice to accept 250,000 shares of the Company's common stock at any time within a two year period in exchange for waiving the Company's obligation to commence production on these claims within two years. The former owners choose to accept the 250,000 shares of stock on March 23, 2005. On February 14, 2005, we issued a press release regarding this acquisition.

On May 5, 2006, USCorp announced the results of exploratory drilling at its Kingman Area Tailings Property located near Kingman, Arizona, USA. The purpose of the exploratory drilling and testing was to confirm the presence of economically viable mineral resources in the tailings. Prior owners and certain documents provided by prior owners estimated these resources to contain 400,000 tons of tailings with valuable mineralization. The drilling was targeted specifically at each of the three terraced levels of the tailings.

Our drilling was done by Boart Longyear Company's Peoria, Arizona office with a representative of USCorp present. Boart Longyear is a highly respected premier global drilling company. The drilling was conducted during March 2006 under the supervision of Dr. Robert Cameron of Geological Support Services, our consulting geologist on this property. Preparation of drill samples was completed by our consulting geologist, the drillers and observed by a USCorp representative on site. The samples were sent to two independent laboratories for complete chemical analysis, atomic absorption and fire assays. The laboratories used were SGS Minerals Services, Ontario, Canada and the 125 year old Jacobs Assay Office in Tucson, Arizona. Additional samples were taken by our consulting geologist from crevices and holes dug from the top and into the side of the tailings using a procedure called "cone and quartering". Based on the GPS measurement of the tailings by our consulting geologist and the known depth of the tailings obtained by drilling, the revised estimate of the tonnage is approximately 744,215.5 tons.

Under the direction of our consulting geologist, we fully explored and tested the property. Based on the exploration and test results, however, Management determined it was not economically viable to pursue exploration or development of this property.

In a Report to the Company, USCorp's Consulting Geologist, stated in part: "...Samples were subjected to fire assay for gold and silver with both Atomic Absorption and Gravimetric Finish. Additionally, an economic spectrum was performed upon every fifth sample to establish levels of other economic metals. The results of these tests were underwhelming..."

From a practical standpoint, assuming .006 ounce per ton gold and .35 ounce per ton silver, we have ore worth \$10.60 per ton.

Based on currently working operations, were a plant set up and operating on site today, wages, water, chemicals, and power would still cost over \$45.00 per ton. Accordingly, based on the numbers this does not appear to be an economic proposition."

Due to certain conditions not being met, title to the claims reverted back to prior claim holder.

**Property descriptions, locations and nature of ownership.**

Chocolate Mountain Region Claims in the Mesquite Mining District of Imperial County, California, U.S.A., Group #1: 640 acres on four contiguous, unpatented Placer Claims. Access to these claims is by a private dirt road 2 miles north of the intersection of Highway 78 and Ogilby Road, near Glamis, California.

Chocolate Mountain Region Claims in the Mesquite Mining District of Imperial County, California, U.S.A., Group #2: 17 unpatented Placer Claims. These contiguous claims cover 2,720 acres. All of these claims are just east of the intersection of Highway 78 and Ogilby Road. Access to the property is by private dirt road.

Chocolate Mountain Region Claims in the Mesquite Mining District of Imperial County, California, U.S.A., Group #3: 8 unpatented Lode Claims covering 160 acres. Means of access to the property is by an unmarked private dirt road, south of Picacho State Park.

The 141 unpatented lode mining claims, covering 2,820 acres, which the registrant refers to as the “Twin Peaks Mine,” are located in the Eureka Mining District of Yavapai County, Arizona, U.S.A. Access to the property from the west is by county maintained and private dirt roads from Highway 93 (connecting Phoenix, Arizona with Las Vegas, Nevada).

On November 1, 2006 USCorp announced the acquisition of the Picacho Salton Mining Property, through its wholly owned subsidiary Southwest. Situated on 1,280 acres covering 64 mining claims of precious metal properties and located in the Mesquite Mining District of Imperial County, California, some of the Picacho Salton property has common borders to USCorp’s Picacho Gold Property, also known as the Chocolate Mountain Region Claims.

The Company, through its wholly owned subsidiaries, owns unpatented mining claims and pays an annual Maintenance Fee payment to the Bureau of Land Management (BLM) for each of its claims. Maintenance Fee payments of \$125 per claim are due on or before August 31 each year.

**Maps indicating the locations of our properties.**

In the Map above “1” “2” and “3” represent the approximate locations of the company’s properties in the Mesquite Mining District of Imperial County, California. These three locations are represented by the number “2” in the map below.

7

---

**History of previous operations.**

Twin Peaks Mine claims group, in the Eureka Mining District of Yavapai County, Arizona: From a historical perspective, Spaniards arrived in the area over 400 years ago and used the Santa Maria River to gain access to the claims area. According to historical sources, the local Indians used to mine gold and silver in the area, which was refined and shipped to Spain. More recently, in the 1880's, John Lawler and Charles Crosby pioneered the Eureka Mining District. In 1883, John Lawler discovered the area was rich in gold, silver, lead, and zinc.

Charles Crosby first discovered the Crosby Mine and worked his claims from 1906 to 1933. His works are on a mineralized structure and flat zone. When the Crosby Mine opened in 1906, it processed 120 ounces of gold per day. It operated a 40-stamp amolotion mill until World War II. The Crosby group of claims are in the northeast corner of the Twin Peaks claims group.

From the mid-1920s to the mid-1930s, a prospector worked the Gloryhole claim, in the southwest quadrant of the Company's Twin Peaks claims group. The ore he mined ran over 8 ounces of gold per ton. In 1941 and 1942, the claim was yielding 2.6 ounces of gold per ton. At that time, the ore was shipped to the railhead at Hillside and by train to a smelter in El Paso, Texas.

In 1885, the Hayes Silver Mine opened. The deposit at the mine was so rich - over 300 ounces of gold and silver per ton - that the owners shipped the ore directly to England for smelting and refining. The Hayes claims group are part of the Company's Twin Peaks claims group.

Chocolate Mountain Region Claims in the Mesquite Mining District of Imperial County, California: There has been no commercial scale mining on any of the Company's claims in this region.

**The present condition of the property, the work we have completed on the property, our proposed program of exploration and development, and the current state of exploration and development of the property.**

Twin Peaks Mine Claims Group: The Company has completed limited exploration work on the property, including drilling 3,000 feet of core samples (in addition to 10,000 feet drilled by prior owners) and road improvements to repair and create dirt road accesses to the property. The Company relies on geological work of experts performed under prior ownership in support of our reports of the presence of gold, silver, uranium and other mineralization on the property. The Company is not conducting mineral extraction operations on this property at this time.

Chocolate Mountain Region Claims Groups in the Mesquite Mining District of Imperial County: The Company has performed very limited work on the property. The Company relies on geological work of experts performed under prior ownership in support of our reports of the presence of gold and silver on the property. There are no current mineral extraction operations on this property. The proposed program is exploratory in nature.

On November 1, 2006 USCorp announced the acquisition of the Picacho Salton Mining Property, through its wholly owned subsidiary Southwest. Situated on 1,280 acres covering 64 mining claims of precious metal properties and located in the Mesquite Mining District of Imperial County, California, some of the Picacho Salton property has common borders to USCorp's Picacho Gold Property, also known as the Chocolate Mountain Region Claims.

**The physical condition of the plant and equipment and the source of power utilized with respect to each property.**

At this time there are no physical plants on any of the Company's properties. The Company owns rights to water on the Santa Maria River which traverses the Twin Peaks Mine property. Power is available on properties adjacent to the Twin Peaks Mine and portable generators will be used as necessary. Power is also available on properties adjacent to our placer claims in California and portable generators will be used when necessary. There are capped wells on our California claims. We will supplement well water with trucked water as necessary.

Adequate roads exist to each of our claims groups. Some existing roads may need to be repaired or extended.

At this time there are no physical plants on any of the Company's properties. The Company owns rights to water on the Santa Maria River which traverses the Twin Peaks Mine property. Power is available on properties adjacent to the Twin Peaks Mine and portable generators can be used as necessary. Power is also available on properties adjacent to our placer claims in California, the Kingman Area Claims and portable generators can be used when necessary. Water is available on properties adjacent to the Kingman Area Claims. There are natural wells located in several places on our California claims. We will supplement well water with trucked water as necessary.

**A brief description of the rock formations and mineralization of existing or potential economic significance on the properties, including the identity of the principal metallic or other constituents.**

In regards to the Twin Peaks Mine, past geologic valuations have indicated mineralized material on claims within the boundaries of the Twin Peaks on the Crosby claims, Hayes claims and Glory Hole claims as follows: 1,200,000 tons of ore at the Crosby with 0.118 ounces of gold per ton and 0.520 ounces of silver per ton; 1,200,000 tons of ore at the Hayes with 0.128 ounces of gold per ton and 0.960 ounces of silver per ton; 1,200,000 tons of ore at the Crosby with 0.258 ounces of gold per ton and 0.584 ounces of silver per ton;. The Company uses these reports in support of its determination that economically viable mineralization is present on the properties as stated in various historical reports.

According to past geologic valuations the Crosby claims are within an area of banded gray schist that is surrounded by light-colored granite and intruded by pegmatite, rhyolite-porphyry, and basic dikes. The vein strikes N10E, and dips 25

to 30 degrees E, and attains a width of up to 18 inches in the old workings. Rich ore from the oxidized zone shows brecciated quartz with abundant cellular limonite. The gold is usually found associated with the oxidized iron minerals. The Hayes and Glory Hole claims are geologically similar to the Crosby claims, and the gold is also found in association with the oxidized iron minerals. Several structural zones appear to control the mineralization within the claim group. It can be considered that an alignment of a structural trend exists, with a bearing of about N20E between the Hayes Mine and the Crosby Mine, with the Swiss Belle Mine at midway along the trend. Another structural zone which is expressed by a dike and is reported to run from the Santa Maria River to the base of Hayes Peak, has an average bearing of about N53W. The Hayes Shaft was sunk within this dike. The dike probably passes slightly west of the Glory Hole Mine and then intersects a N20E structural zone near the base of Hayes Peak. A sample taken at this intersection assayed 1.167 oz/ton gold and 66.37 oz/ton silver. The structural zones seem to influence wide areas adjacent to them, which is confirmed by the voluminous number of favorable assays and also by the Very Low Frequency Electromagnetic survey. Cut off grade valuations were not performed.

Chocolate Mountain Region Claims Groups in the Mesquite Mining District of Imperial County: A past geochemical sampling program has indicated mineralized material at the Goldstar placer claims; tonnage and grade valuations were not performed. The Company uses such reports in support of its determination that economically viable mineralization may be present on the properties as stated in various historical reports.

On November 1, 2006 USCorp announced the acquisition of the Picacho Salton Mining Property, through its wholly owned subsidiary Southwest. Situated on 1,280 acres covering 64 mining claims of precious metal properties and located in the Mesquite Mining District of Imperial County, California, some of the Picacho Salton property has common borders to USCorp's Picacho Gold Property, also known as the Chocolate Mountain Region Claims.

**The phased nature of the exploration process, and the place in the process our current exploration activities occupy.**

Phase I of the exploration process has been completed on a portion of the Hayes group of claims within the Twin Peaks mine. Phase I supplemented the previous exploration effort with additional geological, geochemical and geophysical surveys, drilling, excavations and road building. We also completed a scoping study. Phase I was designed to furnish pertinent data for the design of Phase II Mining Operation Plan.

In Phase II we intend to do further exploration on our property, and design and initiate a Test Production program on selected claims within the Twin Peaks claims group. This will include an electromagnetic flyover of the entire claim group and completion of a geochemical survey using the boundaries of individual claims to establish a base grid. This sample grid would be tightened in select areas. Simultaneously, the geology will be mapped in order to determine the overall extent of pathfinder mineralization for use in planning additional drilling, gaining a more detailed understanding of the potential of the entire site, and solidifying the mineral land position.

We will then commence with drilling and assaying in the areas previously targeted in prior geological reports. The drilling program will be designed to confirm the geology and mineralization in the target areas; a broad program is not necessary due to prior geological work. Extra samples will be retained for metallurgical testing on promising zones.

The results of testing the samples will allow us to plan the conceptual mine and milling plans, including flow-sheets that will be used in the feasibility study process along with the on-going economic and cost modeling evaluation of the project. Finally when the results have been evaluated we will begin the collection of the environmental data necessary for further exploration, completion of the feasibility study and mining.

We have received a Test Production plan and budget for the Chocolate Mountain Region Claims in the Mesquite Mining District of Imperial County from our Consulting Geologist, Quantum GeoConsultants, LLC, summarized as follows:

**Test Production Program Budget and Plan**

To start placer testing operations we must first purchase and modify a wash plant. The pad and setup of the wash plant is next.



The dirt access road from the Highway to the site (approximately 2 miles) must be reworked/repared. We will also need a Front End Loader ("F.E.L.") with Back-Hoe attachment. For continuous hard work excavating trenches, digging test pits and carrying alluvial material back to the wash plant for processing on a daily basis. It would be used for the duration of the test production program.

The sampling method is standard in geological exploration and is confined to dry arroyo drainages and rills. Grab samples taken outside of the dry river beds and rills will be by prospectors pick or regular pick and shovel. Instruments to be used will be a VLF unit, an EM unit, microscopes, spectrometer, GPS unit, possibly an I.R. unit, a magnetometer and miscellaneous sieves. A 10 or 12 kW generator set will independently power the night lights and camper unit. We need to determine if the present wells go down a minimum of 400 feet to reach adequate water supply to support test production wash plant. The estimated budget for this is up to \$205,000 for a 12 week program.

We will make a decision whether to proceed with each successive phase of the exploration program upon completion of the previous phase and upon analysis of the results of that program.

The cutoff grade will be determined as part of the feasibility study process.

We will follow QA/QC protocols provided by the Society for Mining, Metallurgy and Exploration Guidance on best practices for Exploration [www.smenet.org](http://www.smenet.org).

### **Recent Initial Exploration and Exploitation**

Although many companies and individuals are engaged in the mining business, including large established mining companies, there is a limited supply of desirable mineral lands available for claim staking, lease, or other acquisition in the United States and other areas where USCorp contemplates conducting its exploration and/or production activities. However, it has been determined by qualified geologists and mining companies that USCorp's Arizona properties have mineralization of a variety of precious and non-precious minerals. Historically, the specific geographic region in which USCorp intends to conduct its exploratory and mining activities has been the subject of various general samplings, which were performed by the State of Arizona, the United States Department of the Interior Bureau of Mines, and the United States Department of the Interior Bureau of Land Management.

Registrant has relied upon a number of studies by companies that are not presently affiliated or associated with USCorp to determine the feasibility and valuation of USCorp's pursuit to develop the Mining Claims. These studies are comprised of several exploration techniques, such as geological and geophysical surveys, drilling, and excavations, in order to determine the economic potential, and subsequent exploration and mining, of the Claims. These different firms, have utilized varied means to calculate the potential of the exploration and development of the Twin Peaks Mine's Mining Claims.

### **Early Exploration Conducted and Valuations.**

The Twin Peaks Mine: Past geological studies indicated that beginning in 1981 a geologist performed certain exploratory drillings in order to obtain samples of the contents from the Crosby Mine Site No. 6, located Yavapai County, Arizona (one of the claims in USMetals' Twin Peaks Mine). The geologist drilled 28 core drill holes on the Crosby Mine site. His report was based on 200-foot depth cores. This area was 18,519 cubic yards, or approximately 20,000 tons of mineralized material. The total area that was drilled was 1,500' x 600' x 200'. A total of 744 core samples were taken from the 6,000-foot of core hole drillings. The samples were assayed for gold and silver.

The results indicated the presence of mineralization of gold and silver. The core samples also revealed quartz monzonite porphyry formations throughout the area of sampling. The many faults located in this area were of considerable importance in controlling supergene enrichment; the largest quantity and highest grade of ore occurs

when these faults intersect or are closely spaced. There was significant evidence of this enrichment recorded from the samples taken from the Crosby Mine site area. And, the gold and silver that was found is natural to the formations of the enrichment zone.

## **Recent Exploration and Samplings**

Recent geological surveys, provided by International Energy and Resources, Inc., (IERI), one of USMetals' principal advisors have confirmed prior geological reports. It was verified that the Twin Peaks Mine is on a mineralized structure and flat zone with gold and silver carrying mineralization.

Historically, over 10,000 feet of core drillings were performed and over 1,500 fire assays were conducted. These assays showed an overall average of .14 ounces of gold per ton and .595 ounces of silver per ton, on one area covering 3 claims.

The geological, geophysical, and geochemical studies stated above were reviewed and evaluated by an independent mining, consulting, and geologic firm that was engaged to evaluate the commercial feasibility of the claims. The report and economic study recommended the continuation of exploration and the start of production.

The geological justification for the exploration project at the Twin Peaks Mine is that numerous past geological studies have found gold and silver mineralization in economically viable quantities at various locations within the boundaries of the claims group. There are also areas within the claims group that contain uranium and areas containing complex ores.

The geological justification for the exploration project at the Chocolate Mountain Region claims is that there is visible gold in the ground and past geological studies have found gold and silver in economically viable quantities at various locations within the boundaries of the claims groups.

The geological justification for the exploration project at the Kingman Area Claims is that numerous past assays have found gold and silver in various locations within the boundaries of the claims group.

## **A breakdown of the exploration timetable and budget, including estimated amounts that will be required for each exploration activity.**

The six month exploration timetable and budget for the Twin Peaks Mine is as follows:

The total cost is projected to be up to \$2.4 million to complete a electromagnetic flyover, a comprehensive drilling program, road repair and extensions, design and building of a test mill of 50 to 1,000 tons per day capacity. The estimate of six month time period is an estimate of time need to perform tasks only and does not take into account delays for governmental review and approval of our mining plan.

The 12 week exploration timetable and budget for the Chocolate Mountain Region claims is as follows:

The total cost is projected to be up to \$205,000 to complete an electromagnetic flyover, comprehensive road repair and extensions, design and purchase of a wash plant of 10 tons per hour capacity. The estimate of twelve week time period is an estimate of time needed to perform tasks only and does not take into account delays for governmental review and approval of our mining plan.

## **How the exploration program will be funded.**

We are seeking funding via equity or debt financing in the form of private placements, working interest joint venture, and/or gold bullion loans in the United States, Europe and Asia. To date we have received the proceeds from a gold bullion loan in the amount of \$635,000 as previously reported on form 8-K dated September 27, 2005.



**Identification of who will be conducting any proposed exploration work, and a discussion of their qualifications.**

To date the Company has utilized the services of International Energy and Resources, Inc., and Geological Support Services, LLC, for limited exploration and geological work on the Company's properties. Given adequate financing we intend to use additional qualified mining consultants and engineers subject to their availability and willingness and our need, but we have not contracted with any other vendors as of the date of this report. A summary of the qualifications of International Energy and Resources, Inc., a wholly owned subsidiary of US American Resources, Inc. follows:

Quantum GeoConsultants, LLC.

Geological Support Services, LLC, Robert A. Cameron, Ph.D. managing partner, is consulting exploration geologist to the Company. Cameron has a Ph.D. in Geophysics from Canterbury University, Kent, England. Since 1987 Cameron has consulted in the mining industry as a geologist in various capacities for companies and projects in the private sector in the United States, Mexico, Australia, New Zealand, West Germany, Poland and Canada. In addition to private consulting, he has worked since 2001 as a professor of geology and geosciences.

**METALS EXPLORATION/DEVELOPMENT CONSULTANT: August 2002 to present**

Perform professional services as a member of a mining industry consulting group: Performing audits on technical and due diligence reports by conducting on-site studies and review of historical and new data including, but not limited to: Geological surveys; Geochemical tests; Geophysical surveys; 3-D aerial photo studies; Review satellite photos; Perform assays and/or verify historical assay test reports; Review core drilling logs and reports; Conduct/review laboratory tests and feasibility studies; Prepare/review pilot plant flow sheets and reports; Title search and review; Review/verify water rights and legal data; Review right-of-way easements; Review B.L.M. permits; Review E.I.R.'s and related data; Review status of fees/taxes paid for patented and un-patented mineral claims; Review safety, cost and schedules: for multi-national owners and/or investors based in the U.S.A., Canada, Argentina, Chile, Brazil, Bolivia, Peru, Alaska and Mexico.

International Energy and Resources, Inc., a wholly owned subsidiary of US American Resources, Inc., Sub-Contractors, Subsidiaries and Consultants include:

**HILBRANDS AND WESTERN MINING COMPANY**

Ted Hilbrands, and Arie Hilbrands, Owner Operators. Hilbrands and Western is an Arizona-based mining company with 30 years of experience in mining, drilling, and exploration. Expert witness for U.S. Mineral Surveyor, worked extensively on construction projects with the US Army Corps of Engineers. They have extensive knowledge in land survey, mine ownership and leaching, mill construction and management.

### **Specific Environmental Regulation.**

Mining is subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mineral exploration and production. Environmental liability may result from mining activities conducted by others prior to USMetals' ownership of a property. Insurance for environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) is not generally available at a reasonable price to companies within the industry. To the extent USMetals is subject to environmental liabilities, the payment of such liabilities would reduce funds otherwise available to USMetals and could have a material adverse effect on USMetals.

In the context of environmental compliance and permitting, including the approval of reclamation plans, USMetals must comply with standards, laws and regulations which may entail greater or lesser costs and delays depending on the nature of the activity to be permitted, constructed and operated and how stringently the regulations are implemented by the applicable regulatory authority. It is possible that the costs and delays associated with compliance with such laws, regulations and permits could become such that a company would not proceed with the development of a project or the operation or further development of a mine. Laws, regulations and regulatory policies involving the protection and remediation of the environment are constantly changing at all levels of government and are generally becoming more restrictive and the costs imposed on the development and operation of mineral properties are increasing as a result of such changes. USMetals has made, and expects to make in the future, significant expenditures to comply with such laws and regulations.

The Environmental Protection Agency ("EPA") continues the development of a solid waste regulatory program specific to mining operations under the Resource Conservation and Recovery Act ("RCRA"). The difficulty is that many Federal laws duplicate existing state regulations.

Mining companies in the United States are also subject to regulations under (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA") which regulates and establishes liability for the release of hazardous substances and (ii) the Endangered Species Act ("ESA") which identifies endangered species of plants and animals and regulates activities to protect these species and their habitats. Revisions to CERCLA and ESA are being considered by Congress; the impact on USMetals of these revisions is not clear at this time. Environmental laws and regulations enacted and adopted in the future may have a significant impact upon USMetals' future operations.

Reclamation plans which are approved by various environmental regulatory authorities are subject to on-going review and modification. Although USMetals' management believes that the reclamation plans developed and implemented for its mine sites are reasonable under current conditions, any future re-determination of reclamation conditions or requirements could significantly increase USMetals' costs of implementation of such plans.

### **Competition.**

There is aggressive competition within the minerals industry to discover and acquire properties considered to have commercial potential. USMetals will compete for promising gold exploration projects with other entities, many of which have greater financial and other resources than USMetals. In addition, USMetals will compete with other firms in its efforts to obtain financing to explore and develop mineral properties including the claims it already owns. Further, the mining industry is typified by companies with significantly greater financial resources and market recognition than the Company. At present, Registrant is not a significant factor within this industry.

**Employees and Independent Contractors.**

As of the Date of this Report, Registrant did not employ any persons other than its executive officers and directors named herein.

As of the Date of this Report, Registrant and its wholly owned subsidiaries have utilized three principal consultants/advisors: Geological Support Services, LLC under Robert Cameron, PhD; and International Energy and Resources, Inc. (IERI) which, in turn, employs subcontractors that perform work indirectly for Registrant and its subsidiaries.

## Item 1A. Risk Factors

**Lack of Operating History and Earnings.** Registrant has no operating history or revenues. Registrant expects to incur further losses in the foreseeable future due to significant costs associated with its business development, and the business development of its subsidiaries, including costs associated with its acquisition of new mining claims and/or operations. There can be no assurance that Registrant's operations will ever generate sufficient revenues to fund its continuing operations that Registrant will ever generate positive cash flow from its operations, or that Registrant will attain or thereafter sustain profitability in any future period.

**Speculative Nature of Registrant's Proposed Operations; Dependence Upon Management.** The success of Registrant's operations, independently and through its subsidiaries, and its proposed plan of operation will depend largely on the operations, financial condition, and management of Registrant. While management intends to engage in the business purposes stated herein, there can be no assurance that it, or any of its subsidiaries, will be successful in conducting such business. Presently, Registrant is totally dependent upon the personal efforts of its current management. The loss of any officer or director of Registrant could have a material adverse effect upon its business and future prospects. Registrant does not presently have key-man life insurance upon the life of any of its officers or directors. None of our management are chemists, metallurgists, mining engineers or geologists and as such do not have the technical experience in exploring for, starting, and/or operating a mine. 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; however there can be no assurance that management will be successful in raising the necessary funds, recruiting, hiring and retaining such qualified individuals.. Such consultants have no fiduciary duty to Registrant or its shareholders, and may not perform as expected. The success of Registrant will, in significant part, depend upon the efforts and abilities of management, including such consultants as are or may be engaged in the future.

See "PART III, ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS".

**Risks Inherent In Exploration and Mining Operations.** Mineral exploration is highly speculative and capital intensive. Most exploration efforts are not successful, in that they do not result in the discovery of mineralization of sufficient quantity or quality to be profitably mined. Registrant's Mining Claims are also indirectly subject to all hazards and risks normally incidental to developing and operating mining properties. These risks include insufficient ore reserves, fluctuations in production costs that may make mining of reserves uneconomic; significant environmental and other regulatory restrictions; and the risks of injury to persons, property or the environment. In particular, the profitability of gold mining operations is directly related to the price of gold. The price of gold fluctuates widely and is affected by numerous factors that are beyond the control of any mining company. These factors include expectations with respect to the rate of inflation, the exchange rates of the dollar and other currencies, interest rates, global or regional political, economic or banking crises, and a number of other factors. If the price of gold should drop dramatically, the value of the Mining Claims could also drop dramatically, and the Company might then be unable to recover its investment in those interests or properties. Selection of a property for exploration or development; the determination to construct a mine and to place it into production, and the dedication of funds necessary to achieve such purposes, are decisions that must be made long before the first revenues from production will be received. Price fluctuations between the time that such decisions are made and the commencement of production can drastically affect the economics of a mine. The volatility of gold prices represents a substantial risk, generally, which no amount of planning or technical expertise can eliminate.

**Uncertainty of Reserves and Mineralization Estimates.** There are numerous uncertainties inherent in estimating proven and probable reserves and mineralization, including many factors beyond Registrant's control. The estimation of reserves and mineralization is a subjective process and the accuracy of any such estimates is a function of the quality of available data and of engineering and geological interpretation and judgment. Results of drilling,



metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may justify revision of such estimates. No assurances can be given that the volume and grade of reserves recovered and rates of production will not be less than anticipated. Assumptions about prices are subject to great uncertainty and gold prices have fluctuated widely in the past. Declines in the market price of gold or other precious metals also may render reserves or mineralization containing relatively lower grades of ore uneconomic to exploit. Changes in operating and capital costs and other factors including, but not limited to, short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades, may materially and adversely affect reserves.

**Environmental Risks.** Mining is subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mineral exploration and production. Insurance against environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) is not generally available to Registrant (or to other companies within the gold industry) at a reasonable price. To the extent Registrant becomes subject to environmental liabilities, the satisfaction of any such liabilities would reduce funds otherwise available and could have a material adverse effect on Registrant. Laws and regulations intended to ensure the protection of the environment are constantly changing, and are generally becoming more restrictive.

**Proposed Federal Legislation.** Over the past ten years, the U.S. Congress has adopted revisions of the General Mining Law of 1872, which governs the creation of mining claims and related activities on Federal public lands in the United States. Similarly, the U. S. Congress and the Clinton Administration eliminated the U.S. Bureau of Mines, which was the agency responsible for gathering and maintaining data on mines throughout the United States. Beyond changes to the existing laws, the Congress or the Bush Administration may propose or adopt new laws; any such revisions could also impair USMetals' and Southwest's ability to develop, in the future, any mineral prospects that are located on unpatented mining claims on Federal lands.

**Title to Properties.** The validity of unpatented mining claims, which constitute all of Registrant's property holdings, is often uncertain and such validity is always subject to contest. Unpatented mining claims are unique property interests and are generally considered subject to greater title risks than patented mining claims, or other real property interests that are owned in fee simple. Registrant has not filed any patent applications for any of its properties that are located on Federal public lands in the United States, (specifically, in the States of Arizona and California), and, under changes to the General Mining Law, patents may not be available for such properties. Although management believes it has taken requisite action to acquire satisfactory title to its undeveloped properties, it does not intend to go to the expense to obtain title opinions until financing is secured to develop the property, with the attendant risk that title to some properties, particularly title to undeveloped properties, may be defective.

**Competition.** There is aggressive competition within the minerals industry to discover and acquire properties considered to have commercial potential. Registrant will compete for promising gold exploration projects with other entities, many of which have greater financial and other resources than Registrant. In addition, Registrant will compete with other firms in its efforts to obtain financing to explore and develop mineral properties.

**Registrant's Financial Statements Contain a "Going Concern Qualification."** Registrant may not be able to operate as a going concern. The independent auditors' report accompanying its financial statements contains an explanation that Registrant's financial statements have been prepared assuming that it will continue as a going concern. Note 1 to these financial statements indicates that Registrant is in the development stage and needs additional funds to implement its plan of operations. This condition raises substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Registrant's audit report and financial statements are included herein as "PART F/S".

**Uncertainty As To Management's Ability To Control Costs And Expenses.** With respect to Registrant's development of its mining properties and the implementation of commercial operations, management cannot accurately project or give any assurance, with respect to its ability to control development and operating costs and/or expenses. Consequently, if management is not able to adequately control costs and expenses, such operations may not generate any profit or may result in operating losses.

**No Dividends.** The Company has not paid any dividends nor, by reason of its present financial status and contemplated financial requirements, does it anticipate paying any dividends in the foreseeable future.



**Risks of Low-Priced Stocks And Possible Effect of “Penny Stock” Rules on Liquidity.** Currently Registrant’s stock is defined as a “penny stock” under Rule 3a51-1 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. In general, a “penny stock” includes securities of companies which are not listed on the principal stock exchanges or the National Association of Securities Dealers Automated Quotation System (“NASDAQ”) or National Market System (“NASDAQ NMS”) and have a bid price in the market of less than \$5.00; and companies with net tangible assets of less than \$2,000,000 (\$5,000,000 if the issuer has been in continuous operation for less than three years), or which has recorded revenues of less than \$6,000,000 in the last three years. “Penny stocks” are subject to rule 15g-9, which imposes additional sales practice requirements on broker-dealers that sell such securities to persons other than established customers and “accredited investors” (generally, individuals with net worth in excess of \$1,000,000 or annual incomes exceeding \$200,000, or \$300,000 together with their spouses, or individuals who are officers or directors of the issuer of the securities). For transactions covered by Rule 15g-9, a broker-dealer must make a special suitability determination for the purchaser and have received the purchaser’s written consent to the transaction prior to sale. Consequently, this rule may adversely affect the ability of broker-dealers to sell Registrant’s stock, and therefore, may adversely affect the ability of Registrant’s stockholders to sell stock in the public market.

**Shares Eligible for Future Sale.** A total of 33,806,459 shares of Common Stock are issued and outstanding as of the date of this Report, of which approximately 24,971,257 shares thereof are “restricted securities” as that term is defined under the Securities Act. Therefore, all such restricted shares must be held indefinitely unless subsequently registered under the Securities Act or an exemption from registration becomes available. One exemption that may be available in the future is Rule 144 adopted under the Securities Act. Generally, under Rule 144 any person holding restricted securities for at least one year may publicly sell in ordinary brokerage transactions, within a 3 month period, the greater of one (1%) percent of the total number of a company’s shares outstanding or the average weekly reported volume during the four weeks preceding the sale, if certain conditions of Rule 144 are satisfied by the company and the seller. Furthermore, with respect to sellers who are “non-affiliates” of the company, as that term is defined in Rule 144, the volume sale limitation does not apply and an unlimited number of shares may be sold, provided the seller meets a holding period of 2 years. Sales under Rule 144 may have a depressive effect on the market price of Registrant’s securities, should a public market be available for Registrant’s shares.

**Safe Harbor Statement:** Under the United States Private Securities Litigation Reform Act of 1995, except for the statements of historical fact contained herein, the information presented constitutes “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements, including but not limited to those with respect to the price of gold, the timing of the exploration of the Company’s properties, the timing of the development of the Company’s properties, the timing and amount of estimated future production, costs of production, mineralization and “reserve” determination involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the actual results of current exploration and development activities, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, future prices of gold, silver or other metals and minerals. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

(See “Forward Looking Statements”, PART I).

#### **(D) Reports to Security Holders**

The public may read and copy any materials filed with the SEC at the SEC’s Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference

Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of that SEC internet site is <http://www.sec.gov>.

**ITEM 2. DESCRIPTION OF PROPERTY**

The Company's principle executive offices are located at 4535 W. Sahara Ave., Suite 204, Las Vegas, NV 89102 and its telephone number is (702) 933-4034.

**ITEM 3. LEGAL PROCEEDINGS**

During the fiscal year ended September 30, 2006, the Company was not a party to legal proceedings requiring disclosure in this Report and none of the Company's officers or directors are involved in any litigation in their capacities as such officers or directors of the Company.

**ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

No matters were put to the vote of the shareholders during the fiscal year ended on September 30, 2006.

## PART II

**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS**

The Company's securities are quoted on the OTC Bulletin Board and as of December 23, 2003 the Company's shares are also traded on the Third Segment of the Berlin Stock Exchange under symbol UCP.BER, WKN number A0BLBB. As of May 11, 2006 USCorp's Class B Non-Voting Common Shares have been included in the Deutsche Borse Exchange trading within the Open Market (Freiverkehr) under the Symbol "U9C" and the WKN# is A0JEQQ.

The following table sets forth for the periods indicated the range of high and low closing bid quotations for the Company's common stock during the past two fiscal years. These quotations represent inter-dealer prices without retail mark-up, mark-down or commission and may not represent actual transactions:

PERIOD		HIGH		LOW
Quarter ended December 31, 2004	\$	0.26	\$	0.11
Quarter ended March 30, 2005	\$	0.20	\$	0.09
Quarter ended June 30, 2005	\$	0.16	\$	0.06
Quarter ended September 30, 2005	\$	0.16	\$	0.09
Quarter ended December 31, 2005	\$	0.15	\$	0.11
Quarter ended March 30, 2006	\$	0.14	\$	0.07
Quarter ended June 30, 2006	\$	0.14	\$	0.08
Quarter ended September 30, 2006	\$	0.12	\$	0.06

On December 20, 2006 the reported closing price for the Company's common stock was \$0.10 per share; there were approximately 168 record holders of the Company's shares.

The Company has not paid any dividends and there are presently no plans to pay any such dividends in the foreseeable future. The declaration and payment of dividends in the future will be determined by the Board of Directors in light of conditions then existing, including earning, financial condition, capital requirements and other factors. There are no contractual restrictions on the Company's present or future ability to pay dividends. Further, there are no restrictions on any of the Company's subsidiaries which would, in the future, adversely affect the Company's ability to pay dividends to its shareholders.



**Recent Sales of registered and unregistered securities.**

During fiscal year 2006, the Company issued an aggregate of 885,000 shares of common stock to for services rendered and to the prior owners of the Chocolate Mountain Region claims in exchange for release from the time restrictions on developing those claims.

Additionally, In June 2004, the Company commenced a private placement of 6 million units of its securities with each unit consisting of one share of preferred stock and one warrant to purchase an additional share of preferred stock at a price of \$0.50 per unit. The offer has been extended until October 2008. Each preferred share is convertible into two common shares at any time at the election of the preferred shareholder. Each warrant represents the right of the holder to purchase one additional preferred share at a price of \$0.50 during the two-year period following the date of their issuance. The two-year period has been extended until October 2008. The Company may call the warrants at any time at a redemption price of \$0.001 per warrant provided the price of its common stock has traded above \$1 for 20 consecutive days.

The preferred shares accrue interest at the rate of 10% per annum of the purchase price of \$0.50, or \$0.05 per year, payable annually in arrears. The Company may elect to make payment of interest in the form of common shares. In which case the number of common shares payable will equal the amount of interest payable divided by the closing price of the common shares on the date the dividend is declared by the Company.

The preferred shares are redeemable by the Company at any time after one year from the date of their issuance provided that the common shares have sustained a trading price of not less than \$1.00 per common share for at least 20 consecutive trading days. If the Company elects to redeem the Shares, the redemption price shall be determined as follows:

- (i) During the second year after their issuance at \$0.575 per preferred share;
- (ii) During the third year after their issuance at \$0.55 per preferred share;
- (iii) During the fourth year after their issuance at \$0.525 per preferred share;
- (iv) After the fourth year after their issuance at \$0.50 per preferred share.

During September 2004, the Company received \$55,175 of subscriptions for 112,500 units in this private placement.



## ITEM 6. 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.

### OVERVIEW

The Company is an "exploration stage" company. During fiscal year ended September 30, 2006, the Company's activities centered on the exploration of USMetals' mining property known as the Twin Peaks Mine in the Eureka Mining District of Yavapai County, Arizona, the exploration of Chocolate Mountain Region Claims in the Mesquite Mining District of Imperial County, California, and the Kingman Area Tailings in the Pilgrim Mining District of Mohave County, Arizona.. During the fiscal year, the Company did not engage in any commercially viable operations and realized no revenues from its activities. The annual costs incurred to date were primarily for the continued exploration of the Company's mining properties, expansion and maintenance of the Company's website, legal and accounting costs in conjunction with the Company's general and administrative expenses in anticipation of completing exploration and commencing a test production program on the Company's mining properties. The annual maintenance fee payment for the 214 claims owned by the Registrant is \$125 per claim for a total annual cost of \$26,750.

All of the Company's mining business activities are conducted at this time through its subsidiaries, USMetals and Southwest Resource Development, Inc. International Energy Resources, Inc., a wholly owned subsidiary of U.S. American Resources, Inc., has agreed to continue to supervise and direct the work of the Twin Peaks Mine Project

Team upon adequate funding.

21

---

The Registrant, through its wholly owned subsidiary, USMetals, Inc., owns 141 unpatented contiguous mining claims totaling 2,820 acres in the Eureka Mining District of Yavapai County, Arizona. These claims have a history of mining activity from the middle of the 19th century to the beginning of World War II. Gold, silver, copper and other minerals were recovered in important quantities. The previous owners started acquisition of this claim group in the early 1940's and by the mid-1980's the claims group totaled 134 claims. Exploration, drilling and assessment work was done and several geological reports were completed indicating the presence of economically viable deposits of precious metals and complex ores.

The Registrant, through its wholly owned subsidiary Southwest Resource development, Inc., ("Southwest") owns 8 unpatented lode and 21 unpatented placer mining claims totaling approximately 3,520 acres in eastern Imperial County, California which the Company refers to as the Chocolate Mountain Region Claims in the Mesquite Mining District of Imperial County. These claims and the surrounding Mesquite Mining District have a history of mining activity going back almost 200 years. The exploration, drilling and assessment work at the Chocolate Mountain Region Claims in the Mesquite Mining District of Imperial County, was done and geological reports were completed by prior owners and indicated the presence of economically viable deposits of precious metals.

On November 1, 2006 USCorp announced the acquisition of the Picacho Salton Mining Property, through its wholly owned subsidiary Southwest. Situated on 1,280 acres covering 64 mining claims of precious metal properties and located in the Mesquite Mining District of Imperial County, California, some of the Picacho Salton property has common borders to USCorp's Picacho Gold Property, also known as the Chocolate Mountain Region Claims.

We need \$20 million to achieve a commercial level of mining on the Company's properties. We have prepared plans for completion of bankable feasibility studies and test production programs on our properties that require smaller amounts of capital. We are seeking funding via equity or debt financing in Europe, the United States and Asia via private placement, working interest joint venture, and/or gold bullion loans.

### **Impairment Expense**

We acquired the Twin Peaks Mine asset in 2002 and have been conducting limited exploration work on it, with the goal of commencing mineral production, for three years. Exploration activities have confirmed the presence of mineralization on this property. However, we have not commenced mining activities due to a lack of funding. Consequently, per our accounting policy regarding impairment charges, we decided to impair this asset and take it off the balance sheet. However, we are still aggressively pursuing the financing necessary to complete a bankable feasibility study and proceed with our plans to commence mining activity. We believe with proper funding, the portions of the Twin Peaks property which has been more extensively explored could result in a value in excess of \$200,000,000 per independent estimates in prior geochemical evaluations and geological studies.

## **I. Results of Operations**

### **Comparison of operating results.**

The Company has not yet commenced commercial operations and has had no revenues from operations.

General and administrative expense for fiscal 2006 was \$502,201 compared to \$592,469 for last year, a decrease of approximately 15%. The main area of decrease was in consulting costs (\$125,358 for fiscal 2006 compared to \$362,358 last year). Administration expenses increased (\$289,271 for fiscal 2006 compared to \$156,826 last year). The increase in administration expense was due to the increase in salaries and space rental costs.

As a result of general and administrative costs, the Company experienced a loss from operations of \$502,201 for the year ended September 30, 2006, compared to loss from operations of \$592,469 for the same period last year.



After interest expense in fiscal 2006 of \$61,771, compared to \$7,953 in the prior year, the Company realized a net loss for fiscal 2006 of \$837,551 as compared to a net loss of \$328,337 for the prior fiscal year. This loss translated into a loss of \$.03 per shares for fiscal 2006, compared to a loss of \$.02 for fiscal 2005.

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

At September 30, 2006 cash on hand was \$83,573 as compared with \$627,372 at September 30, 2005. The Company received services in the aggregate amount of \$79,650 through the issuance of additional shares of common stock. See, **“Recent Sales of Unregistered Securities”** above.

The Company used these cash proceeds to pay for its business operations.

Total assets at September 30, 2006 were \$91,813 as compared to \$631,378 at September 30, 2005.

The Company’s total stockholders’ equity changed from -\$277,943 September 30, 2005 to -\$1,035,844 at September 30, 2006. The decrease in total stockholders’ equity was due to the loss from operations and the issuance of shares for services rendered.

### **Impact of Inflation**

The general level of inflation has been relatively low during the last several fiscal years and has not had a significant impact on the Company.

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

Under the supervision and with the participation of the Company’s management, including the Chief Executive Officer and acting 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 acting 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.

ITEM 7. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

**DONAHUE ASSOCIATES, LLC**  
**Certified Public Accountants**  
**27 Beach Road Suite C05A**  
**Monmouth Beach, NJ 07750**  
**Tel. 732-229-7723**

**Management's Report on Internal Control Over Financial Reporting**

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13-a-15(f) and 15d-15(f) under the Exchange Act as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers and effected by the Company's board of directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles and includes those policies and procedures that:

- \* pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- \* provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorization of management and directors of the Company; and
- \* provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 20, 2006. In making this assessment, management used the criteria established in "Internal Control-Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on this assessment, management believes that, as of September 30, 2006 the Company's internal control over financial reporting is effective.

There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

25

---

**DONAHUE ASSOCIATES, LLC**  
**Certified Public Accountants**  
**27 Beach Road Suite CO5A**  
**Monmouth Beach, NJ 07750**  
**Tel. 732-229-7723**

**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Stockholders of USCorp. Inc.

We have audited management's assessment, included in the accompanying Management's Report on Internal Control Over Financial Reporting of US Corp. Inc. maintained effective internal control over financial reporting as of September 30, 2006, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). USCorp Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



In our opinion, management's assessment that USCorp Inc. maintained effective internal control over financial reporting as of September 30, 2006, is fairly stated, in all material respects, based on the COSO criteria.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the balance sheets of USCorp Inc. as of September 30, 2006 and September 30, 2005, and the related statements of operations, stockholders' equity, and cash flows for the years then ended and express an unqualified opinion thereon.

As more fully discussed in Note 2 to the consolidated financial statements, there are significant matters concerning the Company that raise substantial doubt as to the ability of the Company to continue as a going concern. Management's plans with regard to these matters are also described in Note 2 to the consolidated financial statements. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets or the amounts and classifications of recorded liabilities that might be necessary in the event that the Company cannot continue in existence.

Monmouth Beach, New Jersey  
December 20, 2006

**USCorp**  
**(an Exploration Stage Company)**  
**Balance Sheet**  
**As of September 30, 2006 and September 30, 2005**

	30-Sep-06	30-Sep-05
<b>ASSETS</b>		
Current assets:		
Cash	\$ 83,573	\$ 627,372
<b>Total current assets</b>	<b>83,573</b>	<b>627,372</b>
Other assets:		
Equipment- net	8,240	4,006
<b>Total assets</b>	<b>\$ 91,813</b>	<b>\$ 631,378</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable & accrued expenses	\$ 78,317	\$ 52,121
<b>Total current liabilities</b>	<b>78,317</b>	<b>52,121</b>
Note payable- shareholder	979,175	651,429
Advances payable shareholders	0	135,606
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	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- \$.01 par value, authorized 800,000,000 shares, issued and outstanding, 32,921,461 shares at September 30, 2005 and 33,806,459 at September 30, 2006	330,099	329,214
Additional paid in capital	7,194,398	7,115,633
Accumulated deficit	(8,560,341)	(7,722,790)
<b>Total shareholders' equity</b>	<b>(1,035,844)</b>	<b>(277,943)</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>\$ 91,813</b>	<b>\$ 631,378</b>

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

**USCorp**  
**(an Exploration Stage Company)**  
**Statements of Operations**  
**For the Years Ended September 30, 2006 and September 30, 2005**  
**and from Inception, May 1989 through September 30, 2006**

	30-Sep-06	30-Sep-05	Inception to Date
General and administrative expenses:			
Consulting	\$ 125,358	\$ 362,358	\$ 3,251,867
Administration	289,271	156,826	3,724,314
License expense	29,250	21,777	160,559
Professional fees	58,322	51,508	444,449
Total general & administrative expenses	502,201	592,469	7,581,189
Net loss from operations	(502,201)	(592,469)	(7,581,189)
Other income (expenses):			
Interest expense	(61,771)	(7,953)	(80,701)
Loss on unhedged underlying	(273,579)	(15,296)	(285,832)
(Loss) gain on mining claim	0	0	(600,000)
Net loss before provision for income taxes	(837,551)	(615,718)	(8,547,722)
Provision for income taxes	0	0	0
Net loss before extraordinary item	(837,551)	(615,718)	(8,547,722)
Extraordinary item:			
Loss on early extinguishment of debt (net of tax)	0	(12,619)	(12,619)
Net loss	(\$837,551)	(\$628,337)	(\$8,560,341)
Basic & fully diluted net loss per common share	(\$0.03)	(\$0.02)	
Weighted average of common shares outstanding:			
Basic & fully diluted	33,811,557	31,082,723	

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

**USCorp**  
**(an Exploration Stage Company)**  
**Statements of Cash Flows**  
**For the Years Ended September 30, 2006 and September 30, 2005**  
**and from Inception, May 1989 through September 30, 2006**

	30-Sep-06	30-Sep-05	Inception to Date
<b>Operating Activities:</b>			
Net loss	(\$837,551)	(\$628,337)	(\$8,560,341)
Adjustments to reconcile net income items not requiring the use of cash:			
Loss on sale of mining claim	0	0	600,000
Consulting fees	79,650	360,000	2,386,142
Depreciation expense	3,434	1,992	6,009
Interest expense	54,164	7,953	70,051
Impairment expense	0	0	2,449,466
Loss on early extinguishment of debt (net of tax)	0	12,619	12,619
Loss on unhedged underlying	273,579	15,296	288,875
Changes in other operating assets and liabilities :			
Accounts payable and accrued expenses	26,196	5,786	(271,767)
Net cash used by operations	(400,528)	(224,691)	(3,018,946)
<b>Investing activities:</b>			
Purchase of office equipment	(7,668)	(3,581)	(14,249)
Net cash used by investing activities	(7,668)	(3,581)	(14,249)
<b>Financing activities:</b>			
Issuance of common stock	0	49,817	2,138,356
Issuance of preferred stock	0	20,508	20,508
Issuance of note payable to shareholder	0	632,935	672,935
Subscriptions received	0	0	55,175
Placement fees	0	0	(1,750)
Advances received (paid) shareholder	(135,603)	135,603	0
Capital contributed by shareholders	0	0	231,544
Net cash provided by financing activities	(135,603)	838,863	3,116,768
Net increase (decrease) in cash during the fiscal year	(543,799)	610,591	83,573
Cash balance at beginning of the fiscal year	627,372	16,781	0
Cash balance at September 30th	\$ 83,573	\$ 627,372	\$ 83,573
<b>Supplemental disclosures of cash flow information:</b>			
Interest paid during the fiscal year	\$ 0	\$ 0	\$ 0
Income taxes paid during the fiscal year	\$ 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 September 30, 2006**

	<b>Common Shares</b>	<b>Common Par Value</b>	<b>Paid in Capital</b>	<b>Accumulated Deficit</b>	<b>Total</b>	<b>Stock Price *</b>
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	
Balance at September 30, 1996-unaudited	85,160	852	1,217,564	(1,218,416)	0	



**USCorp.**  
**(an Exploration Stage Company)**  
**Statement of Changes in Shareholders Equity**  
**From Inception, May 1989 to September 30, 2006**  
**(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 September 30, 2006**  
**(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	\$ 0.00
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)	
Balance at September 30, 2003	25,793,073	257,931	5,366,425	(6,130,345)	(505,989)	



**USCorp**  
**(an Exploration Stage Company)**  
**Statement of Changes in Shareholders Equity**  
**From Inception, May 1989 to September 30, 2006**  
**(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	2,118,441	21,184	652,714		673,898	\$ 0.32
Net loss for the fiscal year				(964,108)	(964,108)	
Balance at September 30, 2004	29,531,459	\$ 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	32,921,459	329,214	7,115,633	(7,722,790)	(277,943)	
Issued stock for services	885,000	885	78,765		79,650	\$ 0.09
Net loss for the period				(837,551)	(837,551)	
Balance at September 30, 2006	33,806,459	\$ 330,099	\$ 7,194,398	(\$8,560,341)	(\$1,035,844)	

\*- Price adjusted for splits.

Please see the notes to the financial statements.



**USCorp**  
**(an Exploration Stage Company)**  
**Notes to the Financial Statements**  
**For the Years Ended September 30, 2006 and September 30, 2005**

**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 as The Movie Greats Network, Inc. In August 1992, the Company changed its name to The Program Entertainment Group, Inc. In August 1997 the Company changed its name to Santa Maria Resources, Inc. In September 2000 the Company changed its name to Fantasticon, Inc. and in January 2002 the Company changed its name to USCorp.

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, through its wholly owned subsidiary, USMetals, owns 141 Lode Mining Claims in the Eureka Mining District of Yavapai County, Arizona, called the Twin Peaks Mine; and through its wholly owned subsidiary Southwest Resource Development, Inc., owns 8 Lode and 21 Placer Claims in the Mesquite Mining District of Imperial County, California, which the Company refers to as the Chocolate Mountain Region Claims.

The Company has no business operations to date.

*Use of Estimates-* The preparation of the 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.

*Shareholder Loans 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-* The Company uses the successful efforts method of accounting for 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 that does not find proved reserves, geological and geophysical costs and costs of carrying and retaining unproved sites are expensed. Potential mineral properties 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.

*Exploration Stage Company-* the Company has had 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 exploration stage are accumulated in “losses accumulated during the exploration stage” and are reported in the Stockholders’ Equity section of the balance sheet.

*Recent accounting pronouncements:*

*Statement of Financial Accounting Standards No. 123R, “Share-Based Payment”.* In December 2004, the FASB issued Statement No. 123R, “Share-Based Payment”. SFAS No. 123R is a revision of SFAS No. 123, “Accounting for Stock-Based Compensation,” and supersedes APB 25. SFAS No. 123R eliminates the option of using the intrinsic value method of accounting previously available, and requires companies to recognize in the financial statements the cost of employee services received in exchange for awards of equity instruments based on the grant date fair value of those awards. The effective date of SFAS No. 123R is January 1, 2006 for calendar year companies. SFAS No. 123R permits companies to adopt its requirements using either a “modified prospective” method, or a “modified retrospective” method. Under the “modified prospective” method, compensation cost is recognized in the financial statements beginning with the effective date, based on the requirements of SFAS No. 123R, for all share-based payments granted after that date, and for all unvested awards granted prior to the effective date of SFAS No. 123R. Under the “modified retrospective” method, the requirements are the same as under the “modified prospective” method, but it also permits entities to restate financial statements of previous periods based on pro-forma disclosures made in accordance with SFAS No. 123. The adoption of SFAS No. 123 has no material impact on the Company’s results of operations, financial condition, or cash flows.

*FASB Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations"*. In March 2005, the FASB issued FASB Interpretation ("FIN") No. 47, "Accounting for Conditional Asset Retirement Obligations." The interpretation clarifies the requirement to record abandonment liabilities stemming from legal obligations when the retirement depends on a conditional future event. FIN No. 47 requires that the uncertainty about the timing or method of settlement of a conditional retirement obligation be factored into the measurement of the liability when sufficient information exists. There was no material impact on the Company's results of operations, financial condition, or cash flows.

*Statement of Financial Accounting Standards No. 154, "Accounting Changes and Error Corrections, a replacement of APB Opinion No. 20 and FASB Statement No. 3"*. In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections, a replacement of APB Opinion No. 20 and FASB Statement No. 3". SFAS No. 154 requires retrospective application to prior period financial statements for changes in accounting principle, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. SFAS No. 154 also requires that retrospective application of a change in accounting principle be limited to the direct effects of the change. Indirect effects of a change in accounting principle should be recognized in the period of the accounting change. SFAS No. 154 will become effective for the Company's fiscal year beginning January 1, 2006. The impact of SFAS No. 154 will depend on the nature and extent of any voluntary accounting changes and correction of errors after the effective date, but management does not currently expect SFAS No. 154 to have a material impact on the Company's results of operations, financial condition, or cash flows.

*Emerging Issues Task Force (EITF) Issue 04-13 "Accounting for Purchases and Sales of Inventory with the Same Counterparty"*. The Emerging Issues Task Force considered Issue No. 04-13 in its May 17, 2005 and June 16, 2005 meetings to discuss inventory sales to another entity in the same line of business from which it also purchases inventory. The Task Force reached consensus on the issue that purchases and sales of inventory with the same counterparty should be combined as a single non-monetary transaction (net) and noted factors that may indicate that transactions were entered into in contemplation of one another. The Task Force ratified Issue No. 04-13 at its September 28, 2005 meeting, which should be applied to new arrangements entered into in the first interim or annual reporting period beginning after March 15, 2006. The Company does not expect Issue No. 04-13 to have a material impact on the Company's results of operations, financial condition, or cash flows.

## 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 the issuance of shares to raise capital to fund its business operations.

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

- Raise capital to complete the company's mining plan of operations.
- Complete exploration and drilling on claims of the Twin Peaks Mine and Chocolate Mountain Region Claims.
- Complete testing operations on all properties.
- Complete reports and feasibility studies on the Twin Peaks Mine and Chocolate Mountain Region Claims.
- Bring the Twin Peaks Mine and Chocolate Mountain Region Claims to full-scale commercial mining.
- Complete approval process and begin operations extracting Picacho area deposit of pink Rhyolite as decorative rock.
- Obtain a credit facility based in part on the value of its proven reserves when necessary and if appropriate given market conditions.

## 3. Fair values of Financial Instruments

Cash, accounts payable and accrued expenses, note payable to shareholder and advances payable to shareholder in the balance sheet are estimated to approximate fair market value at September 30, 2006 and September 30, 2005.

## 4. 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 warrants 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:

	30-Sep-06	30-Sep-05
Net loss before cumulative preferred dividend	(\$837,551)	(\$628,337)
Cumulative dividend preferred	(13,228)	(5,478)
Net loss	(\$850,779)	(\$633,815)
Weighted average	33,811,557	31,082,723
Basic & fully diluted net loss per common share	(\$0.03)	(\$0.02)

## 5. Related Party Transactions

During the fiscal years ended September 30, 2006 and September 30, 2005, the Company had outstanding advances from a shareholder. The Company imputed interest of 9% on the outstanding advance balance based on the Company's current borrowing rate, and recorded interest of \$4,564 and \$6,483, respectively, in the statement of operations.

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. The note is unsecured and carries interest of 9%. As a result of the transaction, the Company recorded interest expense of \$57,210 in fiscal year 2006 and \$470 in fiscal year 2005 and a loss on the underlying derivative gold contract of \$273,579 in fiscal year 2006 and \$15,296 in fiscal year 2005 in the statement of operations.

## 6. 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. As a result of the transaction, the Company recorded interest expense of \$57,210 in fiscal year 2006 and \$470 in fiscal year 2005 and a loss on the underlying derivative gold contract of \$273,579 in fiscal year 2006 and \$15,296 in fiscal year 2005 in the statement of operations.

The loss through September 30, 2006 on the underlying derivative gold contract has been calculated as follows.

Carrying value of loan	\$ 693,343
Fair value of loan	979,175
Life to date loss on unhedged underlying derivative	(\$285,832)

**7. Equipment**

A summary of equipment is as follows:

	<b>30-Sep-06</b>	<b>30-Sep-05</b>
Office equipment	\$ 14,249	\$ 6,581
Accumulated depreciation	(6,009)	(2,575)
Net equipment	\$ 8,240	\$ 4,006

**8. Issuances of Common stock**

During fiscal year 2005, the Company issued 150,000 shares of common stock and received proceeds of \$48,000.

During fiscal year 2005, the Company issued 2,840,000 shares of common stock to consultants for services rendered.

During fiscal year 2005, the Company issued 400,000 shares of common stock to creditors to settle outstanding debt.

During fiscal year 2006, the Company issued 885,000 shares of common stock to consultants for services rendered.

**9. Issuance of Preferred Stock**

In June 2004, the Company offered a private placement of 6 million units. Each unit of the private placement contained one share of preferred stock and one warrant at a price of \$0.50 per unit. The offer terminated in January 2005.

Each preferred share is convertible into two common shares at any time at the election of the preferred shareholder. Each warrant represents the right of the holder to purchase one additional preferred share at a price of \$0.50 during the three-year period following the date of their issuance. The Company may call the warrants at any time at a redemption price of \$0.001 per warrant provided the price of its common stock has traded above \$1 for 20 consecutive days.

The preferred shares accumulate dividends at the rate of 10% per annum of the purchase price of \$0.50, or \$0.05 per year. The Company may elect to make payment of interest in the form of common shares. In which case the number of common shares payable will equal the amount of interest payable divided by the closing price of the common shares on the date the dividend is declared by the Company.

The preferred shares are redeemable by the Company at any time after one year from the date of their issuance provided that the common shares have sustained a trading price of not less than \$1.00 per common share for at least 20 consecutive trading days. If the Company elects to redeem the preferred shares, the redemption price shall be determined as follows:

- (i) During the second year after their issuance at \$0.575 per preferred share;
- (ii) During the third year after their issuance at \$0.55 per preferred share;
- (iii) During the fourth year after their issuance at \$0.525 per preferred share;
- (iv) After the fourth year after their issuance at \$0.50 per preferred share.

The Company sold 155,000 units and received net proceeds of \$71,982. The company allocated \$1,817 of the proceeds received to equity representing the estimated value of the preferred stock warrants.

The Company applied the Black-Scholes option pricing model to determine the fair value of the detachable preferred stock warrants issued in fiscal year 2005. The following assumptions were used in the model. The dividend yield is 0%, volatility is 20%, and a risk-free interest rate of 2%. The fair values generated by the Black-Scholes model may not be indicative of the future values, if any, that may be received by the warrant holder.

The following is a summary of preferred stock warrants outstanding at September 30, 2006.

	Amount	Wgtd Avg Exercise Price	Wgtd Years to Maturity
Outstanding at September 30, 2004	0		
Issued	155,000		
Outstanding at September 30, 2005	155,000	\$ 0.50	2.29
Issued	0		
Outstanding at September 30, 2006	155,000	\$ 0.50	1.55

## 10. Income Tax Provision

Provision for income taxes is comprised of the following:

	30-Sep-06	30-Sep-05
Net loss before provision for income taxes	(\$502,201)	(\$615,718)
Current tax expense:		
Federal	\$ 0	\$ 0
State	0	0
Total	\$ 0	\$ 0
Less deferred tax benefit:		

Edgar Filing: USCORP - Form 10KSB

Timing differences	(2,315,089)	(2,111,196)
Allowance for recoverability	2,315,089	2,111,196
Provision for income taxes	\$ 0	\$ 0

41

---

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	\$ 2,315,089	\$ 2,111,196
Allowance for recoverability	(2,315,089)	(2,111,196)
Deferred tax benefit	\$ 0	\$ 0

Note: The deferred tax benefits arising from the timing differences begin to expire in fiscal year 2010 and may not be recoverable upon the purchase of the Company under current IRS statutes.

#### ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

There are no changes or disagreements with accountants on accounting and financial disclosure.

#### ITEM 8A. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure and controls and procedures. Our Chief Executive Officer and Acting Chief Financial Officer have evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2006. This evaluation was carried out under the supervision and with the participation of our management, including our principal executive officer and principal financial officer. Based on this evaluation, these officers have concluded that the design and operation of our disclosure controls and procedures are effective.

(b) Changes in internal controls. There were no significant changes to our internal controls or in other factors that could significantly affect internal controls subsequent to the date of their most recent evaluation.

Disclosure controls and procedures are our controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file under the Exchange Act is accumulated and communicated to our management, including principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

#### Item 8B. Other Information

In October 2004 the shareholders approved a new class of Common Stock, 250,000,000 shares of \$.001 par value Series B Common Stock. Effective November 17, 2004, the Company amended its Articles of Incorporation to create a new series of \$.001 par value common stock in the amount of 250,000,000 shares.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT.

Name	Age	Position Held
Robert Dultz	65	Chief Executive Officer, acting Chief Financial Officer and Chairman
Larry Dietz	59	President, Secretary, Treasurer and Director
Carl W. O’Baugh	75	Director
Judith Ahrens	66	Director

Directors hold office until the next annual shareholders meeting or until their death, resignation, retirement, removal, disqualification, or until a successor has been elected and qualified. Vacancies in the Board are filled by majority vote of the remaining directors. Officers of the Company serve at the will of the Board of Directors.

BUSINESS EXPERIENCE OF CURRENT DIRECTORS AND OFFICERS AS OF SEPTEMBER 30, 2006

Robert Dultz, USCorp’s Chairman and CEO since January 2002 has a 25-year association with the Twin Peaks property and as an individual is a former owner of a portion of the claims which make up the Twin Peaks property. Former Chairman and President of a prior corporate owner of the Twin Peaks claims and since 2000 has been a majority shareholder of corporate owners of the claims. Mr. Dultz has served on the boards of several publicly traded companies. Mr. Dultz spends in excess of 90% of his time working for USCorp.

Larry Dietz, the Company’s President and Director since January 2002, and Secretary-Treasurer since June 2006 and has a 20-year association with the Twin peaks property and is former President of a prior corporate owner of the Twin Peaks claims. He served as President of Dietz and Associates, a mining consultancy, since 1982 and He is an expert in Arizona’s geology. Dietz authored the Arizona Mineral Industry Location System, a database identifying all known mineral occurrences in the state. He is Registered Expert Witness with the Technical Advisory Services for Attorneys. Associate member of the Society of Mining Engineers of the American Institute of Mining, Metallurgical and Petroleum Engineers. Mr. Dietz currently works full time for PacifiCare at the Arizona State Retirement System. He devotes less than 15% of his time to USCorp

Carl W. O’ Baugh, an Independent Director of the Company since January 2002, and has a 20-year association with the Twin peaks property. Former Vice President of USCorp and Former President of a prior corporate owner of the Twin Peaks claims. Former President of Golconda Gems, Inc., a wholesale gem cutting, importing and distribution company with operations in the United States and Mexico. Extensive knowledge and experience of gems, minerals and metals. Mr. O’Baugh as been retired since 2000 and devotes less than 5% of his time to USCorp.

Judith Ahrens an Independent Director of the Company since July 2003. Ms. Ahrens is a former lobbyist in Washington DC and has worked in public relations for National and State elected officials. Since 2000 Ms. Ahrens has worked full time for National Grants Conferences. She devotes less than 10% of her time to USCorp.

(b) Family relationships.

There are no family relationships among the officers or directors.

(c) Involvement in certain legal proceedings.

There have been no events under any bankruptcy act, no criminal proceedings and no judgments or injunctions material to the evaluation of the ability and integrity of any director or executive officer during the past five years.



## (d) Adoption of Code of Ethics.

On September 22, 2004 USCorp adopted a Code of Ethics for officers and directors of the Company, included in this report as Exhibit 14.

## COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's officers and directors, and persons who own more than ten percent of its common stock, to file reports of ownership and changes of ownership with the Securities and Exchange Commission ("SEC") and each exchange (or market quotation system) on which the Company's securities are registered. Officers, directors and greater than ten-percent stockholders are required by SEC regulation to furnish the Company with copies of all ownership forms they file.

Based solely on current management's review of the copies of such forms received by it from former management, the Company believes that, during the year ended September 30, 2006 its officers, directors, and greater than ten-percent beneficial owners complied with all applicable filing requirements.

## ITEM 10. EXECUTIVE AND DIRECTOR COMPENSATION

During the fiscal year, USCorp's officers or directors did not devote their full time to the affairs of USCorp. As reported in previous Form 10-QSB filings by the Company they did not receive compensation for their services; however, USCorp's officers received shares of the Company's common stock in consideration of their agreement to serve.

## ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of USCorp's Class A Common Stock by each person or group that is known by USCorp to be the beneficial owner of more than five percent of its outstanding Common Stock, each director of USCorp, each person named in the Summary Compensation Table, and all directors and executive officers of USCorp as a group as of December 20, 2006. Unless otherwise indicated, USCorp believes that the persons named in the table below, based on information furnished by such owners, have sole voting and investment power with respect to the Class A Common Stock beneficially owned by them, where applicable. As of December 20, 2006, there were 33,806,461 shares of Class A Common Stock issued and outstanding.

Title of Class	Name and Address of Beneficial Owner	Amount of Ownership	Percentage of Ownership
Common	Robert Dultz (1) c/o USCorp, 4535 W. Sahara Ave., Suite 204, Las Vegas, NV 89102	7,595,525	22.47%
Common	Dultz Family Trust, Robert Dultz Trustee (1) c/o USCorp, 4535 W. Sahara Ave., Suite 204, Las Vegas, NV 89102	10,000,000	29.58%
Common	Larry Dietz (1) c/o USCorp, 4535 W. Sahara Ave., Suite 204, Las Vegas, NV 89102	51,000	0.15%



Edgar Filing: USCORP - Form 10KSB

Common	Carl O’Baugh (1) c/o USCorp, 4535 W. Sahara Ave., Suite 204, Las Vegas, NV 89102	50,250	0.15%
Common	Judith Ahrens (1) c/o USCorp, 4535 W. Sahara Ave., Suite 204, Las Vegas, NV 89102	50,000	0.15%
Common	Officers, Directors and Affiliates as a group  (5 individuals)	17,746,775	52.50%

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company is provided office equipment and space by the chief executive officer and majority shareholder.

PART IV

ITEM 13. EXHIBITS

(A) EXHIBITS

- 14.1 Code of Ethics for Chief Executive Officer and Senior Financial Officers\*
- 23.1 Consent of Geological Support Services, LLC
- 31.1 Certification Pursuant to Section 302 of the Sarbanes Oxley Act of 2002
- 32.1 Certification Pursuant to Section 906 of the Sarbanes Oxley Act of 2002

\* Previously filed

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The Audit Committee has adopted a policy regarding the retention of the independent auditors that requires pre-approval of all services by the Audit Committee or the Chairman of the Audit Committee. When services are pre-approved by the Chairman of the Audit Committee, notice of such approvals is given simultaneously to the other members of the Audit Committee.

The Audit Committee has reviewed and discussed the fees paid to Donahue Associates, LLC for the reports covering fiscal 2005 and 2006 for audit, audit-related, tax and other services.

The Audit Committee has reviewed and discussed the audited financial statements with the Company's management; and discussed with Donahue Associates, LLC, independent auditors for the Company, the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees, as amended.

The aggregate fees billed for the fiscal years ended September 30, 2005 and September 30, 2006 for professional services rendered by Donahue Associates, LLC for the audit of the Company's financial statements were \$5,050 for fiscal 2005 and \$6,300 for audit and quarterly review of interim financial statements filed on Form 10QSB, respectively, for fiscal 2006.

Audit-Related Fees

Donahue Associates, LLC did not bill us for any assurance or related services that were related to the performance of the audit of the financial statements.

Tax Fees

Since March 19, 2005 Donahue Associates, LLC has not provided any professional services for tax compliance, tax advice and tax planning.

Other Fees

No other fees were paid to Donahue Associates, LLC.



SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this amended report to be signed on its behalf by the undersigned, thereunto duly authorized.

USCORP.

Dated: December 29, 2006

By: /s/ Larry Dietz

---

Larry Dietz  
President, Secretary-Treasurer and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Robert Dultz</u> Robert Dultz	Chairman and Chief Executive Officer and acting Chief Financial Officer	December 29, 2006
<u>/s/ Larry Dietz</u> Larry Dietz	President, Secretary-Treasurer and Director	December 29, 2006
<u>/s/ Carl O’Baugh</u> Carl O’Baugh	Director	December 29, 2006
<u>/s/ Judith Ahrens</u> Judith Ahrens	Director	December 29, 2006

