

FREESTONE RESOURCES, INC.  
Form 10-Q  
February 11, 2010

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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 December 31, 2009

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

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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

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

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 February 12, 2010 there were 68,418,994 shares of Common Stock of the issuer outstanding.

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

## Assets

	(Unaudited) December 31, 2009	(Audited) June 30, 2009
Current Assets:		
Cash	\$ 3,048	\$ 4,815
Accounts receivable	4,559	4,559
Deposits and other assets	25,944	5,068
Total Current Assets	33,551	14,442
Fixed assets, net	38,809	33,052
Other assets	31,378	1,000
Investment in Bleeding Rock	250,010	-
Licenses	150,000	-
Intangible asset	10,000	-
Goodwill	1,254,149	-
	1,695,537	1,000
Total Assets	\$ 1,767,897	\$ 48,494

## Liabilities and Stockholders' Equity (Deficit)

## Current Liabilities:

Accounts payable and accrued expenses	\$ 270,895	\$ 24,431
Accounts payable-related party	171,307	-
Stock to be issued	160,000	-
Note payable to bank	-	25,997
Notes payable-related parties	43,800	25,000
Line-of-credit	14,908	-
Total Current Liabilities	660,910	75,428

## Long-term Liabilities:

Asset retirement obligations	41,123	41,123
Total Liabilities	702,033	116,551

## Stockholders' Equity (Deficit):

Common stock, \$.001 par value, 100,000,000 shares  
authorized, 66,718,994 and 35,115,260 shares issued

and outstanding, respectively	66,719	35,115
Additional paid in capital	15,804,789	14,572,244
Accumulated deficit	(14,805,644 )	(14,675,416 )
Stockholders' equity (deficit)	1,065,864	(68,057 )
Total Liabilities and Stockholders' Equity (Deficit)	\$ 1,767,897	\$ 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 Six Months Ended December 31, 2009 and 2008  
(unaudited)

	Three Months Ended Dec 31, 2009	Three Months Ended Dec 31, 2008	Six Months Ended Dec 31, 2009	Six Months Ended Dec 31, 2008
Revenue:				
Oil and gas revenues resulting from research activities	\$5,703	\$33,030	\$27,195	\$69,292
Total revenue resulting from research activities	5,703	33,030	27,195	69,262
Operating expenses:				
Cost of revenue	-	940	-	5,499
Lease operating costs	2,528	5,072	5,221	47,164
Depreciation and depletion	620	6,943	1,239	13,885
Impairment expense	-	-	1,800	-
General and administrative	125,927	41,765	152,235	280,925
Total operating expenses	129,075	54,720	160,495	347,473
Operating loss	(123,372 )	(21,690 )	(133,300 )	(278,211 )
Other income (expense):				