

FREESTONE RESOURCES, INC.

Form 10QSB

November 01, 2007

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

(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, 2006

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

(I.R.S. 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

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 December 31, 2006 there were 17,886,260 shares of Common Stock of the issuer outstanding.

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FREESTONE RESOURCES, INC.
(formerly iChargeit, Inc.)
(DEVELOPMENT STAGE COMPANY)
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	December 31, 2006	June 30, 2006
ASSETS		
Note receivable	\$	\$
	16,468	16,721
Prepaid expenses	3,000	-
TOTAL ASSETS	\$ 19,468	\$ 16,721
LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIT)		
Current liabilities		
Accounts payable	\$	\$
	11,439	-
Accounts payable related party	5,872	5,872
Notes payable	-	153,694
Total current liabilities	17,311	159,566
STOCKHOLDERS EQUITY (DEFICIT):		
Preferred stock, \$.001 par value, 5,000,000 shares		
authorized, -0- shares issued and outstanding	-	-
Common stock, \$.001 par value, 50,000,000 shares		
authorized, 17,886,260 and 15,336,260 shares issued	17,886	15,336

and outstanding respectively

Additional paid in capital	13,459,257	13,068,307
Accumulated deficit	(13,134,964)	(13,134,964)
Accumulated deficit during development stage	(340,022)	(91,524)
Total stockholders' equity (deficit)	2,157	(142,845)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	\$	\$
	19,468	16,721

See accompanying notes to financial statements

FREESTONE RESOURCES, INC.

(formerly iChargeit, Inc.)

(DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF EXPENSES

Three and Six Months Ended December 31, 2006 and 2005, and for the

Period from July 1, 2001 (Re-entering the Development Stage)

to December 31, 2006

(Unaudited)

	Three Months ended December 31, 2006	Three Months ended December 31, 2005	Six Months Ended December 31, 2006	Six Months Ended December 31, 2005	Re-entering the Development Stage to December 31, 2006
General and administrative expenses	\$ 383,511	\$ 450	\$	\$ 900	\$
			402,192		415,373
Interest expense	11,694	5,632	11,694	11,263	90,037
	(165,388)	-	(165,388)	-	(165,388)

Gain on debt forgiveness					
Net loss	\$	\$	\$	\$	\$
	(229,817)	(6,082)	(248,498)	(12,163)	(340,022)
Basic and diluted loss per share	\$	(0.01)	\$	(0.02)	\$
		(0.00)		(0.00)	n/a
Weighted average shares outstanding:					
Basic and diluted	17,240,363	15,336,260	16,488,162	15,336,260	n/a

See accompanying notes to financial statements

FREESTONE RESOURCES, INC.

(formerly iChargeit, Inc.)

(DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF CASH FLOWS

**Six Months Ended December 31, 2006 and 2005, and for the
Period from July 1, 2001 (Re-entering the Development Stage)
to December 31, 2006**

(Unaudited)

	December 31, 2006	December 31, 2005	Re-entering the Development Stage to December 31, 2006
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	\$ (248,498)	\$ (12,163)	\$ (340,022)
Adjustments to reconcile net loss to net cash used in operating activities:			
Common stock issued for services	393,500	--	397,530
Gain on debt forgiveness	(165,388)	-	(165,388)
Change in note receivable and prepaid expenses	(2,747)	-	532

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Change in accounts payable and accrued expenses	23,133	12,163	101,476
Changes in accounts payable related party	-	-	5,872
Net cash used in operating activities	-	-	-
 NET CHANGE IN CASH	 -	 -	 -
 CASH AT BEGINNING OF PERIOD	 -	 -	 -
 CASH AT END OF PERIOD	 \$	 \$	 \$
	-	-	-
Supplemental cash flow information:			
Cash paid for interest	\$	\$	\$
	-	-	-
Cash paid for income taxes	-	-	-

See accompanying notes to financial statements

FREESTONE RESOURCES, INC.

(formerly iChargeit, Inc.)

(DEVELOPMENT STAGE COMPANY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2006

NOTE 1 BASIS OF PRESENTATION

The accompanying unaudited interim consolidated financial statements of Freestone Resources, Inc. (Freestone) have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission. The results of operations for the three and six months ended December 31, 2006 are not necessarily indicative of the results of operations for the full year or any other interim period. The information included in this Form 10-QSB should be read in conjunction with Management's Discussion and Analysis and Financial Statements and notes thereto included in the Company's June 30, 2006 Form 10-KSB. Notes to the consolidated financial statements which substantially duplicate the disclosure contained in the audited financial statements for fiscal 2006 as reported in the Form 10-KSB have been omitted.

NOTE 2 GOING CONCERN

As reflected in the accompanying consolidated financial statements, Freestone incurred operating losses, and has a negative working capital position as of December 31, 2006. The above factors raise substantial doubt about Freestone's ability to continue as a going concern. Freestone's continued existence is dependent on its ability to obtain additional equity and/or debt financing to fund its operations. Freestone plans to raise additional financing and to increase sales volume. There is no assurance that Freestone will obtain additional financing or achieve profitable operations or cash inflows. The financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts or the amount and classification of liabilities that might be necessary as a result of this uncertainty.

NOTE 3 DEBT FORGIVENESS

In November of 2006, the statute of limitations expired for a long term note payable issued by Freestone in 2002. Freestone wrote off the entire balance including interest of \$165,388 during the three months ended December 31, 2006. The income from this write off is reported as a gain on debt forgiveness in the accompanying financial statements.

NOTE 4 COMMON STOCK

During the six months ended December 31, 2006 Freestone issued 2,550,000 shares of common stock valued at \$393,500 to consultants for services.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS

This report contains forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. The Company's actual results could differ materially from those set forth on the forward looking statements as a result of the risks set forth in the Company's filings with the Securities and Exchange Commission, general economic conditions, and changes in the assumptions used in making such forward looking statements.

General

Freestone Resources, Inc. was involved in the operation of an internet computer supply business until its operations were discontinued in 2001. It has had no business since that time. The Company was incorporated as Para-Link, Inc. in the State of Texas on January 22, 1997 and on March 10, 1999, Para-Link acquired 100% of the outstanding capital stock of iChargeit Inc. which was incorporated on January 6, 1999 in the State of Nevada. On March 17, 1999, the Company changed its name to iChargeit. On November 5, 1999 the Company was reincorporated in Delaware. On August 22, 2006, the Company was reincorporated in Nevada and changed its name to Freestone Resources, Inc.

RESULTS FOR THE FISCAL QUARTER ENDED December 31, 2006

Our fiscal quarter ended on December 31, 2006. Any reference to the end of the fiscal quarter refers to the end of the first fiscal quarter for the periods discussed herein.

REVENUE. We had no revenue since we have no operations.

EXPENSES. Total expenses for the three months ended December 31, 2006, were \$395,205 compared with expenses for the three months ended December 31, 2005 of \$6,082. Total expenses for the six months ended December 31, 2006, were \$413,886 compared with expenses for the six months ended December 31, 2005 of \$12,163.

NET LOSS. Net loss for the three months ended December 31, 2006 was \$229,817 compared to a net loss of \$6,082 for the three months ended December 31, 2005. The net loss for the six months ended December 31, 2006 was \$248,498 compared to a net loss of \$12,163 for the six months ended December 31, 2005.

LIQUIDITY AND CAPITAL RESOURCES. We have no cash reserves and no liquidity. We are in the process of seeking an acquisition candidate.

Employees

As of December 31, 2006, our President was the Company's only employee.

NEED FOR ADDITIONAL FINANCING

The Company is in the process of seeking an acquisition candidate in order to return value to its shareholders.

No commitments to provide additional funds have been made by management or other stockholders.

Further, there exist no agreements or understandings with regard to loan agreements by or with the Officers, Directors, principals, affiliates or shareholders of the Company.

ITEM 3. CONTROLS AND PROCEDURES

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in company reports filed or submitted under the Securities Exchange Act of 1934 (the Exchange Act) is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in company reports filed under the Exchange Act is accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer (the Certifying Officers), as appropriate to allow timely decisions regarding required disclosure.

As required by Rules 13a-15(e) and 15d-15(e) under the Exchange Act, the Certifying Officers carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of December 31, 2006. Their evaluation was carried out with the participation of other members of the Company's management. Based upon their evaluation, the Certifying Officers concluded that the Company's disclosure controls and procedures were not effective. Controls were not effective primarily because of failure to file timely reports and in the course of performing their work, our independent auditors determined there were numerous adjustments in various areas due to a lack of resources devoted to the accounting and financial reporting function.

The Company's internal control over financial reporting is a process designed by, or under the supervision of, the Certifying Officers and effected by the Company's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of the Company's financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the Company's assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of the Company's financial statements in accordance with generally accepted accounting principles, and that the Company's receipts and expenditures are being made only in accordance with the authorization of the Company's Board of Directors and

management; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on its financial statements. There has been no change in the Company's internal control over financial reporting that occurred in the quarter ended December 31, 2006, that has materially affected, or is reasonably likely to affect, the Company's internal control over financial reporting.

PART II

Items No. 1, 2, 3, 4, 5 - Not Applicable.

Item No. 6 - Exhibits and Reports on Form 8-K

(a) No reports on Form 8-K were filed during the three months ended December 31, 2006.

(b) Exhibits

Exhibit Number

Name of Exhibit

31.1

Certification of Chief Executive Officer, pursuant to Rule 13a-14(a) of the Exchange Act, as enacted by Section 302 of the Sarbanes-Oxley Act of 2002.

31.2

Certification of Chief Financial Officer, pursuant to Rule 13a-14(a) of the Exchange Act, as enacted by Section 302 of the Sarbanes-Oxley Act of 2002.

32.1

Certification of Chief Executive Officer and Chief Financial Officer, pursuant to 18 United States Code Section 1350, as enacted by Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

FREESTONE RESOURCES, INC.

By /s/ James F. Carroll

James F. Carroll, President, CFO

Date: October 16, 2007