

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Stock, Par value \$0.001

Indicate by a check mark if the registrant is a well-known seasoned issuer, as defined by Rule 405 of the Securities Act.

Yes No

Indicate by a check mark whether the registrant is not required to file reports pursuant to Section 13 or Section 15 (d) of the Securities Exchange Act. Yes No

Indicate by check mark whether the registrant has (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports) (2) has been subject to such filing requirement for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its website, if any, every Interactive File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§325.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files), Yes No

Indicate by check if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (s229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer

Non-Accelerated Filer Smaller Reporting Company

Emerging Growth Company

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Aggregate market value of the voting stock held by non-affiliates of the registrant as of December 31, 2017:
\$2,959,487

Indicate the number of Shares of outstanding of each of the Registrant's classes of common stock, as of the latest practicable date: As of September 30, 2018, the Registrant had 98,238,177 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None

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FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements as the term is defined in the Private Securities Litigation Reform Act of 1995 or by the U.S. Securities and Exchange Commission in its rules, regulations and releases, regarding, among other things, all statements other than statements of historical facts contained in this report, including statements regarding our future financial position, business strategy and plans and objectives of management for future operations. The words “believe,” “may,” “estimate,” “continue,” “anticipate,” “intend,” “should,” “plan,” “could,” “target,” “probably,” “likely,” “will,” “expect” and similar expressions, as they relate to us, are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. In addition, our past results of operations do not necessarily indicate our future results.

Other sections of this report may include additional factors which could adversely affect our business and financial performance. New risk factors emerge from time to time and it is not possible for us to anticipate all the relevant risks to our business, and we cannot assess the impact of all such risks on our business or the extent to

which any risk, or combination of risks, may cause actual results to differ materially from those contained in any forward-looking statements. Those factors include, among others, those matters disclosed in this Annual Report on Form 10-K.

Except as otherwise required by applicable laws and regulations, we undertake no obligation to publicly update or revise any forward-looking statements or the risk factors described in this report, whether as a result of new information, future events, changed circumstances or any other reason after the date of this report. Neither the Private Securities Litigation Reform Act of 1995 nor Section 27A of the Securities Act of 1933 provides any protection to us for statements made in this report. You should not rely upon forward-looking statements as predictions of future events or performance. We cannot assure you that the events and circumstances reflected in the forward-looking statements will be achieved or occur. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

Company Background

Freestone Resources, Inc. (the “Company” or “Freestone”), a Nevada corporation, is an oil and gas technology development company that is actively developing and marketing technologies and solvents designed to benefit various sectors in the oil and gas industry. The Company has re-launched its Petrozene™ solvent after developing a new and improved formula. Petrozene™ is primarily used to dissolve paraffin buildup, and it is primarily used for pipelines, oil storage tanks, oil sludge build up, de-emulsification, well treatment, as a corrosion inhibitor and as a catalyst in opening up formations thereby aiding in oil production.

On June 24, 2015 Freestone purchased 100% of the common stock of C.C. Crawford Retreading Company, Inc. (“CTR”), a Texas corporation. CTR is an Off-The-Road (“OTR”) tire company located in Ennis, Texas, and a wholly owned subsidiary of Freestone. CTR’s primary business is to repair, recycle, dispose of and sell OTR tires, which are used on large, industrial equipment. Freestone made the decision to purchase CTR in order to utilize the CTR facility for the production of Petrozene™ ..

On June 24, 2015, the Company formed Freestone Dynamis Energy Products, LLC (“FDEP”) with Dynamis Energy, LLC (“Dynamis”). FDEP was formed in order to operate and manage the specialized pyrolysis process that is used to create Petrozene™ and other byproducts of value. Freestone chose to work with Dynamis based on their extensive engineering and waste-to-energy expertise. Freestone owns a 70% member interest in FDEP.

The acquisition of CTR and the formation of FDEP have allowed Freestone to vertically integrate the Petrozene™ product line. CTR will remain an auxiliary company that will maintain existing operations that complement the efforts of FDEP and Freestone.

Available Information

The Freestone website is www.freestonerresources.com. The Company's references to the URLs for these websites are intended to be inactive textual references only. The Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to reports filed pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, are filed with the U.S. Securities and Exchange Commission (the "SEC").

The public may read and copy any materials filed by the Company with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Room 1580, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy, and information statements and other information regarding issuers that file electronically with the SEC at <http://www.sec.gov>.

Products and Services

OTR Tire Services

CTR has been involved in the OTR tire business since 1987. Since its formation, CTR has evolved into a unique company that can handle most of the needs of its customers that require OTR tire services. These services include:

- Specialized OTR tire repair services quickly and efficiently, and at competitive prices; and
- Disposal services for OTR tires that can no longer be used or repaired; and
- A substantial inventory of used OTR tires for sale; and
- Recycling OTR tires for alternative uses that prevent them from going to landfills.

Petrozene™

Freestone purchased CTR in order to use a specialized pyrolysis technology. Pyrolysis, by definition, is the decomposition of organic matter in the absence of oxygen. The Company and FDEP will use this process to convert the OTR tires that have been disposed of into byproducts of value. One of the byproducts from this process is used in the production of Petrozene™. The use of pyrolysis allows Freestone and CTR to reduce the amount of tires that would have otherwise been disposed of in landfills.

Customers

CTR provides services to many international OTR tire dealers. These OTR tire dealers make up a majority of its customer base.

Competition

OTR Tire Services

Several tire processing companies are permitted in the Dallas/Ft. Worth area, but most of them cannot handle OTR tires due to the size of the OTR tires. CTR has its own trucks, forklifts and other equipment that are necessary for the management and processing of OTR tires. CTR also has specialized, on-site shredding equipment to convert the OTR tires into one inch tire pieces that can be sold as a tire derived fuel (“TDF”), or processed in the specialized pyrolysis technology.

CTR is one of the few tire processing facilities that provide other services to its customers. These additional services include the sale of used OTR tires and the repair of OTR tires. CTR’s operations focus on the states of Texas, Oklahoma, Louisiana, New Mexico and Arkansas. Focusing on these specific states allow CTR to provide some of the fastest repair turnarounds in the industry.

PetrozeneTM

Many oil and gas service companies and petro-chemical companies provide a product that competes with PetrozeneTM. The Company's advantage is that PetrozeneTM is derived from a readily available waste product, and the pyrolysis process used to create PetrozeneTM is extremely cost efficient. Most of the Company's competitors use synthetically derived chemicals that are extremely expensive to develop and manufacture.

Research and Development

Freestone and its partners are continuously evaluating technologies and processes that can convert waste streams into valuable byproducts. Freestone's main focus has been the development of byproducts that can be used by the oil and gas industry to increase production and efficiency. The Company's research has resulted in the relaunch of PetrozeneTM, and expanding the ways in which PetrozeneTM can be utilized. Freestone's partners and customers have provided valuable feedback that has continued to help create a superior product.

Growth Strategy

Freestone is actively pursuing a strategy of growth through the vertical integration of PetrozeneTM. The implementation of this strategy allows the Company to reduce variables that could affect growth, performance and the quality of its products. In addition, Freestone and FDEP are providing CTR with another recycling option. This means that more tires will be processed each year, and thus will allow CTR to increase its disposal operations.

Government Approval and Environmental Matters

CTR is registered with the Texas Commission on Environmental Quality ("TCEQ") as a transporter and scrap tire facility.

Freestone's and CTR's operations and properties are subject to extensive and changing federal, state and local laws and regulations relating to environmental protection, including the generation, storage, handling, emission, transportation and discharge of materials into the environment, and relating to safety and health. The recent trend in environmental legislation and regulation generally is toward stricter standards, and this trend will likely continue.

The permits required for our operations may be subject to revocation, modification and renewal by issuing authorities. Governmental authorities have the power to enforce their regulations, and violations are subject to fines or injunctions, or both.

On September 6, 2016 CTR received a Notice of Enforcement for Compliance Evaluation Investigation from the TCEQ informing them of potential violations related to its processing permit. On September 6, 2016 FDEP also received a Notice of Enforcement for Compliance Evaluation Investigation informing them of potential violations relating to waste disposal and its permit for pyrolysis process.

CTR's potential violations related to tires stored in excess of the numbers permitted and noncompliance with fire regulations. CTR has submitted a plan to reduce the number of tires and bring the facility into full compliance with all fire regulations.

FDEP's potential violations regarded failure to properly classify, track and dispose of hazards waste as well as operating a pyrolysis machine without a separate permit from CTR. FDEP cured the potential hazards waste issue and submitted documentation of such to the TCEQ. FDEP has applied for a separate permit for its pyrolysis operation and is awaiting approval from the TCEQ. As of June 30, 2018, the Company is awaiting approval of the permit

In conjunction with the plan submitted to the TCEQ to bring the tire storage facility into compliance CTR accrued an environmental and tire disposal liability of \$400,000. (See financial statement Note 7). The Company also accrued \$48,750 in proposed TCEQ fines and penalties.

On August 22, 2018 the TCEQ approved an Agree Order with CTR to settle the case. Under terms of the agreement the fine was reduced to \$3,600 providing CTR reduce it number of scrap tires on hand to 5,000 within 100 days.

Intellectual Property

Freestone is the owner of the Petrozene™ trademark. Freestone does not own any patents at this time.

ITEM 1A. RISK FACTORS

As a smaller reporting company we are not required to provide the information required by this item.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. DESCRIPTION OF PROPERTY

CTR is located at 101 W. Ave. D, Ennis TX 75119 and owns approximately 10.141 acres with three buildings consisting of 32,800 square feet. During the current year Freestone relocated its corporate offices to the Ennis facilities as a cost saving measure.

ITEM 3. LEGAL PROCEEDINGS

Freestone and CTR are not subject to any material pending legal proceedings, nor are the companies aware of any material threatened claims against them.

ITEM 4. MINE SAFETY DISCLOSURES

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Common Stock is currently quoted on the OTCQB under the symbol "FSNR."

The following tables set forth the quarterly high and low bid prices for the Common Stock for 2018 and 2017. The prices set forth below represent interdealer quotations, without retail markup, markdown or commission and may not be reflective of actual transactions.

Fiscal 2018	High	Low
First Quarter	\$0.07	\$0.04
Second Quarter	\$0.08	\$0.05
Third Quarter	\$0.06	\$0.02
Fourth Quarter	\$0.06	\$0.04

Fiscal 2017	High	Low
First Quarter	\$0.13	\$0.05
Second Quarter	\$0.08	\$0.05
Third Quarter	\$0.09	\$0.04
Fourth Quarter	\$0.08	\$0.04

Shareholders

As of June 30, 2018, there were approximately 260 record holders of the Common Stock. This number excludes any estimate by Freestone of the number of beneficial owners of shares held in street name, the accuracy of which cannot be guaranteed.

Dividends

Freestone has not paid cash dividends on any class of common equity since formation and Freestone does not anticipate paying any dividends on its outstanding common stock in the foreseeable future.

Warrants

As of June 30, 2018, the Company had no outstanding stock warrants.

ITEM 6. SELECTED FINANCIAL DATA

As a smaller reporting company we are not required to report selected financial data disclosures as required by item 301 of Regulation S-K.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

At present, Freestone's management is focused on the development and vertical integration of the Petrozene™ product line. Freestone continues to look for various solvents, chemicals, and technologies that might fit into Freestone's petro-chemical line, and continues to seek opportunities in the oil and gas water industry.

Critical Accounting Policies

The Company's consolidated financial statements were prepared in conformity with U.S. generally accepted accounting principles. As such, management is required to make certain estimates, judgments and assumptions that they believe are reasonable based upon the information available. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expense during the periods presented. The significant accounting policies which management believes are the most critical to aid in fully understanding and evaluating our reported financial results include the following:

Revenue Recognition

Freestone and CTR recognize revenue from the sale of products in accordance with ASC 605. Revenue will be recognized only when all of the following criteria have been met:

- Persuasive evidence of an arrangement exists; and
- Ownership and all risks of loss have been transferred to buyer, which is generally upon delivery; and
- The price is fixed and determinable; and
- Collectability is reasonably assured.

The three main sources of revenue are recognized as follows:

Revenues associated with tire disposals are recognized upon receipt of the tire by CTR; and

Revenues associated with tire repairs are invoiced and recognized upon completion of repair and receipt of the tire by the customer; and

Revenue associated with used tires and scrap sales are recognized upon delivery of the product to the customer.

Stock Based Compensation

Pursuant to Accounting Standards Codification (“ASC”) 505-50, the guidelines for recording stock issued for services require the fair value of the shares granted be based on the fair value of the services received or the publicly traded share price of the Company’s registered shares on the date the shares were granted (irrespective of the fact that the shares granted were unregistered), whichever is more readily determinable. This position has been further clarified by the issuance of ASC 820. ASC 820 defines fair value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”. Accordingly, the Company elected the application of these guidelines. Freestone has determined that the fair value of all common stock issued for goods or services is more readily determinable based on the publicly traded share price on the date of grant.

Results of Operations for the Year ended June 30, 2018 Compared to the Year ended June 30, 2017

Revenue

Revenues for the years ended June 30, 2018 and 2017 were \$1,163,860 and \$1,079,846, respectively. An increase of 7.8% due primarily to the increase in tipping fees.

Cost of Goods and Gross Profit

Cost of Goods sold for the years ended June 30, 2018 was \$904,807 compared to \$839,007 in the prior year. The 7.8% increase was consistent with the Company’s increase in sales. The Company’s gross margin remained steady at 22.3%.

Operating Expense

Total operating expenses for the years ended June 30, 2018 and 2017 were \$1,267,235 and \$1,557,977, respectively. A decrease of 18.7% due to the Company's implementation of cost savings measures. The primary area of decrease were selling of \$64,600 and general and administration of \$207,923. The selling decreases were due to cuts in compensation at CTR while the general and administration decrease was primarily a reduction of loan administration costs.

Other Income and Expenses

Other income and expense for the year ended June 30, 2018 and the year ended June 30, 2017 consisted of interest expense of \$219,944 and \$165,312 respectively. The increase is reflective of the Company increase in debt used to finance the Company losses.

Net (Loss) Income

Net loss for and the year ended June 30, 2018 was \$1,138,132 compared to a net loss for the year ended June 30, 2017 of \$1,386,947. The decrease was primarily a result of the Company's decrease in operating cost detailed above.

Liquidity and Capital Resources

The Company has little cash reserves and liquidity to the extent we receive it from operations and through the sale of common stock.

Cash decreased from \$4,109 at June 30, 2017 to \$2,966 at June 30, 2018.

Net cash used by operating activities was \$786,056 for the year ended June 30, 2018. The difference between the Company's net loss and cash used is the none cash expenses of depreciation and stock compensation and an increase in accrued liabilities from the deferral of officer's payroll.

The cash provided by financing activities totaled \$780,613 funded by \$270,058 of cash contributed by the non-controller member to FDEP and \$974,816 increase in borrowings from stockholders offset by \$464,261 of payments on term loans.

Employees

As of June 30, 2018, CTR had 16 full-time employees including 1 leased to FDEP. Freestone's only employees are its three officers.

Need for Additional Financing

The Company is uncertain of its ability to generate sufficient liquidity from its operations so the need for additional funding may be necessary. The Company may sell stock and/or issue additional debt to raise capital to accelerate our growth.

Going Concern Uncertainties

The accompanying consolidated financial statements are presented on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As of the date of this annual report, there is substantial doubt regarding the Company's ability to continue as a going concern as we have not generated sufficient cash flows to fund our business operations and loan commitments. Our future success and viability, therefore, are dependent upon our ability to generate capital financing. The failure to generate sufficient revenues or raise additional capital may have a material and adverse effect upon the Company and our shareholders.

The Company formed FDEP in order to vertically integrate its Petrozene™ product line, and utilize a specialized pyrolysis process in order to produce other byproducts of value that will generate revenue for FDEP. In turn, the ability of FDEP to process large quantities of OTR tires will allow the Company to increase the amount of OTR tires it can dispose of and process, which will generate additional revenue of the Company. Additionally, the Company intends to raise equity or debt financing that will allow the Company to expand its current operations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk represents the risk of loss arising from adverse changes in market rates and foreign exchange rates. The amount of our outstanding debt at any time may fluctuate and we may from time to time be subject to refinancing risk. A hypothetical 100 basis point increase in interest rates would have a material effect on our annual interest expense and on our results of operations or financial condition as we rely on these notes to sustain our operations. Since we do not have transactions in foreign currencies, we do not consider it necessary to hedge against currency risk.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements of Freestone Resources, Inc. and Subsidiaries, together with the Report of Independent Registered Public Accounting Firm Pinnacle Accountancy Group of Utah for the year ended June 30, 2018 and 2017, appear on pages 20 through 38 of this report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) as of June 30, 2018. This evaluation was accomplished under the supervision and with the participation of our chief executive officer / principal executive officer, and chief financial officer / principal financial officer who concluded that our disclosure controls and procedures are not effective to ensure that all material information required to be filed in the annual report on Form 10-K has been made known to them.