

USCORP
Form 10-K/A
August 24, 2011

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K/A

(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, 2010

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 the Company as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

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

4535 W. Sahara Ave, Suite 200, Las Vegas, NV 89102
(Address of principal executive offices)

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

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

Title of Each Class	Names of each exchange on which registered
None	None

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

Common Shares, \$0.01 Par Value

Indicate by check mark whether the Company (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 Company was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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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 The Company's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K/A or any amendment to this Form 10-K/A. x

Indicate by check mark whether the Registrant is a large accelerated filer, accelerated filer, a non-accelerated filer or a small reporting company.

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

Small Reporting Company x

Indicate by check mark whether the Company is a shell company (as defined in Rule 12b-2 of the Act). Yes No 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 December 22, 2010, the value of such stock was \$5,786,312. Shares of common stock held by each executive officer and director and by certain persons who own 5% or more of the outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

Number of shares outstanding of Issuer's class A common stock, \$0.01 par value, outstanding on September 30, 2010: 135,955,389 shares. Number of shares outstanding of Issuer's class B common stock, \$0.001 par value, outstanding on September 30, 2010: 5,060,500 shares.

Documents Incorporated by Reference: NONE

Transitional Small Business Disclosure Format (Check one): Yes ; No x

Explanatory Note

We are filing this third amended Form 10-K in response to certain comments the Company received from the U.S. Securities and Exchange Commission on March 1, 2011, May 9, 2011 and August 8, 2011.

Further, Subsequent to the issuance of the financial statements for the fiscal years ended September 30, 2010 and September 30, 2009, management discovered that an incorrect statement had been filed instead of the finalized report. The original Annual Report on Form 10-K we filed incorrectly valued the Gold Bullion Loan. The following indicates those accounts in the consolidated balance sheets and the consolidated income statements affected by the restatement.

	As Reported	As Restated
Total shareholder deficit	\$ 3,263,624	\$ 3,742,139
Net loss	\$ (1,724,669)	\$ (2,203,184)

FORM 10-K/A
September 30, 2008
USCORP

TABLE OF CONTENTS

FORWARD LOOKING STATEMENTS

PART I

ITEM 1	Description of Business	5
Item 1A	Risk Factors	21
Item 1B	Unresolved Staff Comments	24
ITEM 2	Properties	24
ITEM 3	Legal Proceedings	24
ITEM 4	Submission of Matters to a Vote of Security Holders	24

PART II

ITEM 5	Market for The Company's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	25
Item 6	Selected Financial Data	26
ITEM 7	Management's Discussion and Analysis of Financial Condition and Results of Operations	27
Item 7A	Qualitative and Quantitative Disclosure about Market Risk	30
ITEM 8	Financial Statements	30
ITEM 9	Changes in and Disagreements with Accountants	46
ITEM 9A(T)	Controls and Procedures	46
ITEM 9B	Other Information	46

PART III

ITEM 10	Directors, Executive Officers, and Corporate Governance	46
ITEM 11	Executive Compensation	48
ITEM 12	Security Ownership of Certain Beneficial Owners and Management	49
ITEM 13	Certain Relationships and Related Transactions	50
ITEM 14	Principal Accountant Fees and Services	50
ITEM 15	Exhibits	51
Signatures		51

FORWARD LOOKING STATEMENTS

Some of the information contained in this Annual 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 the Company’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 the Company 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 the Company’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. The Company 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

BACKGROUND

USCorp (hereafter, the “Company”, “we” and “our” refer to USCorp) was formed in May 1989 in the state of Nevada as The Movie Greats Network, Inc. In August 1992, the Company changed its name to The Program Entertainment Group, Inc. In August 1997, the Company changed its name to Santa Maria Resources, Inc. In September 2000, the Company changed its name to Fantasticon, Inc. and in January 2002 the Company changed its name to USCorp.

In April 2002, the Company acquired USMetals, Inc. (“USMetals”), a Nevada corporation, and holder of 141 unpatented lode mining claims by issuing 24,200,000 shares of Company Common Stock in exchange for all of the then issued and outstanding shares of USMetals. USMetals became a wholly owned subsidiary of the Company. Since being acquired by USCorp USMetals has added lode and placer claims for a total of 172 claims that we refer to as the Twin Peaks Project.

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”) in Imperial County, California. Since being formed by USCorp Southwest has added additional claims for a total of 162 claims that we refer to as the Picacho Salton Project.

Both USMetals and Southwest have acquired additional mining claims and USCorp has performed significant exploration work, including the completion of feasibility studies, environmental, ecological and biological reports and performed drilling as described more fully below (See “USMETALS - Summary of Organization and Business” and “SOUTHWEST RESOURCE DEVELOPMENT, INC. - Summary of Organization and Business”).

OVERVIEW

USCorp is an “exploration stage” company. All of the Company’s mining claims are held in the names of its wholly owned subsidiaries, USMetals, Inc. (“USMetals”) and Southwest Resource Development, Inc. (“Southwest”). The Company’s operations center on completing exploration and beginning development of USMetals’ mining property known as the Twin Peaks Project, and Southwest’s mining properties which the Company refers to as the Picacho Salton Project. The Company has realized no revenues from operations to date.

The Company, through its wholly-owned subsidiary, USMetals, owns 172 mining claims in the Eureka Mining District of Yavapai County, Arizona, called the Twin Peaks Project; and through its wholly-owned subsidiary, Southwest, owns a total of 162 mining claims in the Mesquite Mining District of Imperial County, California, called the Picacho Salton Project.

A. RECENT DEVELOPMENTS.

We have included in this discussion of Recent Developments quotes from recent press releases, without providing updating or clarifying statements within the quotations. Additional information, including updates and clarifications, if any, follow in subsequent paragraphs and in other sections of this Report.

In October 2009 we reported that, in order to facilitate ongoing negotiations with a number of mining companies, we had uploaded proprietary technical data to a secure website operated by Pandesa ShareVault for viewing by industry professionals. This data is now available on USCorp’s web site at uscorpnv.com. Access to the proprietary data is by

invitation only after signing a confidentiality agreement and it is password protected. The information includes:

- Feasibility Studies and Technical Reports for Twin Peaks in Arizona, USA and Picacho Salton in California, USA, Historical Assays, Drill Logs and other documents from the late 1800s through 2009
 - Maps and photographs of our properties
 - Corporate Information and SEC filings

Also in October 2009 our former President, Secretary and Treasurer, Larry Dietz, passed away. Larry was a friend and business associate for over 25 years. His knowledge of mineralization occurrences throughout the Southwest was unparalleled. He was a Vietnam veteran. Most importantly, Larry was a truly good man and we miss him.

In December, 2009 members of management, representatives of Geological Support Services, Wondjina Research and Laguna Mountain Environmental along with representatives from the El Centro Office of the Bureau of Land Management (BLM) participated in a conference regarding our application to conduct exploratory drilling on our Picacho Salton Project in Imperial County, California. All remaining issues were thoroughly discussed along with the steps needed to address those issues in order for the BLM to approve the company's mining plan of operations. It is USCorp's belief, assuming no additional comments from the BLM, that the approval may be granted during 2011.

In January 2010 we announced the reelection of Robert Dultz as Chairman of the Board of Directors and a Director, Carl O'Baugh and Spencer Eubank to the Board of Directors and the election of Michelle Seibel and B. K. Simerson as directors. We also announced officers as follows: Robert Dultz, President CEO and Acting CFO; and Spencer Eubank as Secretary-Treasurer.

Also in January we released general information about contacts with principals regarding potential financing, joint-venture, merger, acquisition or other business combinations whose purpose is development of the Company's California and Arizona properties by or with well-financed and highly experienced miners.

In February we began advanced negotiations with two entities. Those communications had as their object one or more of the following: equity and/or debt financing in the US and Europe with our Class A and/or Class B Common, joint-venture, merger, acquisition or other combinations whose purpose is development of USCorp's California and Arizona properties and public markets by or with well-financed and highly experienced miners and financial entities.

In July we reported that in January, USCorp entered into discussions with a European entity, and some progress was made regarding a private placement of our Common Class B shares in Europe. USCorp was not able to release any information publically or privately regarding this transaction due to the ongoing nature of the discussions. During a spike up to 24 cents per share in March of our Class A shares in the U.S. they were not able to complete their commitment, leading to a mutually agreed termination of contract.

Recently the Proprietary Information about USCorp and technical information about our properties was moved to our web site and is now available, upon request at uscorpnv.com. This is the same body of information that was previously available on the Sharevault web site. Access to the proprietary data is by invitation only after signing a confidentiality agreement and it is password protected. The information includes:

- Feasibility Studies and Technical Reports for Twin Peaks in Arizona, USA and Picacho Salton in California, USA, Historical Assays, Drill Logs and other documents from the late 1800s through 2009
 - Maps and photographs of our properties
 - Corporate Information and SEC filings

This information is technical in nature; it is intended for mining industry professionals and not the general public. Summaries and reports based on the proprietary information are available to the general public on our web site and in our filings with the Securities and Exchange Commission.

Meanwhile, in California we are in the final stages of obtaining approvals necessary to conduct our planned drilling program on our Picacho Salton Project. The Bureau of Land Management (BLM) has determined that all necessary studies and reports have been submitted and are complete. USCorp has entered the final step before the BLM grants approval of our Mining Plan of Operations for the Picacho site.

During the 30 day Comment Period, during which the public was offered an opportunity to voice concerns, the Quechan Tribe of Fort Yuma did object to our proposed drilling program in a letter dated 8 June 2010. The California BLM is currently working with the Quechan Tribe to resolve those objections. We have been assured by the BLM that resolution is progressing, although when resolution will come is not known.

The following are excerpts from an email received by USCorp from the California Desert District BLM Office: "...In the process of writing the decision record we will have to respond to every issue brought up by the tribe...From the look of things we might also amend some portions of the E.A. [Environmental Assessment] while resolving some of these issues. ... I believe we will be through with this process soon..."

USCorp has addressed the concerns of the Quechan Tribe and expects that approval of our California drilling program will attract the financing necessary to allow USCorp to complete the planned drilling program at the Picacho Salton Project in California.

In August we released an update that discussed how earlier in the month we had filed our Report on Form 10-Q with the U.S. Securities and Exchange Commission (SEC) with financial statements for the period ending June 30, 2010,

our fiscal third quarter. A link to the filing is on our web site: <http://uscorpnv.com>. We also paid the annual maintenance fee for our California and Arizona Claims. We filed 172 claims in Arizona and 162 claims in California. We reduced the number of claims filed in California and therefore our cost basis, by eliminating duplicate lode and placer claims that covered the same ground and correcting or eliminating overlapping claims. Our total acreage remains the same.

In California we are very close to obtaining approvals necessary to initiate our planned drilling program for our Picacho Salton Project. In Arizona the third and final phase of the Twin Peaks drilling program is designed and necessary to generate a report that meets industry measurement reporting standards. Without the third phase completed we cannot say much regarding the results of the first two phases, except to release assay results as we have done previously. Our current projections were made without including the results from the first two phases of the drilling program because of the need for the completion of the third phase.

We continue to discuss financing options with individuals and entities regarding potential acquisition, direct investment, joint-venture, and other business combinations. We have also begun discussions concerning expanding and strengthening our mining management team.

In September we announced that USCorp had signed a non-binding Letter of Intent (LOI) with a multinational Chinese agricultural conglomerate with over USD\$700 million in annual revenues. The next step was to complete a definitive agreement spelling out terms and conditions including major financing for USCorp, which we reported in October, see below.

“We believe USCorp has shown itself to be a survivor in an era of economic difficulties that have left many investors whose investments in ‘safe’ or ‘conservative’ companies left them holding the bag, in some cases an empty bag. And in an era of disappearing juniors, forced out of business by the effects of the economy, USCorp is still around, kept alive by the efforts of our management team, working hard and spending frugally, as well as the efforts of our loyal shareholders and investors. USCorp has done what it said it would do, limited only by finances available to fulfill our business plan,” stated Robert Dultz, CEO of USCorp.

On September 29, 2010 a meeting of the shareholders was held without notice pursuant to the applicable provisions of the Nevada corporate statues and the bylaws of the corporation at which meeting a majority of the shares of the company were voted in person and by proxy. A summary of the matters submitted to the security holders follow. All items were approved by majority vote:

The terms and conditions of the Company’s Series A and Series B Preferred stock were amended to read as follows: that all issued and outstanding USCorp Preferred stock, when converted to Common A Stock shall be returned to the Treasury of Preferred Stock of the Company;

The nominations for fiscal 2011 directors by the shareholders were Robert Dultz, Director and Chairman, Spencer Eubank, Director, Michelle Seibel Director, and as outside directors Carl O’Baugh, and B. K. Simerson were approved and the individuals accepted their election to their respective positions;

The Officers of the corporation for fiscal 2011 were elected by the Board of Directors: Robert Dultz CEO, President and acting CFO; Spencer Eubank Secretary-Treasurer; and Michelle Siebel Assistant Secretary;

The purchase of Series A Preferred stock by Officers and Directors of the corporation at par value was authorized by the shareholders as follows: Robert Dultz 1.5 million; Spencer Eubank 500 thousand shares; Michelle Seibel 250 thousand shares; Carl O’Baugh 50 thousand shares and B. K. Simerson 50 thousand shares;

The release of proprietary corporate information, including information regarding the corporation’s properties, to select individuals and entities after acknowledging the confidentiality of that information for the purpose of fund raising, property development, joint-ventures, mergers and acquisitions, loans and other deal making activities was approved by the shareholders;

The re-negotiation of the “Gold Bullion Loan” and Convertible Debentures to gain an extension of time to repay these from the lenders was approved;

The Board was authorized to take whatever actions are deemed necessary by the Board to protect the corporation’s rights, through its subsidiaries to explore, develop and extract the minerals at the Twin Peaks Project property and the Picacho Salton Project property;

Spinning off the corporation's subsidiaries, USMetals, Inc., and Southwest Resource Development, Inc. when and if deemed appropriate by the Board of Directors was authorized by the Shareholders;

The Shareholders authorized distribution to the corporation's shareholders as a dividend of shares in USMetals, Inc., and Southwest Resource Development, Inc., at a rate of 1 subsidiary share for each 10 USCorp Common A, Common B, (Regulation S share which trade only offshore, at this time in Europe), and Series A and B Preferred shares (based on conversion rate) owned, or such other rate as may be determined by the Board, and to issue USMetals, Inc., and Southwest Resource Development, Inc. shares to warrant holders of USCorp warrants when they exercise their warrants, fractions to be rounded to the next highest full share;

The determination to implement or to not implement such spin-offs, at the discretion of the Board, when and if necessary, in order to protect the investments and rights of the shareholders as well as the ownership of said properties by USMetals, Inc., and Southwest Resource Development, Inc., was authorized by the shareholders;

The Shareholders authorized the Board to raise funds by selling stock via private placement or public offering in a manner, for prices and at times to be determined by the Board;

The formation of a joint venture entity and/or a joint venture with "the Chinese Conglomerate ("TCC") according to the Joint Venture Agreement signed by USCorp and TCC when and if TCC fulfills the conditional terms and conditions of said agreement, namely funding of the joint venture was approved by the shareholders;

The shareholders authorized the Board to extend the final cut-off date of January 15, 2011 of the Joint Venture Agreement with TCC if it is deemed by the Board to be in the best interest of the Company and its shareholders to do so; and

The shareholders approved all prior actions of the Board of Directors during fiscal 2010.

In October we signed an Agreement to form a Joint Venture that will initially provide USD\$25 million in loans and loan guarantees for development of USCorp's mining properties. The Agreement also calls for raising USD\$100 million publicly or privately.

In November we provided further details with regard to USCorp's recently announced agreement to form a joint venture to fund up to \$125 million to develop gold and silver properties.

USCorp has signed an agreement with a fully reporting public US company, which is the holding company of a major Chinese-based conglomerate with revenues in excess of \$700 million (USD) annually, to form a joint venture to complete exploration and begin development of USCorp's mining properties. The US company, holding Chinese assets, has requested confidentiality until the joint venture is funded with an initial \$25 million, which must take place on or before January 15, 2011.

The agreement calls for USCorp to contribute to the joint venture the claims it presently owns in Arizona and California once the \$25 million has been received by the joint venture. It is the responsibility of the US company, holding Chinese assets, to secure the \$25 million in funding for the joint venture. If it does, then each entity will own 50 percent of the joint venture. In the event that the necessary initial funding is unable to be raised, the agreement provides that it will be cancelled and neither USCorp nor the Chinese partner will be obligated to perform under the Agreement. Initially the joint venture is expected to carry out the following:

- * Completion of the drilling program at Twin Peaks in Arizona
- * Initiating and completing of the drilling program at Picacho Salton in California

- * Updating the mineralization estimates in the Company's Technical Reports on both properties
 - * Completion of all engineering and permitting on the two projects
 - * Retirement of all existing debt
 - * Commencement of mining operations.

This newly-formed joint venture entity will seek to raise an additional \$100 million (USD) to expand its asset base but no assurance can be given that either funding will be successful.

Upon the completion of the funding the claims will be transferred to the joint venture and the joint venture is expected to complete the drilling and development of the properties. Reports from previous drilling show significant gold and silver mineralization on the properties. This joint venture should enable completion of the drilling programs in Arizona and California and commercial development of these properties. USCorp's Twin Peaks property in Yavapai County, Arizona is near to, and on the same fault zone as the world famous Freeport-McMoRan mine in Arizona. USCorp's Picacho Salton Property, in California, is adjacent to both NewGold's open pit gold mine and the Goldcorp claims group in Imperial County California.

This newly-formed joint venture entity will seek to raise an additional \$100 million (USD) to expand its asset base but no assurance can be given that either funding will be successful.

As of the date of this report we are awaiting further information from the Chinese Conglomerate.

B. DESCRIPTION OF CURRENT BUSINESS OPERATIONS.

The Company's plan of operation and business objectives are 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 the Company's existing or proposed operations. All of the Company's mining claims are held by its wholly owned 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, the Company acquired USMetals and 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 reserves developed at its properties. The company has recently expanded the Twin Peaks Project to a total of 172 Lode and Placer claims.

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 Project", are the historic sites of the Crosby, Hayes, Swiss Belle and Gloryhole Mines, past producers of gold and silver. The Twin Peaks Project claims are geographically located in the southwestern division of the Eureka Mining District, which includes many significant mines and prospects. There are 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 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, the Company 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. The Company has paid all of the required fees in order to maintain the Company's Mining Claims, for the current periods. All of the necessary documents and affidavits have been filed with the

Yavapai County Recorder.

9

The Company 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 and/or independent contractor relationships with Boart Longyear, LLC, Geological Support Services, LLC, Harris Drilling Company, ALS Chemex, SGS Labs, Country Chemist, and the 129-year-old Jacobs Assay 1880 with offices in Tucson, AZ., is recognized by the Bureau of Land Management; Laguna Mountain Environmental, Biozone, Inc. and Wondjina Research Institute. 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 the Company and USMetals to develop the Mining Claims, and, to date, the abovementioned companies have provided invaluable assistance to The Company's senior executive management in evaluating the potential represented by USMetals' Mining Claims.

Geological Support Services, LLC in 2007 completed a feasibility study on the Twin Peaks Project that identified mineralized material on the property and Geological Support Services, LLC also completed a feasibility study on of the Picacho Salton Project that identified mineralized material on that property. During fiscal 2009 we completed Phase 1, Phase 2 and Phase 2.5 of a 3-phase drilling program. For a summary of the results of that drilling program please see "Recent Developments" in our Form 10-K/A for period ending September 30, 2009.

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") formerly known as the Chocolate Mountain Region Claims and the Picacho Area Claims. In 2007 this claims group was expanded to a total of 106 claims consisting of 22 placers and 84 lodes, on 5,760 acres, and in August 2008 it was again expanded to a total of 235 lode and placer claims called the Picacho Salton Project. In 2010 the claims were consolidated in order to minimize overlapping claims to 162 lode and placer 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 reserves developed at its properties.

In lieu of cash payment for the original 8 lode and 21 placer claims acquired in 2004 the Company entered into what is essentially a joint venture with the former owners whereby the former owners are entitled to receive 20% of all net smelter returns of gold after expenses, whether paid in cash or in kind. All of the remaining claims are wholly owned by USCorp's subsidiary, Southwest.

The Company has spent the last 8 years developing and implementing a plan that would bring multiple properties under Company ownership. Through its wholly owned subsidiary, Southwest, the Company has now acquired for development of a total of 162 lode and placer claims of precious metal properties located in the Chocolate Mountain region of the Mesquite Mining District in 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. Geological Support Services, LLC has completed a feasibility study that identified mineralized material on the Picacho Salton Project, The Company has completed archeological and environmental and ecological reports and submitted a Mining Plan of Operations to drill to the Bureau of Land Management who completed their review of the Plan.

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 in the Picacho State Recreation Area a few miles east of the Picacho Salton Project claims. Thousands of people visit the old mill ruins each year. To the south and west of the Picacho Salton Project 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 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. Geological Support Services, LLC recently completed a feasibility study that has identified mineralized material on the Picacho Salton Project. Southwest intends to go into production as soon as possible after approvals and financing are obtained.

In 2008 we submitted a Mining Plan of Operations (MPO) to the Bureau of Land Management (BLM) to conduct a 3-phase drilling program. During fiscal 2010 we made progress toward gaining approval for our MPO (see “Recent Developments”)

Property descriptions, locations and nature of ownership.

Picacho Salton Project consisting of 162 Lode and Placer Claims in the Mesquite Mining District of Imperial County, California, U.S.A. The Claims group is situated on approximately 5,760 acres consisting of 162 lode and placer mining claims of precious metal properties and located in the Mesquite Mining District of Imperial County, California (see maps below). Some of the most recently added property has common borders to Southwest’s other gold properties. Means of access to the property is by an unmarked private dirt road, south of Picacho State Park.

In Arizona the 172 unpatented lode and placer mining claims, covers 3,440 acres, which the Company refers to as the “Twin Peaks Project”. These claims 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 \$140 per claim are due on or before August 31 each year.

Maps indicating the locations of our properties.

In the Map below the boxed areas represent the approximate locations of the company’s Picacho Salton Project properties in the Mesquite Mining District of Imperial County, California.

The Picacho Salton claims are represented by the number “2” in the map below. The number “1” in the map below is the approximate location of our Twin Peaks Project claims.

12

History of previous operations.

Twin Peaks Project 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 Native Americans were used by the Spaniards to mine gold and silver in the area, which was refined and shipped to Spain. More recently, in the 1800s, 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 then 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 is part of the Company's Twin Peaks claims group and located in the western quadrant of the property.

Picacho Salton Project 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 Project Claims Group: The Company has conducted exploration work on the property, including drilling 3,000 feet of core samples in 2002 (in addition to 10,000 feet drilled by prior owners) and road improvements to repair and create dirt road accesses to the property, and re-stake all claims using GPS. The Company relies on geological work of experts performed by us and under prior ownership in support of our reports of the presence of gold, silver, uranium and other mineralization on the property. Geological Support Services, LLC in 2007 completed a feasibility study on the Twin Peaks Project that identified mineralized material. In December 2007, we received a Cultural Resource Survey (an archeological report) for proposed drill sites as part of the Company's application filed in August 2007 with the BLM to conduct additional drilling to prove up reserves. In August and September and October of 2008 5,000 feet of holes were drilled using reverse circulation drilling, completing Phase One, Phase Two and Phase 2.5 of our current drilling program. During the Phase 1 drilling program the Company participated in a multi-agency test program of the NITON pXRF. The handheld device is purportedly capable of analyzing an ore sample and providing an immediate analysis of all minerals present above an atomic weight of 12. Certified assay results from the labs of samples taken during the Phase 1 and 2 drilling program and the preliminary results produced by the NITON pXRF were compared. The comparison was inconclusive regarding the usefulness of the device in exploration activities. The Company is not conducting mineral extract