

FREESTONE RESOURCES, INC.

Form 10-Q

July 17, 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 December 31, 2007

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)

33-0880427
(IRS Employer Identification No.)

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 June 10, 2008 there were 50,025,260 shares of Common Stock of the issuer outstanding.

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Freestone Resources, Inc.
Consolidated Balance Sheets
(Unaudited)

Assets	As of December 31, 2007	As of June 30, 2007
Current Assets		
Cash	\$ 3,849	\$ -
Accounts receivable	286,297	-
Note receivable	16,468	16,468
Total current assets	306,614	16,468
Proved oil and gas properties, full cost accounting, net	59,963	-
Equipment and other fixed assets, net	265,273	-
Other assets - Petrozene contract, net	1,000	-
Total Assets	\$ 632,850	\$ 16,468
Liabilities and Shareholders' Equity/(Deficit)		
Current liabilities		
Accounts payable	\$ 54,045	\$ 19,013
Accounts payable – related party	134,465	5,872
Total current liabilities	188,510	24,885
Long-term liabilities		
Note payable	54,178	-
Total Liabilities	242,688	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, 50,000,260 and 19,260,260 shares issued and outstanding respectively	50,000	19,260
Additional paid in capital	13,962,040	13,707,203
Accumulated deficit	(13,621,878)	(13,734,880)
Total shareholders' equity/(deficit)	390,162	(8,417)
Total Liabilities and Shareholder' Equity/(Deficit)	\$ 632,850	\$ 16,468

See accompanying notes to financial statements

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

	Three Months Ended		Six Months Ended	
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
Revenue				
Petrozene	\$ 402,326	\$ --	\$ 402,326	\$ -
Oil and Gas	39,269	--	39,269	-
Total Revenue	441,595	--	441,595	-
Operating expenses:				
Cost of sales - Petrozene	151,800	--	151,800	-
Lease operating costs	2,457	--	2,457	--
Depreciation and depletion	5,753	--	5,753	-
General and administrative	50,558	383,511	168,489	402,192
Total operating expenses	210,568	(383,511)	328,499	402,192
Net operating income	231,027	(383,511)	113,096	(402,192)
Other income (expense)				