

USCORP
Form 10QSB
August 18, 2008

**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 June 30, 2008

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.)

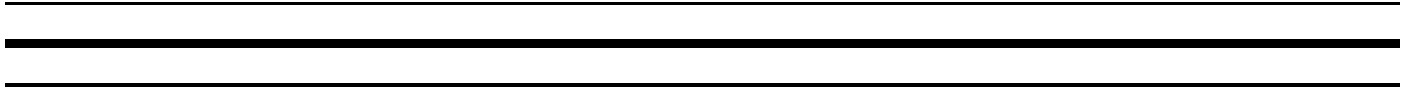
4535 W. SAHARA AVE., SUITE 200
Las Vegas, NV 89102
(Address of principal executive offices)

(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 August 10, 2008, the Registrant had 60,612,630 shares of Common Stock, par value \$.01 per share, and 5,000,000 shares of Class B Common Stock, par value \$.001 outstanding.



USCORP
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PART I. FINANCIAL INFORMATION

USCorp
(an Exploration Stage Company)
Balance Sheet
As of June 30, 2008 and September 30, 2007

| | 30-Jun-08 | 30-Sep-07 |
|--|--------------|--------------|
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 740,014 | \$ 1,541,001 |
| Total current assets | \$ 740,014 | \$ 1,541,001 |
| Other assets: | | |
| Equipment- net | 2,642 | 5,431 |
| Total assets | \$ 742,656 | \$ 1,546,432 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable & accrued expenses | \$ 300,169 | \$ 2,410,918 |
| Subscriptions payable | 0 | 569,323 |
| Total current liabilities | \$ 300,169 | \$ 2,980,241 |
| Gold bullion loan | 1,524,113 | 1,205,484 |
| Convertible debenture payable | 65,111 | 639,770 |
| Advances payable to shareholder | 0 | 205,263 |
| Shareholders' equity: | | |
| Series A preferred stock, one share convertible to eight shares of common; 10% stated dividend, stated value \$0.50, 10,000,000 shares authorized, no shares outstanding | 0 | 0 |
| Series B preferred stock, one share convertible to two shares of common; 10% cumulative stated dividend, stated value \$0.50, 50,000,000 shares authorized, 155,000 shares outstanding at September 30, 2007 and 141,687 at June 30, 2008 | 63,498 | 70,165 |
| Common stock B- \$.001 par value, authorized 250,000,000 shares, issued and outstanding, 5,000,000 shares at March 31, 2008 and 5,000,000 at September 30, 2007, non-voting | 5,000 | 5,000 |
| Common stock A- \$.01 par value, authorized 550,000,000 shares, issued and outstanding, 33,856,462 shares at September 30, 2007 and 60,612,630 at June 30, 2008 | \$ 606,126 | \$ 338,564 |
| Additional paid in capital | 11,364,136 | 7,839,031 |
| Accumulated deficit - exploration stage | (13,185,497) | (11,737,086) |
| Total shareholders' deficit | (1,215,235) | (3,559,491) |
| Total Liabilities & Shareholders' Deficit | \$ 742,656 | \$ 1,546,432 |

See the notes to the consolidated financial statements.

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USCorp
(an Exploration Stage Company)
Statements of Operations
For the Nine and Three Months Ended June 30, 2008 and June 30, 2007
and from Inception, May 1989 through June 30, 2008

| | 9 Months | 9 Months | 3 Months | 3 Months | Inception |
|---|------------------|------------------|------------------|------------------|------------------|
| | 30-Jun-08 | 30-Jun-07 | 30-Jun-08 | 30-Jun-07 | to Date |
| General and administrative expenses: | | | | | |
| Consulting | \$ 282,148 | \$ 50,148 | \$ 167,341 | \$ 50,148 | \$ 5,970,484 |
| Administration | 520,382 | 193,696 | 247,071 | 56,398 | 4,576,801 |
| License expense | 0 | 2,500 | 0 | 0 | 190,684 |
| Professional fees | 21,399 | 18,666 | (19,890) | 17,666 | 514,726 |
| Total general & administrative expenses | 823,929 | 265,010 | 394,522 | 124,212 | 11,252,695 |
| Net loss from operations | \$ (823,929) | \$ (265,010) | \$ (394,522) | \$ (124,212) | \$ (11,252,695) |
| Other income (expenses): | | | | | |
| Interest income | 5,133 | 0 | 5,133 | 0 | 5,133 |
| Interest expense | (353,931) | (58,547) | (110,902) | (20,023) | (607,320) |
| Gain (loss) on un-hedged derivative | (275,684) | (40,952) | 15,488 | (9,920) | (730,615) |
| Loss on mining claim | 0 | 0 | 0 | 0 | (600,000) |
| Net loss before provision for income taxes | \$ (1,448,411) | \$ (364,509) | \$ (484,803) | \$ (154,155) | \$ (13,185,497) |
| Provision for income taxes | 0 | 0 | 0 | 0 | 0 |
| Net loss | \$ (1,448,411) | \$ (364,509) | \$ (484,803) | \$ (154,155) | \$ (13,185,497) |
| Basic & fully diluted net loss per common share | \$ (0.03) | \$ (0.01) | \$ (0.01) | 0.00 | |
| Weighted average of common shares outstanding: | | | | | |
| Basic & fully diluted | 51,698,065 | 38,840,102 | 53,843,311 | 38,856,461 | |

See the notes to the consolidated financial statements.

USCorp
(an Exploration Stage Company)
Statements of Cash Flows
For the Nine Months Ended June 30, 2008 and June 30, 2007
and from Inception, May 1989 through June 30, 2008

| | 30-Jun-08 | 30-Jun-07 | Inception to Date |
|--|----------------|--------------|----------------------|
| Operating Activities: | | | |
| Net loss | \$ (1,448,411) | \$ (364,509) | \$ (13,185,497) |
| Adjustments to reconcile net income items not requiring the use of cash: | | | |
| Loss on sale of mining claim | 0 | 0 | 600,000 |
| Consulting fees | 157,232 | 5,000 | 2,079,752 |
| Depreciation expense | 2,789 | 3,494 | 13,272 |
| Interest expense | 353,931 | 58,547 | 607,320 |
| Shares issued for mining claim | 0 | 0 | 2,449,465 |
| Loss on un-hedged underlying derivative | 275,684 | 40,952 | 730,615 |
| Changes in other operating assets and liabilities : | | | |
| Accounts payable and accrued expenses | (70,749) | (69,116) | 2,340,169 |
| Net cash used by operations | \$ (729,524) | \$ (325,632) | \$ (4,364,904) |
| Investing activities: | | | |
| Purchase of office equipment | \$ 0 | \$ (1,665) | \$ (15,914) |
| Net cash used by investing activities | 0 | (1,665) | (15,914) |
| Financing activities: | | | |
| Issuance of common stock | \$ 133,800 | \$ 0 | \$ 2,285,568 |
| Issuance of preferred stock | 0 | 0 | 70,165 |
| Issuance of gold bullion note | 0 | 0 | 648,282 |
| Subscriptions received | 0 | 0 | 569,323 |
| Issuance of convertible notes | 0 | 600,000 | 1,200,000 |
| Advances received from (repaid to) shareholder | (205,263) | 56,282 | (9,249) |
| Capital contributed by shareholder | 0 | 0 | 356,743 |
| Net cash provided by financing activities | (71,463) | 656,282 | 5,120,832 |
| Net increase (decrease) in cash during the period | \$ (800,987) | \$ 328,985 | \$ 740,014 |
| Cash balance at beginning of the fiscal year | 1,541,001 | 83,573 | 0 |
| Cash balance at March 31st | \$ 740,014 | \$ 412,558 | \$ 740,014 |
| 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)
Statement of Changes in Shareholders Equity
From Inception, May 1989 to June 30, 2008

| | 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, May 1989 to June 30, 2008
(Continued)

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

USCorp
(an Exploration Stage Company)
Statement of Changes in Shareholders Equity
From Inception, May 1989 to June 30, 2008
(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, May 1989 to June 30, 2008
(Continued)

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

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

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USCorp
(an Exploration Stage Company)
Statement of Changes in Shareholders Equity
From Inception, May 1989 to June 30, 2008
(Continued)

| | Common Shares | Common Par Value | Paid in Capital | Accumulated Deficit | Total | Stock Price * |
|-------------------------------------|------------------|---------------------|--------------------|------------------------|--------------|------------------|
| Issuance of common stock | 12,181,329 | 121,814 | 566,954 | | 688,768 \$ | 0.06 |
| Issued stock for services | 7,348,214 | 73,482 | 2,123,750 | | 2,197,232 \$ | 0.30 |
| Conversion of debentures | 7,200,000 | 72,000 | 828,000 | | 900,000 \$ | 0.13 |
| Conversion of preferred stock | 26,625 | 266 | 6,401 | | 6,667 \$ | 0.25 |
| Net loss for the fiscal period | | | | (1,448,411) | (1,448,411) | |
| Balance at September March 31, 2008 | 60,612,630 \$ | 606,126 \$ | 11,364,136 \$ | (13,185,497)\$ | (1,215,235) | |

*- Price adjusted for splits.

See the notes to the consolidated financial statements.

USCorp
(an Exploration Stage Company)
Notes to the Consolidated Financial Statements
For the Nine Months Ended June 30, 2008 and June 30, 2007

1. Organization of the Company and Significant Accounting Principles

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

The Company owns the mineral rights to 141 Lode Mining Claims in the Eureka Mining District of Yavapai County, Arizona, called the Twin Peaks Project; and owns the mineral rights to 22 Placer and 84 Lode Claims on five properties in the Mesquite Mining District of Imperial County, California, which the Company collectively refers to as the Picacho Salton Project.

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

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

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

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

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

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

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

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

refundable for the period adjusted for the change during the period in deferred tax assets and liabilities.

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

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

2. Going Concern

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

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

- * Obtain the necessary approvals and permits to complete exploration and begin test production on our properties as warranted. An application for drilling on Twin Peaks Project has been approved by the Bureau of Land Management. Additional applications are being prepared for the Twin Peaks Project and the Picacho Salton Project and are being reviewed for submission to Federal, State and local authorities.
- * USCorp plans to begin commercial scale operations on one or more of its properties as soon as the required permits and approvals have been granted. Due to the nature of the ore bodies of the Company's current properties Management believes it will begin commercial scale operations on our Picacho Salton Project. Then Management plans to begin commercial scale operations on the Twin Peaks Project.
- * Continue exploration and ramp up permitting process to meet ongoing and anticipated demand for gold, silver, uranium, aggregate, decorative rock and polymetallic ores resulting from our planned commercial scale production activities.
- * Augment our mining exploration team with quality and results-oriented people as needed. Upon adequate funding management intends to hire qualified and experienced personnel, including additional officers and directors, and mining specialists, professionals and consulting firms to advise management as needed to handle mining operations, acquisitions and development of existing and future mineral resource properties.
- * Put together a strategic alliance of consultants, engineers, contractors as well as joint venture partners when appropriate, and set up an information and communication network that allows the alliance to function effectively under USCorp's management.
- * In calendar 2008 Management has launched an investor awareness and public relations campaign including coordinated and periodic release of information to the public via press releases, company newsletter and updates to the company's web sites
- * Attend and exhibit at industry and investment trade shows
- * Acquire additional properties and/or corporations with properties as subsidiaries to advance the company's growth plans.

* During fiscal 2008 management has rearranged our finances for better return and insured coverage. We will continue to review these arrangements and make adjustments to them as necessary.

3. Net Loss per Share

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

Loss per share has been calculated as follows:

| | 9 Months 30-Jun-08 | 9 Months 30-Jun-07 | 3 Months 30-Jun-08 | 3 Months 30-Jun-07 |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Net loss before cumulative preferred dividend | \$ (1,448,411) | \$ (364,509) | \$ (484,803) | \$ (154,155) |
| Cumulative dividend preferred | (28,211) | (19,025) | (5,318) | (4,718) |
| Net loss | \$ (1,476,622) | \$ (383,534) | \$ (821,730) | \$ (158,873) |
| Weighted average | 51,698,065 | 38,840,102 | 53,843,311 | 33,856,461 |
| Basic & fully diluted net loss per common share | \$ (0.03) | \$ (0.01) | \$ (0.01) | 0.00 |

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 2009. The loss on the underlying derivative gold contract has been calculated as follows.

| | |
|--|--------------|
| Carrying value of loan | \$ 793,499 |
| Fair value of loan | 1,524,114 |
| Life to date loss on un-hedged underlying derivative | \$ (730,615) |

5. Equipment

A summary of equipment is as follows:

| | 30-Jun-08 | 30-Sep-07 |
|--------------------------|------------------|------------------|
| Office equipment | \$ 15,914 | \$ 15,914 |
| Accumulated depreciation | (13,272) | (10,483) |
| Net equipment | \$ 2,642 | \$ 5,431 |

6. Stock Warrants Outstanding

The following is a summary of common stock warrants outstanding at June 30, 2008:

| | Amount | Wgt'd Avg Exercise Price | Wgt'd Years to Maturity |
|-------------------------------|---------------|-------------------------------------|------------------------------------|
| Balance at September 30, 2007 | 0 | | |
| Issues | 4,136,666 | | |
| Exercises | 0 | | |
| Expires | 0 | | |
| Outstanding at June 30, 2008 | 4,136,666 | \$ 0.40 | 1.26 |

The warrants to purchase preferred stock expired in October 2007.

7. Convertible Debenture

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

In October 2007 and June 2008, the holder of the debentures converted \$900,000 of the debentures to 7,200,000 shares of common stock.

8. Common Stock Transactions

During the nine months ended June 30, 2008, the Company issued 7,348,214 shares of common stock to consultants for services rendered.

During the nine months ended June 30, 2008, the holder of the debentures converted \$900,000 of the debentures to 7,200,000 shares of common stock.

During the nine months ended June 30, 2008, the holder of the preferred stock converted \$6,667 of preferred to 26,625 shares of common stock.

During the nine months ended June 30, 2008, the Company issued 12,181,329 shares of common stock in a private offering and received net proceeds of \$688,768, of which \$569,823 was received in the last quarter of 2007 as subscriptions.

9. Income Tax Provision

Provision for income taxes is comprised of the following:

| | 30-Jun-08 | 30-Jun-07 |
|--|------------------|------------------|
| Net loss before provision for income taxes | \$ (1,448,411) | \$ (364,509) |
| Current tax expense: | | |
| Federal | \$ 0 | \$ 0 |
| State | 0 | 0 |
| Total | \$ 0 | \$ 0 |
| Less deferred tax benefit: | | |
| Timing differences | (899,783) | (380,595) |
| Allowance for recoverability | 899,783 | 380,595 |
| 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 | \$ 899,783 | \$ 380,595 |
| Allowance for recoverability | (899,783) | (380,595) |
| Deferred tax benefit | \$ 0 | \$ 0 |

Note: The deferred tax benefits arising from the timing differences begin to expire in fiscal year

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, 2007.

Results of Operations

Comparison of operating results for the three months ended June 30, 2008 and June 30, 2007:

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

General and administrative expenses were \$394,522 compared to \$124,212 for the same period a year ago. Consulting costs changed from \$50,148 in the three months ended June 30, 2007 to \$167,341 for the period covered by this report which is mainly due to the company's public relations efforts to inform the public regarding our projects; geological work done on our properties and additional compliance and reporting consulting services. Professional Fees were \$17,666 for the three month period ending June 30, 2007 and (\$19,890) for the period of this report. The difference is due to the revision of a billing error and subsequent classification error regarding legal fees in the amount of \$39,328.

As a result of the change in the price of gold and an increase in consulting and administrative expenses, the Company experienced an increase in its loss from operations which was \$484,803 for the three months ended June 30, 2008, compared to loss from operations of \$154,155 for the same period last year.

The loss on the unhedged Bullion Loan decreased from \$9,920 to a gain of 15,488 during the third three months of fiscal 2008 compared to the third three months of fiscal year 2007, 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.

Net loss for the third three months of fiscal year 2008 was \$484.803 or \$0.03 per share compared to a loss of \$154,155 third three months, or \$0.01 per share for the same period last year.

Discussion of Financial Condition: Liquidity and Capital Resources

At June 30, 2008 cash on hand was \$412,558 as compared with \$83,573 at September 30, 2007. During the third three months of fiscal year 2007, the Company used \$154,155 for its operations. The increase in cash on hand is due to the proceeds from. The remaining convertible debenture is not payable until September 2010.

Total assets at June 30, 2008 were \$742,686 as compared to \$1,546,432 at September 30, 2007. The decrease is due to the ongoing exploration activities on the Company's Twin Peaks Project and Picacho Salton Project properties.

The Company's total shareholders' deficit decreased to a deficit of \$1,215,235 at June 30, 2008 from \$3,559,491 at September 30, 2007. The decrease in shareholders' deficit was the result of financing activities and changes in the price of gold during the nine months ended June 30, 2008.

Convertible Debenture

During the fiscal year ended September 30, 2007, the Company issued convertible debentures with a face value of \$1,200,000. The debentures are convertible into common stock at \$0.125 per share. As of the date of this report three of the debentures with a total face amount of \$900,000 have been converted to 7,200,000 restricted shares at the rate of \$0.125 per share. The remaining \$300,000 convertible debenture has an interest rate of 5% and matures in September 2010.

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.

During the fiscal year ended September 30, 2007, the Company issued convertible debentures with a face value of \$1,200,000. The debentures are convertible into common stock at \$0.125 per share. As of the date of this report three of the debentures with a total face amount of \$900,000 have been converted to 7,200,000 restricted shares at the rate of \$0.125 per share. The remaining \$300,000 convertible debenture has an interest rate of 5% and matures in September 2010.

During the nine months ended June 30, 2008, the Company issued 7,348,214 shares of common stock to consultants for services rendered.

During the nine months ended June 30, 2008, the holder of the preferred stock converted \$6,667 of preferred to 26,625 shares of common stock.

During the nine months ended June 30, 2008, the Company issued 12,181,329 shares of common stock in a private offering and received net proceeds of \$688,768, of which \$569,823 was received in the last quarter of 2007 as subscriptions.

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

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: August 18,
2008