USCORP
Form 10QSB
February 10, 2006
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

x Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended December 31, 2005

or

o 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	87-0403330
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

4535 W. SAHARA AVE. SUITE 204
Las Vegas, NV 89102

(Address of principal executive offices)

(702) 933-4034

(Registrant's telephone number, including area code)

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

YES x NO o

As of December 31, 2005, the Registrant had 33,756,461 shares of Common Stock, par value $.01, outstanding.

USCORP

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PART I FINANCIAL INFORMATION

DONAHUE ASSOCIATES, LLC
Certified Public Accountants

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

February 8, 2006

The Shareholders
USCorp

We have compiled the accompanying financial statements of USCorp for the quarters ending December 31, 2005 and December 31, 2004. These financial statements have been prepared in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

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

/s/: Donahue Associates LLC
Monmouth Beach, NJ
February 7, 2006

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USCorp
(an Exploration Stage Company)
Balance Sheet
As of December 31, 2005 and September 30, 2005

ASSETS		**Unaudited 31-Dec-05**		**30-Sep-05**
Current assets:				
Cash	$	503,280	$	627,372
Total current assets		503,280		627,372
Other assets:				
Equipment- net		4,637		4,006
Total assets	$	507,917	$	631,378
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable & accrued expenses	$	51,371	$	52,121
Note payable to shareholder		0		0
Subscriptions payable-net		0		0
Total current liabilities		51,371		52,121
Note payable- shareholder		705,378		651,429
Advances payable shareholders		68,436		135,606
Shareholders' equity:				
Series A preferred stock, one share convertible to eight shares of common; 10% stated dividend, stated value $0.50, 10,000,000 shares authorized, no shares outstanding		0		0
Series B preferred stock, one share convertible to two shares of common; 10% cumulative stated dividend, stated value $0.50, 50,000,000 shares authorized, 155,000 shares outstanding		70,165		70,165
Common stock- $.01 par value, authorized 100,000,000 shares, issued and outstanding, 32,921,461 shares at September 30, 2005 and 33,756,461 at December 31, 2005		337,564		329,214
Additional paid in capital		7,182,433		7,115,633
Accumulated deficit		(7,907,430)		(7,722,790)
Total shareholders' equity		(387,433)		(277,943)
Total Liabilities & Shareholders' Equity	$	507,917	$	631,378

See the notes to the financial statements.

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USCorp
(an Exploration Stage Company)
Unaudited Statements of Operations
For the Quarters Ended December 31, 2005 and December 31, 2004
and from Inception, May 1989 through December 31, 2005

	3 Months 31-Dec-05	3 Months 31-Dec-04	Inception to Date
General and administrative expenses:			
Consulting	$ 89,862	$ 41,724	$ 3,216,371
Administration	28,064	40,708	3,463,107
License expense	0	0	131,309
Professional fees	10,450	5,880	396,577
Total general & administrative expenses	128,376	88,312	7,207,364
Net loss from operations	(128,376)	(88,312)	(7,207,364)
Other income (expenses):			
Interest expense	(16,735)	(898)	(32,622)
Loss on unhedged underlying	(39,529)	0	(54,825)
Loss on mining claim	0	0	(600,000)
Net loss before provision for income taxes	(184,640)	(89,210)	(7,894,811)
Provision for income taxes	0	0	0
Net loss before extraordinary item	(184,640)	(89,210)	(7,894,811)
Extraordinary item:			
Loss on early extinguishment of debt (net of tax)	0	0	(12,619)
Net loss	($184,640)	($89,210)	($7,907,430)
Basic & fully diluted net loss per common share	($0.01)	($0.00)	
Weighted average of common shares outstanding:			
Basic & fully diluted	33,508,714	29,549,041	

See the notes to the financial statements.

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USCorp
(an Exploration Stage Company)
Statement of Changes in Shareholders Equity
From Inception, May 1989 to December, 2005
As Restated

	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	

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USCorp
(an Exploration Stage Company)
Statement of Changes in Shareholders Equity
From Inception, May 1989 to December 31, 2005
As Restated
(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	

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USCorp
(an Exploration Stage Company)
Statement of Changes in Shareholders Equity
From Inception, May 1989 to December 31, 2005
As Restated
(Continued)

	Common Shares	Common Par Value	Paid in Capital	Accumulated Deficit	Total	Stock Price *
Issuance of common stock	103,535	1,035	611,943		612,978	$ 0.15
Issued stock for compensation	50,000	500	19,571		20,071	$ 0.04
Capital contributed by shareholder			21,719		21,719	
Net loss fiscal 2001				(654,768)	(654,768)	
Balance at September 30, 2001-unaudited	453,573	4,536	2,668,851	(2,673,387)	0	
Issued stock to purchase mining claim	24,200,000	242,000	2,207,466		2,449,466	$ 0.10
Issued shares to employees	267,500	2,675	(2,675)		0	$ 0.00
Capital contributed by shareholders			143,480		143,480	
Net loss for the fiscal year				(2,591,671)	(2,591,671)	
Balance at September 30, 2002-unaudited	24,921,073	249,211	5,017,122	(5,265,058)	1,275	
Issued stock for services	872,000	8,720	264,064		272,784	$ 0.31
Beneficial conversion feature			3,767		3,767	
Capital contributed by shareholders			81,472		81,472	
Net loss for the fiscal year				(865,287)	(865,287)	
Balance at September 30, 2003	25,793,073	257,931	5,366,425	(6,130,345)	(505,989)	

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USCorp
(an Exploration Stage Company)
Statement of Changes in Shareholders Equity
From Inception, May 1989 to December 31, 2005
As Restated
(Continued)

	Common Shares		Common Par Value		Paid in Capital	Accumulated Deficit	Total		Stock Price *
Issuance of common stock	550,000		5,500		206,500		212,000	$	0.39
Issued stock to pay bills	1,069,945		10,699		460,077		470,776	$	0.44
Issued stock for services	2,118,441		21,184		652,714		673,898	$	0.32
Net loss for the fiscal year						(964,108)	(964,108)		
Balance at September 30, 2004	29,531,459	$	295,314	$	6,685,716	($7,094,453)	($113,423)		
Issuance of common stock	150,000		1,500		46,500		48,000	$	0.32
Issued stock for services	2,840,000		28,400		331,600		360,000	$	0.13
Issued stock to pay debt	400,000		4,000		50,000		54,000	$	0.14
Issuance of warrants	2				1,817		1,817		
Net loss for the fiscal year						(628,337)	(628,337)		
Balance at September 30, 2005	32,921,461		329,214		7,115,633	(7,722,790)	(277,943)		
Issued stock for services	835,000		8,350		66,800		75,150	$	0.09
Net loss for the period						(184,640)	(184,640)		
Balance at December 31, 2005	33,756,461	$	337,564	$	7,182,433	($7,907,430)	($387,433)		

***- Price adjusted for splits.**

Please see the notes to the financial statements.

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USCorp
(an Exploration Stage Company)
Unaudited Statements of Cash Flows
For the Quarters Ended December 31, 2005 and December 31, 2004
and from Inception, May 1989 through December 31, 2005

	3 Months 31-Dec-05	3 Months 31-Dec-04	Inception to Date
Operating Activities:			
Net loss	($184,640)	($89,210)	($7,907,430)
Adjustments to reconcile net income items			
not requiring the use of cash:			
Loss on sale of mining claim	0	0	600,000
Consulting fees	75,150	32,000	2,381,642
Depreciation expense	373	252	2,948
Interest expense	16,735	898	32,622
Impairment expense	0	0	2,449,466
Loss on early extinguishment of debt (net of tax)	0	0	12,619
Loss on unhedged underlying	39,529	0	54,825
Changes in other operating assets and liabilities :			0
Accounts payable and accrued expenses	(750)	750	(298,713)
Net cash used by operations	(53,603)	(55,310)	(2,672,021)
Investing activities:			
Purchase of office equipment	(1,004)	0	(7,585)
Net cash used by investing activities	(1,004)	0	(7,585)
Financing activities:			
Issuance of common stock	0	48,000	2,138,356
Issuance of preferred stock	0	0	20,508
Issuance of note payable to shareholder	0	0	635,663
Subscriptions received	0	15,168	55,175
Placement fees	0	(3,768)	(1,750)
Advances paid shareholders	(69,485)	0	103,390
Capital contributed by shareholders	0	0	231,544
Net cash provided by financing activities	(69,485)	59,400	3,182,886
Net increase (decrease) in cash during the fiscal year	(124,092)	4,090	503,280
Cash balance at beginning of the fiscal year	627,372	16,781	0
Cash balance at end of the fiscal year	$ 503,280	$ 20,871	$ 503,280
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 financial statements.

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USCorp
(an Exploration Stage Company)
Notes to the Financial Statements
For the Quarters Ended December 31, 2005 and December 31, 2004

1. Organization of the Company and Significant Accounting Principles

USCorp. (the "Company") is a publicly held corporation formed in May 1989 in the state of Nevada as The Movie Greats Network, Inc. In August 1992, the Company changed its name to The Program Entertainment Group, Inc. In August 1997 the Company changed its name to Santa Maria Resources, Inc. In September 2000 the Company changed its name to Fantasticon, Inc. and in January 2002 the Company changed its name to US Corp.

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

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

The Company has no business operations to date.

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

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

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

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

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

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

Mineral Properties- The Company uses the successful efforts method of accounting for mineral properties. Costs incurred to acquire mineral interest in properties, to drill and equip exploratory sites within the claims groups are capitalized. Costs to conduct exploration and assay work that does not find proved reserves, geological and geophysical costs and costs of carrying and retaining unproved sites are expensed. Potential mineral properties are periodically assessed for impairment of value and a loss will be recognized at the time of impairment.

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

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

2. Going Concern

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

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

- Raise capital to complete the company's mining plan of operations.
- Complete exploration and drilling on claims of the Twin Peaks Mine and Chocolate Mountain Region Claims.
- Complete testing operations on all properties.
- Complete reports and feasibility studies on the Twin Peaks Mine and Chocolate Mountain Region Claims.
- Bring the Twin Peaks Mine and Chocolate Mountain Region Claims to full-scale commercial mining.
- Obtain a credit facility based in part on the value of its proven reserves when necessary and if appropriate given market conditions.
- Determine the value and recoverability of its tailings near Kingman Arizona.

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. At December, 2005, there were 155,000 shares of preferred stock and 155,000 preferred warrants convertible into that were convertible into 620,000 shares of common stock, however these financial instruments have been excluded from the calculation of loss per share because their inclusion would be anti-dilutive.

Loss per share has been calculated as follows:

	31-Dec-05	**31-Dec-04**
Net loss before cumulative preferred dividend	($184,640)	($89,210)
Cumulative dividend preferred	(7,432)	0
Net loss	($192,072)	($89,210)
Weighted average	33,508,714	25,352,944
Basic & fully diluted net loss per common share	($0.01)	($0.00)

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4. Related Party Transactions

During Q1 2006 the Company was provided office space by the chief executive officer and majority shareholder.

During Q1 2006 the Company repaid a total of $69,485 of advances from shareholders including a $30,000 bridge loan from a shareholder. The Company imputed interest of 9% on the outstanding advance balance based on the Company's current borrowing rate, and recorded interest of $2,315 in the statement of operations for Q1 2006.

In September 2005, the Company issued a promissory note to a shareholder and received proceeds of $635,663. The note requires the Company to pay the shareholder 1,634 ounces of Gold Bullion (.999 pure) in September 2007. The note is unsecured and carries interest of 9%. As a result of the transaction, the Company recorded interest expense of $14,420 and a loss on the underlying derivative gold contract of $39,526 in the statement of operations for Q1 2006.

5. Gold Bullion Promissory Note

In September 2005, the Company issued a promissory note to a shareholder and received proceeds of $635,663. The note requires the Company to pay the shareholder 1,634 ounces of Gold Bullion (.999 pure) in September 2007. As a result of the transaction, the Company recorded interest expense of $14,420 and a loss on the underlying derivative gold contract of $39,526 in the statement of operations for Q1 2006. The loss on the underlying derivative gold contract has been calculated as follows.

Carrying value of loan	$	650,550
Fair value of loan		705,375
Life to date loss on unhedged underlying derivative	$	54,825

6. Property and Equipment

A summary of equipment is as follows:

		31-Dec-05		30-Sep-05
Office equipment	$	7,585	$	6,581
Accumulated depreciation		(2,948)		(2,575)
Net property & equipment	$	4,637	$	4,006

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7. Issuances of Common stock

During Q1 2006, the Company issued 835,000 shares of common stock to consultants for services and recorded consulting fees in the statement of operations of $75,150.

8. Warrants Outstanding

At December 31, 2005, common stock warrants outstanding were comprised as follows:

	Amount		Wgtd Avg Exercise Price	Wgtd Years to Maturity
Outstanding at September 30, 2005	155,000			
Issued	0			
Outstanding at December 31, 2005	155,000	$	0.50	1.04

9. Income Tax Provision

Provision for income taxes is comprised of the following:

		31-Dec-05		**31-Dec-04**
Net loss before provision for income taxes		($128,376)		($88,312)
Current tax expense:				
Federal	$	0	$	0
State		0		0
Total	$	0	$	0
Less deferred tax benefit:				
Timing differences		(2,163,316)		(1,518,301)
Allowance for recoverability		2,163,316		1,518,301
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	$	2,163,316	$	1,518,301
Allowance for recoverability		(2,163,316)		(1,518,301)
Deferred tax benefit	$	0	$	0

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

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

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

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

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

The Company is an "exploration stage" company. During period ended December 31, 2005, the Company's operations centered on completing exploration of USMetals' mining property known as the Twin Peaks Mine, Southwest’s mining property known as the Chocolate Mountain Region claims, and its mining property known as the Kingman Area Mine Tailings. During the period, the Company did not engage in any commercially viable operations and realized no revenues from operations. The annual operating costs incurred to date were primarily for the continued exploration of the Company's mining properties, maintenance of the Company's website, legal, accounting costs in conjunction with the Company's general and administrative expenses in anticipation of completing exploration of USMetals' and Southwest’s mining properties and related acquisition costs. The annual payment to the Bureau of Land Management (BLM) for the 172 claims owned by the Registrant is $125 per claim effective September 1, 2004.

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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 l0-KSB for the fiscal year ended September 30, 2005.

OVERVIEW

The Company is an “exploration stage" company. During fiscal quarter ended December 31, 2005, the Company's activities centered on the exploration of USMetals' mining property known as the Twin Peaks Mine; the exploration of Chocolate Mountain Region Claims in the Mesquite Mining District of Imperial County, California; and the exploration of the Kingman area tailings. During the quarter, the Company did not engage in any commercially viable operations and realized no revenues from its activities. The annual costs incurred to date were primarily for the continued exploration of the Company's mining properties, legal and accounting costs in conjunction with the Company's general and administrative expenses in anticipation of completing exploration and commencing a test production program on the Company’s mining properties and expansion and maintenance of the Company's website. The annual maintenance fee payment for the 172 claims owned by the Registrant was $125 per claim for a total of $21,500.

All of the Company's mining business activities are conducted at this time through its subsidiaries, USMetals and Southwest Resource Development, Inc. Upon adequate funding International Energy Resources, Inc. has agreed to continue to supervise and direct the work of the Twin Peaks Mine Project Team.

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

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Impairment Expense

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

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

Chocolate Mountain Region Claims Acquisition

On June 15, 2004 the Company filed a Form 8-K with the Securities and Exchange Commission reporting that on May 29, 2004, the Company concluded the acquisition of an aggregate of 29 additional gold mining claims located in Imperial County, California from two individuals. In lieu of cash payment for the claims the Company entered into what is essentially a joint venture with the former owners whereby the Company is obligated to commence production on these claims within two years with the former owners entitled to receive 20% of all net smelter returns of gold, whether paid in cash or in kind. Further, in the event that the Company subsequently sells the claims within two years of the acquisition date, then the sellers will be entitled to receive 20% of the net proceeds of such sale.

Under the terms of the acquisition, the Company gave each of the two sellers the choice to accept 50,000 shares of the Company's common stock at any time within a two year period in exchange for waiving the Company's obligation to commence gold production within two years of the acquisition.

On February 14, 2005 the Company filed a Form 8-K with the Securities and Exchange Commission reporting that the Company concluded the acquisition of 2 additional gold mining claims located near Kingman, Arizona from a private corporation. These claims consist of one 20 acre lode claim and one 40 acre placer claim. The placer claim covers and includes the underlying lode claim. In lieu of cash payment for the claims the Company entered into what is essentially a joint venture with the former owners whereby the Company is obligated to commence production on these claims within two years with the former owners entitled to receive 30% of all net smelter returns of gold, whether paid in cash or in kind.

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

MANAGEMENT'S DEVELOPMENT PLANS

In order to improve operations and liquidity and meet its cash flow needs, the company has or intends to do the following:

- Secure additional equity financing needed to accomplish corporate goals from private sources and institutional funds, nationally and internationally;

- Complete acquisitions of other potential producing properties in the region surrounding the Twin Peaks Mine and in other areas of Arizona, California and Nevada;

- Establish a corporate office in Arizona, a field office on or near the Twin Peaks Mine site and an office centrally located near the financial markets of Southern California;

- Development of the Twin Peaks Mine, the Chocolate Mountain Region Claims, and the Kingman Area Tailings by implementing a comprehensive exploration program of the entire group of 170 claims;

- Complete Twin Peaks Mine and Chocolate Mountain Region Claims, and the Kingman Area Tailings ore testing programs in order to determine the best mining methods and recovery rates;

- Retain an environmental consulting firm to design post-production reclamation programs;

- Complete bankable feasibility studies meeting SEC standards for placing the true reserve value of existing claims on the financial statements; and

- Complete, file and secure approvals of major Mining Plans of Operations with the U.S. Bureau of Land Management (BLM).

As a result of these plans, management believes that it will generate sufficient cash flows to meet its obligations in 2006.

Discussion of Financial Condition.

As of December 31, 2005 the Company had total assets of $ with total liabilities of $507,917. The company has incurred a net loss of approximately $184,640 for the three months ended December 31, 2005.

During the quarter the Company added an additional geologist to its Exploration Team, Robert Cameron, PhD. On behalf of the Company Dr. Cameron applied for and secured approval from the BLM for a test drilling program on the Company's Kingman Area Tailings. We expect to implement this program during the first calendar quarter of 2006. In addition Management has acquired and implemented office systems upgrades in preparation for completing exploration of the Company's properties.

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Registrant will require significant additional funds in order to complete exploration of the Twin Peaks Mine and its other properties. The Company has made plans to undertake an offering or private placement of its securities in order to raise the needed funding. Based upon available cash on hand, management is of the opinion that, without additional financing, the Company will have adequate funds available to meet its cash needs for the next three (3) months. Thereafter, it will need to secure additional funds in order to continue its operations.

ITEM 3. CONTROLS AND PROCEDURES

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

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

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PART II - OTHER INFORMATION

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
31.2	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
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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SIGNATURES

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

USCORP

By: /s/ ROBERT DULTZ

Robert Dultz
Chief Executive Officer

By: /s/ SPENCER EUBANK

Spencer Eubank
Secretary-Treasurer and Acting Chief Financial Officer
Date: February 7, 2006