

FREESTONE RESOURCES, INC.

Form 10-Q

May 13, 2010

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the quarterly period ended March 31, 2010

OR

TRANSITION REPORT UNDER SECTION 13 OF 15(d) OF THE EXCHANGE ACT OF 1934

Commission File Number 000-28753

FREESTONE RESOURCES, INC.

(Exact name of small business issuer as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

33-0880427
(IRS Employer
Identification No.)

Republic Center, Suite 1350
325 N. St. Paul Street Dallas, TX 75201
(Address of principal executive offices)

(214) 880-4870
(Issuer's telephone number)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such

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reports), and (2) has been subject to such filing requirements for the past 90 days: Yes | X | No | |

Indicate by check mark whether the Registrant is a large accredited filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accredited filer”, “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act:

Large Accredited Filer [] Accelerated Filer []
Non-Accredited Filer [] Smaller Reporting Company [X]
]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes | | No | X |

As of May 12, 2010 there were 72,218,994 shares of Common Stock of the issuer outstanding.

Freestone Resources, Inc.
Consolidated Balance Sheets
As of March 31, 2010 and June 30, 2009

| | Assets | |
|--|----------------------------------|-------------------------------|
| | (Unaudited) March 31, 2010 | (Audited) June 30, 2009 |
| Current Assets: | | |
| Cash | \$ 50,645 | \$ 4,815 |
| Accounts receivable | - | 4,559 |
| Deposits and other assets | 4,846 | 5,068 |
| Total Current Assets | 55,491 | 14,442 |
| Fixed assets, net of accumulated depreciation of \$3,774 and \$1,915 | 32,343 | 33,052 |
| Other assets | 31,378 | 1,000 |
| Investment in Bleeding Rock | 250,010 | - |
| Licenses | 150,000 | - |
| Intangible asset | 2,714 | - |
| Goodwill | 1,254,149 | - |
| | 1,688,251 | 1,000 |
| Total Assets | \$ 1,776,085 | \$ 48,494 |
| Liabilities and Stockholders' Equity | | |
| Current Liabilities: | | |
| Accounts payable | \$ 257,650 | \$ 24,431 |
| Accounts payable-related party | 150,010 | - |
| Accrued expenses | 6,654 | - |
| Stock to be issued | 185,000 | - |
| Note payable to bank | - | 25,997 |
| Notes payable-related parties | 37,557 | 25,000 |
| Line-of-credit | 14,908 | - |
| Total Current Liabilities | 651,779 | 75,428 |
| Long-term Liabilities: | | |
| Asset retirement obligations | 41,123 | 41,123 |
| Total Liabilities | 692,902 | 116,551 |
| Stockholders' Equity (Deficit): | | |
| Common stock, \$.001 par value, 100,000,000 shares | | |

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| | | |
|--|---------------|--------------|
| authorized, 68,418,994 and 35,115,260 shares issued and outstanding, respectively | 68,419 | 35,115 |
| Additional paid in capital | 15,973,089 | 14,572,244 |
| Accumulated deficit | (14,958,325) | (14,675,416) |
| Stockholders' Equity (Deficit) | 1,083,183 | (68,057) |
| Total Liabilities and Stockholders' Equity | \$ 1,776,085 | \$ 48,494 |

The accompanying notes are an integral part of these consolidated financial statements.

Freestone Resources, Inc.
 Consolidated Statements of Operations
 For the Three and Nine Months Ended March 31, 2010 and 2009
 (unaudited)

| | Three Months Ended March 31, 2010 | Three Months Ended March 31, 2010 | Six Months Ended March 31, 2010 | Six Months Ended March 31, 2010 |
|---|---|---|--|--|
| Revenue: | | | | |
| Oil and gas revenues resulting from research activities | \$25,539 | \$13,960 | \$52,734 | \$83,222 |
| Total revenue resulting from research activities | 25,539 | 13,960 | 52,734 | 83,222 |
| Operating expenses: | | | | |
| Cost of revenue | - | 5,538 | - | 11,036 |
| Lease operating costs | 15,146 | 13,020 | 20,367 | 60,184 |
| Depreciation and depletion | 620 | 6,943 | 1,859 | 20,828 |
| Impairment expense | - | - | 7,649 | - |
| General and administrative | 163,766 | 22,111 | 310,152 | 303,037 |
| Total operating expenses | 179,532 | 47,612 | 340,027 | 395,085 |
| Operating loss | (153,993) | (33,652) | (287,293) | (311,863) |