

USCORP  
Form 10KSB/A  
December 23, 2005

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-KSB/A  
Amendment No. 2

(Mark One)

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended September 30, 2004

OR

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from \_\_ to \_\_

Commission File Number: 000-19061

**USCORP**

(Exact name of registrant as specified in its charter)

Nevada  
(State or other jurisdiction of  
incorporation or organization)

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

4535 W. Sahara Ave., Suite 204, Las Vegas, NV 89102  
(Address of principal executive offices)

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

\_\_\_\_\_  
Securities registered pursuant to Section 12(b) of the Act:

| <u>Title of Each Class</u> | <u>Names of each exchange<br/>on which registered</u> |
|----------------------------|---|
| None                       | None  |

Securities registered pursuant to Section 12(g) of the Act:

Common Shares, \$0.01 Par Value

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [X]

State the issuer's revenues for its most recent fiscal year. \$0.0

State the aggregate market value of the voting stock held by non-affiliates computed by reference to the price at which the stock was sold, or the average bid and asked price of such stock, as of a specified date within the past 60 days. As of October 7, 2004, the value of such stock was \$2,065,370.44.

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**Explanatory Note:** This amendment Number 2 to the annual report on Form 10-KSB/A for fiscal year ended September 30, 2004 is being filed in order to delete references to “reserves” and “development”, and to expand and describe in greater detail the disclosures, explanations and discussions in the following areas: Description of Current Business Operations, Southwest Resource Development, Inc. - Summary of Organization and Business, Early Exploration Conducted and Valuations, Recent Initial Exploration and Exploitation, Risk Factors, Safe Harbor Statement, Management’s Discussion and Analysis or Plan of Operation, Notes to the Consolidated Financial Statements - Summary of Significant Accounting Policies, Business Experience of Current Directors and Officers as of September 30, 2004, and Consent of International Energy and Resources, Inc.

This 10KSB/A also amends the Consolidated Balance Sheets and Consolidated Statement of Operations and accompanying statements for the years ending September 30, 2004 and 2003 in that the mining rights have been impaired and expensed and the stock price at the time of issuance has been added to the statement of shareholder’s equity.

**FORM 10-KSB**  
**September 30, 2004**  
**USCORP**

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## **FORWARD LOOKING STATEMENTS**

Some of the information contained in this Report may constitute forward-looking statements or statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on current expectations and projections about future events. The words “estimate”, “plan”, “intend”, “expect”, “anticipate” and similar expressions are intended to identify forward-looking statements which involve, and are subject to, known and unknown risks, uncertainties and other factors which could cause Registrant’s actual results, financial or operating performance, or achievements to differ from future results, financial or operating performance, or achievements expressed or implied by such forward-looking statements. Projections and assumptions contained and expressed herein were reasonably based on information available to Registrant at the time so furnished and as of the date of this filing. All such projections and assumptions are subject to significant uncertainties and contingencies, many of which are beyond Registrant’s control, and no assurance can be given that the projections will be realized. Potential investors are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date hereof. Registrant undertakes no obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

### **PART I**

#### **ITEM 1. DESCRIPTION OF BUSINESS**

##### **A. Recent Developments.**

Except as set forth herein or otherwise in this Form 10-KSB, information presented here is as of September 30, 2004.

1. During fiscal 2004, Registrant's primary accountant, Henry Schiffer, C.P.A., An Accountancy Corporation ("Schiffer"), was dismissed by the Company on March 19, 2004.

No reports on the financial statements prepared by Schiffer over the two most recent fiscal years contained any adverse opinion or disclaimer of opinion, or was qualified or modified as to uncertainty, audit scope, or accounting principals except for an uncertainty relating to the registrant's ability to continue as a going concern, which was stated in the reports for both years. The decision to change accountants was approved by the Board on March 19, 2004. During the registrant's two most recent fiscal years, and any subsequent interim period preceding the dismissal on March 19, 2004, there were no disagreements with the former accountant, Schiffer, on any matter of accounting principals or practices, financial statement disclosure, or auditing scope or procedure, which disagreement(s), if not resolved to the satisfaction of Schiffer, would have caused him to make reference to the subject matter of the disagreement(s) in connection with his reports.

Schiffer did not advise the registrant that internal controls necessary to develop reliable financial statements did not exist; no information had come to Schiffer's attention which would make him unwilling to rely on management's representations, or unwilling to be associated with the financial statements prepared by management. Schiffer did not advise the registrant that the scope of the audit should be expanded significantly, or that information had come to his attention that would materially impact the fairness or reliability of a previously issued audit report or the underlying financial statements or the financial statements issued or to be issued covering the fiscal periods subsequent to the date of the most recent audited financial statements, dated October 10, 2003, (including information that might preclude the issuance of an unqualified audit report).

Following the dismissal of Schiffer, Registrant retained the services of Donahue Associates, L.L.C., Monmouth Beach, New Jersey ("Donahue") on March 19, 2004, as its principal accountant. For more information please see Registrant's 8-K Report filed in March 2004.

2. 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.

Under the terms of the acquisition, the Company granted each of the two sellers an option to acquire 50,000 shares of the Company's common stock at the then current market price at any time within a two year period. The agreements further provide that the Company's obligation to commence gold production within two years would be terminated in the event that the foregoing stock options were exercised. 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. For more information regarding this acquisition please see Registrant's 8-K Report dated May 29, 2004.

## **B. DESCRIPTION OF CURRENT BUSINESS OPERATIONS.**

Registrant's plan of operation and business objectives will be to engage in (a) the precious metals exploration, mining, and refining business, and (b) the acquisition of qualified candidates engaged in businesses that would complement Registrant's existing or proposed operations. All of Registrant's business operations are conducted through its subsidiaries

### **USMETALS - Summary of Organization and Business.**

USMetals ("USMetals") was formed and organized under the laws of the State of Nevada on May 3, 2000. On or about April 2, 2002, Registrant acquired USMetals; including its 141 lode mining claims (the "Mining Claims"). The purpose of USMetals is to engage in the business of acquiring and developing mineral properties, exploring for gold, silver, and other non-ferrous metals and minerals within the contiguous United States. It is the further intention of USMetals to mine and to process any commercially-proven resources developed at its properties.

The Mining Claims of USMetals are located in West-Central Arizona, in the Eureka Mining District of Yavapai County, Arizona, approximately 42 miles west of Prescott, Arizona. Within the boundaries of USMetals' Mining Claims, more commonly referred to as the "Twin Peaks Mine," are the historic sites of the Crosby, Hayes, Swiss Belle and Glory Hole Mines, past producers of gold and silver. The claims are geographically located in the southwestern division of the Eureka Mining District, which includes many significant mines and prospects. The exceptions are the tungsten mines in the Camp Wood area, to the northeast, the existing historic gold mines and prospects, which abut USMetals' property to the southeast along the Santa Maria River, and tungsten, copper, and zinc mines to the south and southeast. The area has a long history of mining activities. Mining companies and prospectors can obtain experienced labor, affordable housing, equipment repair, and mining services within the district.

The Santa Maria River traverses the Mining Claims and USMetals is the only company that holds water rights to that section of the river, a valuable asset for a mining company in this arid country.

All of USMetals' mining properties are unpatented mining claims; consequently, Registrant has only possessory title with respect to such properties. The claims were duly transferred by official deed from the prior owner to USMetals on March 22, 2002. The real property upon which USMetals' claims are located is subject to a paramount lien by the United States of America; all of USMetals' claims are subject to the applicable rules and regulations of the United States Department of the Interior, Bureau of Land Management, which administers USMetals' use and activities on said Mining Claims. USMetals has paid all of the required fees in order to maintain the 141 Mining Claims, which USMetals owns, for the current periods. All of the necessary documents and affidavits have been filed with the Yavapai County Recorder, as was mentioned hereinabove.

Registrant and USMetals have had a number of strategic working relationships with various independent contractors in order to develop its Mining Claims. USMetals further relies on the declarations and valuations formed and given in past geological exploration and geochemical studies. USMetals has had consulting relationships with International Energy and Resources, Inc., It should be noted that if USMetals was forced to disassociate itself with one or more of the abovementioned independent contractors, it could readily secure the services of other individuals or entities to perform the work or services of equal or greater quality; the loss of any one or all of the abovementioned contractors would not cause USMetals material adverse effects; however, each of these firms has demonstrated its capability and reliability in assisting Registrant and USMetals to develop the Mining Claims, and, to date, the abovementioned companies have provided invaluable assistance to Registrant's senior executive management in evaluating the potential represented by USMetals' Mining Claims.

## **SOUTHWEST RESOURCE DEVELOPMENT, INC. - Summary of Organization and Business**

Southwest Resource Development, Inc. (“Southwest”) was formed and organized under the laws of the State of Nevada on April 3, 2004 as a wholly owned subsidiary of USCorp. On or about May 29, 2004, Southwest acquired 8 lode and 21 placer mining claims (the “Mining Claims”) known as the Chocolate Mountain Region Claims and the Picacho Area Claims. The purpose of Southwest is to engage in the business of acquiring and developing mineral properties, exploring for gold, silver, and other non-ferrous metals and minerals within the contiguous United States. It is the further intention of Southwest to mine and to process any commercially-proven resources developed at its properties.

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 after expenses, whether paid in cash or in kind.

Registrant has spent the last 3 years developing a plan that would bring multiple properties under Company ownership. Through its wholly owned subsidiary, Southwest Resource Development, Inc., Registrant has acquired for development of a total of 3,520 acres of precious metal properties located in the Chocolate Mountain region of Imperial County, California: Geological testing has successfully recovered gold and silver from dry washes and feeder rills. Laboratory analysis indicates these findings warrant continued development.

The Chocolate Mountains region, located in southeastern Imperial county of California, includes the Picacho State Park and surrounding areas that has a rich history of gold mining activities dating back to 1775. This property is in a district that has been producing gold since the 1800s. In 1890 a large stamp mill was built beside the Colorado River at the town of Picacho. The Picacho Mine was opened in the Picacho Basin area and a narrow gauge railroad began hauling ore from the mine to the mill. By 1904, the town of Picacho had a population of 2,500 people. The ruins of the mill are a few miles from USCorp's newly acquired claims in the Picacho State Recreation Area. Thousands of people visit the old mill ruins each year. To the south and west of the claims there are ruins of many old placer and lode workings as well as recently producing major mining operations.

Numerous discoveries of placer gold throughout Imperial County have remained undeveloped due to a common problem encountered by small miners. Due to the lack of an adequate water supply to support placer gold recovery operations in the region, scores of small and medium size mining operations have failed to successfully recover precious metals known to exist throughout the region. Southwest believes it has located a potentially adequate water source. Southwest intends to use a state of the art gold recovery system designed and developed by the Company’s Process Engineer for the specific conditions found on these properties. Based on the recent reports of geologists and engineers, Southwest believes this property has the potential to develop into a significant gold producing operation.



Historically, mining has been carried out in the Mesquite Mining District of Imperial County using old hard rock mining and placer methods. However, in 1984, new mining methods (“heap leaching”) were used to develop and mine low-grade ore bodies, with an economically viable cut-off grade as low as .01 to .02 ounces of gold per ton. The geology and history of this area indicate it is rich in gold deposits. Test production will determine the cutoff grade and the economic viability of this property . Southwest intends to go into production as soon as possible after approvals and financing are obtained.

**Property descriptions, locations and nature of ownership.**

Chocolate Mountain Region Claims in the Mesquite Mining District of Imperial County, California, U.S.A., Group #1: 640 acres on four contiguous, unpatented Placer Claims. Access to these claims is by a private dirt road 2 miles north of the intersection of Highway 78 and Ogilby Road, near Glamis, California.

Chocolate Mountain Region Claims in the Mesquite Mining District of Imperial County, California, U.S.A., Group #2: 17 unpatented Placer Claims. These contiguous claims cover 2,720 acres. All of these claims are just east of the intersection of Highway 78 and Ogilby Road. Access to the property is by private dirt road.

Chocolate Mountain Region Claims in the Mesquite Mining District of Imperial County, California, U.S.A., Group #3: 8 unpatented Lode Claims covering 160 acres. Means of access to the property is by an unmarked private dirt road, south of Picacho State Park.

The 141 unpatented lode mining claims, covering 2,820 acres, which the registrant refers to as the “Twin Peaks Mine,” are located in the Eureka Mining District of Yavapai County, Arizona, U.S.A. Access to the property from the west is by county maintained and private dirt roads from Highway 93 (connecting Phoenix, Arizona with Las Vegas, Nevada).

The Company, through its wholly owned subsidiaries, owns unpatented mining claims and pays an annual Maintenance Fee payment to the Bureau of Land Management (BLM) for each of its claims. Maintenance Fee payments of \$125 per claim are due on or before August 31 each year.

**Maps indicating the locations of our properties.**

In the Map above “1” “2” and “3” represent the approximate locations of the company’s properties in the Mesquite Mining District of Imperial County, California. These three locations are represented by the number “2” in the map below.

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### **History of previous operations.**

Twin Peaks Mine claims group, in the Eureka Mining District of Yavapai County, Arizona: From a historical perspective, Spaniards arrived in the area over 400 years ago and used the Santa Maria River to gain access to the claims area. According to historical sources, the local Indians used to mine gold and silver in the area, which was refined and shipped to Spain. More recently, in the 1880's, John Lawler and Charles Crosby pioneered the Eureka Mining District. In 1883, John Lawler discovered the area was rich in gold, silver, lead, and zinc.

Charles Crosby first discovered the Crosby Mine and worked his claims from 1906 to 1933. His works are on a mineralized structure and flat zone. When the Crosby Mine opened in 1906, it processed 120 ounces of gold per day. It operated a 40-stamp amolotion mill until World War II. The Crosby group of claims are in the northeast corner of the Twin Peaks claims group.

From the mid-1920s to the mid-1930s, a prospector worked the Gloryhole claim, in the southwest quadrant of the Company's Twin Peaks claims group. The ore he mined ran over 8 ounces of gold per ton. In 1941 and 1942, the claim was yielding 2.6 ounces of gold per ton. At that time, the ore was shipped to the railhead at Hillside and by train to a smelter in El Paso, Texas.

In 1885, the Hayes Silver Mine opened. The deposit at the mine was so rich - over 300 ounces of gold and silver per ton - that the owners shipped the ore directly to England for smelting and refining. The Hayes claims group are part of the Company's Twin Peaks claims group.

Chocolate Mountain Region Claims in the Mesquite Mining District of Imperial County, California: There has been no commercial scale mining on any of the Company's claims in this region.

### **The present condition of the property, the work we have completed on the property, our proposed program of exploration and development, and the current state of exploration and development of the property.**

Twin Peaks Mine Claims Group: The Company has completed limited exploration work on the property, including drilling 3,000 feet of core samples (in addition to 10,000 feet drilled by prior owners) and road improvements to repair and create dirt road accesses to the property. The Company relies on geological work of experts performed under prior ownership in support of our reports of the presence of gold, silver, uranium and other mineralization on the property. The Company is not conducting mineral extraction operations on this property at this time.

Chocolate Mountain Region Claims Groups in the Mesquite Mining District of Imperial County: The Company has performed very limited work on the property. The Company relies on geological work of experts performed under prior ownership in support of our reports of the presence of gold and silver on the property. There are no current mineral extraction operations on this property. The proposed program is exploratory in nature.

### **The physical condition of the plant and equipment and the source of power utilized with respect to each property.**

At this time there are no physical plants on any of the Company's properties. The Company owns rights to water on the Santa Maria River which traverses the Twin Peaks Mine property. Power is available on properties adjacent to the Twin Peaks Mine and portable generators will be used as necessary. Power is also available on properties adjacent to our placer claims in California and portable generators will be used when necessary. There are capped wells on our California claims. We will supplement well water with trucked water as necessary.

Adequate roads exist to each of our claims groups. Some existing roads may need to be, repaired or extended.

**A brief description of the rock formations and mineralization of existing or potential economic significance on the property, including the identity of the principal metallic or other constituents.**

In regards to the Twin Peaks Mine, past geologic valuations have indicated mineralized material on claims within the boundaries of the Twin Peaks on the Crosby claims, Hayes claims and Glory Hole claims as follows: 1,200,000 tons of ore at the Crosby with 0.118 ounces of gold per ton and 0.520 ounces of silver per ton; 1,200,000 tons of ore at the Hayes with 0.128 ounces of gold per ton and 0.960 ounces of silver per ton; 1,200,000 tons of ore at the Crosby with 0.258 ounces of gold per ton and 0.584 ounces of silver per ton;. The Company uses these reports in support of its determination that economically viable mineralization is present on the properties as stated in various historical reports.

According to past geologic valuations the Crosby claims are within an area of banded gray schist that is surrounded by light-colored granite and intruded by pegmatite, rhyolite-porhyry, and basic dikes. The vein strikes N10E, and dips 25 to 30 degrees E, and attains a width of up to 18 inches in the old workings. Rich ore from the oxidized zone shows brecciated quartz with abundant cellular limonite. The gold is usually found associated with the oxidized iron minerals. The Hayes and Glory Hole claims are geologically similar to the Crosby claims, and the gold is also found in association with the oxidized iron minerals. Several structural zones appear to control the mineralization within the claim group. It can be considered that an alignment of a structural trend exists, with a bearing of about N20E between the Hayes Mine and the Crosby Mine, with the Swiss Belle Mine at midway along the trend. Another structural zone which is expressed by a dike and is reported to run from the Santa Maria River to the base of Hayes Peak, has an average bearing of about N53W. The Hayes Shaft was sunk within this dike. The dike probably passes slightly west of the Glory Hole Mine and then intersects a N20E structural zone near the base of Hayes Peak. A sample taken at this intersection assayed 1.167 oz/ton gold and 66.37 oz/ton silver. The structural zones seem to influence wide areas adjacent to them, which is confirmed by the voluminous number of favorable assays and also by the Very Low Frequency Electromagnetic survey. Cut off grade valuations were not performed.

Chocolate Mountain Region Claims Groups in the Mesquite Mining District of Imperial County: A past geochemical sampling program has indicated mineralized material at the Goldstar placer claims; tonnage and grade valuations were not performed. The Company uses such reports in support of its determination that economically viable mineralization may be present on the properties as stated in various historical reports.

**The phased nature of the exploration process, and the place in the process our current exploration activities occupy.**

Phase 1 of the exploration process has been completed on a portion of the Hayes group of claims within the Twin Peaks mine. PHASE I supplemented the previous exploration effort with additional geological, geochemical and geophysical surveys, drilling, excavations and road building. We also completed a scoping study. PHASE I was designed to furnish pertinent data for the design of PHASE II MINING OPERATION PLAN.

In Phase II we intend to do further exploration on our property, and design and initiate a Test Production program on selected claims within the Twin Peaks claims group. This will include an electromagnetic flyover of the entire claim group and completion of a geochemical survey using the boundaries of individual claims to establish a base grid. This sample grid would be tightened in select areas. Simultaneously, the geology will be mapped in order to determine the overall extent of pathfinder mineralization for use in planning additional drilling, gaining a more detailed understanding of the potential of the entire site, and solidifying the mineral land position.

We will then commence with drilling and assaying in the areas previously targeted in prior geological reports. The drilling program will be designed to confirm the geology and mineralization in the target areas; a broad program is not necessary due to prior geological work. Extra samples will be retained for metallurgical testing on promising zones.

The results of testing the samples will allow us to plan the conceptual mine and milling plans, including flow-sheets that will be used in the feasibility study process along with the on-going economic and cost modeling evaluation of the project. Finally when the results have been evaluated we will begin the collection of the environmental data necessary for further exploration, completion of the feasibility study and mining.

We have received a Test Production plan and budget for the Chocolate Mountain Region Claims in the Mesquite Mining District of Imperial County from our Consulting Geologist, Quantum GeoConsultants, LLC, summarized as follows:

### **Test Production Program Budget and Plan**

To start placer testing operations we must first purchase and modify a wash plant. The pad and setup of the wash plant is next.

The dirt access road from the Highway to the site (approximately 2 miles) must be reworked or repaired. We will also need a Front End Loader ("F.E.L.") with Back-Hoe attachment. For continuous hard work excavating trenches, digging test pits and carrying alluvial material back to the wash plant for processing on a daily basis. It would be used for the duration of the test production program.

The sampling method is standard in geological exploration and is confined to dry arroyo drainages and rills. Grab samples taken outside of the dry river beds and rills will be by prospectors pick or regular pick and shovel. Instruments to be used will be a VLF unit, an EM unit, microscopes, spectrometer, GPS unit, possibly an I.R. unit, a magnetometer and miscellaneous sieves. A 10 or 12 kW generator set will independently power the night lights and camper unit. We need to determine if the present wells go down a minimum of 400 feet to reach adequate water supply to support test production wash plant. The estimated budget for this is \$205,000 for a 12 week program.

We will make a decision whether to proceed with each successive phase of the exploration program upon completion of the previous phase and upon analysis of the results of that program.

The cutoff grade will be determined as part of the feasibility study process.

We will follow QA/QC protocols provided by the Society for Mining, Metallurgy and Exploration Guidance on best practices for Exploration [www.smenet.org](http://www.smenet.org).

### **Recent Initial Exploration and Exploitation**

Although many companies and individuals are engaged in the mining business, including large established mining companies, there is a limited supply of desirable mineral lands available for claim staking, lease, or other acquisition in the United States and other areas where USMetals contemplates conducting its exploration and/or production activities. However, it has been determined by qualified geologists and mining companies that USMetals' Arizona properties have mineralization of a variety of precious and non-precious minerals. Historically, the specific geographic region in which USMetals intends to conduct its exploratory and mining activities has been the subject of various general samplings, which were performed by the State of Arizona, the United States Department of the Interior Bureau of Mines, and the United States Department of the Interior Bureau of Land Management.

Registrant has relied upon a number of studies by companies that are not presently affiliated or associated with USMetals to determine the feasibility and valuation of USMetals' pursuit to develop the Mining Claims. These studies are comprised of several exploration techniques, such as geological and geophysical surveys, drilling, and excavations, in order to determine the economic potential, and subsequent exploration and mining, of the Claims. These different firms, have utilized varied means to calculate the potential of the exploration and development of the Twin Peaks Mine's Mining Claims.

### **Early Exploration Conducted and Valuations.**

Past geological studies indicated that beginning in 1981 a geologist performed certain exploratory drillings in order to obtain samples of the contents from the Crosby Mine Site No. 6, located Yavapai County, Arizona (one of the claims in USMetals' Twin Peaks Mine). The geologist drilled 28 core drill holes on the Crosby Mine site. His report was based on 200-foot depth cores. This area was 18,519 cubic yards, or approximately 20,000 tons of mineralized material. The total area that was drilled was 1,500' x 600' x 200'. A total of 744 core samples were taken from the 6,000-foot of core hole drillings. The samples were assayed for gold and silver.

The results indicated the presence of mineralization of gold and silver. The core samples also revealed quartz monzonite porphyry formations throughout the area of sampling. The many faults located in this area were of considerable importance in controlling supergene enrichment; the largest quantity and highest grade of ore occurs when these faults intersect or are closely spaced. There was significant evidence of this enrichment recorded from the samples taken from the Crosby Mine site area. And, the gold and silver that was found is natural to the formations of the enrichment zone.

### **Recent Exploration and Samplings**

Recent geological surveys provided by International Energy and Resources, Inc., (IERI), one of USMetals' principal advisors have confirmed prior geological reports. It was verified that the Twin Peaks Mine is on a mineralized structure and flat zone with gold and silver carrying mineralization.

Historically, over 10,000 feet of core drillings were performed and over 1,500 fire assays were conducted. These assays showed an overall average of .14 ounces of gold per ton and .595 ounces of silver per ton, on one area covering 3 claims.

The geological, geophysical, and geochemical studies stated above were reviewed and evaluated by an independent mining, consulting, and geologic firm that was engaged to evaluate the commercial feasibility of the claims. The report and economic study recommended the continuation of exploration and the start of production.

The geological justification for the exploration project at the Twin Peaks Mine is that numerous past geological studies have found gold and silver mineralization in economically viable quantities at various locations within the boundaries of the claims group. There are also areas within the claims group that contain uranium and areas containing complex ores.

The geological justification for the exploration project at the Chocolate Mountain Region claims is that there is visible gold in the ground and past geological studies have found gold and silver in economically viable quantities at various locations within the boundaries of the claims groups.

**A breakdown of the exploration timetable and budget, including estimated amounts that will be required for each exploration activity.**

The six month exploration timetable and budget for the Twin Peaks Mine is as follows:

The total cost is projected to be \$2.4 million to complete a electromagnetic flyover, a comprehensive drilling program, road repair and extensions, design and building of a test mill of 50 to 1,000 tons per day capacity. The estimate of six month time period is an estimate of time need to perform tasks only and does not take into account delays for governmental review and approval of our mining plan.

The 12 week exploration timetable and budget for the Chocolate Mountain Region claims is as follows:

The total cost is projected to be \$205,000 to complete an electromagnetic flyover, comprehensive road repair and extensions, design and purchase of a wash plant of 10 tons per hour capacity. The estimate of twelve week time period is an estimate of time needed to perform tasks only and does not take into account delays for governmental review and approval of our mining plan.

**How the exploration program will be funded.**

We are seeking funding via equity or debt financing in the form of private placements, working interest joint venture, and/or gold bullion loans in the United States, Europe and Asia.

**Identification of who will be conducting any proposed exploration work, and a discussion of their qualifications.**

To date the Company has contracted with International Energy and Resources, Inc., and Quantum GeoConsultants, LLC, for limited exploration and geological work on the Company's properties. Given adequate financing we intend to use additional qualified mining consultants and engineers subject to their availability and willingness and our need, but we have not contracted with any other vendors as of the date of this report. A summary of the qualifications of International Energy and Resources, Inc., a wholly owned subsidiary of US American Resources, Inc., and Quantum GeoConsultants, LLC, follows:

## **USCorp Consultants**

Quantum GeoConsultants, LLC.

Edwin Arbar, Managing Partner: Bachelor Degree: Bioscience, Geoscience, Western State College, Colorado, U.S.A.

Certificates: Advanced Environmental Engineering: Mining industry waste and water pollution control and remediation. University of Concepcion, Concepcion, Chile.

Gemstone Certifications: Gemological Institute of America, Los Angeles, California. Certificates for Diamond Grading, Diamond Appraisal, and Colored Gemstones

Registered Environmental Assessor; State of California, Registered #REA-03167

Summary of experience: Retired from Fluor Mining and Metals division of Fluor Corporation as a Senior Manager after 40 years of project engineering and field management of domestic and international world class E.P.C.M. projects in the following categories: Geophysical exploration; Drilling/blasting; O/P and U/G mine development/production; Mass excavations; Crushing/conveyor systems; Ore processing plants; Heap leach pads; Open and closed circuit SX/EW units; Precious metal placer development and recovery systems; Tailings ponds; Toxic waste water treatment; Salt water conversion plants; Environmental assessment/remediation; Microwave/fiber optic communication systems; Crude oil refineries w/LNG facilities; Petrochemical plants; Power generation plants and hi-power transmission lines; Major oil, gas and mineral concentrates pipelines; Railroads and back-country air ports; Offshore oil/gas production platforms and marine pipelines; High-tech research and development centers; Diamond exploration and recovery systems.

Metals Exploration/Development Consultant: August 2002 to present

Perform professional services as a member of a mining industry consulting group: Performing audits on technical and due diligence reports by conducting on-site studies and review of historical and new data including, but not limited to: Geological surveys; Geochemical tests; Geophysical surveys; 3-D aerial photo studies; Review satellite photos; Perform assays and/or verify historical assay test reports; Review core drilling logs and reports; Conduct/review laboratory tests and feasibility studies; Prepare/review pilot plant flow sheets and reports; Title search and review; Review/verify water rights and legal data; Review right-of-way easements; Review B.L.M. permits; Review E.I.R.'s and related data; Review status of fees/taxes paid for patented and un-patented mineral claims; Review safety, cost and schedules: for multi-national owners and/or investors based in the U.S.A., Canada, Argentina, Chile, Brazil, Bolivia, Peru, Alaska and Mexico.

International Energy and Resources, Inc., a wholly owned subsidiary of US American Resources, Inc. and Subsidiaries include:

Hilbrands And Western Mining Company a wholly owned subsidiary of US American Resources

Ted Hilbrands, and Arie Hilbrands, Owner Operators. Hilbrands and Western is an Arizona-based mining company with 30 years of experience in mining, drilling, and exploration. Expert witness for U.S. Mineral Surveyor, worked extensively on construction projects with the US Army Corps of Engineers. They have extensive knowledge in land survey, mine ownership and leaching, mill construction and management.



### **Specific Environmental Regulation.**

Mining is subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mineral exploration and production. Environmental liability may result from mining activities conducted by others prior to USMetals' ownership of a property. Insurance for environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) is not generally available at a reasonable price to companies within the industry. To the extent USMetals is subject to environmental liabilities, the payment of such liabilities would reduce funds otherwise available to USMetals and could have a material adverse effect on USMetals.

In the context of environmental compliance and permitting, including the approval of reclamation plans, USMetals must comply with standards, laws and regulations which may entail greater or lesser costs and delays depending on the nature of the activity to be permitted, constructed and operated and how stringently the regulations are implemented by the applicable regulatory authority. It is possible that the costs and delays associated with compliance with such laws, regulations and permits could become such that a company would not proceed with the development of a project or the operation or further development of a mine. Laws, regulations and regulatory policies involving the protection and remediation of the environment are constantly changing at all levels of government and are generally becoming more restrictive and the costs imposed on the development and operation of mineral properties are increasing as a result of such changes. USMetals has made, and expects to make in the future, significant expenditures to comply with such laws and regulations.

The Environmental Protection Agency ("EPA") continues the development of a solid waste regulatory program specific to mining operations under the Resource Conservation and Recovery Act ("RCRA"). The difficulty is that many Federal laws duplicate existing state regulations.

Mining companies in the United States are also subject to regulations under (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA") which regulates and establishes liability for the release of hazardous substances and (ii) the Endangered Species Act ("ESA") which identifies endangered species of plants and animals and regulates activities to protect these species and their habitats. Revisions to CERCLA and ESA are being considered by Congress; the impact on USMetals of these revisions is not clear at this time. Environmental laws and regulations enacted and adopted in the future may have a significant impact upon USMetals' future operations.

Reclamation plans which are approved by various environmental regulatory authorities are subject to on-going review and modification. Although USMetals' management believes that the reclamation plans developed and implemented for its mine sites are reasonable under current conditions, any future re-determination of reclamation conditions or requirements could significantly increase USMetals' costs of implementation of such plans.

## **Competition.**

There is aggressive competition within the minerals industry to discover and acquire properties considered to have commercial potential. USMetals will compete for promising gold exploration projects with other entities, many of which have greater financial and other resources than USMetals. In addition, USMetals will compete with other firms in its efforts to obtain financing to explore and develop mineral properties including the claims it already owns. Further, the mining industry is typified by companies with significantly greater financial resources and market recognition than the Company. At present, Registrant is not a significant factor within this industry.

## **Employees and Independent Contractors.**

As of the Date of this Report, Registrant did not employ any persons other than its executive officers and directors named herein.

As of the Date of this Report, Registrant and its wholly owned subsidiaries have utilized two principal consultants/advisors: Quantum GeoConsulting Group, under its managing partner, Edwin Arbar and International Energy and Resources, Inc. (IERI) under the guidance and direction of IERI's current Chairman and CEO, John Owen, which, in turn, employ subcontractors that perform work indirectly for Registrant and its subsidiaries.

## **C. Risk Factors**

**Lack of Operating History and Earnings.** Registrant has no operating history or revenues. Registrant expects to incur further losses in the foreseeable future due to significant costs associated with its business development, and the business development of its subsidiaries, including costs associated with its acquisition of new mining claims and/or operations. There can be no assurance that Registrant's operations will ever generate sufficient revenues to fund its continuing operations that Registrant will ever generate positive cash flow from its operations, or that Registrant will attain or thereafter sustain profitability in any future period.

**Speculative Nature of Registrant's Proposed Operations; Dependence Upon Management.** The success of Registrant's operations, independently and through its subsidiaries, and its proposed plan of operation will depend largely on the operations, financial condition, and management of Registrant. While management intends to engage in the business purposes stated herein, there can be no assurance that it, or any of its subsidiaries, will be successful in conducting such business. Presently, Registrant is totally dependent upon the personal efforts of its current management. The loss of any officer or director of Registrant could have a material adverse effect upon its business and future prospects. Registrant does not presently have key-man life insurance upon the life of any of its officers or directors. None of our management are chemists, metallurgists, mining engineers or geologists and as such do not have the technical experience in exploring for, starting, and/or operating a mine. 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; however there can be no assurance that management will be successful in raising the necessary funds, recruiting, hiring and retaining such qualified individuals. Such consultants have no fiduciary duty to Registrant or its shareholders, and may not perform as expected. The success of Registrant will, in significant part, depend upon the efforts and abilities of management, including such consultants as are or may be engaged in the future.

**See "PART III, ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS".**

**Risks Inherent In Exploration and Mining Operations.** Mineral exploration is highly speculative and capital intensive. Most exploration efforts are not successful, in that they do not result in the discovery of mineralization of sufficient quantity or quality to be profitably mined. Registrant's Mining Claims are also indirectly subject to all hazards and risks normally incidental to developing and operating mining properties. These risks include insufficient ore reserves, fluctuations in production costs that may make mining of reserves uneconomic; significant environmental and other regulatory restrictions; and the risks of injury to persons, property or the environment. In particular, the profitability of gold mining operations is directly related to the price of gold. The price of gold fluctuates widely and is affected by numerous factors that are beyond the control of any mining company. These factors include expectations with respect to the rate of inflation, the exchange rates of the dollar and other currencies, interest rates, global or regional political, economic or banking crises, and a number of other factors. If the price of gold should drop dramatically, the value of the Mining Claims could also drop dramatically, and the Company might then be unable to recover its investment in those interests or properties. Selection of a property for exploration or development; the determination to construct a mine and to place it into production, and the dedication of funds necessary to achieve such purposes, are decisions that must be made long before the first revenues from production will be received. Price fluctuations between the time that such decisions are made and the commencement of production can drastically affect the economics of a mine. The volatility of gold prices represents a substantial risk, generally, which no amount of planning or technical expertise can eliminate.

**Uncertainty of Reserves and Mineralization Estimates.** There are numerous uncertainties inherent in estimating proven and probable reserves and mineralization, including many factors beyond Registrant's control. The estimation of reserves and mineralization is a subjective process and the accuracy of any such estimates is a function of the quality of available data and of engineering and geological interpretation and judgment. Results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may justify revision of such estimates. No assurances can be given that the volume and grade of reserves recovered and rates of production will not be less than anticipated. Assumptions about prices are subject to great uncertainty and gold prices have fluctuated widely in the past. Declines in the market price of gold or other precious metals also may render reserves or mineralization containing relatively lower grades of ore uneconomic to exploit. Changes in operating and capital costs and other factors including, but not limited to, short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades, may materially and adversely affect reserves.

**Environmental Risks.** Mining is subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mineral exploration and production. Insurance against environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) is not generally available to Registrant (or to other companies within the gold industry) at a reasonable price. To the extent Registrant becomes subject to environmental liabilities, the satisfaction of any such liabilities would reduce funds otherwise available and could have a material adverse effect on Registrant. Laws and regulations intended to ensure the protection of the environment are constantly changing, and are generally becoming more restrictive.

**Proposed Federal Legislation.** Over the past ten years, the U.S. Congress has adopted revisions of the General Mining Law of 1872, which governs the creation of mining claims and related activities on Federal public lands in the United States. Similarly, the U. S. Congress and the Clinton Administration eliminated the U.S. Bureau of Mines, which was the agency responsible for gathering and maintaining data on mines throughout the United States. Beyond changes to the existing laws, the Congress or the Bush Administration may propose or adopt new laws; any such revisions could also impair USMetals' and Southwest's ability to develop, in the future, any mineral prospects that are located on unpatented mining claims on Federal lands.

**Title to Properties.** The validity of unpatented mining claims, which constitute all of Registrant's property holdings, is often uncertain and such validity is always subject to contest. Unpatented mining claims are unique property interests and are generally considered subject to greater title risks than patented mining claims, or other real property interests that are owned in fee simple. Registrant has not filed any patent applications for any of its properties that are located on Federal public lands in the United States, (specifically, in the States of Arizona and California), and, under changes to the General Mining Law, patents may not be available for such properties. Although management believes it has taken requisite action to acquire satisfactory title to its undeveloped properties, it does not intend to go to the expense to obtain title opinions until financing is secured to develop the property, with the attendant risk that title to some properties, particularly title to undeveloped properties, may be defective.

**Competition.** There is aggressive competition within the minerals industry to discover and acquire properties considered to have commercial potential. Registrant will compete for promising gold exploration projects with other entities, many of which have greater financial and other resources than Registrant. In addition, Registrant will compete with other firms in its efforts to obtain financing to explore and develop mineral properties.

**Registrant's Financial Statements Contain a "Going Concern Qualification."** Registrant may not be able to operate as a going concern. The independent auditors' report accompanying its financial statements contains an explanation that Registrant's financial statements have been prepared assuming that it will continue as a going concern. Note 1 to these financial statements indicates that Registrant is in the development stage and needs additional funds to implement its plan of operations. This condition raises substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Registrant's audit report and financial statements are included herein as "PART F/S".

**Uncertainty As To Management's Ability To Control Costs And Expenses.** With respect to Registrant's development of its mining properties and the implementation of commercial operations, management cannot accurately project or give any assurance, with respect to its ability to control development and operating costs and/or expenses. Consequently, if management is not able to adequately control costs and expenses, such operations may not generate any profit or may result in operating losses.

**No Dividends.** The Company has not paid any dividends nor, by reason of its present financial status and contemplated financial requirements, does it anticipate paying any dividends in the foreseeable future.

**Risks of Low-Priced Stocks And Possible Effect of “Penny Stock” Rules on Liquidity.** Currently Registrant’s stock is defined as a “penny stock” under Rule 3a51-1 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. In general, a “penny stock” includes securities of companies which are not listed on the principal stock exchanges or the National Association of Securities Dealers Automated Quotation System (“NASDAQ”) or National Market System (“NASDAQ NMS”) and have a bid price in the market of less than \$5.00; and companies with net tangible assets of less than \$2,000,000 (\$5,000,000 if the issuer has been in continuous operation for less than three years), or which has recorded revenues of less than \$6,000,000 in the last three years. “Penny stocks” are subject to rule 15g-9, which imposes additional sales practice requirements on broker-dealers that sell such securities to persons other than established customers and “accredited investors” (generally, individuals with net worth in excess of \$1,000,000 or annual incomes exceeding \$200,000, or \$300,000 together with their spouses, or individuals who are officers or directors of the issuer of the securities). For transactions covered by Rule 15g-9, a broker-dealer must make a special suitability determination for the purchaser and have received the purchaser’s written consent to the transaction prior to sale. Consequently, this rule may adversely affect the ability of broker-dealers to sell Registrant’s stock, and therefore, may adversely affect the ability of Registrant’s stockholders to sell stock in the public market.

**Shares Eligible for Future Sale.** A total of 29,531,459 shares of Common Stock are issued and outstanding as of the date of this Report, of which approximately 23,586,257 shares thereof are “restricted securities” as that term is defined under the Securities Act. Therefore, all such restricted shares must be held indefinitely unless subsequently registered under the Securities Act or an exemption from registration becomes available. One exemption that may be available in the future is Rule 144 adopted under the Securities Act. Generally, under Rule 144 any person holding restricted securities for at least one year may publicly sell in ordinary brokerage transactions, within a 3 month period, the greater of one (1%) percent of the total number of a company’s shares outstanding or the average weekly reported volume during the four weeks preceding the sale, if certain conditions of Rule 144 are satisfied by the company and the seller. Furthermore, with respect to sellers who are “non-affiliates” of the company, as that term is defined in Rule 144, the volume sale limitation does not apply and an unlimited number of shares may be sold, provided the seller meets a holding period of 2 years. Sales under Rule 144 may have a depressive effect on the market price of Registrant’s securities, should a public market be available for Registrant’s shares.

**Safe Harbor Statement:** Under the United States Private Securities Litigation Reform Act of 1995, except for the statements of historical fact contained herein, the information presented constitutes “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements, including but not limited to those with respect to the price of gold, the timing of the exploration of the Company’s properties, the timing of the development of the Company’s properties, the timing and amount of estimated future production, costs of production, mineralization and “reserve” determination involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the actual results of current exploration and development activities, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, future prices of gold, silver or other metals and minerals. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

(See “Forward Looking Statements”, PART I).

**(D) Reports to Security Holders**

The public may read and copy any materials filed with the SEC at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of that SEC internet site is <http://www.sec.gov>.

**ITEM 2. DESCRIPTION OF PROPERTY**

The Company's principle executive offices are located at 4535 W. Sahara Ave., Suite 204, Las Vegas, NV 89102 and its telephone number is (702) 933-4034.

**ITEM 3. LEGAL PROCEEDINGS**

During the fiscal year ended September 30, 2004, the Company was not a party to legal proceedings requiring disclosure in this Report and none of the Company's officers or directors are involved in any litigation in their capacities as such officers or directors of the Company.

**ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

Two matters were put to the vote of the shareholders during the fiscal year ended on September 30, 2004. On June 14, 2004 the shareholders approved the addition of a second class of convertible preferred stock, 50,000,000 shares designated Series B and convertible into two shares of common stock. On September 15, 2004 the shareholders approved increasing the number of common shares authorized to be issued from 100,000,000 to 300,000,000. Subsequent to the date of this report, on November 8, 2004, the shareholders approved the addition of a second class of common stock, 25,000,000 shares designated Series B common.

## PART II

**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS**

The Company's securities are quoted on the OTC Bulletin Board and as of December 23, 2003 the Company's shares are also traded on the Third Segment of the Berlin Stock Exchange under symbol UCP.BER, WKN number A0BLBB.

The following table sets forth for the periods indicated the range of high and low closing bid quotations for the Company's common stock during the past two fiscal years. These quotations represent inter-dealer prices without retail mark-up, mark-down or commission and may not represent actual transactions:

| <u>PERIOD</u>                    | <u>HIGH</u> | <u>LOW</u> |
|----------------------------------|-------------|------------|
| Quarter ended December 31, 2002  | \$ 3.00     | \$ 0.31    |
| Quarter ended March 30, 2003     | \$ 1.01     | \$ 0.31    |
| Quarter ended June 30, 2003      | \$ 0.40     | \$ 0.31    |
| Quarter ended September 30, 2003 | \$ 0.45     | \$ 0.27    |
| Quarter ended December 31, 2003  | \$ 0.55     | \$ 0.23    |
| Quarter ended March 30, 2004     | \$ 0.50     | \$ 0.31    |
| Quarter ended June 30, 2004      | \$ 0.63     | \$ 0.34    |
| Quarter ended September 30, 2004 | \$ 0.44     | \$ 0.25    |

On October 7, 2004 the reported closing price for the Company's common stock was \$0.26 per share; there were approximately 171 record holders of the Company's shares.

The Company has not paid any dividends and there are presently no plans to pay any such dividends in the foreseeable future. The declaration and payment of dividends in the future will be determined by the Board of Directors in light of conditions then existing, including earning, financial condition, capital requirements and other factors. There are no contractual restrictions on the Company's present or future ability to pay dividends. Further, there are no restrictions on any of the Company's subsidiaries which would, in the future, adversely affect the Company's ability to pay dividends to its shareholders.

**Recent Sales of registered and unregistered securities.**

During fiscal year 2004, the Company issued (i) 1,069,945 shares of common stock to vendors to pay outstanding invoices of \$470,776; (ii) 550,000 shares of common stock and received proceeds of \$212,000.

Additionally, In June 2004, the Company commenced a private placement of 6 million units of its securities with each unit consisting of one share of preferred stock and one warrant to purchase an additional share of preferred stock at a price of \$0.50 per unit. The offer terminates in January 2005. Each preferred share is convertible into two common shares at any time at the election of the preferred shareholder. Each warrant represents the right of the holder to purchase one additional preferred share at a price of \$0.50 during the two-year period following the date of their issuance. The Company may call the warrants at any time at a redemption price of \$0.001 per warrant provided the price of its common stock has traded above \$1 for 20 consecutive days.

The preferred shares accrue interest at the rate of 10% per annum of the purchase price of \$0.50, or \$0.05 per year, payable annually in arrears. The Company may elect to make payment of interest in the form of common shares. In which case the number of common shares payable will equal the amount of interest payable divided by the closing price of the common shares on the date the dividend is declared by the Company.

The preferred shares are redeemable by the Company at any time after one year from the date of their issuance provided that the common shares have sustained a trading price of not less than \$1.00 per common share for at least 20 consecutive trading days. If the Company elects to redeem the Shares, the redemption price shall be determined as follows:

- (i) During the second year after their issuance at \$0.575 per preferred share;
- (ii) During the third year after their issuance at \$0.55 per preferred share;
- (iii) During the fourth year after their issuance at \$0.525 per preferred share;
- (iv) After the fourth year after their issuance at \$0.50 per preferred share.

During September 2004, the Company received \$55,175 of subscriptions for 112,500 units in this private placement.

Finally, the company issued registered shares as follows: 2,118,441 shares of common stock to consultants for services rendered valued at \$673,898.

## **ITEM 6. 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.

## **OVERVIEW**

The Company is an "exploration stage" company. During fiscal year ended September 30, 2004, the Company's activities centered on the exploration of USMetals' mining property known as the Twin Peaks Mine and the acquisition of Chocolate Mountain Region Claims in the Mesquite Mining District of Imperial County, California. During the fiscal year, 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, expansion and maintenance of the Company's website, 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. The annual maintenance fee payment for the 170 claims owned by the Registrant was increased from \$100 per claim to \$125 per claim for a total of \$21,250.

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

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.

## **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 pursuing 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.

The Registrant, through its wholly owned subsidiary Southwest Resource development, Inc., owns 8 unpatented lode and 21 unpatented placer mining claims totaling approximately 3,520 acres in eastern Imperial County, California which the Company refers to as the Chocolate Mountain Region Claims in the Mesquite Mining District of Imperial County. These claims and the surrounding Mesquite Mining District have a history of mining activity going back almost 200 years. The exploration, drilling and assessment work at the Chocolate Mountain Region Claims in the Mesquite Mining District of Imperial County, was done and geological reports were completed by prior owners and indicated the presence of economically viable deposits of precious metals.

## I. Results of Operations

### **Comparison of operating results.**

The Company has not yet commenced commercial operations and has had no revenues from operations.

General and administrative expense for fiscal 2004 was \$956,174 compared to \$865,287 for last year, an increase of approximately 10.5%. The main areas of increase were in administration costs (\$149,048 for fiscal 2004 compared to \$83,532 last year); license expense (\$26,289 in fiscal 2004 compared to \$14,100 in fiscal 2003) and professional fees (\$50,180 in fiscal 2004 compared to \$5,133 in fiscal 2003). The increase in license expense was due to (a) an increase by the Bureau of Land Management in the year lease payment from \$100 to \$125 per claim and (b) to the increase in claims from 141 to 170.

After interest expense in fiscal 2004 of \$7,934, compared to \$0 in the prior year, the Company realized a net loss for fiscal 2004 of \$964,108 as compared to a net loss of \$865,287 for the prior fiscal year. This loss translated into a loss of \$0.04 per shares for fiscal 2004, compared to a loss of only \$0.03 for fiscal 2003.

## **II. Discussion of Financial Condition: Liquidity and Capital Resources**

At September 30, 2004 cash on hand was \$16,781 as compared with \$59,555 at September 30, 2003. During fiscal 2004 the Company received \$267,175 through the sale of common stock and preferred stock. In addition, the Company received services and the cancellation of existing indebtedness in the aggregate amount of \$1,144,674 through the issuance of additional shares of common stock. See, "**Recent Sales of Unregistered Securities**" above.

The Company used these cash proceeds to pay for its business operations.

At September 30, 2004, the Company had a working capital deficit of \$115,840 compared to working capital deficit of \$505,989 at September 30, 2003. Working capital increased mainly as a result of issuing preferred and common stock in cancellation of existing debt and for cash proceeds as discussed above.

Total assets at September 30, 2004 were \$2,468,664 as compared to \$2,509,021 at September 30, 2003.

The Company's total stockholders' equity increased \$392,566 from September 30, 2003 to \$2,336,043 at September 30, 2004. Stockholders' equity increased because of the issuance of preferred and common stock for cash proceeds and in payment for services and cancellation of prior debt as discussed above.

### **Impact of Inflation**

The general level of inflation has been relatively low during the last several fiscal years and has not had a significant impact on the Company.

**ITEM 7. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

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**DONAHUE ASSOCIATES, L.L.C.**  
**27 BEACH ROAD, SUITE C05-A**  
**MONMOUTH BEACH, NJ. 07750**  
**Phone: (732) 229-7723**

**Independent Auditor's Report**

The Shareholders  
USCorp.  
(a Exploration Stage Company)

We have audited the accompanying consolidated balance sheets of USCorp. as of September 30, 2004 and September 30, 2003 and the related consolidated statements of operations and consolidated statements of changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted by the Public Company Accounting Oversight Board in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of USCorp. as of September 30, 2004 and September 30, 2003 and the related consolidated statements of operations and consolidated statement of changes in shareholders' equity and cash flows for the years then ended then ended in conformity with generally accepted accounting principles generally accepted in the United States of America.

As more fully discussed in Note 2 to the consolidated financial statements, there are significant matters concerning the Company that raise substantial doubt as to the ability of the Company to continue as a going concern. Management's plans with regard to these matters are also described in Note 2 to the consolidated financial statements. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets or the amounts and classifications of recorded liabilities that might be necessary in the event that the Company cannot continue in existence.

/s/ Donahue Associates, L.L.C.  
Donahue Associates, L.L.C.

Monmouth Beach, New Jersey  
November 10, 2004

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**USCorp.**  
**(an Exploration Stage Company)**  
**Consolidated Balance Sheets**  
**As of September 30, 2004 and September 30, 2003**

| <b>ASSETS</b>   | <b>2004</b>      | <b>2003</b>      |
|---|------------------|------------------|
| Current assets:   |                  |                  |
| Cash  | \$ 16,781        | \$ 59,555        |
| <b>Total current assets</b>   | <b>16,781</b>    | <b>59,555</b>    |
| Other assets:   |                  |                  |
| Equipment- net  | 2,417            | 0                |
| <b>Total assets</b>   | <b>\$ 19,198</b> | <b>\$ 59,555</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>   |                  |                  |
| Current liabilities:  |                  |                  |
| Accounts payable & accrued expenses   | \$ 38,797        | \$ 529,311       |
| Subscriptions payable-net   | 49,657           | 0                |
| Advance payable to shareholder  | 44,167           | 36,233           |
| <b>Total current liabilities</b>  | <b>132,621</b>   | <b>565,544</b>   |
| Shareholders' equity:   |                  |                  |
| Series A preferred stock, one share convertible to eight shares of common;<br>no stated dividend, stated value \$0.01, 10,000,000 shares authorized,<br>no shares outstanding at September 30, 2004 and September 30, 2003              | \$ 0             | \$ 0             |
| Series B preferred stock, one share convertible to two shares of common;<br>10% cumulative stated dividend, stated value \$0.50, 50,000,000 shares<br>authorized,<br>no shares outstanding at September 30, 2004 and September 30, 2003 | 0                | 0                |
| Common stock- \$.01 par value, authorized 100,000,000 shares,<br>Issued and outstanding, 29,531,459 shares at September 30, 2004<br>and 25,793,073 shares at September 30, 2003   | 295,314          | 257,931          |
| Additional paid in capital  | 6,685,716        | 5,366,425        |
| Accumulated deficit during exploration stage  | (7,094,453)      | (6,130,345)      |
| <b>Total shareholders' equity</b>   | <b>(113,423)</b> |                  |
| <b>Total Liabilities &amp; Shareholders' Equity</b>   | <b>\$ 19,198</b> | <b>\$ 59,555</b> |

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

**USCorp.**  
**(a Exploration Stage Company)**  
**Consolidated Statements of Operations**  
**For the Years Ended September 30, 2004 and September 30, 2003**  
**and from Inception, May 1989 through September 30, 2004**

|   | <b>2004</b> | <b>2003</b> | <b>Unaudited<br/>Inception<br/>to Date</b> |
|---|-------------|-------------|--|
| General and administrative expenses:            |             |             |  |
| Consulting                                      | \$ 730,657  | \$ 762,522  | \$ 2,752,789                               |
| Impairment Expense                              |             |             | 2,449,466                                  |
| Administration                                  | 149,048     | 83,532      | 840,113                                    |
| License expense                                 | 26,289      | 14,100      | 109,532                                    |
| Professional fees                               | 50,180      | 5,133       | 334,619                                    |
| Total general & administrative expenses         | 956,174     | 865,287     | 6,486,519                                  |
|   |             |             |  |
| Net loss from operations                        | (956,174)   | (865,287)   | (6,486,519)                                |
|   |             |             |  |
| Other income (expenses):                        |             |             |  |
| Interest expense                                | (7,934)     | 0           | (7,934)                                    |
| Loss on mining claim                            | 0           | 0           | (600,000)                                  |
|   |             |             |  |
| Net loss before provision for income taxes      | (964,108)   | (865,287)   | (7,094,453)                                |
|   |             |             |  |
| Provision for income taxes                      | 0           | 0           | 0  |
|   |             |             |  |
| Net loss  | (\$964,108) | (\$865,287) | (7,094,453)                                |
|   |             |             |  |
| Basic & fully diluted net loss per common share | (\$0.04)    | (\$0.03)    |  |
|   |             |             |  |
| Weighted average of common shares outstanding:  |             |             |  |
| Basic & fully diluted                           | 27,352,907  | 25,352,944  |  |

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



**USCorp.**  
**(a Exploration Stage Company)**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended September 30, 2004 and September 30, 2003**  
**and from Inception, May 1989 through September 30, 2004**

|   | 2004        | 2003        | Unaudited<br>Inception<br>to Date |
|---|-------------|-------------|-----------------------------------|
| <b>Operating Activities:</b>  |             |             |                                   |
| Net loss  | (\$964,108) | (\$865,287) | (€7,094,453)                      |
| Adjustments to reconcile net income items<br>not requiring the use of cash: |             |             |                                   |
| Loss on sale of mining claim  | 0           | 0           | 600,000                           |
| Consulting fees   | 673,898     | 272,784     | 1,946,492                         |
| Depreciation expense  | 583         | 0           | 583                               |
| Interest expense  | 7,934       |             | 7,934                             |
| Impairment expense  |             |             | 2,449,466                         |
| Changes in other operating assets and liabilities :                         |             |             |                                   |
| Accounts payable and accrued expenses                                       | (19,738)    | 529,309     | (303,749)                         |
| Net cash used by operations   | (301,431)   | (63,194)    | (2,393,727)                       |
| <b>Investing activities:</b>  |             |             |                                   |
| Purchase of equipment   | (3,000)     | 0           | (3,000)                           |
| Net cash used by investing activities                                       | (3,000)     | 0           | (3,000)                           |
| <b>Financing activities:</b>  |             |             |                                   |
| Issuance of common stock  | 212,000     | 0           | 2,088,539                         |
| Subscriptions received  | 55,175      | 0           | 55,175                            |
| Placement fees  | (5,518)     | 0           | (1,750)                           |
| Advance from shareholder  | 0           | 40,000      | 40,000                            |
| Capital contributed by shareholders   | 0           | 81,472      | 231,544                           |
| Net cash provided by financing activities                                   | 261,657     | 121,472     | 2,413,508                         |
| Net increase (decrease) in cash during the fiscal year                      | (42,774)    | 58,278      | 16,781                            |
| Cash balance at beginning of the fiscal year                                | 59,555      | 1,277       | 0                                 |
| Cash balance at end of the fiscal year                                      | \$ 16,781   | \$ 59,555   | \$ 16,781                         |
| <b>Supplemental disclosures of cash flow information:</b>                   |             |             |                                   |
| 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.**

**USCorp.**  
**(a Exploration Stage Company)**  
**Consolidated Statement of Changes in Shareholders' Equity**  
**From Inception to September 30, 2004**  
**( as Restated)**

|  | Common<br>Shares | Common<br>Par Value | Paid in<br>Capital | Accumulated<br>Deficit | Total       | Stock<br>Price * |
|--|------------------|---------------------|--------------------|------------------------|-------------|------------------|
| Inception                                  | 0                | \$ 0                | \$ 0               | \$ 0                   | \$ 0        |                  |
| Issuance of common<br>stock-6/6/89         | 84,688           | 847                 | 1,185,153          |                        | 1,186,000   | \$ 0.07          |
| Net income fiscal 1990                     |                  |                     |                    | 520,000                | 520,000     |                  |
| Balance at September 30,<br>1990-unaudited | 84,688           | 847                 | 1,185,153          | 520,000                | 1,706,000   |                  |
| Net income fiscal 1991                     |                  |                     |                    | 1,108,000              | 1,108,000   |                  |
| Balance at September 30,<br>1991-unaudited | 84,688           | 847                 | 1,185,153          | 1,628,000              | 2,814,000   |                  |
| Issuance of common stock-<br>4/3/92        | 472              | 5                   | 32,411             |                        | 32,416      | \$ 0.22          |
| Net income fiscal 1992                     |                  |                     |                    | 466,000                | 466,000     |                  |
| Balance at September 30,<br>1992-unaudited | 85,160           | 852                 | 1,217,564          | 2,094,000              | 3,312,416   |                  |
| Net loss fiscal 1993                       |                  |                     |                    | (3,116,767)            | (3,116,767) |                  |
| Balance at September 30,<br>1993-unaudited | 85,160           | 852                 | 1,217,564          | (1,022,767)            | 195,649     |                  |
| Net loss fiscal 1994                       |                  |                     |                    | (63,388)               | (63,388)    |                  |
| Balance at September 30,<br>1994-unaudited | 85,160           | 852                 | 1,217,564          | (1,086,155)            | 132,261     |                  |
| Net income fiscal 1995                     |                  |                     |                    | (132,261)              | (132,261)   |                  |
| Balance at September 30,<br>1995-unaudited | 85,160           | 852                 | 1,217,564          | (1,218,416)            | 0           |                  |
| Net loss fiscal 1996                       |                  |                     |                    | 0                      | 0           |                  |
|  | 85,160           | 852                 | 1,217,564          | (1,218,416)            | 0           |                  |

Balance at September 30,  
1996-unaudited

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**USCorp.**  
**(a Exploration Stage Company)**  
**Consolidated Statement of Changes in Shareholders' Equity**  
**From Inception to September 30, 2004**  
**(as Restated)**  
**(Continued)**

|   | Common<br>Shares | Common<br>Par Value | Paid in<br>Capital | Accumulated<br>Deficit | Total     | Stock<br>Price * |
|---|------------------|---------------------|--------------------|------------------------|-----------|------------------|
| Stock issued for mining claim- 9/15/97  | 150,000          | 1,500               | 598,500            |                        | 600,000   | \$ 0.20          |
| Issuance of common stock- 9/15/97       | 50,000           | 500                 | 59,874             |                        | 60,374    | \$ 0.06          |
| Stock issued for services- 9/15/97      | 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.**  
**(a Exploration Stage Company)**  
**Consolidated Statement of Changes in Shareholders' Equity**  
**From Inception to September 30, 2004**  
**(as Restated)**  
**(Continued)**

|   | Common<br>Shares | Common<br>Par Value | Paid in<br>Capital | Accumulated<br>Deficit | Total       | Stock<br>Price * |
|---|------------------|---------------------|--------------------|------------------------|-------------|------------------|
| Issuance of common stock- 12/7/00       | 103,535          | 1,035               | 611,943            |                        | 612,978     | \$ 0.15          |
| Issued stock for compensation- 1/2/01   | 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           |                  |
| Purchase mining claim- 4/2/02           | 24,200,000       | 242,000             | 2,207,466          |                        | 2,449,466   | \$ 0.10          |
| Issued shares to employees- 9/11/02     | 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- 9/12/03      | 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)   |                  |
|   | 25,793,073       | 257,931             | 5,366,425          | (6,130,345)            | (505,989)   |                  |

|                                       |               |            |           |             |            |      |
|---------------------------------------|---------------|------------|-----------|-------------|------------|------|
| Balance at September 30,<br>2003      |               |            |           |             |            |      |
| Issuance of common<br>stock- 12/29/03 | 550,000       | 5,500      | 206,500   |             | 212,000 \$ | 0.39 |
| Issued stock to pay bills-<br>2/23/04 | 1,069,945     | 10,699     | 460,077   |             | 470,776 \$ | 0.44 |
| Issued stock for services-<br>9/15/29 | 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,<br>2004      | 29,531,459 \$ | 295,314 \$ | 6,685,716 | (7,094,453) | (113,423)  |      |

See the notes to the financial statements.

\*- Price adjusted for stock splits.

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**USCorp.**

**(a Exploration Stage Company)**

**Notes to the Consolidated Financial Statements**

**For the Years Ended September 30, 2004 and September 30, 2003**

**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. and 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 purchased by issuing 24,200,000 shares of common stock 141 unpatented Lode Mining Claims in the Eureka Mining District of Yavapai County, Arizona, called the Twin Peaks Mine. Through its wholly owned subsidiary Southwest Resource Development, Inc., the Company owns 8 unpatented Lode and 21 unpatented Placer Claims in the Mesquite Mining District of Imperial County, California, which the Company refers to as the Chocolate Mountain Region Claims.

The Company has no business operations to date.

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

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

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

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

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

*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 is an exploration stage company. All costs incurred in the exploration for proved reserves are expensed to the statement of operations.

*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 accounting principles. Costs incurred during the exploration stage are accumulated in "losses accumulated during the exploration stage" and are reported in the Stockholders' Equity section of the balance sheet.



## 2. Going Concern

The accompanying financial statements have been presented in accordance with generally accepted accounting principals, which assume the continuity of the Company as a going concern. However, during the twelve months ending September 30, 2004 and in the prior several fiscal years, the Company has experienced, and continues to experience, certain going concern issues related to profitability. The Company incurred a net loss of \$964,108 in fiscal 2004 and \$7,094,453 since its inception and continues to rely on the issuance of shares to raise capital to fund its business operations.

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.

## 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. Fully diluted loss per share includes the dilutive effects of outstanding common stock equivalents. There were shareholder notes convertible into 100,000 shares of common stock outstanding during fiscal 2004 that expired on September 30, 2004. The effect of the outstanding convertible debt is not included in the calculation for net loss per share because their inclusion would be anti-dilutive.

The weighted average of common shares outstanding for the fiscal years ended 2004 and 2003 has been computed as follows:

|                    | 2004       | 2003       |
|--------------------|------------|------------|
| Shares outstanding | 29,531,459 | 25,793,073 |
| Weighted average   | 27,352,907 | 25,352,944 |

#### 4. Issuances of Common Stock

During fiscal year 2003, the Company issued 872,000 shares to employees and consultants for services rendered valued at \$272,784.

During fiscal year 2004, the Company issued 1,069,945 shares of common stock to vendors to pay outstanding invoices of \$470,776.

During fiscal year 2004, the Company issued 550,000 shares of common stock and received proceeds of \$212,000.

During fiscal year 2004, the Company issued 2,118,441 shares of common stock to consultants for services rendered valued at \$673,898.

#### 5. Related Party Transactions

The Company is provided office space by the chief executive officer and majority shareholder at no cost to the Company.

During fiscal year 2003, the chief executive officer and majority shareholder and other shareholders contributed capital of \$81,472 to the Company for no shares.

In September 2003, the Company issued convertible debt at no interest to shareholders in the Company and received proceeds of \$40,000. The debt matured in September 2004 and entitled the shareholders to convert the debt into 100,000 shares of common stock at an exercise price of \$0.40 per share. The Company recorded a beneficial conversion feature of \$3,767 as a result of the transaction and amortized the beneficial conversion feature to interest expense during fiscal year 2004. In addition, the Company imputed interest on the shareholder advance of 10% and recorded the interest expense in the statement of operations.

#### 6. Property and Equipment

A summary of equipment at September 30, 2004 is as follows:

|                          | 2004     | 2003 |
|--------------------------|----------|------|
| Office equipment         | 3,000    | 0    |
| Accumulated depreciation | (583)    | 0    |
| Net property & equipment | \$ 2,417 | \$ 0 |

## 7. Private Placement

In June 2004, the Company offered a private placement of 6 million units. Each unit of the private placement contained one share of preferred stock and one warrant at a price of \$0.50 per unit. The offer terminates in January 2005.

Each preferred share is convertible into two common shares at any time at the election of the preferred shareholder. Each warrant represents the right of the holder to purchase one additional preferred share at a price of \$0.50 during the two-year period following the date of their issuance. The Company may call the warrants at any time at a redemption price of \$0.001 per warrant provided the price of its common stock has traded above \$1 for 20 consecutive days.

The preferred shares accrue interest at the rate of 10% per annum of the purchase price of \$0.50, or \$0.05 per year, payable annually in arrears. The Company may elect to make payment of interest in the form of common shares. In which case the number of common shares payable will equal the amount of interest payable divided by the closing price of the common shares on the date the dividend is declared by the Company.

The preferred shares are redeemable by the Company at any time after one year from the date of their issuance provided that the common shares have sustained a trading price of not less than \$1.00 per common share for at least 20 consecutive trading days. If the Company elects to redeem the Shares, the redemption price shall be determined as follows:

- (v) During the second year after their issuance at \$0.575 per preferred share;
- (vi) During the third year after their issuance at \$0.55 per preferred share;
- (vii) During the fourth year after their issuance at \$0.525 per preferred share;
- (viii) After the fourth year after their issuance at \$0.50 per preferred share.

During September 2004, the Company received \$55,175 of subscriptions for 112,500 units.

**8. Income Tax Provision**

Provision for income taxes is comprised of the following:

|  | 2004        | 2003        |
|--|-------------|-------------|
| Net loss before provision for income taxes | (\$957,174) | (\$865,287) |
| Current tax expense:                       |             |             |
| Federal                                    | \$ 0        | \$ 0        |
| State                                      | 0           | 0           |
| Total                                      | \$ 0        | \$ 0        |
| Less deferred tax benefit:                 |             |             |
| Timing differences                         | (1,871,059) | (1,482,447) |
| Allowance for recoverability               | 1,871,059   | 1,482,447   |
| 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           | \$ 1,871,059 | \$ 1,482,447 |
| Allowance for recoverability | (1,871,059)  | (1,482,447)  |
| 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.

**9. Addendum to the Consolidated Statement of Cash Flows**

The following transaction during the fiscal year 2004 has been classified as a non-cash transaction and has been excluded from the statement of cash flows.

During fiscal year 2004, the Company issued 1,069,945 shares of common stock to a consultant to pay for outstanding invoices of \$470,776.

**10. Restatement**

Statement of Financial Accounting Standards (SFAS) No. 7 requires the statement of changes in shareholders' equity since inception include dates of stock issuances and prices. The statement of operations for fiscal 2003 and 2004 were not affected by the restatement.

Subsequent to the issuance of this report, management decided that the mining asset acquired in fiscal year 2002, which was presented in the balance sheet as a fixed asset, should be accounted for as an impaired expense in the Statement of Operations. The following table compares the original financial statement reported amounts and the restated financial statement amounts.

|                      | <b>2004</b>        | <b>2004</b>        | <b>2003</b>        | <b>2003</b>        |
|----------------------|--------------------|--------------------|--------------------|--------------------|
|                      | <b>As Reported</b> | <b>As Restated</b> | <b>As Reported</b> | <b>As Restated</b> |
| Total assets         | \$ 2,468,664       | \$ 19,198          | \$ 2,509,021       | \$ 59,555          |
| Shareholders' equity | \$ 2,336,043       | (\$113,423)        | \$ 1,943,477       | (\$505,989)        |

**11. Stock Warrants Outstanding**

At September 30, 2003, the Company received a loan from two shareholders of \$40,000. The loans are unsecured and mature September 30, 2004 at no stated interest rate. The loan agreement calls gives the option to the shareholders to convert the proceeds of the loan into shares of common stock at \$.40 per share. As a result, the Company has imputed a beneficial conversion feature of \$3,767 to the proceeds received. The beneficial conversion feature was amortized to interest expense over fiscal 2004.

The following table summarizes the details of the number of warrants issued and outstanding and the weighted average exercise price and years remaining on the warrants.

|                                   | Amount    | Wgt'd Avg<br>Exercise<br>Price | Wgt'd Avg<br>Years to<br>Maturity |
|-----------------------------------|-----------|--------------------------------|-----------------------------------|
| Outstanding at October 1, 2002    | 0         |                                |                                   |
| Issued                            | 100,000   |                                |                                   |
| Expired                           | 0         |                                |                                   |
| Exercised                         | 0         |                                |                                   |
| Outstanding at September 30, 2003 | 100,000   | \$ 0.40                        | 1                                 |
| Issued                            | 0         |                                |                                   |
| Expired                           | 0         |                                |                                   |
| Exercised                         | (100,000) |                                |                                   |
| Outstanding at September 30, 2004 | 0         | \$ 0.00                        | 0                                 |

### **11. Stock Warrants Outstanding, continued**

The Company applied the Black-Scholes option pricing model to determine the fair value of the detachable stock warrants and common stock warrants issued in fiscal year 2004. The following assumptions were used in the model. The dividend yield is 0%, volatility is 20%, and a risk-free interest rate of 2%. The fair values generated by the Black-Scholes model may not be indicative of the future values, if any, that may be received by the warrant holder.

### **12. Subsequent Event**

In October 2004, the Company issued 115,000 shares of preferred B stock to subscription purchasers discussed in Note 7 and new subscription purchases received in October 2004. Also in October 2004 the shareholders approved a new class of Common Stock, 25,000,000 shares of \$.001 par value Series B Common Stock.

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**ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.**

- i. Registrant's primary accountant, Henry Schiffer, C.P.A., An Accountancy Corporation ("Schiffer"), was dismissed by the Company on March 19, 2004.
- ii. No reports on the financial statements prepared by Schiffer over the two most recent fiscal years contained any adverse opinion or disclaimer of opinion, or was qualified or modified as to uncertainty, audit scope, or accounting principals except for an uncertainty relating to the registrant's ability to continue as a going concern, which was stated in the reports for both years.
- iii. The decision to change accountants was approved by the Board on March 19, 2004.
- iv. During the registrant's two most recent fiscal years, and any subsequent interim period preceding the dismissal on March 19, 2004, there were no disagreements with the former accountant, Schiffer, on any matter of accounting principals or practices, financial statement disclosure, or auditing scope or procedure, which disagreement(s), if not resolved to the satisfaction of Schiffer, would have caused him to make reference to the subject matter of the disagreement(s) in connection with his reports.

Schiffer did not advise the registrant that internal controls necessary to develop reliable financial statements did not exist; no information had come to Schiffer's attention which would make him unwilling to rely on management's representations, or unwilling to be associated with the financial statements prepared by management. Schiffer did not advise the registrant that the scope of the audit should be expanded significantly, or that information had come to his attention that would materially impact the fairness or reliability of a previously issued audit report or the underlying financial statements or the financial statements issued or to be issued covering the fiscal periods subsequent to the date of the most recent audited financial statements, dated October 10, 2003, (including information that might preclude the issuance of an unqualified audit report).

- v. The registrant retained the services of Donahue Associates, L.L.C., Monmouth Beach, New Jersey ("Donahue") on March 19, 2004, as its principal accountant and to conduct an audit for the year ended September 30, 2003.
- vi. The registrant did not contact the new accountant prior to its engaging the new accountant regarding the application of accounting principals to a specified transaction, or the type of audit opinion that might be rendered on the registrant's financial statements.
- vii. The registrant did not contact the new accountant prior to its engaging the new accountant regarding any matter that was either the subject of a disagreement or a reportable event.

**ITEM 8A. CONTROLS AND PROCEDURES**

(a) Evaluation of disclosure and controls and procedures. Our Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2004. This evaluation was carried out under the supervision and with the participation of our management, including our principal executive officer and principal financial officer. Based on this evaluation, these officers have concluded that the design and operation of our disclosure controls and procedures are effective.

(b) Changes in internal controls. There were no significant changes to our internal controls or in other factors that could significantly affect internal controls subsequent to the date of their most recent evaluation.

Disclosure controls and procedures are our controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file under the Exchange Act is accumulated and communicated to our management, including principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

#### **Item 8B. Other Information**

In October 2004 the shareholders approved a new class of Common Stock, 25,000,000 shares of \$.001 par value Series B Common Stock. Effective November 17, 2004, the Company amended its Articles of Incorporation to create a new series of \$.001 par value common stock in the amount of 25,000,000 shares.

### **PART III**

#### **ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT.**

| <u>Name</u>     | <u>Age</u> | <u>Position Held</u>   |
|-----------------|------------|--|
| Robert Dultz    | 63         | Chief Executive Officer, acting Chief Financial Officer and Chairman |
| Larry Dietz     | 57         | President and Director   |
| Spencer Eubank  | 52         | Secretary, Treasurer and Director                                    |
| Carl W. O'Baugh | 73         | Director   |
| Tom Owens       | 56         | Director   |
| Judith Ahrens   | 64         | Director   |

Directors hold office until the next annual shareholders meeting or until their death, resignation, retirement, removal, disqualification, or until a successor has been elected and qualified. Vacancies in the Board are filled by majority vote of the remaining directors. Officers of the Company serve at the will of the Board of Directors.



**BUSINESS EXPERIENCE OF CURRENT DIRECTORS AND OFFICERS AS OF SEPTEMBER 30, 2004**

Robert Dultz USC Corp's Chairman and CEO since January 2002 has a 25-year association with the Twin Peaks property and as an individual is a former owner of a portion of the claims which make up the Twin Peaks property. Former Chairman and President of a prior corporate owner of the Twin Peaks claims and since 2000 has been a majority shareholder of corporate owners of the claims. Mr. Dultz has served on the boards of several publicly traded companies. Mr. Dultz spends in excess of 90% of his time working for USC Corp.

Larry Dietz, The Company's President and Director since January 2002, and has a 20-year association with the Twin peaks property and is former President of a prior corporate owner of the Twin Peaks claims. He served as President of Dietz and Associates, a mining consultancy, since 1982 and He is an expert in Arizona's geology. Dietz authored the Arizona Mineral Industry Location System, a database identifying all known mineral occurrences in the state. He is Registered Expert Witness with the Technical Advisory Services for Attorneys. Associate member of the Society of Mining Engineers of the American Institute of Mining, Metallurgical and Petroleum Engineers. Mr. Dietz currently works full time for PacifiCare at the Arizona State Retirement System. He devotes less than 5% of his time to USC Corp

Spencer Eubank, the Company's Secretary-Treasurer and a Director since January 2002. Mr. Eubank has served on the boards of several publicly traded companies. He has a 15-year association with the Twin Peaks property and since 2000 has been a shareholder and consultant to corporate owners of the claims. As an individual he is a former owner of 97 of the claims which make up the Twin Peaks property. Mr. Eubank spends in excess of 90% of his time working for USC Corp on a consulting basis.

Carl W. O' Baugh, an Independent Director of the Company since January 2002, and has a 20-year association with the Twin peaks property. Former Vice President of USC Corp and Former President of a prior corporate owner of the Twin Peaks claims. Former President of Golconda Gems, Inc., a wholesale gem cutting, importing and distribution company with operations in the United States and Mexico. Extensive knowledge and experience of gems, minerals and metals. Mr. O' Baugh as been retired since 2000 and devotes less than 5% of his time to USC Corp.

Tom Owens, is an Independent Director for the Company. He currently works full time as a litigation consultant and investigator. While serving with the Army in Bosnia Mr. Owens served as a public relations specialist before retiring from the military in 2000. In Bosnia Mr. Owens hosted a daily four-hour drive-time radio show carried via satellite to 134 countries. He supervised the preparation of the daily television newscast originating from Bosnia and led the first-ever U.S. news crew granted unescorted access inside a deployed Russian combat brigade. In 1994, Mr. Owens authored his book, Lying Eyes, a chronology of his work as a part of the team of professionals representing LAPD beating victim Rodney King. Mr. Owens worked as a law enforcement officer where he achieved the rank of captain. He holds the Los Angeles Police Medal and Police Star for valorous actions, awarded for service to the people of the city of Los Angeles. Mr. Owens serves the Registrant as an independent Director and on the Registrant's Audit Committee. Mr. Owens spends less than 10% of his time working for the Company.

Judith Ahrens an Independent Director of the Company since July 2003. Ms. Ahrens is a former lobbyist in Washington DC and has worked in public relations for National and State elected officials. Since 2000 Ms. Ahrens has worked full time for National Grants Conferences. She devotes less than 10% of her time to USC Corp.

(b) Family relationships.

There are no family relationships among the officers or directors.

(c) Involvement in certain legal proceedings.

There have been no events under any bankruptcy act, no criminal proceedings and no judgments or injunctions material to the evaluation of the ability and integrity of any director or executive officer during the past five years.

(d) Adoption of Code of Ethics.

On September 22, 2004 USCorp adopted a Code of Ethics for officers and directors of the Company, included in this report as Exhibit 14.

**COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT**

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's officers and directors, and persons who own more than ten percent of its common stock, to file reports of ownership and changes of ownership with the Securities and Exchange Commission ("SEC") and each exchange (or market quotation system) on which the Company's securities are registered. Officers, directors and greater than ten-percent stockholders are required by SEC regulation to furnish the Company with copies of all ownership forms they file.

Based solely on current management's review of the copies of such forms received by it from former management, the Company believes that, during the year ended September 30, 2004 its officers, directors, and greater than ten-percent beneficial owners complied with all applicable filing requirements.

**ITEM 10. EXECUTIVE COMPENSATION**

During the fiscal year, USCorp's officers or directors did not devote their full time to the affairs of USCorp. As reported in previous Form 10-QSB filings by the Company they did not receive compensation for their services; however, USCorp's officers received shares of the Company's common stock in consideration of their agreement to serve.

**ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth the security ownership of executive officers, directors and certain beneficial owners of more than five percent (5%) of issuer's voting securities as of September 30, 2004. Unless otherwise stated, the Company believes the shares indicated were held directly.

| <u>Title of Class</u> | <u>Name and Address of Beneficial Owner</u>   | <u>Amount of Ownership</u> | <u>Percentage of Ownership</u> |
|-----------------------|---|----------------------------|--------------------------------|
| Common                | Robert Dultz (1) c/o USCorp,<br>4535 W. Sahara Ave., Suite 204,<br>Las Vegas, NV 89102                                | 7,234,820                  | 24.50%                         |
| Common                | Dultz Family Trust, Robert Dultz Trustee (1) c/o<br>USCorp,<br>4535 W. Sahara Ave., Suite 204,<br>Las Vegas, NV 89102 | 10,000,000                 | 33.86%                         |
| Common                | Larry Dietz (1) c/o USCorp,<br>4535 W. Sahara Ave., Suite 204,<br>Las Vegas, NV 89102                                 | 51,000                     | 0.17%                          |
| Common                | Spencer Eubank (1) c/o USCorp,<br>4535 W. Sahara Ave., Suite 204,<br>Las Vegas, NV 89102                              | 240,750                    | 0.82%                          |
| Common                | Carl O'Baugh (1) c/o USCorp,<br>4535 W. Sahara Ave., Suite 204,<br>Las Vegas, NV 89102                                | 50,250                     | 0.17%                          |
| Common                | Tom Owens (1) c/o USCorp,<br>4535 W. Sahara Ave., Suite 204,<br>Las Vegas, NV 89102                                   | 50,000                     | 0.17%                          |
| Common                | Judith Ahrens (1) c/o USCorp,<br>4535 W. Sahara Ave., Suite 204,<br>Las Vegas, NV 89102                               | 50,000                     | 0.17%                          |
| Common                | U.S. Metals And Minerals, Inc.<br>2338 W. Royal Palm Rd., Suite J,<br>Phoenix, AZ 85021                               | 2,700,000                  | 9.14%                          |
| Common                | Officers, Directors and Affiliates as a group<br>(7 individuals)  | 20,376,820                 | 69.00%                         |

## **ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

The Company is provided office equipment and space by the chief executive officer and majority shareholder at no cost to the Company.

### **PART IV**

## **ITEM 13. EXHIBITS**

### **(A) EXHIBITS**

14.1 Code of Ethics for Chief Executive Officer and Senior Financial Officers\*

23.1 Consent of International Energy and Resources, Inc.

31.1 Certification Pursuant to Section 302 of the Sarbanes Oxley Act of 2002

32.1 Certification Pursuant to Section 906 of the Sarbanes Oxley Act of 2002

\* Previously filed

## **ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The Audit Committee has adopted a policy regarding the retention of the independent auditors that requires pre-approval of all services by the Audit Committee or the Chairman of the Audit Committee. When services are pre-approved by the Chairman of the Audit Committee, notice of such approvals is given simultaneously to the other members of the Audit Committee.

The Audit Committee has reviewed and discussed the fees paid to Donahue Associates, L.L.C. for the reports covering fiscal 2003 and 2004 for audit, audit-related, tax and other services.

The Audit Committee has reviewed and discussed the audited financial statements with the Company's management; and discussed with Donahue Associates, L.L.C., independent auditors for the Company, the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees, as amended.

The aggregate fees billed for the fiscal years ended September 30, 2003 and September 30, 2004 for professional services rendered by Donahue Associates, L.L.C. for the audit of the Company's financial statements were \$1,750 for fiscal 2003 and \$2,500 and \$2,550 for audit and quarterly review of interim financial statements filed on Form 10QSB, respectively, for fiscal 2004.

The aggregate fees billed during the last two fiscal years for professional services rendered by Henry Schiffer, C.P.A. for the audit of the Company's financial statements for the fiscal year ended September 30, 2003 and for his review of financial statements included in the Company's Form 10-QSB's during the last two fiscal years ended September 30, 2003 and other services that are normally provided by an accountant in connection with statutory and regulatory filings or engagements during such fiscal years were \$4,000 for fiscal 2003 and \$5,000 for fiscal 2002.

**Audit-Related Fees**

Donahue Associates, L.L.C. did not bill us for any assurance or related services that were related to the performance of the audit of the financial statements.

Henry Schiffer, C.P.A. did not bill us for any assurance or related services that were related to the performance of the audit of the financial statements.

**Tax Fees**

Since March 19, 2004 Donahue Associates, L.L.C. has not provided any professional services for tax compliance, tax advice and tax planning.

Henry Schiffer, C.P.A. did not provide any professional services for tax compliance, tax advice and tax planning.

**Other Fees**

No other fees were paid to Donahue Associates, L.L.C. or to Henry Schiffer, C.P.A.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this amended report to be signed on its behalf by the undersigned, thereunto duly authorized.

USCORP.

/s/ Larry Dietz

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Larry Dietz  
President and Director

Date: October 13, 2005

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

| <u>Signature</u>                            | <u>Title</u>   | <u>Date</u>      |
|---|--|------------------|
| <u>/s/ Robert Dultz</u><br>Robert Dultz     | Chairman and Chief<br>Executive Officer                                | October 13, 2005 |
| <u>/s/ Larry Dietz</u><br>Larry Dietz       | President and Director   | October 13, 2005 |
| <u>/s/ Carl O'Baugh</u><br>Carl O'Baugh     | Vice President and Director  | October 13, 2005 |
| <u>/s/ Spencer Eubank</u><br>Spencer Eubank | Secretary Treasurer and Director<br>and Acting Chief Financial Officer | October 13, 2005 |
| <u>/s/ Judith Ahrens</u><br>Judith Ahrens   | Director   | October 13, 2005 |