USCORP
Form 10QSB
February 17, 2004

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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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, 2003

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	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 [_]

As of December 31, 2003, the Registrant had 26,678,818 shares of Common Stock par value -.01 outstanding.

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USCORP

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

INDEPENDENT AUDITORS REPORT

The Shareholders

USCorp

4535 W. Sahara Ave. Suite 204

Las Vegas, Nevada 89102

I have reviewed the accompanying balance sheets of USCorp and Subsidiary as of December 31, 2003 and September 30, 2003 and the related statements of operations, cash flows, and changes in stockholders' equity for the three months ended December 31, 2003 and 2002. These financial statements are the responsibility of management. My responsibility is to express an opinion on these financial statements based on my review.

I conducted my review in accordance with generally accepted auditing standards. Those standards require that I plan and perform the review to obtain reasonable assurance about whether the financial statements presented are free from material misstatement. The review includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. I believe that my review provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of USCorp, a development stage company, for the dates indicated above and the results of operations, stockholders' equity and cash flows for the quarters then ended in conformity with generally accepted accounting principles consistently applied.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in the Notes to the financial statements, the Company has suffered losses from operations and has a lack of net capital that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in the Notes. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Henry Schiffer

Henry Schiffer

An Accountancy Corporation

Beverly Hills, California

February 10, 2004

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USCORP AND SUBSIDIARY

(a Development State Company)

CONSOLIDATED BALANCE SHEET

		12/31/2003 (Unaudited)	9/30/2003
ASSETS			
Current Assets:			
	Cash	12,387	59,555
Other Assets:			
	Mineral properties -- at cost based on successful efforts method of accounting, net of accumulated depletion and amortization 1975 to 2003	2,115,758	2,115,758
	Annual Assessment Work and Lease Payments to the BLM 1975 to 2003	347,808	347,808
	Total Other Assets	2,463,566	2,463,566

	Total Assets	2,475,953	2,523,121
LIABILITIES & STOCKHOLDERS' EQUITY			
			-
	Accounts Payable	40,000	56,835
	Total Liabilities	40,000	56,835
Shareholders' Equity:			
	Common stock, $.01 par value; authorized 100,000,000 shares, issued, and outstanding at December 31, 2002 24,961,073	266,798	257,931
	at December 31, 2003 26,678,818		
	Additional paid in capital	5,727,354	5,362,658
	Retained deficit	(3,558,199)	(3,154,303)
	Total Shareholders' Equity	2,435,953	2,466,286
	Total Liabilities & Shareholders' Equity	2,475,953	2,523,121

See accompanying Notes to Financial Statements.

USCORP AND SUBSIDIARY

(a Development Stage Company)

STATEMENT OF OPERATIONS

FOR THE THREE MONTHS ENDED DECEMBER 31, 2003 AND 2002

(Unaudited)

	12/31/2003	12/31/2002
Net sales	-	-
Less cost of sales	-	-
Gross profit	-	-
Administrative expenses:		
Registered Agent, Corp maintenance	2,143	1,250
Transfer Agent	4,199	3,600
Filing Agent	134	502
Automobile	480	340
Bank Charges	-	489
Accounting and Legal	2,602	2,026
Office Expense	6,169	4,544
Motels/Hotels	-	-
Consulting & Public Relations	354,698	17,349
Printing	16,182	15,901
Rent	3,383	2,161
Video Production & Web Maintenance	2,153	-
Communications and Clerical	10,566	792
Travel	-	1,135
Utilities	1,187	419
Entertainment	-	215
	-----------	-----------
Total administrative expenses	403,896	50,723
Loss from Operations	(403,896)	(50,703)
Other Income (expenses):		

Interest income	-	-
Interest expense	-	-
	-----------	-----------
Net Loss before income tax provision	(403,896)	(50,703)
Income tax expense	-	-
	-----------	-----------
Net Loss	(403,896)	(50,703)
	========	========
Earnings per common share:		
Basic	-	-
Weighted average of common shares:		
Basic	26,678,818	24,921,073
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See accompanying Notes to Financial Statements.

USCORP AND SUBSIDIARY

(a Development Stage Company)

STATEMENT OF CHANGES IN SHAREHOLDER EQUITY

FROM INCEPTION (MAY 22, 1989) TO DECEMBER 31, 2003

		Additional		
Common	Common	Paid in	Unearned	Retained

	Shares	Amount	Capital	Compensation	Deficit	Total
Inception	-	-	-	-	-	-
Shares issued for Axiom	4,470,000	$5,000	$16,000	-	($376,000)	($355,000)
Issuance of common stock	12,700,000	$12,000	$1,153,000	($63,000)	-	$1,102,000
Amortization of unearned compensation	-	-	-	$4,000	-	$4,000
Net income for the fiscal year 1990	-	-	-	-	$955,000	$955,000
Balance at March 31, 1990	17,170,000	$17,000	$1,169,000	($59,000)	$579,000	$1,706,000
Amortization of unearned compensation	-	-	-	$14,000	-	$14,000
Net income for the fiscal year 1991	-	-	-	-	$1,094,000	$1,094,000
Balance at March 31, 1991	17,170,000	$17,000	$1,169,000	($45,000)	$1,673,000	$2,814,000
Issuance of common stock	150,000	$335	$32,081	-	-	$32,416
Amortization of unearned compensation	-	-	-	$14,000	-	$14,000
Net income for the fiscal year 1992	-	-	-	-	$452,000	$452,000
Balance at March 31, 1992	17,320,000	$17,335	$1,201,081	($31,000)	$2,125,000	$3,312,416
Amortization of unearned compensation	-	-	-	$31,000	-	$31,000
Net loss for the fiscal year 1993	-	-	-	-	($3,147,767)	($3,147,767)
Balance at March 31, 1993	17,320,000	$17,335	$1,201,081	-	($1,022,767)	$195,649
Balance at March 31, 1994	17,320,000	$17,335	$1,201,081	-	($1,086,155)	$132,261
Net loss for the 18 mos. ended 9/30/95	-	-	-	-	($132,261)	($132,261)
Balance at September 30, 1995	17,320,000	$17,335	$1,201,081	-	($1,218,416)	-
Net loss for the fiscal year 1996	-	-	-	-	-	-
Balance at September 30, 1996	17,320,000	$17,335	$1,201,081	-	($1,218,416)	-
1 for 10 reverse stock split	(15,616,982)	($15,632)	$15,632	-	-	-
Stock issued for mining claim	3,000,000	$3,000	$597,000	-	-	$600,000
Issuance of common stock	1,000,000	$1,000	$59,374	-	-	$60,374
Stock issued for services	297,565	$298	$29,459	-	-	$29,757
Net loss for the fiscal year 1997	-	-	-	-	($90,131)	($90,131)
Balance at September 30, 1997	6,000,583	$6,001	$1,902,546	-	($1,308,547)	$600,000
Capital contributed by stockholder	-	-	$58,668	-	-	$58,668
Net loss for the fiscal year 1998	-	-	-	-	($58,668)	($58,668)
Balance at September 30, 1998	6,000,583	$6,001	$1,961,214	-	($1,367,215)	$600,000
Capital contributed by stockholder	-	-	$28,654	-	-	$28,654
Net loss for the fiscal year 1999	-	-	-	-	($26,705)	($26,705)
Balance at September 30, 1999	6,000,583	$6,001	$1,989,868	-	($1,393,920)	$601,949
Capital contributed by stockholder	-	-	$22,750	-	-	$22,750

Net loss for the fiscal year 2000	-	-	-	-	($624,699)	($624,699)
Balance at September 30, 2000	6,000,583	$6,001	$2,012,618	-	($2,018,619)	-

See accompanying Notes to Financial Statements.

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USCORP AND SUBSIDIARY

(a Development Stage Company)

STATEMENT OF CHANGES IN SHAREHOLDER EQUITY

FROM INCEPTION (MAY 22, 1989) TO DECEMBER 31, 2003 continued.

	Common Shares	Common Amount	Additional Paid in Capital	Unearned Compensation	Retained Deficit	Total
Balance at September 30, 2000	6,000,583	$6,001	$2,012,618	-	($2,018,619)	-
Adjustment to correct par value error	104,496	$52,445	-	-	-	$52,445
1 for 2 reverse stock split	(3,000,291)	($30,002)	$30,002	-	-	-
Stock issued for Acquisition of Subsidiary	6,500,000	$65,000	($65,000)	-	-	-
Expired Warrants	(130,251)	$1,302	($1,302)	-	-	-
Issuance of common stock	586,120	$5,861	$554,671	-	-	$560,532
Stock issued for compensation	500,000	$5,000	$15,071	-	-	$20,071
Capital contributed by stockholder	-	-	$21,719	-	-	$21,719
Net loss for the fiscal year 2001	-	-	-	-	($654,767)	($654,767)
adjustment for rounding errors	-	-	$1	-	($1)	-
Balance at Septebmer 30 2001	10,560,657	$105,607	$2,567,780	-	($2,673,387)	($0)
Cancellation of 6,025,000 common stock	(6,025,000)	($60,250)	$60,250	-	-	-
Adjustment 1 for 10 split down and rounding	(4,082,084)	($40,821)	$40,821	-	-	-
Issue 24,200,000 shares to acquire USMetals	24,200,000	$242,000	($242,000)	-	-	-
	650,000	$6,500	($6,500)	-	-	-

Issue shares per 2002 Employee Compensation Plan						
Cancel 650,000 shares	(650,000)	($6,500)	$6,500	-	-	-
Increase in Paid in Capital	-	-	$2,449,466	-	-	$2,449,466
Issue 310,000 shares to officers and directors	310,000	$3,100	($3,100)	-	-	-
Cancellation of 42,500 common stock	(42,500)	($425)	$425	-	-	-
Capital contributed by a stockholder	-	-	$143,480	-	-	$143,480
Loss from Operations	-	-	-	-	($142,205)	($142,205)
Balance at September 30, 2002	24,921,073	$249,211	$5,017,122	-	($2,815,592)	$2,450,741
Issue shares per Consulting Agreement	40,000	$400	($400)	-	-	-
Value of Consulting Services Provided	-	-	$16,667	-	-	$16,667
Issue 90,000 shares to officers, directors	90,000	$900	($900)	-	-	-
Issue shares per Consulting Agreements	185,000	$1,850	($1,850)	-	-	-
Value of Consulting Services Provided	-	-	$78,935	-	-	$78,935
Cancel shares	(100,000)	($1,000)	$1,000	-	-	-
Cancel Value of Services	-	-	($42,668)	-	-	($42,668)
Issue shares per Consulting Agreements	82,000	$820	($820)	-	-	-
Value of Consulting Services Provided	-	-	$24,600	-	-	$24,600
Issue shares per Consulting Agreements	575,000	$5,750	($5,750)	-	-	-
Value of Consulting Services Provided	-	-	$155,250	-	-	$155,250
Capital contributed by stockholders	-	-	$121,472	-	-	$121,472
Loss from Operations	-	-	-	-	($338,711)	($338,711)
Balance at September 30, 2003	25,793,073	$257,931	$5,362,658	-	($3,154,303)	$2,466,286

See accompanying Notes to Financial Statements.

USCORP AND SUBSIDIARY

(a Development Stage Company)

STATEMENT OF CHANGES IN SHAREHOLDER EQUITY

FROM INCEPTION (MAY 22, 1989) TO DECEMBER 31, 2003 continued.

	Common Shares	Common Amount	Additional Paid in Capital	Unearned Compensation	Retained Deficit	Total
Balance at September 30, 2003	25,793,073	$257,931	$5,362,658	-	($3,154,303)	$2,466,286
Issue shares per Consulting Agreement	886,745	$8,867	($8,867)	-	-	-
Capital contributed by stockholder	-	-	$18,865	-	-	$18,865
Value of Consulting Services Provided	-	-	$354,698	-	-	$354,698
Loss from Operations	-	-	-	-	($403,896)	$(403,896)
Balance at December 31, 2003 (Unaudited)	26,678,818	$266,798	$5,727,354	-	($3,558,199)	$2,435,953

See accompanying Notes to Financial Statements.

USCORP AND SUBSIDIARY

(A Development Stage Company)

STATEMENT OF CASH FLOWS

FOR THE THREE MONTHS ENDED DECEMBER 31, 2003 AND 2002

(Unaudited)

	12/31/2003	12/31/2002
Operating Activities:		
Net Gain (Loss)	(403,896)	(50,703)
Net cash used by operations	(403,896)	(50,703)
Financing Activities:		
Consulting Services Paid in Stock	354,698	16,667
Contributed capital by stockholders	18,865	12,975
Shareholder Loan	-	-
Adjustment for rounding errors	-	-
Increase (Decrease) in Accounts Payable	(16,835)	19,806
Net cash provided by financing activities	(47,168)	(1,256)
Net increase (decrease) in cash during the period	(47,168)	(1,256)
Cash balance at beginning of period	59,555	1,277
Cash balance at end of period	12,387	21

See accompanying Notes to Financial Statements.

USCORP AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2003

NOTE 1 - ORGANIZATION AND ACCOUNTING POLICIES

Nature of Operations

USCorp (the Company) is a publicly held corporation formed on May 22, 1989 in the state of Nevada as The Movie Greats Network, Inc. On August 4, 1992, The Company changed its name to the Program Entertainment Group, Inc. and on August 5, 1997 the Company changed its name to Santa Maria Resources, Inc. In September 2000 the Company changed its name to Fantasticon, Inc. and in January 2002 the Company changed its name to USCorp.

On October 15, 2000, pursuant to an agreement signed on September 1, 2000, the Company s then wholly owned subsidiary, Fantasticon.com, Inc., a Nevada corporation, merged with Fantasticon.Com, Inc., a Delaware corporation, Madman Backstage Productions, Inc., and Impact Interactive, Inc. Pursuant to the agreement, Santa Maria Resources Inc. changed its name to Fantasticon Inc. and effected a 1:2 reverse split of its common stock. As a condition of the agreement, Santa Maria divested itself of its business operations prior to the merger. The merger was rescinded in its entirety by the shareholders in January 2002. 6,025,000 shares issued to former management have been cancelled and returned to the Treasury. In addition, effective March 6, 2002 the Company effected a 1:10 reverse split of its common stock. Accordingly, equity has been restated to reflect the number of shares outstanding after the cancellation of said shares and the subsequent reverse split. The statement of operations for the three months ended December 31, 2003 and 2002 and the balance sheet presented for the period ended December 31, 2003 and September 30, 2003 represent the results of operations and financial position of USCorp and USMetals.

In April 2002 USCorp acquired USMetals, Inc. (USMetals), a Nevada corporation as a wholly owned subsidiary and issued 24,200,000 shares of common stock in a 1-for-1 exchange of stock. All of the Company s mining business operations are conducted at this time through USMetals. USMetals owns 141 Lode Mining Claims near Bagdad, Arizona, called the Twin Peaks Mine.

Basis of Presentation

(a) The consolidated financial statements and the related notes thereto are unaudited and have been prepared on the same basis as the audited financial statements of the Company for the fiscal year ended September 30, 2003. In the opinion of management, such unaudited financial statements include all adjustments, consisting of only normal recurring adjustments, necessary to present fairly the information set forth therein.

(b) Significant Accounting Policies - A description of USCorp s significant accounting policies can be found in the USCorp combined financial statements and the related notes thereto included in the footnotes to the Company s annual consolidated financial statements for the year ended September 30, 2003 included in its Annual Report filed on Form 10-KSB/A. The accompanying financial statements should be read in conjunction with those footnotes. The results for interim periods are not necessarily indicative of results to be expected for the year.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary. All significant inter-company accounts and transactions have been eliminated in consolidation.

NOTE 1 - ORGANIZATION AND ACCOUNTING POLICIES (Continued)

Use of Estimates: The preparation of the financial statements in conformity with U. S. generally accepted accounting principals requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

Income taxes: The Company utilizes the asset and liability approach for financial accounting and reporting for income taxes. A valuation account is established when necessary to reduce deferred tax assets to the amounts expected to be realized.

Development Stage Company

The Company has had no revenues since 1994 and its activities have been limited to a developmental nature. The Company therefore has treated its activities since as a development 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 retained deficit and are reported in the Stockholders Equity section of the balance sheet.

Loss Per Share

Basic and diluted earnings per share for the three months ended December 31, 2003 are based on the weighted average number of shares of common stock issued and outstanding during that period. Basic and diluted earnings per share for the three months ended December 31, 2003 are based on the number of shares then issued and outstanding including those received in the merger by the stockholders of FantastiCon.com and Affiliates which subsequently were canceled and returned to the treasury stock of the Corporation.

Recent Accounting Pronouncements

On July 20, 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 141, Business Combinations, and SFAS No. 142, Goodwill and Other Intangible Assets. SFAS No. 141 is effective for all business combinations completed after June 30, 2001. SFAS No. 142 is effective for fiscal years beginning after December 15, 2001; however, certain provisions of SFAS No. 142 apply to goodwill and other intangible assets acquired between July 1, 2001 and the effective date of SFAS No. 142.

Major provisions of SFAS Nos. 141 and 142 and their effective dates for the Company are as follows:

- All business combinations initiated after June 30, 2001 must use the purchase method of accounting. The pooling of interest method of accounting is prohibited, except for transactions initiated before July 1, 2001.

- Intangible assets acquired in a business combination must be recorded separately from goodwill if they arise from contractual or other legal rights or are separable from the acquired entity and can be sold, transferred, rented or exchanged, either individually or as part of a related contract, asset or liability.

- Effective January 1, 2002, goodwill and intangible assets with indefinite lives will be tested for impairment annually and whenever there is an impairment indicator.

- All acquired goodwill must be assigned to reporting units for purposes of impairment testing and segment reporting.

NOTE 1 - ORGANIZATION AND ACCOUNTING POLICIES (Continued)

In June 2001, FASB issued SFAS No. 143, Accounting for Asset Retirement Obligations, and in August 2001, issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. SFAS No. 143 requires entities to record the fair value of liability for an asset retirement obligation in the period in which it is incurred and a corresponding increase in the carrying amount of the long-lived asset. Subsequently, the asset retirement cost should be allocated to expense using a systematic and rational method. SFAS No. 143 is effective for fiscal years beginning after June 15, 2002. SFAS No. 144 addresses financial accounting and reporting for the impairment of long-lived assets and for long-lived assets to be disposed of. It supersedes, with exceptions, SFAS No. 121, Accounting for the Impairment of Long-Lived Assets to Be Disposed Of, and is effective for the fiscal years beginning after December 15, 2001. The Company is currently assessing the impact of SFAS Nos. 143 and 144. However, at this time, the Company does not feel that the impact of these statements will be material to its consolidated financial position or results of operations.

Leases

As of the date of this report, all office furniture and equipment has been contributed by a shareholder.

In March 2002, the 141 lode mine claims leases were transferred to USMetals, Inc. These claims leases are renewable annually by USMetals. Lease expense under these leases is $14,100 each year.

Litigation

The Company is not a party to any matters of litigation.

NOTE 2 - RELATED PARTY TRANSACTIONS

Mining exploration and development has been performed under the general supervision and direction of International Energy and Resources, Inc., (IERI) which was under agreement with prior owners of the property. IERI has agreed to provide similar services to the Company upon securing adequate financing. IERI will supervise and direct third parties for the purpose of completing the exploration and development of the Twin Peaks Mine claims group. On October 27, 2003, the Company executed a letter of intent to acquire International Energy and Resources, Inc. and its gold and silver mining property as a wholly-owned subsidiary. This transaction is pending the completion of due diligence on the corporation and its mining property.

NOTE 3 - ACQUISITION OF BUSINESS

On April 2, 2002, the Company acquired USMetals, Inc. (USMetals) for 24,200,000 shares of its common stock in a share-for-share exchange whereby USMetals became a wholly owned subsidiary of USCorp. USMetals owns the 141 lode mining claims known as the Twin Peaks mine near Baghdad, Arizona. The fair value of the property is based upon the values that were estimated by field personnel. The estimated fair market values of the assets acquired and liabilities assumed in the acquisition of USMetals are as follows:

NOTE 3 - ACQUISITION OF BUSINESS (Continued)

Estimated fair value of assets acquired property	$ 319,600
Mine Development	
Hayes Mining, Phillips Mining	400,000
American Metals and Minerals	297,758
Santa Maria Resources	600,000
International Energy and Resources	818,000
Total fair value of assets	2,435,358
Liabilities assumed	
Annual Lease Payments (subsequent to acquisition)	14,108
Estimated fair value of acquisition	$2,449,466

The operations of USMetals are included in the accompanying consolidated financial statements subsequent to the acquisition.

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 . The 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 a development stage company. During the past quarter the Company s operations were centered on the development of its mining claims known as the Twin Peaks Mine. During that time, the Company did not commence commercially viable operations. The operating costs incurred to date were primarily for the development of the Company s mining properties, development and maintenance of the company s website, legal and accounting costs and general and administrative expenses in anticipation of completing exploration and development of USMetals mining property, the Twin Peaks Mine.

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Significant Accounting Policies and Estimates

Management s Discussion and Analysis of Financial Condition and Results of Operations is a discussion of 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-KSB for the fiscal year ended September 30 2003.

OVERVIEW

Prior to April 2002, the Company, a development-stage company, did not have any business operations.

On April 2, 2002, the Company acquired USMetals, Inc. (USMetals) for 24,200,000 shares of its common stock in a share-for-share exchange whereby USMetals became a wholly owned subsidiary of USCorp. USMetals owns the 141 lode mining claims known as the Twin Peaks mine near Baghdad, Arizona. The fair value of the property is based upon the values that were estimated by field personnel and mining professionals. The estimated fair market values of the assets acquired and liabilities assumed in the acquisition of USMetals are as follows:

Estimated fair value of assets acquired

Property	$319,600
Mine Development	
Hayes Mining, Phillips Mining	400,000
American Metals and Minerals	297,758
Santa Maria Resources	600,000
International Energy and Resources	818,000
Total fair value of assets	2,435,358
Liabilities assumed	
Annual Lease Payment	14,108
Estimated fair value of acquisition	$2,449,466

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All of the Company s mining business operations are conducted at this time through its subsidiary, USMetals. International Energy Resources, Inc. has agreed to continue to supervise and direct the work of the mine Exploration and Development Team upon adequate funding of the project.

The Company owns 141 unpatented contiguous mining claims totaling approximately 2,820 acres in Township 13, Yavapai County, Arizona. These claims have an anecdotal history of mining activity going back to the native population and the Spaniards who originally explored the area. Documented history of mining activity on these claims is from the middle of the 19th century through the middle of the 20th century. 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 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.

Appraisal and Valuation

The Late Mr. N. H. Carouso, formerly President of Geo-Processing, Inc., was retained in 1985 by the prior owners of these claims to prepare an Economic Evaluation of the 134 claims in the group at that time. Mr. Carouso earned a Bachelor of Arts and a Master of Science degree from the University of California, College of Engineering, Department of Mineral Technology and Mining. His report was for the recovery of gold and silver only.

The following is a statement from Mr. Carouso s report:

The mining claims project area offers excellent economic potential. With the gold and silver mineralization cropping out at the surface and the favorable topography for surface mining techniques, it is felt that an early cash flow can be expected. The gross dollar potential of the areas evaluated, which the writer [Mr. Carouso] feels represents only about 30% of the potential of the entire group of claims, if combined, could be $280,836,000.00. Even if one then takes a 50% confidence factor as to the grade of ore, the gross dollar potential would be $115,418,000, and with an expected 70% recovery of precious metals, the adjusted gross dollar potential would be $80,792,600.00 based on a spot price of $325/oz, for gold and $6.00/oz. for silver, and mining to a depth of 100 feet.

Other minerals are available from these claims as reported from the United States Geological Survey conducted in 1940. Of the minerals listed, one of the most notable was a content of Uranium Ore, U308 (Yellow Cake) which has a content ranging from .43% to 1.77% by volume. The Company has discussed the potential of mining U308 Uranium Ore. Management intends upon receipt of adequate funding to determine the feasibility of economical recovery of uranium.

Additional minerals referred to as Complex Ores that have been identified on these claims have been ignored due to the expensive and sophisticated process of mining Complex Ores. Management intends upon receipt of adequate funding to determine the extent of Complex Ore deposits and the feasibility of their economical recovery.

Exploration and development activities

Our exploration and development activities have confirmed drilling and assay work performed under prior ownership over the past 60 years as well as verifying the presence of additional gold-bearing ore bodies.

Our Twin Peaks Mine claims group is owned by our wholly owned subsidiary, USMetals, Inc. The current exploration and development program has been conducted by International Energy and Resources, Inc. ("IERI") under the guidance of John Owen, CEO, and Scott Spooner, Mining Geologist.

IERI and Scott Spooner prepared a report which is excerpted below:

"Through geological field surveys, it has been determined that The Twin Peaks Mine is on the same structure and fault zone as the Phelps Dodge Cypress deposit.. Numerous geological, geochemical, and geophysical studies have been conducted to confirm historical assays and establish estimated reserves... Over 10,000 feet of core drilling were completed along with about 1,500 fire assays. These assays showed an overall average of 0.14 ounces of gold per ton, 0.595 ounces of silver per ton, with an estimated potential reserve of 652,000 ounces of gold and 2,488,000 ounces of silver using an area of 3 claims.

The geological, geophysical, and geochemical studies listed above were reviewed and evaluated by Nicholas H. Carouso, President of Geo-Processing, Inc., an independent mining, consulting, and geology firm... Mr. Carouso's report and economic study recommended the continuation of exploration and start of production.

... International Energy and Resources, Inc.contracted with Spooner and Associates Inc. to perform additional geological studies. Spooner and Associates possesses over 100 years of combined mining experience. After Spooner and Associates' Senior Geologist Scott Spooner and Survey Specialist Eric C. Monk reviewed the geological studies previously mentioned, they visited The Twin Peaks Mine... By recommendation of Spooner and Associates, International Energy and Resources, Inc. mobilized a crew to construct approximately 10 miles of road to gain access to the historic Hayes Mining area. This enabled the company to conduct further geological studies.

... International Energy and Resources, Inc. procured the services of Hillbrands and Western Mining Co. to conduct a drilling program to sample the ore body. Currently, approximately 30 borings have been completed measuring 100 feet in depth for a total of 3,000 feet. Spooner and Associates collected over 300 samples for assaying. In conjunction with the drilling operation, Spooner and Associates also sampled numerous rock formations from two different locations surrounding the historic Hayes Mine.

Drill hole #30 was subjected to a standard fire assay. This assay process was conducted on cuttings taken at a depth of 40-50 feet. The fire assay results revealed gold values of 0.20 opt (ounces of ore per ton). This structure is approximately 3,400 ft. long x 100 feet wide x 100 feet in depth. This yields potential estimated reserves of 2,014,815 tons of ore x 0.20 opt gold totaling 402,963 ounces of gold.

Rock material from the hanging wall and footwall of the quartz vein were subjected to crushing, screening, and fire assaying. The results from the quartz dike revealed an average of 0.57 opt of gold from fire assaying. The potential reserves at the quartz vein are estimated to be 2,874,806 ounces of gold.

Rock chips samples were collected from the red conglomerate located just south of the Hayes Mine and just west of the volcanic plug. Fire assays revealed 0.20 opt of gold. This area has potential reserves of 413,013 ounces of gold. These three areas give us a combined total of 9,138,687 tons of ore, which yields a total of 3,690,782 potential reserve ounces of gold.

From these initial studies, it is IERI's recommendation that U.S Metals, Inc..develops a six-month drilling program (on all 141 claims) using reverse circulation and core drilling to depths of 500 feet per boring in conjunction with establishing a pilot mill to further prove and develop reserves.

It is important to note that IERI was unable to locate all previous drill holes as mentioned in the reports by previous companies; however, from Carouso's reports we were able to ascertain the purported locale of the previous drillings. Based on the information available, this property requires further investigation and research to determine the life and size of the mine and development of a feasibility study.

MANAGEMENT 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;

- 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 by implementing a comprehensive exploration program of the entire group of 141 claims;

- Complete Twin Peaks Mine ore testing program in order to determine the best mining methods and recovery rates;

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

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

- Complete, file and secure approval of a major Mining Plan 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 2004.

Discussion of Financial Condition.

The company has incurred a net loss of approximately $403,896 for the three months ended December 31, 2003 compared to $50,703 net loss at December 31, 2002. The increase was due to Consulting and Public Relations expenses of $354,698 for the current period compared to $1,349 for the same period last year.

Registrant will require significant additional funds in order to complete exploration and development of the Twin Peaks Mine. The Company has made plans to undertake a 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.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(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

(b) Reports on Form 8-K: None

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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/ Larry Dietz

Larry Dietz, President and Director

By: /s/ Robert Dultz

Robert Dultz, Chief Executive Officer and

Acting Chief Financial Officer

Date: February 17, 2004

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