

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): June 17, 2005

INTEGRAL TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Nevada

0-28353

98-0163519

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(IRS Employer
Identification No.)

805 W. Orchard Dr., Suite 7, Bellingham, WA 98225

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (360) 752-1982

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT.

On June 20, 2005, Integral Technologies, Inc. (the "Company") entered into an agreement with The QuanStar Group LLC ("QuanStar"), engaging QuanStar as an advisor to render strategic and consulting services to the Company, primarily in connection with the expected high growth worldwide commercialization of the Company's proprietary ElectriPlast technology.

QuanStar, headquartered in New York, is a strategic, business management-support company that provides multilevel offerings to high-growth companies. Its services are provided through the personal and hands-on interaction of its senior partners, associates, and affiliate executives.

As outlined in the agreement, the scope of services to be provided to the Company by QuanStar may include: research of business channels, strategic and

negotiation consultation, distributor/client support, governmental channels and research, manufacturing expansion, international licensees and distributors, client introductions, and exit planning.

The term of the agreement shall be one year. Unless terminated by either party at least thirty days prior to the end of the one year term, the agreement shall automatically be renewed for successive one year periods. The agreement may be terminated by either party without cause upon thirty days notice at any time after the first ninety days from the start date, or with cause immediately upon notice at any time, subject to a ten day cure period.

During the term of the agreement, the Company agreed to pay to QuanStar a monthly retainer of \$15,000 and to reimburse QuanStar for all reasonable out-of-pocket expenses. The Company also agreed to issue to QuanStar 500,000 shares of restricted common stock of the Company. In addition the Company will pay to QuanStar a fee equal to 5% of the Net Revenue actually paid to the Company by new clients or other parties directly introduced by QuanStar. "Net Revenue" is defined to mean revenue actually received by the Company from third parties in respect of sales of the Company's products and/or services, license fees, or research grants, net of taxes payable by the Company with respect to such amounts and all direct costs incurred by the Company in generating such revenue.

A copy of the agreement with QuanStar is attached as an exhibit to this report and is incorporated by reference herein.

ITEM 3.02. UNREGISTERED SALES OF EQUITY SECURITIES.

Pursuant the agreement with QuanStar, which is described above under Item 1.01, the Company issued 500,000 shares of restricted common stock to QuanStar. The Company believes this transaction was exempt from registration under Section 4(2) and Section 4(6) of the Securities Act of 1933 and/or Rule 506 of Regulation D. The transaction did not involve a public offering, no sales commissions were paid, and a restrictive legend was placed on the certificate evidencing the shares.

ITEM 7.01. REGULATION FD.

On June 20, 2005, the Company issued a press release to announce the agreement with QuanStar, which is described above under Item 1.01. A copy of the press release is attached as an exhibit hereto.

1

ITEM 8.01. OTHER EVENTS.

On June 17, 2005, the Company provided a Grant of Option to Thomas Aisenbrey, the Company's Chief Technical Officer. Pursuant to the Grant of Option, Mr. Aisebrey was granted an option to acquire 1,000,000 share of common stock of the Company at an exercise price of \$.50 per share, exercisable in whole or in part at any time until June 30, 2010. The exercise price per share shall automatically be adjusted down to \$.001 per share in the event of a "triggering event," which is defined as the termination of employment of Mr. Aisenbrey or a change in control of the Company. A change in control of the Company shall be deemed to have occurred if there is any sale, exchange or transfer of all or substantially all of the assets of the Company, or if there is any merger or share exchange involving the Company, which has the result of effecting a change in control of the business through a change in management and/or officers and directors of the Company.

The options and the underlying shares of common stock are subject to restrictions on transfer, as required by applicable federal and state securities laws.

A copy of the Grant of Option provided to Mr. Aisenbrey is attached as an exhibit to this report and is incorporated by reference herein.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

Exhibit Description

- -----
- 10.18 Grant of Option provided by the Company to Thomas Aisenbrey dated June 17, 2005. (Filed herewith.)
 - 10.19 Agreement between the Company and The QuanStar Group, LLC dated June 20, 2005. (Filed herewith.)
 - 99.02 Press release dated June 20, 2005. (Filed herewith.)

SIGNATURES

Pursuant to 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 hereunto duly authorized.

INTEGRAL TECHNOLOGIES, INC.

By: /s/ William A. Ince

William A. Ince, President

Date: June 22, 2005

2
EXHIBIT INDEX

-
- 10.18 Grant of Option provided by the Company to Thomas Aisenbrey dated June 17, 2005. (Filed herewith.)
 - 10.19 Agreement between the Company and The QuanStar Group, LLC dated June 20, 2005. (Filed herewith.)
 - 99.02 Press release dated June 20, 2005. (Filed herewith.)

GRANT OF OPTION

This GRANT OF OPTION is made this 17th day of June 2005. INTEGRAL TECHNOLOGIES, INC., a Nevada corporation, with principal executive offices located at 805 West Orchard Drive, No. 7, Bellingham, WA 98225 (the "Company"), hereby grants to THOMAS AISENBREY, an individual residing at 5820 Wood Sorrel Dr., Littleton CO 80123 ("Aisenbrey"), an option to purchase shares of common stock of the Company on the terms and conditions set forth herein.

1. Grant of Option. The Company hereby grants to Aisenbrey an option to -----
acquire one million (1,000,000) shares of the Company's common stock, subject to the following terms and conditions:

(A) The option is exercisable in whole or in part at a cash exercise price of \$.50 per share.

(B) In the event of a "Triggering Event" (as defined below in this paragraph), the exercise price per share shall automatically be adjusted down to \$.001 per share. For the purpose of this Agreement, a "Triggering Event" shall be defined as the termination of employment of Aisenbrey or a change in control of the Company. A change in control of the Company shall be deemed to have occurred if there is any sale, exchange or transfer of all or substantially all of the assets of the Company, or if there is any merger or share exchange involving the Company, which has the result of effecting a change in control of the business through a change in management and/or officers and directors of the Company.

(C) The option is fully vested and is exercisable at any time, or from time to time, until it expires, on June 30, 2010.

(D) The option shall be exercised by delivery of notice in writing to the Company setting out the number of optioned shares which Aisenbrey intends to purchase. The option shall be exercisable by Aisenbrey upon payment in cash. The Company agrees to deliver to Aisenbrey a share certificate representing the shares purchased not later than seven days after receipt of the notice and payment.

(E) Appropriate adjustments shall be made to the number of shares of common stock issuable upon exercise of the option and the exercise price thereof in the event of: (i) a subdivision or combination of any of the shares of capital stock of the Company; (ii) a dividend payable in shares of capital stock of the Company; (iii) reclassification of any shares of capital stock of the Company; or (iv) any other change in the capital structure of the Company.

(F) The option and the underlying shares of common stock are subject to restrictions on transfer, as required by applicable federal and state securities laws.

2. Advisors. The Company has not provided any legal or tax advice to -----

Aisenbrey, Aisenbrey may not rely upon the Company or its advisors for any such advice, and Aisenbrey is responsible for obtaining such legal and tax advice as he considers appropriate in connection with this Grant of Option and any exercise of the option.

3. Entire Agreement. This Grant of Option constitutes and embodies the -----
entire understanding and agreement of the parties and supersedes and replaces all prior understandings, agreements and negotiations between the parties; provided, however, that the Proprietary, Nondisclosure and Nonsolicitation Agreement between Aisenbrey and the Company executed on January 2, 2002, shall remain in full force and effect.

4. Modification. No amendment of any provision of this Grant of Option -----
shall be valid unless the same shall be in writing and signed by the Company.

This Grant of Option is effective the day and year first written above.

INTEGRAL TECHNOLOGIES, INC.

/s/ William A. Ince, President

William A. Ince
President

William S. Robinson
Chairman and Chief Executive Officer
Integral Technologies, Inc.
805 W. Orchard Drive
Suite 7
Bellingham WA 98225

June 20, 2005

Bill:

This letter sets forth the terms of the agreement for The QuanStar Group, LLC ("QuanStar" or the "Advisor"), as the Advisor, to render strategic and consulting services to Integral Technologies, Inc. ("Integral" or the "Company") (the "Agreement").

1) BUSINESS ACTIVITIES

QuanStar agrees to provide the following services to the Company pursuant to the terms of this agreement:

- a) Research of Business Channels - QuanStar will assist the Company in its research of potential business channels for the Company's products, evaluate such channels and provide recommendations to the Company.
- b) Strategic and Negotiation Consultation - Upon request by the Company, QuanStar will be available to provide strategic and negotiation consulting advice to the Company. This may include, but not be limited to, such things as:
 - i) Planning for and participating in major negotiation with vendors, suppliers and clients
 - ii) Reviewing the business and operations plan, strategic growth plan, and/or financial plan of the Company
 - iii) Supporting Board and Investor meetings, either by teleconference or in person
 - iv) As needed, provide telephonic consultation relating to time sensitive business decisions
- c) Distributor/Client Support - QuanStar will review with the Company potential new distributors and clients, provide an evaluation of such organizations, help develop agreements for sales and assist where needed in negotiations for such agreements.
- d) Governmental Channels and Research - QuanStar will assist the Company in developing a program to introduce the Company's products to various targeted governmental agencies for the purpose of product sales as well as for potential research grants to enhance or extend the Company's product line.

INTEGRAL TECHNOLOGIES INC. - BUSINESS AGREEMENT

- e) Manufacturing Expansion - QuanStar will advise the Company in discussions regarding expanding the production capabilities of the Company and will assist in developing a manufacturing plan once alternatives are chosen.
- f) International Licensees and Distributors - QuanStar will provide initial research into potential international licensees and distributors, evaluate such organizations and provide input as to the development of any agreements.
- g) Client Introductions - QuanStar will assist the Company by

providing potential sales leads from its internal and affiliate relationships.

- h) Exit Planning - QuanStar will work with the Company to define various potential exit event scenarios, hold discussions regarding the viability of such events and help the Company prepare any developmental activities necessary to enhance the possibilities of those events happening.
- i) Other Services - Quanstar will assist the Company with other services as mutually agreed to by the parties during the term of this Agreement.

2) EXECUTIVE MANAGEMENT

QuanStar will be responsible for reporting directly to the CEO of the Company and all activities shown above will be provided in a direct working relationship with the CEO and others as designated by the Company in its discretion. QuanStar will establish and provide an executive management team to the Company to support the services outlined above, subject to the approval of the Company. QuanStar's executive management team shall, at all times during the term of this Agreement, be headed by Mark N. Sirangelo.

3) BUSINESS ACTIVITIES AND EXECUTIVE MANAGEMENT FEES

Prior to the termination of this Agreement pursuant to Section 4, the Company will agree to pay to QuanStar for its ongoing executive management services:

- a) A monthly retainer of \$15,000 beginning on the execution date of this Agreement, prorated for any partial month and on the 1st day of each month thereafter; in the event of termination of this Agreement effective in the middle of any month, QuanStar shall return to the Company a prorated portion of the retainer for such month, based upon the number of days in such month following the termination, and payable within five (5) days following the effective termination date.
- b) 500,000 shares of restricted common stock.
- c) Business Development Fee - The Company will pay to QuanStar a fee equal to 5% of Net Revenue (as defined below) actually paid to the Company by new clients or other persons directly introduced by QuanStar under this Agreement (each, a "Third Party"); provided, however, that QuanStar shall only be entitled to receive the fee described in

this Section 3(c) if it first identifies the name of the Third Party in writing prior to engaging in negotiations with such Third Party with respect to consummation of a commercial transaction between the Third Party and the Company, and the Company approves the Third Party in writing; provided further, however, that QuanStar shall not be entitled to receive the fee provided for under this Section 3(c) with respect to any person with whom the Company had a pre-existing relationship prior to the date of this Agreement, unless the Company requests in writing QuanStar's participation with such relationship. For purposes of this Agreement, the term "Net Revenue" shall mean revenue actually received by the Company from Third Parties in respect of sales of the Company's products and/or services, license fees, or research grants, net of taxes payable by the Company with respect to such amounts and all direct costs incurred by the Company in generating such revenue (including, without limitation, expenses paid to QuanStar pursuant to Sections 6 of this Agreement)..

4) TERM

- a) Unless earlier terminated pursuant to Section 4(b) or 4(c) below, the initial term of the Agreement shall begin on the execution hereof and continue for an initial period of one (1) year (the "Initial Term"). Unless terminated by either party at least thirty (30) days prior to the end of the initial one (1) year term, this Agreement will automatically be renewed for successive one-year periods (each a, "Successive Term" and, together with the "Initial Term," the "Term").
- b) This Agreement may be terminated without Cause (as defined in Section 4(c) below) by either party prior to the end of the Term at any time upon thirty (30) days prior written notice, given at any time but not prior to ninety (90) days from the starting date. Quanstar agrees to continue to provide regular services and support activities during the thirty (30) day notification period.
- c) This Agreement may be terminated by the Company prior to the end of the Term for Cause immediately upon notice to QuanStar. For purposes of this Agreement, the term "Cause" shall mean shall a good faith determination by the Company that there has been: (i) a failure by QuanStar to perform its duties hereunder after notice of such failure from the Company, if such failure has not been cured within ten (10) days after receipt of such notice, (ii) any act by, or an event with respect to, QuanStar involving embezzlement, theft, material dishonesty, or material harm to the Company's reputation, or a conviction of or plea of nolo contendere to a crime involving moral turpitude or a felony of any of the principals of QuanStar, or (iii) any breach of this Agreement by QuanStar, if such breach has not been cured within ten (10) days after receipt of such notice.
- d) Upon any termination of this Agreement, all obligations of the parties shall end; provided, however, that no such termination shall affect the obligations of QuanStar pursuant to Section 7 below, the indemnification obligations of the Company or QuanStar set forth in Section 8 below, or the right of QuanStar to receive any retainer and performance fees earned and payable during the term of this Agreement or the right of QuanStar to receive reimbursement for its out-of-pocket expenses previously incurred as described below in Section 6. The Company will continue to pay QuanStar

Page 3 of 7

INTEGRAL TECHNOLOGIES INC. - BUSINESS AGREEMENT

the fees earned in Section 3(c) for all agreements signed before the termination of this Agreement for the duration of such contract.

5) REPORTS AND MEETINGS

- a) QuanStar shall, at its expense, provide the Company with the following full and complete reports during the term of this Agreement: (i) written periodic reports summarizing QuanStar's efforts with respect to the services described in Section 1 above; (ii) market information from reports which QuanStar receives from time to time; and (iii) such other reports as mutually agreed upon by the parties.
- b) QuanStar's executive management team and the Company shall maintain a close working relationship which shall include periodic meetings during which the business activities undertaken by QuanStar pursuant to this Agreement shall be reviewed and discussed.

6) EXPENSES

The Company will reimburse QuanStar, upon its request, for all reasonable out of pocket expenses, including economy travel, incurred by it in connection with performing services as outlined in this Agreement, provided that any single expense in excess of \$500, or any single event expense in excess of \$1,000 will require the prior written consent of the Company, and

aggregate expenses in excess of \$15,000 during the Initial Term or any Successive Term will also require the prior written consent of the Company.

Subject to the provisions of the preceding paragraph, the Company will establish a prepaid expense account with QuanStar in the amount of \$2,500 which it will maintain at that level and from which QuanStar will deduct all valid expenses; QuanStar shall send to the Company a monthly expense report detailing all expenses deducted from such account. Any excess in such account will, upon termination of this Agreement, be returned to the Company in full.

7) INFORMATION AND CONFIDENTIALITY

a) QuanStar agrees that all non-public information pertaining to the prior, current or contemplated business of the Company are valuable and confidential assets of the Company. Such information shall include, without limitation, information relating to customer lists, bidding procedures, intellectual property, trade secrets, financing techniques and sources and such financial statements of the Company as are not available to the public. QuanStar shall hold all such information provided to it in trust and confidence for the Company and shall not use or disclose any such information to any other person except with the prior consent of the Company. The terms of this Agreement and the relationship of the parties shall also be governed by the Confidentiality Agreement between the Company and Quanstar dated August 18, 2004 (the "Confidentiality Agreement"). In the event of any conflict between the terms of this Agreement and the terms of the Confidentiality Agreement, the terms of the Confidentiality Agreement shall govern.

Page 4 of 7

INTEGRAL TECHNOLOGIES INC. - BUSINESS AGREEMENT

b) Upon request from the Company during or upon the termination of this Agreement, QuanStar will provide the Company any and all of its work product information related to the services provided under this Agreement.

c) QuanStar acknowledges that any breach of this Section 7 may cause immediate and irreparable injury to the Company and that monetary damages may be inadequate to compensate the Company for such breach. Having acknowledged the foregoing, QuanStar agrees that, in the event of such breach, the Company shall be entitled to injunctive relief, in addition to all other remedies available to it at law or in equity. This Section in no way limits the liability or damages that may be assessed against QuanStar in the event of a breach of any of the provisions of this Section 7.

8) INDEMNIFICATION

The Company and Quanstar mutually agree to defend, indemnify and hold each other and their directors, officers, employees and agents, harmless from and against any and all claims or liability arising out of their performance under this Agreement except to the extent such claims or liability result from the gross negligence or willful misconduct of the party claiming indemnification rights.

9) INDEPENDENT CONTRACTOR

It is expressly understood and agreed that QuanStar shall, at all times, act as an independent contractor with respect to the Company and not as an employee or agent of the Company, and nothing contained in any agreement shall be construed to create a joint venture, partnership, association or other affiliation, or like relationship, between the parties.

10) AMENDMENT

No modification, waiver, amendment, discharge or change of this Agreement shall be valid unless the same is evidenced in writing and signed by the parties.

11) NOTICES

All notices given shall be in writing and shall be deemed to have been provided when delivered by certified or overnight mail to the primary business addresses of the other party.

12) ENTIRE AGREEMENT

This Agreement contains all of the understandings and agreements of the parties with respect to the subject matter discussed herein. All prior agreements, whether written or oral, are merged herein and shall be of no force or effect.

INTEGRAL TECHNOLOGIES INC. - BUSINESS AGREEMENT

13) SEVERABILITY

The invalidity, illegality or unenforceability of any provision or provisions of this Agreement will not affect any other provision of this Agreement, which will remain in full force and effect, nor will the invalidity, illegality or unenforceability of a portion of any provision of this Agreement affect the balance of such provision.

14) CONSTRUCTION AND ENFORCEMENT; VENUE

This Agreement shall be construed in accordance with the laws of the State of Washington, without application of the principles of conflicts of laws. The parties agree to exclusive jurisdiction of the state and federal courts in Whatcom County, Washington, each party submits to the jurisdiction of those courts, and each party agrees not to object to venue before such courts.

15) BINDING NATURE

The terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties, and their respective successors and assigns. QuanStar cannot assign the work requirements of this Agreement without prior consent of the Company.

16) COUNTERPARTS

This Agreement may be executed in any number of counterparts, including facsimile signatures, which shall be deemed as original signatures. All executed counterparts shall constitute one Agreement, notwithstanding that all signatories are not signatories to the original or the same counterpart.

17) ASSIGNMENT

QuanStar shall not assign or delegate any of its obligations under this Agreement without the prior written consent of the Company which shall not be unreasonably withheld, including through a transfer of greater than fifty percent (50%) of the ownership interest of QuanStar, through a merger, consolidation or otherwise, or otherwise by operation of law. Any assignment or delegation in contravention of this provision shall be null and void. Except as provided in the preceding sentences, all the terms and

provisions of this Agreement will be binding upon and inure to the benefit of and be enforceable by the parties and their respective successors and permitted assigns.

18) AUTHORIZATION

The Company represents and warrants that it has the requisite power and authority to enter into and carry out the terms and conditions of this Agreement.

Page 6 of 7

INTEGRAL TECHNOLOGIES INC. - BUSINESS AGREEMENT

19) NON-WAIVER

The failure by either party hereto at any time to require performance by the other party or to claim a breach of any provision of this Agreement shall not be construed as affecting any subsequent breach or the right to require the performance with respect thereto or to claim a breach with respect thereto.

20) COMPLIANCE WITH LAWS

QuanStar hereby represents and warrants that the conduct of its business is in compliance with all applicable laws, and QuanStar has obtained, and will maintain during the term of this Agreement, all licenses necessary for the conduct of its business.

Please confirm that the foregoing correctly set forth our agreement by signing and returning to us a copy of this Agreement.

Sincerely,

/s/ Mark N. Sirangelo

Mark N. Sirangelo
Chief Executive Officer
The QuanStar Group, LLC

Accepted By:

/s/ William A. Ince

William A. Ince
President
Integral Technologies Inc.

Date: June 20, 2005

Page 7 of 7

QUANSTAR TO PROVIDE MANAGEMENT EXPERTISE TO INTEGRAL

BELLINGHAM, WA-INTEGRAL TECHNOLOGIES, INC. ("ITKG-OTC:BB") ("Integral"), has contracted with The QuanStar Group, LLC. ("QuanStar"), a strategic business management-support company, to provide tactical business counseling. QuanStar will actively support Integral with and through the expected high growth worldwide commercialization of its proprietary ElectriPlast technology.

ElectriPlast is a breakthrough technology. By blending plastic and metal in a way no one dreamed possible, ElectriPlast combines the conductivity of metal with the lightness and malleability of plastic.

The QuanStar Group is an active strategic management company that provides assistance to companies who find themselves at a defining business juncture. Their principals are recognized leaders in their fields and each brings decades of success to bear on behalf of QuanStar's clients. Unlike typical management consultants, QuanStar will act as an extension of Integral's senior management team, with multilevel involvement in both strategy development and execution. In this way, they can help Integral's executives reach the new level of performance their situation demands.

"QuanStar offers a wealth of experience and expertise," said William Robinson, CEO of Integral. "They have acquired, integrated, and built highly successful companies, and will be assisting Integral in becoming a world leader in new conductive material applications and wireless technologies. We believe this development to be a major step forward in our journey to commercializing our technologies."

The QuanStar Group, LLC

QuanStar, headquartered in New York, is a strategic, business management-support company that provides multilevel offerings to high-growth companies. Its services are provided through the personal and hands-on interaction of its senior partners, associates, and affiliate executives.

While each business relationship is unique, QuanStar assists companies in various capacities including: executive and board level business planning; growth financing; establishment of critical strategic relationships; government relations; creation of new divisions; mergers, acquisitions and joint ventures; commercializing intellectual property; establishing global operations; licensing agreements; and evaluating and making recommendations for significant business changes in operations.

Commenting on QuanStar's engagement by Integral, Mark Sirangelo, Co-Founder and CEO of Quanstar said, "We at QuanStar are extremely selective in the clients we take on and are extremely excited about beginning our work with Integral. We feel Integral's breakthrough ElectriPlast technology, coupled with the entrepreneurial mindset of its founders and its advanced materials engineering capacities has created a foundational product that will become a standard in a number of significant industry sectors."

Among the QuanStar Group members are (alphabetically):

Arnold I. Burns - A former U.S. Deputy Attorney General, Burns is Co-Founder and Chairman of QuanStar. For five years he served as Managing Director of an international investment banking firm and, before that, as a Senior Partner of an international law firm. He previously created and

managed his own law firm of more than a hundred lawyers specializing in growing companies by providing legal and corporate counseling services.

James Cannavino - A former top executive of IBM Corporation for 32 years, Cannavino helped contribute to billions of dollars of profit for the organization and is noted as "father of the IBM ThinkPad." Along with his multiple top-senior titles, he was a member of the IBM Corporate Executive Committee and Worldwide Management Council. Following his IBM tenure, Cannavino

became President and CEO of Perot Systems Corporation where he was responsible for all the day-to-day global operations of the company, as well as for strategy and organization. Cannavino, today, in addition to his role at QuanStar is Chairman and CEO of Direct Insite (DIRI).

Harold N. Chefitz - Chefitz has over 30 years experience in domestic and international healthcare business operations and is a member of the Board of Directors of Barr Laboratories, Kensey Nash, Elan Motor Technology, EmergingMed.com and NetHealth Systems. He has served as a Managing Director at both Prudential Securities and Furman Selz where he was responsible for public financings, private placements and acquisition activities

Abraham E. "Barry" Cohen - A retired Senior Vice President of Merck & Company International and President of the Merck's International Division, Cohen serves as a Director on the supervisory boards of Akzo Corporation, an international conglomerate, and other companies with global operations.

Dennis DeConcini - DeConcini, a former Senior Senator from Arizona, served as a member of the U.S. Senate for 18 years. He has served on several committees including the Subcommittees on Defense, Energy and Water Development and on Foreign Operations. He chaired the Subcommittee on Patents, Copyrights and Trademarks.

Dian Griesel - Is Founder and Chairman of The Investor Relations Group, a financial relations and corporate communications company that specializes in helping biotechnology, high technology/national defense companies and special situations gain greater recognition with investors and liquidity in the financial markets.

Andrew J. Kaslow - Kaslow was previously Senior Vice President, Human Resources, of Vivendi Universal, a global media and entertainment company, and was the global HR leader for Time Warner, the world's largest media company. Additionally Kaslow served as the Chief HR Officer for Becton Dickinson, a medical products and diagnostic company, and has held several senior management positions at PepsiCo's KFC International business.

Per-Olof Loof - Loof was past President and CEO of Sensormatic Electronics Corporation, a world leader in electronic security, where he successfully led the organization through a difficult turnaround and managed the acquisition by Tyco. Loof was also Senior Vice President of NCR's Financial Solutions Group, a financial services company serving financial institutions in more than 100 countries. A native of Sweden, Loof has an extensive knowledge of the global economy.

Mark N. Sirangelo - Sirangelo, the Co-Founder and CEO of The QuanStar Group, and has extensive experience as one of the foremost developers of early-stage companies, having actively participated in the development of over 20 such companies in a variety of industries. He has also been a key figure in helping to pioneer commercial technology transfer for university and government laboratories. Prior to QuanStar Sirangelo, had 20 years of entrepreneurial experience, growing and managing as founder and CEO several businesses and was recognized by Inc., Ernst & Young and other organizations for his accomplishments.

Allan R. Tessler - Tessler, a specialist in turnaround financing, was the Founding Principal of Corporate Recovery Group, LLC, which provides counseling to improve, reengineer, and restructure companies. He is also Chairman of the Board and CEO of International Financial Group, an international merchant banking firm.

David C. Watt - Currently Director and CEO of Biomagic, Inc., Watt has more than 30 years of legal and business experience. Prior positions include President of ICN Biomedicals Inc. and President and CEO of Unitel, a publicly traded telecommunications company.

Gary C. Wendt - After a long successful career as Chairman and CEO of GE Credit, which produced forty percent of GE's revenues and income under his management, Wendt was named Chairman and CEO of Consec, with the intention of helping the company reorganize and restructure its operations. Wendt recently founded two companies, EXL and GW Capital. He has been and remains a director of several publicly traded and private companies.

Integral Technologies

Integral Technologies, Inc. is the developer of an innovative electrically conductive resin-based material deemed "ElectriPlast," a highly conductive recipe that can be molded into virtually any shape or dimension associated with the range of plastics, rubbers and other polymers. The company holds 3 US patents, 54 utility patents pending with an additional 40 provisional patents around its ElectriPlast technology. Various examples of industries where ElectriPlast can be used are antennas, shielding, lighting, circuitry, switch actuators, resistors, and medical devices, to name just a few. The company is currently introducing these new products and ElectriPlast technology on a global scale.

This press release contains "forward-looking statements" within the meaning of Section 27A of the 1933 Securities Act and Section 21E of the 1934 Securities Exchange Act. Actual results could differ materially, as the result of such factors as (1) competition in the markets for the products and services sold by the company, (2) the ability of the company to execute its plans, and (3) other factors detailed in the company's public filings with the SEC. By making these forward-looking statements, the Company can give no assurances that the transaction described in this press release will be successfully completed, and undertakes no obligation to update these statements for revisions or changes after the date of this release.

For more detailed information on the company and the technologies described above please visit our web site at www.itkg.net or contact Shareholder Relations

at 888-666-8833 or The Investor Relations Group, at 212-825-3210. To review the company's filings with the SEC, please go to www.sec.gov.