

FREESTONE RESOURCES, INC.

Form 10-Q

July 23, 2008

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, 2008

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)

Delaware
(State or other jurisdiction of incorporation or organization)
No.)

33-0880427
(IRS Employer Identification

11 Washington Street Hawthorne, NJ 07506
(Address of principal executive offices)

(973) 949-3200
(Issuer's telephone number)

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

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	<input type="checkbox"/>	Accelerated
Filer	<input type="checkbox"/>	
Non-Accredited Filer	<input type="checkbox"/>	Smaller Reporting
Company	<input checked="" type="checkbox"/>	

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

As of July 19, 2008 there were 50,025,260 shares of Common Stock of the issuer outstanding.

TABLE OF CONTENTS

PART I FINANCIAL STATEMENTS

Item 1	Financial Statements	3
Item 2	Management's Discussion and Analysis or Plan of Operation	10

PART II OTHER INFORMATION

Item 1	Legal Proceedings	12
Item 2	Changes in Securities	12
Item 3	Default upon Senior Securities	12
Item 4	Submission of Matters to a Vote of Security Holders	12
Item 5	Other Information	12
Item 6	Exhibits and Reports on Form 8-K	12

Freestone Resources, Inc.
Consolidated Balance Sheets
(Unaudited)

	As of March 31, 2008	As of June 30, 2007
Assets		
Current Assets		
Cash	\$ 46,280	\$ -
Accounts receivable	17,856	-
Note receivable	16,468	16,468
Total current assets	80,604	16,468
Proved oil and gas properties, full cost accounting, net	57,465	-
Equipment and other fixed assets, net	259,141	-
Other assets - Petrozene contract, net	1,000	-
Total Assets	\$ 398,210	\$ 16,468
Liabilities and Shareholders' Equity/(Deficit)		
Current liabilities		
Accounts payable	\$ 6,185	\$ 19,013
Accounts payable – related party	5,872	5,872
Current portion of long-term debt	12,267	-
Total current liabilities	24,324	24,885
Long-term liabilities		
Note payable	40,403	-
Total Liabilities	64,727	24,885
Shareholders' Equity/(Deficit):		
Preferred stock, \$.001 par value, 5,000,000 shares authorized, -0- shares issued and outstanding	-	-
Common stock, \$.001 par value, 100,000,000 shares authorized, 50,025,260 and 19,260,260 shares issued and outstanding respectively	50,025	19,260
Additional paid in capital	13,967,265	13,707,203
Accumulated deficit	(13,683,807)	(13,734,880)
Total shareholders' equity/(deficit)	333,483	(8,417)
Total Liabilities and Shareholders' Equity/(Deficit)	\$ 398,210	\$ 16,468

See accompanying notes to financial statements

Freestone Resources, Inc.
Consolidated Statements of Operations
(Unaudited)

	Three Months Ended		Nine Months Ended	
	March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007
Revenue				
Petrozene	\$ 4,400	\$ -	\$ 406,726	-
Oil & Gas	44,417	-	83,686	-
Total Revenue	48,817	-	490,412	-
Operating expenses:				
Cost of sales – Petrozene	-	-	151,800	-
Lease operating costs	18,598	-	21,055	-
Depreciation and depletion	8,630	-	14,383	-
General and administrative	82,999	252,974	251,488	655,156
Total operating expenses	110,227	(252,974)	438,726	655,156
Net operating income/(loss)	(61,410)	(252,974)	51,686	(655,156)