

USCORP  
Form 10QSB  
May 15, 2007

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

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

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

Commission File Number 000-19061

**USCORP**

(Exact name of registrant as specified in its charter)

Nevada  
(State or other jurisdiction of  
incorporation or organization)

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES  NO

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934) YES  NO

As of May 9, 2007, the Registrant had 33,856,461 shares of Common Stock, par value \$.01 per share, outstanding.



USCORP  
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**PART I. FINANCIAL INFORMATION**

**DONAHUE ASSOCIATES, LLC**  
**Certified Public Accountants**

27 Beach Road Suite CO5A  
Monmouth Beach, NJ 07750  
Tel. 732-229-7723

May 11, 2007

The Shareholders  
USCorp

We have compiled the accompanying consolidated financial statements of USCorp for the quarters ending March 31, 2007 and March 31, 2006. These financial statements have been prepared in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statement information that is the representation of management. Our compilation in accordance with reviewing standards generally accepted by the Public Company Accounting Oversight Board in the United States of America. We have not audited or reviewed any of the projections, assumptions, or estimates used in compiling the projected financial statements and, accordingly, do not express an opinion or any form of assurance on them.

/s/ Donahue Associates LLC  
Monmouth Beach, NJ  
May 11, 2007

**USCorp**  
**(an Exploration Stage Company)**  
**Consolidated Balance Sheet**  
**As of March 31, 2007 and September 30, 2006**

|   | <b>31-Mar-07</b> | <b>30-Sep-06</b> |
|---|------------------|------------------|
|   | <b>Unaudited</b> |                  |
| <b>ASSETS</b>   |                  |                  |
| Current assets:   |                  |                  |
| Cash  | \$ 194,574       | \$ 83,573        |
| Total current assets  | 194,574          | 83,573           |
| Other assets:   |                  |                  |
| Equipment- net  | 7,483            | 8,240            |
| Total assets  | \$ 202,057       | \$ 91,813        |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>   |                  |                  |
| Current liabilities:  |                  |                  |
| Accounts payable & accrued expenses   | \$ 5,526         | \$ 78,317        |
| Total current liabilities   | 5,526            | 78,317           |
| Note payable- shareholder (Gold bullion loan)   | 1,038,734        | 979,175          |
| Debenture payable   | 273,964          | 0                |
| Advances payable shareholders   | 18,833           | 0                |
| Shareholders' equity:   |                  |                  |
| Series A preferred stock, one share convertible to eight shares of common;<br>10% stated dividend, stated value \$0.50, 10,000,000 shares authorized,<br>no shares outstanding                  | 0                | 0                |
| Series B preferred stock, one share convertible to two shares of common;<br>10% cumulative stated dividend, stated value \$0.50, 50,000,000 shares<br>authorized,<br>155,000 shares outstanding | 70,165           | 70,165           |
| Common stock- \$.01 par value, authorized 800,000,000 shares,<br>issued and outstanding, 33,806,459 shares at September 30, 2006<br>and 33,856,459 at March 31, 2007                            | 330,599          | 330,099          |
| Additional paid in capital  | 7,234,931        | 7,194,398        |
| Accumulated deficit   | (8,770,695)      | (8,560,341)      |
| Total shareholders' equity  | (1,205,165)      | (1,035,844)      |
| Total Liabilities & Shareholders' Equity  | \$ 202,057       | \$ 91,813        |

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

**USCorp**  
**(an Exploration Stage Company)**  
**Consolidated Statements of Operations**  
**For the Six Months and Three Months Ended March 31, 2007 and March 31, 2006**  
**and from Inception, May 1989 through March 31, 2007**

|   | <b>6 Months<br/>Unaudited<br/>31-Mar-07</b> | <b>6 Months<br/>Unaudited<br/>31-Mar-06</b> | <b>3 Months<br/>Unaudited<br/>31-Mar-07</b> | <b>3 Months<br/>Unaudited<br/>31-Mar-06</b> | <b>Inception<br/>to Date</b> |
|---|---|---|---|---|------------------------------|
| General and administrative expenses:              |   |   |   |   |                              |
| Consulting  | (\$17,500)\$                                | 136,229                                     | (\$22,992)\$                                | 136,229 \$                                  | 3,234,367                    |
| Administration                                    | 154,798                                     | 136,934                                     | 69,035                                      | 136,934                                     | 3,879,112                    |
| License expense                                   | 2,500                                       | 590   | 2,234                                       | 590   | 163,059                      |
| Professional fees                                 | 1,000                                       | 14,334                                      | (8,864)                                     | 14,334                                      | 445,449                      |
| Total general & administrative expenses           | 140,798                                     | 288,087                                     | 39,413                                      | 288,087                                     | 7,721,987                    |
| Net loss from operations                          | (140,798)                                   | (288,087)                                   | (39,413)                                    | (288,087)                                   | (7,721,987)                  |
| Other income (expenses):                          |   |   |   |   |                              |
| Interest expense                                  | (38,524)                                    | (31,639)                                    | (24,104)                                    | (31,639)                                    | (119,225)                    |
| Loss on unhedged underlying                       | (31,032)                                    | (110,600)                                   | 14,107                                      | (110,600)                                   | (316,864)                    |
| (Loss) gain on mining claim                       | 0   | 0   | 0   | 0   | (600,000)                    |
| Net loss before provision for income taxes        | (210,354)                                   | (430,326)                                   | (49,410)                                    | (430,326)                                   | (8,758,076)                  |
| Provision for income taxes                        | 0   | 0   | 0   | 0   | 0                            |
| Net loss before extraordinary item                | (210,354)                                   | (430,326)                                   | (49,410)                                    | (430,326)                                   | (8,758,076)                  |
| Extraordinary item:                               |   |   |   |   |                              |
| Loss on early extinguishment of debt (net of tax) | 0   | 0   | 0   | 0   | (12,619)                     |
| Net loss  | (\$210,354)                                 | (\$430,326)                                 | (\$49,410)                                  | (\$430,326)                                 | (\$8,770,695)                |
| Basic & fully diluted net loss per common share   | (\$0.01)                                    | (\$0.01)\$                                  | 0.00  | (\$0.01)                                    |                              |
| Weighted average of common shares outstanding:    |   |   |   |   |                              |
| Basic & fully diluted                             | 33,831,875                                  | 33,704,831                                  | 33,856,461                                  | 33,904,776                                  |                              |

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



USCorp  
(an Exploration Stage Company)  
Consolidated Statements of Cash Flows  
For the Six Months Ended March 31, 2007 and March 31, 2006  
and from Inception, May 1989 through March 31, 2007

|   | Unaudited<br>31-Mar-07 | Unaudited<br>31-Mar-06 | Inception<br>to Date |
|---|------------------------|------------------------|----------------------|
| Operating Activities:   |                        |                        |                      |
| Net loss  | (\$210,354)            | (\$430,326)            | (\$8,770,695)        |
| Adjustments to reconcile net income items<br>not requiring the use of cash: |                        |                        |                      |
| Loss on sale of mining claim  | 0                      | 0                      | 600,000              |
| Consulting fees   | 5,000                  | 102,150                | 1,917,520            |
| Depreciation expense  | 2,422                  | 996                    | 8,431                |
| Interest expense  | 28,527                 | 28,596                 | 119,225              |
| Amortization of beneficial conversion feature                               | 9,997                  | 0                      | 9,997                |
| Impairment expense  | 0                      | 0                      | 2,449,466            |
| Loss on early extinguishment of debt (net of tax)                           | 0                      | 0                      | 12,619               |
| Loss on unhedged underlying   | 31,032                 | 110,600                | 316,864              |
| Changes in other operating assets and liabilities :                         |                        |                        |                      |
| Accounts payable and accrued expenses                                       | (72,791)               | 0                      | 5,526                |
| Net cash used by operations   | (206,167)              | (187,984)              | (3,331,047)          |
| Investing activities:   |                        |                        |                      |
| Purchase of office equipment  | (1,665)                | (1,004)                | (15,914)             |
| Net cash used by investing activities                                       | (1,665)                | (1,004)                | (15,914)             |
| Financing activities:   |                        |                        |                      |
| Issuance of common stock  | 0                      | 0                      | 2,151,768            |
| Issuance of preferred stock   | 0                      | 0                      | 70,165               |
| Issuance of gold bullion note   | 0                      | 0                      | 644,026              |
| Issuance of note payable  | 300,000                | 0                      | 300,000              |
| Advances received (paid) shareholder  | 18,833                 | (135,606)              | 18,833               |
| Capital contributed by shareholders   | 0                      | 0                      | 356,743              |
| Net cash provided by financing activities                                   | 318,833                | (135,606)              | 3,541,535            |
| Net increase (decrease) in cash during the fiscal year                      | 111,001                | (324,594)              | 194,574              |
| Cash balance at beginning of the fiscal year                                | 83,573                 | 627,372                | 0                    |
| Cash balance at March 31st  | \$ 194,574             | \$ 302,778             | \$ 194,574           |
| Supplemental disclosures of cash flow information:                          |                        |                        |                      |
| Interest paid during the fiscal year  | \$ 0                   | \$ 0                   | \$ 0                 |
| Income taxes paid during the fiscal year                                    | \$ 0                   | \$ 0                   | \$ 0                 |

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





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

|  | Common<br>Shares | Common<br>Par Value | Paid in<br>Capital | Accumulated<br>Deficit | Total       | Stock<br>Price * |
|--|------------------|---------------------|--------------------|------------------------|-------------|------------------|
| Inception                                  | 0                | \$0                 | \$0                | \$0                    | \$0         |                  |
| Issuance of common stock                   | 84,688           | 847                 | 1,185,153          |                        | 1,186,847   | \$ 0.07          |
| Net income fiscal 1990                     |                  |                     |                    | 520,000                | 520,000     |                  |
| Balance at September 30,<br>1990-unaudited | 84,688           | 847                 | 1,185,153          | 520,000                | 1,706,688   |                  |
| Net income fiscal 1991                     |                  |                     |                    | 1,108,000              | 1,108,000   |                  |
| Balance at September 30,<br>1991-unaudited | 84,688           | 847                 | 1,185,153          | 1,628,000              | 2,814,688   |                  |
| Issuance of common stock                   | 472              | 5                   | 32,411             |                        | 32,888      | \$ 0.22          |
| Net income fiscal 1992                     |                  |                     |                    | 466,000                | 466,000     |                  |
| Balance at September 30,<br>1992-unaudited | 85,160           | 852                 | 1,217,564          | 2,094,000              | 3,312,516   |                  |
| Net loss fiscal 1993                       |                  |                     |                    | (3,116,767)            | (3,116,767) |                  |
| Balance at September 30,<br>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,<br>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,<br>1995-unaudited | 85,160           | 852                 | 1,217,564          | (1,218,416)            | 0           |                  |
| Net loss fiscal 1996                       |                  |                     |                    | 0                      | 0           |                  |
| Balance at September 30,<br>1996-unaudited | 85,160           | 852                 | 1,217,564          | (1,218,416)            | 0           |                  |



USCorp  
(an Exploration Stage Company)  
Consolidated Statement of Changes in Shareholders' Equity  
From Inception, May 1989 to March 31, 2007  
(Continued)

|   | Common<br>Shares | Common<br>Par Value | Paid in<br>Capital | Accumulated<br>Deficit | Total     | Stock<br>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)  
Consolidated Statement of Changes in Shareholders' Equity  
From Inception, May 1989 to March 31, 2007  
(Continued)

|  | Common<br>Shares | Common<br>Par Value | Paid in<br>Capital | Accumulated<br>Deficit | Total       | Stock<br>Price * |
|--|------------------|---------------------|--------------------|------------------------|-------------|------------------|
| Issuance of common stock                   | 103,535          | 1,035               | 611,943            |                        | 612,978     | \$ 0.15          |
| Issued stock for<br>compensation           | 50,000           | 500                 | 19,571             |                        | 20,071      | \$ 0.04          |
| Capital contributed by<br>shareholder      |                  |                     | 21,719             |                        | 21,719      |                  |
| Net loss fiscal 2001                       |                  |                     |                    | (654,768)              | (654,768)   |                  |
| Balance at September 30,<br>2001-unaudited | 453,573          | 4,536               | 2,668,851          | (2,673,387)            | 0           |                  |
| Issued stock to purchase<br>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<br>shareholders     |                  |                     | 143,480            |                        | 143,480     |                  |
| Net loss for the fiscal year               |                  |                     |                    | (2,591,671)            | (2,591,671) |                  |
| Balance at September 30,<br>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<br>feature           |                  |                     | 3,767              |                        | 3,767       |                  |
| Capital contributed by<br>shareholders     |                  |                     | 81,472             |                        | 81,472      |                  |
| Net loss for the fiscal year               |                  |                     |                    | (865,287)              | (865,287)   |                  |
| Balance at September 30,<br>2003           | 25,793,073       | 257,931             | 5,366,425          | (6,130,345)            | (505,989)   |                  |

USCorp  
(an Exploration Stage Company)  
Consolidated Statement of Changes in Shareholders' Equity  
From Inception, May 1989 to March 31, 2007  
(Continued)

|                               | Common<br>Shares | Common<br>Par Value | Paid in<br>Capital | Accumulated<br>Deficit | Total       | Stock<br>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) |                  |
| Issued stock for services     | 50,000           | 500                 | 4,500              |                        | 5,000       | \$ 0.10          |
| Beneficial conversion feature |                  |                     | 36,033             |                        | 36,033      |                  |
| Net loss for the period       |                  |                     |                    | (210,354)              | (210,354)   |                  |

|                              |               |            |           |               |               |
|------------------------------|---------------|------------|-----------|---------------|---------------|
| Balance at March 31,<br>2007 | 33,856,459 \$ | 330,599 \$ | 7,234,931 | (\$8,770,695) | (\$1,205,165) |
|------------------------------|---------------|------------|-----------|---------------|---------------|

Please See the notes to the consolidated financial statements.

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

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. As a result of the transaction 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 22 Placer and 89 Lode Claims on five properties in the Mesquite Mining District of Imperial County, California, which the Company refers to as the Chocolate Mountain Region Claims and the Picacho Salton 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.



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

*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 or 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 development stage are accumulated in "losses accumulated during the exploration stage" and are reported in the Stockholders' Equity section of the balance sheet.

## 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.

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

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

- Obtain the necessary approvals and permits to complete exploration and begin test production on our properties as warranted. Applications have been prepared and are being reviewed for submission to and by Federal, State and local authorities.
- Complete feasibility studies phase of our operations plans. A draft feasibility and scoping study has been completed by Management and consultants. Our current consulting geologists and geophysicists are completing our feasibility studies on all of USCorp's and its subsidiaries properties.
- Augment our mining exploration team with quality and results-oriented people as needed. Upon adequate funding management intends to hire qualified and experienced personnel, including additional officers and directors, and mining specialists, professionals and consulting firms to advise management as needed to handle and manage mining operations, acquisitions and development of additional mineral resource properties.
- Form additional strategic alliances with consultants, engineers, contractors as well as joint venture partners when appropriate, and set up an information and communication network that allows the alliance to function effectively under or with USCorp's management.
- Ramp-up exploration and test production efforts to meet ongoing and anticipated demand for gold, silver, uranium and polymetallic ores resulting from our planned commercial scale production activities.
- Launch an investor awareness and public relations campaign including coordinated and periodic release of information to the public via press releases, company newsletter and updates to the Company's web sites.
- Attend and exhibit at industry and investment trade shows.
- USCorp plans to begin commercial scale operations on one or more of its properties as soon as financing is obtained and the required permits and approvals have been granted. Due to the nature of the ore bodies of the Company's current properties Management believes it will begin commercial scale operations on our Chocolate Mountain Region claims first and subsequently the Twin Peaks Mine.
- Acquire additional properties and/or corporations with properties as subsidiaries or joint venture partners to advance the company's growth and production plans.

USCorp  
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Notes to the Financial Statements  
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(Unaudited)

### 3. Net Loss per Share

The Company applies SFAS No. 128, “*Earnings per Share*” to calculate loss per share. In accordance with SFAS No. 128, basic net loss per share has been computed based on the weighted average of common shares outstanding during the years, adjusted for the financial instruments outstanding that are convertible into common stock during the years. The effects of the preferred 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:

|   | 31-Mar-07   | 31-Mar-06   |
|---|-------------|-------------|
| Net loss before cumulative preferred dividend   | (\$288,671) | (\$430,326) |
| Cumulative dividend preferred                   | (17,092)    | (9,342)     |
| Net loss  | (\$305,763) | (\$439,668) |
| Weighted average                                | 33,831,875  | 33,704,831  |
| Basic & fully diluted net loss per common share | (\$0.01)    | (\$0.01)    |

### 4. Gold Bullion Promissory Note

In September 2005, the Company issued a promissory note to a shareholder and received proceeds of \$635,663. The note requires the Company to pay the shareholder 1,634 ounces of Gold Bullion (.999 pure) in September 2007. The loss on the underlying derivative gold contract has been calculated as follows.

|   | 31-Mar-07   | 31-Mar-06   |
|---|-------------|-------------|
| Carrying value of loan                              | \$ 721,869  | 664,729     |
| Fair value of loan                                  | 1,038,734   | 790,625     |
| Life to date loss on unhedged underlying derivative | (\$316,864) | (\$125,896) |

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(Unaudited)

## 5. Equipment

A summary of equipment is as follows:

|                          | 31-Mar-07 | 30-Sep-06 |
|--------------------------|-----------|-----------|
| Office equipment         | \$ 15,914 | \$ 14,249 |
| Accumulated depreciation | (8,431)   | (6,009)   |
| Net equipment            | \$ 7,483  | \$ 8,240  |

## 6. Issuances of Common stock

During the six months ended March 31, 2007, the Company issued 50,000 shares of stock to legal consultants for services rendered.

## 7. Preferred Stock Warrants Outstanding

The following is a summary of preferred stock warrants outstanding:

|                                   | Amount  | Wgtd Avg<br>Exercise Price | Wgtd Years<br>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                      |
| Issued                            | 0       |                            |                           |
| Outstanding at March 31, 2007     | 155,000 | \$ 0.25                    | 1.04                      |

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## 8. Convertible Debenture

During the six months ended March 31, 2007, the Company issued convertible debentures with a face value of \$300,000. The debentures are convertible into common stock at \$0.125 per share. The debentures have an interest rate of 5% and mature in November 2009. As a result of the issuance of the debentures, the Company allocated \$36,033 to stockholders' equity as a beneficial conversion feature.

The balance of the convertible debt is as follows:

|   |    |          |
|---|----|----------|
| Convertible debt payable                  | \$ | 300,000  |
| Unallocated beneficial conversion feature |    | (26,036) |
| Net convertible debt payable              | \$ | 273,964  |

## 9. Income Tax Provision

Provision for income taxes is comprised of the following:

|  | 31-Mar-07   | 31-Mar-06   |
|--|-------------|-------------|
| Net loss before provision for income taxes | (\$219,115) | (\$288,087) |
| Current tax expense:                       |             |             |
| Federal                                    | \$ 0        | \$ 0        |
| State                                      | 0           | 0           |
| Total                                      | \$ 0        | \$ 0        |
| Less deferred tax benefit:                 |             |             |
| Timing differences                         | (77,211)    | (105,213)   |
| Allowance for recoverability               | 77,211      | 105,213     |
| Provision for income taxes                 | \$ 0        | \$ 0        |

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

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

Deferred income taxes are comprised of the following:

|                              |           |            |
|------------------------------|-----------|------------|
| Timing differences           | \$ 77,211 | \$ 105,213 |
| Allowance for recoverability | (77,211)  | (105,213)  |

|                      |    |   |    |   |
|----------------------|----|---|----|---|
| 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 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN 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 Form 10-QSB Quarterly Report.

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

### Significant Accounting Policies and Estimates

Management's Discussion and Analysis or Plan of Operations discusses the Company's consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles. The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting period. On an on-going basis, management evaluates its estimates and judgments, including those related to reserves and intangible assets. Management bases its estimates and judgments on historical experiences and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The most significant accounting estimates inherent in the preparation of the Company's consolidated financial statements include estimates as to the appropriate carrying value of certain assets which are not readily apparent from other sources, primarily allowance for the cost of the Mineral Properties based on the successful efforts method of accounting. These accounting policies are described at relevant sections in this discussion and analysis and in the notes to the consolidated financial statements included in our Annual Report on Form 10-KSB for the fiscal year ended September 30, 2006.





## Results of Operations

### Comparison of operating results for the three months ended March 31, 2007 and March 31, 2006:

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

General and administrative expenses were \$140,798 compared to \$288,087 for the same period a year ago. Consulting costs decreased from \$136,229 to \$17,982 in the three months ended March 31, 2007 which is mainly due to reclassification by the Company's bookkeeper and accountant for the quarter.

As a result of the change in the price of gold and a decrease in consulting expenses, the Company experienced a decrease in net loss from operations which was \$39,413 for the three months ended March 31, 2007, compared to loss from operations of \$288,087 for the same period last year.

The loss on the unhedged Bullion Loan decreased \$79,568 during the second Three months of fiscal 2007 compared to the second Three months of fiscal year 2006, as a result of the decrease in the price of gold compared to the same quarter last year. The loan is payable in gold bullion at the prevailing rate price and is not hedged. The Company's loss on the unhedged loan is \$31,032 for the second three months of fiscal year 2007 compared to \$110,600 for the second three months of fiscal year 2006.

Net loss for the second three months of fiscal year 2007 was \$49,410, or \$0.00 per share compared to a loss of \$430,326 second three months, or \$0.01 per share for the same period last year.

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

At March 31, 2007 cash on hand was \$194,574 as compared with \$83,573 at September 30, 2006. During the second three months of fiscal year 2007, the Company used \$140,798 for its operations. The increase in cash on hand is due to the proceeds from a convertible debenture. The convertible debenture is not payable until 2009.

Total assets at March 31, 2007 were \$202,057 as compared to \$91,813 at September 30, 2006. The increase is due to the proceeds from a convertible debenture.

The Company's total stockholders' equity decreased to a deficit of \$1,205,165 at March 31, 2007. The decrease in stockholders' equity was the result of operating losses of \$140,798 for the three months ended March 31, 2007.

### Convertible Debenture

The Company received the proceeds from a Convertible Debenture Note in the amount of \$300,000. The Convertible Debenture Note is for \$300,000 due November 30, 2009. This note is convertible to common stock at \$0.125 per share anytime within the three year term. The interest rate is 5% of the unpaid principal, payable annually in arrears. The first interest payment of \$15,000 is due in November 30, 2007.

The Company has received a written commitment for an additional \$900,000, at the rate of \$300,000 at the end of the next three calendar quarters, on or about April 1, 2007, July 1, 2007 and October 1, 2007 under the same terms and conditions as the above Convertible Debenture Note. The Company received the second installment of \$300,000 as announced in our press release of May 2, 2007. However, management can make no assurance that it will in fact receive additional financing as a result of this commitment.

### ITEM 3. CONTROLS AND PROCEDURES

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

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

### PART II - OTHER INFORMATION

#### Item 1. Legal Proceedings.

There have been no material developments in the Company's legal proceedings during the period covered by this report.

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

In November 2006, the Company issued a Convertible Debenture Note in the principal face amount of \$300,000. The Convertible Debenture Note is due November 30, 2009 and is convertible into common stock at the rate of \$0.125 per share anytime within the three year term. The interest rate is 5% of the unpaid principal, payable annually in arrears. The first interest payment of \$15,000 is due in November 30, 2007. In May 2007, the Company issued another Convertible Debenture Note as the second installment and received an additional \$300,000 in proceeds from the sale

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

#### Item 3. Defaults Upon Senior Securities.

None.

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

There were no matters requiring a vote of security holders during the period covered by this report..

#### Item 5. Other Information.

There were no matters required to be disclosed in a Current Report on Form 8K during the period covered by this quarterly report that were not so disclosed.

There were no changes to the procedures by which security holders may recommend nominees to the Company's Board of Directors since the Company last disclosed these procedures.

ITEM 6. EXHIBITS

(a) Exhibits:

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

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SIGNATURES

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

USCORP

By: /s/ ROBERT DULTZ

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Robert Dultz  
Chairman, Chief Executive Officer and Acting  
Chief Financial Officer  
Dated: May 15, 2007

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