

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 September 30, 2006

OR

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

From the transition period from July 1, 2006 to September 30, 2006.

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 September 30, 2006 there were 15,436,260 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)

| | September 30, 2006 | June 30, 2006 |
|------------------------------------------------------|-----------------------|------------------|
| ASSETS | | |
| Note receivable | \$ 16,468 | \$ 16,721 |
| Prepaid expenses | 6,000 | - |
| TOTAL ASSETS | \$ 22,468 | \$ 16,721 |
| LIABILITIES AND STOCKHOLDERS DEFICIT | | |
| Current liabilities | | |
| Accounts payable | \$ 10,428 | \$ - |
| Accounts payable related party | 5,872 | 5,872 |
| Notes payable | 153,694 | 153,694 |
| Total current liabilities | 169,994 | 159,566 |
| STOCKHOLDERS 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, 15,436,260 shares issued and outstanding | 15,436 | 15,336 |

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| | | |
|---------------------------------------------------|--------------|--------------|
| Additional paid in capital | 13,082,207 | 13,068,307 |
| Accumulated deficit | (13,134,964) | (13,134,964) |
| Accumulated deficit during development stage | (110,205) | (91,524) |
| Total stockholders deficit | (147,526) | (142,845) |
| TOTAL LIABILITIES AND STOCKHOLDERS DEFICIT | \$ | \$ |
| | 22,468 | 16,721 |

See accompanying notes to financial statements

FREESTONE RESOURCES, INC.

(formerly iChargeit, Inc.)

(DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF EXPENSES

Three Months Ended September 30, 2006 and 2005, and for the

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

to September 30, 2006

(Unaudited)

| | September 30, 2006 | September 30, 2005 | Re-entering the Development Stage to September 30, 2006 |
|---------------------------------------------|-----------------------|-----------------------|---------------------------------------------------------------------|
| General and administrative expenses | \$ 18,981 | \$ 450 | \$ 31,862 |
| Interest expense | - | 5,631 | 78,343 |
| Net loss | \$ (18,981) | \$ (6,081) | \$ (110,205) |
| Basic and diluted loss per share | \$ (0.00) | \$ (0.00) | n/a |
| Weighted average shares outstanding: | | | |
| Basic and diluted | 15,400,390 | 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

Three Months Ended September 30, 2006 and 2005, and for the

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

to September 30, 2006

(Unaudited)

| | September 30, 2006 | September 30, 2005 | Re-entering the Development Stage to September 30, 2006 |
|-----------------------------------------------------------------------------|-----------------------|-----------------------|---------------------------------------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net loss | \$ (18,981) | \$ (6,081) | \$ (110,205) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | | |
| Common stock issued for services | 14,000 | - | 18,030 |
| Change in note receivable and prepaid expenses | (5,747) | - | (2,468) |
| Change in accounts payable and accrued expenses | 10,428 | (6,081) | 88,771 |
| Change in accounts payable related party | - | - | 5,872 |

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| | | | |
|---------------------------------------|----|----|----|
| 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

SEPTEMBER 30, 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 months ended September 30, 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 Freestone'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 September 30, 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 consolidated 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 COMMON STOCK

During the three months ended September 30, 2006 Freestone issued 100,000 shares of common stock valued at \$14,000 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. Freestone's actual results could differ materially from those set forth on the forward looking statements as a result of the risks set forth in Freestone'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. (Freestone) 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. Freestone 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. ("iChargeit"). iChargeit was incorporated on January 6, 1999 in the State of Nevada. On March 17, 1999, Para-Link, Inc. changed its name to iChargeit. On November 5, 1999 iChargeit was reincorporated in Delaware. On August 22, 2006 iChargeit was reincorporated in the State of Nevada under the laws of the State of Nevada. On August 22, 2006, iChargeit changed its name to Freestone Resources, Inc.

RESULTS FOR THE FISCAL QUARTER ENDED September 30, 2006

Our fiscal quarter ended on September 30, 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 September 30, 2006, were \$18,981 compared with expenses for the three months ended September 30, 2005 of \$6,081.

NET LOSS. Net loss for the three months ended September 30, 2006 was \$18,981 compared to a net loss of \$6,081 for the three months ended September 30, 2005. The net loss per share for the period ended September 30, 2006 was

\$0.00 compared with net loss per share in the same period in 2005 of \$0.00.

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 September 30, 2006, our President was Freestone's only employee.

NEED FOR ADDITIONAL FINANCING

Freestone 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 Freestone.

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 Freestone'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 Freestone's disclosure controls and procedures as of September 30, 2006. Their evaluation was carried out with the participation of other members of Freestone's management. Based upon their evaluation, the Certifying Officers concluded that Freestone'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.

Freestone's internal control over financial reporting is a process designed by, or under the supervision of, the Certifying Officers and effected by Freestone's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of Freestone's financial reporting and the preparation of Freestone'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 Freestone's assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of Freestone's financial statements in accordance with generally accepted accounting principles, and that Freestone's receipts and expenditures are being made only in accordance with the authorization of Freestone's Board of Directors and management; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Freestone's assets that could have a material effect on its financial statements. There has been no change in Freestone's internal control over financial reporting that occurred in the quarter ended September 30, 2006, that has materially affected, or is reasonably likely to affect, Freestone'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)

On July 10, 2006 we filed an 8-K whereby we announced the entry into a definitive agreement to purchase Freestone Oil & Gas, Inc. As of the date of this filing the conditions to close have not been met.

(b)

On August 2, 2006 we filed an 8-K announcing our name change to Freestone Resources, Inc.

(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