

USCORP
Form 10-Q
May 20, 2011

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

FORM 10-Q

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

For the quarterly period ended: March 31, 2011
or

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

For the transition period from: _____ to _____

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

Nevada
(State or Other Jurisdiction
of Incorporation)

000-19061
(Commission
File Number)

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

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of March 31, 2011.

Edgar Filing: USCORP - Form 10-Q

173,981,645 shares of Common Class A Stock and 5,060,500 shares of Common Class B Stock were issued and outstanding.

USCORP
TABLE OF CONTENTS

PART I — FINANCIAL INFORMATION	3
Item 1. Financial Statements	3
Consolidated Balance Sheet as of March 31, 2011 and March 31, 2010 (unaudited)	3
Consolidated Statements of Operations for the Six months and Quarter Ended March 31, 2011 and March 31, 2010 and from Inception, May 1989 through March 31, 2011 (unaudited)	4
Consolidated Statements of Cash Flows for the Six months Ended March 31, 2011 and March 31, 2010 and from Inception, May 1989 through March 31, 2011 (unaudited)	5
Consolidated Statements of Changes in Shareholders' Equity from Inception, May 1989 through March 31, 2011	6
Notes to Consolidated Financial Statements (unaudited)	11
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	18
Item 3. Quantitative and Qualitative Disclosures About Market Risk	20
Item 4T. Controls and Procedures	20
PART II — OTHER INFORMATION	20
Item 1. Legal Proceedings	20
Item 1A. Risk Factors	21
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	21
Item 3. Defaults Upon Senior Securities	22
Item 4. Submission of Matters to a Vote of Security Holders	22
Item 5. Other Information	22

PART I. FINANCIAL INFORMATION

USCorp
(an Exploration Stage Company)
Balance Sheet

As of March 31, 2011 and September 30, 2010

	31-Mar-11	30-Sep-10
ASSETS		
Current assets:		
Cash	\$ 895,433	\$ 354,019
Total current assets	\$ 895,433	\$ 354,019
Other assets:		
Equipment- net	0	376
Total assets	\$ 895,433	\$ 354,395
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable & accrued expenses	\$ 20,770	\$ 25,298
Gold bullion loan	3,311,778	3,016,841
Convertible debenture payable	700,000	700,000
Subscriptions payable	208,800	0
Total current liabilities	\$ 4,241,348	\$ 3,742,139
Due to officer	124	40,170
Shareholders' equity:		
Series A preferred stock, one share convertible to eight shares of common; par value \$0.001, 10,000,000 shares authorized, 4,168,750 shares issued and outstanding at September 30, 2010 and 2,943,750 at March 31, 2011	4,304	5,365
Series B preferred stock, one share convertible to two shares of common; 10% cumulative stated dividend, stated value \$0.50, 50,000,000 shares authorized, 141,687 outstanding at September 30, 2010 and March 31, 2011, stated value; \$0.50	63,498	63,498
Common stock B- \$.001 par value, authorized 250,000,000 shares, issued and outstanding, 5,000,000 shares at September 30, 2010 and 5,060,500 at March 31, 2011	5,060	5,060
Common stock A- \$.01 par value, authorized 550,000,000 shares authorized, issued and outstanding, 135,955,389 shares at September 30, 2010 and 173,981,645 at March 31, 2011	\$ 1,739,817	\$ 1,359,555
Additional paid in capital	13,511,141	12,870,994
Accumulated deficit - exploration stage	(18,669,859)	(17,732,386)
Total shareholders' deficit	(3,418,901)	(3,501,837)
Total Liabilities & Shareholders' Deficit	\$ 895,433	\$ 354,395

See the notes to the financial statements.

3

USCorp
(an Exploration Stage Company)
Statements of Operations
For the Six Months and Quarters Ended March 31, 2011 and March 31, 2010
and from Inception, May 1989 through March 31, 2011

	6 Months 31-Mar-11	6 Months 31-Mar-10	3 Months 31-Mar-11	3 Months 31-Mar-10	Inception to Date
General and administrative expenses:					
Consulting	\$456,921	\$331,794	\$298,199	\$267,685	\$7,854,824
Administration	163,848	555,272	105,085	505,331	6,401,482
License expense	0	0	0	0	247,559
Professional fees	21,774	20,579	13,740	13,696	764,420
Total general & administrative expenses	642,543	907,645	417,024	786,712	15,268,285
Net loss from operations	\$(642,543)	\$(907,645)	\$(417,024)	\$(786,712)	\$(15,268,285)
Other income (expenses):					
Interest income	0	0	0	0	7,908
Interest expense	(6)	(65,608)	(6)	(30,602)	(1,048,568)
Gain (loss) on unhedged derivative	(294,924)	(332,614)	(66,630)	3,480	(2,360,914)
Net loss before provision for income taxes	\$(937,473)	\$(1,305,867)	\$(483,660)	\$(813,834)	\$(18,669,859)
Provision for income taxes	0	0	0	0	0
Net loss	\$(937,473)	\$(1,305,867)	\$(483,660)	\$(813,834)	\$(18,669,859)
Basic & fully diluted net loss per common share	\$(0.01)	\$(0.02)	\$(0.00)	\$(0.01)	
Weighted average of common shares outstanding:					
Basic & fully diluted	151,292,251	79,574,934	157,824,413	83,201,313	

See the notes to the financial statements.

USCorp
(an Exploration Stage Company)
Statements of Cash Flows
For the Six Months Ended March 31, 2011 and March 31, 2010
and from Inception, May 1989 through March 31, 2011

	31-Mar-11	31-Mar-10	Inception to Date
Operating Activities:			
Net loss	\$(937,473)	\$(1,305,867)	\$(18,669,859)
Adjustments to reconcile net income items not requiring the use of cash:			
Consulting fees	87,829	660,935	4,975,292
Depreciation expense	376	518	17,555
Interest expense	6	65,608	984,995
Impairment expense	0	0	3,049,465
Loss on unhedged underlying derivative	294,924	332,614	2,389,427
Changes in other operating assets and liabilities :			
Accounts payable and accrued expenses	(4,528)	(1,104)	20,770
Net cash used by operations	\$(558,866)	\$(247,296)	\$(7,232,355)
Investing activities:			
Purchase of office equipment	\$0	\$0	\$(17,555)
Net cash used by investing activities	0	0	(17,555)
Financing activities:			
Issuance of common stock	\$932,580	\$357,895	\$6,158,525
Issuance of preferred stock	0	0	68,863
Issuance of common B stock	0	0	5,060
Issuance of gold bullion note	7	0	648,289
Capital contributed by shareholder	0	0	356,743
Subscriptions received (transferred to common stock)	207,739	96,518	207,739
Issuance of convertible notes	0	0	700,000
Advances received (paid) shareholder	(40,046)	(16,349)	124
Net cash provided by financing activities	1,100,280	438,064	8,145,343
Net increase (decrease) in cash during the period	\$541,414	\$190,768	\$895,433
Cash balance at beginning of the fiscal year	354,019	18,527	0
Cash balance at March 31st	\$895,433	\$209,295	\$895,433
Supplemental disclosures of cash flow information:			
Interest paid during the year	\$0	\$0	\$0
Income taxes paid during the year	\$0	\$0	\$0

See the notes to the financial statements.

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

	Common Shares	Common Par Value	Paid in Capital	Accumulated Deficit	Total	Stock Price *
Inception	0	\$ 0	\$ 0	\$ 0	\$ 0	
Issuance of common stock	84,688	847	1,185,153		1,186,000	\$0.07
Net income fiscal 1990				520,000	520,000	
Balance at September 30, 1990-unaudited	84,688	\$ 847	\$ 1,185,153	\$ 520,000	\$ 1,706,000	
Net income fiscal 1991				1,108,000	1,108,000	
Balance at September 30, 1991-unaudited	84,688	\$ 847	\$ 1,185,153	\$ 1,628,000	\$ 2,814,000	
Issuance of common stock	472	5	32,411		32,416	\$0.22
Net income fiscal 1992				466,000	466,000	
Balance at September 30, 1992-unaudited	85,160	\$ 852	\$ 1,217,564	\$ 2,094,000	\$ 3,312,416	
Net loss fiscal 1993				(3,116,767)	(3,116,767)	
Balance at September 30, 1993-unaudited	85,160	\$ 852	\$ 1,217,564	\$ (1,022,767)	\$ 195,649	
Net loss fiscal 1994				(63,388)	(63,388)	
Balance at September 30, 1994-unaudited	85,160	\$ 852	\$ 1,217,564	\$ (1,086,155)	\$ 132,261	
Net income fiscal 1995				(132,261)	(132,261)	
Balance at September 30, 1995-unaudited	85,160	\$ 852	\$ 1,217,564	\$ (1,218,416)	\$ 0	
Net loss fiscal 1996				0	0	
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 in May 1989
(Continued)

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

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

	Common Shares	Common Par Value	Paid in Capital	Accumulated Deficit	Total	Stock Price *
Issuance of common stock	103,535	1,035	611,943		612,978	\$0.15
Issued stock for compensation	50,000	500	19,571		20,071	\$0.04
Capital contributed by shareholder			21,719		21,719	
Net loss fiscal 2001				(654,768)	(654,768)	
Balance at September 30, 2001-unaudited	453,573	\$ 4,536	\$2,668,851	\$ (2,673,387)	\$0	
Issued stock to purchase mining claim	24,200,000	242,000	2,207,466		2,449,466	\$0.10
Issued shares to employees	267,500	2,675	(2,675)		0	
Capital contributed by shareholders			143,480		143,480	
Net loss for the fiscal year				(2,591,671)	(2,591,671)	
Balance at September 30, 2002-unaudited	24,921,073	\$ 249,211	\$5,017,122	\$ (5,265,058)	\$1,275	
Issued stock for services	872,000	8,720	264,064		272,784	\$0.31
Beneficial conversion feature			3,767		3,767	
Capital contributed by shareholders			81,472		81,472	
Net loss for the fiscal year				(865,287)	(865,287)	
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 in May 1989
(Continued)

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

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

	Common Shares	Common Par Value	Paid in Capital	Accumulated Deficit	Total	Stock Price *
Issuance of common stock	10,011,879	100,119	638,559		738,678	\$0.07
Issued stock for services	9,517,664	95,177	2,447,473		2,542,650	\$0.27
Conversion of debentures	7,200,000	72,000	828,000		900,000	\$0.13
Conversion of preferred stock	26,626	266	6,401		6,667	\$0.25
Issuance of convertible debt			56,000		56,000	
Net loss for the fiscal period- as restated				(2,498,879)	(2,498,879)	
Balance at September 30, 2008	60,612,631	606,126	11,815,464	(14,235,965)	(1,814,375)	
Issuance of common stock	12,261,765	122,618	304,845		427,463	\$0.03
Issued stock for services	845,064	8,451	53,939		62,390	\$0.07
Issued stock to settle lawsuit	200,000	2,000	10,000		12,000	\$0.06
Conversion of Preferred A	400,000	4,000	(3,933)		67	
Issuance of convertible debt			3,000		3,000	
Net loss for the year				(1,293,237)	(1,293,237)	
Balance at September 30, 2009	74,319,460	743,195	12,183,315	(15,529,202)	(2,602,692)	
Issuance of common stock	31,680,388	316,804	426,690		743,494	\$0.02
Issued stock & warrants for services	8,778,566	87,786	214,884		302,670	\$0.03
Exercise of warrants	11,776,975	117,770	140,105		257,875	\$0.02
Converted preferred A	9,400,000	94,000	(94,000)		0	
Net loss for the year				(2,203,184)	(2,203,184)	
Balance at September 30, 2010	135,955,389	1,359,555	12,870,994	(17,732,386)	(3,501,837)	
Issuance of common stock	28,169,665	281,696	650,884		932,580	\$0.03
Issued shares & warrants for services	1,456,591	14,566	73,263		87,829	\$0.06
Converted preferred A	8,400,000	84,000	(84,000)		0	
Net loss for the period				(937,473)	(937,473)	
Balance at March 31, 2011	173,981,645	\$1,739,817	\$13,511,141	\$(18,669,859)	\$(3,418,901)	

*- Price adjusted for stock splits

Please see the notes to the financial statements.

USCorp
(an Exploration Stage Company)
Notes to the Consolidated Financial Statements
For the Six Months Ended March 31, 2011 and March 31, 2010

1. Organization of the Company and Significant Accounting Principles

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

The Company, through its subsidiaries, owns the mineral rights to 174 Lode and Placer Mining Claims in the Eureka Mining District of Yavapai County, Arizona, called the Twin Peaks Project; and owns the mineral rights to 202 Lode and Placer Claims on five properties in the Mesquite Mining District of Imperial County, California, which the Company collectively refers to as the Picacho Salton Project.

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

Exploration Stage Company- the Company has no operations or revenues since its inception and therefore qualifies for treatment as an Exploration Stage company as per the accounting guidance. Financial transactions are accounted for as per generally accepted accounting principles. Costs incurred during the development stage are accumulated in “accumulated deficit- exploration stage” and are reported in the Stockholders’ Deficit section of the balance sheet.

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

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

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

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

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

Income taxes- The Company accounts for income taxes in accordance with generally accepted accounting principles which 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.

The Company follows the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more likely than not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of March 31, 2011, the Company has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. All tax returns from tax years 2007 to 2010 are subject to IRS audit.

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

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

2. Going Concern

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

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

- * Continue fundraising efforts including joint-venture, merger, acquisition or other business combinations whose purpose is development of the Company's California and Arizona properties by or with well-financed and highly experienced miners.
- * Complete exploration and begin production on our properties as warranted. Phases 1 and 2 of our 3-phase drilling program have been completed at the Twin Peaks Project. The California Desert District BLM Office has completed review of our application and we are awaiting approval. Other permits for commercial mining are being prepared and reviewed for submission to Federal, State and local authorities.
- * Begin commercial scale operations at the Twin Peaks project or the Picacho Salton project as soon as all of the required permits and approvals have been granted and funding obtained.
- * With adequate funding management intends to hire qualified and experienced personnel, including additional officers and directors, and mining specialists, professionals and consulting firms to advise management as needed to handle mining operations, acquisitions, mergers, joint ventures and other business combinations in order to fulfill our business plan regarding development of existing and future mineral resource properties.
- * Form a strategic alliance of consultants, engineers, contractors and joint venture partners with an information and communication network that allows the alliance to function effectively.
- * Acquire additional properties and/or corporations with properties as subsidiaries to advance the company's growth plans or be acquired by a company that fulfills this.
- * The company has uploaded information about the company and our properties to a secure web site for the purpose of providing corporate managers and mining industry professionals the technical information regarding our properties necessary for them to make an informed decision regarding an investment or business combination whose purpose would be to continue our exploration and development efforts.
- * USCorp may choose to voluntarily delist from the OTC Bulletin Board and then trade on the OTC Markets PinkSheets.

3. Concentrations of Credit

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

4. Fair values of Financial Instruments

Cash, accounts payable and accrued expenses, subscriptions payable, gold bullion loan payable, convertible debentures payable and the advances payable to shareholder in the balance sheet are estimated to approximate fair market value at March 31, 2011 and September 30, 2010.

5. Gold Bullion Promissory Note

In September 2005, the Company issued a promissory note to a shareholder and received proceeds of \$648,282. The note requires the Company to pay the shareholder 1,634 ounces of Gold Bullion (.999 pure). Originally, the promissory note came due in September 2007. In September 2007, the holder of the promissory note agreed to extend the maturity date of the note to September 2009. In September 2009, the holder of the promissory note extended the maturity date to January 2010 at the previous terms, and is extending the maturity date on an informal ongoing basis. The loan is currently in default* however, the Company continues to calculate the loan at fair value.

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

Carrying value of loan	\$950,865
Fair value of loan	3,311,778
Life to date loss on unhedged underlying derivative	\$(2,360,914)

*In April 2011, the Company and the holders of the gold bullion loan agreed to a maturity date extension and payment plan for the gold bullion loan so that we are no longer in default as discussed in "Subsequent Events" below.

6. Convertible Debentures

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

In fiscal year 2008 the Company issued an additional convertible debenture to the same holder and received proceeds of \$200,000. This debenture matured in March 2010, was exercisable into common stock at \$0.125 per share, and had an interest rate of 4%.

In fiscal year 2009 the Company issued an additional convertible debenture to the same holder and received proceeds of \$200,000. This debenture matured in April 2010, was exercisable into common stock at \$0.125 per share, and had an interest rate of 4%.

As of March 31, 2011 all of the debentures were in default and the holders were extending the maturity date on an informal ongoing basis. In April 2011, the Company and the holders of the gold bullion loan agreed to a maturity date extension, a debt reduction plan and a payment plan for the debentures so that we are no longer in default as discussed in “Subsequent Events” below. The Company ceases recording an interest expense on the debentures at the date of the maturity of the debenture.

The balance of the convertible debt at March 31, 2011 and September 30, 2010 is as follows:

	31-Mar-11	*	30-Sep-10
Net convertible debt payable	\$ 700,000		\$ 700,000

7. Issuances of Common Stock

In the first six months of fiscal year 2011, the Company issued 28,169,665 common shares with 29,249,999 warrants attached convertible into the same amount of common shares at exercise prices ranging from three to thirty cents per share expiring in one to two years. The Company received proceeds of \$932,580.

In the first six months of fiscal year 2011, the Company issued 1,456,591 shares of common stock to consultants for services rendered valued by the Company at \$87,829.

In the first 6 months of fiscal year 2011, holders of the preferred A stock converted 1.05 million preferred A into 8.4 million shares of common stock.

8. Common Stock Warrants

During the first six months of fiscal 2011, the Company issued 65,000 warrants to purchase 65,000 shares of common stock at six cents per share expiring in November 2011. The Company applies ASC 718, "Accounting for Stock-Based Compensation" to account for its option issues. Accordingly, all options granted are recorded at fair value using a generally accepted option pricing model at the date of the grant. For purposes of determining the option value at issuance, the fair value of each option granted is measured at the date of the grant by the option pricing model with the following assumptions:

	2011		2010	
Dividend yield	0.00	%	0.00	%
Risk free interest rate	1.00	%	0.50	%
Volatility	25.00	%	39.00	%

The fair values generated by option pricing model may not be indicative of the future values, if any, that may be received by the option holder.

The following is a summary of common stock warrants outstanding at March 31, 2011:

	Amount	WgtdAvg Exercise Price	Wgtd Years to Maturity
Outstanding at September 30, 2009	9,491,303	\$ 0.33	0.54
Issues	104,684,063		
Exercises	(11,776,975)		
Expired	(1,818,907)		
Outstanding at September 30, 2010	100,579,484	\$ 0.06	1.42

Edgar Filing: USCORP - Form 10-Q

Issues	29,264,999			
Exercises	(650,000)			
Expired	(1,850,000)			
Outstanding at March 31, 2011	127,344,483	\$	0.08	0.97

14

9. Stock Incentive Plan

The Company provides for a Stock Incentive Plan for its officers, directors, and employees as fully explained in our Form S-8 filing dated December 29, 2009 and as filed on April 22, 2011 as an exhibit to our Form 10-K/A for the period ending September 30, 2010 and is included herein by reference. The plan provides for incentive stock options and non-qualified stock options. The Board of Directors will determine whether an option is an incentive stock option or a non-qualified stock option when it grants the option and the option will be evidenced by an agreement describing the material terms of the option. The Board of Directors will determine the exercise price of an employee's option at the date of the grant. The exercise price of an incentive stock option may not be less than the fair market value of the common stock on the date of the grant, or less than 110% of the fair market value if the participant owns more than 10% of the outstanding common stock. The Board of Directors will also determine the term of an option at the date of the grant. The term of an incentive stock option or non-qualified stock option may not exceed ten years from the date of grant, but any incentive stock option granted to a participant who owns more than 10% of the outstanding common stock will not be exercisable after the expiration of five years after the date the option is granted. Subject to any further limitations in the applicable agreement, if a participant's employment terminates, an incentive stock option will terminate and expire no later than three months after the date of termination of employment.

Incentive stock options are also subject to the further restriction that the aggregate fair market value, determined as of the date of the grant, of the market value of the common Stock as to which any incentive stock option first becomes exercisable in any calendar year is limited to \$100,000 per recipient. If incentive stock options covering more than \$100,000 worth of the common stock first become exercisable in any one calendar year, the excess will be non-qualified options. For purposes of determining which options, if any, have been granted in excess of the \$100,000 limit, options will be considered to become exercisable in the order granted. The plan also provides for the payment of professionals, consultants and debt with Class A Common Shares of the Company's stock.

10. Class B Common Shares

The Class B Common shares are non-voting shares that trade on the Frankfurt stock exchange under the symbol U9CB.F. There are 250,000,000 shares authorized and 5,060,500 issued and outstanding. The par value of these shares is \$0.001. These shares do not trade in the United States on any market and the Company has no plans to register these shares for trading in the U.S.

11. Income Tax Provision

Provision for income taxes is comprised of the following:

	31-Mar-11	31-Mar-10
Net loss before provision for income taxes	\$ (937,473)	\$ (1,305,867)
Current tax expense:		
Federal	\$ 0	\$ 0
State	0	0
Total	\$ 0	\$ 0
Less deferred tax benefit:		
Tax loss carryforwards	3,638,236	(2,536,429)
Allowance for recoverability	(3,638,236)	2,536,429
Provision for income taxes	\$ 0	\$ 0

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

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

Deferred income taxes are comprised of the following:

Tax loss carryforwards	\$3,638,236	\$2,536,429
Allowance for recoverability	(3,638,236)	(2,536,429)
Deferred tax benefit	\$0	\$0

Note: The deferred tax benefits arising from the timing differences begin to expire in fiscal years 2011 to 2030 and may not be recoverable upon the purchase of the Company under current IRS statutes.

12. Net Loss per Share

The Company applies ASC 260, "Earnings per Share" to calculate loss per share. In accordance with ASC 260, basic net loss per share has been computed based on the weighted average of common shares outstanding during the years, adjusted for the financial instruments outstanding that are convertible into common stock during the years. The effects of the common stock options and the debentures convertible into shares of common stock, however, have been excluded from the calculation of loss per share because their inclusion would be anti-dilutive. Net loss per share is computed as follows:

	31-Mar-11	31-Mar-10
Net loss before cumulative preferred dividend	\$ (937,473)	\$ (1,305,867)
Cumulative dividend preferred payable	(45,912)	(38,828)

Edgar Filing: USCORP - Form 10-Q

Net loss to common shareholders	\$	(983,419)	\$	(1,344,695)
Weighted average		151,292,251			79,574,934	
Basic & fully diluted net loss per common share	\$	(0.01)	\$	(0.02)

16

13. Subsequent Events

In April 2011, the Company and the holders of the convertible debentures and the holders of the gold bullion loan agreed to a debt reduction plan, a maturity date extension and payment plan for the debentures and the gold bullion loan as discussed in Notes 5 and Note 6. On April 27, 2011 the Company reported this on Form 8-K which is incorporated herein by reference. The terms of the maturity date extensions and payment plans for the debentures are as follows:

Convertible Debentures:

The Company will immediately pay \$100,000 towards the principle. In addition, the Company will issue 800,000 shares of common stock valued at \$50,000. The Company has agreed to pay \$25,000 by September 30, 2011, \$25,000 by December 31, 2011, and \$500,000 by March 31, 2012. The investors have agreed to extend the maturity date of the debentures to March 31, 2012.

Gold Bullion Loan:

The Company will immediately pay \$8,500 and issue 1,600,000 shares of common stock valued at \$100,000. In return the holders of the bullion loan have agreed to extend the maturity date of the gold bullion loan to March 31, 2012.

In April and May of 2011, the Company issued 83,300 shares of Common A stock and the company received proceeds of \$2,500. Also Shareholders exercised 5,370,000 warrants and we issued 5,370,000 shares and received proceeds of \$167,000.

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

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

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

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

Significant Accounting Policies and Estimates

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

notes to the consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2010.

Results of Operations

Comparison of operating results for the six months ended March 31, 2011 and March 31, 2010:

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

General and administrative expenses were \$417,024 compared to \$786,712 for the same period a year ago. Consulting costs increased from \$331,794 to \$456,921 in the six months ended March 31, 2011 compared to the same period last year, which is mainly due to an increase in investor and public relations costs, most of which were paid for with stock. Administration costs decreased from \$555,272 in the six months ended March 31, 2010 to \$163,848 due to decreased costs for clerical help, office staff, the value of payments for professional services with Registered S-8 shares, and the difference between the capitalization received as a result of investors exercising their warrants and the value of shares issued when the warrants were exercised by investors during the period.

As a result of general and administrative costs, the Company experienced a loss from operations of \$642,543 for the six months ended March 31, 2011, compared to loss from operations of \$907,645 for the same period last year.

Interest expense loss decreased to \$6 during the first six months of fiscal 2011 compared to \$65,608 the first six months of fiscal year 2010 as a result of the Gold Bullion Loan borrowed at the end of September 2005 and the change in the price of gold compared to the same period one year ago. The loan is payable in gold bullion at the prevailing price and is not hedged. The Company's loss on the unhedged loan is \$294,924 for the first six months of fiscal year 2011 compared to a loss of \$332,614 for the same period a year ago due to the change in the price of gold over the past year.

Net loss for the first six months of fiscal year 2011 was \$937,473 or \$.01 per share compared to a loss of \$1,305,867, or \$.02 per share for the same period last year.

Discussion of Financial Condition: Liquidity and Capital Resources

At March 31, 2011 cash on hand was \$895,433 as compared with \$354,019 at September 30, 2010. During the first six months of fiscal year 2010, the Company used \$642,543 for its operations compared to \$907,645 for the first six months of fiscal 2010.

At March 31, 2011, the Company had working capital of \$895,433 compared to a working capital of \$354,019 at September 30, 2010. The increase is due to costs of continuing exploration and preparations for development of Company's mining properties offset by the Company's on-going financing efforts.

Total assets at March 31, 2011 were \$895,433 as compared to \$354,395 at September 30, 2010. The increase is due to costs of continuing exploration and preparations for development of Company's mining properties offset by the Company's on-going financing efforts.

The Company's total stockholders' deficit decreased to a deficit of \$3,418,901 at March 31, 2011 compared to a deficit of \$3,501,837 at September 30, 2010. The decrease in stockholders' deficit was the result of an increase in additional paid in capital and a decrease in operating losses of as discussed above for the six months ended March 31, 2011 including decreased costs for clerical help, office staff, the value of payments for professional services with Registered S-8 shares, and the difference between the capitalization received as a result of investors exercising their warrants and the value of shares issued when the warrants were exercised by investors during the period.

Last September we announced signing a Letter of Intent with a Chinese agricultural conglomerate with over USD \$700 million in annual revenues. The next step would have been to complete a definitive agreement spelling out terms and conditions including major financing for USCorp. In October we announced that we had signed an Agreement to form a Joint Venture that would initially provide USD \$25 million in loans and loan guarantees for development of USCorp's mining properties. The Agreement also called for raising USD \$100 million publicly or privately. In November we provided further details with regard to the agreement to form a joint venture. The purpose of the agreement was to form a joint venture to complete exploration and begin development of USCorp's mining properties. We also reported that the US corporation, holding Chinese assets, had requested confidentiality even though it was not part of our agreement until the joint venture was funded with an initial \$25 million, and that the funding would have to take place on or before January 15, 2011. The agreement called for USCorp to contribute to the joint venture its claims in Arizona and California after the \$25 million had been received by the joint venture. Each entity would have owned 50 percent of the joint venture. This newly-formed joint venture entity would have also sought to raise an additional \$100 million (USD) to expand its asset base and for acquisitions; there was no assurance given that either funding would be successful.

Upon the completion of a funding the claims would have been transferred to the joint venture and the joint venture was expected to complete the drilling, exploration and development of the properties. We also reported that in the event that the necessary initial funding was unable to be raised, the agreement provided that either party could cancel the Agreement without obligation or liability to perform under the Agreement.

On February 2, 2010, we publicly reported that we had elected to terminate the Joint Venture Agreement between the Company and Yasheng Group, a Chinese agricultural conglomerate. The Joint Venture Agreement specified certain dates for providing the initial funding for the Joint Venture which were not met. As a result of termination of the contemplated Joint Venture the mining properties continue to remain solely controlled by the Company through its subsidiaries.

As discussed previously Robert Dultz, President, Chairman and CEO, and other members of the management and exploration team have been actively involved in correspondence, conference calls, site visits, meetings and review of USCorp's proprietary data, with a variety of people representing various institutional funding organizations and various mining companies, including some contacts directly with their CEOs. The institutional funding organizations are international in scope and the mining companies range in size from junior to major, and from regional to international in scope. These communications have as their object completing one or more of the following: debt or equity financing, the acquisition of USCorp, or creating a joint venture, merger, or other business combinations whose purpose is development of the Company's California and Arizona properties by well-financed and highly experienced miners.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4T. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (Exchange Act), as of March 31, 2011. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures are effective.

Changes in Internal Controls

There were no significant changes (including corrective actions with regard to significant deficiencies or material weaknesses) in our internal controls over financial reporting that occurred during the quarter ended March 31, 2011, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

On or about June 1, 2010 the Company received a Cease and Desist Order from the Pennsylvania Securities Commission as a result of a single unauthorized phone call to a potential unaccredited investor contrary to the Company's policy. It is our understanding that an individual USCorp shareholder obtained the phone number of a so-called "accredited investor" and contacted that individual about investing in USCorp. The shareholder determined the

so-called “accredited investor” was in fact not an “accredited investor” and explained that as a non-accredited investor he could not invest directly with USCorp. The shareholder then recommended the individual review USCorp’s web site and if he still wanted to purchase USCorp shares he should do so on the open market through a stockbroker. The individual later called the shareholder, stated he had reviewed USCorp’s web site and he then requested additional information about USCorp be sent to him. The shareholder then forwarded to the individual information he had about USCorp that also contained an accredited investor questionnaire. We were then contacted by the state of Pennsylvania regarding this incident and our attorney corresponded with them regarding the incident. The Company, in our most recent correspondence with the state, through our attorney, has informally agreed to refrain from such solicitations within the state. We have not received any more communications from the state of Pennsylvania; we have not signed a Cease and Desist order or similar, and we have not paid a fine. We have instructed the shareholder to not contact anyone at any time regarding investing in USCorp and that appears to be the end of the incident.

Item 1A. Risk Factors

Not Applicable.

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

During first quarter of fiscal year 2011, the Company issued 9,101,333 shares of common stock and received proceeds of \$147,867; 762,500 shares were issued for services with a value of \$45,887; and 1,000,000 Series A Preferred shares were converted to 8,000,000 Class A Common shares by officers and directors of the corporation.

During first quarter of fiscal year 2011, the Company issued 29,264,999 options to buy its common stock to the purchasers of the common stock described above. The options expire in fiscal year 2011 and 2012. Also during the first three quarters, 1,850,000 options to purchase common stock expired unexercised.

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.

As previously reported, in fiscal 2008 we received commitments to finance fiscal 2009 operations in the amount of \$2.19 million. In the last quarter of fiscal 2008 and the last quarter of calendar 2008 the Company received \$400,000 of the \$2.19 million in commitments for fiscal 2009; however no additional payments were received, in breach of their agreement. We have no expectation the Company will receive the rest of the committed funds, nor any additional funds from this source.

As a result of the failure to meet the commitments to fund USCorp operations in fiscal 2009 there has been substantial damage done to USCorp. During the first six months of fiscal 2009 we were assured on several occasions that the funds were coming and we delayed seeking other sources of financing while providing the lender with requested due diligence documentation regarding USCorp, our properties, historical mining on those properties and our contemporary exploration efforts on those properties. In addition we were unable to complete the third phase of the Twin Peaks drilling program and therefore were unable to update our resource measurements, making it more difficult to obtain additional financing from other sources, and to complete drilling on our California properties, causing the inability to pay the bullion loan when due. The bullion loan due date was extended and after January 31, 2010 it is extended on a day-to-day basis. As discussed more fully below we have reached an agreement with the holders of the gold bullion loan and are no longer in default. We continue to pursue other sources of financing (see "Discussion of Financial Condition: Liquidity and Capital Resources" above).

In April 2011, the Company and the holders of the convertible debentures and the holders of the gold bullion loan agreed to a maturity date extension and payment plan for the debentures and gold bullion loan as discussed in Notes 5 and Note 6 of the financial statements. On April 27, 2011 the Company reported this on Form 8-K which is incorporated herein by reference. The terms of the maturity date extensions and payment plans for the debentures are as follows:

Convertible Debentures:

The Company will immediately pay \$100,000 towards the principle. In addition, the Company will issue 800,000 shares of common stock valued at \$50,000. The Company has agreed to pay \$25,000 by September 30, 2011, \$25,000 by December 31, 2011, and \$500,000 by March 31, 2012. The investors have agreed to extend the maturity date of the debentures to March 31, 2012.

Gold Bullion Loan:

The Company will immediately pay \$8,500 and issue 1,600,000 shares of common stock valued at \$100,000. In return the holders of the bullion loan have agreed to extend the maturity date of the gold bullion loan to March 31, 2012.

Item 3. Defaults Upon Senior Securities.

None.

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

There were no matters requiring a vote of security holders during this period. Significant matters voted on were reported in our Form 10-K for period ending September 30, 2010.

Item 5. Other Information.

None.

ITEM 6. EXHIBITS

(a) Exhibits:

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

SIGNATURES

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

USCORP

By: /s/ ROBERT DULTZ

Robert Dultz

Chairman, Chief Executive Officer and Acting Chief

Financial Officer

Dated: May 20, 2011

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

22

SIGNATURES

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

USCORP

By: /s/ ROBERT DULTZ

Robert Dultz

Chairman, Chief Executive Officer and Acting Chief

Financial Officer

Dated: May 20, 2011